

5 YEARS' KEY FIGURES AND RATIOS

MDKK	1995/96	1996/97	1997/98	1998/99	1999/00
Net turnover	1,975	2,399	2,724	3,065	3,603
<i>Annual growth in %</i>	17	22	14	13	18
Operating profit	258	345	438	464	564
<i>Annual growth in %</i>	10	34	27	6	22
Profit on ordinary activities	280	342	395	452	478
<i>Annual growth in %</i>	37	22	16	14	6
Profit after tax and minority interests	185	237	265	306	305
<i>Annual growth in %</i>	23	28	12	15	0
Dividend	36	46	53	61	72
Liquid funds	448	365	206	193	175
Total assets	1,636	1,849	1,900	2,475	2,652
Share capital	158	240	240	240	240
Equity at year-end	895	1,016	1,098	1,331	1,430
Cash flow from operations	224	272	373	366	467
Cash flow from investments	-163	-295	-405	-494	-334
Cash flow from financing	-100	-80	-127	113	-151
Depreciation	110	127	139	178	222
Write-off, goodwill		89	116	5	
Employees at year-end	2,588	2,888	3,269	3,745	3,771
Profit margin, %	13	14	16	15	16
Return on assets, %	16	20	23	21	22
Return on capital employed, %	28	32	36	35	34
ROAIC, cash flow based, %	19	22	22	21	22
Return on equity, %	24	25	25	25	22
Equity share, %	55	55	58	54	54
Net asset value, DKK	38	43	46	56	60
EPS, earnings per share, DKK	9	10	11	13	13
Share price at year-end, DKK	208	247	287	349	350
Share price/net asset value	6	6	6	6	6
PE, price/earnings ratio	25	25	26	27	28
Dividend per share, DKK	1.50	1.95	2.20	2.55	3.00

Definitions of key ratios, page 2

BOARD OF DIRECTORS AND GROUP MANAGEMENT



Group Management, right to left

Niels O. Johannesson, Group Director

Max S. Stringer, Group Director

Sten Scheibye, Chief Executive

Carsten Lønfeldt, Group Director

Board of Directors, left to right

Palle Marcus, Director (Chairman)

Flemming Moss, Laboratory Manager*

Jytte Gliim, Int. Project Manager*

Kurt Anker Nielsen, CEO, Novo A/S

Niels Peter Louis-Hansen, B (Com.) (Deputy Chairman)

Knud Øllgård, Electrician*

Per Magid, Attorney

Helle Bechgaard, CEO, Intellectual Property Holding A/S and
Plougmann, Vingtoft & Partners A/S

Torsten Erik Rasmussen, GM, Morgan Management ApS

* elected by the employees

Management assignments, page 42

Highlights

- The Coloplast Group turnover increased 18% to DKK 3,603 mln. In local currencies, the increase was 12% as expected.
- Operating profit was DKK 564 mln, an increase of 22% on last year.
- The profit margin was 16%, exceeding the 15% objective of the Group.
- Profit before tax was DKK 478 mln compared with DKK 452 mln last year - an increase of 6%.
- Profit for the year amounted to DKK 305 mln compared to DKK 306 mln last year.
- For 2000/2001 a turnover growth of 12% and a profit margin of at least 15% is expected at present currencies.
- The Board proposes that dividends are increased to DKK 3.00 per share of DKK 10.

Financial review on page 22.

For the 1999/2000 financial year Coloplast achieved a turnover growth of 18% on the previous year and a profit margin of 16%. This performance is slightly better than the expectations expressed most recently in the financial statement for Q3.

It was expected that the profit for the year after tax and minority interests would have been slightly better than last year, but higher taxes held it at the same level.

Turnover

The turnover increase was achieved with no businesses being acquired.

All product areas and nearly all markets showed growth. In Europe, turnover excluding exchange-rate effects increased by 15% fuelled mainly by the market acceptance of new products launched in all business areas. Countries achieving the highest growth rates were Switzerland, Italy, Belgium, Spain and Denmark, but also important markets in France, Germany and Great Britain performed well.

In the USA, the turnover in dollars did not grow above last year's level because of the continued effect of significant cutbacks in public healthcare spending with resulting weak total market growth.

Business areas

Ostomy care

Sales of DKK 1,471 mln reflected a 15% growth rate in local currency in line with last year and comfortably exceeding market growth. Coloplast's two main global competitors in this market are US-based companies.

The total market for ostomy appliances is estimated to be of the order of DKK 5-6 billion, with annual growth hardly exceeding 5%, so Coloplast is gaining market shares in most regions of the world. The European market has the largest potential and here Coloplast is achieving a significant market share increase, while our US market share is modest.

Key to our continued success is the comprehensive **Assura** product range, now accounting

**New products in
1999/2000**

Assura Hide-away
1-piece ostomy bag

SpeediCath
ready-for-use catheter
Contrelle female
continence product

Biatain Sacral Dressing
Wound care programme
for diabetic foot ulcers

Baza Cleanse & Protect
all-in-one cream

Amoena Contact
breast form with pearl
adhesive

Compeed two-zone
dressing
Compeed sterile dressing
under Johnson & Johnson's Band-Aid brand

for two thirds of Coloplast's overall ostomy product sales. The latest addition, the **Hide-away** open bag outlet system, had a very successful test launch in Holland and is now being launched in other markets. This product is expected to strengthen Coloplast's market position.

Continence care

A 13% growth rate in local currency, above market development, took sales to DKK 718 mln. This performance was highly influenced by the continued market penetration of the coated intermittent catheter segment. We have gained a good share of this market with our first generation product, **EasiCath**, and, following successful test marketing in France, the second generation, **SpeediCath**, is expected to accelerate growth and market share gains in the coming years.

This product, with unique coating and innovative packaging, is the only ready-to-use catheter, straight from the packaging, in the market. It was launched in France in the spring and subsequently in Denmark, Italy, Holland and Germany.

The urine bag range also had satisfactory growth with new line extensions to the product range adding competitiveness. In the urisheath segment, where the **Conveen** brand is the market leader in most European countries with high market shares, only a slight growth was possible.

Coloplast is a major player with market segments addressing heavy continence in spinal-cord injured. In Europe, the company's market share for urisheaths is more than 50% and in the segment for coated catheters, it is estimated that our share exceeds 30%, a position reached in little more than 5 years. **SpeediCath** being the market's most innovative product, we expect our share to increase significantly in the coming years.

Coloplast launched **Contrelle**, a product for treating light female incontinence, a few years ago. This product prevents voluntary emptying of the bladder by supporting the bladder neck. An improved version was introduced in Denmark last spring, but the test market conclusions will only be available during the second quarter of 2000/2001.

Wound care

With the launch of the **Comfeel** dressing for

moist wound healing in 1983, our third core business was established. Today, Coloplast markets a broad range of modern wound care products, all based on the moist-wound-healing principle.

In 1999/2000, sales grew by 14% in local currency, achieving a total turnover of DKK 577 mln. The total market for chronic wound solutions is estimated at DKK 10-15 bln, two thirds still representing conventional products, while the remaining third represents advanced solutions. The total market is estimated to grow by 8-10%, while the moist-wound-healing market is estimated to grow more than 10%. The key suppliers in the global market are large British and American companies.

Biatain foam dressing is the primary reason for this year's strong growth. Its superior absorption and retention capacity, enabling longer changing intervals, makes it very competitive. This product has been launched in most major markets and, in addition, the **Comfeel** wound care portfolio has been extended by different dressings for specific indications.

During the year, selected **Comfeel** products for the treatment of foot ulcers in patients suffering from diabetes were marketed in several countries. Entering this new segment required convincing clinical trial documentation.

Skin care

The skin care products are developed and manufactured in Minnesota, USA, and are mainly sold in the US.

The difficult conditions in the US health care market once again influenced sales of skin care products, which amounted to DKK 187 mln, the growth achieved being only 1% in local currency.

New, innovative line extensions are important in this market. **Baza Cleanse & Protect**, which complements Coloplast's product range for incontinent skin care was well received. In Europe, sales of skin care products, which are marketed by Coloplast subsidiaries, increased by 45% in local currency.

Breast care

Sales out of the US Breast Care Division and Amoena GmbH in Germany totalled DKK 458 mln, corresponding to a 6% growth rate in local currency, level with market growth.



Fondation Altaïr provides quality of life

A dream came true for the founders of Fondation Altaïr, Pierre Bardina and Nicolas Massat, when they set sail from Southern France, heading for the Red Sea. Their catamaran cruise followed the route of French adventurer Henri de Monfreid and it proved that, with the right appliances, those with spinal-cord injuries can lead an active life.

Film from the cruise is shown in French rehabilitation centres as an inspiration for others with physical handicaps. Fondation Altaïr received financial support from Fondation Coloplast pour la Qualité de la Vie. Each year, this fund supports clinical research and handicap activities in France.

Coloplast is the global market leader in breast care and the relatively low turnover growth reflects reduced rates of radical surgery. Coloplast has developed partial breast forms which meet the needs of women who have had conservatory breast surgery. The textiles segment, which consists mainly of brassieres and swimsuits, showed excellent growth both in Europe and the US in a market with a considerable potential.

An increasing number of women choose the lighter prosthesis versions, first introduced by Coloplast in 1997. A self-supporting breast form with a new, improved adhesive was presented at the Leipzig Triannual Trade Fair in Germany and was well received.

Consumer products

Turnover increased to DKK 191 mln, an increase of 6% in local currency. The drop from last year's 35% growth rate is due to heavy stock-building by distributors both in Europe and the US last year. The underlying growth is at present estimated at 15%.

In the European market, **Compeed** products continue to record good growth. In Denmark, the second generation **Compeed** two-zone dressing was test marketed with good results.

Coloplast's alliance partner in the US, Johnson & Johnson Consumer Products Company,

launched new versions of **Compeed** dressings for advanced healing. For the US market, these carry the Band-Aid brand name, which Johnson & Johnson have also introduced into Japan and Australia, where initial market response is positive.

Investments

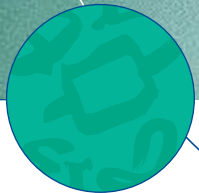
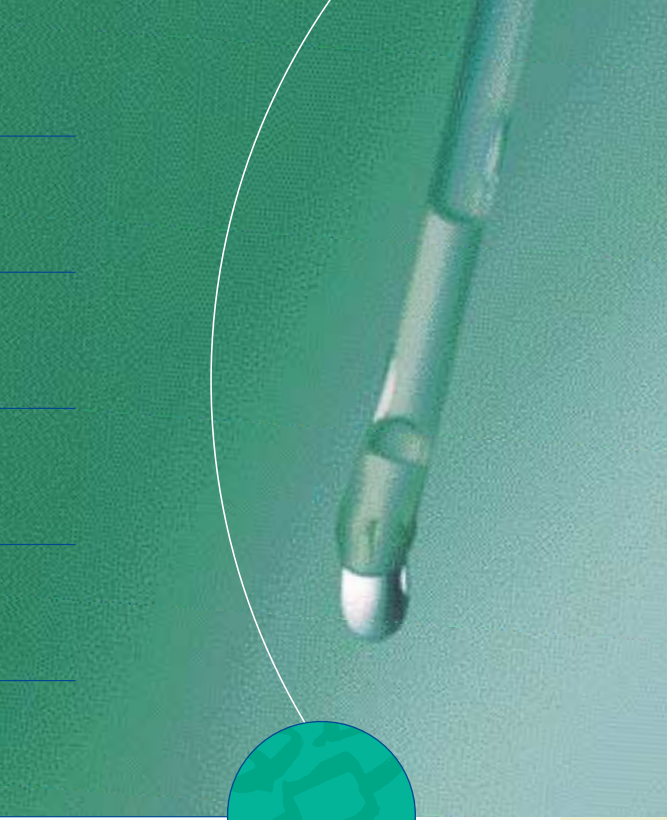
With high-rate capacity utilisation in all factories, new production space was added during the year together with significant investments in operating equipment. During spring 2000, the Wound Care Division moved to new offices and laboratories in Humlebæk, this complex also including a conference centre and employee sports facilities.

Capital expenditure for 1999/2000 amounted to DKK 437 mln, which is DKK 91 more than the year before. Investments in buildings accounted for DKK 198 mln and investments in operating equipment for DKK 239 mln.

A new factory in Espergærde will house the manufacture of injection moulded parts and coated catheters. It will be completed in the spring 2001. There are plans to establish manufacturing operations outside Denmark during 2001/2002. A factory for manufacturing ostomy and continence care products will be located in Hungary or the Czech Republic.

Capital reserves

The Corporate capital reserves were DKK 1.4 bil-



SpeediCath – the simple, ready-to-use catheter

The world's first and only ready-to-use catheter, SpeediCath, is being launched in a bigger and wider market.

Coloplast's PVC-free catheter is delivered immersed in sterile water within its packaging.

Therefore, the coating is completely smooth and ready for insertion into the bladder. The user barely needs to handle the catheter, so the risk of urinary infections is minimal.

In September this year, SpeediCath won the Danish product award for 2000, instituted by the Confederation of Danish Industries. The product was nominated because it is forward-looking, represents a high level of innovation and creativity and puts quality in focus.

lion at year-end, including credit facilities with at least 12 months' notice.

The company wishes to be in a position to react quickly to acquisition opportunities that may arise. The current solvency ratio, liquid holdings and established credit facilities are deemed to be sufficient to meet Coloplast's capital needs in this respect.

The euro

At a recent referendum, Denmark decided not to join the European Economic and Monetary Union. This decision means that Coloplast will continue to face exchange-rate fluctuations vis-a-vis the Danish krone and that the interest-rate level in Denmark will probably be slightly higher than in the EMU countries. However, it will serve Coloplast's interests well if the Danish fixed-rate policy is continued to keep exchange-rate fluctuations between the Danish krone and the euro currencies within a narrow band.

IT

All Coloplast hardware and software systems had been tested for date problems well ahead of the millennial change so that the new year passed without any IT difficulties occurring. During the

year, a Customer Relationship Management system was introduced in our subsidiaries in Great Britain and Japan. The system will be introduced in more subsidiaries as the need arises.

After thorough analysis, Coloplast has decided to implement a new Enterprise Resource Planning system covering manufacturing, distribution and financial systems throughout the organisation. In combination with the existing IT infrastructure, this system will enable all business units to automatise processes throughout the supplier to customer chain and form the basis for improvements as well as future e-business initiatives.

Research and development

Coloplast's research and development projects involve the Coloplast Research Centre as well as development teams in the product divisions. In 1999/2000 4.2% of turnover was spent on research and development activities. This is in line with last year's level.

The company's research activities are concentrated in the Coloplast Research Centre established as an individual business unit in 1995. The first product developed from work with materials technology at the Research Centre was

marketed in 1998/99. Most recently, the Coloplast Research Centre developed the coating used for the **SpeediCath** catheter, the world's first coated catheter immersed in sterile water in the packaging, ready for use. Product and process development is carried out by all product divisions and by Coloplast Consumer Products Company.

Organisation

From 9 February 2000, Maxwell S. Stringer was appointed Group Director with responsibility for sales and marketing worldwide, except North America. At the same time Don Looney was appointed President, Coloplast North America.

