Annual report 2012/13

Company registration (CVR) No. 69 74 99 17

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

DKK million	2012/13	2011/12	2010/11	2009/10	2008/09
Income statement					
Revenue	11,635	11,023	10,172	9,537	8,820
Research and development costs	-380	-342	-415	-409	-389
Operating profit before interest, tax, depreciation and amortisation	4,160	3,756	3,108	2,584	1,944
Operating profit (EBIT)	3,672	3,255	2,581	1,995	1,395
Net financial income and expenses	-46	-300	-124	-321	-184
Profit before tax	3,625	2,954	2,456	1,674	1,211
Profit for the year	2,711	2,194	1,819	1,243	883
Revenue growth					
Annual growth in revenue, %	6	8	7	8	4
Growth breakdown:					
Organic growth, %	7	6	6	7	6
Currency effect, %	-1	2	1	1	-2
Balance sheet					
Total assets	9,364	10,176	9,218	7,771	7,963
Invested capital	6,320	6,295	6,312	6,340	6,442
Net interest-bearing debt, deposits	-1,744	-1,042	539	1,593	2,297
Equity at year end	6,769	6,042	4,478	3,452	2,850
Cash flows and investments					
Cash flows from operating activities	3,136	2,649	2,205	1,769	1,830
Cash flows from investing activities	-437	-313	-387	-293	-402
Investment in property, plant and equipment, gross	-409	-317	-230	-260	-487
Free cash flow	2,699	2,336	1,818	1,476	1,428
Cash flows from financing activities	-3,430	-1,653	-1,461	-1,559	-723
Key ratios					
Average number of employees, FTEs	8,143	7,624	7,328	7,207	7,349
Operating margin, EBIT, %	32	30	25	21	16
Operating margin, EBITDA, %	36	34	31	27	22
Return on average invested capital before tax (ROIC), %	58	52	41	31	21
Return on average invested capital after tax (ROIC), %	44	38	30	23	15
Return on equity, %	42	42	46	39	34
Ratio of net debt/deposits to EBITDA	-0.4	-0.3	0.2	0.6	1.2
Interest cover	160	77	35	23	14
Equity ratio, %	72	59	49	44	36
Ratio of debt to enterprise value, %	-3	-2	1	5	11
Net asset value per share, DKK[2)]	31	27	20	15	13
Per share data					
Share price, DKK[2)]	314	242	161	131	85
Share price/net asset value per share[2)]	10	9	8	9	7
Average number of outstanding shares, millions[2)]	211	210	210	213	214
PE, price/earnings ratio	24	23	19	22	21
Dividend per share, DKK[1) 2)]	10.0	4.0	2.8	2.0	1.4
Pay-out ratio, %	78	38	32	34	34
Earnings per share (EPS)[2)]	13	10	9	6	4
Free cash flow per share[2)]	13	11	9	7	7

1) For 2012/13, the figure is the proposed dividend.
2) Restated to reflect a 1-to-5 split of the company's A and B shares.
The key ratios have been calculated and applied in accordance with "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

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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. Coloplast calls this intimate healthcare.

Coloplast markets and sells products and services globally, and in most markets the products are eligible for reimbursement from local healthcare authorities. Coloplast supplies products to hospitals, institutions as well as wholesalers and pharmacies. In selected markets, Coloplast is also a direct supplier to users (homecare). Coloplast has wholly owned sales subsidiaries in the principal markets and employ more than 8,500 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. The adhesive must ensure a constant and secure seal, and it must be easy to remove without causing damage or irritation to the skin. Coloplast markets a number of accessory products for people with a stoma, such as the Brava™ range. In addition to these products, Coloplast supports users through the Coloplast Care services, providing them with the support and knowledge they need in the period after they are discharged from hospital.

The market

The value of the global market for ostomy care products is estimated to DKK 13–14bn 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 e.g. Russia, China and other growth economies. The annual market growth is estimated at 4–5%, and Coloplast is the global market leader, holding a market share of 35–40%. The largest market share is in Europe, while the smallest one is in the USA. 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 1.5–2bn, with annual market growth at 5–7%. Coloplast currently holds 10–15% of the accessories market.

Continence Care

This business area addresses two types of control issues: people unable to empty their bladder or bowel, 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

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 urinary incontinence. Incontinence affects older people more often than younger people, because the sphincter muscle and the pelvic muscles gradually weaken with age. Coloplast has a wide range of urine bags and urisheaths for storing urine. People unable to control their bowel 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
The part of the continence care market in which Coloplast competes is estimated to have a value of DKK 9bn, and an annual market growth of 4–6%. Coloplast is the global market leader, with a share of 40–45%. Catheters are the fastest growing segment of the continence care market. 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 urisheath 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, such as urinary incontinence, kidney stones, enlarged prostate, impotence, pelvic floor prolapse and the male reproductive system.
This business area consists of an US-based implant business (Surgical Urology) and an European business selling disposable surgical devices for urological and gynaecological use (Disposable Surgical Urology).
The implant business manufactures and markets vaginal slings used to restore continence and synthetic mesh products used to treat a 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 has an estimated value of DKK 9–10bn. Market growth is currently adversely impacted by the updated Public Health Notification issued by FDA on the use of transvaginal mesh therapies for stress urinary incontinence and pelvic organ prolapse. Market growth is estimated at 3–5% per year, and Coloplast holds a 10–15% share of the global market for urology care products.

Wound & Skin Care
In Wound Care, 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, or 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. A moist wound environment provides the best conditions for wound healing for optimum exudate absorbtion. The Coloplast product portfolio consists of advanced foam dressings sold under the Biatain® brand and hydrocolloid dressings 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 offer Interdry AG, a textile placed in a skin fold to absorb moisture. Coloplast sells skin care products under brands such as Sween®. The products are sold mainly to hospitals and clinics in the USA.

The market

Growth in the part of the global wound care segment in which Coloplast competes is expected to be 2–4%, driven mainly by volume growth due to the increasing life expectancy, the growing diabetics population and a growing number of patients receiving preventive treatment. Intensifying competition between manufacturers and pricing pressure originating from lower public healthcare budgets in Europe has had a negative impact on market growth. The market has an estimated value of DKK 14bn. Coloplast holds a 5–10% market share, making Coloplast the world's fourth-largest manufacturer of advanced wound care products. There are a large number of direct competitors as well as various alternative options, such as negative pressure wound therapy and simple wound dressings. The market is defined as advanced wound care products other than the negative pressure wound therapy segment. The market for skin care products is estimated at DKK 5–6bn, and market growth is estimated at 5%. Coloplast currently holds 5–10% of the market for skin care products.

Strategy

Over the past few years, Coloplast has professionalised the sales and marketing organisation and the innovation processes, while also making significant efficiency improvements, especially in the production processes.

Based on these achievements, Coloplast revised the strategy in March 2012, sharpening the focus on stepping up growth and maintaining the goal of delivering profitability in line with the best performing med-tech companies.

Coloplast's strategy is focused on organic growth and centred 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 and growth 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.

