Annual report 2011/12

Company registration (CVR) No. 69 74 99 17

Management's report - Five-year financial highlights and key ratios

DKK million	2011/12	2010/11	2009/10	2008/09	2007/08
Income statement					
Revenue	11,023	10,172	9,537	8,820	8,463
Research and development costs	-342	-415	-409	-389	-415
Operating profit before special items, interest, tax, depreciation and amortisation	3,756	3,108	2,584	1,944	1,531
Operating profit before special items	3,255	2,581	2,078	1,475	1,154
Operating profit (EBIT)	3,255	2,581	1,995	1,395	994
Net financial income and expenses	-300	-124	-321	-184	-2
Profit before tax	2,954	2,456	1,674	1,211	992
Coloplast's share of profit for the year	2,194	1,819	1,243	883	715
Revenue growth					
Annual growth in revenue, %	8	7	8	4	5
Growth breakdown:					
Organic growth, %	6	6	7	6	7
Currency effect, %	2	1	1	-2	-4
Contract manufacturing, %	0	0	0	0	2
Balance sheet					
Total assets	10,176	9,218	7,771	7,963	7,981
Invested capital	6,295	6,312	6,340	6,442	7,014
Net interest-bearing debt	-1,042	539	1,593	2,297	3,428
Equity at year-end, Coloplast's share	6,042	4,478	3,452	2,850	2,290
Cash flows and investments					
Cash flows from operating activities	2,649	2,205	1,769	1,830	1,324
Cash flows from investing activities	-313	-387	-293	-402	-671
Investment in property, plant and equipment, gross	-318	-230	-260	-487	-718
Free cash flow	2,336	1,818	1,476	1,428	653
Cash flows from financing activities	-1,730	-894	-1,559	-723	-469
Key ratios					
Average number of employees, FTEs	7,624	7,328	7,207	7,349	7,420
Operating margin, EBIT, %	30	25	21	16	12
Operating margin, EBITDA, %	34	31	27	22	18
Return on average invested capital before tax (ROIC), %	52	41	31	21	14
Return on average invested capital after tax (ROIC), %	38	30	23	15	10
Return on equity, %	42	46	39	34	31
Ratio of net debt to EBITDA	-0.3	0.2	0.6	1.2	2.2
Interest cover	77	35	23	14	10
Equity ratio, %	59	49	44	36	29
Ratio of debt to enterprise value, %	-2	1	5	11	16
Net asset value per share, DKK	134	100	77	63	50
Per share data					
Share price, DKK	1,208	804	654	426	388
Share price/net asset value per share	9	8	9	7	8
Average number of outstanding shares, millions	42	42	43	43	44
PE, price/earnings ratio	23	19	22	21	25
PE, price/earnings ratio, excl. discontinued operations	23	19	22	21	25
[1] Dividend per share, DKK	20	14	10	7	6
Pay-out ratio, %	38	32	34	34	36
Earnings per share (EPS)	52	43	29	21	16
Free cash flow per share	56	43	35	33	15

1) For 2011/12, the figure is the proposed dividend.
The key ratios have been calculated and applied in accordance with "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

Contents

Management's report

Core business activity
Coloplast develops and markets products and services that make life easier for people with very private and personal medical conditions. Coloplast works closely with users to develop solutions that consider their special needs. We call this intimate helthcare.

We market and sell our products and services globally, and in most markets our products are eligible for reimbursement from local healthcare authorities. We supply our products to hospitals, institutions as well as wholesalers and pharmacies. In selected markets, Coloplast is a direct supplier to consumers (homecare). We have wholly owned sales subsidiaries in our principal markets and employ about 8,000 people.

Coloplast operates in these business areas:

Ostomy Care
A stoma is created in an operation made necessary because of intestinal dysfunction resulting from disease, an accident or a congenital disorder. A part of the intestine is surgically redirected through an opening in the abdominal wall, enabling the patient to empty the colon (colostomy), the small intestine (ileostomy) or the urinary bladder (urostomy). Some 60–70% of stoma operations are performed because of cancer. Ostomy bags consist either of an adhesive base plate bonded together with a bag (1-piece system) or of two separate parts in which the bag is replaced more often than the base plate (2-piece system). It is important for users to avoid leakage, so they can lead as normal a life as possible. As a result, the adhesive must ensure a constant and secure seal, and it must be easy to remove without causing damage or irritation to the skin.
In addition to these products, we support users through our Coloplast Care services, providing them with the support and knowledge they need during the first 12 months after they are discharged from hospital.

The market
The global market for ostomy care products is worth DKK 12–13bn, and is influenced by the extent to which reimbursement is available for the products. Market growth is driven by the ageing Western population and the increased access to healthcare services in Russia, China and other growth economies. Current market growth is about 4–5%, and Coloplast is a market leader, holding a market share of 35–40%. Our largest market share is in Europe, while the smallest one is in the USA, where reimbursement programmes are not as attractive. The definition of the market for ostomy products now also includes accessory products for people with a stoma. The ostomy accessories market is estimated at DKK 1.5bn, and market growth is forecast at about 8%. Coloplast currently has less than 10% of the accessories market.

Continence Care
This business area addresses two types of control issues: people unable to empty their bladder or bowels, and people suffering from urinary or faecal incontinence.
People unable to empty their bladder can use an intermittent catheter, which is inserted through the urinary tract to empty the bladder. The main group of users of intermittent catheters are people with spinal cord injury that very often is the result of an accident. Other user groups are people with multiple sclerosis and people with congenital Spina Bifida. Coloplast's portfolio of intermittent catheters spans the full range from simple, uncoated catheters to discreet, compact, coated catheters ready to use in a saline solution. Urinary incontinence means that a person has lost the ability to hold urine resulting in uncontrolled or involuntary release, also called stress incontinence. Incontinence affects older people more often than younger people, because the sphincter muscle and the pelvic muscles gradually weaken as people grow older. Coloplast has a wide range of urine bags and urisheaths for storing urine. People unable to control their bowels or sphincter muscle can use the Peristeen® anal irrigation system for controlled emptying of the bowel. A typical Peristeen® user has a spinal cord injury and has lost the ability to control bowel movements.

The market
Coloplast is the global market leader in the continence care market, with a share of 40-45%. The market is growing by 4-6% per year and is estimated to have a value of DKK 8–9bn. In the fastest growing segment of the market, intermittent catheters, growth is driven by the increasing use of intermittent

catheters as an alternative to permanent catheters and by a change in consumption patterns of users and professional care staff towards more advanced catheter solutions.
The urisheaths and urine bag segments are growing at a slower rate than catheters. Growth is supported by increased demand resulting from the growing population of older people and an increase in the use of urisheaths' and urine bags as an alternative to adult diapers. This is a market with many suppliers, including low-cost providers.

Urology Care

Urology Care involves diseases and symptoms of the urinary system and in the male reproductive system, such as urinary incontinence, kidney stones, enlarged prostate, impotence and pelvic floor prolapse.
When acquiring Mentor's urology business in 2006, Coloplast entered a new business area consisting of a US-based implant business (Surgical Urology) and a European business selling disposable surgical devices for urological and gynaecological (Disposable Surgical Urology) use.
The implant business manufactures vaginal slings used to restore continence and synthetic mesh products used to treat weak pelvic floor. The business also includes penile implants for men experiencing severe impotence that cannot be treated by using drugs. Finally, Coloplast produces and sells a number of disposable surgical devices under the Porgès brand. These devices are used before, during and after surgery, such as prostate catheters and stents.

The market

The urology care market is driven by a growing awareness of the treatment options available for men with severe impotence and women with urological disorders. The ageing population is another market driver. The part of the urology care market in which Coloplast products are represented is estimated at DKK 8–9bn. This year, market growth has been adversely impacted by the updated Public Health Notification issued by the US Food and Drug Administration (FDA) on the use of transvaginal mesh therapies for stress incontinence and pelvic organ prolapse. In addition, the economic downturn in North America has continued to subdue market growth. Currently, the market is expected to grow by 3–5% per year. This is a decline from last year caused by the above-mentioned factors. Coloplast currently holds a 10–15% share of the global market for urology products.

Wound & Skin Care

In Wound Care, the patients are treated for exudating or chronic wounds such as leg ulcers, which are typically caused by insufficient or impaired circulation in the veins of the leg, pressure ulcers caused by extended bed rest, and diabetic foot ulcers. A good wound dressing should provide optimum conditions for wound healing, be easy for healthcarers to change, and should ensure that patients are not inconvenienced by exudate, liquid or odours. The best way to treat a wound is to let it heal in a moist environment. The Coloplast product portfolio mainly consists of advanced foam dressings sold under the Biatain® brand and hydrocolloid dressing sold under the Comfeel® brand. Colopast's skin care products consist of disinfectant liquids or creams used to protect and treat the skin and to clean wounds. For treatment and prevention of skin fold problems such as fungal infections, damaged skin or odour nuisance, Coloplast produces Interdry AG, a textile placed in a skin fold to absorb moisture. Coloplast mostly sells skin care products to hospitals and clinics in the US market.

The market

Growth in the part of the global wound care segment in which we compete is expected to be 2–4%, driven mainly by volume growth due to the increasing life expectancy and the growing diabetics population. Intensifying competition between manufacturers and price pressure originating from lower public healthcare budgets in Europe has had a negative impact on market growth. The market is estimated to be worth around DKK 13bn. Coloplast holds a 5–10% market share, making us the world's fourth-largest manufacturer of avanced wound care products. There is a large number of direct competitors as well as various alternative options, such as negative pressure wound therapy (NPWT) and simple wound dressings. The market is defined as advanced wound care products without negative pressure wound therapy (NPWT).

Strategy

In March 2012, Coloplast launched a revised strategy sharpening the company's focus on organic growth. The strategic priorities centre on increasing investments for:

- Continued growth in the core markets in Europe
- Increased growth in the developed markets outside Europe (the USA, Canada, Japan and Australia)
- Further expansion in Emerging Markets
- Stabilising the European Wound Care business
- Globalising the Urology Care business

The strategy is supported by:

- a strong pipeline of new products
- sustained cost discipline and execution of the most recent plan for Global Operations.

The strategy covers a 3–5 year time horizon.

Capital structure and dividend policy

When launching the revised strategy, the Board of Directors resolved that the company would no longer accumulate cash earmarked for material acquisitions. Potential major acquisition will be financed separately. Accordingly, less cash on hand will be required, only to cover operational cash flow fluctuations. For that purpose, minimum cash reserves of DKK 1bn will be maintained.

The existing dividend policy will remain unchanged. Accordingly, the Board of Directors generally intends to distribute excess liquidity to the shareholders in the form of dividend and share buy-backs and to have a dividend pay-out ratio of about 30%. However, share buybacks and distribution of dividend will always take into account the Group's liquidity requirements and growth plans. It may become necessary to pay extraordinary dividends in order to comply with the target for the company's capital structure.

Financial highlights of the year

- Organic revenue growth was 6%. Revenue in DKK was up by 8% to DKK 11,023m.
- Organic growth rates by business area: Ostomy Care 6%, Continence Care 8% and Urology Care 6%. In Wound & Skin Care, sales declined by 1% relative to last year.
- Gross profit was up by 12% to DKK 7,345m, bringing the gross margin to 67% from 65% last year. At constant exchange rates, the gross margin was 66%.
- EBIT was up by 26% to DKK 3,255m. The EBIT margin was 30% against 25% last year. At constant exchange rates, the EBIT margin was 29%.
- The net profit for the year was up by 21% to DKK 2,194m, while earnings per share also improved by 21% relative to last year to DKK 52.
- The free cash flow was up by 28% to DKK 2,336m.
- ROIC after tax was 38%, compared with 30% last year.
- The Board of Directors recommends that the shareholders attending the general meeting to be held on 11 December 2012 approve the following proposals:
    - to pay a dividend of DKK 20 per share (2010/11: DKK 14), equal to a pay-out ratio of 38%.
    - that the Board of Directors be authorised to pay extraordinary dividend during the financial year, if warranted by the company's cash position.
    - to make a 1-to-5 split of the Coloplast share. This will change the nominal value per share from DKK 5 to DKK 1.
    - that the share capital be reduced by a nominal value of DKK 5m, equal to 1,000,000 shares each with a nominal value of DKK 5.

Sales performance

Revenue in DKK was up by 8% to DKK 11,023m. The organic growth rate was 6%.

Sales performance by business area

	DKK million		Growth composition			
	2011/12	2010/11	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	4,633	4,266	6%		3%	9%
Continence Care	3,831	3,456	8%		3%	11%
Urology Care	1,037	938	6%	1%	4%	11%
Wound & Skin Care	1,522	1,512	-1%		2%	1%
Net revenue	**11,023**	**10,172**	**6%**	**0%**	**2%**	**8%**

Ostomy Care

Sales of ostomy care products amounted to DKK 4,633m, which translated into reported growth of 9%. The 6% organic growth was driven by growth in the established European markets, especially the UK. China and Russia were also major contributors to the full-year growth. Growth was driven by the SenSura® portfolio, as especially the SenSura® Mio, a 1-piece colostomy bag launched in April 2011, performed well. Earlier in the year, Coloplast launched a series of accessories under the Brava™ brand. The products have been well received by users, and the launch is part of the reason why sales of accessories continue to contribute well to overall growth in the Ostomy Care business.

Continence Care

Continence Care revenue was DKK 3,831m, an 11% improvement in DKK and 8% organically. Highly satisfactory growth in sales of intermittent catheters was driven mainly by the UK and the USA. The other mature European markets also contributed with satisfactory growth rates, although at lower levels. Growth was driven mainly by the SpeediCath® catheter portfolio, especially by compact catheters. At the end of the year, the portfolio of compact catheters was expanded by launching the SpeediCath® Compact Set, an instantly ready to use catheter in a compact design with an integrated urine bag. The launch is expected to position Coloplast more strongly in this segment of the catheter market, where Coloplast is not currently the market leader. The new catheter is expected to be rolled out in the major markets during 2013. Urisheaths' and urine bags also generated satisfactory sales growth, driven in part by the UK and emerging markets, mainly Russia. Sales of the Peristeen® anal irrigation system grew at a satisfactory rate.

Urology Care

Urology Care revenue grew by 11% to DKK 1,037m on 6% organic growth. Acquired growth accounted for 1%, while the appreciation of USD against DKK added 4%. The full-year growth was driven by sales of endourology products in Europe and by decent growth in sales of penile implants in the US market. The declining sales of slings for treating female stress incontinence had a negative impact on the overall sales growth, whereas sales of Restorelle® for pelvic organ prolapse repair saw decent growth.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 1,522m, equal to a 1% increase in DKK and a 1% decline organically. The Wound Care business reported 3% negative growth due to the challenging market conditions in France, Greece and Spain primarily. Sales in the Chinese market were highly satisfactory.

Sales performance by region
The presentation of sales performance by region has been changed to reflect the new structure of sales regions (see Announcement No. 11/2012 of 19 September 2012).

