Annual report 2007/08

Coloplast

Five-year financial highlights and key ratios

DKK million	**2007/08**	2006/07	2005/06	2004/05[2)]	2003/04[1) 2)]
Income statement					
Revenue	8,463	8,042	6,709	6,232	6,069
Research and development costs	415	319	244	215	202
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	1,531	1,590	1,304	1,348	1,295
Operating profit before special items	1,154	1,061	939	1,026	988
Operating profit (EBIT)	994	749	879	1,000	988
Net financial income and expenses	-2	-154	-222	-163	-89
Profit before tax	992	595	657	837	899
Coloplast's share of profit for the year	715	837	614	553	577
Revenue growth					
Annual growth in revenue, %	5	20	8	8	8
Growth break down:					
Organic growth, %	7	10	8	8	10
Currency effect, %	-4	-2	1	0	-2
Acquired business, %	0	12	7	0	0
Other, %	2	0	0	0	0
Divested business, %	0	0	-8	0	0
Balance sheet					
Total assets	7,981	7,750	7,982	5,915	5,643
Invested capital	7,014	6,874	7,996	5,386	5,838
Net interest-bearing debt	3,428	3,181	3,069	867	1,465
Equity at year-end, Coloplast's share	2,290	2,398	2,804	2,512	2,357
Cash flow and investments					
Cash flow from operating activities	1,324	1,064	991	1,353	845
Cash flow from investing activities	-671	35	-3,018	-434	-621
Acquisition of property, plant and equipment, gross	718	745	415	399	544
Cash flow from financing activities	-469	-1,423	782	-446	-239
Free cash flow	653	1,099	-2,027	919	224
Key figures					
Average number of employees, FTEs	7,420	7,063	5,437	6,159	6,085
Operating margin, EBIT, %	12	9	13	16	16
Operating margin, EBITDA, %	18	20	19	22	21
[3)] Return on average invested capital before tax (ROIC), %	14	10	15	18	17
[3)] Return on average invested capital after tax (ROIC), %	10	6	10	12	11
Return on equity, %	31	30	23	23	27
Ratio of net debt to EBITDA	2.24	2.00	2.20	0.64	1.13
Interest cover	10	10	10	11	13
Equity ratio, %	29	31	35	42	42
Rate of debt to enterprise value, %	16	12	12	5	10
Net asset value per share, DKK	50	50	58	52	49
Per share data					
Share price	388	497	473	378	291
Share price/net asset value per share	8	10	8	7	6
Average number of outstanding shares, millions	44	46	46	47	47
PE, price/earnings ratio	25	27	36	32	24
PE, price/earnings ratio, excl. discontinued operations	25	61	43	32	24
[4)] Dividend per share, DKK	6.00	9.00	4.00	3.50	3.00
Pay-out ratio, %	36	47	31	29	24
Earnings per share (EPS)	16	8	11	12	12
Free cash flow per share	15	24	-42	19	5

1) Comparative figures are not restated for recognition of share option costs and divestment of Sterling Medical Services LLC.
2) Comparative figures are not restated for divestment of Breast Care.
3) The average invested capital for 2006/07 has been restated to reflect the divestment of Breast Care and Brachytherapy.
4) For 2007/08 the figure is the proposed dividend.
The key figures have been calculated and applied in accordance with "Recommendations & Financial Ratios 2005" issued by the Danish Society of Financial Analysts.

Contents

Management's report

Core business activity

Coloplast is the world's leading supplier of intimate healthcare products and services. As a group, we have built our current position by listening to users and understanding their needs. For more than 50 years, Coloplast has developed and marketed innovative products that make life easier for people with diseases of a private nature.

Coloplast operates in three business areas:

- Ostomy care products for people whose intestinal outlet has been rerouted through the abdominal wall
- Urology and continence care products for people suffering from diseases of the kidneys, the urinary system and the male reproductive system
- Dressings for the treatment of chronic wounds and skin care products for prevention and treatment.

We market and sell our products and services globally, and in most markets local healthcare authorities provide reimbursement for our products. Coloplast supplies products to hospitals, institutions as well as wholesalers and retailers. In selected markets, Coloplast is a direct supplier to consumers (homecare). We have our own sales subsidiaries in our principal markets and employ more than 7,500 people.

In 2005, we launched a general strategy with the following main focal points:

- to become the market leader within the three business areas;
- to become the market leader in terms of innovation;
- to generate double-digit organic growth rates; and
- to outperform our peers in terms of value creation.

Mrs. Johanne Louis-Hansen passed away on 21 October 2008 at the age of 93. She was married to Aage Louis-Hansen and co-founded the medical device business Dansk Coloplast in 1957. Johanne Louis-Hansen was in touch with Elise Sørensen, a visiting nurse who had come up with the idea for the world's first ostomy bag in order to make life easier for her sister, who had had ostomy surgery. Johanne Louis-Hansen convinced her husband to begin producing ostomy bags on the basis of Elise Sørensen's idea. That proved to be the foundation for Coloplast.

Johanne Louis-Hansen became more involved in her husband's business than was normal for most women of her day. Her knowledge of the company enabled her to takeover Aage Louis-Hansens position when he passed away in September 1966. Johanne Louis-Hansen took part in the management of the company until 1970 and served on the Coloplast Board of Directors from 1957 to 1985, including for seven years as chairman from 1966 to 1973.

Business performance

The 2007/08 financial year was one of many challenges for Coloplast, and the targets for organic revenue growth and operating profit margin (EBIT margin) were not met. As a result, management does not consider the results for the year to be satisfactory.

- Organic revenue growth was 7% and the EBIT margin was 12% (14% before restructuring costs). At the start of the financial year, the targets were 10% revenue growth and a 16–17% EBIT margin

- The lower-than-expected revenue growth mainly related to the negative development in SIEWA (our German homecare operations, formerly named HSC) and in the Wound & Skin Care business

- Restructuring costs impacted EBIT by DKK 160 million

- Earnings proved to be lower than expected as anticipated efficiency improvements in production did not materialise and because the pound sterling depreciated against Danish kroner.

In the German homecare market, the healthcare authorities are increasingly using competitive tendering in order to achieve lower prices. This new situation has forced SIEWA and other suppliers to reduce their cost base. In addition, a competitor has managed to recruit about half of SIEWA's sales staff. The loss of these employees meant that our revenue from the German market was some DKK 200m lower than expected, and Coloplast had to lower the revenue growth forecast from 10% to 8% at the beginning of the financial year. This situation provided an opportunity to develop a new strategy for our German homecare business aiming at restoring the foundation for profitable growth in a market with price pressure.

Since 2002, Coloplast has relocated production from Denmark to Hungary and China, expecting annual cost savings of around DKK 150m. Global Operations was established in 2006 to enhance production efficiency. In doing so, management believed that the initiative would produce annual cost savings of DKK 50m, but as the financial benefits still had not materialised in August 2008, we made management changes to Global Operations and we initiated an analytical process to look into the matter.

The results of that process and management's wish to simplify the organisation led to, among other things, 300 positions being eliminated on 25 September 2008. As a result of the changes made, we expect to achieve the above-mentioned improvements by the end of the 2010/11 financial year.

On 1 October 2008, Sten Scheibye resigned from the Executive Management. Lars Rasmussen (seven years in the Executive Management) took over the position as CEO, and he now makes up the Executive Management together with Lene Skole (three years in the Executive Management). Coloplast has evolved and developed considerably during the 13 years Sten Scheibye was CEO, and the company and the Board of Directors would like to extend their sincere appreciation for his huge contribution and achievements while with Coloplast.

Outlook

Improved profitability combined with financial stability and strength will be the key drivers for Coloplast activities in the 2008/09 financial year.

In the 2007/08 financial year, we took a number of steps to improve profitability, and we will retain our strengthened focus on profitability in 2008/09.

For that purpose, at the beginning of the 2008/09 financial year, we will launch a number of initiatives in Wound & Skin Care aimed at creating a more profitable business in the long term. In 2008/09, these activities however will reduce total revenue growth by 1–2 percentage points.

We project organic revenue growth of 7–8% (8–9% in Danish kroner) in the 2008/09 financial year. The revenue growth forecast is adversely affected by the efficiency-improving steps taken in Wound & Skin Care. We expect an EBIT margin of 15–16% at constant exchange rates (14–15% in Danish kroner). Investments in property plant and equipment are projected at DKK 750–850m and the effective tax rate is expected to be 28%.

Stability and strength is the foundation for Coloplast's capital structure and financial resources. Given the critical situation in the global financial markets and in order to safeguard our solid capital structure, we have revised our target for the ratio of interest-bearing net debt to EBITDA to 1.5–2.5 from the previous target range of 2.0–3.5. At 30 September 2008, our equity ratio was 29%.

At the end of the financial year, the Group had confirmed long-term credit facilities of DKK 4,516m with an average maturity of six years. Of this amount, DKK 3,270m was utilised and we had DKK 1,247m at our disposal. About 73% of the debt carried a fixed rate of interest for at least 12 months.

We expect to generate a substantial free cash flow also in 2008/09 and focus will be to limit the amount tied up in working capital.

The launch of the second half of the share buy-back programme (DKK 500m) has been postponed and the conditions for a re-launch will be considered on a regular basis subject to developments in the financial markets and the Group's free cash flows.

We have revised our long-term goals in order to reflect the stronger focus on profitability.

Financial highlights of 2007/08

- Organic revenue growth was 7%. In addition, contract production lifted revenue growth by 2 percentage points, while exchange rate developments reduced revenue growth by 4 percentage points. Accordingly, revenue measured in Danish kroner was up by 5% to DKK 8,463m

- Organic growth rates by business area: Ostomy Care 6%, Urology & Continence Care 9%, Wound & Skin Care 5%

- Gross profit was up by 3% to DKK 4,998m, equal to a gross margin of 59%. When adjusted for changes in exchange rates, the gross profit was up by 8%, equal to a gross margin of 60%

- EBIT increased by 33% to DKK 994m. Adjusted for changes in exchange rates and non-recurring items, EBIT was up by 3%

- The EBIT margin was 12%, against 9% last year. When adjusted for changes in exchange rates and non-recurring factors, the EBIT margin was 16% and unchanged from last year. Changes in exchange rates reduced the EBIT margin by 1 percentage point

- The profit from continuing operations for the year was DKK 715m against DKK 370m in 2006/07

- The cash inflow from operating activities was up by 24% to DKK 1,324m from DKK 1,064m last year

- Adjusted for business acquisitions and divestments, the 2007/08 free cash flow amounted to DKK 656m, against DKK 376m in 2006/07

- Restructuring costs, especially relating to the production area, impacted the profit for the year by DKK 160m, which amount is recognised under 'Special items'

- The Board of Directors recommends that the shareholders attending the general meeting to be held on 17 December 2008 approve a dividend of DKK 6.00 per share, compared with the ordinary dividend of DKK 5.00 per share paid last year.

Special accounting matters

Contract production of wound care products

In October 2007, Coloplast renewed the five-year contract production agreement for Compeed products, and due to the changed terms of the agreement, Coloplast recognises this business activity on a line-for-line basis in the income statement. In prior years, the activity was recognised as a net amount under 'Other operating income'. The change in recognition lifted revenue in the Wound & Skin Care business by DKK 179m. The change increased total revenue by 2 percentages points and reduced the EBIT margin by 0.3 of a percentage point.

Markets and their development

In most countries, the healthcare authorities are facing two major challenges: more and more patients require treatment, because the elderly population is growing, but financial funding is not increasing at the same pace. Although the national authorities fund and organise their healthcare sectors differently, the demographic trends offer a significant benefit for Coloplast. However, we must also prepare for prices coming under pressure to some extent.

Sales performance by business area

	DKKm		Growth composition				Percentage of consolidated revenue 2007/08	Percentage of consolidated revenue 2006/07	Global market growth
	2007/08	2006/07	Organic growth	Exchange rates	Contract production	Reported growth			
Ostomy Care	3,569	3,474	6%	-3%		3%	42%	43%	4-5%
Urology & Continence Care	3,444	3,310	9%	-5%		4%	41%	41%	7-9%
Wound & Skin Care	1,450	1,258	5%	-4%	14%	15%	17%	16%	5-7%
Net revenue	8,463	8,042	7%	-4%	2%	5%	100%	100%	

("Global market growth" reflects the estimated growth rates expressed in local currencies in our product areas)

Ostomy Care

In the 2007/08 financial year, Coloplast became the world's largest manufacturer of ostomy care products, supported especially by the expansion of our already strong position in Europe.

Public reimbursement is a key driver of the market for ostomy care products, and the market is expanding as Russia and a number of Asian countries establish new healthcare systems. The market is growing by 4–5% per year, and Coloplast holds a market share of about 36%. Our largest market share is in Europe, while the smallest one is in the USA. We retain our ambition of achieving a double-digit share of the US market within a few years.

Our sales of ostomy care products increased by 3% to DKK 3,569m. The organic growth rate was 6%, while the market growth rate was 4–5%.

However, sales growth of ostomy care products was held back by the challenges in Germany, where SIEWA suffered a substantial reduction of its sales force. After we issued a profit warning in the first quarter, the German market has largely developed as anticipated and sales in Germany have now stabilised.

The **SenSura** 1 piece product was the main growth driver. In 2008, Coloplast launched **SenSura** as a 2 piece product on the core markets. We expect that **SenSura** will continue to contribute to growth outperforming the market.

Urology & Continence Care

The market for urology and continence care products is growing for two reasons: due to new methods of treatment and due to technology innovation within hospital equipment. Public reimbursement of products also has a substantial impact on the market. We are now the market leader in the USA and have further consolidated our leading position in Europe. In other words, we have retained our position as the global market leader of the continence care market.

The part of the urology and continence care market in which Coloplast products are represented is growing by 7–9% per year. Coloplast holds about a 21% share of the global urology and continence care market.

Our Urology & Continence Care revenue increased by 4% to 3,444m and organic growth was 9%. Changes in the USD/DKK and GBP/DKK exchange rates lowered the growth rate in Danish kroner by 5 percentage points.

We achieved very satisfactory sales of intermittent catheters, with especially strong growth in sales of the **SpeediCath** catheter. The **Peristeen** system also generated healthy growth rates, but from a low starting point. In the urology business, sales of penis implants developed well in the North American market, and Coloplast recently launched a new, improved product version.

In the European markets, we still have not achieved the anticipated growth in sales of surgical products. We had to temporarily withdraw a product from the market at the beginning of the year, which together with supply chain difficulties had a negative impact on sales.

Effective from 1 April 2008, the regional units of the Medicare healthcare scheme in the USA improved the reimbursement rules for intermittent catheters. Patients can now be reimbursed for up to 200 catheters per month instead of previously 4 catheters per month. The new reimbursement rules will help Coloplast attain its long-term goals. The full effect of the change is not yet reflected in the market.

Wound & Skin Care

The market for Coloplast's wound and skin care products is influenced primarily by three factors:

- the general increase in life expectancy;
- the increased awareness among patients and healthcare professionals of the need for skin care; and
- the development of new and improved products on the basis of user needs.

The market for our products is growing by 5–7% per year, and Coloplast holds a share of about 9% of the global market for wound and skin care products. We continue to focus on selected customer groups, giving priority to sales efforts in selected markets. Sales were up by 15% to DKK 1,450m and organic growth was 5% when adjusted for changes in exchange rates and for contract production.

The major European markets for wound and skin care products remain extremely competitive and the increased pressure on prices has led to lower growth rates than anticipated. In the US market, sales of skin care products also did not evolve as expected.

Coloplast achieved satisfactory growth in sales of the advanced **Biatain** foam dressings for the treatment of chronic wounds, but sales of hydrocolloid dressings (**Comfeel**) declined.

Geographical markets

Europe has traditionally been our core market, and still is our primary source of revenue and the base of our largest market shares.

Sales performance by geographical market

	DKKm		Growth composition				Percentage of consolidated revenue 2007/08	Percentage of consolidated revenue 2006/07
	2007/08	2006/07	Organic growth	Exchange rates	Contract production	Reported growth		
Europe	6,705	6,418	5%	-3%	2%	4%	79%	80%
The Americas	1,155	1,111	12%	-10%	2%	4%	14%	14%
Rest of the World	603	513	13%	-4%	9%	18%	7%	6%
Net revenue	8,463	8,042	7%	-4%	2%	5%	100%	100%

Europe

Coloplast is the European market leader in the markets for urology, continence care and ostomy care products.

Revenue increased by 4% to DKK 6,705m on 5% organic growth. Growth rates were lower than forecast, especially due to the difficulties experienced by SIEWA in Germany, where sales of ostomy care products were about DKK 200m lower than expected. In the other European markets, our Ostomy Care and Continence Care businesses generated growth in line with expectations, while our Urology and Wound & Skin Care operations performed below expectations.

The decline in the GBP/DKK exchange rate reduced the region's growth rate by 3 percentage points.

On 9 June 2008, Britain's Department of Health released a new consultation paper containing revised proposals for the provision of stoma and incontinence appliances and related services to patients. We are still awaiting a report on the consultation round, which closed on 9 September 2008. We expect that the British Department of Health will announce the next stages of the process in January 2009.

The Americas
Revenue in the Americas increased by 4% to DKK 1,155m. Organic growth was 12%, whereas the decrease in the USD/DKK exchange rate reduced growth by 10 percentage points.

The US accounts for most of our sales in this region. Coloplast generated satisfactory growth in the markets for ostomy care, urology and continence care products. The sales growth for wound and skin care products fell short of expectations.

We retain our goal of a double-digit share of the US ostomy care market within a few years. We hope to do so by winning an even larger share of new patients in hospitals and by enhancing local access to Coloplast products. Our focus is also on retaining the growth of our **SenSura** product portfolio.

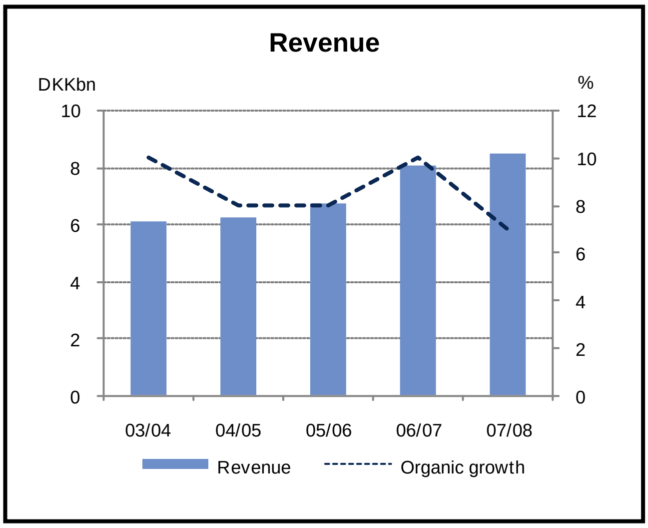
The US market offers new and better reimbursement rules for intermittent catheters, which enhances our chances of achieving our long-term targets for this region.

Rest of the World
Revenue in the Rest of the World, in which Japan and Australia represent the two largest markets, improved by 18% to DKK 603m, while organic growth was 13%. Revenue was reduced by 4% in Danish kroner due to developments in the exchange rates of JPY, CNY and HKD against DKK.

We are currently generating good growth rates in Rest of the World markets, especially in China, Korea, India and Taiwan, all markets that are experiencing strong growth and which continue to hold a strong potential.