Financial highlights of the year

- Organic revenue growth was 7%. Revenue in DKK was up by 6% to DKK 11,635m.
- Organic growth rates by business area: Ostomy Care 7%, Continence Care 7%, Urology Care 9% and Wound & Skin Care 5%.
- Gross profit was up by 7% to DKK 7,866m, bringing the gross margin to 68% from 67% last year.
- EBIT was up by 13% to DKK 3,672m. The EBIT margin was 32%, against 30% last year. At constant exchange rates, the EBIT margin was also 32%.
- The net profit for the year was up by 24% to DKK 2,711m, while earnings per share improved by 23% relative to last year to DKK 13.
- The free cash flow amounted to DKK 2,699m, a DKK 363m increase compared to last year.
- ROIC after tax was 44%, compared to 38% last year.
- The Board of Directors recommends at the annual general meeting to be held on 5 December 2013, to approve a year-end dividend of DKK 7 per share. This brings the dividend paid for the year to DKK 10 per share, as compared to DKK 4 last year.
- Coloplast intends to launch a DKK 1bn share buy-back programme that will be executed before the end of the 2014/15 financial year.
- The dividend policy will be amended effective from 2013/14 to the effect that excess liquidity will be returned to the shareholders. Coloplast will pay dividend twice a year going forward.

Sales performance

Revenue in DKK was up by 6% to DKK 11,635m on 7% organic growth.

Sales performance by business area

	DKK million		Growth composition		
	2012/13	2011/12	Organic growth	Exchange rates	Reported growth
Ostomy Care	4,849	4,633	7%	-2%	5%
Continence Care	4,081	3,831	7%	0%	7%
Urology Care	1,124	1,037	9%	-1%	8%
Wound & Skin Care	1,581	1,522	5%	-1%	4%
Net revenue	**11,635**	**11,023**	**7%**	**-1%**	**6%**

Ostomy Care

Sales of ostomy care products amounted to DKK 4,849m, equal to an increase in DKK of 5%. Organic growth, at 7%, was driven by the portfolio of SenSura® ostomy care products and the Brava™ range of accessories in Europe and the USA. Both China and Brazil showed highly satisfactory sales performances, driven by sales of Assura® and, in Brazil, also of SenSura®. Sales were down in Russia due to a decline in the number of tenders.

Continence Care

Continence Care revenue was DKK 4,081m, a 7% improvement both in DKK and organically. Growth was driven by sales of SpeediCath® intermittent catheters, especially compact catheters. Sales of SelfCath® and EasiCath® catheters were stagnant due to the very competitive US market and the efforts to move users to the more advanced SpeediCath catheters. SpeediCath catheters now account for more than 20% of our intermittent catheter sales in the US. With the SpeediCath Compact

Set now available in seven markets, this product is expected to contribute to growth from the next financial year. Urine bag and urisheath sales growth was weak, especially due to the very competitive major European markets. Sales of the Peristeen® anal irrigation system continued to contribute to growth, although the growth rate has declined over the past 12 months.

On 1 October 2013, Coloplast introduced a new and improved design for the portfolio of urine bags that makes the products more discreet and offers improved functionality. In addition, the portfolio has been scaled down considerably, and now only urine bags are market in the Conveen® and Simpla® range.

Urology Care

Sales of urology care products increased by 8% to DKK 1,124m, while the organic growth rate was 9%. Growth was driven by Titan® penile implants, where Coloplast is gaining market share in the USA. Sales of Restorelle® for pelvic organ prolapse repair increased in a contracting market. Sales of slings for treating female stress urinary incontinence were satisfactory, the positive performance being driven by Altis®, the single incision sling launched in November 2012. Sales of disposable surgical products, in particular endourological products, were satisfactory.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 1,581m, equal to a 4% increase in DKK and 5% organic growth. Wound care sales increased by 3%, driven by sales of Biatain® foam dressings, especially foam dressings with a silicone adhesive. Sales of Comfeel® hydrocolloid dressings were stagnant, with declining sales in Europe caused by a change in user preferences being offset by increased growth in China. Sales of wound care products in the European markets continued to decline, although the trend did improve during the year. The negative growth in Europe was more than offset by growth in emerging markets and in the USA, which combined continued to account for a growing proportion of total sales in this business area.

In the third quarter of the financial year, Coloplast launched a new and improved version of the Biatain® Silicone product range.

Sales performance by region

	DKK million		Growth composition		
	2012/13	2011/12	Organic growth	Exchange rates	Reported growth
European markets	7,749	7,388	5%	0%	5%
Other developed markets	2,395	2,288	9%	-4%	5%
Emerging markets	1,491	1,347	14%	-3%	11%
Net revenue	**11,635**	**11,023**	**7%**	**-1%**	**6%**

European markets

Revenue amounted to DKK 7,749m, which translated into a reported growth of 5%. Organic growth in the European business was also 5%. The main contributors to growth were the highly satisfactory sales of ostomy care products and intermittent catheters, especially in the UK and the Nordic markets. Urine bags and urisheaths faced challenging market conditions in Europe, and sales growth decreased relative to last year. Sales of wound care products declined compared to last year, especially in France and Spain, while the Urology Care business reported an increase in growth compared to last year.

Other developed markets

Revenue was up by 5% to DKK 2,395m. The weakening of JPY in particular, but also of USD and AUD against DKK reduced the reported growth by 4%-points. The organic growth rate was 9%, a 2%-points improvement compared to last year. The improvement was driven by the much higher growth rate in the US ostomy care business compared to last year. In addition, the wound and skin care business reported highly satisfactory growth, and growth in sales of penile implants and synthetic mesh products for pelvic organ prolapse also contributed to the sales region's overall growth performance. The continence care business reported a weaker growth performance in the USA than last year.

Emerging markets

Revenue increased by 11% to DKK 1,491m, while organic growth was 14%. In particular the weakening of BRL against DKK was the main reason why revenue growth decreased by 3%-points. China and Brazil were significant contributors to the sales growth. Coloplast achieved a significant increase in the Brazilian market that in addition to low comparative numbers was the result of the investments made last year, which included setting up a dedicated wound care sales force. Argentina and Greece also contributed to the overall growth of this sales region, whereas sales in Russia decreased compared to last year, as a number of large tenders were postponed or cancelled during the year.

Gross profit

Gross profit for the year was up by 7% to DKK 7,866m from DKK 7,345m last year. The gross margin was 68%, compared to 67% last year. The change was the result of improvements in production efficiency. At constant exchange rates, the gross margin was 68%.

Capacity costs

Distribution costs were up by 4% compared to 2011/12, at DKK 3,312m. Distribution costs as percentage of revenue were 28%, which was in line with last year. Distribution costs included a DKK 160m increase in sales-enhancing investments.

Administrative expenses amounted to DKK 533m, compared to DKK 622m last year. Administrative expenses accounted for 5% of revenue, which was 1%-point less than last year. Adjusted for last year's provisions for bad debt in southern Europe and a reduction of this year's provisions, the administrative expenses accounted for 5% of revenue in both financial years.

The full-year R&D costs were up by 11% to DKK 380m. The absolute level of costs increased due to a higher number of employees and additional investments relating to establishing a dedicated development unit for the wound care business. R&D costs amounted to 3% of revenue, which was in line with last year.

Other operating income and other operating expenses amounted to a net income for the year of DKK 31m, compared to a net income of DKK 46m for 2011/12.

Operating profit (EBIT)

EBIT was DKK 3,672m, a 13% improvement from DKK 3,255m in 2011/12. The EBIT margin was 32% both in DKK and at constant exchange rates, compared to 30% last year. Adjusted for non-recurring items last year totalling DKK 102m, the EBIT margin improved around 1%-point.

Financial items and tax

Financial items amounted to a net expense of DKK 46m, compared to a net expense of DKK 300m last year, the difference being mainly due to a relatively large realised net loss on forward exchange contracts last year and a small net gain in the current year.

Financial items

DKK million	2012/13	2011/12
Interest, net	-26	-49
Fair value adjustment of options	-9	-29
Net exchange adjustments	18	-194
Other financial items	-29	-28
Total financial items	**-46**	**-300**

The effective tax rate was 25%, compared to 26% last year, for a tax expense of DKK 914m, compared to DKK 760m last year.