Sales performance by region

	DKK million		*Growth composition*			
	2011/12	*2010/11*	*Organic growth*	*Acquired operations*	*Exchange rates*	*Reported growth*
European markets	7,388	7,000	4%		2%	6%
Other developed markets	2,288	1,987	7%	0%	8%	15%
Emerging markets	1,347	1,185	13%		1%	14%
Net revenue	**11,023**	**10,172**	**6%**	**0%**	**2%**	**8%**

European markets
Revenue amounted to DKK 7,388m, which translated into reported growth of 6%. Organic growth in the European business was 4%. The positive currency effect of 2 percentage points was mainly due to the appreciation of GBP against DKK. In most of the established European markets, the Chronic Care business generated satisfactory growth, while the Wound Care business remained a negative contributor.

Other developed markets
Revenue was up by 15% to DKK 2,288m. The appreciation of USD, JPY and AUD against DKK accounted for 8%. Organic growth was 7%. Sales growth in the USA for intermittent catheters was highly satisfactory, lifted by the relaunch of SpeediCath®, an advanced coated ready-to-use intermittent catheter. The Ostomy Care business reported satisfactory growth driven by the USA and Japan. Sales of penile implants and synthetic mesh for pelvic organ prolapse also contributed to the region's overall growth.

Emerging markets
Revenue increased by 14% to DKK 1,347m on 13% organic growth. China reported high, stable growth rates during the year, and Russia continued the very satisfactory growth performance. Reduced growth in Brazil during the year and a major inventory cut-back at our Greek distributor in the first quarter were the main reasons for the lower growth rate relative to last year's 20% organic growth. Argentina reported satisfactory growth, albeit at a rate below last year's level, which was supported by a couple of large tender wins.

Gross profit
Gross profit was up by 12% to DKK 7,345m from DKK 6,568m last year.
The full-year gross margin was 67%, against 65% last year. In addition to improvements in production efficiency, the higher gross margin was due to higher revenue and positive currency effects.

Capacity costs
Distribution costs amounted to DKK 3,172m, equal to 29% of revenue, which was consistent with last year. Disregarding non-recurring items totalling DKK 50m, distribution costs accounted for 28% of revenue.

Administrative expenses amounted to DKK 622m against DKK 604m last year. Administrative expenses accounted for 6% of revenue, which was in line with 2010/11. During the year, provisions of DKK 67m were established to cover bad debts in southern Europe.

R&D costs were DKK 342m and accounted for 3% of revenue, which was less than used last year. The changes in the R&D organisation implemented towards the end of the 2010/11 financial year constitute the main reason for the lower level of R&D costs.

Other operating income and other operating expenses amounted to a net income of DKK 46m against DKK 20m in 2010/11. Towards the end of the year, Coloplast agreed to a settlement in a patent dispute giving an extra income of DKK 30m.

Operating profit (EBIT)
EBIT was up by 26% to DKK 3,255m against DKK 2,581m last year. The EBIT margin was 30% against 25% last year. At constant exchange rates, the EBIT margin was 29%.

Financial items and tax
Financial items amounted to a net expense of DKK 300m, against DKK 124m last year. The increase was due to realised losses on forward currency contracts resulting from the general depreciation of EUR, and thus of DKK, against a number of currencies, especially USD and GBP. At the same time, HUF weakened against DKK, and that also contributed to the increased expenses. The reduction of debt reduced the net interest expense by DKK 39m relative to last year.

Financial items

	DKK million	
	2011/12	*2010/11*
Interest, net	-49	-88
Fair value adjustment of options	-29	-35
Net exchange adjustments	-194	16
Other financial items	-28	-17
Total financial items	**-300**	**-124**

The effective tax rate was 26%, in line with 2010/11, for a tax expense of DKK 760m, as compared with DKK 637m in 2010/11.

Net profit for the year
The net profit for the year was up by 21% to DKK 2,194m, while earnings per share also improved by 21% relative to last year to DKK 52.

Cash flows and investments
Cash flows from operating activities
Cash flows from operating activities were up by 20% to DKK 2,649m from DKK 2,205m in 2010/11. The reasons for the improvement were increased earnings and less increase in working capital than last year, which were partly offset by a higher loss on forward contracts.

Investments (CAPEX)
Coloplast made gross investments of DKK 338m compared with DKK 410m last year. Last year investments included DKK 160m for the acquisition of Mpathy. Investments accounted for 3% of revenue, against 4% last year. Gross investments in property, plant and equipment amounted to DKK 317m, against DKK 230m in 2010/11.

Free cash flow
The free cash flow amounted to DKK 2,336m, against DKK 1,818m last year.

Capital reserves
The confirmed credit facilities expire during 2012/13 and are not included in the long-term capital reserves. Coloplast repaid mortgage debt and loans from the European Investment Bank for a total of DKK 892m in 2011/12, and the remaining debt is expected to be repaid at maturity in 2012/13. At the balance sheet date, the gross interest-bearing debt amounted to DKK 1,576m. Instead of confirmed facilities, Coloplast will maintain a minimum cash reserve of DKK 1bn.

Balance sheet and equity
Balance sheet
At DKK 10,176m, total assets increased by DKK 958m relative to last year.

Intangible assets amounted to DKK 1,705m, which was DKK 97m less than last year. The change was mainly due to amortisation of acquired patents and trademarks.

Current assets increased by DKK 1,004m relative to last year to DKK 5,969m due to an increase in cash. Relative to last year, trade receivables were up by 6% to DKK 1,922m.

Trade payables amounted to DKK 478m, against DKK 420m last year.

Working capital decreased to 22% of revenue from 23% last year.

Equity
During the year, equity[1] increased by DKK 1,590m to DKK 6,042m. The comprehensive income for the year of DKK 2,267m was partly offset by dividend payments of DKK 587m and share buy-backs of DKK 500m. Employees' exercise of share options and the sale of employee shares lifted equity by DKK 326m.

Dividend and share buy-backs
The Board of Directors recommends that the shareholders attending the general meeting to be held on 11 December 2012 approve a dividend of DKK 20 per share, equal to a 43% increase from DKK 14 per share last year. This corresponds to a pay-out ratio of 38% against 32% last year. Accordingly, the total dividend paid for the year is therefore expected to amount to DKK 841m.
The Board of Directors also recommends the shareholders attending the general meeting to authorise the Board of Directors to pay extraordinary dividend during the financial year if warranted by the company's cash position.

The Board of Directors will also ask the shareholders to approve that Coloplast make a 1-to-5 stock split before the end of the calendar year. This would change the nominal value per share from DKK 5 to DKK 1.

At the annual general meeting held in December 2011, the Board of Directors was authorised to buy back shares for up to 10% of the company's share capital, and the Board subsequently established another share buy-back programme totalling up to DKK 1bn running until the end of the 2012/13 financial year. The first part of the share buy-back programme, for DKK 500m, was closed in June 2012, and as Coloplast has continued the high level of cash generation, the Board of Directors expects the second stage of the programme to be completed as planned. Should alternative opportunities arise during the period which is considered more beneficial for the shareholders, the share buy-backs may be discontinued.

Treasury shares and recommendation to reduce the share capital
At 30 September 2012, Coloplast's holding of treasury shares consisted of 2,949,492 B shares, which was DKK 239,375 fewer than last year. The reduction was due to share options exercised, the effects of which were partly offset by the share buy-back programme.

The Board of Directors recommends to the shareholders attending the general meeting to be held on 11 December 2012 that the share capital be reduced by a nominal value of DKK 5m, equal to 1,000,000 shares each with a nominal value of DKK 5. The reduction of the share capital is recommended because Coloplast has bought more shares through the buy-back programmes than are needed to cover share option programmes for senior employees.

Financial guidance for 2012/13
- Expected revenue growth of 6–7%, both organically and in DKK.
- Expected EBIT margin of 31–32%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be around DKK 400m.
- The effective tax rate is expected to be 25–26%.

Our financial guidance is inherently subject to some degree of uncertainty. Achieving the financial guidance will specifically depend on our ability to execute the revised growth strategy announced in March 2012.
The financial guidance assumes sustained stable growth in the European business and higher growth rates both in the developed markets outside Europe and in emerging markets relative to 2011/12. We

[1] In the current financial year there has been a change in accounting policies (prospective implementation of IAS 19) to the effect that actuarial losses and gains on defined contribution plans are taken directly to comprehensive income. The change has reduced the opening equity for the year by DKK 26m and further reduced equity during the financial year by DKK 35m. See note 1 to the financial statements for more information.

expect price pressures in 2012/13 to be about the same as in 2011/12. Our financial guidance only takes into account reforms where the impact is known.

The EBIT margin guidance assumes that Coloplast, in addition to generating sales growth, can successfully deliver results consistent with the previously estimated productivity-enhancement potential of a 0.5–1.0%-point improvement of the overall gross margin.

Finally, the guidance also includes expected investments under the revised strategy.

The Board of Directors maintains Coloplast's current long-term financial ambition of outgrowing the market while achieving earnings margins that are in line with the best performing med-tech companies[2].

The overall weighted market growth in Coloplast's current markets is expected to be 4–5%, which is unchanged from last year's forecast.

Other matters

Update on mesh litigation

Since 2011, Coloplast has been named as a defendant in individual lawsuits in various federal and state courts around the United States, alleging injury resulting from use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress incontinence.
On August 6, 2012, a multidistrict litigation (MDL) was formed to consolidate federal court cases in which Coloplast is the first named defendant in the Southern District of West Virginia as part of MDL No. 2387. The cases are consolidated for purposes of pre-trial discovery and motion practice only. Separate MDLs have also been formed to manage litigation against other major mesh manufacturers in the same venue. Coloplast cannot predict the timing or outcome of any such litigation, or whether any additional litigation will be brought against the company or its subsidiaries. Based on the current information available to Coloplast, we do not expect this to have a significant impact on the financial position of the Group.

Exchange rate exposure

Our financial guidance for the 2012/13 financial year has been prepared on the basis of the following assumptions for the company's main currencies:

DKK	*GBP*	*USD*	*HUF*	*EUR*
Average exchange rate 2011/12*	904	574	2,53	744
Spot rate, 23 October 2012	916	572	2,66	746
Estimated average exchange rate 2012/2013	916	572	2,66	746
Change in estimated average exchange rates compared with last year**	1%	0%	5%	0%

*) Average exchange rates from 1 October 2011 to 30 September 2012.

**) Spot rates at 23 October 2012 used as average exchange rate for the year.

Revenue is particularly exposed to developments in USD and GBP relative to DKK. Fluctuations in HUF against DKK have an effect on the operating profit, because a substantial part of our production, and thus of our costs, are in Hungary, whereas our sales there are moderate.

In DKK millions over 12 months on a 10% initial drop in exchange rates (Average exchange rates 2011/12)	*Revenue*	*EBIT*
USD	-150	-40
GBP	-170	-105
HUF	0	35

[2] Coloplast's current peer group consists of the following listed med-tech companies: Medtronic Inc., Baxter International Inc., Covidien PLC, Stryker Corp., St. Jude Medical Inc., Boston Scientific Corp., Sonova Holding AG, Smith&Nephew PLC, CR Bard Inc., Getinge AB, WDH A/S and Shandon Weigao Group Medical.

Forward-looking statements
The forward-looking statements, including revenue and earnings guidance, do not constitute a guarantee of future results and are subject to risk, uncertainty and assumptions, the consequences of which are difficult to predict. The forward-looking statements are based on our current expectations, estimates and assumptions and are provided on the basis of information available to us at the present time. Major fluctuations in the exchange rates of key currencies, significant changes in the healthcare sector or major developments in the global economy may impact our ability to achieve the defined long-term targets and meet our guidance. This may impact our company's financial results.

Intellectual capital
At Coloplast, we develop our products and services in close interaction between our employees, users, healthcare professionals and opinion-makers. We believe that retaining our employees, developing their skills and empowering them to engage in this interaction is a prerequisite for safeguarding our position as a market leader.

At Coloplast, innovation is a team effort, the principal players being marketing, R&D, production and sales. Global Marketing prepares market research and manages relationships with users so as to build an understanding of their needs. This is then used to chart the course for innovation within the individual business areas. Next, Global R&D develops products and services consistent with that course. Concurrently with the development process, clinical tests are run and legal issues are clarified at an early stage, including prices and the potential for reimbursement. Our production unit, Global Operations, is involved throughout the innovation process, ensuring the right production set-up at the lowest possible cost.

In 2011/12, Coloplast launched the Biatain® Silicone Ag series and the Brava™ range. Biatain® Silicone Ag is an advanced foam dressing with a silicone adhesive and a silver complex that kills bacteria in the wound. The Brava™ series is a range of accessories for ostomy users. In October 2012, we launched the SpeediCath® Compact Set, a compact, all-in-one coated catheter and bag set. The SpeediCath® Compact Set is designed to make catheterisation easier for wheelchair users.

In 2011/12, Coloplast launched www.innovationbyyou.com, an online platform for user-driven innovation intended to enhance interaction with users. Offering a safe, inviting and creative environment where users can meet and exchange advice and ideas, www.innovationbyyou.com is a place where members can help to improve the quality of life for users of ostomy care and continence care products.

Human resources
At 30 September 2012, Coloplast had 7,875 employees, of whom 6,548 worked in international locations. During the financial year, the number of employees increased by 7%.

Corporate responsibility at Coloplast
In our Corporate Responsibility report, which is published along with the annual report, we communicate openly about social responsibility. The report is prepared in compliance with the principles of the Global Reporting Initiative (GRI) and the UN Global Compact.

With respect to compliance with section 99a of the Danish Financial Statements Act, see our Corporate Responsibility Report at http://www.coloplast.com/about/responsibility.

Risk management and internal controls

The management of each of Coloplast's individual business units and staff functions is in charge of identifying and managing risk factors in their specific parts of the organisation. The most significant risks are reported quarterly to Corporate Risk Management. The reporting process and risk interviews form the basis of the quarterly risk update submitted to the Executive Management and the Board of Directors.

A central unit of the Corporate Finance department conducts regular control inspections at Coloplast subsidiaries to ensure that corporate standards for internal controls have been implemented and operate effectively. Conclusions from these inspections and any proposals for improvement are reported to the Executive Management, the audit committee and the independent auditors.

The members of Coloplast's audit committee are the chairman of the Board of Directors (committee chairman), the deputy chairman and Board member Jørgen Tang-Jensen. The composition of the audit committee is consistent with the legal requirements.

The duties of the audit committee are as follows:

- to monitor the financial reporting process;
- to monitor the efficiency of the company's internal control system and risk management systems;
- to monitor the statutory audit of the financial statements; and
- to monitor and verify the independence of the auditors, including in particular the provision of additional services to the group.

The Board of Directors has resolved to follow the audit committee's recommendation not to establish an internal audit function. For more information, go to our website and see "Monitoring".
The committee held four meetings in the 2011/12 financial year.
The Executive Management is responsible for Coloplast's overall risk profile and for aligning it with the general strategies and policies. The Executive Management is also responsible for launching and validating projects and activities to cover the most significant risks. The Board of Directors reviews and considers, on a quarterly basis, the conclusions and recommendation submitted by the Executive Management.

Additional information about risk management and major risk factors is available from our website:
http://www.coloplast.com/about/investorrelations/annualreports/internalcontrolandrisksystems.

Share classes and authorisations

Coloplast has two share classes: A and 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 41.4 million class B shares (aggregate nominal value of DKK 207m), 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. This authorisation is valid until the annual general meeting to be held in 2016. 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 amounts to be paid for the shares by the company are the price applicable at the time of purchase +/- 10%. This authorisation is valid until the annual general meeting to be held in 2012.