Revenue and growth

Consolidated revenue was up by 5% to DKK 8,463m. Organic growth was 7%, while the recognition of contract production increased revenue growth by 2 percentage points and exchange rate movements reduced revenue growth by 4 percentage points.



Costs and EBIT

Gross profit
The gross margin was 59%, against 60% last year. Changes in exchange rates, especially of the pound sterling against Danish kroner had a negative effect on the gross margin. When adjusted for exchange rate changes, contract production and non-recurring factors, the gross margin was in line with last year.

The fact that the gross margin failed to improve was due especially to the fact that production of **SenSura** and the new generation of **Biatain** foam dressings proved to be more costly than expected. We are making a dedicated effort to improve the production economy of these products.

The gross profit amounted to DKK 4,998m as against DKK 4,834m in 2006/07.

Capacity costs
Distribution costs increased by 2% to DKK 2,589m, equal to 31% of revenue (2006/07: 32%).

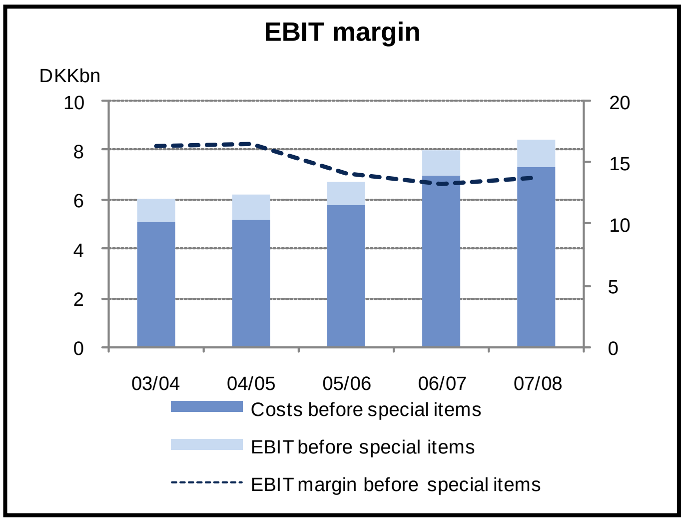
Administrative expenses declined by 11% to DKK 882m. This equals an improvement from 12% to 10% of revenue. Last year, administrative expenses contained a number of non-recurring costs related to integrating the acquired urology business. When adjusted for these costs, the improvement relative to revenue was from 11% to 10%. The improvement was mainly due to the effect of a number of cost reduction initiatives.

R&D costs increased by 30% to DKK 415m, which is consistent with the strategy to enhance innovation. For example, we launched a large number of development projects requiring added resources. Also, as part of organisational changes, we reallocated certain costs to R&D costs. R&D costs accounted for 5% of revenue.

Other operating income amounted to DKK 42m, which was DKK 28m less than last year. The main reason for the decline was the fact that the 2007/08 earnings from contract production have been recognised line by line in the income statement. Previously, earnings from this business were recognised in other operating income as a net amount. Also in 2007/08, a DKK 31m gain was recognised from the sale of a property in Kokkedal, Denmark.

Operating profit (EBIT)
EBIT before special items was DKK 1,154m and an operating margin of 14%, compared with 13% last year.

EBIT before special items was 3% higher than last year when adjusted for exchange rate changes, contract production and non-recurring factors. The underlying EBIT margin was unchanged from last year at 16%.



Non-recurring items for 2007/08 comprised the costs of shutting down factories as we gradually relocate production from Denmark to Hungary and China. Non-recurring costs were DKK 45m in 2007/08, as compared with DKK 70m last year.

Special items, at DKK 160m, mainly cover the costs of restructuring the production organisation. Last year, special items comprised goodwill impairment of DKK 283m in SIEWA and DKK 29m paid to the employees in connection with the company's 50th anniversary.

Financial items and tax

Financial items
Financial items amounted to a net expense of DKK 2m in 2007/08, against DKK 154m last year. The improvement was due mainly to the fair value adjustment of share options and exchange rate adjustments.

The fair value adjustment of share options was the result of the declining price of Coloplast shares affecting the value of the cash-based option programmes expiring during the period until 2013. Effective from 2005, Coloplast's option programmes have been equity-based, meaning that the related costs are recognised in EBIT as the options vest.

The higher earnings from exchange rate adjustments relative to last year were mainly due to gains from currency hedging of the company's foreign currency exposures, especially to the pound sterling.

Coloplast hedges all currencies of importance to the Group. We hedge recognised net positions and parts of the budgeted future cash flows in foreign currencies through forward currency contracts. We also hedge future net cash flows in the main currencies up to 12 months forward.

Tax
The effective tax rate was 28% and a tax expense of DKK 277m, as compared with 38% and DKK 225m last year. Last year's tax rate was negatively affected by 12 percentage points due to goodwill

impairment. In addition, the tax rate was positively affected by 2 percentage points when the Danish corporate tax rate was lowered, causing Coloplast to recalculate the deferred tax provision.

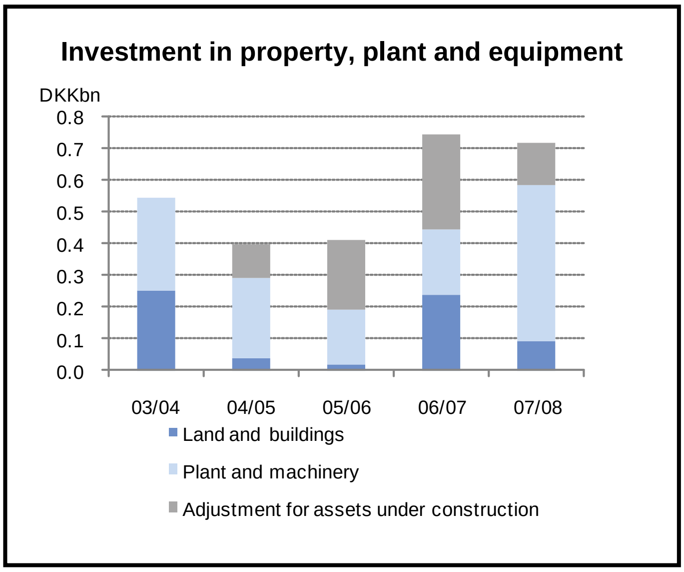
Cash flows

Cash flows from operating activities
Cash flows from operating activities increased by DKK 260m to DKK 1,324m. The improvement was mainly due to gains from currency hedging and lower tax payments.

Interest income, etc. was DKK 206m against DKK 60m in 2006/07. The increase mainly derived from currency hedging.

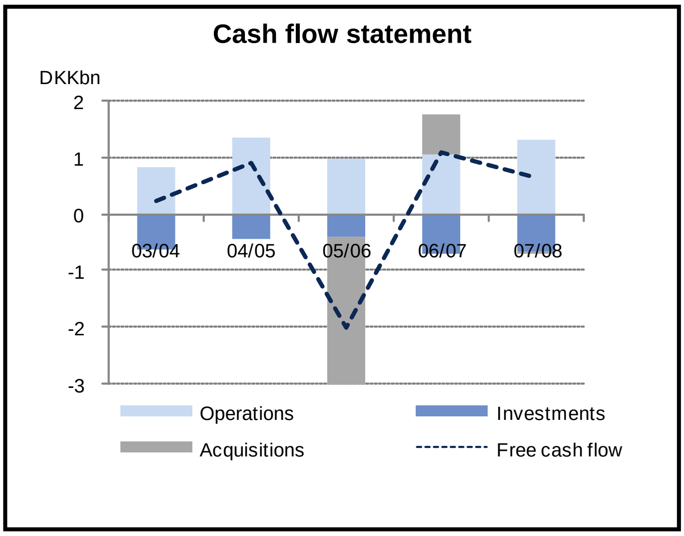
As Coloplast paid too much in income tax on account last year, income tax paid this year was affected by a reversal of DKK 62m. In addition, last year's cash flows were affected by a DKK 110m tax payment relating to the acquisition of the urology business.

Working capital increased by DKK 96m due to an increase in inventories. We increased our inventories in order to be able to continue shipping our products as parts of production are relocated, mostly from Denmark, to Hungary and China.



Investments
The company invested DKK 754m in property, plant and equipment in 2007/08, mainly in production equipment for the factories in Hungary and China. Investments accounted for 9% of revenue against 10% last year. The percentage drop was due to last year's larger investments made in factory buildings in China and Hungary.

We completed and began production at the new factories in Zhuhai, China and Nyírbátor, Hungary during the financial year and construction began on our new US headquarters in Minneapolis, Minnesota. Coloplast invested DKK 100m in the new US headquarters in 2007/08 and the project is scheduled for completion next year.



Free cash flows
The 2007/08 free cash flows amounted to DKK 653m, against DKK 1,099m in 2006/07. Among other things, the DKK 446m decrease was due to an income last year of DKK 729m from divestment of businesses.

Financing
Further drawings on our debt facilities in 2007/08 amounted to DKK 411m, which we applied together with our free cash flows to make ordinary and extraordinary dividend payments to our shareholders and to buy back shares.

Cash and financial reserves
Cash and cash equivalents net of short-term debt to financial institutions were minus DKK 293m at 30 September 2008, compared with minus DKK 452m at the beginning of the financial year. Unutilised committed credit facilities amounted to DKK 2,493m, which combined with the cash and cash equivalents, gave Coloplast total financial reserves of DKK 2,687m, compared with DKK 3,023m last year.

Balance sheet and equity

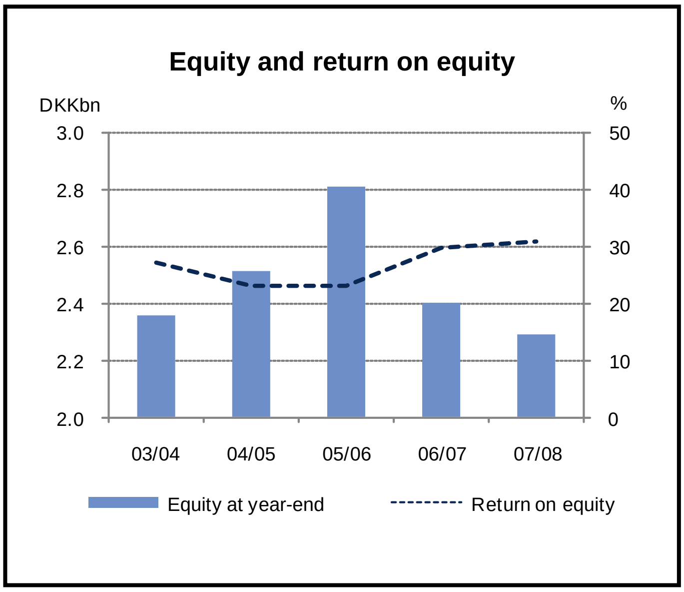
Balance sheet

Total assets increased by DKK 231m to DKK 7,981m. Property, plant and equipment increased by DKK 319m to DKK 2,734m due to investments made in machinery for the factories in China and Hungary and for the investment in the US headquarters. Intangible assets declined by DKK 137m due to depreciating foreign exchange rates and amortisation for the year.

Current assets increased by DKK 57m to DKK 3,170m due to the increase in inventories.

Equity

Equity was in line with last year. The positive effect from the profit for the year was offset by dividends paid of DKK 396m and the net share buy-backs of DKK 484m.



The equity ratio fell from 31% to 29%.

Net interest-bearing debt

Net interest-bearing debt increased by DKK 247m relative to the year before. The increase was due to the partial debt financing of the share buy-backs.

Incentive programmes

Pursuant to section 69b of the Danish Public Companies Act, the shareholders in general meeting adopted general guidelines for incentive pay to members of the company's Board of Directors and its Executive Management.

Each year in January, Coloplast awards options to members of the Executive Management and to senior employees. Options are awarded independently of the results achieved by the Group. These awards ensure that management has a long-term incentive to create value for the shareholders. Coloplast also pays a cash bonus to members of the executive management and to employees for results achieved.

Members of the Executive Management are awarded a number of options each year with a value equal to three months' net pay. Options awarded to other senior employees have a value of up to two months' pay. The exercise price is 15% higher than the market price at the time of award. Under the company's incentive programme, 249 executives received options in respect of the 2007/08 financial year with a total value of DKK 29m as compared with DKK 23m last year. Options awarded in the 2007/08 financial year have an exercise price of DKK 531.60.

The cash bonus may vary among the members of the Executive Management, but is subject to a maximum of around 40% of the annual net salary. The 2007/08 bonus targets included the consolidated economic profit and the EBIT margin. Bonus paid to other employees can represent up to a maximum of 25% of their annual net pay.

Members of the Board of Directors receive no incentive pay.

Share buy-back programme and dividend policy

Coloplast pursues a policy of generating an attractive return on the company's shares through a combination of share price appreciation and dividend payments. Based on our company's cash resources and the projected cash flows, the Board of Directors resolved in November 2007 to implement another share buy-back programme for up to DKK 1bn in 2008 and 2009. We completed the first part of the programme during the period 6 March–21 August 2008, buying back about 1.2 million B shares with a nominal value of DKK 5 each at a total market value of DKK 500m. Over the years, Coloplast has bought back a net total of about 4.5 million B shares. The second half of the share buy-back programme has been postponed due to the current situation in the financial markets. The Board of Directors will consider within the next 12 months when to re-launch the programme.

The shareholders in general meeting resolved in December 2007 to cancel 2,000,000 B shares from Coloplast's holding of treasury shares. The company completed the capital reduction on 11 April 2008. At 30 September 2008, Coloplast's holding of treasury shares consisted of 3,171,332 B shares, which was DKK 808,940 million less than at 30 September 2007.

The Board will consider Coloplast's future dividend payments and the potential for additional share buy-back programmes in relation to the company's capital structure and expected future acquisition opportunities.

A major shareholder, Niels Peter Louis-Hansen, has informed the company that, if necessary, he will participate in share buy-back programmes or convert A shares into B shares in order to ensure that he will not have in excess of about 37.5% of the voting rights. Another major shareholder, Aage og Johanne Louis-Hansens Fond, has informed the company that, if necessary, it too will participate in share buy-back programmes in order to ensure that its shareholding interest will not exceed about 11%.

Capital structure and financial risk management

Coloplast pursues the objective of ensuring stability and maintaining a high degree of flexibility in its financial strength in order to support its future strategic progress, including growth through acquisitions.

The ratio of net debt to EBITDA is an important factor in assessing the Group's financial strength. The ratio of net debt to EBITDA was 2.2 at 30 September 2008, which is in line with last year's ratio. Considering the generally greater uncertainty prevailing in the debt and capital markets, the target is now to have a net debt at 1.5–2.5 times EBITDA.

The nature of Coloplast's business activities means that a number of financial risks that mainly involve changes in exchange rates and interest rates have an impact on the consolidated financial results and equity. A central Treasury function monitors and manages the Group's financial risks. This function acts on a set of instructions issued by the Executive Board and the Board of Directors.

At the balance sheet date, the consolidated debt to credit institutions amounted to DKK 3,270m, of which 73% carried a fixed rate of interest for at least 12 months from the balance sheet date. The bank debt was largely distributed among the Group's four main bankers: Danske Bank, Nordea, Citibank and the Royal Bank of Scotland. See note 26 to the financial statements for further information.

At the end of the financial year, the Group had committed long-term credit facilities from the four main bankers and from mortgage-credit institutions of DKK 4,516m, of which DKK 1,247m was unutilised. The committed long-term facilities have an average maturity of six years.

The Group hedges interest rate and exchange rate risks in accordance with the established policy and by using financial instruments. At the end of the financial year, the Group held forward currency contracts as well as currency and interest swaps. See note 28 for more information. All derivative contracts had been concluded with one of the four main bankers.

Outlook

Outlook for 2008/09
Earnings in the Wound & Skin Care business remain unsatisfactory. A number of steps will be taken in order to ensure a faster and more efficient implementation of the current Wound & Skin Care strategy. These steps will reduce overall revenue growth by 1–2 percentage points in 2008/09, but in return they will contribute to creating a more profitable business in the long term.

Against this background, we provide the following financial guidance for the 2008/09 financial year:

- Organic revenue growth of 7–8%, corresponding to 8–9% in Danish kroner.
- An EBIT margin of 15–16% in local currencies, corresponding to an EBIT margin of 14–15% in Danish kroner

- Investments in property, plant and equipment of DKK 750–850m
- An effective tax rate of approximately 28%.

The forecasts expressed in Danish kroner are based on the exchange rates prevailing at mid-November remaining constant for the rest of the year.

Long-term financial outlook
Coloplast is the current market leader and will give even greater priority to profitability going forward. Against that background, we upgrade our profitability forecast and expect to consolidate our market position further by outgrowing the market. Accordingly, the Board of Directors has revised the long-term financial outlook as follows:

- to generate annual organic revenue growth above market growth; and
- to have an EBIT margin of at least 20%.

The overall weighted market growth this year in Coloplast's current markets is about 6%.

Our long-term targets are inherently subject to a certain degree of uncertainty. Significant changes in currency, business or macroeconomic conditions, including changes within healthcare, may impact the company's financial conditions.

Intellectual capital

At Coloplast, we develop our products in interaction between our employees and external relations, especially users and healthcare professionals. The only way we can safeguard our position as a market leader is by retaining and developing the skills of our employees.

Research and development

Since Global R&D was established in the 2006/07 financial year, our Group has focused on enhancing the development processes and on complementing the in-house development skills with a strong network of external partners. These efforts have resulted in shorter development times.

Early experience from Global R&D has enabled us to gather all specialist resources in R&D and project management across our business areas, thereby achieving critical mass, enhancing the organisational flexibility and improving knowledge sharing.

We also continue to set the industry standard in responding to customer needs, by using the latest tools in consumer-driven innovation. This is an important component of the Group's objective of substantially increasing the overall value of our development projects.

Attracting and recruiting employees

Profitability, growth and innovation are key focus areas in our efforts to achieve our business goals. That makes it important that we can continue to attract, retain and develop competent employees. During 2007/08, we have launched several new global initiatives with the focus on developing our employees and managers. The core elements are an in-depth test of candidates during recruitment, an introduction programme for managers and employees, training of managers and a program developed for managers with a special potential.

Human resources

At 30 September 2008, Coloplast had 7,567 employees, of whom 5,135 worked in international locations. The Group increased the number of employees by 293 during the financial year.

Corporate responsibility

At Coloplast, we take active responsibility for contributing to sustainable developments. In reference to the UN Global Compact, we focus on four key areas:

- Corporate governance
- Business ethics
- Environmental responsibility
- Social responsibility

In 2007/08, we focused specifically on the following areas:

Code of conduct – anti-corruption and anti-bribery

In the 2007/08 financial year, we continued the work to prepare a code of conduct against corruption and bribery. It describes what we consider good business ethics and lays down the framework for how we wish to run our business. In 2007/08, all country managers signed a statement, declaring that they adhere to the code of conduct. In addition, Coloplast has started to evaluate the programme.

Supplier evaluation

Coloplast reviews suppliers of raw materials to verify that they observe human rights, employee rights and rules on occupational health. In 2007/08, we focused on optimising the procedure for approving suppliers and quality control. We have evaluated all major suppliers.

Environmental issues

We use corporate management systems in the fields of quality, environmental issues and occupational health in compliance with international standards such as ISO and OHSAS (Occupational Health and Safety Assessment Series).