In mid-August, Lars Rasmussen took up the position of General Manager, Ostomy Products Division, coming from the position of General Manager, Continence Care Division. He was replaced concurrently by Mogens Pedersen, President, Skin Care Division, Minnesota, USA, who, in turn, was replaced by Tom Ryan.

The Board of Directors has decided to set up a share option programme for Group Management and some 120 executives and managers in the Coloplast Group. The programme will be introduced for a two-year trial period and will involve nearly 130,000 options allotted successively in 2000 and 2001. The options will be exercisable until 2007. Fixing of the exercise price will be based on the average share price in the second half of November in each year, the exercise price to be increased over the period.

At year-end there were 3,771 employees (converted into full-time equivalents) in the Group (1998/99: 3,745). 1,723 employees work outside Denmark.

Risk factors

During 1999/2000 there have been no significant changes in the potential risks to Coloplast's business basis. For details, please see the description of risk factors on pages 20-21.

Future prospects

Coloplast's objective is to achieve a turnover exceeding DKK 6 bln in 2005. The positive exchange-rate effect in 1999/2000 enables this objective to be achieved with an annual growth

rate of 11%. We expect to achieve a 12% growth rate in local currency also for 2000/2001. The market for medical disposables is estimated to grow at a somewhat lower rate, so to meet the objective Coloplast will need to win market shares or launch products to new segments.

We believe the company can achieve its objectives without major acquisitions. We will need to continue to develop new and better products, adjust our services and market our products efficiently. We shall incur considerable costs for research and development of products and services. Major investments will also be required for capacity increases.

We continue to evaluate alliance opportunities and acquisition candidates within business areas harmonising with Coloplast's Mission. If and when we succeed in making such acquisitions, the financial objectives will be adjusted accordingly.

Meeting the objective of obtaining an operating profit margin of at least 15% in each financial year will require constant improvements in all fields of operation as the pressure on prices continues. For 2000/2001 a turnover growth of 12% and a profit margin of at least 15% is expected at present currencies.

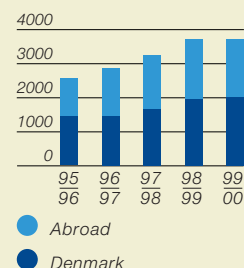
The potential for reaching our long-term objectives may be affected by unforeseeable major changes in the healthcare sector and significant fluctuations in exchange rates of key currencies.

Annual General Meeting

The Board of Directors proposes to the Annual General Meeting that

- dividends are paid at DKK 3.00 per share of nominal DKK 10 (1998/99: DKK 5.10 per share of nominal DKK 20)
- the Board is authorised to acquire own shares in accordance with the Danish Companies Act, section 48, through purchasing up to 10% of the company's share capital. Such authority to be valid until the Annual General Meeting in 2001.
- the company's share premium account, in which a deposit of DKK 9.7 mln was held at 30 September 2000, is closed and the funds transferred to the company's free reserves, cf the Danish Companies Act, section 111, subsection 3, item 3.

Number of employees



REPORT ON KNOWLEDGE MANAGEMENT AND STAKEHOLDERS

We have dedicated this section of the annual report to our intellectual capital statement and certain data with a bearing on shareholders and environmental affairs. We consider that reporting on stakeholders and intellectual capital accounts has significant value and is a key step in anchoring knowledge management activities in the organisation.

Coloplast considers it vital to the creation of shareholder value to maintain the best possible relations with shareholders, employees, customers and the surrounding society. The purpose of compiling and publishing data on knowledge management is to share with our stakeholders the development of parameters which affect the company's operations and results although they are not included in traditional financial reporting. We published intellectual capital statements and environmental statements in 1998 and 1999.

Compared to previous years' intellectual capital statements, we have made a review and prioritisation of the reported parameters. In a few cases we have changed the reporting basis to achieve higher quality of the data. For details on parts of the Group covered by each figure, please see description on page 26.

It is Coloplast's ambition to make knowledge management an effective management tool. By

measuring regularly the development of relevant parameters, the company will be able to make visible those areas or items crucial to fulfilling set objectives. Knowledge management activities provide vital information on aligning our Mission, Values and strategies with the current expectations of our stakeholders. This work should also enable us to be proactive in our search for new strategic opportunities.

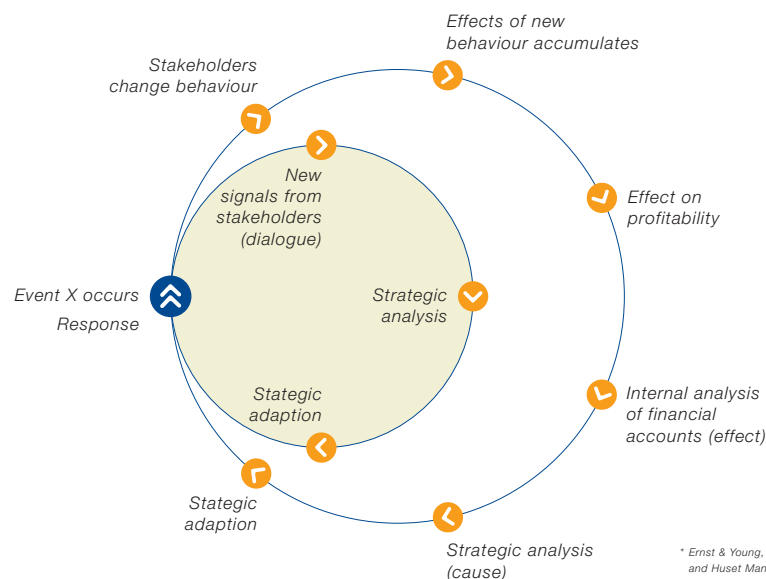
Knowledge sharing

Coloplast's competitiveness depends, among other things, on the ability of individual employees finding and developing existing knowledge. To ensure knowledge sharing, Coloplast has developed an intranet which enables employees across departments, divisions and borders to search in common knowledge databases.

Business Excellence

Coloplast's reporting on knowledge management is based on the Business Excellence model, which Coloplast has been working with since 1995. The model is based on our ability to define the correlation between enablers and results. It rests on the belief that, only when the chosen strategies and activities achieve good business results with both increasing customer

Copenhagen Charter model*



* Ernst & Young, KPMG, PricewaterhouseCoopers and Huset Mandag Morgen, 1999.



Dialogue with the professional users is necessary to meet the educational needs of a growing market

Professor Bielecki from the Orłowski Hospital in Warsaw is a pioneer in Polish stoma care. He has seen surgical techniques improve tremendously since the first ostomy surgery centre opened in the 1960s when appliances were simple or nonexistent.

However, he is concerned because only a very small percentage of the ostomates are cared for in the system and awareness of their situation is low in the surrounding society. If the quality of life of Polish ostomates is to improve, a major educational effort is needed.

Starting May 2000, the team of 25 sales and marketing people in Coloplast's Polish subsidiary in Warsaw have embarked on a dialogue with the stoma care stakeholders to support the training efforts of the 16 regional stoma care units and patient organisations. Education of dealers and carers must go hand in hand with better products to increase the quality of life of the estimated 25-30,000 ostomates in Poland.



and employee satisfaction and a positive effect on society, is the company optimally managed.

We have looked to our Mission for guidance on relevant enablers and results. Coloplast regularly measures customer satisfaction, employee satisfaction and environmental effects. We are also making regular self-evaluations in all areas covered by the Business Excellence model. These help us identify areas for improvement.

Customers

Coloplast's customers are healthcare professionals, dealers in and users of Coloplast products. End users are people suffering from a physical impairment and our products are essential to them achieving better quality of life. Therefore, it is vital for Coloplast to practise empathy for user needs, to develop innovative solutions and to be quality-conscious.

User needs

A close dialogue with users and professional caregivers is vital if Coloplast is to continue to develop new, competitive products. Partnerships are formed with user panels and professional caregivers to have their input on needs throughout the product development process. Activities involving users have more than doubled within the last four years, from index 100 in 1996/97 to index 213 in 1999/2000.

Innovation

Coloplast's research and development projects are carried out in cooperation between the Coloplast Research Centre and the product divisions' development managers. In 1999/2000 Coloplast spent 4.2% of turnover for research and product

development. In addition, resources are spent on activities involving users and caregivers.

Product development projects at Coloplast follow a uniform and thoroughly tested process ensuring that new products are accelerated to market as effectively as possible. During the process each individual project will be critically assessed to make sure resources are only spent on products which precisely meet user needs. In 1999/2000 the number of such development projects numbered 52.

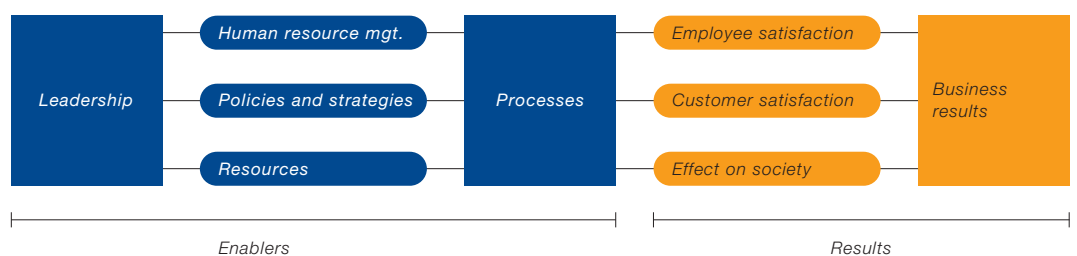
The share of annual turnover generated by new products, defined as products less than four years on the market, was well over 27%, which is more than last year and comfortably above the 20% objective. The increase is due, among other things, to the launch of **Assura** and **Biatain** line extensions.

During the financial year Coloplast filed 15 new patent applications. This figure is below the level of previous years owing to rationalisation of the patent portfolio. Coloplast pursues an offensive patent strategy with an objective of increasing the annual number of patent applications to approx. 25. The Group now holds patent rights for 170 products and processes.

Reliable supplier

Coloplast's logistics systems ensure prioritisation of manufacturing capacity for those sales subsidiaries whose stocks are running low and who are therefore in greater need of supplies. This means the company's customers can be sure delivery performance is prompt. Coloplast has set the objective of delivering at least 98.5% of orders within 24 hours. Delivery performance was below this target during the last three months of 1999/2000, which meant that we were below our

Business Excellence model





objective for the full year, at just over 98%. Influencing the result was a positive market response to a number of new product launches, where manufacturing capacity was unable to keep pace with sales. Besides, manufacturing activities were affected by strikes in spring 2000, which also influenced delivery performance.

European standards require Coloplast to have its quality assurance facilities recertified every three years to maintain its right to CE-mark products. The recertification process is far more comprehensive than normal external audits carried out by Lloyds Register Quality Assurance twice a year. The 1999/2000 process recorded 2 non-compliances with no consequences on the recertification. At earlier recertifications in 1993/94 and 1996/97 the number of non-compliances were 7 and 3, respectively.

External audits are complemented by regular internal audits made by specially trained employees. These audits include systematic reporting on the efficiency of the quality management system.

The number of complaints received increased slightly but is still at an acceptable level.

Maximum customer satisfaction

Over the past year, Coloplast has made major adjustments to the existing model for customer satisfaction measurements. It is now the aim to make the measuring process more streamlined, to adjust the model to several target groups and to widen their reach and perspective.

Customers

Mission	Enablers	96/97	97/98	98/99	99/00	Results	96/97	97/98	98/99	99/00	Objective
Empathy for user needs	Coloplast cooperation with professional caregiver and user groups – number of groups (indexed)	100	125	275	213						
Innovation	Research and development costs – % of turnover	4.9	5	4.8	4.2	New products' share of turnover	33.5%	26.3%	22.3%	27.4%	20%
	Projects in Coloplast's established product development process – number	–	–	40	52	Patent applications filed	26	24	26	15	about 25
Reliable supplier						Patent rights	122	143	167	170	
						Orders delivered on time	98.5%	95.5%	97.8%	98.1%	98.5%
						Non-compliances at quality assurance system audits	3	1	0	2	0
						Complaints (indexed)	100	132	153	160	

With these changes, only one customer satisfaction measurement was completed in 1999/2000. It was made in Great Britain and asked more than 600 ostomists about delivery performance. The result was very satisfactory, 90% confirming that they were very satisfied with Coloplast, while 92% said they would continue to use Coloplast products and services. Although it is difficult to conclude anything based on one satisfaction measurement, we take our increasing market shares in nearly all product areas to mean our customers are more satisfied with Coloplast's products and services than with those of our competitors.

Several subsidiaries have ongoing customer satisfaction measurements, but the results will not be available until the coming financial year.

Employees

Coloplast wishes to attract, develop and retain the most competent employees. To do so requires investment in the professional and personal development of employees as well as a challenging working environment where they feel absorbed and committed.

Retain best employees

An important element in employee satisfaction is the potential for using and developing ideas, knowledge and competences in new jobs and projects. Therefore Coloplast is encouraging

Costa Rican commitment

The specialty textile plant in Costa Rica has been a team-oriented business from its inception in 1996. Following its move to larger premises in 1998, a true modular concept was put into place. Each work team performs all operations in the process of making a brassiere or swimsuit. The team members decide for themselves how best to arrange the work. The more efficiently they work, the more everyone in the team earns.

The modular concept has fostered a commitment from both management and production teams. Lead times have been drastically reduced, while quality has increased. The increased level of responsibility of the team members has allowed the plant to grow while actually decreasing the need for supervision.

international project work and job rotation across borders. In 1999/2000 the annual rate of salaried employees who job-rotated, were promoted or relocated to another site, rose to 16%, reflecting that one in six employees job-rotated internally.

The number of production workers organised in self-managing teams is still around 60%. Self-managing teams, whose members cooperate on planning their own tasks, have improved the planning and logistics functions, reduced the level of defective products and increased the workers' influence on their own jobs. This form of cooperation serves to improve employee and customer satisfaction as well as production economy.

All managers must hold annual employee talks with those reporting to them. This objective is becoming harder to achieve in a flat production organisation where teams are typically self-managed. There was a slight drop in the number

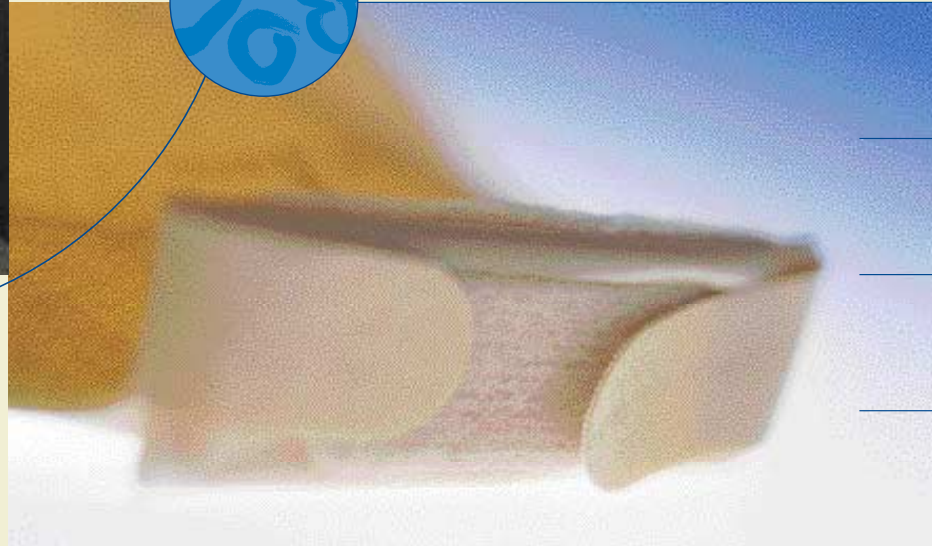
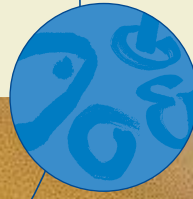
of talks held during 1999/2000 compared to last year, reflecting primarily the introduction of a more precise method for compiling these figures.