Net profit for the year

The net profit for the year was up by 24% to DKK 2,711m, and earnings per share increased by 23% relative to last year to DKK 13.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities were up by 18% to DKK 3,136m from DKK 2,649m in 2011/12. The improvement was due to a DKK 404m EBITDA increase and a combined DKK 418m year-on-year drop in realised net losses on forward exchange contracts and other foreign exchange adjustments. The improvement was partly offset by an increase in income tax paid of DKK 230m and a larger increase in working capital compared to last year of DKK 118m.

Investments

Coloplast made net investments of DKK 437m compared to DKK 313m last year. The increase was due to a larger amount invested in machinery to be used for new products. Gross investments in property, plant and equipment (CAPEX) and intangible assets increased by 30% compared to last year to DKK 440m.

Free cash flow

Free cash flow amounted to DKK 2,699m compared to DKK 2,336m last year.

Capital reserves

The confirmed long-term credit facilities expired during the financial year. At the balance sheet date, the gross interest-bearing debt amounted to DKK 126m. Coloplast repaid most of the outstanding debt in April 2013. At the balance sheet date, Coloplast had net interest-bearing deposits of DKK 1,744m.

Balance sheet and equity

Balance sheet

Total assets were DKK 812m lower than last year and ended at DKK 9,364.

Intangible assets amounted to DKK 1,516m, which was DKK 189m less than last year. The reduction was mainly due to the amortisation of acquired patents and trademarks as well as the weakening of USD against DKK.

Relative to last year current assets decreased by DKK 603m to DKK 5,366m. The reduction was due to the repayment of loans, distribution of extraordinary dividends and share buy-back.

Relative to last year, trade receivables were up by 2% to DKK 1,970m and inventories were up by 6% to DKK 1,069m. Trade payables were reduced by 13% to DKK 418m.

Working capital accounted for 23% of revenue, which was in line with last year.

Equity

Equity increased by DKK 727m during the year to DKK 6,769m. The comprehensive income for the year of DKK 2,639m was partly offset by dividend payments of DKK 1,476m. The net effect of treasury shares acquired, employees' exercise of share options, share-based payment, the sale of employee shares and tax on equity entries reduced equity by DKK 436m.

Dividends and share buy-backs

The Board of Directors recommends that the shareholders attending the general meeting to be held on 5 December 2013 approve a year-end dividend of DKK 7 per share. When added to the dividend of DKK 3 per share paid in connection with the half-year interim report, this will bring the total dividend for the year to DKK 10 per share, as compared to DKK 4 last year. The total dividend payout for 2012/13 will be DKK 2,105m and the pay-out ratio 78%.
At the general meeting held on 7 December 2011, the shareholders authorised Coloplast's

Board of Directors to launch a share buy-back programme totalling up to DKK 1bn to be executed before the end of the 2012/13 financial year. When this programme was completed in July 2013, Coloplast had bought back shares for DKK 1bn.

Provided the shareholders attending the general meeting to be held on 5 December 2013 authorise the Board of Directors to buy back shares for up to 10% of the total share capital, the Board of Directors has resolved to launch a new share buy-back programme of up to DKK 1bn that will be executed before the end of the 2014/15 financial year.

The Board of Directors has amended the company's dividend policy and now intends to distribute excess liquidity to the shareholders by way of dividends and share buy-back. It is expected that dividend will be paid twice a year; after the annual general meeting and after the release of the half-year interim report. Furthermore, it has been decided no longer to maintain a minimum cash reserve of DKK 1bn. However, share buy-back and distribution of dividend will always be made with due consideration for the Group's liquidity requirements.

Treasury shares

At 30 September 2013, Coloplast's holding of treasury shares consisted of 9,640,859 class B shares, which was 5,106,601 less than at 30 September 2012. The holding was reduced mainly due to the cancellation of 5 million shares.

Financial guidance for 2013/14

- Coloplast expect organic revenue growth of around 7% and of around 5% in DKK.
- Expected EBIT margin of around 33%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be around DKK 500m.
- The effective tax rate is expected to be around 25%.

The financial guidance assumes sustained and stable sales growth in Coloplast's core markets. Pricing pressure is expected to be slightly higher in 2013/14 than in 2012/13, but still below the long-term estimate of 1% in annual pricing pressure. The financial guidance takes into account the reforms with known effects.

The EBIT margin guidance assumes that Coloplast, in addition to delivering on the sales growth, can successfully deliver results consistent with the previously estimated productivity-enhancement potential of an annual 0.5–1.0%-point improvement of the overall gross margin. The guidance also includes expected investments in sales-enhancing initiatives under the revised strategy.

Coloplast's current long-term financial ambition is to outgrow the market while achieving earnings margins that are in line with the best performing med-tech companies[1].
The overall weighted market growth in Coloplast's markets has been reviewed in connection with the release of the Annual Report for 2012/13 and remains at 4–5%.

[1]Coloplast's current peer group consists of the following med-tech companies: Medtronic Inc., Baxter International Inc., ConVatec 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, Shandon Weigao Group Medical.

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 USA, alleging injury resulting from use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence. See note 26 to the financial statements for more details.

Reduction of the Danish corporate tax rate
The Danish parliament has decided to lower the corporate tax rate from the current rate of 25% to 22% in 2016. The rate will be lowered by 0.5% in 2014, by 1% in 2015 and by 1.5% in 2016. The reduction of the corporate tax rate has resulted in an income of DKK 35m from a change in deferred tax.

Expanding production capacity in Hungary
Coloplast has decided to expand the production capacity at the factory in Nyírbátor, Hungary. The total investment will amount to DKK 130–150m. The Hungarian government has agreed to grant a subsidy in connection with the expansion project.

Distribution agreement on Negative Pressure Wound Therapy
After the balance sheet date, Coloplast signed a partnership agreement with Devon Medical International, USA. The agreement gives Coloplast access to the market for Negative Pressure Wound Therapy (NPWT) through an exclusive distribution agreement covering Devon's approved NPWT product portfolio.
Under the agreement, Coloplast is granted exclusivity to market and sell the products in the EU, Switzerland, Brazil, China, Australia, South Korea and South Africa.
Devon will be responsible for production and Coloplast and Devon are expected in future to co-develop a product portfolio of NPWT solutions. The distributor agreement will lead to investment in sales initiatives already in 2014.

Exchange rate exposure

The financial guidance for the 2013/14 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 2012/13*	888	569	2.54	746
Spot rate, 22 October 2013	880	545	2.54	746
Estimated average exchange rate 2013/2014	880	545	2.54	746
Change in estimated average exchange rates compared with last year**	-1%	-4%	0%	0%

*) Average exchange rates from 1 October 2012 to 30 September 2013.

**) Spot rates at 22 October 2013 used as average exchange rates.

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 the production, and thus of the costs, are in Hungary, whereas sales there are moderate.

In DKK millions over 12 months on a 10% initial drop in exchange rates (Average exchange rates 2012/13)	Revenue	EBIT
USD	-160	-45
GBP	-180	-120
HUF	0	35

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 the current expectations, estimates and assumptions and are provided on the basis of information available 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 the ability to achieve the defined long-term targets and meet the guidance. This may impact the company's financial results.

Intellectual capital

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

At Coloplast, innovation is a team effort between marketing, R&D, production and sales. 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, Coloplast 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. The production unit, Global Operations, is involved throughout the innovation process, ensuring the right production set-up at the lowest possible cost.

Human resources

At 30 September 2013, Coloplast had 8,563 employees, of whom 7,113 were employed in international locations. During the financial year, the number of employees increased by 9%.