Chemicals
REACH, the EU chemicals legislation, aims to ensure more transparency and better knowledge about the impacts of chemicals. Complying with this legislation, we are currently registering and evaluating all raw materials in cooperation with suppliers and authorities.

Phthalates
From 2010, all suppliers must mark their medical equipment if it contains certain types of phthalates, which are used as plastic softeners. The requirement applies in the European Union, although the EU has not yet determined practical issues such as symbols and any triviality thresholds for marking. For several years, we have pursued a policy of reducing consumption of the most frequently used phthalate, DEHP. We have increased our focus on this area and expanded the policy to include other phthalates, especially those classified by the EU as being particularly hazardous. We aim to offer phthalate-free products, allowing our customers to make a choice.

Global warming
We participate in the Carbon Disclosure Project and we are signatories to the UN Global Business Leadership Platform on Climate Change. We have dedicated more resources to identifying ways of reducing our greenhouse gas emissions, mapping direct and indirect emissions according to the internationally recognised Greenhouse Gas Protocol. As a result of these efforts, we have produced a catalogue of future possibilities of reducing emissions.

Additional information about corporate responsibility at Coloplast is available from our website.

Risk management

At Coloplast risk management is designated Enterprise Risk Management (ERM), and we aim to identify risk factors as early as possible to be able to adequately understand and evaluate them. This allows risks to be handled effectively by responsible employees at the relevant competence level of our organisation. Our ERM efforts are based on a process to ensure that employees and managers throughout the organisation get involved in the ERM process, take responsibility and address the most significant risks at the appropriate management level.

All business units identify risks. Risks are initially assessed by the individual business units with respect to their likelihood of occurrence and potential impact. This is done on the basis of a number of factors, including employees, customers, the environment, reputation and impact on operating profit. The business units evaluate, compile and report risks to the ERM Committee. In connection with the annual risk review and assessment, all business units are required to formulate a mitigation plan for each individual risk. The ERM Committee, the Executive Management and the Board of Directors monitor and assess on a regular basis all significant risks according to significance. In addition, the individual units are responsible for assessing and reporting the development of any significant known or new risks on a quarterly basis.

Additional information about risk management and major risk factors at Coloplast is available from our website.

Share classes and authorisations

Coloplast has two share classes: A og B. Both share classes have a denomination of DKK 5 per share. There are 3.6 million class A shares (aggregate nominal value of DKK 18m), each of which entitles the holder to ten votes, and 42.4 million class B shares (aggregate nominal value of DKK 212m), each of which entitles the holder to one vote. The A shares are non-negotiable instruments. Coloplast's B shares are negotiable instruments and were listed on the Copenhagen Stock Exchange in 1983. Any change of ownership or pledging of class A shares requires the consent of the Board of Directors, whereas class B shares are freely negotiable.

The Board of Directors may increase the company's share capital by a nominal value of up to DKK 15m in one or more issues of class B shares. Moreover, the Board of Directors has been authorised to acquire treasury shares for up to 10% of the company's share capital. The highest and lowest amount to be paid for the shares by the company is the price applicable at the time of purchase +/- 10%. These authorisations are valid until the annual general meeting to be held in 2008.

At general meetings, matters are decided by a simple majority of votes. Resolutions to amend the company's articles of association require that not less than half of the share capital is represented and that the resolution is adopted by not less than two-thirds of the votes cast as well as of the voting share capital represented at the general meeting. The resolution lapses if the above-mentioned share capital is not represented, or if a resolution is not adopted by two-thirds of the votes cast. If a resolution is adopted by two-thirds of the votes cast, the Board of Directors must convene a new extraordinary general meeting within two weeks. If at this meeting the resolution is adopted by not less than two-thirds of the votes cast and of the voting share capital represented, it will be passed without consideration to the size of the share capital represented at the meeting. No important agreements are in place that would be affected in the event of a change of control of the company resulting from a takeover bid. No special agreements have been made between the company, its management or employees if their positions are discontinued for the same reason. There are no special provisions governing the election of members to Coloplast's Board of Directors.

Ownership and shareholdings at 30 September 2008

The number of shareholders fell by 1,099 to 27,223. Institutional investors outside Denmark held 9.8% of Coloplast's shares at 30 September 2008, compared with 10.6% last year. Registered shareholders represented 93.1% of the entire share capital. Pursuant to the company's articles of association, shares must be registered in the name of the holder in order to carry voting rights. Four shareholders have reported to the company, pursuant to section 28 (a) and (b) of the Danish Public Companies Act, that they hold 5% or more of the share capital or the voting rights. These shareholders are: Mrs J. Louis-Hansen of Randers, Mr N.P Louis-Hansen of Vedbæk, the Foundation of Aage and Johanne Louis-Hansens Fond of Nivå and ATP of Hillerød.

Coloplast A/S held 3,171,332 treasury shares at 30 September 2008, equivalent to 6.9% of the share capital. The Board of Directors intends to propose to the shareholders in general meeting on 17 December 2008 that 1,000,000 shares bought under the share buy-back programme are cancelled, which would reduce the company's holding of treasury shares to less than 5%.

Coloplast's ownership structure

30 September 2008	A shares 1,000 units	B shares 1,000 units	Ownership %	Voting rights %
Holders of A shares and their families	3,600	17,673	46.2	68.5
Danish institutionals		10,000	21.7	12.8
Foreign institutionals		4,500	9.8	5.7
Coloplast A/S*		3,171	6.9	
Other shareholders		3,864	8.5	4.9
Non-registered shareholders*		3,192	6.9	
Total	**3,600**	**42,400**	**100.0**	**91.9**

* No voting rights

Shareholdings

30 September 2008	A shares 1,000 units	B shares 1,000 units	Number of insiders
Board of Directors	2,457	1,492	9
of which independent board members		10	4
Executive Management	0	9	3
Total	2,457	1,501	12

Corporate governance at Coloplast

At least once a year, Coloplast's Board of Directors and Executive Management review the principles of corporate governance originating from legislation, custom and recommendations.

The Board of Directors and the Executive Management assess the company's business processes, the definition and implementation of the mission, the organisation, stakeholder relations, strategy, risks, business objectives and controls.

The Board of Directors determines the company's objectives, strategies, overall budgets and action plans. On behalf of the shareholders, the Board of Directors supervises the company's performance as well as its organisation, day-to-day management and results. The Board of Directors also sets guidelines for the Executive Management's execution of the day-to-day management of the company and for assigning tasks among the individual executives. No one person is a member of both the Coloplast Board of Directors and Executive Management, and no Board member is a former member of the Coloplast Executive Management.

Recommendations for corporate governance in Denmark

On 6 October 2005, the NASDAQ OMX Copenhagen (the Danish stock exchange) published a decision to include corporate governance in the duty-to-disclose list of issues to be accounted for by listed companies. Coloplast's Board of Directors and Executive Management share these views and began applying this practice in reporting on corporate governance at Coloplast as early as in the Annual Report 2004/05, which was prepared in accordance with the recommendation to divide reporting into main sections and subsections.

Objective of the reporting

The company will account for views and activities relating to corporate governance in its annual report, at investor meetings and on the corporate website. The purpose is:

- to ensure that investors receive information
- to increase shareholder and employee insight into the company's strategy, objectives and risks
- to create stakeholder confidence in the company.

The following sections are extracts from the document 'Corporate governance at Coloplast' which is available in its full length from our corporate website.

Openness and transparency

Investor relations

A policy has been established for the communication of information to shareholders and investors. According to this policy the Executive Management and the Corporate Communications team are responsible for the flow of information pursuant to guidelines agreed with the Board of Directors. The communication of information complies with the rules laid down by NASDAQ OMX Copenhagen, comprising:

- Full-year and interim financial statements and the annual report
- Replies to inquiries from equity analysts, investors and shareholders
- Site visits by investors and equity analysts
- Presentations to Danish and foreign investors
- Capital market day for analysts and investors
- Conference calls in connection with the release of financial statements
- Special investor section at Coloplast's corporate website.

Duties and responsibilities of the Board of Directors

Procedures

A set of procedures governs the work of Coloplast's Board of Directors. These procedures are reviewed annually by the full Board to ensure that they match current needs. The procedures set out guidelines for the activities of the Board of Directors including the supervision of the company's organisation, day-today management and results.

Composition of the Board of Directors

Board committees

The Coloplast Board has not set up any special committees. The Board believes that the size the Board and the complexity of the company do not necessitate such committees. The Chairman prepares and organises the work of the Board of Directors, in some instances in cooperation with the Deputy Chairman, and the two of them thereby address specific needs that on other company boards may be handled by special committees. At least once a year, the Board of Directors reviews the adequacy of the internal control systems. The Board has assessed that the size and complexity of the company for the time being do not necessitate the establishment of an internal audit function.

Assessment of the work performed by the Board of Directors

At least every other year, the Board of Directors assesses its working procedures and method of approach. The practical assessment takes the form of a questionnaire which addresses issues like the overall competences of the Board members. Based on the assessment, the organisation and efficiency of the Board of Directors' work are discussed at a Board meeting where any proposals for improvement are approved.

Remuneration of the Board of Directors and the Executive Management

Section 69b of the Danish Public Companies Act provides that shareholders adopt, at the general meeting, general guidelines for incentive pay to members of a company's board of directors and its executive management before a specific agreement to this effect can be made. Coloplast's will present the following proposal at the general meeting to be held on 17 December 2008. Coloplast's Board of Directors has elected to define guidelines for all forms of pay not only for incentive pay as required by the bill.

General guidelines for the company's remuneration of members of the Board of Directors and the Executive Management

Board of Directors

Members of the Board of Directors receive a fixed annual fee. The chairman and deputy chairman of the Board of Directors receive a supplement to this fee. The amounts of fees and supplements are approved by the shareholders and disclosed in the annual report. Fees are fixed based on a comparison with fees paid by other companies. Members of the Board of Directors receive no incentive pay.

Executive Management

The chairman and deputy chairman of the Board perform an annual review of the remuneration paid to members of the Executive Management.

The remuneration paid to members of the Executive Management consists of a fixed and a variable part. The fixed pay consists of a net salary, pension contribution and other benefits. The value of each of those components is disclosed in the annual report for each member of the Executive Management. As an element of the variable pay, members of the Executive Management may receive an annual bonus, subject to achievement of certain benchmarks. The bonus proportion varies among the members of the Executive Management, but is subject to a maximum of around 40% of the annual net salary. The actual bonus paid to each member of the Executive Management is disclosed in the Annual Report. At the date of adoption of these guidelines, the bonus benchmarks are based on value creation and profitability, but they may be changed by the Board of Directors. Any such change will be communicated in a stock exchange announcement.

Another element of the variable pay is made up of options and is intended to ensure that the Executive Management's incentive correlates with creation of shareholder value. The option plan is revolving and not subject to achievement of defined benchmarks.

Members of the Executive Management are awarded a number of options each year with a value equal to three months' net pay, calculated according to the Black & Scholes formular. Options are awarded with a strike price which is 15% higher than the market price at the award date, and members of the Executive Management pay 5% of the Black & Scholes value to the company as consideration for the options. The options have a term of five years and are exercisable after three years. For tax purposes, the terms of the award entail that the gain is taxed as share income while the costs of the award are not tax-deductible for the company. The number of options awarded to each member of the Executive Management and their value is disclosed in the Annual Report. Options in the Executive Management share option plan are covered by the company's holding of treasury shares.

Specifically for 2008/09, the Board of Directors is authorised to award members of the Executive Management an extraordinary number of options corresponding to 3 months' net salary. The options are awarded on unchanged terms and conditions at the beginning of January 2009.

In addition, the chairman and deputy chairman of the Board perform an annual review of the remuneration paid to members of the Executive Management relative to the managements of other Danish companies.

Severance schemes

As at 30 September 2008, a provision of DKK 6m was made for a now discontinued post-service remuneration scheme for retired Board members. The scheme comprises 3 persons. Pension benefits are paid to one retired company executive. When current executives leave the company, there will be no obligations apart from two years' pay.

Other board memberships

Board of Directors

Chairman
Michael Pram Rasmussen (53)
3 years on the Board

A.P. Møller - Mærsk A/S (C)
Topdanmark A/S (C)
William Demant Holding A/S (BM)
Danske Bank A/S (MBR)

Deputy Chairman
Niels Peter Louis-Hansen (61)
40 years on the Board

Aage og Johanne Louis-Hansens Fond (C)

Thomas Barfod (38)
2 years on the Board

Elected by the employees

Sven Håkan Björklund (52)
2 years on the Board

Danisco A/S (BM)

Mads Boritz Grøn (41)
2 years on the Board

Elected by the employees

Per Magid (65)
23 years on the Board

Højgaard Ejendomme A/S (C)
Knud Højgaards Hus EA/S (C)

Torsten E. Rasmussen (64)
16 years on the Board

EBP Holding A/S (C)
EVO Management A/S (C)
Pecobra A/S (C)
A/S Det Østasiatiske Kompagni (DC)
TK Development A/S (DC)
Vestas Wind Systems A/S (DC)
Acadia Pharmaceuticals A/S (BM)
Acadia Pharmaceuticals Inc. (BM)
ECCO Sko A/S (BM)
NatImmune A/S (BM)
Outdoor Holding A/S (BM)
Schur International A/S (BM)
Vola A/S (BM)
Vola Holding A/S (BM)

Jørgen Tang-Jensen (52)
1 year on the Board

VELUX Danmark A/S (C)
Faber A/S (C)
Faber Holding A/S (C)
RoofLITE A/S (C)
Gåsdal Bygningsindustri A/S (BM)
Østbirk Bygningsindustri A/S (BM)

Ingrid Wiik (63)
5 years on the Board

Algeta ASA (BM)
Biotec Pharmacon ASA (BM)
Human Care HC AB (BM)
Norske Skogindustrier ASA (BM)

Knud Øllgaard (47)
18 years on the Board

Elected by the employees

Executive Management

President, CEO
Lars Rasmussen (49)
MT Højgaard A/S (BM)
Højgaard Holding A/S (BM)

Executive Vice President, CFO
Lene Skole (49)
DFDS A/S (BM)

Listed on this page are the board memberships in Danish companies of the members of the Board of Directors and the Executive Management of Coloplast A/S as reported by them on 19 November 2008.

The CVs of the individual board members and executives as well as additional details and information about the board members' and executives' other management duties are available from the Investors section of the Coloplast website

(C) Chairman
(DC) Deputy Chairman
(BM) Board member
(MBR) Member of the Board of Representatives

Management statement

The Board of Directors and Executive Management today considered and approved the Annual Report of Coloplast A/S for 2007/08.

The Annual Report of the Group is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. The annual report of the parent company is presented in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies used to be appropriate and the accounting estimates reasonable. Accordingly, in our opinion, the Annual Report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 September 2008 and of the results of the Group's and the parent company's operations and cash flows for the Group in accordance with the accounting policies applied. Furthermore, the management's review gives a true and fair view of developments in the activities and financial position of the Group and describes the significant risks and uncertainties pertaining to the Group.

We recommend that the Annual Report be submitted to the general meeting for approval.

Humlebæk, 19 November 2008

Executive Management:

Lars Rasmussen President, CEO	Lene Skole Executive Vice President, CFO

Board of Directors:

Michael Pram Rasmussen	Niels Peter Louis-Hansen	Thomas Barfod Operations Controller	Sven Håkan Björklund
Mads Boritz Grøn QA Engineer	Per Magid	Torsten Erik Rasmussen	
Jørgen Tang-Jensen	Ingrid Wiik	Knud Øllgaard Project Manager	

Independent auditors' report

To the shareholders of Coloplast A/S
We have audited the Annual Report of Coloplast A/S for the financial year 2007/08, pages 1-59 and pages 61-72, comprising Management's Review, Management Statement, income statement, balance sheet, statement of changes in equity and notes to the financial statements, including accounting policies, for the Group as well as for the parent company, and the cash flow statement for the Group. The consolidated financial statements are presented in accordance with the International Financial Reporting Standards as adopted by the EU. The financial statements of the parent company are presented in accordance with the Danish Financial Statements Act. In addition, the Annual Report is presented in accordance with additional Danish disclosure requirements for annual reports of listed companies. Our audit did not include note 39, Income statement (quarterly), on page 60.

Management's responsibility for the Annual Report
Management is responsible for the preparation and presentation of an Annual Report that gives a true and fair view of the Group in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies and for the parent company in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion
Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish and International Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Annual Report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit has not resulted in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2008 and of the results of the Group's operations and cash flows for the financial year 2007/08 in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. In addition, in our opinion, the Annual Report gives a true and fair view of the parent company's assets, liabilities and financial position at 30 September 2008 and of the results of its operations for the financial year 2007/08 in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 19 November 2008
PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Lars Holtug
State Authorised Public Accountant

Mogens Nørgaard Mogensen
State Authorised Public Accountant

Income statement

1 October - 30 September

DKK million

Note		2007/08	2006/07
3	Revenue	8,463	8,042
4,5	Cost of sales	-3,465	-3,208
	Gross profit	**4,998**	**4,834**
4,5	Distribution costs	-2,589	-2,536
4,5,6	Administrative expenses	-882	-988
4,5	Research and development costs	-415	-319
	Other operating income	71	81
4,5	Other operating expenses	-29	-11
	Operating profit before special items	**1,154**	**1,061**
4,5,7	Special items	-160	-312
	Operating profit (EBIT)	**994**	**749**
8	Dividend from investments	0	0
9	Financial income	201	68
10	Financial expenses	-203	-222
	Profit before tax	**992**	**595**
11	Tax on profit for the year	-277	-225
	Net profit for the year, continuing operations	**715**	**370**
12	Net profit for the year, discontinued operations	0	468
	Profit for the year	**715**	**838**
	Allocated as follows:		
	Shareholders in Coloplast A/S	715	837
13	Minority interests	0	1
		715	**838**
14	Earnings per Share (EPS), continuing operations (A and B shares)	16	8
14	Earnings per Share (EPS), continuing operations (A and B shares), diluted	16	8
	Profit distribution:		
	Retained earnings	439	405
15	Proposed dividend for the year	276	432
	Total	**715**	**837**

Balance sheet

At 30 September

Note		2007/08	2006/07
		DKK million	
16	Acquired patents and trademarks	1,134	1,275
16	Goodwill	641	639
16	Software	106	120
16	Prepayments and assets under development	46	30
	Intangible assets	**1,927**	**2,064**
17	Land and buildings	1,173	1,200
17	Plant and machinery	781	631
17	Other fixtures and fittings, tools and equipment	196	178
17	Prepayments and assets under construction	584	406
	Property, plant and equipment	**2,734**	**2,415**
18	Investments in associates	0	0
18	Other investments	4	13
19	Deferred tax asset	146	145
	Investments	**150**	**158**
	Non-current assets	**4,811**	**4,637**
20	**Inventories**	**1,224**	**940**
	Trade receivables	1,563	1,619
27	Income tax	11	73
	Other receivables	101	138
	Prepayments	77	70
21	**Receivables**	**1,752**	**1,900**
22	**Marketable securities**	**1**	**1**
	Cash and bank balances	**193**	**272**
	Current assets	**3,170**	**3,113**
	Assets	**7,981**	**7,750**