In the past financial year, Coloplast carried out educational activities corresponding to 4.7 training days per employee. Training included courses on quality assurance, manufacturing processes, as well as cooperation and personal development. The cost of courses and seminars rose from some DKK 4.000 per employee last year to some DK 5.700 (40%). This increase includes cost of training Danish production workers previously covered by public funds.

Share ownership is a factor keeping employees motivated and committed to their daily work. In October 2000, employee shares were again offered to all employees at a favourable price. This is the sixth occasion since Coloplast obtained a stock exchange listing in 1983. On

Employees

Mission	Enablers	96/97	97/98	98/99	99/00	Results	96/97	97/98	98/99	99/00	Objective
Retain the best employees	Job rotation, promotion relocation of salaried employees	50	49	73	99	Employee satisfaction in Denmark on a 1-5 scale, 5 being the max	3.59	3.65	-	3.60	
	• % of all salaried employees	11	10	13	16	Employee satisfaction in subsidiaries on a 1-5 scale, 5 being the max	-	-	3.58	3.82	
	• no. of persons relocated	2	5	6	5	Staff turnover in %	9.6	6.3	7.8	9.9	< 10%
	Production workers in self-managing groups	about 40%	about 50%	about 60%	about 60%	• salaried employees	17.3	15.8	16.1	16.7	< 15%
	Number of development talks held	-	-	about 90%	-	Absence employees	6.8	5.1	5.8	5.8	max 5%
	Employees normally having an annual development talk with immediate superior	-	-	-	81%	Assessment of development talk on a 1-5 scale, 5 being the max	-	-	-	3.58	
	Uddannelse – dage pr. employee	5.3	4.0	4.6	4.7	Commitment to own job on a 1-5 scale, 5 being the max	4.26	4.31	-	4.20	
	Training – costs per employee in DKK	4,541	4,741	4,056	5,689	Responsibility and skills match well, on a 1-5 scale, 5 being the max	3.73	3.79	-	3.78	
	Employee shares – issues	Employee shares were issued in 1983, 1987, 1989, 1993 and 1997				Industrial accidents causing lost working hours, number per million working hours	23	17	16	18	
						Employees who subscribed to employee shares	91%	-	-	-	-
Attract the best employees	Job and educational fairs	1	2	2	2	No. of unsolicited applications	450	600	820	616	
						• salaried employees	about 2,500	about 2,600	about 2,800	2,426	
						• hourly employees					



User expects even better solutions

*Gerlof Vastenouw is one of the Dutch ostomates who volunteered to test the new **Assura** ileostomy bag with the **Hide-away** outlet in early 2000. They were asked to consider the quality and design of the bag and the adhesive, plus the new closure mechanism during four weeks of testing.*

Mr Vastenouw finds that the new shape and bag material have improved the bag considerably. The bag seems

*smaller and feels softer against the skin. The **Hide-away** velcro closure which replaces the hard clip is an obvious improvement and it ought to have been developed long ago. It is so much easier to clean.*

A user evaluation after a year will be a good idea, says Gerlof Vastenouw, who believes the perfect bag has yet to be invented. He will be happy to give the Coloplast developers feedback for continued innovation.

previous occasions some 90% of the employees have purchased the shares offered.

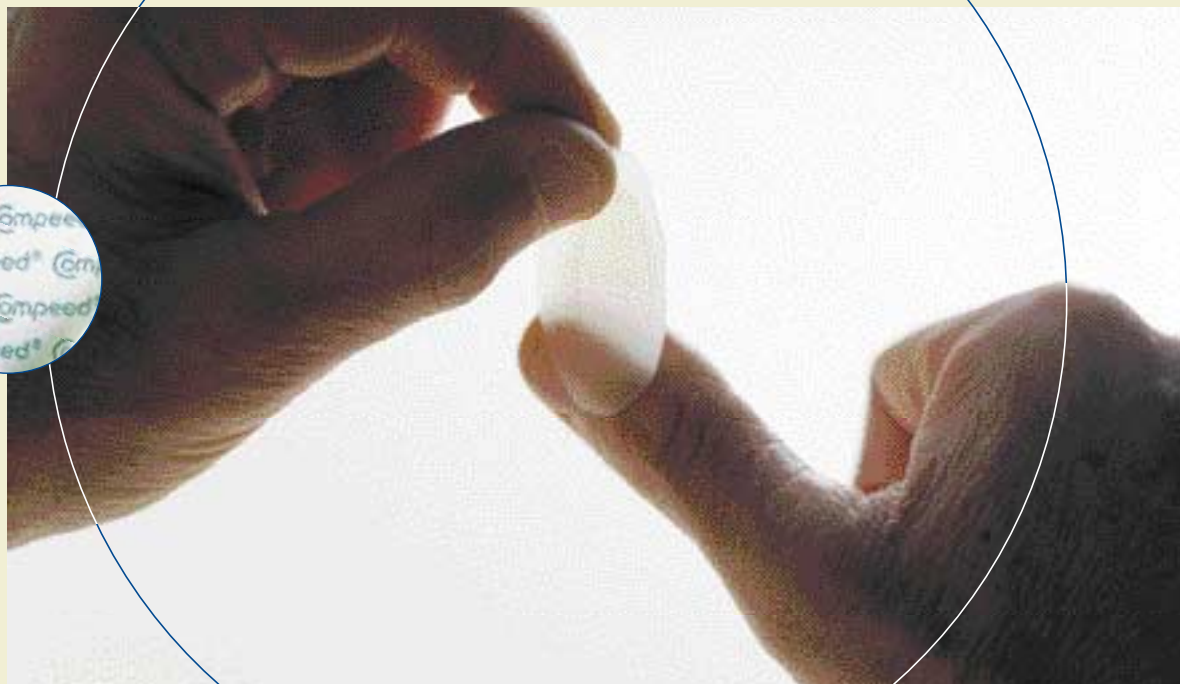
We have noted that the staff turnover rate in Denmark has increased, reflecting the positive state of Danish industry. To fully understand why employees leave the company, exit interviews are carried out.

Absence has remained at last year's level. We measure it on the basis that the norm will be around 5%.

Coloplast is regularly measuring employee satisfaction in all parts of the Group. These measurements are good indicators on how best to retain employees. The 1999/2000 measurement in Denmark showed that employee satisfaction is still high, although a slight decline was reflected in most areas. On a 1-5 scale, 5 being the maximum, the satisfaction level came out at 3.60 compared with 3.66 in 1998.

The same survey also showed that employee commitment remains high and that there is good agreement between employee skills and job responsibilities. To ensure follow up in the annual development talks, annual employee satisfaction measurements will become the norm and extra resources will be allocated. Outside Denmark, 8 subsidiaries in the Group have made surveys during 1999/2000, achieving an average overall satisfaction level of 3.82, this contrasting with 3.58 in the previous year.

The frequency of industrial accidents at the Danish sites in 1999/2000 was 18 per million working hours. This represents an increase from 16 last year but less hours of working time were lost. Although we have not succeeded in reducing the number of accidents, there has been a general trend of accidents causing less injury and being less serious.



Two-zone Compeed

A market need for a dressing with greater absorption capacity and stronger adhesion prompted the Coloplast Consumer Products development team to look into the technical possibilities of combining these properties in a new dressing.

Coloplast already holds a patent for combined adhesives. Now, the idea has been taken further by moulding one adhesive and superimposing the other in its centre. A visible but imperceptible transition results. The centre zone absorbs more liquid and gives pressure relief whilst the outer zone ensures stronger adhesion.

Attract best employees

Being able to attract the best employees continues to have a high priority, especially for engineering, IT and logistics, where competition for employees is intense.

Coloplast is using various channels to get in touch with potential employees. Job advertisements, the corporate website and job databases are among the channels most often used. We also use job fairs, which are increasingly considered an exhibition window for students to gather information and materials explaining about job opportunities at Coloplast. Last year Coloplast was present at two fairs addressing students of engineering.

The better overall employment level in society goes some way to explain a decline compared to last year in the number of unsolicited applications received. In 1999/2000, Coloplast received more than 3,000 unsolicited applications in Denmark, which we consider satisfactory.

Effect on society

Coloplast wishes to act responsibly both with respect to social relations and environmental affairs.

Coloplast is becoming more involved in various communities of interests where business as well as social benefits can be gained. Coloplast is allowing for these interests of society and the environment as necessary, making sure that all activities are carried out in a financially and ethically responsible way.

Practise social responsibility

Since 1993, Coloplast's Danish factories have job trained 86 persons who were disadvantaged. This job training concept involves offering three months' employment to a person who is unemployed and receiving social benefits, thereby risking to lose contact with the labour market altogether. Around one third of these persons were subsequently offered permanent employment with the company on ordinary terms. In 1999/2000 Coloplast took 10 persons through job training with three being included as permanent staff after the trial period.

An important part of the public educational burden is carried by industry, where trainees and students complete all or part of their education within companies. Coloplast seeks in this kind of training to offer meaningful tasks and jobs where necessary guidance is available. During the past

year, Coloplast hosted 20 traineeships, did practical training of 12 administrative apprentices and allowed 73 students to write theses or undertake other exam projects.

Be environmentally conscious

The 1999/2000 environmental reporting includes Coloplast A/S and Coloplast Consumer Products A/S. The report is available on the corporate website: www.coloplast.com.

Coloplast's environmental efforts in 1999/2000 did not meet planned results. Smaller production series meant a decline in material utilisation by 1% to 63%. The decision to reduce subsidiary inventories caused a decrease in output which had an impact on environmental aspects. Although the company implemented a number of environmental improvements, efforts to achieve better results must be continued.

The environmental objectives were defined on the basis of significant environmental aspects at each site to focus efforts on activities which will bring about environmental improvements as well as financial savings. The objectives set for 1998/1999 were maintained:

- Reduction of polymer process waste
- Reduction of VOC consumption
- Reduction of electricity consumption

Compared to the previous year, polymer process waste per unit increased by 2%, while the consumption of volatile organic compounds and electricity increased by 7%. The environmental effort and its monitoring will therefore be strengthened both in production areas and other functions. A number of fresh initiatives will be taken to develop the environmental management system while strengthening also product development and the cooperation with our suppliers. New initiatives will include:

- Educational and training activities
- Life cycle assessment of products
- Optimisation of packaging
- Rolling out environmental efforts worldwide

The number of non-compliances and complaints by neighbours declined compared with last year.

This demonstrates that our efforts over the years to improve environmental performance are having a positive effect. Coloplast's documentation of the environmental management system became electronic during the year. The system was recertified according to ISO 14001 and the environmental statement for the year was approved according to EMAS.

The demands made by Coloplast's stakeholders on our environmental compliance vary. Our customers increasingly challenge us and we have recorded a significant increase in the number of product-related inquiries about environmental aspects. The manpower resources for handling these often complicated inquiries have been increased.

Our dialogue with the surrounding society involves neighbour complaints, discussions with regulatory authorities about existing and new environmental legislation, cooperation with educational institutions about projects and educational efforts as well as research and development at EU level. In autumn 1999 the Municipality of Helsingør presented its annual Environmental Award to Coloplast in appreciation of the positive dialogue between the municipality and our sites in Ålsgårde and Espergærde.

We regularly receive comprehensive inquiries from investors about our environmental status. Coloplast has qualified for a position in the Dow Jones Sustainability Group Index of companies meeting the requirements for sustainable development.

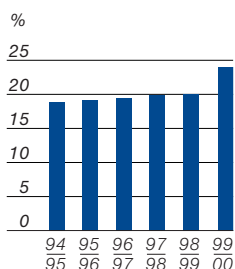
Internally, the year's employee satisfaction measurement showed that the employees perceive Coloplast to be environmentally conscious. We view these committed employees as the means of adding value to future environmental efforts.

Shareholders

Value for shareholders

Coloplast aims to give shareholders a long-term, competitive return on their investment through share price increases and the payment of dividends.

Dividend/Group profit ratio



Dividends

The Board of Directors proposes to the Annual General Meeting that dividends are paid for 1999/2000 at DKK 3.00 per share of DKK 10. This is an increase of DKK .45 or 18%. For the last financial year dividends were raised by 16% to DKK 5.10 per share of DKK 20. Dividend payments to shareholders amount to approx. 24% of the year's net profit and are slightly higher than in previous years.

Dividends for the year are paid out automatically through the Danish Securities Centre no later than 5 business days after the Annual General Meeting.

Shareholders

The Danish Companies Act, section 28 (a) and (b), requires shareholders owning more than 5% of the share capital or voting rights of a company to be known to the public. According to the records, four shareholders are covered by this section. They are Mrs J. Louis-Hansen of Randers, Mr N.P. Louis-Hansen of Vedbæk, The Foundation of Aage and Johanne Louis-Hansen of Nivå, and ATP (Labour Market Supplementary Pension) of Hillerød.

Over the year there were only minor changes in share ownership. The number of shareholders increased from 7,404 to 8,578. According to the articles of association of the company, shares must be registered in the name of the holder to carry voting rights. 95.8% of all shares are registered in the names of their holders. The volume of shares owned by foreigners was approx. 13% at 30 September 2000.

From exchange-listing of the Coloplast share in 1983 until the end of 1999/2000 employee shares have been issued at a favourable price on five occasions, and a very large share of the Group's employees own shares in the company. On 16 October 2000 employee shares were again offered at a favourable price. Active ownership is a factor keeping employees motivated and committed to their daily work.

During 1999/2000 Coloplast purchased 464,522 own B shares for which DKK 163 mln was paid, and the total holding of these shares was 2.2% of the B share capital at 30 September 2000. The shares have been written down to zero and may be used as payment on acquisitions and for employee incentive schemes.

Trade and share price

The Coloplast B share is included in the Copenhagen Stock Exchange index of ultraliquid shares (the KFX index), and its status as one of the twenty most traded shares was reconfirmed in November 2000.

Trade in the Coloplast share averaged DKK 314 mln per month in financial year 1999/2000 compared with an average of DKK 167 mln last year.