Corporate responsibility at Coloplast

In the Corporate Responsibility report, which is published along with the annual report, Coloplast 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 the statutory statement on corporate social responsibility in compliance with section 99a of the Danish Financial Statements Act, see the Corporate Responsibility Report for 2012/13, which is available 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 the Board member Jørgen Tang-Jensen. The composition of the audit committee is consistent with the legal requirements.

The audit committee monitors the following:
- The financial reporting process;
- The company's internal control system and risk management systems;
- The statutory audit of the financial statements; and
- The independence of the auditors, including in particular the provision of non-audit 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, click the link below to go to the website and see "Monitoring".

The committee held four meetings in the 2012/13 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 recommendations submitted by the Executive Management.

Additional information about risk management and major risk factors is available from the website: *http://www.coloplast.com/internalcontrols*

Share classes and authorisations

Coloplast has two share classes: A and B. Both share classes have a denomination of DKK 1 per share after Coloplast made a 1-to-5 stock split in December 2012. Following the cancellation in January 2013 of 5 million class B shares held in treasury, there are 18 million class A shares, each of which entitles the holder to ten votes, and 202 million class B shares, each of which entitles the holder to one vote. The class A shares are non-negotiable. The class B shares are negotiable and were listed on the Copenhagen Stock Exchange (NASDAQ OMX Copenhagen) 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 amount to be paid for the shares by the company is the price applicable at the time of purchase +/- 10%. This authorisation is valid until the annual general meeting to be held in 2013.

At annual 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 irrespective of the amount 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 29,780 shareholders at the end of the financial year, which was 6,584 more than last year. Institutional investors based outside Denmark held 35% of Coloplast's shares at 30 September 2013, compared to 32% a year earlier. Registered shareholders represented 98% 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. Three shareholders have reported to the company, pursuant to section 55 of the Danish Companies Act, that at the date of this annual report they held 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	20.0%	40.4%
Aage og Johanne Louis-Hansens Fond	Nivå	11.1%	14.9%
Benedicte Find	Frederiksberg C	3.6%	5.4%

*) In addition, Niels Peter Louis-Hansen's wholly owned company N.P. Louis-Hansen ApS, has an additional 0.8% ownership representing 0.5% of the votes.

Coloplast A/S held 9,640,859 treasury shares, equivalent to 4% of the share capital.

Coloplast's ownership

30 September 2013	A shares 1,000 units	B shares 1,000 units	Ownership %	Voting rights %
Holders of A shares and their families	18,000	81,484	45%	68%
Danish institutionals		13,313	6%	3%
Foreign institutionals		75,809	35%	20%
Coloplast A/S*		9,641	4%	
Other shareholders		17,579	8%	5%
Non-registered shareholders*		4,174	2%	
Total	**18,000**	**202,000**	**100%**	**96%**

* No voting rights

Shareholdings

30 September 2013	A shares 1,000 units	B shares 1,000 units	Number of insiders
Board of Directors	12,285	33,484	8
- of which independent Board members		27	3
Executive Management		85	2
Total	12,285	33,569	10

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 the 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 May 2013 and NASDAQ OMX Copenhagen A/S adopted the recommendations to take effect for financial years beginning on or after 1 January 2013. The Board of Directors intends to review its practices on the basis of the revised recommendations effective from the 2013/14 financial year. For the 2012/13 financial year, the review is based on the previous recommenddations dated August 2011. See the corporate website for a presentation of which recommendations Coloplast 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 full report 'Corporate governance at Coloplast' is available on the corporate website: "Statutory report on corporate governance".
http://www.coloplast.com/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 2012/13 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 compare-son 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 the 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 communi-cated 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 2013, a provision of DKK 1m had been made for a now discontinued post-service remuneration scheme for retired Board members. The scheme comprises one person. When current executives leave the company, the company will have an obligation of two years' pay.

Statement by the Board of Directors and the 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 2012 – 30 September 2013.

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 2013 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 2012 – 30 September 2013.

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, 31 October 2013

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 2012 to 30 September 2013, which comprise income statement, balance sheet, and notes, including summary of signifycant 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 2013 and of the results of the Group's operations and cash flows for the financial year 1 October 2012 to 30 September 2013 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 2013 and of the results of the Parent Company's operations for the financial year 1 October 2012 to 30 September 2013 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, 31 October 2013
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

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

Statement of comprehensive income

1 October – 30 September

Note	DKK million	2012/13	2011/12
	Income statement:		
2	Revenue	11,635	11,023
3,8,9	Cost of sales	-3,769	-3,678
	Gross profit	**7,866**	**7,345**
3,8,9	Distribution costs	-3,312	-3,172
3,8,9	Administrative expenses	-533	-622
3,8,9	Research and development costs	-380	-342
	Other operating income	43	68
	Other operating expenses	-12	-22
	Operating profit (EBIT)	**3,672**	**3,255**
10	Profit/loss after tax on investments in associates	-1	-1
4	Financial income	96	42
4	Financial expenses	-142	-342
	Profit before tax	**3,625**	**2,954**
5	Tax on profit for the year	-914	-760
	Net profit for the year	**2,711**	**2,194**
	Other comprehensive income:		
	Items that will not be reclassified subsequently to the Income statement:		
16	Remeasurements on defined benefit plans	-30	-49
	Tax on remeasurements on defined benefit pension plans	6	14
		-24	**-35**
	Items that will be reclassified subsequently to the Income statement:		
	Value adjustment of currency and interest hedging	172	-165
	Of which transferred to financial items	-72	154
	Tax effect of hedging	-25	3
	Currency adjustment, assets in foreign currency	-45	55
	Tax effect of currency adjustment, assets in foreign currency	11	-13
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	-89	74
		-48	**108**
	Total other comprehensive income	**-72**	**73**
	Total comprehensive income	**2,639**	**2,267**
6	Earnings per Share (EPS), (A and B shares)	13	10
6	Earnings per Share (EPS), (A and B shares), diluted	13	10

Balance sheet

At 30 September

Note		2013	2012	2011
		DKK million		
8	Acquired patents and trademarks etc.	687	837	941
8	Goodwill	735	767	737
8	Software	59	79	115
8	Prepayments and intangible assets in progress	35	22	9
	Intangible assets	**1,516**	**1,705**	**1,802**
9	Land and buildings	978	1,107	1,133
9	Plant and machinery	789	826	886
9	Other fixtures and fittings, tools and equipment	110	121	154
9	Prepayments and property, plant and equipment under construction	409	232	93
	Property, plant and equipment	**2,286**	**2,286**	**2,266**
10	Investments in associates	14	7	6
11	Deferred tax asset	164	193	163
	Other receivables	18	16	16
	Other non-current assets	**196**	**216**	**185**
	Non-current assets	**3,998**	**4,207**	**4,253**
12	**Inventories**	**1,069**	**1,008**	**946**
13	Trade receivables	1,970	1,922	1,820
	Income tax	56	55	11
	Other receivables	313	282	231
	Prepayments	87	84	71
	Receivables	**2,426**	**2,343**	**2,133**
14	**Marketable securities**	**367**	**645**	**568**
	Cash and cash equivalents	**1,504**	**1,973**	**1,318**
	Current assets	**5,366**	**5,969**	**4,965**
	Assets	**9,364**	**10,176**	**9,218**