Balance sheet
At 30 September

Note		2007/08	2006/07
		DKK million	
	Share capital	230	240
	Hedge reserve	8	4
	Proposed dividend for the year	257	396
	Retained earnings and other reserves	1,795	1,758
23	**Equity before minority interests**	**2,290**	**2,398**
13	**Minority interests**	**1**	**2**
	Equity	**2,291**	**2,400**
24	Provision for pensions and similar liabilities	90	103
19	Provision for deferred tax	191	202
25	Other provisions	16	11
26	Mortgage debt	467	580
26	Other credit institutions	2,316	1,792
	Other payables	370	406
	Deferred income	70	0
	Non-current liabilities	**3,520**	**3,094**
24	Provision for pensions and similar liabilities	9	3
25	Other provisions	19	8
26	Mortgage debt	13	7
26	Other credit institutions	474	718
	Trade payables	397	461
27	Income tax	211	34
	Other payables	1,036	1,014
	Deferred income	11	11
	Current liabilities	**2,170**	**2,256**
	Current and non-current liabilities	**5,690**	**5,350**
	Equity and liabilities	**7,981**	**7,750**

28 Financial instruments
29 Other liabilities
30 Contingent items
31 Related party transactions
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39 Income statement, quarterly (unaudited)

Statement of changes in equity

DKK million	Share capital A shares	Share capital B shares	Exchange adjustment reserve	Hedge reserve	Proposed dividend	Retained earnings	Total equity
2006/07							
Balance at 1.10.2006 as reported in annual report	18	222	-18	-65	184	2,463	2,804
Revaluation of hedging:							0
Value adjustment for the year				111			111
Transferred to financial items				-15			-15
Tax effect of hedging				-27			-27
Net gain/loss not recognised in income statement	0	0	0	69	0	0	69
Exchange rate adjustment, assets in foreign currency						-108	-108
Exchange rate adjustment of opening balances and other adjustments relating to subsidiaries						-3	-3
Net gains recognised directly in equity	0	0	0	0	0	-111	-111
Profit for the year					432	405	837
Comprehensive income for the year	0	0	0	69	432	294	795
Treasury shares purchased and realised gain/loss from exercise of options						-1,024	-1,024
Treasury shares sold							0
Dividend on treasury shares					-36	36	0
Share-based payment						7	7
Dividend paid out in respect of 2005/06					-184		-184
Balance at 30.9.2007	**18**	**222**	**-18**	**4**	**396**	**1,776**	**2,398**
2007/08							
Balance at 1.10.2007 as reported in annual report	18	222	-18	4	396	1,776	2,398
Revaluation of hedging:							
Value adjustment for the year				68			68
Transferred to financial items				-63			-63
Tax effect of hedging				-1			-1
Net gain/loss not recognised in income statement	0	0	0	4	0	0	4
Exchange rate adjustment, assets in foreign currency						-8	-8
Exchange rate adjustment of opening balances and other adjustments relating to subsidiaries						41	41
Net gains recognised directly in equity	0	0	0	0	0	33	33
Profit for the year					276	439	715
Comprehensive income for the year	0	0	0	4	276	472	752
Treasury shares purchased and realised gain/loss from exercise of options						-510	-510
Treasury shares sold						26	26
Dividend on treasury shares					-19	19	0
Share-based payment						20	20
Capital reduction		-10				10	0
Dividend paid out in respect of 2006/07					-396		-396
Balance at 30.9.2008	**18**	**212**	**-18**	**8**	**257**	**1,813**	**2,290**

Free float shares at 30.9.2008 (1,000 units):	A shares	B shares
Issued shares	3,600	42,400
Holdings of treasury shares (note 23)	0	3,171
Free float shares	**3,600**	**39,229**

Number of outstanding shares	**2007/08** A shares	**2007/08** B shares	2006/07 A shares	2006/07 B shares
Number of outstanding shares at the beginning of year	3,600	40,420	3,600	42,509
Sale of treasury shares	0	51	0	10
Shares bought back	0	-1,242	0	-2,099
Number of outstanding shares at year end	**3,600**	**39,229**	**3,600**	**40,420**

A capital reduction in 2007/08 resulted in the cancellation of 2,000,000 shares.

Both share classes have a face value of DKK 5 per share. Class A shares carry ten votes each, while class B shares carry one vote each. The A shares are non-negotiable instruments. Any change of ownership or pledging of class A shares require the consent of the Board of Directors. The B shares are negotiable instruments, and no restrictions apply to their negotiability. No special dividend rights attach to either share class.

Cash flow statement

1 October - 30 September

Note	DKK million	2007/08	2006/07
	Operating profit continuing operations	994	749
	Operating profit discontinued operations	0	30
	Depreciation and amortisation	537	841
35	Adjustment for other non-cash operating items	-34	-14
36	Changes in working capital	-96	-83
	Ingoing interest payments, etc.	206	60
	Outgoing interest payments, etc.	-233	-224
	Income tax paid	-50	-295
	Cash flow from operating activities	**1,324**	**1,064**
	Investments in intangible assets	-36	-94
	Investments in land and buildings	-93	-243
	Investments in plant and machinery	-494	-203
	Investments in non-current assets under construction	-131	-299
	Property, plant and equipment sold	86	151
	Purchase of other investments	0	-6
	Acquired operations	-3	0
	Divestment of operations	0	729
	Cash flow from investing activities	**-671**	**35**
	Free cash flow	**653**	**1,099**
	Dividend to shareholders	-396	-184
	Net investment in treasury shares	-484	-1,024
	Financing from shareholders	-880	-1,208
	Financing through long-term borrowing, debt funding	522	300
	Financing through long-term borrowing, instalments	-113	-516
	Financing through long-term borrowing, exchange rate adjustments	2	1
	Cash flow from financing activities	**-469**	**-1,423**
	Net cash flow for the year	**184**	**-324**
	Cash, cash equivalents and short term debt at 1.10.	-452	-128
	Value adjustment of cash and bank balances	-25	0
	Net cash flow for the year	184	-324
37	**Cash, cash equivalents and short term debt at 30.9.**	**-293**	**-452**
37	Cash and cash equivalents	194	273
38	Unutilised credit facilities	2,493	2,750
	Financial reserves at 30.9.	**2,687**	**3,023**

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

Notes to the financial statements

Notes

Note

1. Accounting policies

Basis of preparation
The Annual Report has been prepared in accordance with the International Financial Reporting Standards as approved by the EU and additional Danish disclosure requirements applying to listed companies.

Accounting policy changes
Effective from the 2007/08 financial year, the Coloplast Group has implemented the revised IAS 1 "Presentation of Financial Statements", IFRS 7 "Financial Instruments: Disclosures" and IFRIC 9-11. The implementation of IAS 1, IFRS 7 and IFRIC 9-11 has not affected the financial statements.

New financial reporting standards adopted
Other new or revised standards or interpretations, which are of relevance for the Group but have not yet been implemented, have not been included in this Annual Report. This applies to the revised IAS 1 "Presentation of Financial Statements", IAS 34 "Interim Financial Reporting" and the new IFRS 8 "Operating Segments" that have been approved by EU and the following standards that not yet have been approved by EU: the new revised IAS 23 "Borrowing Costs", IAS 27 "Consolidated and Separate Financial Statements", IAS 32 "Financial Instruments: Presentation", IFRS 2 "Share-based Payment" and IFRS 3 "Business Combinations". Interpretations IFRIC 12-14 have also not been implemented. IFRIC 12-14 apply as from the 2008/09 financial year, while the changes in the revised IAS 1, 23, 27, 32, 34, IFRS 2 and 3 plus the new IFRS 8 apply from the 2009/10 financial year. None of the listed standards or interpretations are expected to have any substantial financial effect on the consolidated financial statements.

General information
The annual report is prepared on the basis of the historical cost principle, modified in that certain financial assets and liabilities are measured at fair value. Subsequent to initial recognition, assets and liabilities are measured as described below in respect of each individual item.

Foreign currency
The financial statement items of individual Group entities are measured in the currency used in the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the Parent Company.

Foreign currency translation
Transactions denominated in foreign currencies are translated into an entity’s functional currency at the exchange rate prevailing at the transaction date.

Monetary items denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Exchange adjustments arising as the difference between the exchange rates at the balance sheet date, and the exchange rates at the transaction date of monetary items, are recognised in the income statement as financial income or expenses.

On translation of entities with a functional currency other than DKK balance sheet items are translated at the exchange rates at the balance sheet date and income statement items are translated at the exchange rates at the transaction date.

The resulting exchange adjustments are taken directly to equity under the exchange adjustment reserve.

Foreign exchange adjustments of balances which in reality represent an addition to or a deduction from the subsidiary’s equity are recognised in equity under the exchange adjustment reserve.

Foreign exchange adjustments of debt denominated in foreign currencies, which hedge the net investment in a foreign subsidiary, are recognised in equity under the exchange adjustment reserve.

On realisation of a net investment in a foreign subsidiary, exchange adjustments of the net investment and the hedge of the net investment, which have been taken to equity, are transferred to the income statement as part of the gain.

Notes

Note

1. Accounting policies, continued

Consolidation, business combinations and associates

The consolidated financial statements comprise Coloplast A/S (the Parent Company) and enterprises in which the Group holds more than 50% of the voting rights or otherwise exerts a controlling influence (subsidiaries).

The consolidated financial statements are prepared by aggregating the audited financial statements of the Parent Company and the individual subsidiaries, all of which are prepared in accordance with the Group's accounting policies. Intra-group transactions, balances, dividends and unrealised gains and losses on transactions between group enterprises are eliminated.

Enterprises, which are not subsidiaries but in which the Group holds at least 20% of the voting rights or otherwise exerts a significant influence, are regarded as associates. The Group's proportionate share of unrealised gains and losses on transactions between the Coloplast Group and associates is eliminated.

Enterprises recently acquired or divested are included in the consolidation in the period in which the Coloplast Group has control of the enterprise.

Comparative figures are not adjusted to reflect acquisitions. Divested activities are shown separately as discontinued operations.

Acquisitions are accounted for using the purchase method, according to which the assets and liabilities and contingent liabilities of enterprises acquired are measured at fair value at the date of acquisition.

The excess value/goodwill on acquisition of subsidiaries or associates is calculated as the difference between the cost of the acquired enterprise and the fair value of the group companies' proportionate share of identifiable assets less liabilities and contingent liabilities at the date of acquisition.

In cases where the fair value of identifiable acquired assets, liabilities or contingent liabilities subsequently turns out to differ from the values calculated at the date of acquisition, the excess value/goodwill is adjusted up to 12 months after the date of acquisition, if the conditions could have been known at the date of the acquisition. Goodwill arising in connection with the acquisition of a subsidiary is recognised in the balance sheet under intangible assets in the consolidated financial statements and tested annually for impairment. Goodwill arising in connection with acquisitions of subsidiaries before 1 October 2002 has been written off against equity.

Public grants

Public grants comprise grants for research, development and other investments. Grants for investments are recognised as deferred income, which is subsequently recognised as income as the investment is amortised, depreciated or written down. Other grants are recognised as income on a systematic basis, so that they are matched with the related costs which they compensate. Grants are recognised in the income statement from the date, when the conditions attaching to them are deemed to be complied with.

Pensions

In defined contribution plans, the Group makes regular payments of fixed contributions to independent pension funds and insurance companies. The Group is under no obligation to pay additional contributions.

Costs for defined contribution plans are recognised in the income statement as Coloplast assumes an obligation to make the payment.

In defined benefit plans, the Group is under an obligation to pay a defined benefit on retirement. The actuarially calculated present value less the fair value of any plan assets is recognised in the balance sheet under provision for pension and similar obligations or in pension assets in the balance sheet, and any changes can under certain circumstances be recognised in equity, and otherwise in the income statement. Changes in actuarial gains and losses, which do not exceed 10% of the present value of the net pension obligations, are not recognised. Changes representing more than 10% of the present value of the individual pension obligations are recognised over the expected average remaining working lives of the employees.

Notes

Note

1. Accounting policies, continued

Share-based payment
Share options are granted to Executive Management and executives.

For cash-settled schemes, the fair value of options vested during the period is recognised as staff costs, whereas the fair value adjustment of vested options from previous periods is recognised under financial items. For equity-settled schemes, the fair value of options is determined at the grant date. The option value is subsequently recognised over the vesting period as staff costs. Option schemes granted before 30 September 2005 are treated as cash-settled schemes.

Derivative financial instruments
Derivative financial instruments are recognised in the balance sheet under other receivables and other payables, respectively, and are adjusted in an ongoing process to fair value (repurchase value).

Adjustment of derivative financial instruments used to hedge expected future transactions (effective) is taken to the fair value reserve under equity. The reserve is recognised in the income statement on realisation of the hedged transactions. If a derivative financial instrument used to hedge expected future transactions expire, is sold or no longer qualifies for hedge accounting, any accumulated fair value reserve remains in equity until the hedged transaction is concluded. If the transaction is no longer expected to be concluded, any fair value reserve accumulated under equity is transferred to the income statement.

Adjustments of the fair value of other derivative financial instruments are recognised in financial income and expenses in the income statement as they occur.

Income statement

Revenue
Revenue comprises income from sales of goods and services after deduction of any price reductions, quantity discounts or cash discounts. Sales are recognised in the income statement in the year in which the risk related to the goods passes to the customer or in which the service is rendered, and the amounts can be reliably measured and are expected to be received.

Cost of sales
Cost of sales comprise the cost of goods and services sold during the year.

Distribution costs
Distribution costs comprise costs relating to the distribution and sales of goods and services, salaries of sales staff, advertising and exhibition expenses, depreciation of assets used for distribution purposes as well as other indirect costs incurred in connection with sales and distribution.

Administrative expenses
Administrative expenses comprise expenses relating to administrative staff and management, including office costs, salaries and depreciation of assets used for administrative purposes.

Research and development costs
Research and development costs comprise costs relating to the Group’s research and development activities, including clinical studies, registration and maintenance of patents, depreciation and amortisation and salaries directly or indirectly attributable to the Group’s research and development activities.

Research costs are recognised in the income statement as incurred.

Costs incurred in respect of development activities are recognised as intangible assets, if the criteria for capitalising development costs are met. The amortisation of such development projects is included in research and development costs or cost of sales.

Notes

Note

1. Accounting policies, continued

Other operating income and expenses
Other operating income comprise income of a secondary nature in relation to the Group's activities, including gains on the sale of intangible assets and property, plant and equipment.

Other operating expenses comprise expenses of a secondary nature in relation to the Group's activities, including losses on the sale of intangible assets and property, plant and equipment.

Special items
Special items comprise major items of income and expense of a non-recurring nature. These items are presented separately to facilitate the comparability of the income statement and to provide a clearer picture of the operating results.

Income from investments in associates
Investments in associates are recognised according to the equity method, i.e. at the proportionate share of the net asset value of these companies calculated according to the Group's accounting policies.

Financial income and expenses
Financial income and expenses include interest, financing costs of finance leases, realised and unrealised foreign exchange adjustments, fair value adjustments of share options, fees, market value adjustments of securities and dividend received on shares recognised under securities.

Tax
Coloplast A/S is jointly taxed with wholly owned Danish subsidiaries. Full allocation is made of the joint taxable income. The jointly taxed Danish enterprises are covered by the Danish on-account tax scheme.

Additions, deductions and allowances relating to the on-account tax scheme are included in financial income and expenses.

Current tax on the net profit or loss for the year is recognised as an expense in the income statement together with any change in the provision for deferred tax. Tax on changes in equity is taken directly to equity.

Full provision is made for deferred tax on the basis of all temporary differences in accordance with the balance sheet liability method. The differences arise between the tax base of assets and liabilities and their carrying amounts.

No provision is made for the tax that would arise from the sale of investments in subsidiaries, if the investments are not expected to be disposed of within a short period of time.

Deferred tax is measured on the basis of the tax rates applicable at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future positive taxable income will be generated, against which the temporary differences and tax losses can be offset. Deferred tax assets are measured at expected net realisable values.

Minority interests
Minority interests comprise minority shareholders' share of the profit or loss for the year.

Notes

Note

1. Accounting policies, continued

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is made on a straight-line basis over the expected useful lives of the assets, which are:

Development projects	3-5 years
Software	3-5 years
Acquired patents and trademarks	7-15 years

No amortisation of goodwill is done, but instead goodwill is tested minimum once a year for impairment; see section below on impairment losses.

For other intangible assets, the amortisation period is determined on the basis of Management's best estimate of the expected economic lives of the assets. The expected economic lives are assessed at least annually, and the amortisation period is determined based on the latest assessment. For purposes of calculating amortisation, the residual value of the assets is nil, unless a third party has committed to purchasing the asset after its use or there is an active market for the asset. Except for goodwill all intangible assets has a definable life.

Gains or losses on the disposal of intangible assets are stated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal and are included in the income statement under other operating income or other operating expenses, respectively.

Development projects are recognised at the date when each individual project is expected to be exploited commercially. From this date, the directly associated costs will be recognised as an intangible asset in the balance sheet provided they can be measured reliably and there is sufficient certainty of the future earnings. Costs incurred earlier in the development phase are recognised under research and development costs in the income statement.

Borrowing costs are not included as part of cost.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Cost comprises the cost of acquisition and expenses directly attributable to the acquisition until the asset is ready for use. In the case of assets manufactured by the company, cost comprises materials, components, sub-supplier services, direct labour and costs directly attributable to the manufactured asset.

Borrowing costs are not included as part of cost.

Leases, under which substantially all risks and rewards of ownership of an asset are transferred, are classified as finance leases. Other leases are classified as operating leases. Assets held under a finance lease are measured in the balance sheet at fair value or at the present value of future minimum lease payments at the date of acquisition, if this is lower. The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised as an expense in the income statement as incurred. Assets held under finance leases are depreciated according to the same principles as the Group's other property, plant and equipment.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are:

Land	no depreciation
Buildings	25 years
Building installations	10 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5-7 years

Notes

Note

1. Accounting policies, continued

At the balance sheet date, the residual values, remaining useful lives and depreciation pattern of the assets are assessed. Any changes to these are treated as changes to accounting estimates.

Gains and losses on the sale or scrapping of an item of property, plant and equipment are recognised in the income statement as other operating income and other operating expenses, respectively.

Investments
Investments in associates are recognised and measured at net asset value. Other equity investments and securities, mainly comprising unlisted equity investments and the like, are recognised and measured at fair value. If the fair value cannot be determined reliably, such items are measured at cost, however. Fair value adjustments are taken under equity. Any impairment write-down is made based on an individual assessment of the expected future cash flow from the investment. Impairment write-downs of equity investments, measured at cost because the fair value cannot be determined reliably, are not reversed. Receivables held to maturity at initial recognition are measured at amortised cost. Receivables not held to maturity are measured at fair value.

Impairment losses
Goodwill is tested for impairment annually or whenever there is an indication of impairment, while the carrying amount of other intangible assets, property, plant and equipment and investments measured at cost or amortised cost are assessed, if there is an indication of impairment. If a write-down is required, the carrying amount is written down to the higher of net selling price or value in use. For the purpose of assessing impairment, assets are grouped in the smallest group of assets that generates identifiable cash inflows (cash-generating units). The cash-generating units are defined as the smallest identifiable group of assets, that generates cash inflows and which are largely independent of cash flows from other assets or groups of assets.

Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is determined using the FIFO principle. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and indirect production overheads. Borrowing costs are not recognised. Net realisable value is the expected selling price less cost of completion and costs to sell.