On the first trading day of financial year 1999/2000 the Coloplast share price was 691

Information to the Copenhagen Stock Exchange 1999/2000

Since 17 November 1999 the following information has been issued to the Copenhagen Stock Exchange:

- 17 Nov. Financial Statement for the year 1998/99
- 15 Dec. Coloplast Board elect Chairman and Deputy
- 15 Dec. Annual General Meeting of Coloplast A/S
- 3 Feb. Introducing quarterly financial statements, Q1 1999/2000
- 9 Feb. Quarterly Financial Statement, Q1 1999/2000
- 15 Feb. Coloplast launches female stress-incontinence tampon in Denmark
- 9 Mar. Coloplast launches a new coated ready-to-use catheter in the European market
- 23 Mar. Coloplast rationalises US textile manufacturing
- 22 May Interim Financial Statement 1999/2000
- 6 June Coloplast launches ostomy bag with unique closure mechanism
- 14 June Changes in Coloplast's divisional management
- 16 Aug. Quarterly Financial Statement, Q3 1999/2000
- 1 Sept. Acquisition of own shares
- 21 Sept. Own shares
- 17 Nov. Financial Statement for the year 1999/2000



Biatain – a balanced wound care product

A nurse caring for chronic wounds demands a dressing with adequate exudate handling which is also skin-friendly. These two properties have been combined and optimised in the Wound Care Division's new foam dressing, **Biatain**.

The dressing's local absorption and its ability to retain wound exudate, even if exposed to pressure, is provided by the special foam structure with pockets which bind the wound liquid. This ability to bind liquid prevents maceration of the surrounding healthy skin.

Biatain is suitable for all wound stages, as its capacity to absorb liquid adapts to the actual amount of liquid.

(corresponding to 345 after conversion to the smaller trading unit). It closed at a price of 350. This amounts to an increase of 1% over the year. the KFX index increased by 55% during the period.

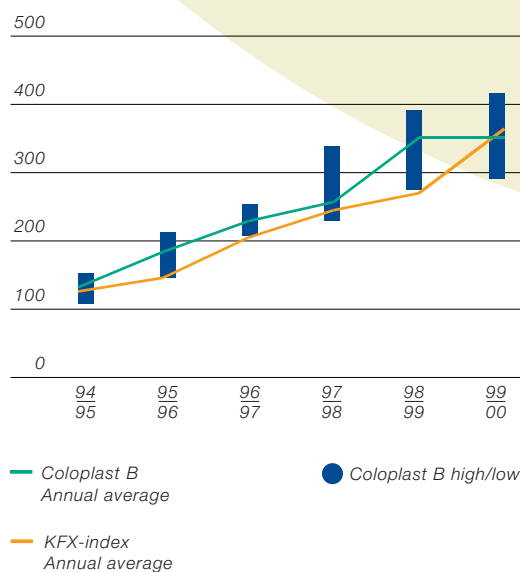
The total market value of the company's B shares at year-end was DKK 7.8 bn (DKK 7.7 bn at 30 September 1999).

Communicating with the share market

It is emphasised in Coloplast's communication policy to have an open and active dialogue with investors and financial analysts. Consequently, Coloplast is holding regular meetings and telephone conferences with shareholders, investors and financial analysts in Denmark and abroad.

In 1999/2000 53 meetings were held with 190 analysts and investors participating.

Share price development



Ownership of Coloplast shares at 30 september 2000

	A shares		B shares		Ownership		Voting rights	
	1000 units	1000 units	1000 units	1000 units	%	%	%	%
Holder of A shares	1,800		8,847		44.4		66.8	
Labour Market Suppl. Pension			2,398		10.0		6.0	
Other institutional investors			7,200		30.0		17.9	
Coloplast A/S			561		2.2		1.4	
Other shareholders			2,186		9.2		5.4	
Non-registered shareholders			1,008		4.2		-	
Total	1,800		22,200		100		97.5	

RISK FACTORS

Prepared for emergencies

Coloplast has established emergency systems in all Group facilities to ensure quick action in case of major accidents and to limit their consequences to people and the environment.

The layout of the buildings and design of processing equipment serve to reduce the risk of fire to a minimum, but effective equipment has been installed to limit any damage if there is a fire.

In all factories, employee readiness groups have been formed. The members of these groups have been trained to fight fires, give first aid and control pollution. The groups participate in annual drills organised on site together with the local fire service.

Core technology

Skin-friendly adhesives are used in many Coloplast products, and the adhesives technology is vital to the Group's business. To provide security of supplies, an additional adhesives plant was installed in the Minnesota facility, USA, in 1998.

Currency risks

97% of the products manufactured in Denmark are sold abroad. This implies a considerable currency risk, as the costs of manufacturing the products are incurred in Danish kroner while the customers pay for them in foreign currency.

When the euro cooperation, also referred to as the EMU, was established, 12 currencies became one, which meant the Group's currency risks now involve three key currencies - EUR, USD and GBP.

About 60% of Group sales are closed in countries who have joined the EMU. Unfortunately, Denmark will not join, with the result that there will continue to be a currency risk, if only a limited one, for this part of sales. The Group expects that the krone will be closely tied to the euro also in the future.

Currency risks are covered according to a cash-flow based financial strategy. The strategy has balance sheet items in foreign exchange and the anticipated net currency inflow for the coming 3-12 months covered by financial instruments, including forward contracts and options. Currency deals are only concluded by Corporate Finance in Denmark.

Coloplast's growth strategy comprises acquisitions and setting up of manufacturing operations outside Denmark. Both of these activities would reduce the net currency risk.

Patents

Coloplast's key technologies are adhesives, plastics and process technology. Within these areas Coloplast is endeavouring, like our competitors, to protect inventions through patents.

Coloplast is operating independently of third party rights. This freedom is ensured through our patent policy and through supervision and evaluation by our internal patent department of patents issued in relevant fields. Coloplast also consistently strives to secure universal rights to new developments, whenever possible, but Coloplast's overall business is not dependent on specific patents.

Owing to the complexity of our patents there is a certain risk that Coloplast becomes a party to patent infringement lawsuits. During 1999/2000 there have been no lawsuits against Coloplast involving substantial financial risks.

Suppliers

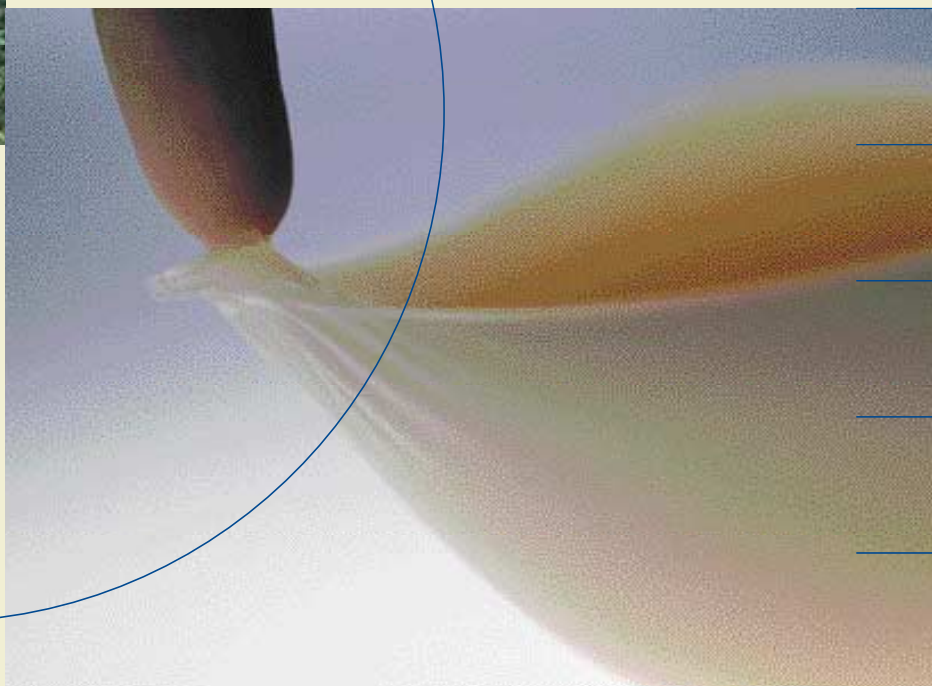
A limited part of Coloplast's products is based on raw materials of a very special nature. For these raw materials Coloplast has, where possible, obtained a supplier's guarantee.

The environment

Coloplast's environmental impact is modest. The main environmental impacts derive from the production of the polymer raw materials (plastics), which are imported, and from disposal after use, the products being typically incinerated.

The environmental management system includes procedures for systematic identification and reduction of the company's environmental risks. Coloplast's European factories (in Denmark and Germany) have been approved and verified according to the Eco Management and Audit Scheme (EMAS). EMAS is a voluntary EU scheme for companies practising environmental management at a high level.

PVC and phthalates (PVC-softeners) are used in a little more than half of Coloplast's products.



PVC and phthalates are subject to selective tax in Denmark, but medical devices are exempt.

Medical breakthroughs

Today, no medical treatment exists which can replace ostomy surgery or breast surgery or materially reduce the number of these patients. Medical research in a number of fields may, however, affect the need for these types of surgery in the long term. If pharmaceutical or other solutions are found, a further development time of 5-7 years must be anticipated. Besides, people who have undergone surgery in the past will continue to need appliances.

Similarly, there are no known medical solutions which may reduce the need for incontinence products or dressings for patients with chronic leg ulcers or pressure sores, or are likely to make these products redundant.

Pearl surface for better adhesion

A new adhesive has been developed for the **Contact** self-supporting breast form from Amoena. The adhesive surface which resembles the underside of a starfish, consists of elastic silicone material. Pearls enlarge the surface and make it more elastic, increasing the adherence of the entire breast form.

In particular, the elasticity of the pearl adhesive ensures that the breast form clings effectively to an uneven scar.

FINANCIAL REVIEW

Group turnover was DKK 3,603 mln, an increase of 18% from DKK 3,065 mln in 1998/1999. Profit before tax increased by 6% to DKK 478 mln from DKK 452 mln last year. Profit for the year after tax and minority interests was DKK 305 mln, in line with the profit achieved for 1998/1999.

Operating profit before financial items and tax was DKK 564 mln - DKK 100 mln (22%) more than the year before. The profit margin – operating profit in per cent of turnover – came to 16%, exceeding the 15% Group objective.

The difference in growth rates achieved in terms of operating profit and profit before tax reflects high financial costs. These included net interest payments and cash discounts as well as adjustments for exchange-rate changes and the impact of currency hedging.

Turnover and operating profit are stated at average exchange rates significantly higher than last year. The average for 1999/2000 was up 5 pct. points compared to 1998/1999. Particularly the exchange-rate increases of USD, GBP, SEK, NOK and JPY had a positive impact on sales and profit. These exchange rates started to strengthen in January 1999 and continued until mid-2000. For the last part of the financial year, the value of the currencies in terms of DKK was fairly stable, remaining at a high level. The rates quoted at 30 September 2000 were slightly higher than the year's average.

Turnover growth excluding exchange-rate effects was 12% and met expectations. The growth was generated mainly by the many new products launched during the last two years.

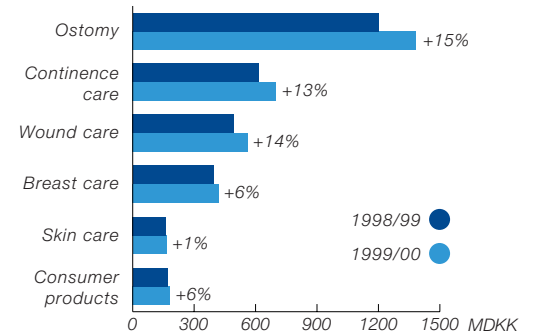
Turnover development, geographical markets

The turnover in Europe accounted for 76% of Group turnover as the year before. European growth was 16% in DKK, 15% in local currencies. The establishment of the Economic and Monetary Union and Denmark's linking with this cooperation has considerably reduced our exposure to currency fluctuations.

US sales accounted for 16% of Group turnover, which was 1 pct. point below last year. The strengthening US dollar meant a 15% increase in sales in this market in Danish kroner compared to 1998/1999. In terms of US dollars, turnover rose by 1%.

Turnover growth by business area

Local currencies



Coloplast's sales outside Europe and the US accounted for 8%, or DKK 284 mln. Actual growth including exchange-rate effects was 39%, while in local currencies it was more than 20%.

Turnover development, business areas

Total ostomy product sales in the 1999/2000 financial year were DKK 1,471 mln. Compared to last year's DKK 1,217 mln this is an increase of 21%. The exchange-rate effect for this product group meant a plus of 6%, and in local currency terms growth was 15% or approx. three times the estimated market growth.

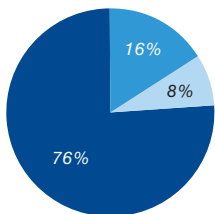
The turnover achieved for continence care products was DKK 718 mln or nearly DKK 100 mln more than last year, corresponding to a 16% increase. In local currencies the increase was 13%, while market growth hardly exceeded 10%.

Sales of wound care products rose by 17% to DKK 577 mln from DKK 494 mln in 1998/1999. After allowing for exchange-rate effects, the increase was 14%, which is estimated to be in line with total market growth for dressings based on the moist-wound-healing principle.

In breast care, overall market growth was probably around 6%, equal to the increase achieved by Coloplast in financial 1999/2000 in local currencies. As more than half the turnover is generated in the USA, the growth achieved was somewhat higher in terms of DKK, viz 14%.

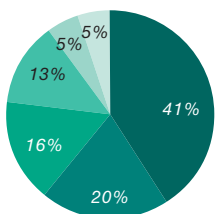
The same was true for skin care products, but even more so, since nearly 90% of the products are sold in the USA. The turnover of skin care products amounted to DKK 187 mln, an increase of DKK 26 mln (16%) from last year.

Geographical distribution of turnover 1999/00



- Europe
- USA
- Others

Group turnover by business area 1999/00



- Ostomy
- Continence care
- Wound care
- Breast care
- Skin care
- Consumer products

In US dollars, growth was 1%. The total skin care market in the US is estimated to have been flat.

Finally, sales of consumer products amounted to DKK 191 mln, an increase of 14% from last year's DKK 168 mln including exchange-rate effects. In fixed currency terms, the increase in sales to distributors was 6%. During 1998/1999 substantial amounts of products were bought by distributors for stockbuilding and reached the end users with some delay. It is therefore realistic to assume an underlying growth of 12-15%.

Segment information

Coloplast's products address the needs of three different customer segments. The largest segment includes medical disposables for stoma care, continence care, wound care and skin care. These products are all marketed to hospitals and institutions, while consumption is primarily taking place in the end user's home. The decision-making basis and advice on treatment solution and product choice is provided by specially trained nurses.

Breast care products are primarily sold by specialty shops selling medical appliances and personal care for women, including lingerie shops. The decision and choice of product is made by the user, but only after competent guidance and assistance on fitting by the dealer.

In the consumer segment the end user is the decision maker. Coloplast's consumer products are sold through distributors, except in a few countries with subsidiary sales forces. In Europe, the distributors plan sales campaigns in cooperation with Coloplast and select channels of distribution. In the USA, Japan and Australia, market development is in the hands of our cooperation partner Johnson & Johnson Consumer Products Company. Sales to consumers are effected through pharmacies, sports shops or the provisions trade.

The profitability of segments is measured in terms of profit margin defined as operating profit for the respective segment in per cent of turnover. Direct, segment-related costs are stated for each individual segment. Costs with no direct segment affiliation have been distributed. These indirect costs account for less than DKK 200 mln.