Balance sheet

At 30 September

Note		DKK million 2013	2012	2011
	Share capital	220	225	225
	Reserve for exchange rate adjustments	-89	0	-74
	Reserve for currency and interest hedging	35	-40	-32
	Proposed dividend for the year	1,473	841	585
	Retained earnings	5,130	5,016	3,748
15	**Total equity**	**6,769**	**6,042**	**4,452**
16	Provisions for pensions and similar obligations	181	157	113
11	Provision for deferred tax	96	176	155
17	Other provisions	8	5	4
18	Mortgage debt	0	0	459
18	Other credit institutions	0	0	1,537
	Other payables	8	16	334
	Deferred income	36	72	77
	Non-current liabilities	**329**	**426**	**2,679**
16	Provisions for pensions and similar obligations	14	13	8
17	Other provisions	9	14	35
18	Mortgage debt	0	0	6
18	Other credit institutions	111	1,296	92
	Trade payables	418	478	420
	Income tax	764	671	516
	Other payables	925	1,208	983
	Deferred income	25	28	27
	Current liabilities	**2,266**	**3,708**	**2,087**
	Current and non-current liabilities	**2,595**	**4,134**	**4,766**
	Equity and liabilities	**9,364**	**10,176**	**9,218**

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Statement of changes in equity

DKK million	Share capital A shares	Share capital B shares	Reserve for exchange rate adjustment	Reserve for currency and interest hedging	Proposed dividend	Retained earnings	Total equity
2012/13							
Balance at 1.10.	18	207	0	-40	841	5,016	6,042
Comprehensive income:							
Net profit for the year					2,105	606	2,711
Other comprehensive income:							
Remeasurements on defined benefit plans						-30	-30
Tax on remeasurements on defined benefit pension plans						6	6
Value adjustment of currency and interest hedging				172			172
Of which transferred to financial items				-72			-72
Tax effect of hedging				-25			-25
Currency adjustment, assets in foreign currency						-45	-45
Tax effect of currency adjustment, assets in foreign currency						11	11
Currency adjustment of opening balances and other adjustments relating to subsidiaries			-89				-89
Total other comprehensive income	0	0	-89	75	0	-58	-72
Total comprehensive income	*0*	*0*	*-89*	*75*	*2,105*	*548*	*2,639*
Transactions with shareholders:							
Transfer					3	-3	0
Investment in treasury shares						-500	-500
Sale of treasury shares and loss on exercised options						-34	-34
Share-based payment						33	33
Tax on equity entries						65	65
Reduction of share capital		-5				5	0
Extraordinary payment of dividend					-632		-632
Dividend paid out in respect of 2011/12					-844		-844
Total transactions with shareholders:	*0*	*-5*	*0*	*0*	*-1,473*	*-434*	*-1,912*
Balance at 30.9.	**18**	**202**	**-89**	**35**	**1,473**	**5,130**	**6,769**

Outstanding shares (in thousands)	A shares	B shares
Issued shares	18,000	202,000
Holdings of treasury shares (note 15)		9,641
Outstanding shares	**18,000**	**192,359**

Number of outstanding shares (in thousands)	A shares	B shares
Number of outstanding shares at 1.10	18,000	192,255
Sale of treasury shares		1,691
Investment in treasury shares		-1,587
Number of outstanding shares	**18,000**	**192,359**

A 1-to-5 share split was carried out in 2012/13. Also, a capital reduction was made, resulting in the cancellation of 5,000,000 B shares with a total nominal value of DKK 5,000,000. Likewise in 2008/09, a capital reduction of 5,000,000 shares with a total nominal value of DKK 5,000,000 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 1 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.

Statement of changes in equity

	Share capital		Reserve for exchange rate	Reserve for currency and interest	Proposed	Retained	Total
DKK million	A shares	B shares	adjustment	hedging	dividend	earnings	equity
2011/12							
Balance at 1.10.	18	207	-74	-32	585	3,748	4,452
Comprehensive income:							
Net profit for the year					841	1,353	2,194
Other comprehensive income:							
Remeasurements on defined benefit plans						-49	-49
Tax on value adjustments of defined benefit pension plans						14	14
Value adjustment of currency and interest hedging				-165			-165
Of which transferred to financial items				154			154
Tax effect of hedging				3			3
Currency adjustment, assets in foreign currency						55	55
Tax effect of currency adjustment, assets in foreign currency						-13	-13
Currency adjustment of opening balances and other adjustments relating to subsidiaries			74				74
Total other comprehensive income	*0*	*0*	*74*	*-8*	*0*	*7*	*73*
Total comprehensive income	*0*	*0*	*74*	*-8*	*841*	*1,360*	*2,267*
Transactions with shareholders:							
Transfer					2	-2	0
Investment in treasury shares						-500	-500
Sale of treasury shares and loss on exercised options						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*	*0*	*-585*	*-92*	*-677*
Balance at 30.9.	**18**	**207**	**0**	**-40**	**841**	**5,016**	**6,042**

Number of outstanding shares (in thousands)	A shares	B shares
Number of outstanding shares at 1.10[1)]	18,000	191,055
Sale of treasury shares		3,750
Investment in treasury shares		-2,550
Number of outstanding shares a	**18,000**	**192,255**

[1)] Restated to reflect a 1-to-5 split of the company's A and B shares. The share denomination was changed from DKK 5 to DKK 1.

Cash flow statement

1 October – 30 September

Note	DKK million	2012/13	2011/12
	Operating profit	3,672	3,255
	Depreciation and amortisation	488	501
20	Adjustment for other non-cash operating items	-1	-19
21	Changes in working capital	-251	-133
	Ingoing interest payments, etc.	95	42
	Outgoing interest payments, etc.	-42	-402
	Income tax paid	-825	-595
	Cash flows from operating activities	**3,136**	**2,649**
	Investment in intangible assets	-31	-21
	Investment in land and buildings	-5	-10
	Investment in plant and machinery	-111	-99
	Investment in property, plant and equipment under construction	-293	-208
	Property, plant and equipment sold	11	25
	Investment in associate	-8	0
	Cash flows from investing activities	**-437**	**-313**
	Free cash flow	**2,699**	**2,336**
	Dividend to shareholders	-1,476	-587
	Net investment in treasury shares and exercise of share options	-537	-174
	Financing from shareholders	-2,013	-761
	Financing through long-term borrowing, instalments	-1,417	-892
	Cash flows from financing activities	**-3,430**	**-1,653**
	Net cash flows	**-731**	**683**
	Cash, cash equivalents and short-term debt at 1.10.	2,475	1,788
	Value adjustment of cash and bank balances	16	4
	Net cash flows	-731	683
22	**Cash, cash equivalents and short-term debt at 30.9.**	**1,760**	**2,475**
22	Cash and cash equivalents	1,871	2,618
23	Unutilised credit facilities	837	3,351
	Financial reserves at 30.9.	**2,708**	**5,969**

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

List of notes

Note	Title	Contains accounting policies	Contains significant estimates and judgments
Note 1	Key accounting policies	x	
Note 2	Segment information	x	
Note 3	Staff costs	x	
Note 4	Financial income and expenses	x	
Note 5	Tax on profit for the year	x	
Note 6	Earnings per share (EPS)	x	
Note 7	Dividend per share	x	
Note 8	Intangible assets	x	x
Note 9	Property, plant and equipment	x	
Note 10	Investments	x	
Note 11	Deferred tax	x	x
Note 12	Inventories	x	x
Note 13	Trade receivables	x	x
Note 14	Marketable securities	x	
Note 15	Treasury shares and share options	x	
Note 16	Provisions for pensions and similar obligations	x	
Note 17	Other provisions	x	x
Note 18	Credit institutions	x	
Note 19	Financial instruments	x	
Note 20	Adjustment for other non-cash operating items		
Note 21	Changes in working capital		
Note 22	Cash and short-term debt	x	
Note 23	Unutilised credit facilities		
Note 24	Public grants	x	
Note 25	Other liabilities		
Note 26	Contingent liabilities		
Note 27	The Executive Management's and the Directors' remuneration, share options and shareholdings		
Note 28	Related party transactions		
Note 29	Fees to appointed auditors		
Note 30	Events occurring after the		
Note 31	Overview of Group companies		
Note 32	Other executive functions		
Note 33	Definitions of key ratios		

Notes

Note

1. Key accounting policies

In 2012/13, Coloplast has opted to change the structure of the annual report for the purpose of providing a more simple and clear annual report. Accordingly, accounting policies concerning a specific entry has been moved to the relevant note so that all information about one entry can be found here.