Receivables
Receivables are mainly trade receivables and, in the Parent Company's case, current receivables from subsidiaries. On initial recognition, receivables are measured at fair value adjusted for acquisition costs, and subsequently they are measured at amortised cost. Receivables are written down on the basis of individual assessment.

Prepayments
Prepayments include costs paid relating to subsequent financial years and are measured at cost.

Securities
Securities recognised as current assets consist of trading portfolios, mainly comprising listed bonds, and are measured at fair value. Returns on and fair value adjustments of securities are recognised in the income statement under financial income and expenses.

Cash and cash equivalents
Cash and cash equivalents, recognised under current assets, comprise bank deposits and cash at hand and are measured at fair value.

Equity
Dividend is recognised in the balance sheet as a liability when adopted at the annual general meeting. Proposed dividend payments for the financial year are recognised in equity and disclosed in an income statement note to the financial statements. The purchase and selling price of and dividend on treasury shares are deducted from or added to equity, as the case may be. Hedge reserve relates to gains and losses from changes in the fair value of hedge instruments.

Notes

Note

1. Accounting policies, continued

Other provisions

Provisions are recognised when the Group has a legal or constructive obligation arising from a past event, and it is probable that an outflow of the Group's financial resources will be required to settle the obligation.

Provisions are measured as the Management's best estimate of the amount with which the liability is expected to be settled.

The Group recognises a provision for the replacement of products covered by warranties at the balance sheet date. This provision is calculated based on experience.

Debt

Debt is recognised at fair value less expenses paid and subsequently at amortised cost.

Presentation of discontinued operations

Discontinued operations comprise activities that form a substantial part of a business when its activities and cash flows can be clearly distinguished, operationally or for financial reporting purposes, from the rest of the entity and where the entity has either been disposed of or classified as held for sale and such sale pursuant to a formal plan is expected to take place within 12 months. Discontinued operations also comprise entities which in relation to an acquisition have been classified as "held for sale".

Cash flow statement

The consolidated cash flow statement, which is presented according to the indirect method, shows the Group's cash flow from operating, investing and financing activities as well as the Group's cash and cash equivalents and short-term debt to credit institutions at the beginning and end of the year. Cash and cash equivalents comprise cash, securities and debt to credit institutions recognised under current assets and current liabilities, respectively.

Cash flows from operating activities are calculated as Coloplast's share of the Group's results adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities comprise purchases and sales of intangible assets, property, plant and equipment, investments and payments in connection with acquisitions and divestments of enterprises. Cash flows from financing activities comprise financing from the company's shareholders and raising of loans, repayment of interest-bearing debt as well as payment of dividends.

Segment information

Information is provided about business segments and geographical segments as the primary and secondary segments, respectively.

The primary business segment comprises the following business areas: the Medical care division, which consists of the business areas Ostomy Care, Urology & Continence Care & Wound and Skin Care. The secondary segment is divided into sales in Europe, the Americas and the Rest of the World.

2. Significant estimates and judgments

In applying the accounting policies described, Management has made estimates regarding, among other items, non-current assets, inventories, receivables, provisions and deferred tax.

The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. In addition, the company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events.

Notes

Note

2. Significant estimates and judgments, continued

Business combinations
For a significant part of the assets and liabilities taken over in business combinations, no active markets exist which may be used to determine the fair value in connection with the purchase price allocation. This applies in particular to acquired intangible assets. Accordingly, management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities.

Intangible assets
The measurement of intangible assets, including goodwill, could be materially affected by significant changes in estimates and assumptions underlying the calculation of values. See note 15 for a more detailed description of impairment tests for intangible assets.

Inventories
The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and production overheads. Production overheads comprise indirect material and labour costs as well as maintenance and depreciation of the machinery and production buildings used in the manufacturing process as well as costs of production administration and management.

Production overheads have been calculated using a standard cost method, which is reviewed regularly to ensure relevant assumptions concerning capacity utilisation, lead times and other relevant factors. Changes to the calculation method for production overheads, including levels of capacity utilisation, lead times, etc. could affect the gross margin and the overall valuation of inventories. The carrying amount of capitalised production overheads was DKK 375 million as at 30 September 2008 (2006/07: DKK 280 million).

Receivables
Receivables are measured at amortised cost less impairment losses due to failure to pay. Losses are estimated on the basis of customer' ability to pay, historical information about payment patterns and doubtful debtors and customer concentrations, customer creditworthiness and collateral received as well as economic conditions in the company's sales channels. Estimates made are updated if the debtor's ability to pay changes.

It is estimated that the provisions made are sufficient to cover any losses. The financial uncertainty attaching to provisions for bad and doubtful debts is considered to be limited. The carrying amount of provisions for bad and doubtful debts was DKK 106 million as at 30 September (2006/07: DKK 69 million).

Defined benefit plans
The valuation of defined benefit plans is made on the basis of a number of significant actuarial assumptions, including discount rates, expected return on plan assets and expected rate of increase in salaries and pensions. Spreads and the weighted average for the assumptions are set out in note 23. The value of the Group's defined benefit plans is based on assessments by external actuaries.

Deferred tax
The recognition of deferred tax assets and deferred tax liabilities requires an assessment by management. Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised if management estimates that the tax assets can be utilised within a foreseeable future by being offset against future positive taxable income. The assessment is made annually on the basis of budgets and business plans for the following years.

The carrying amount of deferred tax assets and deferred tax liabilities as at 30 September was DKK 146 million (2006/07: DKK 145 million) and DKK 191 million (2006/07: DKK 202 million), respectively. See note 19 for a further description of the Group's tax assets and tax liabilities.

Notes

Note

3. Segment information

Primary segment – business activities
2007/08

DKK million	Medical care 2007/08	Medical care 2006/07	Not allocated and eliminations 2007/08	Not allocated and eliminations 2006/07	Total 2007/08	Total 2006/07
Revenue	**8,463**	**8,042**	**0**	**0**	**8,463**	**8,042**
Operating profit for segment	1,539	1,223	-545	-474	994	749
Share of profit in associates before tax	0	0	0	0	0	0
Profit from ordinary activities before interest					994	749
Net financial expenses					-2	-154
Profit before tax					**992**	**595**
Tax on profit for the year					-277	-225
Net profit for the year, continuing operations					**715**	**370**
Net profit for the year, discontinued operations					0	468
Profit for the year					**715**	**838**
Minority interests					0	1
Coloplast's share of profit for the year					**715**	**837**
Assets	7,168	6,935	813	815	7,981	7,750
Investments in associates	0	0	0	0	0	0
Total assets					**7,981**	**7,750**
Liabilities	**1,452**	**1,420**	**4,238**	**3,930**	**5,690**	**5,350**
Non-current assets	4,274	4,197	537	440	4,811	4,637
Investment in fixed assets	657	755	97	84	754	839
Depreciation - property, plant and equipment	332	344	44	35	376	379
Amortisation and impairment - intangible assets	112	427	49	35	161	462

Secondary segment - geographical areas
2007/08

DKK million	Revenue	Non-current assets	Capital expenditure	Liabilities	Total assets
Europe	6,705	4,197	548	5,284	6,688
The Americas	1,155	442	149	176	834
Rest of the World	603	172	57	230	459
Total	**8,463**	**4,811**	**754**	**5,690**	**7,981**

2006/07

DKK million	Revenue	Non-current assets	Capital expenditure	Liabilities	Total assets
Europe	6,418	4,172	709	5,094	6,828
The Americas	1,111	332	24	104	632
Rest of the World	513	133	106	152	290
Total	**8,042**	**4,637**	**839**	**5,350**	**7,750**

Notes

Note		2007/08	2006/07
		DKK million	
4.	**Depreciation, amortisation and impairment**		
	Specification for the year:		
	Acquired patents and trademarks	112	128
	Goodwill	0	283
	Software	49	51
	Total amortisation of intangible assets	161	462
	Land and buildings	88	87
	Plant and machinery	219	214
	Other fixtures and fittings, tools and equipment	69	78
	Total depreciation of property, plant and equipment	376	379
	Total	**537**	**841**
	Depreciation, amortisation and impairment are allocated as follows:		
	Cost of sales	416	396
	Distribution costs	40	60
	Administrative expenses	52	57
	Research and development costs	29	32
	Other operating expenses	0	13
	Special items	0	283
	Total	**537**	**841**
5.	**Staff costs**		
	Salaries, wages and directors' fees	2,703	2,451
	Pension costs - defined contribution plans (note 24)	119	115
	Pension costs - defined benefit plans (note 24)	7	17
	Other social security costs	241	280
	Total	**3,070**	**2,863**
	Staff costs are allocated as follows:		
	Cost of sales	981	867
	Distribution costs	1,187	1,257
	Administrative expenses	510	521
	Research and development costs	213	152
	Other operating expenses	19	37
	Special items	160	29
	Total	**3,070**	**2,863**
	Average number of employees, full time equivalents	7,420	7,063
	Number of employees at 30.9, full time equivalents	7,567	7,274

For information on Group Managements' remuneration and Directors' fees reference is made to note 6.

Notes

Note

6. The Executive Management's and the Directors' remuneration, share options and shares

Remuneration

It is Coloplast policy that the remuneration of members of the Board of Directors and the Executive Management should be competitive relative to that of other major Danish companies. The principles applied for remuneration of members of the Executive Management are unchanged from previous years, with adjustments made only in terms of amounts. Share-based payments are made as unconditional allocations and with a percentage premium to the market price at the allocation date and cash payment for the share options. The value is calculated according to the Black & Scholes formula.

Board of Directors

Board members receive a fee of DKK 325,000 each (2006/07: DKK 275,000. The Chairman receives the basic board member fee plus 200% (2006/07: 175%), while the Deputy Chairman receives the basic fee plus 75% (2006/07: 50%). The Board of Directors is not comprised by option or bonus schemes. Specification of selected staff costs (see note 5 to the financial statements):

	DKK million	
	2007/08	2006/07
Directors' fees	5	4

Executive Management

The fixed remuneration paid to members of the Executive Management consists of the salary, pension contribution and other benefits. Members of the Executive Management are also eligible for an annual cash bonus based on individually agreed financial performance targets. The bonus proportion varies for each members of the Executive Management, but is subject to a maximum of 40% of their salary.

In addition, members of the Executive Management are awarded share options with a value equal to 25% of their annual net of salary net of pension contributions and other benefits. Specification of selected staff costs (see note 5 to the financial statements):

DKK million **2007/08**	Salaries	Pension	Other benefits	Total	Cash bonus	Share options[3]
Lars Rasmussen[1]	4.7	0.9	0.9	6.5		0.8
Lene Skole	2.7	0.7	0.1	3.5		0.7
Sten Scheibye[2]	4.7	1.6	0.2	6.5		1.2
Former Executive Management members						1.2
Group management total	**12.1**	**3.2**	**1.2**	**16.5**	**0.0**	**3.9**

[1] The total remuneration in 2007/08 also reflects costs associated with Lars Rasmussen's secondment to the USA. Approximately 30% of the total remuneration relates to reimbursement of costs and attributable tax effects of secondment.

[2] Furthermore, DKK 22.7 million was expensed in 2007/08 in connection with a severance package to Sten Scheibye. The amount will be disbursed over the next two years.

DKK million **2006/07**	Salaries	Pension	Other benefits	Total	Cash bonus	Share options[3]
Lars Rasmussen	3.2	0.8	0.1	4.1	0.5	0.5
Lene Skole	2.5	0.6	0.1	3.2	0.3	0.5
Sten Scheibye	4.5	1.5	0.2	6.2	0.9	0.6
Former Executive Management members						0.9
Group management total	**10.2**	**2.9**	**0.4**	**13.5**	**1.7**	**2.5**

[3] The amount expresses the Black & Scholes value of the options awarded during the financial year. Share options are charged to the income statement as staff costs over the vesting period. The amount recognised under staff costs includes a share of options granted during the financial year, includes a share of options granted in earlier financial years.

Notes

Note

6. The Executive Managements' and the Directors' remuneration, share options and shares, continued

Share Options

The Executive Management's share options in Coloplast A/S amount to:

2007/08	Beginning of the year units	Exercised in the year units	Granted in the year units	End of the year units	Market value DKK million
Lars Rasmussen	21,750	0	13,515	35,265	4
Lene Skole	6,400	0	11,150	17,550	1
Sten Scheibye	39,100	4,500	19,056	53,656	5
	67,250	4,500	43,721	106,471	10
Former Executive Management members	25,800	2	20,442	46,240	4
Total	**93,050**	**4,502**	**64,163**	**152,711**	**14**

Shareholdings

Coloplast's in-house rules permit members of the Executive Management and the Board of Directors to trade in Coloplast A/S shares during the four-week periods following the announcement of interim or full-year financial statements. Number of shares in Coloplast A/S held by members of the Board of Directors and the Executive Management:

2007/08	Beginning of the year units	Bought in the year units	Sold in the year units	End of the year units	Market value DKK million
Lars Rasmussen	4,234	441	0	4,675	2
Lene Skole	900	250	0	1,150	0
Sten Scheibye	2,424	541	0	2,965	1
	7,558	1,232	0	8,790	3
Board of Directors, A shares	2,457,000	0	0	2,457,000	952
Board of Directors, B shares	1,487,508	4,204	0	1,491,712	578
Total	**3,952,066**	**5,436**	**0**	**3,957,502**	**1,533**

The end-of-year market values are based on the official share prices prevailing at 30 September. Members of the Executive Management hold only B shares in Coloplast A/S.

7. Special items

DKK million	**2007/08**	2006/07
Special items	-160	312
Total	**-160**	**312**

Special items in 2007/08 represent costs associated with adjustments to the organisational structure and business procedures.

Special items in the 2006/07 financial year represent an anniversary bonus to employees (DKK 29 million) and impairment of goodwill related to home care activity in Germany (SIEWA) (DKK 283 million).

Notes

Note	DKK million	2007/08	2006/07
8.	**Dividend from investments**		
	Dividend accrued from associates	0	0
9.	**Financial income**		
	Interest income	25	20
	Exchange adjustments	35	32
	Fair value adjustments, share options	75	0
	Fair value adjustments on forward contracts transferred from equity	63	15
	Other financial income and fees	3	1
	Total	**201**	**68**
10.	**Financial expenses**		
	Interest expense	185	184
	Fair value adjustments, share options	0	27
	Other financial expenses and fees	18	11
	Total	**203**	**222**
11.	**Tax on profit for the year**		
	Tax on profit for the year	306	171
	Change in deferred tax on profit for the year	-18	78
		288	**249**
	Adjustment relating to prior years	-19	3
	Effect of change in tax percentage	8	-15
	Tax related to discontinued operations	0	-12
	Total	**277**	**225**
	Specification of tax:		
	Tax on profit from ordinary activities	288	249
	Adjustment of tax for prior years	-19	3
	Effect of change in tax percentage	8	-15
	Tax related to discontinued operations	0	-12
	Total	**277**	**225**
	Tax on equity items	**0**	**20**
	Reconciliation of tax rate differences:		
	Danish tax rate, %	25	25
	Deviation in foreign subsidiaries' tax percentage	1	1
	Non-taxable income and non-deductible expenses, %	2	17
	Adjustment of tax for prior years	-2	0
	Impairment of deferred tax assets, recognition of previously written down deferred tax assets and recognition of tax credit, %	1	-3
	Effect of change in tax percentage	1	-2
	Effective tax rate, %	**28**	**38**

Notes

Note

12. Discontinued operations

DKK million	Brachytherapy		Breast Care		Sterling Medical	
Divestment date	8.6.2007		30.3.2007		14.4.2006	
	2007/08	2006/07	**2007/08**	2006/07	**2007/08**	2006/07
Profit for the period until transfer of control;						
Revenue	0	65	0	212	0	0
Expenses	0	-56	0	-191	0	0
Operating profit	0	**9**	0	**21**	0	**0**
Financial expenses, net	0	-1	0	-10	0	0
Profit before tax	0	**8**	0	**11**	0	**0**
Tax on profit for the period	0	-1	0	-10	0	0
Profit for the period	**0**	**7**	**0**	**1**	**0**	**0**
The discontinued operations affected the income statement as follows:						
Profit for the period until transfer of control	0	7	0	1	0	0
Gain on sale of discontinued operations	0	4	0	429	0	27
Tax on gain on sale	0	0	0	0	0	0
Effect on profit for the period	**0**	**11**	**0**	**430**	**0**	**27**
The amount included 100% of the shares	Mills Biopharmaceuticals LLC - USA		AMOENA Medizin-Orthopädie-Technik GmbH - Germany		Sterling Medical Services LLC - USA	

	DKK million	
	2007/08	2006/07
The discontinued operations contributed the following cash flows during the period:		
Cash flow from operating activities	0	42
Cash flow from investing activities	0	-24
Cash flow from financing activities	0	12
Cash flow from discontinued operations	**0**	**30**

13. Minority interests

	DKK million	
	2007/08	2006/07
Minority interests at 1.10.	2	1
Acquisitions	0	0
Share of net profit from subsidiaries	0	1
Dividend paid	-1	0
Minority interests at 30.9.	**1**	**2**

Notes

Note		2007/08	2006/07
		DKK million	

14. Earnings per share (EPS)

Earnings per share reflects the ratio between profit for the year and the year's weighted average of issued, ordinary shares, excluding ordinary shares purchased by the Group and held as treasury shares (note 23).

	2007/08	2006/07
Profit for the year Coloplast A/S share, continuing operations	715	370
Weighted average of shares (million units)	43.6	45.6
Earnings per share (DKK) (A and B shares)	16	8
Earnings per share (DKK) (A and B shares), diluted	16	8
Net profit for the period, discontinued operations	0	468
Earnings per share (DKK) (A and B shares)	0	10
Earnings per share (DKK) (A and B shares), diluted	0	10

15. Dividend per share

The Board of Directors recommends a dividend for the financial year of DKK 6 per share of DKK 5 nominal value (2006/07: DKK 5 in ordinary dividend and DKK 4 in extraordinary dividend to reflect the divestment of the breast care business), corresponding to an increase of 20% in ordinary dividend. This equals a pay-out ratio of 36%, equal to total dividends of DKK 276 million and total payments of DKK 257 million.

16. Intangible assets

2007/08 DKK million	Goodwill	Acquired patents and trademarks	Software	Prepayments and assets under development	Total intangible assets
Total cost at 1.10.2007	931	1,450	350	30	2,761
Exchange rate and other adjustments	-4	-8	-4	0	-16
Addition through acquisition	10	0	0	0	10
Purchases and improvements during the year	0	3	12	21	36
Reclassification	-3	-18	26	-5	0
Disposals during the year	0	-7	0	0	-7
Total cost at 30.9.2008	**934**	**1,420**	**384**	**46**	**2,784**
Total amortisation at 1.10.2007	292	175	230	0	697
Exchange rate and other adjustments	0	3	-1	0	2
Addition through acquisition	1	0	0	0	1
Amortisation and impairment for the year	0	112	49	0	161
Amortisation reversed on disposals during the year	0	-4	0	0	-4
Total amortisation at 30.9.2008	**293**	**286**	**278**	**0**	**857**
Carrying amount at 30.9.2008	**641**	**1,134**	**106**	**46**	**1,927**

Goodwill relates to the acquired urology business, the home care business in Germany (SIEWA) and the acquired distribution company in Belgium, Dumonceau Medical Services (DMS). In 2006/07, goodwill concerning the home care business in Germany (SIEWA) was written off.