After distribution of shared costs, medical devices displayed the highest profit margin at

Results per segment

	Medical devices	Breast care	Consumer products
Turnover, MDKK	2,954	458	191
Growth from 1998/99	19%	14%	14%
Profit margin	17%	8%	14%

17%. The breast care segment came out somewhat lower with an 8% margin. This lower margin was due to textile products. In Europe these are purchased from sub-suppliers and contribute a large share of turnover but carry a lower margin. The actual margin for consumer products was 14%, slightly below the corporate average.

The profit performance has not changed significantly from last year.

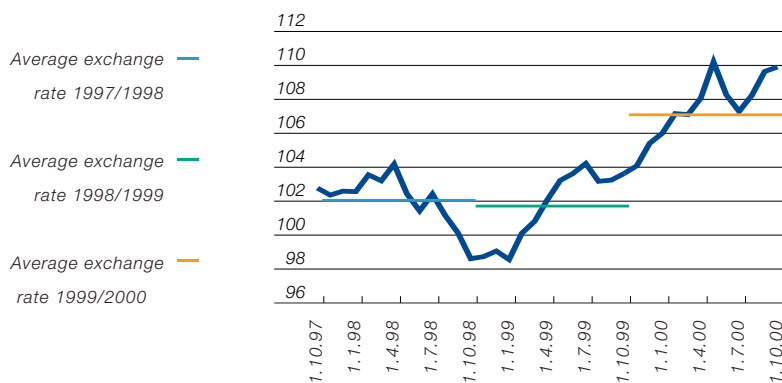
Expenses and profit margin

Expenditure for raw materials, ancillary materials, human resources and external services rose by 16% to DKK 2,875 mln, and depreciation increased by 25%. The rate of increase of the Group's total expenditure was less than the turnover increase, allowing the profit margin to go up from 15% to 16%. The expenditure included one time costs of DKK 10 mln for restructuring in the USA and transfer of one factory.

The profit earned by associated companies, primarily companies with whom Coloplast has formed partnerships for the distribution of products to end users, rose from DKK 18 mln to DKK 24 mln and is included as operating profit.

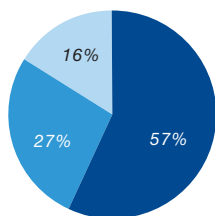
As in previous years, it has been impossible to increase selling prices for existing products to compensate for inflation. Therefore, we still give high priority to a focussed effort to reduce manufacturing costs through rationalisation and increase the efficiency of production equipment. Besides, we are developing new products which contribute to increased quality of life for the user and also reduce overall healthcare costs. Early in our product development process we challenge the performance of new products, including their environmental impact and their potential cost in use. Meeting the requirements in these respects is necessary if we are to obtain higher prices for the new products than for the ones they replace.

Development of Coloplast's invoicing currencies 1997-2000



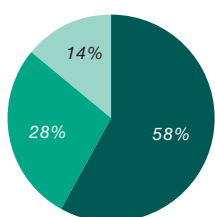
Actual and expected net ingoing payments by currency group

1999/2000



- EUR
- GBP, SEK, NOK, DKK, CHF
- USD, JPY, CAD, AUD, ARG

2000/2001



- EUR
- GBP, SEK, NOK, DKK, CHF
- USD, JPY, CAD, AUD, ARG

Exchange-rate developments

The weighted average value for 1999/2000 of Coloplast's invoicing currencies was 5.4 pct. points above their 1998/1999 level. During the year the value of GBP, USD, SEK, NOK and JPY in terms of DKK increased. Their value increase was significant during the first six months and stabilised over the last six months. At 30 September 2000 the weighted value of these currencies was slightly higher than their annual average. As mentioned, this development had a positive effect on turnover and operating profit. A net currency expense of DKK 32 mln has been included in financial items for 1999/2000.

According to the company's currency strategy we strive to minimise currency risks by hedging currency holdings and anticipated net inflows for 3-12 months against currency risks, using financial instruments like forward cover and options. This practice was established in 1996 and has served its purpose well. At 30 September 2000 the amount covered was to DKK 1,233 mln, corresponding to actual holdings plus 6.7 months' net inflow of currency.

Net receivables at 30 September 2000 are stated at year-end exchange rates or at the forward rates agreed for currency holdings covered. Exchange-rate adjustments at agreed forward rates amounted to DKK -19 mln at 30 September. Forward contracts not utilised for adjusting net receivables at 30 September 2000 are carried forward to the coming financial year. The difference between the year-end exchange rate and

the forward contract rate was DKK -10 mln. Forward currency contracts and options are made to cover commercial transactions only.

Financial items and tax

Financial items include interest receivable and payable, cash discounts, capital gains/losses on securities sold, exchange-rate gains/losses on currency holdings, debts and financial contracts.

Net financial expenditure amounted to DKK 86 mln in 1999/2000, having increased from DKK 12 mln the previous year. The increase reflects exchange-rate adjustments of DKK 59 mln, an increase in cash discounts of DKK 7 mln and net interest expenditure having increased by DKK 8 mln.

Forward cover and other exchange-rate adjustments of financial items involved a loss of DKK 32 mln in 1999/2000, whereas there had been a gain of DKK 27 mln in the previous year. The loss is significantly smaller than the improvement recorded for operating profit items.

Total debts at year-end was DKK 1,151 mln, including DKK 509 mln of interest-bearing debts. DKK 386 mln represents debt raised for terms of more than a year.

Coloplast's portfolio of securities and mortgage credit loans is actively managed according to a determined policy assessing interest rate, duration and risk of declining prices. Despite declining prices for bonds, capital losses were limited to DKK 1 mln. At 30 September 2000 there was an unrealised exchange-rate loss of DKK 2 mln. It was charged to expenses in 1999/2000.

The average duration of securities declined during the year from 5.6 to 3.8 at 30 September. Average yield to maturity was 5.2% p.a.

Cash discounts amounted to DKK 38 mln in 1999/2000 compared to DKK 31 mln the year before. A considerable share of the cash discounts are granted to US customers, so the increase primarily reflects the rising dollar rate.

The Group's total tax liability was DKK 173 mln in 1999/2000 compared with DKK 146 for 1998/1999. The company tax rate was 36%, rising from 32% last year. The increase reflects a higher share of the company's profit being generated in countries with high tax rates and a smaller share in countries with low tax rates, and

that the Danish tax authorities no longer grant relief on foreign trading income. The tax rate for the coming financial year is expected to remain at this level or be slightly lower. Deferred tax in Denmark has been included at 30% anticipating changes to the tax laws. The decrease in company tax from 32% to 30% has no noteworthy impact on the deferred tax liability.

Investments

Recent years' growth has meant utilisation of production capacity to its limits, and a comprehensive investment programme has been implemented. Investments in fixed assets amounted to DKK 437 mln in 1999/2000 compared to DKK 346 mln the year before. A total of DKK 239 mln was invested in machines and operating equipment; this is slightly less than last year's DKK 248 mln. In addition, DKK 198 mln was spent for land and new buildings. This was DKK 100 mln more than in 1998/1999. With the completion of the Humlebæk extension, a slightly lower investment level is expected in the coming financial year.

Cash flow statement

The year's cash flow from operations was DKK 467 mln - an increase of DKK 101 mln compared to 1998/1999. After deductions for investments in assets and adjustment for repayments from associated companies there was a positive net cash flow in 1999/2000 of DKK 133 mln. Last year there was a negative net cash flow of DKK 128 mln.

The other items included in the cash flow statement are financial items and adjustments of fixed assets under construction, assets sold and exchange-rate adjustments of subsidiary companies' equity. Payment of dividends to shareholders for 1998/1999 amounted to DKK 61 mln and sourcing by loans was increased by DKK 71 mln, including net purchases of own shares amounting to DKK 161 mln. Liquid funds were reduced by DKK 18 mln to DKK 175 mln at 30 September.

Cash flow from operations less investments in fixed assets is expected to remain positive in the coming years.

Development of balance and equity

At 30 September 2000, equity amounted to DKK 1,430 mln, representing 54% of the total balance,

the same as at the beginning of the year. The profit for the year yields a return on equity of 22%.

The return on assets was 22% compared with last year's 21%. The return on capital employed was 34% compared with 35% in 1998/1999.

In the 5-year key figures and ratios on page 3 a new key figure for return on average invested capital has been introduced: the cash-flow based return on invested capital. The figure includes investments in goodwill previously written off. Rate of return was 22% compared to last year's 21%.

The increase in equity from DKK 1,331 at the beginning of the year to DKK 1,430 mln at 30 September 2000 was composed of the following items: Profit for the year after deduction of dividends was DKK 233 mln. Adjustments relating to own shares acquired was DKK 161 mln. Adjustments relating to subsidiary companies provided a plus of DKK 27 mln.

Accounting policies

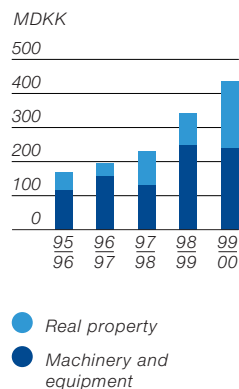
With this year's accounts we have introduced the practice of activating investments in corporate software exceeding DKK 5 mln and writing it off over a period not exceeding 5 years. The previous practice involved charging such software expenses to profit and loss account. The change has no impact on previous years' figures.

Since its listing on the Copenhagen Stock Exchange in 1983, Coloplast has made only few changes to its accounting policies. The Danish legislation on company accounts is being revised, and it is expected that the Act and the Danish guidelines to accompany the Act will be adjusted to international standards.

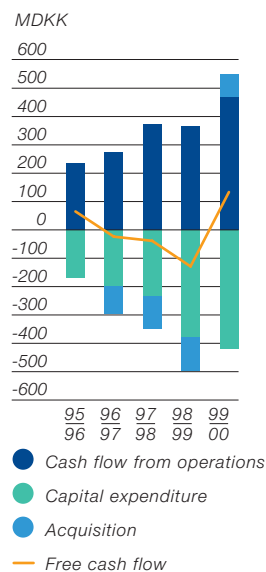
Coloplast expects to implement major changes from financial year 2001/2002 so they comply with the new Act and hence with international accounting standards.

For the year 2000/2001 Coloplast will change its accounting policies to comply with guideline no. 14 concerning tax. This change is anticipated to have little impact on Coloplast's accounts.

Capital expenditure



Cash Flow



METHOD OF STATING NON-FINANCIAL RESULTS

The report on knowledge sharing and stakeholders focusses on values that affect the operations and profit of the company while being not included in financial reporting. For practical reasons, the figures mainly refer to Coloplast A/S in Denmark. Where figures include other parts of the Group, this is indicated.

Changes relative to 1998/1999 statement

In connection with the change in reporting routines, an internal working group in spring 2000 made a review of the key figures included in last year's intellectual capital statement. The aim was to define a set of key figures which give an adequate picture of Coloplast's enablers and results and improve the methods of reporting.

The group concluded that out of 43 key figures in last year's statement, 31 qualify for inclusion in this year's non-financial reporting. Key figures in last year's intellectual capital statement which do not enhance the understanding of enablers and results have been left out. Four new key figures have been added. The shareholder section includes key figures taken from the basic section on shareholders in last year's annual report.

Where the method of reporting key figures is not obvious from the designation accompanying the figures, it is described below. If the method of reporting has been changed, this is indicated against the respective figures.

Customers

Coloplast's cooperation with professionals and users

The method of reporting has changed, the size of the groups being no longer a basic criterion. The figure states number of groups worldwide with whom at least one meeting was held during the year to have product development input (Group).

Costs of research and development

The figure includes pay costs, overhead costs and the year's investments, but excludes patent costs (Group).

Projects in Coloplast's established development process

Development projects for new products or products perceived as new based on visual appearance or properties. All projects included were at some stage of development during the year (Coloplast A/S and Coloplast Consumer Products A/S).

Share of turnover generated by new products

A product is considered new if less than four years old. Existing products are included, if the element of improvement makes the customer perceive them as new. Turnover figures exclude products not developed by Coloplast (Group).

Patent applications

Basic patent applications filed with patent authorities during the financial year (Group).

Patent rights

Statement of the Group's valid patents and applications. Rights filed in several countries are only included once (Group).

Orders delivered on time

The percentage of order lines delivered on time (24 hours), unless other terms agreed (Group, excl. USA and a few minor markets).

Non-compliances at quality assurance audits

Non-compliances recorded by Lloyds Register Quality Assurance (LRQA) during certification and follow-up visits according to the EN 46001 standard (Coloplast A/S and Coloplast Consumer Products A/S).

Complaints

Complaints received measured against products sold (Group).

Employees

Job rotation, promotion and relocation of salaried employees

Count of changes in job status for salaried employees based on HRD's staff records (Coloplast A/S and Coloplast Consumer Products A/S).

Production workers in self-managing groups

Share of production workers involved in Coloplast's new management and cooperation principles, self-management, process organisation. Count made per department by staff lists.

Development talks

Method of stating has changed. The figure is based on the number of employees who ticked "Fully agree", "Agree" or "Mainly agree" against the employee satisfaction survey statement: You have an annual employee talk with your immediate superior (Coloplast A/S and Coloplast Consumer Products A/S).

Training – days per employee

Based on registration of course attendance in the clocking-in/clocking-out system (Coloplast A/S and Coloplast Consumer Products A/S).

Training – costs per employee in DKK

Based on registration of training costs in the finance system. Amount includes training expenses invoiced. Own pay costs not included.

Staff turnover in per cent

The staff turnover figure is stated as number of employees leaving divided by the average number of employees. Figure does not include temporary employees (Coloplast in Denmark).

Absence, hourly paid workers

The figure does not include absence categorised as caring for sick child or industrial accident.

Employee satisfaction (incl. evaluation of development talk)

The employee satisfaction index is a weighted average of the questions included in the survey. The average is calculated according to the importance allotted to each question and to the degree of satisfaction expressed (Coloplast A/S and Coloplast Consumer Products A/S). When adding figures from foreign subsidiaries, weighting allowed for differing response rates.

Industrial accidents

The frequency of accidents is stated on the basis of working hours lost for salaried workers and hourly workers.

Employee shares – ownership

The share of employees who subscribed to shares in the company.

Job and educational fairs

Stated on the basis of HRD records.

Unsolicited applications

The method of stating has changed. Last year's qualified estimate has been replaced by figure based on the number of contacts by production workers to HRD, primarily by telephone, people who turn up at the job centre and (for salaried employees) written applications received by HRD (Coloplast in Denmark).

SALES REPRESENTATIVE IS ALSO A USER



***Wheelchair driver network
enables Coloplast to respond quickly
to new user needs***

Sales representative Olaf Niebisch visits the Boberg rehabilitation clinic in Hamburg on a regular basis. He is a wheelchair driver and a quad rugby and basketball player himself, so it is natural for other "drivers" to share their product experience with him. The spinal-cord injured depend on our products, and feedback on their needs is vital. Therefore, Coloplast GmbH plans to hire additional wheelchair drivers in the coming year.

Partnerships with wheelchair sports associations have fostered such activities as sponsoring the German national quad rugby team, supporting PR campaigns for the German Quad Rugby Association, making pre-tests at spinal-cord injury centres and establishing clinical advisory boards. Future services include special product exhibitions and an internet community addressing the needs of wheelchair drivers.



ACCOUNTING POLICIES

The annual accounts and group accounts of Coloplast for 1999/2000 have been prepared in accordance with the Danish Company Accounts Act and the rules for listed companies as laid down by the Copenhagen Stock Exchange.