Basis of preparation

The consolidated financial statements for 2012/13 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.

General information

The annual report has been 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.

Accounting policy changes

Effective from the 2012/13 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 2012/13 financial year. The implementation has not affected the accounting figures but only resulted in a change of classification.

New financial reporting standards adopted

Other relevant amended standards or interpretations which have not yet come into effect for the Group but which have been adopted by the EU have not been applied in this annual report. This applies to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities. 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. None of the mentioned standards or interpretations are expected to have a material impact on the Group’s financial statements.

Significant estimates and judgments

In connection with the practical use of the accounting policies described, it may be necessary for Management to make estimates in respect of the accounting items. 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.

Management has made significant estimates in respect of, among others, the following items: Intangible assets, Research and development, Inventories, Trade receivables, Deferred tax including Deferred tax assets and liabilities. A further description of the principal accounting estimates and judgments is provided in the relevant notes.

Notes

Note

1. Key accounting policies, continued

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.

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 other comprehensive income.

Consolidation, business combinations and associates

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

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

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

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

Comparative figures are not restated 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.

Notes

Note

1. Key accounting policies, continued

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.

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.

2. Segment information

Accounting policies

Revenue comprises income from the sale of goods 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, and the amounts can be reliably measured and are expected to be received.

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.

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.

Notes

Note

2. Segment information, continued

The operating segment Wound and Skin Care exclusively covers the sale of wound and skin care products in selected European markets and Brazil, 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 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 operating 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 asset 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.

Coloplast A/S' registered office is situated in Denmark. Revenue from external customers in Denmark amounted to DKK 264m (2011/12: DKK 255m), while revenue from external customers in other countries amounted to DKK 11,371m (2011/12: DKK 10,768m).
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 2,462m (2011/12: DKK 2,471m), while total non-current assets placed in other countries amounted to DKK 1,372m (2011/12: DKK 1,543m).

Notes

Note

2. Segment information, continued

Operating segments

DKK million	Sales regions 2012/13	Sales regions 2011/12	Production units 2012/13	Production units 2011/12	Shared/Non-allocated 2012/13	Shared/Non-allocated 2011/12	Total 2012/13	Total 2011/12
Segment revenue								
Ostomy Care	4,849	4,633	0	0	0	0	4,849	4,633
Continence Care	4,081	3,831	0	0	0	0	4,081	3,831
Urology Care	1,124	1,037	0	0	0	0	1,124	1,037
Wound & Skin Care	1,581	1,522	0	0	0	0	1,581	1,522
External revenue as per the annual report	**11,635**	**11,023**	**0**	**0**	**0**	**0**	**11,635**	**11,023**
Segment operating profit/loss	945	616	4,438	4,095	-1,711	-1,456	3,672	3,255
Net financials	0	0	0	0	-46	-300	-46	-300
Tax on profit/loss for the year	0	0	0	0	-914	-760	-914	-760
Profit/loss for the year as per the annual report	**945**	**616**	**4,438**	**4,095**	**-2,672**	**-2,517**	**2,711**	**2,194**

3. Staff costs

Accounting policies

Staff costs are recognised in the financial year in which the staff performed the relevant work.

DKK million	2012/13	2011/12
Salaries, wages and directors' remuneration	2,664	2,412
Pension costs - defined contribution plans (note 16)	178	179
Pension costs - defined benefit plans (note 16)	14	9
Other social security costs	308	275
Total	**3,164**	**2,875**
Cost of sales	870	737
Distribution costs	1,810	1,667
Administrative expenses	279	278
Research and development costs	205	193
Total	**3,164**	**2,875**
Average number of employees, FTEs	8,143	7,624
Number of employees at 30.9, FTEs	8,412	7,875

See note 27 for information on the Executive Management's and the Directors' remuneration.

Notes

Note

4. Financial income and expenses

Accounting policies

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, fair value adjustments of securities and dividend received on shares recognised under securities.

DKK million	2012/13	2011/12
Financial income		
Interest income	23	42
Fair value adjustments of forward contracts transferred from equity	72	0
Other financial income and fees	1	0
Total	**96**	**42**
Financial expenses		
Interest expense	49	91
Net exchange adjustments	54	40
Fair value adjustments of forward contracts transferred from equity	0	154
Fair value adjustments of cash-based share options	9	29
Other financial expenses and fees	30	28
Total	**142**	**342**

5. Tax on profit for the year

Accounting policies

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 taken directly to equity.

DKK million	2012/13	2011/12
Current tax on profit for the year	986	779
Change in deferred tax on profit for the year	-54	-9
Tax on profit from primary activities	932	770
Adjustment of tax related to prior years	10	-15
Change due to change in tax rate	-28	5
Total	**914**	**760**

Notes

Note

5. Tax on profit for the year, continued

DKK million	2012/13	2011/12
Reconciliation of tax rate:		
Danish tax rate, %	25	25
Effect of reduction of tax rates, %	-1	0
Deviation in foreign subsidiaries' tax percentage, %	1	1
Effective tax rate, %	**25**	**26**
Tax on equity and other comprehensive income entries	**57**	**59**

6. Earnings per share (EPS)

Accounting policies

Earnings per share is calculated as the net profit for the year divided by the average number of outstanding shares. Diluted earnings per share is calculated as the net profit for the year divided by the average number of outstanding ordinary shares adjusted for the diluting effect of outstanding share options in the money.

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 15).

DKK million	2012/13	2011/12
Net profit for the year	2,711	2,194
Weighted average no. of shares (in millions of units)[1)]	210.6	210.2
Earnings per share (DKK) (A and B shares)[1)]	12.9	10.4
Earnings per share (DKK) (A and B shares), diluted[1)]	12.6	10.3

[1)] 2011/12 has been restated to reflect a 1-to-5 split of the company's A and B shares. The share denomination was changed from DKK 5 to DKK 1.

7. Dividend per share

Accounting policies

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.

The Board of Directors recommends that the shareholders attending the general meeting approve an additional dividend of DKK 7 per share of DKK 1 (2011/12. DKK 4). An extraordinary distribution of dividends of DKK 3 per share was made in the financial year, bringing total dividend for the year to DKK 10 per share, or total dividends of DKK 2,105m (2011/12: DKK 841m). The increase in dividend per share thus amounts to 150%, and the pay-out ratio is 78% (2011/12: 38%).

Notes

Note

8. Intangible assets

Accounting policies

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 years
Software	3-5 years
Acquired patents and trademarks etc.	7-15 years

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.

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.

Significant estimates and judgments

Goodwill and other 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. The carrying amount of intangible assets was DKK 1,516m as at 30 September 2013 (30 September 2012: DKK 1,705m).

Notes

Note

8. Intangible assets, continued

Significant estimates and judgments, continued

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 internal 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 2012/13, DKK 380m was recognised as research and development costs.