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.

In the event of a change of control in the company resulting from a change of ownership, share options may be exercised immediately. No other important agreements are in place that would be affected in the event of a change of control of the company resulting from a takeover, and 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

The company had 23,196 shareholders at the end of the financial year, which is 376 more than last year. Institutional investors based outside Denmark held 32.2% of Coloplast's shares at 30 September 2012, compared with 25.9% a year earlier. Registered shareholders represented 98.7% 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 55 of the Danish Companies Act, that at the date of this annual report they hold 5% or more of the share capital or voting rights.

Shareholders with ownership or voting rights of more than 5%

Name	Residence	Ownership %	Voting rights %
Niels Peter Louis-Hansen*)	Vedbæk	19.1	39.7
Aage og Johanne Louis-Hansens Fond	Nivå	10.8	14.7
Benedicte Find	Frederiksberg C	3.6	5.3
Coloplast A/S	Humlebæk	6.6	

*) In addition to this Niels Peter Louis-Hansen's wholly owned company N.P. Louis-Hansen ApS, has an additional 1.2% ownership representing 0.7% of the votes.

Coloplast A/S held 2,949,492 treasury shares at 30 September 2012, equivalent to 6.6% of the share capital.

Coloplast's ownership

30 September 2012	A shares 1,000 units	B shares 1,000 units	Ownership %	Voting rights %
Holders of A shares and their families	3,600	16,297	44.2	67.6
Danish institutionals		3,515	7.8	4.5
Foreign institutionals		14,494	32.2	18.7
Coloplast A/S*		2,949	6.6	
Other shareholders		3,556	7.9	4.6
Non-registered shareholders*		588	1.3	
Total	**3,600**	**41,400**	**100.0**	**95.4**

* No voting rights

Shareholdings

30 September 2012	A shares 1,000 units	B shares 1,000 units	Number of insiders
Board of Directors	2,457	6,696	9
- of which independent Board members		4	
Executive Management		8	2
Total	2,457	6,704	11

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, among other things.

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 Group's objectives, strategies and overall action plans. On behalf of the shareholders, the Board of Directors supervises the company's 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 on corporate governance in Denmark

The committee on corporate governance revised its recommendations in August 2011 and NASDAQ OMX Copenhagen A/S adopted the recommendations to take effect for financial years beginning on or after 1 January 2011. The Board of Directors considered the revised rules in the course of the 2011/12 financial year. The Board of Directors and Executive Management share the committee's views and generally follow the new recommendations. See our corporate website for a presentation of which recommendations we do not follow and the reasons why.

Objective of the reporting

Coloplast 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; and
- to create stakeholder confidence in the company.

The report 'Corporate governance at Coloplast' is available in its full length on our corporate website: "Statutory report on corporate governance".
http://www.coloplast.com/about/investorrelations/corporategovernance/.

Openness and transparency

Investor relations
Coloplast has established a policy for communicating information to shareholders and investors, under which the Executive Management and the Investor Relations team are in charge of communications pursuant to guidelines agreed with the Board of Directors. The communication of information complies with the rules laid down by the NASDAQ OMX Copenhagen, comprising:

- Full-year and interim financial statements and the annual report
- Replies to enquiries from equity analysts, investors and shareholders
- Site visits by investors and equity analysts
- Presentations to Danish and foreign investors
- Capital markets days for analysts and investors
- Conference calls in connection with the release of financial statements
- Dedicated investor relations section on the Coloplast corporate website.

Duties and responsibilities of the Board of Directors

Rules of procedure
A set of rules of procedure governs the work of Coloplast's Board of Directors. These procedures are reviewed annually by the Board of Directors and updated as necessary. The procedures set out guidelines for the activities of the Board of Directors including the supervision of the company's organisation, day-to-day management and results.

Six board meetings were held in the 2011/12 financial year.

Composition of the Board of Directors

Board committees
The Board of Directors has set up an audit committee consisting of the chairman and deputy chairman of the Board and an ordinary Board member.

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. Based on this assessment, the organisation and efficiency of the Board of Directors' work are discussed at a Board meeting where any proposals for improvement are considered. The assessment has not given rise to any comments.

Retirement age for Board members
According to Coloplast's articles of association, persons who have reached the age of 70 cannot be elected to the Board of Directors.

Remuneration to the Board of Directors and the Executive Management

Section 139 of the Danish Companies Act provides that shareholders adopt, at a 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 amended its guidelines for incentive pay at the annual general meeting held on 1 December 2010.

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 of Directors 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 25% of the annual remuneration. 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 company 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 the long-term creation of shareholder value. For that same reason, the option plan is revolving and not subject to the achievement of defined benchmarks. Members of the Executive Management are awarded a number of options each year with a value equal to a maximum of 40% of the Executive Management's remuneration. The value is calculated in accordance with the Black-Scholes formula. Options are awarded at a strike price which is 15% higher than the market price at the award date calculated as the average price of all trades on the last trading day of the calendar year. The options have a term of five years and are exercisable after three years. The number of options awarded to each member of the Executive Management and their value is disclosed in the Company's annual report. Options in the Executive Management share option plan are covered by the Company's holding of treasury shares. 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 2012, a provision of DKK 1m was made for a now discontinued post-service remuneration scheme for retired Board members. The scheme comprises 1 person. When current executives leave the company, the company will have an obligation of two years' pay.

Statement by the Board of Directors and Executive Management

The Board of Directors and the Executive Management today considered and approved the Annual Report of Coloplast A/S for the financial year 1 October 2011 – 30 September 2012.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU. The parent company financial statements are presented in accordance with the Danish Financial Statements Act.

In addition, the consolidated financial statements and the parent company financial statements are presented in accordance with additional Danish disclosure requirements for the annual reports of listed companies. The Management's report is also presented in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, equity, liabilities and financial position at 30 September 2012 and of the results of the Group's and the parent company's operations and the cash flows for the Group for the financial year 1 October 2011 – 30 September 2012.

Also, in our opinion, the management's report includes a fair account of the development and performance of the Group and the parent company, the results for the year and of the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that the Group and the parent company face.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Humlebæk, 6 November 2012

Executive Management:

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

Board of Directors:

Michael Pram Rasmussen Chairman	Niels Peter Louis-Hansen Deputy Chairman	Per Magid
Brian Petersen	Jørgen Tang-Jensen	Sven Håkan Björklund
Thomas Barfod Elected by the employees	Jane Lichtenberg Elected by the employees	Torben Rasmussen Elected by the employees

Independent auditor's report

To the Shareholders of Coloplast A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Coloplast A/S for the financial year 1 October 2011 to 30 September 2012, which comprise income statement, balance sheet, and notes, including summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income, statement of changes in equity and cash flow statement for the Group. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with Danish disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for preparing Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view 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 Company'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 Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 30 September 2012 and of the results of the Group's operations and cash flows for the financial year 1 October 2011 to 30 September 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 30 September 2012 and of the results of the Parent Company's operations for the financial year 1 October 2011 to 30 September 2012 in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Hellerup, 6 November 2012
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Mogens Nørgaard Mogensen	Brian Christiansen
State Authorised Public Accountant	State Authorised Public Accountant

Statement of comprehensive income

1 October – 30 September

DKK million

Note		2011/12	2010/11
	Income statement:		
3	Revenue	11,023	10,172
4,5	Cost of sales	-3,678	-3,604
	Gross profit	**7,345**	**6,568**
4,5	Distribution costs	-3,172	-2,988
4,5,6	Administrative expenses	-622	-604
4,5	Research and development costs	-342	-415
	Other operating income	68	52
	Other operating expenses	-22	-32
	Operating profit (EBIT)	**3,255**	**2,581**
14	Profit/loss after tax on investments in associates	-1	-1
7	Financial income	42	47
8	Financial expenses	-342	-171
	Profit before tax	**2,954**	**2,456**
9	Tax on profit for the year	-760	-637
	Net profit for the year	**2,194**	**1,819**
	Other comprehensive income:		
	Value adjustment of currency and interest hedging	-165	-10
	Of which transferred to financial items	154	-5
	Tax effect of hedging	3	4
	Actuarial gains/losses	-49	21
	Tax on actuarial gains/losses	14	-5
	Currency adjustment, assets in foreign currency	55	7
	Tax effect of currency adjustment, assets in foreign currency	-13	-2
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	74	-59
	Total other comprehensive income	**73**	**-49**
	Total comprehensive income	**2,267**	**1,770**
10	Earnings per Share (EPS), (A and B shares)	52	43
10	Earnings per Share (EPS), (A and B shares), diluted	52	43
	Profit distribution		
	Retained earnings	1,353	1,234
11	Proposed dividend for the year	841	585
	Total	**2,194**	**1,819**

Balance sheet

At 30 September

Note	DKK million	2012	2011	2010
12	Acquired patents and trademarks etc.	837	941	939
12	Goodwill	767	737	670
12	Software	79	115	123
12	Prepayments and intangible assets in progress	22	9	35
	Intangible assets	**1,705**	**1,802**	**1,767**
13	Land and buildings	1,107	1,133	1,194
13	Plant and machinery	826	886	937
13	Other fixtures and fittings, tools and equipment	121	154	176
13	Prepayments and property, plant and equipment under construction	232	93	141
	Property, plant and equipment	**2,286**	**2,266**	**2,448**
14	Investments in associates	7	6	2
14	Other securities and investments	0	0	4
15	Deferred tax asset	193	163	178
	Other receivables	16	16	19
	Investments	**216**	**185**	**203**
	Non-current assets	**4,207**	**4,253**	**4,418**
16	**Inventories**	**1,008**	**946**	**959**
17	Trade receivables	1,922	1,820	1,696
23	Income tax	55	11	23
	Other receivables	282	231	109
	Prepayments	84	71	90
	Receivables	**2,343**	**2,133**	**1,918**
18	**Marketable securities**	**645**	**568**	**1**
33	**Cash and cash equivalents**	**1,973**	**1,318**	**475**
	Current assets	**5,969**	**4,965**	**3,353**
	Assets	**10,176**	**9,218**	**7,771**

Balance sheet

At 30 September

Note	DKK million	**2012**	2011	2010
	Share capital	225	225	225
	Reserve for currency and interest hedging	-40	-32	-21
	Proposed dividend for the year	841	585	422
	Retained earnings	5,016	3,674	2,767
19	**Total equity**	**6,042**	**4,452**	**3,393**
20	Provisions for pensions and similar liabilities	157	113	139
15	Provision for deferred tax	176	155	186
21	Other provisions	5	4	11
22	Mortgage debt	0	459	460
22	Other credit institutions	0	1,537	1,091
	Other payables	16	334	359
	Deferred income	72	77	74
	Non-current liabilities	**426**	**2,679**	**2,320**
20	Provisions for pensions and similar liabilities	13	8	10
21	Other provisions	14	35	18
22	Mortgage debt	0	6	7
22	Other credit institutions	1,296	92	165
	Trade payables	478	420	455
23	Income tax	671	516	490
	Other payables	1,208	983	882
	Deferred income	28	27	31
	Current liabilities	**3,708**	**2,087**	**2,058**
	Current and non-current liabilities	**4,134**	**4,766**	**4,378**
	Equity and liabilities	**10,176**	**9,218**	**7,771**

24 Financial instruments
25 Other liabilities
26 Contingent liabilities
27 Related party transactions
28 Public grants
29 Fees to appointed auditors
30 Events occurring after the balance sheet date
35 Overview of Group companies
36 Other executive functions
37 Definitions of key ratios

Statement of changes in equity

DKK million	Share capital A shares	Share capital B shares	Reserve for currency and interest hedging	Proposed dividend	Retained earnings	Total equity
2011/12						
Restated balance at 1.10.	18	207	-32	585	3,674	4,452
Comprehensive income:						
Net profit for the year				841	1,353	2,194
Other comprehensive income			-8		81	73
Total comprehensive income	*0*	*0*	*-8*	*841*	*1,434*	*2,267*
Transactions with shareholders:						
Transfers				2	-2	0
Investment in treasury shares					-500	-500
Sale of treasury shares					326	326
Share-based payment					29	29
Tax on equity entries					55	55
Dividend paid out in respect of 2010/11				-587		-587
Total transactions with shareholders:	*0*	*0*	*0*	*-585*	*-92*	*-677*
Balance at 30.9.	**18**	**207**	**-40**	**841**	**5,016**	**6,042**
2010/11						
Balance at 1.10. as per annual report	18	207	-21	422	2,826	3,452
Effect of accounting policy changes					-42	-42
Restated equity at 1.10.	*18*	*207*	*-21*	*422*	*2,784*	*3,410*
Comprehensive income:						
Net profit for the year				585	1,234	1,819
Other comprehensive income			-11		-38	-49
Total comprehensive income	*0*	*0*	*-11*	*585*	*1,196*	*1,770*
Transactions with shareholders:						
Investment in treasury shares					-500	-500
Sale of treasury shares					156	156
Share-based payment					29	29
Tax on equity entries					9	9
Dividend paid out in respect of 2009/10				-422		-422
Total transactions with shareholders:	*0*	*0*	*0*	*-422*	*-306*	*-728*
Restated balance at 30.9.	**18**	**207**	**-32**	**585**	**3,674**	**4,452**

Outstanding shares at 30.9.2012 (in thousands)	A shares	B shares
Issued shares	3,600	41,400
Holding of treasury shares (note 19)		2,949
Outstanding shares	**3,600**	**38,451**

Number of outstanding shares (in thousands):	**2011/12** A shares	**2011/12** B shares	2010/11 A shares	2010/11 B shares
Number of outstanding shares at 1.10	3,600	38,211	3,600	38,569
Sale of treasury shares		750		311
Investment in treasury shares		-510		-669
Number of outstanding shares at 30.9	**3,600**	**38,451**	**3,600**	**38,211**

Due to a capital reduction made in 2008/09, 1,000,000 shares with a total nominal value of DKK 5,000,000 were cancelled. Likewise in 2007/08, a capital reduction of 2,000,000 shares with a total nominal value of DKK 10,000,000 was made. No other changes have been made to the share capital within the past five years.

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. A shares are non-negotiable instruments. Any change of ownership or pledging of class A shares requires the consent of the Board of Directors. B shares are negotiable instruments, and no restrictions apply to their negotiability. No special dividend rights are attached to either share class.

Cash flow statement

1 October – 30 September

Note		DKK million 2011/12	2010/11
	Operating profit	3,255	2,581
	Depreciation, amortisation and impairment	501	527
31	Adjustment for other non-cash operating items	-19	16
32	Changes in working capital	-133	-260
	Ingoing interest payments, etc.	42	40
	Outgoing interest payments, etc.	-402	-86
	Income tax paid	-595	-613
	Cash flows from operating activities	**2,649**	**2,205**
	Investments in intangible assets	-21	-20
	Investments in land and buildings	-10	-21
	Investments in plant and machinery	-99	-70
	Investments in property, plant and equipment under construction	-208	-139
	Property, plant and equipment sold	25	23
	Acquisition of operations	0	-160
	Cash flows from investing activities	**-313**	**-387**
	Free cash flow	**2,336**	**1,818**
	Dividend to shareholders	-587	-422
	Net investment in treasury shares and exercise of share options	-174	-344
	Financing from shareholders	-761	-766
	Acquisition of mortgage bonds	-77	-567
	Financing through long-term borrowing, debt funding	0	439
	Financing through long-term borrowing, instalments	-892	0
	Cash flows from financing activities	**-1,730**	**-894**
	Net cash flows	**606**	**924**
	Cash, cash equivalents and short-term debt at 1.10.	1,220	303
	Value adjustment of cash and bank balances	4	-7
	Net cash flows	606	924
33	**Cash, cash equivalents and short-term debt at 30.9.**	**1,830**	**1,220**
33	Cash	1,973	1,318
18	Marketable securities	645	568
34	Unutilised credit facilities	3,351	3,324
	Financial reserves at 30.9.	**5,969**	**5,210**

The cash flow statement cannot be derived using only the published financial data.