The accounting policies are consistent with those applied last year, except for corporate software whose cost price exceeds DKK 5 mln being capitalised and written off over the expected lifetime of the software, the maximum being five years. This change has no impact on previous years' comparatives or key figures, so none have been changed.

Euro

As a service to the readers of our annual accounts we show Group figures also in EUR. The conversion rate was 745.62, the rate of exchange quoted on 30 September 2000.

Group consolidated accounts

The Group accounts comprise the parent company, Coloplast A/S, and subsidiaries in which the Coloplast Group controls more than 50% of the voting rights or otherwise has a controlling interest.

The Group accounts are prepared based on the parent company and subsidiaries' accounts by aggregating similar financial statement items. The accounts used for consolidation purposes have been prepared using the accounting policies of the Group. On consolidation, intra-group entries have been eliminated.

Companies which are not subsidiaries but in which the Coloplast Group owns 20% or more of the voting rights or otherwise has considerable management influence, are regarded as associated companies.

Newly acquired or divested companies are included in the profit and loss account for the period of ownership.

Comparative figures have not been corrected for newly acquired or divested companies.

At the acquisition of subsidiaries, the acquired share of a company's net asset value is determined according to the Group's accounting policies. Where the purchase price differs from the net asset value, the difference is to the extent possible allocated to assets and liabilities and written directly to reserves.

Profit and loss account

Net turnover

is included in the profit and loss account for the year of delivery and invoicing.

Other operating income and expenses

comprise items that are secondary in nature to the primary operations of the company.

Research and development costs

are included under 'other external costs'.

Conversion of foreign currency

Debit and credit balances denominated in foreign currency have been converted into Danish kroner at the exchange rates quoted on the balance sheet date. Both realised and unrealised exchange gains and losses on current assets or debt have been included in the profit and loss account as financial items.

The profit and loss accounts of the foreign sales subsidiaries have been converted at average exchange rates for the period. Their balance sheets have been converted at official exchange rates at 30 September. Currency differences arising from such conversion have been included as financial items in the consolidated accounts.

The profit and loss accounts of the foreign manufacturing subsidiaries have been converted at average exchange rates for the period while their balance sheets have been converted at official exchange rates at 30 September. Currency differences arising from such conversion have been written directly to reserves.

Exchange-rate adjustments of subsidiaries' value at the beginning of the year have been written directly to reserves.

Exchange-rate adjustments relating to balances with foreign subsidiaries representing increases or decreases in their equity capital, are entered under reserves.

Financial instruments

The turnover of the parent company and the Danish subsidiaries is primarily invoiced in foreign currency. To take out forward cover of accounts receivable and payable in foreign currencies the parent company uses forward contracts and options

Where items covered in this way represent assets or liabilities, any gains and losses incurred on the financial instruments are included in the profit and loss account at the same time as the items covered.

Subsidies

Subsidies have been granted for R&D and for investments. Subsidies for R&D have been systematically included as income in the profit and loss account so as to cancel out the costs they compensate for. Subsidies relating to investments have been included as accrued income in step with depreciation and write-off of the respective investments.

Extraordinary items

include income and expenses deriving from activities other than the ordinary operations of the Group.

Taxes

Tax payable on the result for the year is charged to the profit and loss account together with changes in the provision for deferred taxation. Deferred taxation is provided for timing differences between net book and taxable values of assets and liabilities, except for deferred tax relating to participating interests in subsidiaries and associated companies.



Coloplast A/S has joined the tax prepayment scheme. Additions, deductions and compensations regarding the tax payment are included in the profit and loss account and balance sheet together with the current tax liability.

Coloplast A/S is jointly taxed with some of its wholly-owned Danish and foreign subsidiaries. The net tax payment on jointly taxed income is included in the parent company accounts.

Balance sheet

Non-tangible fixed assets

Corporate software is stated at the cost price less accumulated depreciation and write-offs. Corporate software is written off over its expected lifetime, the maximum being 5 years.

Other intangible assets are stated at original cost less accumulated depreciation and write-offs. Intangible assets are written off over their expected lifetime, the maximum being 20 years.

Purchased goodwill, patent and trademark rights and corporate software whose value does not exceed DKK 5 million are included, like other external costs, in the year of acquisition.

Tangible fixed assets

are stated at the original cost less accumulated depreciation and write-offs. These assets are written off over their expected lifetimes, which are:

Buildings	25 years
Technical installations in buildings	10 years
Technical plant and machinery	5 years
Other plant, operating equipment and furniture	5 years

Tangible fixed assets with a cost of less than DKK 20,000 and minor building conversion and improvement costs not considered to add permanent value, are charged to the profit and loss account under 'other external costs' in the year in which they are incurred.

Financial fixed assets

Shares in subsidiaries and associated companies are stated in the accounts of the parent company at the value of the proportional ownership share of the respective companies' equity (equity method) and reduced by unrealised intra-Group profit. If the equity of a subsidiary is negative, an amount corresponding to the negative equity is set off against accounts receivable from the subsidiary or is allocated to reserves.

The profit for the year and the parent company's equity are therefore equal to those of the Group.

Other securities and equity capital, mainly shares acquired for permanent holding, are stated at purchase price less any depreciation of a permanent nature. Such depreciation is included in the profit and loss account as financial expenses.

Stocks

Raw materials and ancillary materials are stated in the accounts at cost price.

Semi-manufactured and finished goods are valued at calculated cost price - purchase price of raw materials and semi-manufactures plus other costs directly attributable to the individual product. No addition is made for indirect production costs.

Products whose net realisable value is lower than the actual or calculated cost price, respectively, are priced at net realisable value.

Commodities are stated at the lower of cost price and net realisable value. Costs are based on the FIFO principle of calculation.

Accounts receivable

are stated at face value, reduced by any depreciation in anticipation of losses subject to individual assessment.

Securities

The purchasing and selling price for own shares is deducted from or added to reserves directly. Other securities are stated in the accounts at the price at which they were bought or at market value, if lower, based on a total portfolio assessment. Unrealised losses are entered in the profit and loss account as financial items.

Debt

Debt, including mortgage debt, is stated at nominal value.

Cash flow statement

uses the indirect method, based on operating profit, and shows the Group's cash flow for the year and the liquidity position at year-end. The cash flow originates from, or is applied in, three main areas: operations, investments and financing.

Liquidity includes liquid funds and securities shown as current assets.

Liquidity deriving from operations is adjusted for non-cash operational items, changes in working capital and company tax paid.

Working capital includes current assets and short-term debt, but not short-term items included in liquidity.

Investments include fixed assets purchased or sold, prepayments on fixed assets during the building phase, increases in capital holdings in subsidiaries or associated companies and dividends paid by associated companies.

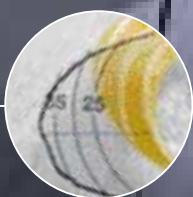
Financial items include issue of share capital and long- and short-term loans.

Positive amounts indicate incoming payments while negative amounts indicate outgoing payments.

Future markets in the Far East

Head nurse Zhao Jianhua from the Renji Hospital in Shanghai and Professor Ge Shunde from the Changhai Hospital participated in a **Comfeel** workshop highlighting the development of modern wound healing in China. In the background are Coloplast sales managers Gao Wei and Yang Jian.

COLOPLAST DIRECT CUSTOMER SERVICE



*Customer Care's
telephone lines ensure quick
delivery of products to our users.*

*New software records all interactions
with customers and puts focus on their needs*

Throughout the UK orders for ostomy and continence care products can be phoned through to Coloplast Ltd. for despatch the same day. Individual stoma sizes are fulfilled by the cutting service and orders are delivered in discreet packaging by a home delivery service. These services have attracted more than 15,000 customers in five years.

Using a customer relationship management system, the Customer Care operators can see interactions and activities with customers on their screens within seconds. This technology supports the smooth handling of customer calls and ensures optimum service and focus on their changing needs.

PROFIT AND LOSS ACCOUNT

1 October 1999 - 30 September 2000

	Group		Group		Parent company		
	MDKK		MEUR		MDKK		Note
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	
Net turnover	3,603	3,065	483	413	1,648	1,522	1
Change in stocks of finished goods and work in progress	-42	106	-6	14	4	20	2
Other operating income	34	30	5	4	24	20	
Income from operations	3,595	3,201	482	431	1,676	1,562	
Costs of raw materials and consumables	-600	-573	-80	-77	-402	-422	
Other external costs	-963	-841	-129	-113	-337	-288	
Employee costs	-1,270	-1,163	-170	-156	-610	-571	3
Profit before depreciation	762	624	103	85	327	281	
Income from participating interests	0	0	0	0	191	175	5
Profit, associated companies	24	18	3	2	0	0	5
Depreciation	-222	-178	-30	-24	-149	-122	6
Operating profit	564	464	76	63	369	334	
Financial income	74	75	10	10	96	90	7
Financial charges	-160	-87	-21	-12	-93	-35	8
Profit before tax	478	452	65	61	372	389	
Company tax	-173	-146	-24	-20	-67	-83	9
Profit for the year	305	306	41	41	305	306	
Minority interests	0	0	0	0	0	0	
Coloplast's share of the profit for the year	305	306	41	41	305	306	

Profit distribution

The Board of Directors will propose to the shareholders at the Annual General Meeting that they approve the following distribution of the profit for the year:

Dividend DKK 3.00 per share	72	61
Subsidiary reserves	-21	33
Free reserves	254	212
Total	305	306

BALANCE SHEET

At 30 September 2000

Note		Group		Group		Parent company	
		MDKK		MEUR		MDKK	
		1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
	Assets						
6	Patents and trademarks	2	3	0	0	2	3
6	Corporate software	8	0	1	0	0	0
6	Prepayments, intangible fixed assets and intangible fixed assets in progress	16	0	2	0	16	0
	Intangible assets	26	3	3	0	18	3
6	Land and buildings	707	532	95	72	181	176
6	Technical plant and machinery	315	276	42	37	266	227
6	Other operating equipment	120	95	16	13	54	39
6	Prepayments, tangible assets and tangible assets under construction	115	142	16	19	45	83
	Tangible assets	1,257	1,045	169	141	546	525
6	Shares in subsidiaries					97	85
	Amounts due from subsidiaries					172	239
6	Participating interests in associated companies	31	21	4	3	0	0
	Amounts due from associated companies	33	115	4	15	0	0
6	Other securities and participating interests	8	8	1	1	0	0
	Financial assets	72	144	9	19	269	324
	Total fixed assets	1,355	1,192	181	160	833	852
10	Stocks and work in progress	381	414	51	56	182	190
	Trade debtors	683	584	92	79	35	37
11	Amounts due from subsidiaries					954	809
	Amounts due from associated companies	4	30	1	4	0	0
	Other debtors	33	45	4	6	5	6
	Accruals	21	17	3	2	3	4
	Debtors	741	676	100	91	997	856
12	Securities	72	99	10	13	72	99
	Cash and bank balances	103	94	14	13	19	31
	Current assets	1,297	1,283	175	173	1,270	1,176
	Total assets	2,652	2,475	356	333	2,103	2,028

BALANCE SHEET

At 30 September 2000

	Group		Group		Parent company		
	MDKK		MEUR		MDKK		Note
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	
Liabilities							
Share capital	240	240	32	32	240	240	
Share premium account	10	10	1	1	10	10	
Subsidiaries' reserves					193	187	
Transferred profit	1,180	1,081	158	145	987	894	
Total equity capital	1,430	1,331	191	178	1,430	1,331	13
Minority interests	10	10	1	2	0	0	
Provisions for deferred taxes	30	21	4	3	22	18	14
Other provisions	31	27	4	4	6	6	15
Provisions	61	48	8	7	28	24	
Mortgages	71	44	10	6	29	0	16
Bank loans	315	322	42	43	172	205	16
Long-term liabilities	386	366	52	49	201	205	
Mortgages	5	4	1	1	1	0	16
Bank loans	118	68	16	9	46	11	16
Trade creditors	162	153	22	21	79	87	
Amounts due to subsidiaries					48	62	
Company tax	90	81	12	11	51	59	17
Other creditors	317	353	43	47	148	188	18
Accruals	1	0	0	0	1	0	
Dividend	72	61	10	8	70	61	
Current liabilities	765	720	104	97	444	468	
Total current and long-term liabilities	1,151	1,086	156	146	645	673	
Total liabilities	2,652	2,475	356	333	2,103	2,028	
Other liabilities							19

CONSOLIDATED CASH FLOW STATEMENT

Note	Group		Group		
	MDKK		MEUR		
	1999/00	1998/99	1999/00	1998/99	
	Operating profit	564	464	76	61
A	Adjustment for non-cash operating items	202	164	27	22
B	Changes in working capital	-58	-151	-8	-20
	Ingoing interests payments, etc.	74	69	10	9
	Outgoing interest payments, etc.	-159	-74	-21	-10
	Company tax paid	-156	-106	-21	-14
	Cash flow from operations	467	366	63	48
	Investments in intangible assets	-26	0	-3	0
	Investments in land and buildings	-198	-98	-27	-13
	Investments in technical plant and equipment	-239	-248	-32	-33
	Investments in financial assets	0	-8	0	-1
	Adjustment of fixed assets under construction	27	-31	4	-4
	Fixed assets sold	8	7	1	1
	Acquisitions	0	-4	0	-1
	Investments in associated companies	82	-116	11	-16
	Dividend from associated companies	17	7	2	1
	Exchange-rate adjustment of subsidiary equity capital	-5	-3	-1	0
	Cash flow from investments	-334	-494	-45	-66
	Dividend to shareholders	-61	-53	-8	-7
	Investments in own shares	-161	-14	-22	-2
	Financing from shareholders	-222	-67	-30	-9
	Financing through long-term loans	20	209	3	29
	Financing through short-term loans	51	-29	7	-4
	Cash flow from financing	-151	113	-20	16
	Net cash flow	-18	-15	-2	-2
	Liquidity at 1 October	193	206	26	28
	Adjustment of liquidity due to acquisition	0	2	0	0
	The year's decrease in liquidity	-18	-15	-2	-2
	Liquidity at 30 September	175	193	24	26
	Liquidity includes:				
	Securities	72	99	10	13
	Liquid funds	103	94	14	13
		175	193	24	26

The consolidated cash flow statement cannot be extracted directly from the published financial statements.

A Adjustment for non-cash operating items

Depreciation	222	178	30	24
Profit share, associated companies	-24	-18	-3	-2
Change in provisions	4	4	0	0
	202	164	27	22

B Changes in working capital

Stocks and work in progress	33	-134	4	-18
Trade debtors	-99	-120	-13	-16
Other debtors	33	1	4	0
Suppliers and other creditors	-25	102	-3	14
	-58	-151	-8	-20

AUDIT REPORT AND APPROVALS

The annual report and accounts for 1999/2000 for Coloplast A/S and the Group, which show a consolidated profit for the year of MDKK 305 and an equity capital of MDKK 1,430 at 30 September 2000, is hereby approved by Group Management and the Board of Directors.