2012/13 DKK million	Acquired patents and trademarks etc.	Goodwill	Software	Prepayments and intangible assets in progress	Total intangible assets
Total cost at 1.10.	1,658	767	543	22	2,990
Exchange and other adjustments	-56	-32	-2	0	-90
Additions and improvements during the year	0	0	1	30	31
Reclassification	0	0	17	-17	0
Disposals during the year	0	0	-231	0	-231
Total cost at 30.9.	**1,602**	**735**	**328**	**35**	**2,700**
Total amortisation at 1.10.	821	0	464	0	1,285
Exchange and other adjustments	-31	0	-2	0	-33
Amortisation for the year	125	0	37	0	162
Amortisation reversed on disposals during the year	0	0	-230	0	-230
Total amortisation at 30.9.	**915**	**0**	**269**	**0**	**1,184**
Carrying amount at 30.9.	**687**	**735**	**59**	**35**	**1,516**

Goodwill

Goodwill relates mainly to the urology businesses acquired in 2006 and 2010. Goodwill from the acquired urology businesses has been allocated on the individual cash-generating units according to earnings at the date of acquisition. The allocation was made to the cash-generating units 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.

Notes

Note

8. Intangible assets, continued

The impairment tests performed for the urology business were based on business plans in effect until the 2016/17 financial year. For Ostomy Care and Continence Care, forecasts for 2013/14 were used. Assumptions from our long-term strategy have been used for the financial years from 2014/15 until 2016/17.

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

	2012/13			2011/12		
	Ostomy Care	Urology Care	Continence Care	Ostomy Care	Urology Care	Continence Care
Growth in terminal period	2%	2%	2%	2%	2%	2%
Tax percentage	25%	35%	25%	26%	37%	26%
Carrying amount of goodwill, DKK million	33	296	406	38	308	421

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.

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

	2012/13		2011/12	
	before tax	after tax	before tax	after tax
Urology Care	11.5%	8.6%	11.8%	9.0%
Ostomy & Continence Care	5.7%	4.7%	6.0%	5.0%

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 acquisitions, 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.

DKK million	Remaining amortisation period	Carrying amount 2012/13	Carrying amount 2011/12
Non-competition clause	0 year	0	25
Patented technologies and unprotected technologies	1-13 years	378	449
Trademarks	9-13 years	205	232
Customer lists/loyalty	9-13 years	99	114
Total		**682**	**820**

There is no indication of impairment of Acquired patents and trademarks etc.

Notes

Note

8. Intangible assets, continued

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 breakdown of the individual components is not considered material or relevant.

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.

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 at 1.10.	668	0	424	0	1,092
Exchange and other adjustments	26	0	2	0	28
Amortisation for the year	137	0	44	0	181
Amortisation reversed on disposals during the year	-10	0	-6	0	-16
Total amortisation at 30.9.	**821**	**0**	**464**	**0**	**1,285**
Carrying amount at 30.9.	**837**	**767**	**79**	**22**	**1,705**

Notes

Note

8. Intangible assets, continued

DKK million	2012/13	2011/12
Amortisation breaks down as follows:		
Cost of sales	117	126
Distribution costs	12	12
Administrative expenses	32	43
Research and development costs	1	0
Total	**162**	**181**

9. Property, plant and equipment

Accounting policies

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 depreciation
Buildings	25 year
Building installations	10 year
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-7 years

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.

Notes

Note

9. Property, plant and equipment, continued

2012/13 DKK million	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Ototal property, plant and equipment
Total cost at 1.10.	2,149	3,086	522	232	5,989
Exchange and other adjustments	-43	-99	-10	-1	-153
Reclassification	6	82	27	-115	0
Additions and improvements during the year	5	75	36	293	409
Disposals during the year	-22	-26	-55	0	-103
Total cost at 30.9.	**2,095**	**3,118**	**520**	**409**	**6,142**
Total depreciation at 1.10.	1,042	2,260	401	0	3,703
Exchange and other adjustments	-18	-60	-8	0	-86
Reclassification	0	-1	1	0	0
Depreciation for the year	105	163	58	0	326
Depreciation reversed on disposals during the year	-12	-33	-42	0	-87
Total depreciation at 30.9.	**1,117**	**2,329**	**410**	**0**	**3,856**
Carrying amount at 30.9.	**978**	**789**	**110**	**409**	**2,286**
Gross amounts of property, plant and equipment fully depreciated	378	927	0	255	1,560

The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery of DKK 108m (2011/12: DKK 40m).

2011/12 DKK million	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Ototal 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 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 for the year	99	164	57	0	320
Depreciation reversed on disposals during the year	-24	-22	-82	0	-128
Total depreciation at 30.9.	**1,042**	**2,260**	**401**	**0**	**3,703**
Carrying amount at 30.9.	**1,107**	**826**	**121**	**232**	**2,286**
Gross amounts of property, plant and equipment fully depreciated	303	862	233	0	1,398

Notes

Note

9. Property, plant and equipment, continued

DKK million	2012/13	2011/12
Depreciation breaks down as follows:		
Cost of sales	229	218
Distribution costs	24	13
Administrative expenses	62	80
Research and development costs	11	9
Total	**326**	**320**

10. Investments

Accounting policies

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.

DKK million	2012/13	2011/12
Total cost at 1.10.	4	4
Additions	8	0
Other adjustments	-1	0
Total cost at 30.9.	**11**	**4**
Adjustments at 1.10.	3	2
Profit/loss for the year	-1	-1
Other adjustments	1	2
Adjustments at 30.9.	**3**	**3**
Carrying amount at 30.9	**14**	**7**

In the 2012/13 financial year, associates generated a loss of DKK 1m. Assets totalled DKK 22m and liabilities amounted to DKK 1m.

A company overview is provided in note 31.

Notes

Note

11. Deferred tax

Accounting policies

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 of within a short period of time.

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

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

Significant estimates and judgments

The recognition of deferred tax assets, deferred tax liabilities and uncertain tax positions 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.

DKK million	**2012/13**	2011/12
Deferred tax, beginning of the year	-17	-8
Exchange adjustments	11	-6
Adjustment due to change in tax rate	-28	-5
Prior-year adjustments	16	6
Other changes in deferred tax – charged to income statement	-41	-9
Change in deferred tax – charged to equity	-9	5
	-68	-17
Of which deferred tax asset	164	193
Provision for deferred tax	**96**	**176**

Notes

Note

11. Deferred tax, continued

DKK million	2012/13	2011/12
Calculation of deferred tax is based on the following items:		
Intangible assets	279	364
Property, plant and equipment	14	0
Production overheads	20	18
Unrealised gain from intra-group sale of goods	-172	-152
Jointly taxed companies	13	13
Share options	-19	-18
Tax losses carried forward and tax credits	-89	-90
Other	-114	-152
Total	**-68**	**-17**

DKK 159m of the deferred tax asset is expected to be set off after more than 12 months (2011/12: DKK 174m), while DKK 96m of the deferred tax is expected to be set off after more than 12 months (2011/12: DKK 176m).

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

DKK million	2012/13	2011/12
The Group’s tax losses expire as follows:		
Within 1 year	0	0
Within 1 to 5 years	0	0
After more than 5 years	201	233
Total	**201**	**233**

The losses listed above include a recognised tax asset of DKK 150m (2011/12: DKK 136m).

In addition, the Group had unrecognised temporary differences and unused tax deductions of DKK 0m (2011/12: DKK 0m).

Notes

Note

12. Inventories

Accounting policies
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.

Significant estimates and judgments
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 312m as at 30 September 2013 (30 September 2012: DKK 297m).