Goodwill from the acquired urology business has been allocated on the individual cash-generating units according to earnings at the date of acquisition. The allocation was made to the cash-generating units Urology and Continence Care.

Pursuant to IAS 36, a goodwill impairment test is performed when there is an indication of impairment, but at least once a year. In the impairment test, the recoverable amount (value in use) of each cash-generating unit, calculated as the discounted expected future cash flows, is compared with the carrying amounts. Future cash flows are determined using budgets, forecasts, strategic plans, etc. which are based on specific assumptions for each cash-generating unit during the planning period with respect to sales, results of operations, working capital, capital investments and more general assumptions for the projected period.

Notes

Note

16. Intangible assets, continued

Management has performed an impairment test of the carrying amount of goodwill as per 30 September. The impairment test resulted in the following impairment write-down of goodwill:

DKK million	**2007/08**	2006/07
Home Care (SIEWA)	0	283

The impairment made in 2006/07 was due to intensified competition among distributors that followed from the increase in competitive tendering in Germany, which led to weaker revenue growth and earnings in SIEWA than previously expected. In addition, having direct customer contact is key to success for SIEWA, and during the last quarter of the financial year, the company lost a significant number of its employees with direct customer contact. The total goodwill concerning SIEWA was subsequently written off.

Goodwill impairment is recognised in the income statement under special items and included in the Medical care and Europe segments. Based on the impairment tests performed, at 30 September 2007 no basis was found for additional impairment of goodwill.

The impairment tests performed for the urology business were based on the approved budget for 2008/09. For subsequent years, assumptions from our long-term strategy have been used indicating double-digit growth until the terminal period.

The most important parameters used to calculate the recoverable amounts are:

	Urology	Continence Care	DMS
Revenue growth in the terminal period	9.0%	6.5%	5.0%
Tax percentage	37%	28%	34%
Carrying amount of goodwill, DKK million	227	405	9

Growth rates are expected not to exceed the long-term average growth rate for the business area as a whole. Synergies from integration and other ongoing efficiency improvements contribute to a rising EBIT margin and improved cash flows.

The invested capital has been projected using the same growth rate as that for revenue with the exception of special assets associated with the acquisition of the urology business.

Discounting is based on the cash-generating unit's weighted capital costs, which in the impairment test performed represent 9.7% before tax (Urology) and 11.3% before tax (Continence/DMS), or 7.5% and 9% after tax respectively.

2006/07 DKK million	Goodwill	Acquired patents and trademarks	Software	Prepayments and assets under development	Total intangible assets
Total cost at 1.10.2006	1,021	1,590	309	25	2,945
Exchange rate and other adjustments	-62	-132	-1	0	-195
Disposal through divestment	-1	-1	0	0	-2
Purchases and improvements during the year	3	33	24	34	94
Reclassification	0	0	27	-27	0
Disposals during the year	-30	-40	-9	-2	-81
Total cost at 30.9.2007	**931**	**1,450**	**350**	**30**	**2,761**
Total amortisation at 1.10.2006	0	58	182	0	240
Exchange rate and other adjustments	9	-8	-1	0	0
Disposal through divestment	0	0	-3	0	-3
Reclassification	0	-1	1	0	0
Amortisation and impairment for the year	283	128	51	0	462
Amortisation reversed on disposals during the year	0	-2	0	0	-2
Total amortisation and impairment at 30.9.2007	**292**	**175**	**230**	**0**	**697**
Carrying amount at 30.9.2007	**639**	**1,275**	**120**	**30**	**2,064**

Notes

Note

17. Property, plant and equipment

2007/08 DKK million	Land and buildings	Production plant and machinery	Fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
Total cost at 1.10.2007	1,893	2,322	608	406	5,229
Exchange rate and other adjustments	17	30	-1	10	56
Additions through acquisition	0	0	1	0	1
Reclassification	62	283	27	-372	0
Purchases and improvements during the year	31	123	61	503	718
Disposals during the year	-64	-148	-55	37	-230
Total cost at 30.9.2008	**1,939**	**2,610**	**641**	**584**	**5,774**
Total depreciation at 1.10.2007	693	1,691	430	0	2,814
Exchange rate and other adjustments	1	25	-4	0	22
Disposal through divestment	0	0	0	0	0
Depreciation for the year	88	219	69	0	376
Depreciation reversed on disposals during the year	-16	-106	-50	0	-172
Total depreciation at 30.9.2008	**766**	**1,829**	**445**	**0**	**3,040**
Carrying amount at 30.9.2008	**1,173**	**781**	**196**	**584**	**2,734**
Additions during the year include finance leases amounting to	0	0	3	0	3
Gross amount, fully depreciated Property, plant and equipment	171	604	247	141	1,163

The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery of DKK 145 million (2006/07: DKK 71 million). The Group's mortgage loans have been secured against land and buildings in the amount of DKK 498 million (2006/07: DKK 604 million).

2006/07 DKK million	Land and buildings	Production plant and machinery	Fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
Total cost at 1.10.2006	1,791	2,184	674	263	4,912
Exchange rate and other adjustments	4	23	0	-1	26
Disposal through divestment	-132	-48	-25	-4	-209
Reclassification	5	141	5	-151	0
Purchases and improvements during the year	243	133	70	299	745
Disposals during the year	-18	-111	-116	0	-245
Total cost at 30.9.2007	**1,893**	**2,322**	**608**	**406**	**5,229**
Total depreciation at 1.10.2006	653	1,542	441	0	2,636
Exchange rate and other adjustments	-1	16	2	0	17
Disposal through divestment	-31	-43	-21	0	-95
Depreciation for the year	87	214	78	0	379
Depreciation reversed on disposals during the year	-15	-38	-70	0	-123
Total depreciation at 30.9.2007	**693**	**1,691**	**430**	**0**	**2,814**
Carrying amount at 30.9.2007	**1,200**	**631**	**178**	**406**	**2,415**
Additions during the year include finance leases amounting to	0	0	4	0	4
Gross amount, fully depreciated Property, plant and equipment	26	700	203	0	929

Notes

Note

18. Investments

2007/08

DKK million	Investments in associates	Other investments
Total cost at 1.10.2007	0	13
Capital investments during the year	0	0
Total cost at 30.9.2008	**0**	**13**
Revaluation at 1.10.2007	0	0
Divestment	0	-9
Total revaluation at 30.9.2008	**0**	**-9**
Carrying amount at 30.9.2008	**0**	**4**

2006/07

DKK million	Investments in associates	Other investments
Total cost at 1.10.2006	0	7
Capital investments during the year	0	6
Total cost at 30.9.2007	**0**	**13**
Revaluation at 1.10.2006	2	0
Divestment	-2	0
Total revaluation at 30.9.2007	**0**	**0**
Carrying amount at 30.9.2007	**0**	**13**

Overview of Group companies

	Registered	% Owned
Parent company		
Coloplast A/S	Danmark	
Sales and/or manufacturing subsidiaries		
Coloplast de Argentina S.A.	Argentina	100
Coloplast Pty. Ltd.	Australia	100
Coloplast Belgium S.A.	Belgium	100
Dumonceau Medical Services	Belgium	100
Coloplast do Brasil Ltda.	Brazil	100
Coloplast Canada Corporation	Canada	100
Coloplast Danmark A/S	Denmark	100
Coloplast S.A.	France	100
Coloplast Manufacturing S.A.S.	France	100
Coloplast B.V.	Holland	100
Coloplast S.p.A.	Italy	100
Coloplast K.K.	Japan	100
Well come Support Center Y.K.	Japan	100
Imano Y.K.	Japan	100
Coloplast (China) Ltd.	China	100
Coloplast (Beijing) Medical	China	100
Coloplast (Hong Kong) Ltd.	China	100
Coloplast Korea Limited	Korea	100
Coloplast (NZ) Limited	New Zealand	100
Coloplast Norge AS	Norw ay	100
Coloplast Sp. zo.o.	Poland	100
Porgés Lda.	Portugal	100
Coloplast OOO	Russia	100
Coloplast AG	Sw itzerland	100
Coloplast Productos Médicos S.A.	Spain	100
Coloplast Limited	Great Britain	100
Coloplast Medical Limited	Great Britain	100
Charter Healthcare Limited	Great Britain	100
Porgés UK Limited	Great Britain	100
Coloplast AB	Sw eden	100
Coloplast GmbH	Germany	100
Coloplast Distribution GmbH	Germany	100
Coloplast Hungary Kft.	Hungary	100
Coloplast Corp.	USA	100
Coloplast Manufacturing US, LLC	USA	100
Coloplast Ges.m.b.H.	Austria	100
Other companies		
Coloplast Ejendomme A/S	Denmark	100
CutiSense A/S	Denmark	50
Coloplast Development Limited Partnership	USA	54
SIEWA subsidiaries		
Keimed GmbH	Germany	92

Representative offices and branches

Finland	Slovakia
Israel	Slovenia
Croatia	South Africa
Mexico	Czech Rep.
Portugal	Ukraine
Russia	Hungary

Notes

Note		DKK million 2007/08	2006/07
19.	**Deferred tax**		
	Deferred tax, opening balance	57	19
	Deferred tax, acquisition of operations	0	11
	Effect of change in tax percentage	8	-15
	Restatement, previous years	4	5
	Change in deferred tax - charged to equity	-6	-41
	Change in deferred tax - charged to income statement	-18	78
		45	**57**
	Of which, deferred tax asset	146	145
	Provision for deferred tax	**191**	**202**
	Calculation of deferred tax is based on the following items:		
	Intangible assets	304	308
	Property, plant and equipment	29	21
	Indirect cost of sales	27	37
	Unrealised gain from the intra-group sales of goods	-138	-127
	Jointly taxed companies	16	16
	Share options	-12	-24
	Tax losses carried forward and tax credits	-76	-69
	Other	-105	-105
	Total	**45**	**57**

DKK 61 million of the deferred tax is expected to be set-of within the next 12 months (2006/07: DKK 57 million).

Taxable temporary differences regarding investments in subsidiaries, branches or associates are insignificant and no deferred tax has been provided, because the company controls the timing of the elimination of the temporary difference, and because it is probable that the temporary difference will not be eliminated in the foreseeable future.

Taxable temporary differences

Deferred tax assets are recognised in tax losses carried forward, which correspond to income likely to be realised in the future.

	2007/08	2006/07
Tax loss expiring:		
within 1 year	1	4
within 1 to 5 years	5	5
in more than 5 years	455	372
Total	**461**	**381**
Deferred tax assets included in total	57	70
Temporary, deductible differences and unutilised tax deductions	**121**	**163**
Including deferred taxable assets	63	70
Not recognised tax deficit and temporary deductible differences	**462**	**404**

Notes

Note		DKK million 2007/08	2006/07
20.	**Inventories**		
	Raw materials and consumables	204	175
	Work in progress	281	217
	Manufactured goods	739	548
	Inventories	**1,224**	**940**
	Inventory write-downs during period	45	34

Cost of goods sold for the year in the amount of DKK 1,985 million (2006/07: DKK 1,829 million) is included in cost of sales.

Note		2007/08	2006/07
21.	**Receivables**		
	Portion of receivables falling due after more than one year after the balance sheet date		
	Other long-term receivables	65	19

Most of the long-term receivables fall due within three years of the balance sheet date.
Interest accruing on receivables is 0%.

Provisions for bad and doubtful debts:

	2007/08	2006/07
Provisions, beginning of year	69	58
Exchange adjustment	-10	0
Change of provisions during the year	61	23
Losses realised during the year	-14	-12
Provisions, end of year	**106**	**69**

The provisions are generally due to customer bankruptcy or expected bankruptcy.

Receivables due are specified as follows:

	2007/08	2006/07
Up to 30 days	224	250
Between 30 and 90 days	162	140
More than 90 days	229	250
Total receivables due	**615**	**640**

At 30 September, the Group had the following receivables:

	2007/08	2006/07
DKK	57	63
EUR	927	952
USD	165	183
Other currencies	414	421
Total carrying amount	**1,563**	**1,619**

Note		2007/08	2006/07
22.	**Marketable securities**		
	Holdings of securities at 30.9.2008 consist mainly of Danish bonds with a duration of more than 3 and an effective yield of 5%.	1	1

Notes

Note

23. Treasury shares

Treasury shares	2007/08 Number of B shares	2006/07 Number of B shares	2007/08 % of B share capital	2006/07 % of B share capital	2007/08 Nominal value B shares	2006/07 Nominal value B shares
Holdings of treasury shares 1.10.	3,980,272	1,890,799	9.39%	4.26%	19,901,360	9,453,995
Acquired during the year	1,241,645	2,099,393	2.93%	4.72%	6,208,225	10,496,965
Cancelled	-2,000,000	0	-4.72%	0.00%	-10,000,000	0
Sold during the year	-50,585	-9,920	-0.12%	-0.02%	-252,925	-49,600
Holdings of treasury shares 30.9.	**3,171,332**	**3,980,272**	**7.48%**	**8.96%**	**15,856,660**	**19,901,360**

During the financial year, the company acquired treasury shares pursuant to authorisation from the shareholders in general meeting. The aggregate acquisition price of the shares was DKK 500 million. The Group does not hold A shares.

Share options
Nine share option programmes (B shares) have been set up for members of the Executive Management and senior managers.

Share options have effected the profit for the year as follows:	**2007/08**	2006/07
Employee costs - equity settled-programmes	19	8
Employee costs - cash settled-programmes	6	19
Financial costs - cash settled-programmes incl. exercised options	-75	28
Total share option cost/income	**-50**	**55**

Specification of outstanding options:	**2007/08** Number of options	**2007/08** Average exercise price	2006/07 Number of options	2006/07 Average exercise price
Outstanding options at beginning of the year	965,195		953,275	
Options vested	472,564		202,130	
Options lapsed	-35,250		-14,850	
Options exercised	-85,455	442	-175,360	502
Outstanding options at the end of the year	**1,317,054**		**965,195**	

Issued in	Number of employees	Number of share options	Share options lapsed	Share options exercised	Outstanding at 30.9.2008	Exercise price	Exercisable from	Exercisable no later than
November 2000	113	128,600	23,350	105,250	0	192.5	November 2002	31.12.2007
November 2001	137	117,050	15,150	79,750	22,150	269	November 2003	31.12.2008
November 2001	137	117,050	17,200	63,600	36,250	285.5	November 2004	31.12.2009
December 2002	181	289,800	39,000	123,180	127,620	259.5	November 2006	31.12.2011
December 2003	191	279,960	25,000	85,380	169,580	262	November 2007	31.12.2012
December 2004	215	199,240	22,090	16,510	160,640	280	November 2008	31.12.2013
December 2004	3	2,880	0	0	2,880	321	November 2008	31.12.2013
December 2005	209	177,625	12,125	14,900	150,600	328	November 2009	31.12.2014
December 2006	1	2,800	0	0	2,800	496	April 2009	01.01.2015
December 2006	210	199,330	12,785	0	186,545	506	November 2010	31.12.2015
December 2007	249	472,564	15,575	0	456,989	531.6	November 2010	31.12.2012

In the period 2002-2006, options were awarded subject to the achievement of specific consolidated EP and EBIT margins targets. If only one of the targets was achieved, 50% of the options under the scheme were awarded. The value of options at the date of award equalled a maximum of two months' salary for each award recipient at the date of award, with the exception of the Executive Management.

Coloplast's holding of treasury shares fully covers the option programmes, so options exercised under the programme will not influence the Group's cash position by forcing it to buy up shares in the market.

At 30 September 2008, the carrying amount of the option programme was DKK 73 million (DKK 153 million at September 2007), while the fair value of the option schemes amounted to DKK 65 million (DKK 198 million at September 2007).

The following assumptions were applied in determining the fair value of outstanding share options at the date of award:

	2007	**2006**
Average share price (DKK)	461.75	510.25
Exercise price (DKK)	531.61	510.25
Expected dividend per share	1.08	0.78
Expected duration	4.00	5.00
Expected volatility	18.05	23.99
Risk-free interest	4.27	3.71

The value of the options was calculated using the Black & Scholes formula, in which the interest rate applied equalled that for Danish government securities. Volatility in the share is calculated as monthly movements (period-end to period-end) over five years. Options are assumed to be exercised on average one year into the exercise period.

Notes

Note

24. Provisions for pensions and similar liabilities

Defined contribution plans
The Group offers pension plans to certain groups of employees in Denmark and abroad. Most of the pension plans are defined contribution plans. The Group funds the plans through regular payments of premiums to independent insurance companies responsible for the pension liabilities towards the beneficiaries. Once the pension payments for defined contribution plans have been made, the Group has no further liabilities towards existing or retired employees. Payments for defined contribution plans are recognised in the income statement when paid. In 2007/08, DKK 119 million (2006/07: DKK 115 million) was recognised.

Defined benefit plans
For certain groups of employees in foreign subsidiaries the Group has signed agreements to pay defined benefits, including pension payments. These liabilities are not or are only partly covered by insurance. Uncovered liabilities are recognised in the balance sheet and in the income statement as indicated below. The figures below include liabilities regarding the post-service remuneration scheme applicable to Board members prior to the amendment to the Articles of Association adopted at the Annual General Meeting in 2002.

DKK million	**2007/08**	2006/07
The consolidated income statement includes recognition of the following:		
Defined contribution plans	119	115
Defined benefit plans	7	17
Total	**126**	**132**
The costs are recognised in the following income statement items:		
Cost of sales	4	3
Distribution costs	2	9
Administrative expenses	1	4
Research and development costs	0	1
Total	**7**	**17**
Present value of funded defined benefit obligations	135	182
Present value of unfunded defined benefit obligations	67	45
Fair value of plan assets	-121	-172
Pension cost concerning prior years	-8	0
Unrecognised actuarial gains	26	51
Net liability recognised in the balance sheet	**99**	**106**
Specification of present value of defined benefit obligation:		
Obligation at 1.10	227	278
Exchange adjustments	-15	-5
Pension costs concerning current financial year	11	15
Calculated interest on liability	15	16
Discontinued pension plans	0	-6
Actuarial gains/losses	-27	-59
Pension costs concerning prior years	7	3
Pensions disbursed	-16	-15
Present value of liability at 30.9	**202**	**227**

Notes

Note		DKK million 2007/08	2006/07
24.	**Provisions for pensions and similar liabilities, continued**		
	Specification of fair value of pension assets		
	Pension assets at 1.10	172	154
	Exchange adjustments	-17	-5
	Expected return on plan assets	11	11
	Actuarial gains/losses	-41	5
	Paid by the Coloplast Group	12	22
	Pensions disbursed	-16	-15
	Pension assets at 30.9	**121**	**172**
	Pension costs recognised in the income statement:		
	Pension costs concerning current financial year	11	15
	Calculated interest on liability	15	16
	Expected return on plan assets	-11	-11
	Discontinued pension plans	-8	-6
	Recognised actuarial gains/losses for the year	2	0
	Pension costs concerning prior years	-2	3
	Total amount recognised for defined benefit plans	**7**	**17**
	Specification of pension assets:		
	Shares	83	127
	Bonds	9	23
	Real property	9	7
	Cash and similar assets	20	15
	Pension assets at 30.9	**121**	**172**
	Return on pension assets:		
	Actual return on plan assets	30	-16
	Expected return on plan assets	-11	-11
	Actuarial gain on plan assets	**-41**	**5**

The Group expects to pay DKK 10 million to the defined benefit plan in 2008/09.