Humblebæk, 17 November 2000

Group Management

Sten Scheibye
Chief Executive

Niels O. Johannesson

Carsten Lønfeldt

Maxwell S. Stringer

Board of Directors

Palle Marcus
Chairman

Jytte Gliim

Kurt Anker Nielsen

Niels Peter Louis-Hansen
Deputy Chairman

Per Magid

Torsten E. Rasmussen

Helle Bechgaard

Flemming Moss

Knud Øllgård

Auditor's report

We have audited the consolidated financial statements and the annual financial statements of Coloplast A/S for 1999/00 as presented by the Board of Directors and the Management.

Basis of opinion

We have planned and performed our audit in accordance with Danish auditing standards and provisions to obtain reasonable assurance that the financial statements are free of material errors or omissions. Our audit included, based on an assessment of materiality and risk, an examination of the basis and evidence supporting the amounts and other disclosures in the financial statements. Furthermore, we have assessed the accounting policies selected and estimates made by the Board of Directors and the Management as well as evaluated the overall adequacy of the information disclosed in the financial statements.

Our audit did not give rise to any qualifications.

Opinion

In our opinion, the consolidated financial statements and the annual financial statements have been prepared in accordance with Danish legislation and give a true and fair view of the assets and liabilities, the financial position and the result for the year of the group and the parent company.

Copenhagen, 17 November 2000

PricewaterhouseCoopers

Morten Iversen
State Authorised Public Accountants

John Schmidt

Revisionsfirmaet Helge Bom A/S

Claus Ørbech
State Authorised Public Accountants

Jan Rasmussen

AUDITOR'S OPINION

Report on knowledge management and stakeholders

As agreed with management, we have reviewed the "Report on knowledge management and stakeholders" for 1999/2000 on pages 10-19 of Coloplast as presented by management, cf definitions in applied method of stating non-financial results stated on page 26.

As agreed, our review has not included any comparative figures for 1996/97 and 1997/98 or an assessment to establish whether the data and information stated represent key issues of Coloplast, cf definitions in accounting principles applied. Neither does the review include the section "Be environmentally conscious" with related environmental efforts and environmental performance presented on page 17. We have, as agreed, only ascertained that as at 14 November 2000 the Coloplast A/S and Coloplast Consumer Products A/S sites in Ålsgårde, Espergærde, Humlebæk, Kokkedal and Thisted, Denmark, were certified according to the EU Eco Management and Audit Scheme (EMAS).

Objective and scope of the review agreed upon

We have planned and performed our review of the supplementary report in accordance with best auditor's practice with a view to examining:

- whether the information presented correlates with the company's activities for the period,
- whether the information and statements presented have been documented and stated/prepared in accordance with the guidelines described under applied method of stating non-financial results.
- whether the system of internal controls, including monitoring and reporting procedures, has been structured in an appropriate manner.

On the basis of an assessment of materiality and risk our work in connection with the review agreed upon has, among other things, included accounting analyses, inquiries, review of data and underlying documentation as well as sample testing of compliance with the selected applied method of stating non-financial results and correlation with the company's activities for the period.

The scope of a review agreed upon is not as extensive as an audit and, accordingly, does not provide the same level of assurance to the user of the report in respect of the accuracy and completeness of the statement and presentation of the data provided in the report.

Findings of review agreed upon

In our opinion Coloplast's "Report on knowledge management and stakeholders" for 1998/1999 and 1999/2000, however, exclusive of the section "Be environmentally conscious" on page 17:

- correlates with the company's activities for the period as stated under applied method of stating non-financial results,
- provides documented information and statements prepared in accordance with the guidelines described under applied method of stating non-financial results;
- is based on a system of internal controls, including monitoring and reporting procedures, that has been structured in an appropriate manner.

Copenhagen, 17 November 2000

PricewaterhouseCoopers

John Schmidt Helle Bank Jørgensen
state authorised public accountants

NOTES

	Group		Parent company	
	MDKK		MDKK	
	1999/00	1998/99	1999/00	1998/99
1. Net turnover				
Denmark	110	91	125	122
Rest of Europe	2,616	2,252	1,369	1,253
USA	593	517	26	47
Rest of the world	284	205	128	100
Total	3,603	3,065	1,648	1,522
Turnover outside Denmark in %	97%	97%	92%	92%
2. Change in stocks of finished goods and work in progress	-46	137	0	51
Elimination of intra-Group profit	4	-31	4	-31
Total	-42	106	4	20
3. Employee costs				
Wages, salaries and directors' fees	1,124	1,037	570	536
Pension scheme contribution	51	43	33	28
Other social security costs	95	83	7	7
Total	1,270	1,163	610	571
Average number of employees	3,778	3,721	2,046	1,983
Number of employees at 30 September, full-time equivalents	3,771	3,745	2,026	1,960
The following amounts are included in the total employee costs:				
Management remuneration, pension and pension contributions			10	9
Directors' fees			1	1
4. Total fee to auditors elected at the Annual General Meeting				
Total fee to PricewaterhouseCoopers			2	2
Total fee to Helge Bom A/S			0	0
Of this fee for audit to PricewaterhouseCoopers			1	1
Of this fee for audit to Helge Bom A/S			0	0
5. Income from participating interests				
Profit from subsidiaries			229	192
Loss from subsidiaries			-38	-17
Total			191	175
Profit, associated companies	24	18	0	0
Dividend received from associated companies and subsidiaries	17	7	213	144

NOTES

6. Fixed assets

Group 1999/00	Intangible assets				Tangible assets				
	Patents and trademarks	Corporate software	Intangible assets under construction	Total intangible assets	Land and buildings	Technical plant and machinery	Other operating equipment	Tangible assets under construction	Total tangible assets
MDKK									
Total purchase price at 1 October 1999	5	0	0	5	713	836	304	142	1,995
Adjustment at 1.10. 1999	0	0	0	0	0	0	0	0	0
Additions from acquisitions	0	0	0	0	0	0	0	0	0
Transfer to/from other items	0	0	0	0	66	61	15	-142	0
Exchange-rate adjustments	0	0	0	0	24	93	11	0	128
New equipment and improvements during the year	0	10	16	26	132	22	70	115	339
Disposals during the year	0	0	0	0	-3	-15	-43	0	-61
Total purchase price at 30 September 2000	5	10	16	31	932	997	357	115	2,401
Total depreciation and write-offs at 1 October 1999	2	0	0	2	181	560	209	0	950
Adjustment at 1.10.1999	0	0	0	0	0	0	0	0	0
Additions from acquisitions	0	0	0	0	0	0	0	0	0
Transfer to/from other items	0	0	0	0	0	-5	5	0	0
Exchange-rate adjustments	0	0	0	0	5	13	9	0	27
Depreciation and write-offs of assets sold	0	0	0	0	-1	-14	-34	0	-49
Depreciation and write-offs of the year	1	2	0	3	40	128	48	0	216
Total depreciation and write-offs at 30.9.2000	3	2	0	5	225	682	237	0	1,144
Book value at 30 September 2000	2	8	16	26	707	315	120	115	1,257
Book value at 30 September 1999	3	0	0	3	532	276	95	142	1,045
Depreciation and write-offs of the year	1	2	0	3	40	128	48	0	216
Loss of the year on fixed assets sold	0	0	0	0	1	2	2	0	5
Profit of the year on fixed assets sold	0	0	0	0	0	0	-2	0	-2
Total depreciation of the year	1	2	0	3	41	130	48	0	219

Cash value of land and buildings in Denmark according to the latest official valuation at 1 January 2000

378

The Group have signed contracts for the supply of buildings, technical plant and machinery worth MDKK 60.

Parent company 1999/00	Intangible assets				Tangible assets				
	Patents and trademarks	Corporate software	Intangible assets under construction	Total intangible assets	Land and buildings	Technical plant and machinery	Other operating equipment	Tangible assets under construction	Total tangible assets
MDKK									
Total purchase price at 1 October 1999	5	0	0	5	267	718	116	83	1,184
Fixed assets under construction at 1 October 1999	0	0	0	0	8	69	6	-83	0
New equipment and improvements during the year	0	0	16	16	12	83	30	45	170
Transfer to/from other items	0	0	0	0	0	-8	8	0	0
Disposals during the year	0	0	0	0	-1	-7	-13	0	-21
Total purchase price at 30 September 2000	5	0	16	21	286	855	147	45	1,333
Total depreciation and write-offs at 1 October 1999	2	0	0	2	91	491	77	0	659
Transfer to/from other items	0	0	0	0	0	-5	5	0	0
Depreciation and write-offs of assets sold	0	0	0	0	0	-5	-11	0	-16
Depreciation and write-offs of the year	1	0	0	1	14	108	22	0	144
Total depreciation and write-offs at 30.9.2000	3	0	0	3	105	589	93	0	787
Book value at 30 September 2000	2	0	16	18	181	266	54	45	546
Book value at 30 September 1999	3	0	0	3	176	227	39	83	525
Depreciation and write-offs of the year	1	0	0	1	14	108	22	0	144
Loss of the year on fixed assets sold	0	0	0	0	1	2	1	0	4
Profit of the year on fixed assets sold	0	0	0	0	0	0	0	0	0
Total depreciation of the year	1	0	0	1	15	110	23	0	148

Cash value of land and buildings in Denmark according to the latest official valuation at 1 January 2000

134

Parent company has signed contracts for the supply of buildings, technical plant and machinery worth MDKK 49.

NOTES

6. Financial assets

Group/Parent company 1999/00	Group			Parent company		
	Equity in subsidiaries	Equity in associated companies	Other secur. and partic. interests	Equity in subsidiaries	Equity in associated companies	Other secur. and partic. interests
MDKK						
Total purchase price, 1.10.1999	0	119	8	627	0	0
Capital investments in the financial year	0	0	0	42	0	0
Total purchase price at 30 September 2000	0	119	8	669	0	0
Revaluation beginning of the year	0	18	0	272	0	0
Adjustment of revaluation beginning of the year	0	2	0	0	0	0
Profit from subsidiaries	0	24	0	229	0	0
Disposals during the year	0	0	0	0	0	0
Adjustment of profit at exchange rates at balance sheet date	0	1	0	3	0	0
Received dividend	0	-17	0	-213	0	0
Total revaluation	0	28	0	291	0	0
Write-off beginning of the year	0	-116	0	-898	0	0
Exchange-rate adjustment of reserves beginning of the year	0	0	0	-36	0	0
Adjustment of reserves beginning of the year	0	0	0	0	0	0
Corporate goodwill written directly to reserves	0	0	0	0	0	0
Deficit subsidiaries	0	0	0	-38	0	0
Disposals during the year	0	0	0	0	0	0
Adjustment at exchange rates at balance sheet date	0	0	0	-2	0	0
Total write-off	0	-116	0	-974	0	0
Set-offs in accounts receivable, subsidiaries		0	0	201	0	0
Value of financial assets	0	31	8	187	0	0
Intra-Group profit				-90	0	0
Book value at 30 September 2000	0	31	8	97	0	0

	Group		Parent company	
	1999/00	MDKK 1998/99	1999/00	MDKK 1998/99
7. Financial income				
Interest receivable	19	21	7	10
Interest receivable from subsidiaries and associated companies	0	1	42	30
Exchange-rate adjustments	55	53	47	50
Total	74	75	96	90
8. Financial charges				
Interest payable	34	25	19	8
Capital loss, bonds	1	5	1	5
Exchange-rate adjustments	87	26	73	22
Cash discounts	38	31	0	0
Total	160	87	93	35
9. Tax				
Tax on profit for the year	165	151	65	89
Change in deferred tax	7	-5	2	-6
Adjustment regarding previous years	172	146	67	83
	1	0	0	0
Total	173	146	67	83
Tax specification:				
Tax on operating profit	172	146	67	83
Adjustment of previous years' tax	1	0	0	0
Total	173	146	67	83

NOTES

	Group		Parent company	
	MDKK		MDKK	
	1999/00	1998/99	1999/00	1998/99
10. Stocks and work in progress				
Raw materials and consumables	100	113	58	65
Work in progress	70	53	57	47
Finished goods	211	248	67	78
Stocks and work in progress 30 September	381	414	182	190
11. Amounts due from subsidiaries			975	819
Negative equity in subsidiaries			-21	-10
Total			954	809
12. Securities				
Securities at 30 September 2000 consist mainly of Danish bonds, duration 3.8.	72	99	72	99

13. Equity capital

MDKK	Share capital		Premium at issue	Nondistributed profit in subsidiaries	Transferred profit	Total equity capital
	A shares	B shares				
Balance at 1 October 1999	18	222	10	187	894	1,331
Profit for the year				-21	326	305
Own shares bought					-177	-177
Own shares sold					16	16
Declared dividends					-72	-72
Changes in opening values and other adjustments regarding subsidiaries				27		27
Balance at 30 September 2000	18	222	10	193	987	1,430

Own shares

During financial 1999/00 508,882 shares were bought, corresponding to DDK 5,088,820 nominal value, which is 2.1% of total nominal share capital. During the year 44,360 shares were sold, corresponding to DDK 443,600 nominal value, or 0.2% of the total share capital.

At 30.9.2000 the holding of own shares was 528,778 units, corresponding to DKK 5,287,780 nominal value or 2.2% of the total nominal share capital. Own shares have been bought for possible use in connection with acquisitions and for employee incentive schemes.

NOTES

	Group		Parent company	
	MDKK		MDKK	
	1999/00	1998/99	1999/00	1998/99
14. Provisions for deferred taxes				
Deferred tax, opening balance	21	24	18	24
Adjustment, previous years	2	2	2	0
Exchange-rate adjustment	0	0	0	0
Change in deferred tax	7	-5	2	-6
Balance at 30 September	30	21	22	18
15. Other provisions				
Other provisions, opening balance	27	23	6	6
Changes in other provisions	4	4	0	0
Balance at 30 September	31	27	6	6
16. Mortgage and bank loans				
Due in:				
less than 1 year	123	72	47	11
1 to 5 years	348	309	177	205
more than 5 years	38	57	24	0
Total	509	438	248	216
17. Company tax				
Company tax due includes calculated company tax for the financial year 1999/00 and company tax payable for 1998/99. Tax paid during the year includes tax payments for 1998/99 and payments on account for this financial year.				
Tax due, opening balance	81	37	59	16
Exchange-rate adjustment	2	1	0	0
Adjustment, previous years	-2	-2	-2	0
Tax on profit for the year	165	151	65	89
Tax paid during the year	-156	-106	-71	-46
Balance at 30 September	90	81	51	59
18. Other creditors				
Amounts due to employees (pay, holiday allowance etc.)	165	136	88	86
Value-added tax and other duties	61	109	35	83
Other expenses accrued	91	108	25	19
Total	317	353	148	188

NOTES

19. Other liabilities and information

	Group		Parent company	
	MDKK		MDKK	
	1999/00	1998/99	1999/00	1998/99
Contingent liabilities: At year-end Coloplast had guaranteed loans raised by subsidiaries and associated companies and rent payments in the total sum of	385	190	385	183
Leasing liabilities: Liabilities on leasing contracts at 30 September 2000	32	25	6	1
Rent payable: Tenancy agreements at 30. september 2000 involve rent payments of	174	164	6	4
Minor lawsuits are pending against the Group. These will have no influence on the company's future earnings.				
Under certain circumstances, Coloplast is obliged to acquire the remaining shares in the associated companies. In Group Management's opinion the acquisition will not materially influence the financial position of the Group.				