Notes

Note

1. Accounting policies

Basis of preparation

The consolidated financial statements for 2011/2012 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements applying to listed companies.

Accounting policy changes

Effective from the 2011/12 financial year, the Coloplast group has implemented all new, updated or amended international financial reporting standards and interpretations (IFRSs) as issued by the IASB and IFRSs adopted by the EU that are effective for the 2011/12 financial year. In addition, IAS 19 "Employee benefits" has been prospectively implemented. Due to the implementation of IAS 19, the beginning of period equity for the 2010/11 financial year was reduced by DKK 42m, the pension liability was increased by DKK 59m and the provision for deferred tax was reduced by DKK 17m. For the 2010/11 financial year, the change in accounting policy increased equity/comprehensive income by DKK 16m, reduced the pension liability by DKK 21m and increased the provision for deferred tax by DKK 5m. Implementation of other standards and interpretations has not had any impact on the financial statements.

DKK million	2011/12	2010/11
Shareholders’ equity, beginning of year, previous policy	4,478	3,452
Deferred actuarial gains and losses, reversed	-31	-52
Non-recognised pension costs relating to prior years, reversed	-7	-7
Deferred tax	12	17
Shareholders’ equity, beginning of year, new policy	4,452	3,410
Other comprehensive income, previous policy	108	-65
Actuarial gains/losses	-49	21
Deferred tax	14	-5
Other comprehensive income, new policy	73	-49
Comprehensive income, previous policy	2,302	1,754
Comprehensive income, new policy	2,267	1,770

Implementation of IAS 19 did not have any effect on profit before tax, tax, profit for the year or earnings per share.

New financial reporting standards adopted

Other amended standards or interpretations which have not yet come into force for the Group but which have have been adopted by the EU have not been applied in this Annual Report. The new IFRS 9 "Financial instruments", which has not yet been adopted by the EU, is expected to apply from the 2015/16 financial year, and IFRS 13 "Fair value measurement and disclosure obligations", which is also not recognised by the EU, is expected to apply from the 2013/14 financial year. None of the mentioned standards or interpretations are expected to have a material effect on the Group’s 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. Other currencies are considered foreign currencies.

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 exchange rates at the balance sheet date, and exchange rates at the transaction date of monetary items, are recognised in the income statement as financial income or expenses.

Notes

Note

1. Accounting policies, continued

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.

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 for 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 fair value of the consideration and the fair value of the group companies' proportionate share of identifiable assets less liabilities and contingent liabilities at the date of acquisition.

The consideration for an enterprise consists of the fair value of the agreed consideration for the acquired enterprise. If part of the consideration is contingent on future events, such part is recognised at its fair value at the date of acquisition. Costs directly attributable to business combinations are recognised directly in the income statement as incurred.

In cases where the fair value of acquired identifiable assets, liabilities or contingent liabilities subsequently turns out to differ from the values calculated at the date of acquisition, the calculation, including goodwill is adjusted until up to 12 months after the date of acquisition. Subsequently, goodwill is not adjusted. Changes to estimates of contingent consideration are generally recognised in the income statement.

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 recognised systematically in the income statement from the date when the conditions attaching to them are deemed to be complied with until the date on which the deadline for retaining such conditions expires. Other grants are recognised as income on a systematic basis, so that they are matched with the related costs for which they compensate.

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.

Notes

Note

1. Accounting policies, continued

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 pensions and similar liabilities or in plan assets in the balance sheet. The total service costs of the year plus calculated interest based upon actuarial estimates and financial assumptions at the beginning of the year are recognised in the income statement. The difference between the forecast development in plan assets and liabilities and the realised values at the end of the year is called actuarial gains or losses and is recognised in other comprehensive income. In connection with a change in benefits regarding the employees' employment with the Group to date, there will be a change in the actuarial calculation of the net present value, which is considered past service costs. Past service cost is recognised in the income statement.

Share-based payment

Share options are granted to the Executive Management and executives.

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. For cash-settled schemes, the fair value of options granted during the period is recognised as staff costs, whereas the fair value adjustment of granted options from previous periods is recognised under financial items. 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 recognised in 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 expires, 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 at the balance sheet date.

Income statement

Revenue

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

Cost of sales

Cost of sales comprises the cost of goods and services sold during the year. Cost includes raw materials, consumables, direct labour and indirect production overheads such as maintenance and depreciation and amortisation etc. as well as operation, administration and management of factories.

Distribution costs

Distribution costs comprise costs relating to the distribution and sale 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 sale 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.

Notes

Note

1. Accounting policies, continued

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.

Other operating income and expenses

Other operating income comprises 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.

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 cash settled 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 jointly 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 recognised on equity.

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

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 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.

Notes

Note

1. Accounting policies, continued

Balance sheet

Intangible assets

Intangible assets with a finite life are measured at cost less accumulated amortisation and impairment losses. Borrowing costs are recognised as part of cost. Amortisation is made on a straight-line basis over the expected useful lives of the assets, which are:

Development projects	3-5 yrs
Software	3-5 yrs
Acquired patents and trademarks etc.	7-15 yrs

Goodwill and other intangible assets with indefinite lives are not amortised but are tested for impairment at least once a year. 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. With the exception of goodwill, all intangible assets have a finite 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.

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. In addition, borrowing costs are recognised 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 the lower of fair value and the present value of future minimum lease payments at the date of acquisition. 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
Buildings	25 yrs
Building installations	10 yrs
Plant and machinery	5-10 yrs
Other fixtures and fittings, tools and equipment	3-7 yrs

At the balance sheet date, the residual values, remaining useful lives and depreciation pattern of the assets are assessed. Any changes 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 to equity. Any impairment loss is made directly in the asset based on an individual assessment of the expected future cash flow from the investment. Impairment losses of equity investments, measured at cost because the fair value cannot be determined reliably, are not reversed. Receivables held to maturity on initial recognition are measured at amortised cost. Receivables not held to maturity are measured at fair value.

Notes

Note

1. Accounting policies, continued

Impairment losses

Goodwill and intangible assets with indefinite lives are tested for impairment annually or whenever there is an indication of impairment, while the carrying amount of intangible assets with finite lives, 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 and 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 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 an individual assessment.

Prepayments

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

Marketable 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 payment for the financial year is recognised in equity and disclosed in a note to the income statement. The purchase and selling price of 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.

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 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.

Deferred income

Deferred income comprises grants received where the criteria for achieving the grant remain to be fulfilled.

Notes

Note

1. Accounting policies, continued

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 on the two global operating segments into which the operative management reporting is divided; sales regions and production units.

The Sales Regions and Production Units segments comprise sales and/or production from each of Coloplast's business areas, Ostomy Care, Urology Care, Continence Care and Wound & Skin Care. Inter-segment trading consists of the sales regions procuring goods from the production units. Trading takes place on an arm’s length basis.

2. Significant estimates and judgments

In applying the accounting policies described, Management has made estimates regarding, among other items, intangible assets, research and development costs, inventories, trade receivables, deferred tax including deferred tax assets, deferred tax liabilities and legal obligations.

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.

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. Goodwill relating to the business area Urology is subject to the most uncertainty. See note 12 for a more detailed description of impairment tests for intangible assets. The carrying amount of intangible assets was DKK 1,705m as at 30 September 2012 (2010/11: DKK 1,802m).

Research and development
All in-house research costs are recognised in the income statement as incurred. Management believes that product development does not allow for a meaningful distinction between the development of new products and the continued development of existing products. As a result of mandatory regulatory approvals of products, completing the development of new products involves a high degree of uncertainty, for which reason the technical feasibility criteria are not considered to be met. Against this background, it is believed that the Group's in-house research costs generally do not satisfy the capitalisation criteria. All in-house research and development costs are therefore recognised in the income statement as incurred. In 2011/12, DKK 342m was recognised as research and development costs.

Notes

Note

2. Significant estimates and judgments, continued

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.

Capitalised 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 297m as at 30 September 2012 (2010/11: DKK 299m).

Provisions for bad debts
Trade receivables are recognised at amortised cost less provisions for bad and doubtful debts. Provision is made for losses considered likely to arise if a customer proves unable to pay. If the financial position of a customer deteriorates, making it unable to make payments, it may prove necessary to make additional provisions in future accounting periods. When assessing whether the Group has made adequate provisions for bad and doubtful debts, Management analyses the receivables, including previous losses on trade receivables, the customer's creditworthiness, current economic conditions and changes to customer payment terms and conditions. The carrying amount of provisions for bad and doubtful debts was DKK 167m at 30 September 2012 (2010/11: DKK 99m). See note 17 for further information.

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, including any scheduled business measures.

The carrying amount of deferred tax assets and deferred tax liabilities as at 30 September 2012 was DKK 193m (2010/11: DKK 163m) and DKK 176m (2010/11: DKK 155m), respectively. See note 15 for a further description of the Group’s tax assets and tax liabilities.

Legal obligations
Provisions for legal obligations consists of provisions for pending litigation. Management makes assessments of provisions and contingent liabilities, including the probable outcome of pending and possible future litigation, which is inherently subject to uncertain future events. Based on information available, Management believes that adequate provisions have been made for pending litigation, but there can be no assurance that the scope of these matters will not be extended, nor that material lawsuits, claims, legal proceedings or investigations will not arise in the future. The carrying amount of provisions for legal obligations amounted to DKK 8m at 30 September 2012 (2010/11: DKK 34m). For additional information, see note 21.

Notes

Note

3. **Segment information**

Operating segments
The operating segments are defined on the basis of the monthly reporting to the Executive Management, which is considered the senior operational management. Reporting to Management is based on two global operating segments, Sales Regions and Production Units, as well as three smaller operating segments: Wound and Skin Care, Porgès and Surgical Urology (SU). The segments Global Marketing, Global R&D and Staff are not operating segments, as they do not aim to generate revenue. This breakdown also reflects our global organisational structure.

The operating segments Sales Regions and Production Units segments comprise sales and production from each of our three business areas, Ostomy Care, Urology Care, Continence Care and Wound and Skin Care. Inter-segment trading consists of the Sales Regions procuring goods from the Production Units. Trading takes place on an arm's length basis.

The operating segment Wound and Skin Care exclusively covers the sale of wound and skin care products in selected European markets, where the Wound and Skin Care segment is separate from the other business areas. The sale of wound and skin care products in other markets is included in the Wound and Skin Care business area of the Sales Regions operating segment. Porgès covers the production and sale of disposable urology products, while SU covers the sale of urology products. The segmentation reflects the structure of reporting to the Executive Management.

The Wound and Skin Care, Porgès and SU operating segments are included in the reporting segment Sales Regions as they meet the criteria for combination. Accordingly, the operating segments Wound and Skin Care, Porgès and SU are non-reporting segments. The shared/non-allocated segment comprises support functions (Global marketing, Global R&D and Staff) and eliminations, as these segments do not generate revenue. The segments listed (with the exception of SU) each represent less than 10% of total segment revenue, segment profit/loss and segment assets. The SU operating segment represents more than 10% of total assets, but as the assets are exclusively allocated to the segments in connection with impairment tests and are not reported by segment to Management, the segment is not considered a reporting segment. Financial items and income tax are not allocated to the operating segments.

Management reviews each operating segment separately based on EBIT and allocates resources on that background. The performance targets are calculated the same way as in the consolidated financial statements.
Costs are allocated directly to segments. Certain immaterial indirect costs are allocated systematically to the Shared/Non-allocated segment and the reporting segments Sales Regions and Production Units.

Management does not receive reporting on assets and liabilities by the reporting segments Sales Regions and Production Units. Accordingly, the reporting segments are not measured in this respect, nor do we allocate resources on this background. No single customer accounts for more than 10% of revenue.

Operating segments

	Sales regions		Production units		Shared/Non-allocated		Total	
DKK million	**2011/12**	2010/11	**2011/12**	2010/11	**2011/12**	2010/11	**2011/12**	2010/11
Segment revenue								
Ostomy Care	4,633	4,266	0	0	0	0	4,633	4,266
Continence Care	3,831	3,456	0	0	0	0	3,831	3,456
Urology Care	1,037	938	0	0	0	0	1,037	938
Wound & Skin Care	1,338	1,320	184	192	0	0	1,522	1,512
External revenue as per the Annual Report	**10,839**	**9,980**	**184**	**192**	**0**	**0**	**11,023**	**10,172**
Segment operating profit/loss	556	627	4,155	3,673	-1,456	-1,719	3,255	2,581
Net financials	0	0	0	0	-300	-124	-300	-124
Tax on profit for the year	0	0	0	0	-760	-637	-760	-637
Profit/loss for the year as per the Annual Report	**556**	**627**	**4,155**	**3,673**	**-2,517**	**-2,481**	**2,194**	**1,819**

Coloplast A/S' registered office is situated in Denmark. Revenue from external customers in Denmark amounted to DKK 255m (2010/11: DKK 238m), while revenue from external customers in other countries amounted to DKK 10,768m (2010/11: DKK 9,934m).
Total non-current assets except for financial instruments and deferred tax assets (there are no plan assets or rights pursuant to insurance contracts) placed in Denmark amounted to DKK 2,471m (2010/11: DKK 2,620m), while total non-current assets placed in other countries amounted to DKK 1,543m (2010/11: DKK 1,470m).

Notes

Note		DKK million 2011/12	2010/11
4.	**Depreciation, amortisation and impairment**		
	Specification for the year:		
	Acquired patents and trademarks etc.	137	124
	Software	44	52
	Total amortisation and impairment of intangible assets	181	176
	Land and buildings	99	106
	Plant and machinery	164	179
	Other fixtures and fittings, tools and equipment	57	66
	Total depreciation and impairment of property, plant and equipment	320	351
	Total	**501**	**527**
	Depreciation, amortisation and impairment are allocated as follows:		
	Cost of sales	386	401
	Distribution costs	42	58
	Administrative expenses	46	38
	Research and development costs	27	30
	Total	**501**	**527**

Note		2011/12	2010/11
5.	**Staff costs**		
	Salaries, wages and directors' remuneration	2,412	2,385
	Pension costs - defined contribution plans (note 20)	179	157
	Pension costs - defined benefit plans (note 20)	9	13
	Other social security costs	275	260
	Total	**2,875**	**2,815**
	Staff costs are allocated as follows:		
	Cost of sales	737	774
	Distribution costs	1,667	1,523
	Administrative expenses	278	291
	Research and development costs	193	227
	Total	**2,875**	**2,815**
	Average number of employees, FTEs	7,624	7,328
	Number of employees at 30.9, FTEs	7,875	7,372

See note 6 for information on the Executive Management's and the Directors' remuneration.