	2007/08	2006/07
The assumptions of the actuarial calculations as at the balance sheet date (average) are as follows:		
Discount rate	6	5
Expected return on plan assets	3	4
Future salary increases	2	2

The expected return on plan assets was determined on the basis of asset composition and general expectations for economic developments.

The amounts for the present year and the previous four years for the Group's pension liabilities are set out below:

	2007/08	2006/07	2005/06	2004/05	2003/04
Actuarial calculation of pension liabilities	202	227	283	204	175
Pension assets	-121	-172	-154	-126	-104
Surplus/deficit	**81**	**55**	**129**	**78**	**71**
Experience adjustments to liabilities	-27	-59	15	16	-4
Experience adjustments to pension assets	41	-5	-3	-9	-4

Notes

Note

25. Other provisions

2007/08 DKK million	**Warranties**	**Legal claims**	**Others**	**Total**
Provisions at 1.10.2007	0	7	12	19
Additional provisions	0	9	12	21
Unused amounts reversed	0	-1	-4	-5
Charged to the income statement	**0**	**8**	**8**	**16**
Used during the year	0	0	0	0
Provisions at 30.09.2008	**0**	**15**	**20**	**35**
Expected maturities:				
Current liabilities	0	8	11	19
Non-current liabilities	0	7	9	16
Provisions at 30.09.2008	**0**	**15**	**20**	**35**

2006/07 DKK million	**Warranties**	**Legal claims**	**Others**	**Total**
Provisions at 1.10.2006	2	7	23	32
Additional provisions	0	2	10	12
Disposals through divestment	-1	0	0	-1
Unused amounts reversed	-1	-2	-21	-24
Charged to the income statement	**-2**	**0**	**-11**	**-13**
Used during the year	0	0	0	0
Provisions at 30.09.2007	**0**	**7**	**12**	**19**
Expected maturities:				
Current liabilities	0	6	2	8
Non-current liabilities	0	1	10	11
Provisions at 30.09.2007	**0**	**7**	**12**	**19**

Legal claims

The amounts are gross amounts relating to certain legal claims. Having consulted external legal experts, the management believes that any losses resulting from these legal claims will not exceed the provisions made.

Other

Other liabilities relate to provisions for expenses associated with the vacation of a lease and other non-legal claims.

Notes

Note		DKK million 2007/08	2006/07
26.	**Credit institutions**		
	Payables to credit institutions are recognised in the balance sheet as follows:		
	Non-current liabilities	487	725
	Current liabilities	2,783	2,372
	Total	**3,270**	**3,097**
	Term to maturity:		
	Within 1 year	623	837
	1-5 years	2,837	1,160
	Over 5 years	613	1,845
	Total	**4,073**	**3,842**
	DKK	458	930
	EUR	2,556	2,003
	USD	22	32
	Other currencies	234	132
	Total carrying amount	**3,270**	**3,097**

Mortgage loans have been secured against land and buildings in the amount of DKK 498 million.

Net interest-bearing debt including swap facility at 30.9.

	2007/08	2006/07
Mortgage debt	480	587
Other credit institutions	2,790	2,510
Marketable securities	-1	-1
Bank balances	-192	-269
Other payables	351	354
Total	**3,428**	**3,181**

The fair value of net interest-bearing debt is DKK 3,411 million, of which DKK 3,428 million has been recognised in balance sheet. The fair value is calculated as the nominal value of debt of the market price prevailing at the balance sheet date. The difference in value is the difference between the market value of the mortgage and the outstanding debt. The Other payables item represents refinancing via a swap facility. The fair value of swaps are calculated using the interest rate and exchange rate prevailing at the balance sheet date.

Specification of currency split and interest structure for net interest-bearing debt:

2007/08

Principal in DKK million/ Effective interest rate p.a.		USD	Rate	GBP	Rate	EUR	Rate	DKK	Rate	Other	Rate	Total
Within 1 yr	Receivables	-6	1-6	-73	5	-36	0-5	-7	1-4	-69	1-7	-191
	Payables	22	7	1	6	138	4-6	80	5	246	1-9	487
	Swap											
Total, Within 1 yr		16		-72		102		73		177		296
1 to 5 yrs	Receivables											
	Payables	1,043	5			1,288	5	36	5	1	6	2,368
	Swap	-1,056	5			1,407	5					351
Total, 1 to 5 yrs		-13				2,695		36		1		2,719
More than 5 yrs	Receivables									-2	4	-2
	Payables					85	5	330	5			415
	Swap											
Total, more than 5 yrs						85		330		-2		413
Total		3		-72		2,882		439		176		3,428

The parent company has a fixed-rate loan for USD 200 million in the form of a private placement with a term to maturity of 6 years and EUR 100 million of drawing rights under a Club facility with a term to maturity of 5 years. The loans have been converted via swaps with banks to a fixed interest rate in EUR. At the balance sheet date, 73% of the loans carry a fixed interest rate.

Notes

Note

26. Credit Institutions, continued

2006/07

Principal in DKK million/ Effective interest rate p.a.		USD	Rate	GBP	Rate	EUR	Rate	DKK	Rate	Other	Rate	Total
Within 1 yr	Receivables	-5	1-4	-163	4-7	-42	1-4	-2	4	-58	1-6	-270
	Payables	36	4-5	1	3-4	115	2-5	462	4-5	111	1-6	725
	Swap											
Total, Within 1 yr		31		-162		73		460		53		455
1 to 5 yrs	Receivables											
	Payables					741	4-5	27	5	19	2	787
	Swap											
Total, 1 to 5 yrs						741		27		19		787
More than 5 yrs	Receivables											
	Payables	1,043	5			111	5	431	5			1,585
	Swap	-1,051	5			1,405	5					354
Total, more than 5 yrs		-8				1,516		431				1,939
Total		23		-162		2,330		918		72		3,181

27. Income tax

DKK million	**2007/08**	2006/07
Income tax balance at 1.10.	-39	80
Payable tax on acquired/divested operations	0	-18
Exchange adjustment	0	0
Adjustment, prior years	-23	3
Tax on profit for the year	306	171
Tax on equity items	6	20
Tax paid during the year	-50	-295
	200	-39
Of which receivable income tax	11	73
Income tax balance at 30.9.	**211**	**34**

28. Financial instruments

The Group's risk management policy

Financial risks are managed centrally and, accordingly, all derivative instruments are managed and controlled by the parent company. The framework is determined by the financial policy approved annually by the Board of Directors. The financial policy comprise policies for foreign exchange, funding, liquidity and financial counterparts. The core principle is for financial risk to be managed with a view to reducing significant risk.

Financial instruments by category **2007/08**	Loans and receivables	Assets at fair value through the income statement	Derivatives used for hedging	Total
Assets				
Other securities	4			4
Trade receivables and other receivables	1,649		15	1,664
Cash and bank balances and marketable securities		194		194
Total	1,653	194	15	1,862

Notes

Note

28. Financial instruments, continued

Financial instruments by category

	Liabilities at fair value through the income statement[1)]	Derivatives used for hedging	Other liabilities at amortised cost	Total
Liabilities				
Mortgage debt			480	480
Other credit institutions			2,790	2,790
Trade payables			397	397
Other payables		361	1,045	1,406
Total	0	361	4,712	5,073

Financial instruments by category 2006/07

	Loans and receivables	Assets at fair value through the income statement	Derivatives used for hedging	Total
Assets				
Other investments	13			13
Trade receivables and other receivables	1,739		18	1,757
Cash and bank balances and marketable securities		273		273
Total	1,752	273	18	2,043

	Liabilities at fair value through the income statement[1)]	Derivatives used for hedging	Other liabilities at amortised cost	Total
Liabilities				
Mortgage debt			587	587
Other credit institutions			2,510	2,510
Trade payables			461	461
Other payables		354	1,066	1,420
Total	4,978	4,978	4,624	4,978

[1)] Trading portfolio

Foreign exchange risk

The objective of the foreign exchange policy is to equalise and delay the effect of exchange rate fluctuations in the income statement and in that way enhance the predictability of the financial results. This is done by hedging significant balance sheet items denominated in foreign currency and a share of the expected future cash flows. Currency hedging is achieved by means of forward contracts and options. As at 30 September 2008, an average of 100% of the first nine months of net cash flows were hedged (2006/07: 100% of the first nine months of cash flows).

The Group's foreign enterprises are not materially affected by exchange rate fluctuations.

Notes

Note

28. Financial instruments, continued

Holdings of derivative financial instruments

2007/08 DKK million	Amount of contract	Loss/gain when stated at mkt. value at 30.9.2008	Amount incl. in income statement for 2007/08	Transferred to fair value reserve	Expiry period
Forward exchange contracts outstanding at 30.09.2008 to hedge future cash flows					
USD	34	3	1	2	Oct. 2008 - Feb. 2009
GBP	658	-5	0	-5	Oct. 2008 - Mar. 2009
EUR	100	-1	0	-1	Oct. 2008 - Nov. 2009
JPY	66	-3	1	-4	Oct. 2008 - June 2009
HUF	-228	2	4	-2	Jan. 2009 - Mar. 2009
Others	219	6	0	6	Oct. 2008 - Jan. 2009
Total	**849**	**2**	**6**	**-4**	
Other forward exchange contracts outstanding at 30.9.2008		.			
USD	325	-7	-7	0	Oct. 2008 - Jan. 2009
GBP	253	-2	-2	0	Oct. 2008 - Nov. 2009
JPY	76	-5	-5	0	Oct. 2008 - Sep. 2009
HUF	228	1	1	0	Jan. 2009 - Mar. 2009
Others	166	2	2	0	Oct. 2008 - Mar. 2009
Total	**1,048**	**-11**	**-11**	**0**	
Currency and interest swaps at 30.9.2008 to hedge future cash flows					
EUR interest rate swap	746	17	0	17	Aug. 2011
USD/EUR	1,043	12	8	12	Apr. 2013
Total	**1,789**	**29**	**8**	**29**	

Holdings of derivative financial instruments

2006/07 DKK million	Amount of contract	Loss/gain when stated at mkt. value at 30.09.2007	Amount incl. in income statement for 2006/07	Transferred to fair value reserve	Expiry period
Forward exchange contracts outstanding at 30.9.2007 to hedge future cash flows					
USD	70	2	0	2	Nov. 2007 - Dec. 2007
GBP	216	0	0	0	Oct. 2007 - Dec. 2007
EUR	0	0	0	0	Oct. 2007 - Feb. 2008
JPY	57	1	0	1	Oct. 2007 - Dec. 2007
HUF	119	1	0	1	Oct. 2007 - Feb. 2008
Others	247	-4	0	-4	Oct. 2007 - Jan. 2008
Total	**709**	**0**	**0**	**0**	
Other forward exchange contracts outstanding at 30.9.2007		.			
USD	225	7	7	0	Oct. 2007 - Nov. 2007
GBP	479	10	10	0	Oct. 2007 - Nov. 2007
JPY	37	0	0	0	Oct. 2007 - Jan. 2008
HUF	174	1	1	0	Oct. 2007
Others	165	-3	-3	0	Oct. 2007 - Dec. 2007
Total	**1,080**	**15**	**15**	**0**	
Currency and interest swaps at 30.9.2007 to hedge future cash flows					
EUR interest rate swap	745	21	0	21	Aug. 2011
USD/EUR	1,121	-14	127	-14	Apr. 2013
Total	**1,866**	**7**	**127**	**7**	

Notes

Note

28. Financial instruments, continued

The fair value of derivative financial instruments is calculated on the basis of current market data and recognised valuation methods.

The Group had no material foreign exchange risks concerning debt in foreign currency as at 30 September 2008. The Group’s receivables are to some extent affected by exchange rate fluctuations, and the Group's balance sheet is impacted to some degree by changes in the exchange rates prevailing at 30 September 2008.

Consolidated revenue is particularly exposed to developments in USD and GBP. Due to the Group’s production in the USA, changes in the USD/DKK exchange rate only have a slight effect on EBIT, while changes in the GBP/DKK exchange rate feed through to EBIT unfiltered. The relocation of a large part of the production activities to Hungary means that costs will be affected by any fluctuations in the HUF/DKK exchange rate. A 10% depreciation of the GBP would, other things being equal, have had a negative impact on EBIT of DKK 90 million (2006/07: DKK 85 million), while a 10% depreciation of the HUF, other things being equal, would have a positive EBIT impact of DKK 30 million (2006/07: DKK 25 million). An increase in exchange rates would have had the opposite effect on the financial performance for the year.

Interest rate risk

It is Group policy that a part of the funding must be on fixed interest rate basis The interest rate risk on the Group’s other debt is hedged when the Group finds that the interest rate can be fixed on a satisfactory level.

As at 30 September 2008, the Group’s loans predominantly carried a fixed interest rate or had been converted into a fixed rate by using interest rate swaps. The fair value of the interest rate swaps outstanding at the balance sheet date is negative in the amount of DKK -336 million (2006/07: DKK -346 million).

In accordance with the Group’s risk policy, the weighted average duration (fixed rate period) on the Group’s loans at 30 September 2008 was 2.9 years (2006/07: 3.5 years) including the effect of interest rate swaps.

Based on the exposure at the balance sheet date, a one percentage point change in the level of interest rates would have impacted the profit for the year by plus or minus DKK 8 million (2006/07: DKK 5 million).

Liquidity risk

The funding policy aims to ensure adequate and cost-effective funding with due consideration to interest rates, currency, maturity, counter party and other factors. The aim is also to ensure that the Group maintains adequate capital reserves.

The cash policy stipulates that the Group must obtain a competitive return and high liquidity when investing its excess cash. One of the means to achieve effective management of the Group’s cash is the use of cash pools.

The Group’s cash reserve comprises cash and cash equivalents, securities and unutilised credit facilities.

Credit risk

Pursuant to the counter-party policy, transactions should only be made with financial institutions holding a satisfactory credit rating with international credit rating agencies.

The Group’s credit risks relate partly to receivables and cash holdings, partly to derivative financial instruments with a positive fair value. The maximum credit risk related to financial assets equals the values recognised in the balance sheet.

The Group is not exposed to significant risks concerning individual customers or business partners. The Group’s policy for undertaking credit risks involves an ongoing credit assessment of major customers and other key business partners.

Notes

Note

28. Financial instruments, continued

Capital management

With its capital management, the Group aims to create the necessary room to perform its strategic development activities and to be able to provide a competitive return for its shareholders. Another aim is to reduce capital expenditure.

In general, the intention of the Board of Directors is to pay dividend of around 30% of the profit/loss for the year. However, distribution of dividends will always be decided with due consideration for the Group's plans for growth and liquidity requirements.

The Group assesses the capital on the basis of the solvency ratio, which is calculated in accordance with the guidelines issued by the Danish Society of Financial Analysts.

29. Other liabilities

	DKK million **2007/08**				DKK million 2006/07			
Falling due in:	Operating leases	Rent	Other	Total	Operating leases	Rent	Other	Total
within 1 year	34	89	12	135	36	92	22	150
1 to 5 years	102	240	15	357	57	176	45	278
more than 5 years	0	66	36	102	0	45	22	67
Total	**136**	**395**	**63**	**594**	**93**	**313**	**89**	**495**

Operating lease payments included in the income statement account for DKK 42 million (2006/07: DKK 48 million).

Operating leases represent primarily leasing of cars, and there are no purchasing rights attaching to assets held under operating leases.
Liabilities concerning rent and other operating leases are limited to the minimum lease payments.

30. Contingent items

The Coloplast Group is a party to a number of minor legal proceedings, which are not expected to influence the Group's future earnings.

31. Related party transactions

Related parties to the Coloplast Group include members of the Board of Directors and the Executive Management, main shareholders of the parent company, Coloplast A/S, and the Group's associates.

The Coloplast Group has had the following material transactions with related parties:

	DKK million **2007/08**	DKK million 2006/07
Transactions with associates		
Sales to Amoena spol.s.r.o.	0	3
Sales to Amoena Kft.	0	1
Sales to Amoena Portugal Lda.	0	1
Sales of goods and services to associates	**0**	**5**

As from 30 March 2007, Amoena is no longer a related party.
Information about remuneration of the Management is set out in note 6.
Receivables from associates are disclosed in the consolidated balance sheet.

Notes

Note		DKK million 2007/08	2006/07
32.	**Public grants**		

In the financial year, the Group received DKK 2 million in public grants for research and development purposes (2006/07: DKK 0 million). The Group has received DKK 62 million (2006/07: DKK 9 million) for investments.

Note		2007/08	2006/07
33.	**Fees to appointed auditors**		
	Overall fees to PricewaterhouseCoopers	15	21
	Of which audit fees to PricewaterhouseCoopers	9	9

34. Events occurring after balance sheet date

No events have occurred after the balance sheet date which are deemed to have a material impact on the financial results or equity as of 30 September 2008.