Management assignments

Members of the Board of Directors and Group Management of Coloplast A/S have indicated their management responsibilities with other Danish companies (except 100% owned subsidiaries) at 17 November 2000 as follows:

(C) Chairman of the Board, (DC) Deputy of the Board, (BM) Member of the Board, (CM) Member of Governing Council, (CD) Council Deputy

Group Management

Sten Scheibye, Chief Executive

A/S Th. Wessel & Vett,
Magasin du Nord (BM)
Danisco A/S (BM)
Danske Bank (BM)

Niels O. Johannesson, Group Director

Aktieselskabet Nordisk
Solar Compagni (BM)
J.C. Hempel's Skibsfarve-fabrik A/S (BM)

Carsten Lønfeldt, Group Director

Energy Solutions International A/S (BM)
Nykredit Invest (BM)
Polaris Management A/S (BM)
Nykredit Governing Council (CM)

Maxwell S. Stringer, Group Director

Board of Directors

Chairman

Palle Marcus, Director

Novo A/S (C)
Carlsberg A/S (DC)
Danske Bank (BM)

Deputy Chairman

Niels Peter Louis- Hansen, B (Com)

Helle Bechgaard, Chief Executive, Intellectual Property Holding A/S and Plougmann, Vingtoft & Partners A/S
ComLic A/S (BM)
Radiometer A/S (BM)
Take•Care A/S (BM)
Danmarks Nationalbanks Repræsentantskab (CD)

Jytte Gliim,
Int. Project Manager
Elected by the employees

Per Magid, Attorney

Højgaard Holding a/s (C)

Flemming Moss, Laboratory Manager

Elected by the employees

Kurt Anker Nielsen, Chief Executive, Novo A/S

Incentive A/S (C)
Novo Nordisk A/S (DC)
Novozymes A/S (DC)
Medicon Valley Capital (BM)

Torsten Erik Rasmussen, Director

Amadeus Invest A/S (C)
Best Buy Group A/S (C)
CPD Invest A/S (C)
A/S Det Østasiatiske Kompagni (DC)
Bruhn Holding ApS (DC)
JAI A/S (DC)
TK Development A/S (DC)

Uni-Chains A/S (DC)

Bang & Olufsen A/S (BM)
Vestas Wind Systems A/S (BM)
Vest-Wood A/S (BM)
Vola A/S (BM)

Knud Øllgård, Electrician

Elected by the employees

Those normally outside the labour market enrich the daily lives of the full-time employees in Bologna

A long-standing cooperation with the Italian social services involves employing maladjusted or withdrawn persons needing a temporary rehabilitation job.

They do jobs in the warehouse compatible with their abilities and are included in the social environment of a normal workplace.

The rewards gained by assuming this social responsibility came as a surprise to many of the permanent staff who feel genuine compassion for their new colleagues. The joy and spirit with which the temporary workers take up their new challenges has increased the quality of life of everybody working at the Coloplast SpA warehouse.



SHAREHOLDER INFORMATION

The Coloplast share

Coloplast B shares are registered in the Copenhagen Stock Exchange securities system under code DK 00 1019295 4. Deals concluded through the international clearing houses Euroclear and Cedel should refer to securities code 004322088.

It is an important aim of Coloplast's communication policy to provide shareholders with information about the company, and we would recommend that holders of Coloplast B shares have their shares registered in the register of shareholders.

Investor relations

It is desirable that the price of the Coloplast B share develops smoothly and at all times reflects the market's expectations for the development of the company's business. Coloplast entertains an open dialogue with investors and financial analysts to ensure that market players receive the best possible information about the company - with due respect to the Stock Exchange Code of Ethics. Meetings and telephone conferences with

shareholders, investors and financial analysts are held at regular intervals in Denmark and abroad. The Coloplast Group Management participate in these meetings whenever possible. Contacts and coordination of activities is the responsibility of the Corporate Communications Department.

Coloplast does not organise meetings with investors and financial analysts during the last two weeks preceding the quarterly and interim financial statements nor for a period of 30 days before the financial statement for the full year.

Internet

Coloplast's corporate website contains all news released to the Copenhagen Stock Exchange, press releases, information about Coloplast products and daily share price updates. Accounting figures are available in worksheets. You may register for Coloplast's e-mail service, and will then receive an automatic e-mail every time a news item is published on the website. The website address is: www.coloplast.com

Investor inquiries should be addressed to

Group director Carsten Lønfeldt
Tel. +45 49 11 16 11
Fax +45 49 11 15 55
E-mail: dkcl@coloplast.com

Corporate Communications Manager
Jens Steen Larsen
Tel. +45 49 11 19 20
Fax +45 49 11 15 55
E-mail: dkjst@coloplast.com

Questions from shareholders

Shareholder secretariat, Agnete Ingvordsen
Tel. +45 49 11 16 12
Fax +45 49 11 15 55
E-mail: dkai@coloplast.com

Financial calendar for 2000/2001

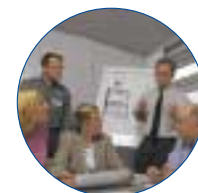
2000

- 1 Dec. 1999/2000 Annual Report available in print
- 13 Dec. Annual General Meeting held at the Coloplast A/S headquarters, Holtedam 3, Humlebæk, Denmark
- 20 Dec. Dividend payment to shareholders for 1999/2000

2001

- 5 Feb. Quarterly Financial Statement, Q1 2000/2001
- 16 May Interim Financial Statement, 2000/2001
- 15 Aug. Quarterly Financial Statement, Q3 2000/2001
- 20 Nov. Financial Statement for 2000/2001

ENVIRONMENTAL FACTS



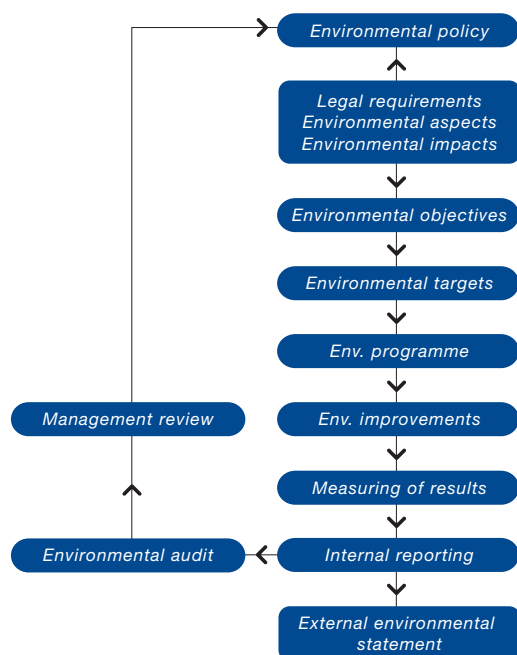
Coloplast's environmental policy was formulated in 1992, and in 1997 the Danish sites obtained certification according to the DS/EN ISO 14001 environmental management standard. All European sites were approved in 1998 according to the EU Eco Management and Audit Scheme (EMAS). At our US and Chinese sites preliminary environmental reviews have been carried through.

Coloplast's Environmental Statement is published in full on the corporate website at the time of publication of this report.

Environmental management

Coloplast activities with a bearing on the environment are controlled through the environmental review - a management loop covered once a year to ensure that efforts are focussed on activities with current or future significant impact on the environment. Activities include the consumption of raw materials and ancillary materials, waste generation, air pollution and risk factors. All significant environmental aspects are monitored to make sure official requirements are complied with at all times and that corrective action is initiated in case of non-compliances.

Environmental management system



Environmental, health and safety organisation

The formal environmental, health and safety organisation includes 111 employees who spend part of their working hours on activities related to the environment, health and safety at work.

All employees in this organisation receive special training in environmental management. Employees who are members of the emergency response teams, participate in annual follow-up courses in risk management, first aid and environmental aspects.

The overall coordination of activities at the different sites and contacts with the regulatory authorities are handled by local environmental managers. A centralised environmental department is responsible for system development and coordination of efforts across the divisions.

Product-oriented activities

The environmental impact of a manufacturing process is determined at the product development stage. Alternative materials and processes may be chosen at this time. The integration of environmental considerations in product development is therefore decisive to future environmental improvements covering the "cradle-to-grave" life cycle.

Coloplast has reached a turning point in environmental management having worked with the system for five years. The company has reduced its significant environmental impacts considerably and there is limited potential for further environmental improvements through reduction of resource consumption and waste generation.

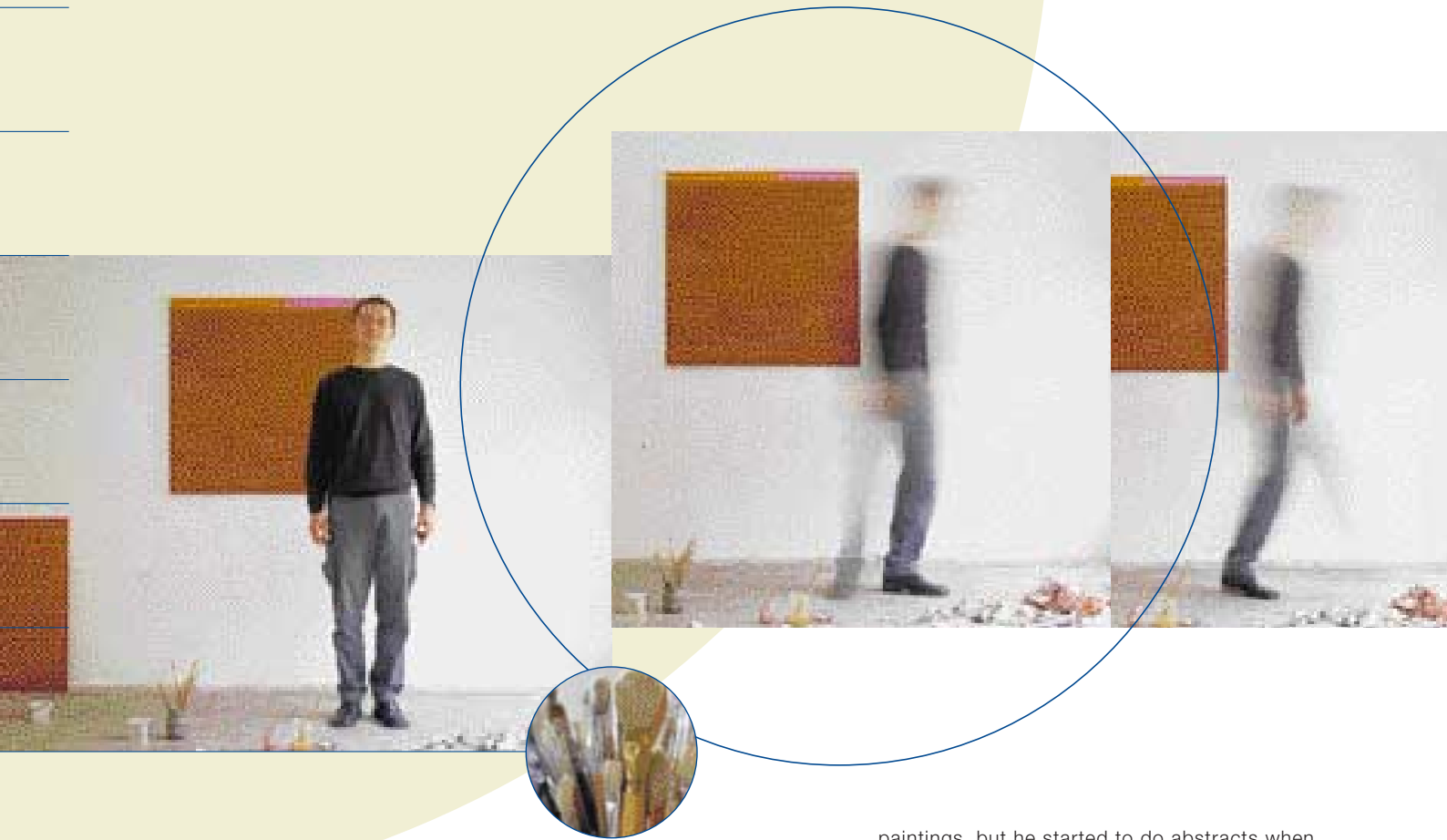
Environmentally friendly design requires thorough knowledge about a product's environmental impact over its entire life cycle from raw material extraction to disposal. Coloplast is the leading partner in EPSILON, a project set up and supported by the EU. The purpose of the project is to develop an IT tool for quantifying the environmental impact of products throughout their life cycle. The project will be completed in February 2001 and its results should improve the decision-making basis for future environmental efforts and ensure that, also in future, we will be able to meet our customers' increasing demand for dedicated environmental product information.

Websites with common structure

Since the launch of Coloplast's corporate website in 1996, 13 subsidiaries have launched their own Lotus Notes websites following a basic template developed in Denmark. All websites use the same navigation system, and the common functionalities can be used directly or after slight adjustment world-wide.

This uniform website design makes it easy for customers and other stakeholders to know their way around the sites, supporting our wish for dialogue. The common structure is also a fine basis for future e-business activities.

FROM TURMOIL TO CALM



Art improves work environment

Every year, Coloplast asks a young artist to create a series of pictures to embellish the Danish factories and offices and delight the eyes of people working there. We ask the artist to draw inspiration from the Coloplast Mission, and the assignment includes the Coloplast lithograph of the year. Claus Dahl is artist of the year 2000.

Painter Claus Dahl has been working during the past year or so with the water's surface as the basis for his minimalistic paintings. Its constantly changing appearance, through waves and currents, are captured on canvas by the flow of his brush. He has embarked on this calmer period after a series of paintings inspired, among other things, by the drama and confrontation of the bullring. Claus Dahl feels good that he still has many water paintings to do. He wishes to make the viewer sense a mood, and he does so by using light and other luminous effects but few colours in the final layers of his paintings.

In his 'Watergrounds' series Claus Dahl also works with the interaction of painting and architecture. He draws inspiration from the visual stimuli of his surroundings, from other works of art, from the furnishing of rooms, from advertisements and design. He collects visual impressions and conveys them through his paintings.

Motivation to share stories by drawing has been Claus Dahl's companion since he was a schoolboy when he would draw whenever he had the chance. For many years he did figurative

paintings, but he started to do abstracts when, one day, he became aware of a one-dimensional picture in a window opening.

Claus Dahl took lessons with painter Preben Hornung for four years, drawing from life to get the figurative aspect truly under his skin. During that period he also learnt to find a basic balance in his paintings.

Along with his career as an artist Claus Dahl, who mastered in organisational psychology, works as management consultant. Maybe his awareness of the working process is a spin-off from psychology. He knows when he gives and when he receives.

"My objective is for the viewer to sense the human being who has fumbled with the brushes, says Claus Dahl, adding that you should never put the finishing touch to a painting; it should remain open to interpretation.

Claus Dahl was born in 1961 and first appeared on the art scene with his exhibition "Primitive Aesthetics" at Nikolaj, Copenhagen, in 1989. His works have been on show at the Weinberger Art Gallery (1989, 1991, 1994 and 2000), the Autumn Exhibition, Tuborg, 1990, the Kastet Exhibition Hall, Thy, 1994 and Den frie Udstilling, Copenhagen 1996.