Notes

Note

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

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 the share-based remuneration of members of the Executive Management are unchanged from last year, with adjustments made only in terms of amounts. Share options vest over a three-year period of employment, but are otherwise awarded as unconditional allocations and at a percentage premium to the market price at the date of grant. The option value is calculated according to the Black-Scholes formula. See note 19.

Board of Directors

Board members receive a fee of DKK 350,000 each (2010/11: DKK 325,000). The Chairman receives the basic fee plus 200% (2010/11: 200%), while the Deputy Chairman receives the basic fee plus 75% (2010/11: 75%). Members of the Audit Committee also receive a fee corresponding to 50% of the basic fee (2010/11: 50%). Members of the Board of Directors are not eligible for share option or bonus schemes.

Executive Management

The fixed remuneration paid to members of the Executive Management consists of 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 member of the Executive Management, but is subject to a maximum of 25% of their annual remuneration.

In addition, each member of the Executive Management is granted share options at a value equal to a maximum of 40% of the Executive Management's total remuneration. The Executive Management's and the Directors' remuneration is included in staff costs (see note 5) by:

DKK million

2011/12	Net salaries	Pension	Other benefits	Cash bonus	Total	Share options[1]
Lars Rasmussen	5.5	1.2	0.2	1.2	8.1	4.4
Lene Skole	4.0	0.9	0.2	0.9	6.0	3.2
Executive Management total	9.5	2.1	0.4	2.1	14.1	7.6
Board of Directors	4.0	0.0	0.0	0.0	4.0	0.0
Total	**13.5**	**2.1**	**0.4**	**2.1**	**18.1**	**7.6**

DKK million

2010/11	Net salaries	Pension	Other benefits	Cash bonus	Total	Share options[1]
Lars Rasmussen	4.8	1.2	0.2	1.2	7.4	4.4
Lene Skole	3.5	0.9	0.2	0.9	5.5	3.2
Executive Management total	8.3	2.1	0.4	2.1	12.9	7.6
Board of Directors	4.0	0.0	0.0	0.0	4.0	0.0
Total	**12.3**	**2.1**	**0.4**	**2.1**	**16.9**	**7.6**

1 The amount expresses the Black-Scholes value of the options granted 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, and options granted in prior financial years.

Notes

Note

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

Share options

Share options in Coloplast A/S held by members of the Executive Management:

2011/12	Beginning of the year Units	Exercised during the year Units	Granted during the year Units	Holdings at end of the year Units	Market value DKK million
Lars Rasmussen	164,220	53,265	48,720	159,675	78
Lene Skole	117,694	29,650	36,155	124,199	62
Executive Management total	281,914	82,915	84,875	283,874	140
Former members of the Executive Management	58,161	54,511	0	3,650	3
Total	**340,075**	**137,426**	**84,875**	**287,524**	**143**

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 financial statements and during the six-week periods following the announcement of full-year financial statements. Number of shares in Coloplast A/S held by members of the Board of Directors and the Executive Management:

2010/11	Beginning of the year Units	Bought during the year Units	Sold during the year Units	Holdings at end of the year Units	Market value DKK million
Lars Rasmussen	4,788	43,948	43,915	4,821	6
Lene Skole	1,315	24,933	23,100	3,148	4
Executive Management total	6,103	68,881	67,015	7,969	10
Board of Directors, A shares	2,457,000	0	0	2,457,000	2,968
Board of Directors, B shares	6,695,375	203,905	203,657	6,695,623	8,088
Total	**9,158,478**	**272,786**	**270,672**	**9,160,592**	**11,066**

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. Financial income

DKK million	**2011/12**	2010/11
Interest income	42	27
Net exchange adjustments	0	11
Fair value adjustments on forward contracts transferred from equity	0	5
Other financial income and fees	0	4
Total	**42**	**47**

8. Financial expenses

DKK million	**2011/12**	2010/11
Interest expense	91	115
Net exchange adjustments	40	0
Fair value adjustments on forward contracts transferred from equity	154	0
Fair value adjustments, share options	29	35
Other financial expenses and fees	28	21
Total	**342**	**171**

Notes

DKK million

Note		201/12	2010/11
9.	**Tax on profit for the year**		
	Current tax on profit for the year	779	683
	Change in deferred tax on profit for the year	-9	-39
		770	644
	Adjustment of tax relating to prior years	-15	-11
	Change due to change in tax rate	5	4
	Total	**760**	**637**
	Specification of tax:		
	Tax on profit from primary activities	770	644
	Adjustment of tax relating to prior years	-15	-11
	Change due to change in tax rate	5	4
	Total	**760**	**637**
	Tax on equity and other comprehensive income entries	**59**	**-6**
	Reconciliation of tax rate differences:		
	Danish tax rate, %	25	25
	Deviation in foreign subsidiaries' tax percentage, %	1	1
	Effective tax rate, %	**26**	**26**

10. 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 19).

Net profit for the year	2,194	1,819
Weighted average no. of shares (in millions of units)	42.0	42.0
Earnings per share (DKK), (A and B shares)	52	43
Earnings per share (DKK), (A and B shares), diluted	52	43

11. Dividend per share

The Board of Directors recommends a dividend for the financial year of DKK 20 per share of DKK 5 nominal value (2010/11: DKK 14), corresponding to an increase of 43% in ordinary dividend. This equals a pay-out ratio of 38% (2010/11: 32%) and total dividends of DKK 841m (2010/11: DKK 585m).

Notes

Note

12. **Intangible assets**

2011/12 DKK million	Acquired patents and trademarks etc.	Goodwill	Software	Prepayments and intangible assets in progress	Total intangible assets
Total cost at 1.10.	1,609	737	539	9	2,894
Exchange and other adjustments	60	30	3	0	93
Additions and improvements during the year	0	0	6	15	21
Reclassification	0	0	2	-2	0
Disposals during the year	-11	0	-7	0	-18
Total cost at 30.9.	**1,658**	**767**	**543**	**22**	**2,990**
Total amortisation and impairment at 1.10.	668	0	424	0	1,092
Exchange and other adjustments	26	0	2	0	28
Amortisation and impairment for the year	137	0	44	0	181
Amortisation and impairment reversed on disposals during the year	-10	0	-6	0	-16
Total amortisation and impairment at 30.9.	**821**	**0**	**464**	**0**	**1,285**
Carrying amount at 30.9.	**837**	**767**	**79**	**22**	**1,705**

Goodwill

Goodwill relates mainly to the urology businesses acquired in 2006 and 2010.

Goodwill from the acquired urology businesses has been allocated to the individual cash-generating units according to earnings at the date of acquisition. The allocation was made to the cash-generating units Ostomy Care, Urology Care 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 forecasts based on realised sales growth, earnings and strategy plans, etc. These forecasts 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.

The impairment tests performed for the urology business were based on our business plan in effect until the 2015/16 financial year. For Ostomy Care and Continence Care, forecasts for 2012/13 were used. Assumptions from our long-term strategy have been used for the financial years from 2013/14 until 2015/16.

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

		2011/12			2010/11	
	Ostomy Care	Urology Care	Continence Care	Ostomy Care	Urology Care	Continence Care
Growth in terminal period	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Tax percentage	26%	37%	26%	26%	37%	26%
Carrying amount of goodwill, DKK million	38	308	421	37	305	395

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

Capital invested 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.

Notes

Note

12. Intangible assets, continued

Discounting is based on the cash-generating unit's weighted capital costs in the impairment tests performed:

	2011/12		2010/11	
	before tax	after tax	before tax	after tax
Urology Care	11.8%	9.0%	13.1%	10.0%
Ostomy & Continence Care	6.0%	5.0%	7.1%	6.0%

Acquired patents and trademarks etc.

The majority of our acquired patents and trademarks are associated with the acquisition of Mentor's urology business in 2006 and the Mpathy acquisition in 2010. In connection with the acquisition, intangible assets were identified, and their cost was allocated to net assets at fair value at the date of acquisition, calculated on the basis of factors such as expected sales and revenue trends. Each component is amortised over its estimated useful life using the straight line method.

	Remaining amortisation period	Carrying amount DKK million	
		2011/12	2010/11
Non-competition clause	1 year	25	60
Patented technologies and unprotected technologies	1-14 years	449	488
Trademarks	9-14 years	232	243
Customer lists/loyalty	9-14 years	114	126
Total		**820**	**917**

Non-competition clause

In connection with the acquisition of Mentor's urology business, the parties agreed on a non-competition clause prohibiting Mentor (the seller) from selling urology products for the next seven years, as Mentor's research and development capabilities could be employed both in their continuing operations and in the urology business acquired by Coloplast.

Patented technologies and unprotected technologies

On acquiring Mentor's urology business, Coloplast acquired a large number of patented technologies (more than 300) and unprotected technologies. On acquiring Mpathy, Coloplast acquired about 50 patented technologies.

Unprotected technologies include (Mentor only):

1. patentable/protectable inventions
2. trade secrets
3. know-how
4. confidential information
5. copyrights on computer software, data bases or instruction manuals and the like

Most relate to know-how concerning various materials and processes used in production. A further break down of the individual components is not considered material or relevant.

Notes

Note

12. Intangible assets, continued

Trademarks
In addition to patents, Coloplast acquired a large number (more than 150) of registered and unregistered trademarks, including pending applications for trademark registration, but Coloplast did not acquire the Mentor trademark. Individual acquired trademarks, each representing a limited value, are not material for Coloplast's sales, as is also the case for patented and unprotected technologies. On acquiring Mpathy, Coloplast acquired a small number (less than 20) of trademarks.

Customer lists/loyalty
Coloplast also acquired a substantial number of customer relationships. As long-term customer contracts are rarely made in the field of urology, customer lists are valued as a whole at the date of acquisition.

2010/11 DKK million	Acquired patents and trademarks etc.	Goodwill	Software	Prepayments and intangible assets in progress	Total intangible assets
Total cost at 1.10.	1,482	670	497	35	2,684
Exchange and other adjustments	6	5	0	0	11
Additions on acquisitions	121	62	0	0	183
Additions and improvements during the year	0	0	11	9	20
Reclassification	0	0	35	-35	0
Disposals during the year	0	0	-4	0	-4
Total cost at 30.9.	**1,609**	**737**	**539**	**9**	**2,894**
Total amortisation and impairment at 1.10.	543	0	374	0	917
Exchange and other adjustments	1	0	0	0	1
Additions on acquisitions	0	0	0	0	0
Amortisation and impairment for the year	124	0	52	0	176
Amortisation and impairment reversed on disposals during the year	0	0	-2	0	-2
Total amortisation and impairment at 30.9.	**668**	**0**	**424**	**0**	**1,092**
Carrying amount at 30.9.	**941**	**737**	**115**	**9**	**1,802**

Notes

Note

13. Property, plant and equipment

2011/12 DKK million	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
Total cost at 1.10.	2,087	2,953	569	93	5,702
Exchange and other adjustments	42	79	9	1	131
Reclassification	36	17	11	-64	0
Additions and improvements during the year	10	76	23	208	317
Disposals during the year	-26	-39	-90	-6	-161
Total cost at 30.9.	**2,149**	**3,086**	**522**	**232**	**5,989**
Total depreciation and impairment at 1.10.	954	2,067	415	0	3,436
Exchange and other adjustments	13	56	6	0	75
Reclassification	0	-5	5	0	0
Depreciation and impairment for the year	99	164	57	0	320
Depreciation and impairment reversed on disposals during the year	-24	-22	-82	0	-128
Total depreciation and impairment at 30.9.	**1,042**	**2,260**	**401**	**0**	**3,703**
Carrying amount at 30.9.	**1,107**	**826**	**121**	**232**	**2,286**
Additions during the year include finance leases amounting to	0	0	0	0	0
Gross amount, property, plant and equipment fully depreciated and written down	303	862	233	0	1,398

The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery of DKK 40m (2010/11: DKK 45m). The Group's mortgage loans have been secured against land and buildings in the amount of DKK 0m (2010/11: DKK 437m).

2010/11 DKK million	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
Total cost at 1.10.	2,066	2,975	610	141	5,792
Exchange and other adjustments	-17	-75	-1	1	-92
Reclassification	39	121	28	-188	0
Additions and improvements during the year	21	51	19	139	230
Disposals during the year	-22	-119	-87	0	-228
Total cost at 30.9.	**2,087**	**2,953**	**569**	**93**	**5,702**
Total depreciation and impairment at 1.10.	872	2,038	434	0	3,344
Exchange and other adjustments	-7	-58	-2	0	-67
Reclassification	0	0	0	0	0
Depreciation and impairment for the year	106	179	66	0	351
Depreciation and impairment reversed on disposals during the year	-17	-92	-83	0	-192
Total depreciation and impairment at 30.9.	**954**	**2,067**	**415**	**0**	**3,436**
Carrying amount at 30.9.	**1,133**	**886**	**154**	**93**	**2,266**
Additions during the year include finance leases amounting to	0	0	1	0	1
Gross amount, property, plant and equipment fully depreciated and written down	262	763	219	0	1,244

Notes

Note

14. Investments

2011/12

DKK million	Investments in associates	Other securities and investments
Total cost at 1.10.	4	0
Total cost at 30.9.	**4**	**0**
Adjustments at 1.10.	2	0
Profit/loss for the year	-1	0
Other adjustments	2	0
Adjustments at 30.9.	**3**	**0**
Carrying amount at 30.9.	**7**	**0**

2010/11

DKK million	Investments in associates	Other securities and investments
Total cost at 1.10.	2	4
Disposals	0	-2
Other adjustments	2	-2
Total cost at 30.9.	**4**	**0**
Adjustments at 1.10.	0	0
Profit/loss for the year	-1	0
Other adjustments	3	0
Adjustments at 30.9.	**2**	**0**
Carrying amount at 30.9.	**6**	**0**

In the 2011/12 financial year, associates reported sales of DKK 0m, and generated a loss of DKK 5m. Assets totalled DKK 31m and liabilities amounted to DKK 2m.

A company overview is provided in note 35.

Notes

Note		DKK million 2011/12	2010/11
15.	**Deferred tax**		
	Deferred tax, beginning of the year	-8	8
	Changes in accounting policies	0	-17
	Adjustments, beginning of the year	**-8**	**-9**
	Exchange adjustments	-6	2
	Additions from acquisitions	0	20
	Adjustment due to change in tax rate	-5	4
	Prior-year adjustments	6	12
	Change in deferred tax - charged to equity	5	2
	Change in deferred tax - charged to income statement	-9	-39
		-17	-8
	Of which deferred tax asset	193	163
	Provision for deferred tax	**176**	**155**

Calculation of deferred tax is based on the following items:

	2011/12	2010/11
Intangible assets	364	362
Property, plant and equipment	0	24
Indirect costs of sales	18	15
Unrealised gain from intra-group sale of goods	-152	-198
Jointly taxed companies	13	13
Share options	-18	-13
Tax losses carried forward and tax credits	-90	-110
Other	-152	-101
Total	**-17**	**-8**

DKK 174m of the deferred tax asset is expected to be set off after more than 12 months (2010/11: DKK 122m), while DKK 176m of the deferred tax is expected to be set off after more than 12 months (2010/11: DKK 155m).

Taxable temporary differences regarding investments in subsidiaries, branches or associates are insignificant and no deferred tax has been provided, as 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.