Note		2007/08	2006/07
35.	**Adjustment for other non-cash operating items**		
	Net gain/loss on non-current assets	-26	0
	Change in other provisions	-8	-14
	Total	**-34**	**-14**
36.	**Changes in working capital**		
	Inventories	-284	-161
	Trade receivables	38	-75
	Other receivables	48	-23
	Trade payables	102	176
	Total	**-96**	**-83**
37.	**Cash, cash equivalents and short term debt**		
	Marketable securities	1	1
	Cash	1	3
	Bank balances	192	269
	Liquid resources	194	273
	Short-term debt	-487	-725
	Total	**-293**	**-452**
38.	**Unutilised credit facilities**		
	Unutilised credit facilities	2,493	2,750
	Of which long-term facilities with a duration of more than 1 year	1,247	1,767

Notes

Note

39. Income statement, quarterly (unaudited)

DKK million	**2007/08 Full year**	2007/08 Q1	2007/08 Q2	2007/08 Q3	2007/08 Q4
Revenue	8,463	2,113	2,040	2,154	2,156
Cost of sales	-3,465	-829	-871	-892	-873
Gross profit	**4,998**	**1,284**	**1,169**	**1,262**	**1,283**
Distribution costs	-2,589	-660	-651	-621	-657
Administrative expenses	-882	-235	-231	-203	-213
Research and development costs	-415	-78	-90	-100	-147
Other operating income	71	35	21	10	5
Other operating expenses	-29	-6	-6	-7	-10
Operating profit before special items	**1,154**	**340**	**212**	**341**	**261**
Special items	-160	0	0	0	-160
Operating profit (EBIT)	**994**	**340**	**212**	**341**	**101**
Financial income	201	36	55	68	42
Financial expenses	-203	-44	-72	-32	-55
Profit before tax	**992**	**332**	**195**	**377**	**88**
Tax on profit for the period	-277	-93	-55	-106	-23
Net profit for the period, continuing operations	**715**	**239**	**140**	**271**	**65**
Net profit for the period, discontinued operations	0	0	0	0	0
Profit for the period	**715**	**239**	**140**	**271**	**65**
Minority interests	0	0	0	0	0
Coloplast's share of profit for the period	**715**	**239**	**140**	**271**	**65**
Earnings per Share (EPS) (A and B shares)	16	5	3	6	2
Earnings per Share (EPS) (A and B shares), diluted	16	5	3	6	2

	2006/07 Året	2006/07 Q1	2006/07 Q2	2006/07 Q3	2006/07 Q4
Revenue	8,042	1,924	1,989	2,069	2,060
Cost of sales	-3,208	-776	-789	-856	-787
Gross profit	**4,834**	**1,148**	**1,200**	**1,213**	**1,273**
Distribution costs	-2,536	-608	-671	-627	-630
Administrative expenses	-988	-237	-232	-230	-289
Research and development costs	-319	-60	-82	-76	-101
Other operating income	81	12	24	15	30
Other operating expenses	-11	0	-1	-2	-8
Operating profit before special items	**1,061**	**255**	**238**	**293**	**275**
Special items	-312	0	0	0	-312
Operating profit (EBIT)	**749**	**255**	**238**	**293**	**-37**
Financial income	68	28	10	8	22
Financial expenses	-222	-82	-25	-36	-79
Profit before tax	**595**	**201**	**223**	**265**	**-94**
Tax on profit for the period	-225	-55	-70	-51	-49
Net profit for the period, continuing operations	**370**	**146**	**153**	**214**	**-143**
Net profit for the period, discontinued operations	468	-4	483	4	-15
Profit for the period	**838**	**142**	**636**	**218**	**-158**
Minority interests	-1	0	0	0	-1
Coloplast's share of profit for the period	**837**	**142**	**636**	**218**	**-159**
Earnings per Share (EPS) (A and B shares)	8	3	3	5	-3
Earnings per Share (EPS) (A and B shares), diluted	8	3	3	5	-3

Definitions of key ratios

Note

40. Definitions of key ratios

EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Capital invested	Assets less cash, less marketable securities plus accumulated goodwill amortised before 1 October 2002 less non-interest bearing debt including provisions
Net interest-bearing debt	Non-current interest-bearing liabilities plus debt to credit institutions less cash less securities
EBIT margin (%)	EBIT x 100 / Revenue
Return on average invested capital (ROAIC), %	EBIT x 100 / Capital invested (average of four quarters)
Return on equity (%)	Profit for the year attributable to Coloplast x 100 / Equity before minority interests (average of four quarters)
Ratio of net debt to EBITDA	Net interest-bearing debt / EBITDA
Interest cover	EBITDA / Net interest income and interest expenses
Equity ratio, %	Total equity x 100 / Total assets
Ratio of debt to enterprise value, %	Net interest-bearing debt x 100 / Net interest-bearing debt plus market value of equity
Market value of equity (DKK)	Share quotation at year-end multiplied by unrestricted share capital (assuming same price valuation of A and B shares)
Net asset value per share (DKK)	Equity ex. minority interests / Number of shares
Share price/NAV	Share quotation / Net asset value per share
PE, price/earnings ratio	Share quotation / Earnings per share (EPS)
Pay-out ratio, %	Dividend declared x 100 / Profit for the year attributable to Coloplast
Earnings per share (EPS)	Profit for the year attributable to Coloplast / Number of unrestricted shares (average of four quarters)
Free cash flow per share	Free cash flow / Number of unrestricted shares (average of four quarters)

The ratios are calculated and applied in accordance with “Recommendations & Financial Ratios 2005” issued by the Danish Society of Financial Analysts. Definitions of key ratios are set out on page 2.

Shareholder information

Announcements 2007/08

2007

25/10	19	2006/07 Financial Statements and Annual General Meeting
20/11	20	Coloplast met expectations for growth for the 2006/07 financial year
27/11	21	ATP changes its holding of shares in Coloplast
05/12	22	Annual General Meeting of Coloplast A/S Tuesday 18 December 2007
18/12	23	Annual General Meeting of Coloplast A/S on Tuesday, 18 December 2007 at 16.00
18/12	24	Articles of Association of Coloplast A/S
18/12	25	The Board of Directors of Coloplast A/S elected its own Chairman and Vice-Chairman

2008

01/02	1	Simplified presentation of revenue
01/02	2	Changed accounting treatment regarding contract production of wound care products
19/02	3	Interim Financial Statement, Q1 2007/08
06/03	4	Coloplast initiates DKK 500m share buy-back
02/04	5	Improved US Medicare Coverage Policy for Intermittent Catheters
11/04	6	Coloplast reduces share capital
11/04	7	Articles of Association of Coloplast A/S
11/04	8	ATP changes its holding of shares in Coloplast
21/05	9	Interim financial report, H1 2007/08
21/05	10	Outlook maintained
09/06	11	Briefing on UK Department of Health Proposals
04/08	12	Coloplast lowers expectations to the financial results of the year
13/08	13	Ownership
13/08	14	Ownership
21/08	15	Interim financial report, Q3 2007/08
25/08	16	Coloplast – first part of share buy-back programme finalised
01/09	17	New President & CEO of Coloplast
17/09	18	Financial calendar 2008/09
25/09	19	Coloplast eliminates 300 positions

Financial calendar 2008/09

2008

29/10	Closing period until 19 November
19/11	Financial Statement for the full year 2007/08 Annual Report 2007/08
17/12	Annual General Meeting
23/12	Payment of dividends for 2007/08

2009

12/01	Closing period until 3 February
03/02	Interim Financial Statements for Q1 2008/09
14/04	Closing period until 5 May
05/05	Interim Financial Statements for H1 2008/09
24/07	Closing period until 14 August
14/08	Interim Financial Statements for Q3 2008/09
Week 40	Capital Market Day
16/10	Closing period until 6 November
06/11	Financial Statements for the full year 2008/09 Annual Report 2008/09
01/12	Annual General Meeting
07/12	Payment of dividends for 2008/09

Banks and stockbroking companies following Coloplast

ABG Sundal Collier	FIH Capital Markets
Alm. Brand Bank	Goldman Sachs
Carnegie Danmark	Gudme Raaschou Bank
Cazenove	Handelsbanken Securities
Cheuvreux	Jyske Bank
Dansk Aktieanalyse	SEB Enskilda
Danske Equities	Standard & Poor's
Deutsche Bank	Sydbank A/S

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Annual report for the

Parent company Coloplast A/S

for 2007/08

Income statement

1 October - 30 September

DKK million

Note		2007/08	2006/07
2	Revenue	5,914	3,942
3	Cost of sales	-3,944	-2,371
	Gross profit	**1,970**	**1,571**
3	Distribution costs	-610	-418
3,4	Administrative expenses	-332	-271
3	Research and development costs	-373	-305
3	Other operating income	82	115
3	Other operating expenses	-31	-29
5	Special items	-97	430
	Operating profit (EBIT)	**609**	**1,093**
11	Profit after tax in subsidiaries	174	-111
6	Financial income	224	140
7	Financial expenses	-168	-185
	Profit before tax	**839**	**937**
8	Tax on profit for the year	-176	-145
	Profit for the year	**663**	**792**
	Profit distribution:		
	Retained earnings	387	360
	Proposed dividend for the year	276	432
	Total	**663**	**792**

Balance sheet

30 September

Note		DKK million 2007/08	2006/07
	Assets		
9	Intangible assets	1,818	1,998
10	Property, plant and equipment	1,016	891
11	Financial assets	1,113	1,200
	Non-current assets	**3,947**	**4,089**
12	**Inventories**	**677**	**421**
	Trade receivables	185	162
	Receivables from Group enterprises	2,093	1,715
	Income tax	0	77
	Other receivables	49	64
	Prepayments	18	7
13	**Receivables**	**2,345**	**2,025**
	Marketable securities	**1**	**1**
	Cash and bank balances	**51**	**95**
	Current assets	**3,074**	**2,542**
	Assets	**7,021**	**6,631**
	Equity and liabilities		
	Share capital	230	240
	Fair value reserve	9	4
	Proposed dividend for the year	257	396
	Retained earnings	1,877	1,895
14	**Total equity**	**2,373**	**2,535**
16	Provision for pensions and similar liabilities	6	5
15	Provision for deferred tax	348	350
	Provisions	**354**	**355**
17	Credit institutions	2,316	1,788
18	Other payables	366	372
	Non-current liabilities	**2,682**	**2,160**
16	Other provisions	5	6
17	Credit institutions	228	520
	Trade payables	191	237
	Payables to Group enterprises	596	403
	Income tax	161	0
	Other payables	431	415
	Current liabilities	**1,612**	**1,581**
	Current and non-current liabilities	**4,294**	**3,741**
	Equity and liabilities	**7,021**	**6,631**

19 Contingent items and other financial liabilities

20 Related party transactions

Notes

Note

1. Accounting policies

Basis of preparation

The financial statements of the parent company are presented in accordance with the Danish Financial Statements Act (reporting class D enterprises) and with additional Danish disclosure requirements for listed companies.

Accounting policy changes

The accounting policies for the parent company have been changed compared with last year, as the financial statements are now presented in accordance with the Danish Financial Statements Act. As a result of the change, goodwill is amortised and investments in subsidiaries are recognised according to the equity method.

The change has resulted in the following adjustments:		**2007/08**			2006/07	
DKK million	Previous policy	Change	New policy	Previous policy	Change	New policy
Profit before tax	976	-137	839	1,130	-193	937
Tax	-189	13	-176	-158	13	-145
Goodwill	522	-121	401	522	-69	453
Investments in Group enterprises	1,827	-1,125	702	1,810	-1,079	731
Deferred tax	378	-30	348	367	-17	350
Equity	3,595	-1,222	2,373	3,671	-1,136	2,535

The comparative figures have been restated.

The accounting policies of the parent company are the same as those of the Group, however, with the addition of the policies described below. The Group's accounting policies are set out in note 1 to the financial statements on page 29.

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected useful life, estimated at 10 years. This estimate was made on the basis of estimated useful lives of the other assets in the transaction.

Financial assets

In the parent company's financial statements, investments in subsidiaries and associates are recognised according to the equity method. The share of the results of subsidiaries less unrealised intra-group gains is recognised in the parent company's income statement. Net revaluation of investments in subsidiaries and associates exceeding the dividend declared by such enterprises is recognised in equity as reserve for net revaluation according to the equity method. Fair value adjustments of financial assets classified as 'realisable' are recognised in the parent company's income statement.

Tax

The parent company is taxed jointly with its domestic subsidiaries. The jointly taxed Danish enterprises are taxed under the Danish on-account tax scheme. Current tax for jointly taxed companies is recognised in each individual company.

Cash flow statement

No separate cash flow statement has been prepared for the parent company in accordance with the exemption clause of section 86.4 of the Danish Financial Statements Act. The Group's cash flow statement is set out on page 27.

Notes

Note		DKK million 2007/08	2006/07
2.	**Revenue**		
	Business activities		
	Medical care	5,914	3,942
	Total	**5,914**	**3,942**
	Geographical areas		
	Europe	4,945	3,715
	The Americas	596	98
	Rest of the world	373	129
	Total	**5,914**	**3,942**
3.	**Staff costs**		
	Salaries, wages and directors' fees	1,262	1,036
	Pension costs	91	80
	Other social security costs	25	19
	Total	**1,378**	**1,135**
	Average number of employees, full time equivalents	2,595	2,515

For information on Executive Managements' remuneration and Directors' fees reference is made to note 6 in the consolidated financial statements.

Note		2007/08	2006/07
4.	**Fees for auditors appointed by AGM**		
	Total fees to PricewaterhouseCoopers	5	7
	Of which audit fees to PricewaterhouseCoopers	3	2

5. Special items

Special items in 2007/08 represent costs associated with adjustments to the organisational structure and business procedures.

Note		2007/08	2006/07
6.	**Financial income**		
	Interest income	16	9
	Interest income from Group enterprises	72	69
	Exchange rate adjustments	88	47
	Fair value adjustments, share options	48	0
	Fair value adjustments, forward contracts	0	15
	Total	**224**	**140**

Notes

Note		DKK million 2007/08	2006/07
7.	**Financial expenses**		
	Interest expense	153	146
	Interest expense to Group enterprises	15	23
	Fair value adjustments, share options	0	16
	Total	**168**	**185**
8.	**Tax on profit for the year**		
	Tax on profit for the year	199	-4
	Change in deferred tax on profit for the year	-18	167
	Adjustment relating to prior years	-5	-1
	Effect of change in tax percentage	0	-17
	Total	**176**	**145**
	Specification of tax:		
	Tax on profit from ordinary activities	170	125
	Tax on equity movements	6	20
	Total	**176**	**145**

9. Intangible assets

DKK million	Goodwill	Acquired patents and trademarks	Software	Prepayments and assets under construction	**2007/08 Total**	2006/07 Total
Total cost at 1.10.	522	1,623	242	28	**2,415**	2,389
Exchange rate and other adjustments	0	-21	24	-3	**0**	-30
Purchases and improvements during the year	0	8	11	21	**40**	90
Disposals during the year	0	-8	0	0	**-8**	-34
Total cost at 30.9.	**522**	**1,602**	**277**	**46**	**2,447**	2,415
Total amortisation and impairment at 1.10.	69	184	164	0	**417**	197
Amortisation for the year	52	133	32	0	**217**	221
Amortisation reversed on disposals during the year	0	-5	0	0	**-5**	-1
Total amortisation and impairment at 30.9.	**121**	**312**	**196**	**0**	**629**	417
Carrying amount at 30.9.	**401**	**1,290**	**81**	**46**	**1,818**	1,998

Notes

Note

10. Property, plant and equipment

DKK million	Land and buildings	Production plant and machinery	Fixtures and fittings, tools and equipment	Prepayments and assets under construction	**2007/08 Total**	2006/07 Total
Total cost at 1.10.	1	1,345	312	346	**2,004**	1,904
Reclassification	0	233	14	-247	**0**	3
Purchases and improvements during the year	0	113	36	246	**395**	375
Disposals during the year	-1	-317	-28	0	**-346**	-278
Total cost at 30.9.	**0**	**1,374**	**334**	**345**	**2,053**	2,004
Total depreciation at 1.10.	0	905	208	0	**1,113**	1,074
Reclassification	0	0	0	0	**0**	3
Depreciation for the year	0	144	37	0	**181**	190
Depreciation reversed on disposals during the year	0	-233	-24	0	**-257**	-154
Total depreciation at 30.9.	**0**	**816**	**221**	**0**	**1,037**	1,113
Carrying amount at 30.9.	**0**	**558**	**113**	**345**	**1,016**	891

11. Financial assets

DKK million	Investments in Group enterprises	Investments in associates	Receivables from Group enterprises	Other investments	**2007/08 Total**	2006/07 Total
Total cost at 1.10.	2,255	0	465	4	**2,724**	3,427
Capital investments during the year	15	0	0	0	**15**	207
Divestments during the year	0	0	-58	0	**-58**	-910
Total cost at 30.9.	**2,270**	**0**	**407**	**4**	**2,681**	**2,724**
Value adjustments 1.10	-1,524	0	0	0	**-1,524**	-1,308
Profit/loss before tax	174	0	0	0	**174**	-111
Dividends received	-257	0	0	0	**-257**	-155
Exchange adjustments	37	0	0	0	**37**	21
Other adjustments	2	0	0	0	**2**	29
Value adjustments 30.9.	**-1,568**	**0**	**0**	**0**	**-1,568**	**-1,524**
Carrying amount at 30.9	**702**	**0**	**407**	**4**	**1,113**	**1,200**

An overview of subsidiaries is set out in note 18 to the consolidated financial statements.

Notes

Note		DKK million 2007/08	2006/07
12.	**Inventories**		
	Raw materials and consumables	78	89
	Work in progress	168	148
	Manufactured goods	431	184
	Inventories	**677**	**421**

The amount of inventories stated at net realisable value is insignificant, and the Group has not provided inventories as security for debt items.

13.	**Receivables**		
	Portion of receivables falling due after more than one year after the balance sheet date		
	Other long-term receivables	8	13

14. Statement of changes in equity

DKK million	Share capital A shares	Share capital B shares	Reserve acc. to the equity method	Reserve for net asset value	Proposed dividend	Retained earnings	2007/08 Total	2006/07 Total
Equity at 1 October	18	222	0	4	396	1,895	**2,535**	2,840
Hedging of interest rate risk				8			**8**	57
Tax effect of hedging				-2			**-2**	-16
Hedging of foreign exchange risk				-2			**-2**	4
Tax effect of hedging				1			**1**	-1
Paid dividend to shareholders					-396		**-396**	-184
Exchange rate adjustment of opening balances and other adjustments related to subsidiaries						38	**38**	-5
Acquisition of treasury shares, loss on exercise of options						-510	**-510**	-1,024
Sale of treasury shares						26	**26**	0
Fair value adjustments							**0**	69
Share-based payment						12	**12**	3
Profit for the year						663	**663**	792
Proposed dividend					276	-276	**0**	0
Cancellation of share capital		-10				10	**0**	0
Dividend on treasury shares					-19	19	**0**	0
Equity at 30 September	**18**	**212**	**0**	**9**	**257**	**1,877**	**2,373**	**2,535**

		DKK million 2007/08	2006/07
15.	**Deferred tax**		
	Calculation of deferred tax is based on the following items:		
	Intangible assets	313	332
	Property, plant and equipment	30	13
	Indirect cost of sales	27	31
	Unrealised gain from the intra-group sales of goods	17	-21
	Jointly taxed companies (recapture balance)	16	16
	Other	-55	-21
	Total	**348**	**350**

Notes

Note

16. Other provisions

DKK million	Warranties	Legal claims	Others	2007/08 Total	2006/07 Total
Provisions at 1 October	0	5	6	11	14
Provisions made during the year	0	0	1	1	0
Unused amounts reversed	0	0	0	0	0
Recognised in the income statement	0	0	1	1	0
Used during the year	0	0	-1	-1	-3
Provisions at 30 September	**0**	**5**	**6**	**11**	**11**
Expected maturities:					
Current liabilities	0	5	0	5	6
Non-current liabilities	0	0	6	6	5
Provisions at 30 September	**0**	**5**	**6**	**11**	**11**

17. Credit Institutions

DKK million	2007/08	2006/07
Falling due in:		
within 1 year	228	520
1 to 5 years	2,316	745
more than 5 years	0	1,043
Total	**2,544**	**2,308**

18. Other payables

Other payables relate primarily to loan conversions using swaps.

19. Contingent items and other financial liabilities

	DKK million 2007/08				DKK million 2006/07			
Falling due in:	Other operating leases	Rent	Other	Total	Other operating leases	Rent	Other	Total
within 1 year	6	7	0	13	5	8	0	13
1 to 5 years	6	7	0	13	7	13	0	20
more than 5 years	0	1	0	1	0	1	0	1
Total	**12**	**15**	**0**	**27**	**12**	**22**	**0**	**34**

At 30 September 2008, the parent company had provided guarantees for loans raised by Group enterprises and associates amounting to DKK 441 million (2006/07: DKK 468 million).

The parent company has issued a letter of subordination to the benefit of other creditors of subsidiaries.

The parent company is involved in minor lawsuits, which are not expected to influence the parent company's future earnings.

Notes

Note

20. Related party transactions

Related parties to the parent company include members of the parent company's Board of Directors and Executive Management, as well as Group enterprises and associates.

Net revenue includes royalty payments from Group enterprises of DKK 0 million (2006/07: DKK 899 million). Royalty payments have no impact on consolidated revenue.

There have been no material transactions with other related parties. Details about remuneration paid to the members of the Executive Management and the Board of Directors are given in note 6 to the consolidated financial statements. All related party transactions are effected on an arm's length basis.

Defining Intimate Healthcare

Coloplast develops products and services to make life easier for people with deeply personal and private medical conditions.

These conditions are often associated with trauma and taboo.

The more intimate the condition, the greater the requirement to come closer to customers, understand their world and develop solutions that are sensitive to their special needs. We call this Intimate Healthcare.

Coloplast

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