The Group’s tax losses expire as follows:

	2011/12	2010/11
Within 1 year	0	0
Within 1 to 5 years	0	6
After more than 5 years	233	315
Total	**233**	**321**

The losses listed above include a recognised tax asset of DKK 136m (2010/11: DKK 205m).

Notes

Note		2011/12	2010/11
		DKK million	
16.	**Inventories**		
	Raw materials and consumables	145	110
	Work in progress	252	237
	Manufactured goods	611	599
	Inventories	**1,008**	**946**
	Inventory writedowns at 1.10.	76	58
	Inventory writedowns used	-48	-30
	Inventory writedowns reversed	-27	-14
	Inventory writedowns for the year	46	62
	Inventory writedowns at 30.9.	**47**	**76**

Cost of sales include directly attributable production costs for goods sold in the amount of DKK 2,097m (2010/11: DKK 1,992m).

17.	**Trade receivables**		
	Portion of receivables falling due after more than one year after the balance sheet date		
	Other long-term receivables	0	5

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:		
Provisions at 1.10.	99	74
Exchange adjustment	0	-1
Change of provisions during the year	69	43
Losses realised during the year	-1	-17
Provisions at 30.9.	**167**	**99**

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

Receivables due are specified as follows:		
Up to 30 days	197	104
Between 30 and 90 days	89	111
More than 90 days	218	272
Total receivables due	**504**	**487**
At 30 September, the Group had the following receivables:		
DKK	101	105
EUR	875	960
GBP	309	246
USD	217	177
Other currencies	420	332
Total carrying amount	**1,922**	**1,820**

18.	**Marketable securities**		
	Holdings of securities at 30 September consist mainly of Danish bonds with a duration of less than 1 (2010/11: less than 1) and an effective yield of 1% (2010/11: 2%)	645	568

Notes

Note

19. Treasury shares and share options

Treasury shares	**2011/12** Number of B shares	2010/11 Number of B shares	**2011/12** % of B share capital	2010/11 % of B share capital	**2011/12** Nominal value B shares	2010/11 Nominal value B shares
Holdings of treasury shares at 1.10.	3,188,867	2,831,071	7.70%	6.84%	15,944,335	14,155,355
Acquired during the year	510,234	668,638	1.23%	1.62%	2,551,170	3,343,190
Cancelled	0	0	0.00%	0.00%	0	0
Sold during the year	-749,609	-310,842	-1.81%	-0.75%	-3,748,045	-1,554,210
Holdings of treasury shares at 30.9.	**2,949,492**	**3,188,867**	**7.12%**	**7.70%**	**14,747,460**	**15,944,335**

The Group does not hold A shares.

Share options

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

Share options have affected the profit for the year as follows:	**2011/12**	2010/11
Staff costs - equity-settled programmes (programmes from 2005 and later)	29	29
Staff costs - cash-settled programmes (programmes from 2003 and 2004)	0	0
Financial costs - cash-settled programmes incl. exercised options	29	35
Total share option cost/income	**58**	**64**

Specification of outstanding options:	**2011/12** No. of options	**2011/12** Avg. exer-cise price	**2011/12** Avg. share price	2010/11 No. of options	2010/11 Avg. exer-cise price	2010/11 Avg. share price
Outstanding options at beginning of the year	2,250,562	506		2,295,187	440	
Options vested	360,406	949		351,481	874	
Options cancelled	-7,863	554		-26,806	462	
Options expired	-6,600	260		0	0	
Options exercised	-809,616	410	916	-369,300	449	778
Outstanding options at end of year	**1,786,889**	639		**2,250,562**	506	

Issued in	Number of employees	Number of options	Share options lapsed	Options exercised	Not exercised at 30.9.2012	Exercise price	Exercisable from	Exercisable not later than
December 2003	191	279,960	25,900	232,780	21,280	262	November 2007	31.12.2012
December 2004	215	199,240	27,250	136,225	35,765	280	November 2008	31.12.2013
December 2004	3	2,880	1,000	1,880	0	321	November 2008	31.12.2013
December 2005	209	177,625	19,200	109,900	48,525	328	November 2009	31.12.2014
December 2006	2	6,417	0	2,217	4,200	496	April 2009	01.07.2015
December 2006	211	202,030	26,410	110,035	65,585	506	November 2010	31.12.2015
December 2007	253	478,428	47,928	361,438	69,062	532	December 2010	31.12.2012
December 2008	265	951,408	77,020	488,761	385,627	385	December 2011	31.12.2013
December 2009	156	464,938	16,331	0	448,607	543	December 2012	31.12.2014
December 2010	127	353,439	2,466	0	350,973	874	December 2013	31.12.2015
December 2011	55	358,121	856	0	357,265	949	December 2014	31.12.2016

Share options are granted to members of the Executive Management and other senior executives in order to motivate and retain a qualified management group and in order to align the interests of Management and the shareholders. In the period 2003-2006, options were awarded subject to the achievement of specific consolidated EP and EBIT margin targets. If only one of the targets was achieved, 50% of the options under the scheme were awarded. Options awarded in 2007 and later are made as unconditional allocations at the date of grant, but vest over a three-year period. The value of options at the date of grant equalled an average of two months' salary for each recipient, 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 2012, the accounting liability of the option programme was DKK 69m (2010/11: DKK 89m), while the fair value of the option schemes amounted to DKK 1,002m (2010/11: DKK 707m).

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

	2011	**2010**
Average share price (DKK)	825.49	760.28
Exercise price (DKK)	949.31	874.32
Expected dividend per share	1.70%	1.32%
Expected duration	4.00	4.00
Volatility	23.06%	23.58%
Risk-free interest	0.64%	1.84%

The value of the options was calculated using the Black-Scholes formula, in which the interest rate applied was the yield on 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

20. Provisions for pensions and similar obligations

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 obligations towards the beneficiaries. Once the pension contributions for defined contribution plans have been made, the Group has no further obligation towards current or former employees. Contributions to defined contribution plans are recognised in the income statement when paid. In 2011/12, DKK 179m (2010/11: DKK 157m) 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.

The pension plans are based on the individual employee's salary and years of service in the scheme. A few countries may require that the liability is covered, but this is not the case for the majority of the countries. The plans have no requirements for risk diversification on equities or for matching strategies. The plans have a duration of from 8 to 25 years, and all plans mature after more than 10 years.

DKK million	**2011/12**	2010/11
The following is recognised in the consolidated income statement:		
Defined contribution plans	179	157
Defined benefit plans	9	13
Total	**188**	**170**
The costs regarding defined benefit plans are recognised in the following income statement items:		
Cost of sales	2	3
Distribution costs	5	7
Administrative expenses	2	3
Total	**9**	**13**
Pension costs recognised in the income statement:		
Current service costs	2	10
Net interest expenses	6	7
Past service costs	1	-4
Total amount recognised in income statement for defined benefit plans	**9**	**13**
Pension costs recognised in other comprehensive income:		
Actuarial gains/losses on pension obligations	-49	28
Difference between interest element and actual return on plan assets	0	-7
Exchange adjustments	-1	0
Total amount recognised in other comprehensive income regarding defined benefit plans	**-50**	**21**
Specification of fair value of plan assets		
Plan assets at 1.10	172	162
Exchange adjustments	15	0
Interest	8	0
Curtailment and settlements	-19	0
Contributions paid by the company	13	18
Benefit paid out	-9	-8
Plan assets at 30.9	**180**	**172**

Notes

Note		2011/12	2010/11
		DKK million	
20.	**Provisions for pensions and similar obligations, continued**		
	Specification of plan assets:		
	Shares, listed	89	102
	Bonds	86	37
	Property	0	7
	Cash and similar assets	5	26
	Plan assets at 30.9	**180**	**172**
	Specification of present value of defined benefit obligation:		
	Obligation at 1.10	293	311
	Exchange adjustments	19	-1
	Current service costs	2	10
	Interest costs	14	14
	Curtailment and settlements	-19	-1
	Actuarial gains/losses, financial assumptions	51	-28
	Actuarial gains/losses, experience	-2	0
	Past service costs	1	-4
	Benefit paid out	-9	-8
	Present value of liability at 30.9	**350**	**293**
	Fair value of plan assets	-180	-172
	Net liability recognised in the balance sheet	**170**	**121**
	Net liability recognised in the balance sheet at 1.10	83	90
	Unrecognised actuarial gains and losses, reversed	31	52
	Past service costs, reversed	7	7
	Adjusted net liability at 1.10	**121**	**149**
	Expenditure for the year	9	13
	Other comprehensive income:		
	Actuarial gains and losses	49	-28
	Exchange adjustments	4	-1
	Difference between interest element and actual return on plan assets	0	7
	Curtailment and settlements	0	-1
	Contributions paid by the company	-13	-18
	Net liability recognised in the balance sheet at 30.9	**170**	**121**

The Group expects to pay DKK 14m to the defined benefit plans in 2012/13.

	2011/12	2010/11
Assumptions of actuarial calculations as at the balance sheet date are as follows (expressed as an average):		
Discount rate	5	5
Expected return on plan assets	4	5
Future rate of salary increases	3	3

The sensibility analysis shows that a given change in the main assumptions will trigger changes in the gross liability as follows:	+1%	-1%
Discount rate	-20%	26%
Future rate of salary increases	7%	-6%
Inflation	+14%	-11%

Notes

Note

21. Other provisions

2011/12 DKK million	Legal claims	Other	Total
Provisions at 1.10.	34	5	39
	0	0	
Provisions during the year	3	5	8
Unused amounts reversed during the year	-6	0	-6
Charged to the income statement	**-3**	**5**	**2**
Use of provisions during the year	-23	1	-22
Provisions at 30.9.	**8**	**11**	**19**
Expected maturities:			
Current liabilities	8	6	14
Non-current liabilities	0	5	5
Provisions at 30.9.	**8**	**11**	**19**

2010/11 DKK million	Legal claims	Other	Total
Provisions at 1.10.	16	13	29
Provisions during the year	24	2	26
Unused amounts reversed during the year	-3	-4	-7
Charged to the income statement	**21**	**-2**	**19**
Use of provisions during the year	-3	-6	-9
Provisions at 30.9.	**34**	**5**	**39**
Expected maturities:			
Current liabilities	34	1	35
Non-current liabilities	0	4	4
Provisions at 30.9.	**34**	**5**	**39**

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 significantly exceed the provisions made.

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

Notes

Note		DKK million 2011/12	2010/11

22. Credit institutions

Breakdown of debt to financial institutions stated in the balance sheet:

	2011/12	2010/11
Current liabilities	1,296	98
Non-current liabilities	0	1,996
Total	**1,296**	**2,094**

Other current financial liabilities falling due within 12 months from the balance sheet date amount to DKK 478m (2010/11: DKK 420m).

Debt to credit institutions including interest has the following terms to maturity:

	2011/12	2010/11
Within 1 year	1,324	155
1-5 years	0	1,659
More than 5 years	0	982
Total	**1,324**	**2,796**

	2011/12	2010/11
DKK	0	383
EUR	1,167	1,619
USD	1	1
Other currencies	128	91
Total carrying amount	**1,296**	**2,094**

Net interest-bearing debt including swap facility at 30.9.

	2011/12	2010/11
Mortgage debt	0	465
Other credit institutions	1,296	1,629
Marketable securities	-645	-568
Bank balances	-1,973	-1,317
Other payables	280	330
Total	**-1,042**	**539**

The Other payables item represents refinancing via a swap facility and employee bonds. 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:

2011/12

Principal in DKK million/ Effective interest rate p.a., %		USD	Rate	GBP	Rate	EUR	Rate	DKK	Rate	Other	Rate	Total
Less than 1 yr	Receivables	-41	0-1	-136	1-9	-685	1	-1,629	0-1	-119	2-5	-2,610
	Liabilities	1,153	5			14	0			129	0	1,296
	Swap	-1,153	5			1,418	5					265
Total, less than 1 year		-41		-136		747		-1,629		10		-1,049
1 to 5 yrs	Receivables									-7	0	-7
	Liabilities							15	4-5			15
	Swap											0
Total, 1 to 5 yrs								15		-7		8
More than 5 yrs	Receivables									-1	0	-1
	Liabilities											0
	Swap											0
Total, more than 5 year										-1		-1
Total		**-41**		**-136**		**747**		**-1,614**		**2**		**-1,042**

The parent company has a fixed-rate loan for USD 200m in the form of a private placement with a term to maturity of less than 1 year. The loan has been converted to a fixed interest rate in EUR via swaps with banks. At the balance sheet date, approximately 91% of the Group's total borrowings carry a fixed interest rate.

Notes

Note

22. Credit institutions, continued

2010/11

Principal in DKK million/ Effective interest rate p.a., %		USD	Rate	GBP	Rate	EUR	Rate	DKK	Rate	Other	Rate	Total
Less than 1 yr	Receivables	-35	0-2	-136	0-1	-185	0-1	-1,397	0-1	-124	0-5	-1,877
	Liabilities			5	0	1	0-4	5	0-1	87	1-2	98
	Swap	1	0									1
Total, less than 1 year		-34		-131		-184		-1,392		-37		-1,778
1 to 5 yrs	Receivables									-7	0	-7
	Liabilities	1,100	5			6	1-4	41	1-4			1,147
	Swap	-1,100	5			1,414	5					314
Total, 1 to 5 yrs		0				1,420		41		-7		1,454
More than 5 yrs	Receivables									-1	0	-1
	Liabilities					533	1-4	331	2-4			864
	Swap											0
Total, more than 5 year						533		331		-1		863
Total		**-34**		**-131**		**1,769**		**-1,020**		**-45**		**539**

DKK million

	2011/12	2010/11
23. Income tax		
Income tax payable at 1.10.	505	467
Exchange adjustments	2	-1
Prior-year adjustments	-21	-23
Tax on profit for the year	779	683
Tax on equity entries	-54	-8
Tax paid during the year	-595	-613
	616	505
Of which receivable income tax	55	11
Income tax payable at 30.9.	**671**	**516**

24. 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 comprises 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
2011/12

	Loans and receivables	Assets at fair value through the income statement[1]	Derivatives used for hedging (level 2)[2]	Total
Assets				
Trade receivables and other receivables	2,155	0	49	2,204
Cash and bank balances and marketable securities	1,973	645	0	2,618
Total	**4,128**	**645**	**49**	**4,822**

Notes

Note

24. Financial instruments, continued

Financial instruments by category

	Liabilities at fair value through the income statement[1]	Derivatives used for hedging (level 2)[2]	Other liabilities at amortised cost	Total
Equity and liabilities				
Mortgage debt[2]	0	0	0	0
Other credit institutions	0	0	1,296	1,296
Trade payables	0	0	478	478
Other payables	0	344	880	1,224
Total	**0**	**344**	**2,654**	**2,998**

There were no movements between levels 1 and 2 during the period.

Financial instruments by category 2010/11

	Loans and receivables	Assets at fair value through the income statement[1]	Derivatives used for hedging (level 2)[2]	Total
Assets				
Trade receivables and other receivables	2,018	0	33	2,051
Cash and bank balances and marketable securities	1,318	568	0	1,886
Total	**3,336**	**568**	**33**	**3,937**

	Liabilities at fair value through the income statement[1]	Derivatives used for hedging (level 2)[2]	Other liabilities at amortised cost	Total
Equity and liabilities				
Mortgage debt[2]	0	0	465	465
Other credit institutions	0	0	1,629	1,629
Trade payables	0	0	420	420
Other payables	0	378	939	1,317
Total	**0**	**378**	**3,453**	**3,831**

[1] Trading portfolio

[2]Financial instruments measured at fair value are broken down according to the following measuring hierarchy:
Level 1: Observable market prices of identical instruments
Level 2: Valuation models primarily based on observable prices or traded prices of comparable instruments
Level 3: Valuation models primarily based on non-observable prices

The fair value of forward exchange contracts and other derivative financial instruments are considered a level 2 fair value measurement as the fair value is determined directly based on the published exchange rates and quoted forward rates at balance sheet dates.

Fair values of derivative financial instruments are calculated on the basis of current market data and generally accepted valuation methods.

Foreign exchange risk
The objective of the foreign exchange policy is to neutralise and delay the effect of exchange rate fluctuations in the income statement and thereby enhance the predictability of the financial results. This is done by hedging significant balance sheet items denominated in foreign currency and a part of the expected future cash flows. Currency hedging is achieved by means of forward contracts and options. As at 30 September 2012, an average of 93% of the following twelve months of expected net cash flows were hedged (2010/11: 100% of the following eleven months of cash flows). The Group does not hedge amounts in euro.

Notes

Note

24. Financial instruments, continued

Holdings of derivative financial instruments

2011/12

DKK million	Contract amount	Loss/gain when stated at market value at 30.9	Amount incl. in income statement for 2011/12	Transferred to hedging reserve	Expiry period
Forward exchange contracts outstanding at 30.9. to hedge future cash flows					
USD, forward exchange contracts	452	-2	0	-2	Oct. 2012 - Sep. 2013
GBP, forward exchange contracts	1,087	-37	0	-37	Oct. 2012 - Sep. 2013
JPY, forward exchange contracts	173	-5	0	-5	Oct. 2012 - Sep. 2013
HUF, forward exchange contracts	-149	33	0	33	Nov. 2012 - Dec. 2013
Other currencies, forward exchange contracts	907	-31	0	-31	Oct. 2012 - Sep. 2013
Total	**2,470**	**-42**	**0**	**-42**	
Other forward exchange contracts outstanding at 30.9.					
USD	524	6	6	0	Oct. 2012 - Nov. 2012
GBP	281	0	0	0	Oct. 2012 - Nov. 2012
JPY	113	1	1	0	Oct. 2012 - Nov. 2012
HUF	-61	2	2	0	Oct. 2012 - Jan. 2013
Other currencies	358	1	1	0	Oct. 2012 - Dec. 2012
Total	**1,215**	**10**	**10**	**0**	
Currency and interest swaps at 30.9. to hedge future cash flows					
USD/EUR	1,153	-268	-53	-12	Apr. 2013
Total	**1,153**	**-268**	**-53**	**-12**	

Holdings of derivative financial instruments

2010/11

DKK million	Contract amount	Loss/gain when stated at market value at 30.9	Amount incl. in income statement for 2010/11	Transferred to hedging reserve	Expiry period
Forward exchange contracts outstanding at 30.9. to hedge future cash flows					
USD, forward exchange contracts	399	-13	0	-13	Oct. 2011 - Aug. 2012
GBP, forward exchange contracts	888	3	0	3	Oct. 2011 - Jul. 2012
JPY, forward exchange contracts	157	-14	0	-14	Oct. 2011 - Sep. 2012
HUF, forward exchange contracts	-322	-19	0	-19	Oct. 2011 - Aug. 2012
Other currencies, forward exchange contracts	803	12	0	12	Oct. 2011 - Sep. 2012
Total	**1,925**	**-31**	**0**	**-31**	
Other forward exchange contracts outstanding at 30.9.					
USD	394	-24	-24	0	Oct. 2011 - Dec. 2011
GBP	477	-3	-3	0	Oct. 2011 - Dec. 2011
JPY	110	-5	-5	0	Oct. 2011 - Nov. 2011
HUF	-119	-5	-5	0	Oct. 2011 - Nov. 2011
Other currencies	305	0	0	0	Oct. 2011 - Nov. 2011
Total	**1,167**	**-37**	**-37**	**0**	
Currency and interest swaps at 30.9. to hedge future cash flows					
USD/EUR	1,100	-319	-6	-11	Apr. 2013
Total	**1,100**	**-319**	**-6**	**-11**	

Notes

Note

24. Financial instruments, continued

The Group had no material foreign exchange risks relating to debt in foreign currency as at 30 September 2012. The Group's receivables and payables are to some extent affected by exchange rate fluctuations, and, accordingly, the Group's balance sheet is impacted to some extent by changes in exchange rates prevailing at 30 September 2012.

Consolidated revenue is particularly exposed to developments in USD and GBP. As the Group has production in the USA, a 10% drop in the USD/DKK exchange rate would have a smaller impact on EBIT, of DKK 40m, than a similar change in the GBP/DKK exchange rate. Due to the Group's production in the USA, changes in the USD/DKK exchange rate only have a minor impact on EBIT, while changes in the GBP/DKK exchange rate feed through to EBIT unfiltered. A 10% depreciation of the GBP/DKK exchange rate would, other things being equal, have had a negative impact on EBIT of DKK 105m (2010/11: DKK 85m). Production is exposed especially to movements in HUF, and a 10% depreciation of the HUF/DKK exchange rate would, other things being equal, have a positive EBIT impact of DKK 35m (2010/11: DKK 40m). An increase in exchange rates would have had the opposite effect on EBIT. The average exchange rates of the year for these currencies have appreciated compared with last year. In addition, some of the secondary currencies (AUD, JPY, NOK and CAD) had an impact on consolidated EBIT in 2011/12. These currencies have a relatively high impact on EBIT, because Coloplast has no production in these currencies and hence no natural hedge.

Interest rate risk

As at 30 September 2012, the Group's loans predominantly carried a fixed rate of interest or had been converted to a fixed rate by way of interest rate swaps. The fair value of the interest rate and currency swaps outstanding at the balance sheet date entered into to hedge foreign exchange or interest rate risks was negative in the amount of DKK 264m (2010/11: negative amount of DKK 314m).

Based on the exposure at the balance sheet date, a one percentage point increase/fall in the level of interest rates would have impacted the profit for the year by plus or minus DKK 14m (2010/11: plus or minus DKK 7m).

Liquidity risk

The funding policy is intended to ensure that the Group maintains a minimum cash reserve of DKK 1 billion.

The cash policy stipulates that the Group must obtain a competitive return and high liquidity when investing its excess cash. Cash pools is one of the means of achieving effective management of the Group's cash.

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

Credit risk

Pursuant to the counterparty policy, transactions should only be made with selected financial institutions holding a satisfactory credit rating.

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's policy for undertaking credit risks involves an ongoing credit assessment of major customers and other key business partners.

Capital management

The capital management objective is for the Group to repay existing debt and only raise new debt for acquisition purposes.

The Board of Directors generally intends to distribute excess cash to the shareholders by way of dividends and share buybacks. The intention is to distribute about 30% of the profit for the year as ordinary dividend and to pay extraordinary dividends, if necessary. However, share buybacks and distribution of dividend will always take into account the Group's growth plans and funding 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.

Notes

Note

25. Other liabilities

	DKK million 2011/12				DKK million 2010/11			
Falling due in:	Other operating leases	Rent	Other	Total	Other operating leases	Rent	Other	Total
Less than 1 year	52	71	-2	121	45	90	3	138
Within 1 to 5 years	55	200	17	272	67	200	53	320
More than 5 years	0	34	55	89	1	6	0	7
Total	**107**	**305**	**70**	**482**	**113**	**296**	**56**	**465**

Operating lease payments recognised in the income statement amount to DKK 60m (2010/11: DKK 51m).

Operating leases represent primarily leasing of cars. 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.

26. Contingent liabilities

In addition to a few minor legal proceedings, the Coloplast Group is a party to individual lawsuits in various federal and state courts around the United States, alleging injury resulting from use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence. Based on the current information available to Coloplast, we do not expect this to have a significant impact on the financial position of the Group. See note 21 regarding provisions.

27. 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.

Information about remuneration of the Management is set out in note 6.

There have been no major transactions with related parties.

28. Public grants

In the financial year, the Group received DKK 2m in public grants for research and development purposes (2010/11: DKK 3m). The Group received DKK 18m (2010/11: DKK 33m) in public grants for investments.

An amount of DKK 24m is recognised in the income statement (2010/11: DKK 26m) as production costs and DKK 2m (2010/11: DKK 3m) as research and development costs in respect of grants for investments.

DKK million	**2011/12**	2010/11
29. Fees to appointed auditors		
Overall fees to PricewaterhouseCoopers	10	12
Of which:		
Statutory audit	8	8
Tax advice	1	3
Other services	1	1

30. 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 at 30 September 2012.

Notes

Note		DKK million 2011/12	2010/11
31.	**Adjustment for other non-cash operating items**		
	Net gain/loss on divestment of non-current assets	7	13
	Change in other provisions	-26	3
	Total	**-19**	**16**
32.	**Changes in working capital**		
	Inventories	-29	3
	Trade receivables	-46	-128
	Other receivables	-62	-98
	Trade and other payables etc.	4	-37
	Total	**-133**	**-260**
33.	**Cash and short-term debt**		
	Cash	1	1
	Bank balances	1,972	1,317
	Cash and bank balances	1,973	1,318
	Short-term debt	-1,296	-98
	Of which bullet loans transferred during the year from non-current liabilities	1,153	0
	Total	**1,830**	**1,220**
34.	**Unutilised credit facilities**		
	Unutilised credit facilities	3,351	3,324
	Of which long-term facilities with a duration of more than 1 year	0	2,500

Notes

Note

35. Overview of Group companies

	Country	Ownership (%)
Parent company		
Coloplast A/S	Denmark	
Sales and/or manufacturing subsidiaries		
Coloplast de Argentina S.A.	Argentina	100
Coloplast Pty. Ltd.	Australia	100
Coloplast Belgium S.A.	Belgium	100
Coloplast do Brasil Ltda.	Brazil	100
Coloplast Canada Corporation	Canada	100
Coloplast Danmark A/S	Denmark	100
Coloplast Oy	Finland	100
Coloplast S.A.S.	France	100
Coloplast Manufacturing France S.A.S	France	100
Coloplast B.V.	Netherlands	100
Coloplast (India) Private Limited	India	100
Coloplast S.p.A.	Italy	100
Coloplast K.K.	Japan	100
Coloplast (China) Ltd.	China	100
Coloplast (China) Medical Devices Ltd.	China	100
Coloplast (Hong Kong) Ltd.	China	100
Coloplast Korea Limited	Korea	100
Coloplast Norge AS	Norway	100
Coloplast Sp. zo.o.	Poland	100
Coloplast Portugal Lda.	Portugal	100
Coloplast OOO	Russia	100
Coloplast AG	Switzerland	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
Mpathy Medical Devices Limited	Great Britain	100
Gyne Ideas Limited	Great Britain	100
Porgès UK Limited	Great Britain	100
Coloplast AB	Sweden	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
Acarix A/S	Denmark	27
IctalCare A/S	Denmark	20
Coloplast Shared Services Sp. zo.o	Poland	100

Representative offices and branches

Egypt	Slovenia
Israel	South Africa
Croatia	Taiwan
New Zealand	Czech Republic
Mexico	Ukraine
Slovakia	Hungary

Notes

Note

36. Other executive functions

Board of Directors

Chairman
Michael Pram Rasmussen (57)
7 years on the Board
This Board member is considered to be independent

A.P. Møller - Mærsk A/S (C)
Semler Holding (C)
Semler Gruppen A/S (C)
Topdanmark A/S (C)
Topdanmark Forsikring A/S (C)
Mærsk Olie & Gas A/S (DC)
Louisiana Museum of Modern Art (BM)
Museumsfonden af 7. december 1966 (BM)
Danske Bank A/S (MBR)
JPMorgan Chase International Council (MBR)

Deputy Chairman
Niels Peter Louis-Hansen (65)
44 years on the Board
This Board member is not considered to be independent

N. P. Louis-Hansen ApS, Managing Director
Aage og Johanne Louis-Hansens Fond (C)

Per Magid (69)
27 years on the Board
This Board member is not considered to be independent

Højgaard Ejendomme A/S (C)
Knud Højgaards Hus EA/S (C)
Knud Højgaards Fond (C)
Vemmetofte Kloster (C)
Ernst og Vibeke Husmans Fond (DC)
Fonden Collegium Juris (BM)
Aage og Johanne Louis-Hansens Fond (BM)

Brian Petersen (50)
2 years on the Board
This Board member is considered to be independent

VisitDenmark (C)
Danske Bank (MBR)

Jørgen Tang-Jensen (56)
5 years on the Board
This Board member is considered to be independent

Velux A/S, CEO
and C of 12 and BM of 2 of its wholly owned subsidiaries
VELUX Danmark A/S (C)
Altaterra Kft. (C)
Gåsdal Bygningsindustri A/S (DC)
VELSERV A/S (DC)
A/S Østbirk Bygningsindustri (DC)
Geberit AG (BM)

Sven Håkan Björklund (56)
6 years on the Board
This Board member is considered to be independent

Atos AB (BM)
H. Lundbeck A/S (BM)

Thomas Barfod (42)
6 years on the Board
This Board member is not considered to be independent

Controller
Elected by the employees

Jane Lichtenberg (45)
On the Board since 1 August 2012
This Board member is not considered to be independent

Senior Category Manager
Elected by the employees

Torben Rasmussen (52)
2 years on the Board
This Board member is not considered to be independent

Electrician
Elected by the employees

Executive Management

President, CEO
Lars Rasmussen (52)
MT Højgaard A/S (BM)
Højgaard Holding A/S (BM)
TDC A/S (BM)
Danske Bank A/S (MBR)

Executive Vice President, CFO
Lene Skole (52)
DFDS A/S (BM)
Tryg A/S (BM)
Tryg Forsikring A/S (BM)
Nykredit (MBR)

Listed on this page are the board memberships of the members of the Board of Directors and the Executive Management of

CVs and other information about the individual board members and executives are available from the About Coloplast section on

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

Definitions of key ratios

Note

37. 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 before1 October 2002 less non-interest bearing debt including
Net interest-bearing debt	Non-current interest-bearing liabilities plus debt to credit institutions less cash lessmarketable securities
EBIT margin (%)	$\frac{\text{EBIT x 100}}{\text{Revenue}}$
Return on average invested capital (ROIC), %	$\frac{\text{EBIT x 100}}{\text{Average invested capital}}$
Return on equity, %	$\frac{\text{Profit for the year attributable to Coloplast x 100}}{\text{Average equity before minority interests}}$
Ratio of net debt to EBITDA	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$
Interest cover	$\frac{\text{EBITDA}}{\text{Financial income and interest expenses, net}}$
Equity ratio, %	$\frac{\text{Total equity x 100}}{\text{Assets}}$
Ratio of debt to enterprise value, %	$\frac{\text{Net interest-bearing debt x 100}}{\text{Net interest-bearing debt plus market value of equity}}$
Net asset value per share, DKK	$\frac{\text{Equity excluding minority interests}}{\text{Number of shares}}$
Market price/net asset value per share	$\frac{\text{Market price per share}}{\text{Net asset value per share}}$
PE, price/earnings ratio	$\frac{\text{Market price per share}}{\text{Earnings per share (EPS)}}$
Pay-out ratio, %	$\frac{\text{Dividend declared x 100}}{\text{Profit for the year attributable to Coloplast}}$
Earnings per share (EPS)	$\frac{\text{Profit for the year attributable to Coloplast}}{\text{Number of unrestricted shares (average of four quarters)}}$
Free cash flow per share	$\frac{\text{Free cash flow}}{\text{Number of unrestricted shares (average of four quarters)}}$

The ratios are calculated and applied in accordance with “Recommendations & Financial Ratios 2010” issued by the Danish Society of Financial Analysts. Key ratios are shown on page 2.

Shareholder information

Announcements 2011/12

2011	
9/2011	FY 2010/11 Financial Statements
10/2011	Annual Report 2010/11
11/2011	Notice to convene the Annual General Meeting
12/2011	Annual General Meeting 2011
13/2011	Articles of Association
14/2011	Election of own Chairman and Deputy Chairman
2012	
1/2012	Interim financial report, Q1 2011/12
2/2012	Coloplast initiates DKK 1bn share buy-back
3/2012	Annual information document
4/2012	Interim financial report, H1 2011/12
5/2012	Revised financial calendar for 2011/12
6/2012	Capital Market Day in London
7/2012	Change in the composition of Coloplast's BoD
8/2012	Major shareholder changes her holding of shares
9/2012	Interim financial report, 9M 2011/12
10/2012	Financial calendar for 2012/13
11/2012	Change in the disclosure of sales performance per region

Financial calendar 2012/13

2012	
10.10.	Closing period until 6 November
30.10.	Notice of submission of agenda points for the Annual General Meeting
6.11.	Financial Statements for the full year 2011/12 Annual Report 2011/12
11.12.	Annual General Meeting
17.12.	Dividends for 2011/12 at the disposal of shareholders
2013	
9.1.	Closing period until 30 January
30.1.	Interim Financial Statements for Q1 2012/13
8.4.	Closing period until 30 April
30.4.	Interim Financial Statements for H1 2012/13
8.7.	Closing period until 13 August
13.8.	Interim Financial Statements for 9M 2012/13
7.10.	Closing period until 31 October
24.10.	Notice of submission of agenda points for the Annual General Meeting
31.10.	Financial Statements for the full year 2012/13 Annual Report 2012/13
5.12.	Annual General Meeting
11.12.	Dividends for 2012/13 at the disposal of shareholders

Banks and stockbroking companies following Coloplast

ABG Sundal Collier
Alm. Brand Markets
Barclays Bank
Berenberg Bank
BoA Merrill Lynch
Carnegie Bank A/S
CA Cheuvreux
Commerzbank
Crédit Suisse
Danske Markets
Deutsche Bank
DnB NOR
Goldman Sachs
Handelsbanken Capital Markets
J.P. Morgan
Jefferies International Ltd.
Jyske Bank A/S
Morgan Stanley
Nordea Markets
Nykredit Markets
SEB Enskilda
Société Générale
Standard & Poor's
Sydbank A/S
UBS Investment Bank

IR contacts

Lene Skole, Executive Vice President, CFO	Tel. +45 49 11 17 00	Fax +45 49 11 15 55	Email: dklsk@coloplast.com
Ian S.E. Christensen, Vice President, Investor Relations	Tel. +45 49 11 13 01	Fax +45 49 11 15 55	Email: dkisec@coloplast.com
Henrik Nord, Senior Manager, Investor Relations	Tel. +45 49 11 31 08	Fax +45 49 11 15 55	Email: dkhno@coloplast.com

Shareholder Inquiries

Gunilla Jensen	Tel. +45 49 11 18 00	Fax +45 49 11 15 55	Email: dkguj@coloplast.com

Parent company financial statement

Coloplast A/S for 2011/12

Income statement

1 October – 30 September

Note		2011/12	2010/11
		DKK million	
2	Revenue	7,560	7,275
3	Cost of sales	-3,668	-3,927
	Gross profit	**3,892**	**3,348**
3	Distribution costs	-725	-740
3,4	Administrative expenses	-273	-324
3	Research and development costs	-342	-433
	Other operating income	34	47
	Other operating expenses	-8	-24
	Operating profit (EBIT)	**2,578**	**1,874**
10	Profit after tax on investment in subsidiaries	423	447
10	Profit/loss after tax on investment in associates	-1	-1
5	Financial income	66	67
6	Financial expenses	-300	-150
	Profit before tax	**2,766**	**2,237**
7	Tax on profit for the year	-621	-476
	Net profit for the year	**2,145**	**1,761**

		2011/12	2010/11
	Profit distribution		
	Retained earnings	1,304	1,177
	Proposed dividend for the year	841	585
	Total	**2,145**	**1,762**

Balance sheet

30 September

Note		DKK million 2012	2011
	Assets		
8	Intangible assets	1,176	1,403
9	Property, plant and equipment	555	609
10	Financial assets	2,204	2,019
	Non-current assets	**3,935**	**4,031**
11	**Inventories**	**512**	**488**
	Trade receivables	300	209
	Receivables from Group enterprises	2,450	1,974
	Other receivables	173	172
	Prepayments	24	22
	Receivables	**2,947**	**2,377**
	Cash and bank balances	**2,389**	**1,750**
	Current assets	**5,848**	**4,615**
	Assets	**9,783**	**8,646**
	Liabilities		
	Share capital	225	225
	Fair value reserve	-40	-32
	Proposed dividend for the year	841	585
	Retained earnings	4,801	3,549
12	**Total equity**	**5,827**	**4,327**
14	Provisions for pensions and similar obligations	1	1
13	Provision for deferred tax	285	311
	Provisions	**286**	**312**
15	Credit institutions	0	1,537
16	Other payables	15	331
	Non-current liabilities	**15**	**1,868**
14	Other provisions	0	5
15	Credit institutions	1,167	0
	Trade payables	213	196
	Payables to Group enterprises	1,180	1,188
	Income tax	577	416
	Other payables	518	334
	Current liabilities	**3,655**	**2,139**
	Liabilities	**3,670**	**4,007**
	Equity and liabilities	**9,783**	**8,646**

17 Contingent liabilities and other financial liabilities

18 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 additional Danish disclosure requirements for listed companies.

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 have been changed by the prospective implementation of IAS 19 "Employees benefits". Due to the implementation of IAS 19, the parent company's opening equity for the 2010/11 financial year was reduced by DKK 42m and equity investments were reduced accordingly, by DKK 42m. For the 2010/11 financial year, the change in accounting policy increased equity by DKK 16m and also increased equity by DKK 16m. Direct changes in the equity of subsidiaries relating to pension plans are taken directly to the parent company's equity in order to give a more true and fair view in accordance with the Danish Financial Statements Act. The Group's accounting policies are set out in note 1 to the financial statements on page 24.

Other than as set out above, there have been no changes to the accounting policies relative to last year.

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 acquired 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.

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 as per the exemption clause of section 86(4) of the Danish Financial Statements Act. The consolidated cash flow statement is set out on page 23.

2. Revenue

DKK million	**2011/12**	2010/11
Business area		
Intimate healthcare	7,560	7,275
Total	**7,560**	**7,275**
Geographical markets		
Europe	5,616	5,556
The Americas	1,106	1,012
Rest of the world	838	707
Total	**7,560**	**7,275**

Notes

Note		DKK million 2011/12	2010/11
3.	**Staff costs**		
	Salaries, wages and directors' remuneration	755	891
	Pensions	66	66
	Other social security costs	13	16
	Total	**834**	**973**
	Average number of employees, FTEs	1,312	1,428

See note 6 to the consolidated financial statements for information on the Executive Management's and the Directors' remuneration.

Note		2011/12	2010/11
4.	**Fees to appointed auditors**		
	Overall fees to PricewaterhouseCoopers	5	5
	Of which:		
	Statutory audit	4	4
	Other services	1	1
5.	**Financial income**		
	Interest income, etc.	38	24
	Interest income from Group enterprises	28	32
	Net exchange adjustments	0	6
	Fair value adjustments, forward contracts	0	5
	Total	**66**	**67**
6.	**Financial expenses**		
	Interest expense, etc.	88	100
	Interest expense to Group enterprises	8	28
	Fair value adjustments, forward contracts	154	0
	Fair value adjustments, share options	14	22
	Total	**300**	**150**
7.	**Tax on profit for the year**		
	Current tax on profit for the year	617	519
	Change in deferred tax on profit for the year	-32	-18
	Prior-year adjustments	36	-25
	Total	**621**	**476**
	Tax on equity entries	**-5**	**-14**

Notes

Note

8. Intangible assets

DKK million	Goodwill	Acquired patents and trademarks	Software	Prepayments and intangible assets in progress	**2011/12 Total**	2010/11 Total
Total cost at 1.10.	587	1,706	435	8	**2,736**	2,572
Reclassification	0	0	2	-2	**0**	0
Additions and improvements during the year	0	0	1	16	**17**	165
Disposals during the year	0	0	-7	0	**-7**	-1
Total cost at 30.9.	**587**	**1,706**	**431**	**22**	**2,746**	**2,736**
Total amortisation and impairment at 1.10.	283	727	323	0	**1,333**	1,086
Amortisation and impairment for the year	59	142	41	0	**242**	247
Amortisation and impairment reversed on disposals during the year	0	0	-5	0	**-5**	0
Total amortisation and impairment at 30.9.	**342**	**869**	**359**	**0**	**1,570**	**1,333**
Carrying amount at 30.9.	**245**	**837**	**72**	**22**	**1,176**	**1,403**

9. Property, plant and equipment

DKK million	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	**2011/12 Total**	2010/11 Total
Total cost at 1.10.	1,014	343	81	**1,438**	1,556
Reclassification	39	20	-59	**0**	0
Additions and improvements during the year	21	11	200	**232**	159
Disposals during the year	-251	-102	0	**-353**	-277
Total cost at 30.9.	**823**	**272**	**222**	**1,317**	**1,438**
Total depreciation at 1.10.	622	207	0	**829**	913
Depreciation for the year	62	34	0	**96**	121
Depreciation reversed on disposals during the year	-122	-41	0	**-163**	-205
Total depreciation at 30.9.	**562**	**200**	**0**	**762**	**829**
Carrying amount at 30.9.	**261**	**72**	**222**	**555**	**609**

Notes

Note

10. Financial assets

DKK million	Investment in Group enterprises	Receivables from Group enterprises	Other securities and investments	**2011/12 Total**	2010/11 Total
Total cost at 1.10.	3,288	201	4	**3,493**	3,434
Capital investments during the year	12	18	0	**30**	210
Divestments during the year	0	-144	0	**-144**	-151
Total cost at 30.9.	**3,300**	**75**	**4**	**3,379**	**3,493**
Value adjustment at 1.10	-1,450	0	2	**-1,448**	-1,786
Profit/loss after tax	423	0	-1	**422**	446
Dividend received	-89	0	0	**-89**	-66
Exchange adjustments	88	0	0	**88**	-69
Other adjustments	-150	0	2	**-148**	1
Value adjustment at 30.9	**-1,178**	**0**	**3**	**-1,175**	**-1,474**
Carrying amount at 30.9.	**2,122**	**75**	**7**	**2,204**	**2,019**

An overview of subsidiaries is provided in note 35 to the consolidated financial statements.

11. Inventories

DKK million	**2011/12**	2010/11
Raw materials and consumables	40	31
Work in progress	128	132
Manufactured goods	344	325
Inventories	**512**	**488**

The company has not provided inventories as security for debt obligations.

Notes

Note

12. Statement of changes in equity

DKK million	Share capital A shares	Share capital B shares	Fair value reserve	Proposed dividend	Retained earnings	2011/12 Total	2010/11 Total
Equity at 1.10.	18	207	-32	585	3,549	**4,327**	3,390
Effects of changes to accounting policies						**-**	-42
Restated equity at 1.10.	18	207	-32	585	3,549	**4,327**	3,348
Transfers				2	-2	**0**	0
Value adjustment for the year			-165			**-165**	-10
Transferred to financial items			154			**154**	-5
Tax effect of hedging			3			**3**	4
Tax on equity entries					2	**2**	10
Dividend paid to shareholders				-587		**-587**	-422
Exchange adjustment of opening balances and other adjustments relating to subsidiaries					98	**98**	-71
Acquisition of treasury shares, loss on exercise of options					-500	**-500**	-500
Sale of treasury shares					326	**326**	191
Net profit for the year					2,145	**2,145**	1,762
Proposed dividends				841	-841	**0**	0
Equity at 30.9.	**18**	**207**	**-40**	**841**	**4,801**	**5,827**	**4,327**

13. Deferred tax

DKK million	2011/12	2010/11
Calculation of deferred tax is based on the following items:		
Intangible assets	267	277
Property, plant and equipment	34	54
Indirect costs of sales	15	12
Jointly taxed companies	13	13
Other	-44	-45
Total	**285**	**311**

Notes

Note

14. Provisions

DKK million	Legal claims	Pension	**2011/12 Total**	2010/11 Total
Provisions at 1.10.	5	1	6	8
Unused amounts reversed during the year	-5	0	-5	-2
Charged to the income statement	-5	0	-5	-2
Use of provisions during the year	0	0	0	0
Provisions at 30.9.	**0**	**1**	**1**	**6**
Expected maturities:				
Current liabilities	0	0	0	5
Non-current liabilities	0	1	1	1
Provisions at 30.9.	**0**	**1**	**1**	**6**

15. Credit institutions

DKK million	**2011/12**	2010/11
Due date:		
Less than 1 year	1,167	0
1 to 5 years	0	1,100
After more than 5 years	0	437
Total	**1,167**	**1,537**

16. Other payables

Non-current other payables relate to employee bonds.

17. Contingent liabilities and other financial liabilities

	DKK million **2011/12**			DKK million 2010/11		
Falling due in:	Other operating leases	Rent	Total	Other operating leases	Rent	Total
Less than 1 year	12	2	14	8	2	10
Within 1 to 5 years	16	1	17	17	2	19
After more than 5 years	0	0	0	0	0	0
Total	**28**	**3**	**31**	**25**	**4**	**29**

At 30 September 2012, the parent company had provided guarantees for loans raised by Group enterprises amounting to DKK 357m (2010/11: DKK 308m).

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.

18. 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.
Details about remuneration paid to the members of the Executive Management and the Board of Directors are provided in note 6 to the consolidated financial statements. All related party transactions are effected on an arm's length basis.

The Coloplast story begins back in 1954. Elise Sørensen is a nurse. Her sister Thora has just had an ostomy operation and is afraid to go out in public, fearing that her stoma might leak. Listening to her sister's problems, Elise conceives the idea of the world's first adhesive ostomy bag. Based on Elise's idea, Aage Louis-Hansen created the ostomy bag. A bag that does not leak, giving Thora – and thousands of people like her – the chance to return to their normal life.

A simple solution with great significance.

Today, our business includes ostomy care, urology and continence care and wound and skin care. But our way of doing business still follows Elise's and Aage's example: we listen, we learn and we respond with products and services that make life easier for people with intimate healthcare needs.

Coloplast A/S
Holtedam 1
3050 Humlebæk
Denmark

www.coloplast.com
Company registration (CVR) No. 69 74 99 17