DKK million	**2012/13**	2011/12
Raw materials and consumables	132	145
Work in progress	253	252
Finished goods	684	611
Inventories	**1,069**	**1,008**
Inventory writedowns at 1.10	47	76
Inventory writedowns used	-28	-48
Inventory writedowns reversed	-12	-27
Inventory writedowns for the year	37	46
Inventory writedowns at 30 September	**44**	**47**

Cost of sales include directly attributable production costs for goods sold in the amount of DKK 2,151m (2011/12: DKK 2,097m).

Notes

Note

13. Trade receivables

Accounting policies

Receivables consist mainly of trade receivables. 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.

Significant estimates and judgments

Trade receivables are recognised at amortised cost less provisions for bad and doubtful debts. Provision is made for bad and doubtful debts 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 writedowns 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.

DKK million	2012/13	2011/12
Portion of receivables falling due after more than 1 year after the balance sheet date		
Other long-term receivables	1	0

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.	167	99
Exchange adjustment	-3	0
Change of provisions during the year	8	69
Losses realised during the year	-44	-1
Provisions at 30.9.	**128**	**167**

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

Receivables due are specified as follows:		
Up to 30 days	180	197
Between 30 and 90 days	110	89
More than 90 days	242	218
Total receivables due	**532**	**504**

At 30 September, the Group had the following receivables:		
DKK	116	101
EUR	857	875
GBP	345	309
USD	263	217
Other currencies	389	420
Total carrying amount	**1,970**	**1,922**

Notes

Note

14. Marketable securities

Accounting policies

Securities recognised as current assets consist of trading portfolios, mainly comprising listed bonds held to maturity, 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.

DKK million	**2012/13**	2011/12
Holdings of securities at 30 September consist mainly of Danish mortgage bonds and credit bonds with an average duration of less than 4 years (2011/12: less than 1 year) and a yield of 1-6% (2011/12: 1%)	367	645

15. Treasury shares and share options

Accounting policies

Treasury shares are deducted from the share capital at the nominal value of DKK 1 per share. The price paid by Coloplast for treasury shares or the selling price on exercise of equity-based share remuneration is deducted from Retained earnings.

	2012/13	2011/12	**2012/13**	2011/12
Treasury shares	Million B shares of DKK 1		% of B share capital	
Holdings of treasury shares at 1.10.	14.7	15.9	7.1%	7.7%
Acquired during the year	1.6	2.6	0.8%	1.2%
Cancelled	-5.0	0.0	-2.4%	0.0%
Sold during the year	-1.7	-3.7	-0.8%	-1.8%
Holdings of treasury shares at 30.9.	**9.6**	**14.7**	**4.8%**	**7.1%**

The Group does not hold A shares.

Share-based payment

Accounting policies

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. The purchase and selling price of exercised options are deducted from or added to equity, as the case may be. Option schemes granted before 30 September 2005 are treated as cash-settled schemes.

Notes

Note

15. Treasury shares and share options, continued

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

Share options have affected the profit for the year as follows:	2012/13	2011/12
Staff costs - equity-settled programmes (programmes from 2005 and later)	33	29
Staff costs - equity-settled programmes (programmes from 2003 and 2004)	-1	0
Financial costs - cash-settled programmes incl. exercised options	9	29
Total share option cost	**41**	**58**

At 30 September 2013, the accounting liability of the option programme was DKK 45m (2011/12: DKK 69m), while the fair value of the option schemes amounted to DKK 1,032m (2011/12: DKK 1,002m).

Outstanding options	2012/13			2011/12		
	Number of options[1]	Avg. exercise price	Avg. share price	Number of options[1]	Avg. exercise price[2]	Avg. share price[2]
Outstanding 1.10.	8,934,445	128		11,252,810	101	
Options vested	1,272,332	319		1,802,030	190	
Options cancelled	-57,350	218		-39,315	111	
Options expired	-53,640	84		-33,000	52	
Options exercised	-2,681,580	87	291	-4,048,080	82	183
Outstanding 30.9.	**7,414,207**	172		**8,934,445**	128	

Issued in	Number of options	Options lapsed[1]	Options exercised[1]	Not exercised at 30.9.2013[1]	Exercise price[2)3)]	Exercise period
2004	996,200	136,250	772,917	87,033	53.00	17/11/08 - 31/12/13
2004	14,400	5,000	9,400	0	64.20	17/11/08 - 31/12/13
2005	888,125	96,000	602,350	189,775	62.60	16/11/09 - 31/12/14
2006	32,085	7,000	11,085	14,000	96.20	01/04/09 - 01/07/15
2006	1,010,150	132,050	591,675	286,425	98.25	01/11/10 - 01/11/15
2008	4,757,040	385,100	3,666,403	705,537	74.06	15/12/11 - 31/12/13
2009	2,324,690	81,655	913,770	1,329,265	105.59	31/12/12 - 31/12/14
2010	1,767,195	18,065	0	1,749,130	171.86	31/12/13 - 31/12/15
2011	1,790,605	6,520	0	1,784,085	186.86	31/12/14 - 31/12/16
2012	1,272,332	3,375	0	1,268,957	315.71	31/12/15 - 31/12/17

1) Restated to reflect a 1-to-5 split of the company's A and B shares.

2) Restated to reflect a 1-to-5 split of the company's A and B shares and adjusted by -3 DKK as a result of the distribution of dividend in connection with the half-year interim report.

3) Average exercise price for options exercisable at the balance sheet date is DKK 91.34.

Share options are granted to members of the Executive Management and other 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 2004-2006, 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.

Notes

Note

15. Treasury shares and share options, continued

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 shares in the market.

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.

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

	2012	2011[4)]
Black-Scholes value	27.38	17.87
Average share price (DKK)	277.14	165.10
Exercise price (DKK)	318.71	189.86
Expected dividend per share	1.44%	1.70%
Expected duration	4.00	4.00
Volatility	22.10%	23.06%
Risk-free interest	0.12%	0.64%

[4)] Restated to reflect a 1-to-5 split of the company's A and B shares.

16. Provisions for pensions and similar obligations

Accounting policies

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

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

In defined benefit plans, the Group is under an obligation to pay a defined benefit on retirement. The actuarially calculated present value less the fair value of any plan assets is recognised in the balance sheet under provision for pension and similar obligations or in 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.

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 2012/13, DKK 178 million (2011/12: DKK 179 million) was recognised.

Notes

Note

16. Provisions for pensions and similar obligations, continued

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 company. 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 an average of 17 years, and all plans generally mature after more than 10 years.

DKK million	2012/13	2011/12
The following is recognised in the consolidated income statement:		
Defined contribution plans	178	179
Defined benefit plans	14	9
Total	**192**	**188**
The costs regarding defined benefit plans are recognised in the following income statement items:		
Cost of sales	2	2
Distribution costs	10	5
Administrative expenses	2	2
Research and development	0	0
Total	**14**	**9**
Pension costs recognised in the income statement:		
Current service costs	8	2
Net interest expenses	6	6
Past service costs	0	1
Recognised in income statement for defined benefit plans	**14**	**9**
Pension costs recognised in other comprehensive income:		
Actuarial gains/losses on pension obligations	-35	-49
Difference between calculated interest and actual return on plan assets	5	0
Exchange adjustments	0	-1
Recognised in other comprehensive income regarding defined benefit plans	**-30**	**-50**

Notes

Note

16. Provisions for pensions and similar obligations, continued

DKK million	2012/13	2011/12
Plan assets at 1.10	180	172
Exchange adjustments	-8	15
Actual rate of interest	8	8
Difference between interest element and actual return on plan assets	5	0
Curtailment and settlements	0	-19
Contributions paid by the Coloplast Group	15	13
Benefit paid out	-7	-9
Plan assets at 30.9	**193**	**180**
Specification of plan assets:		
Shares, listed	103	89
Bonds	84	86
Cash and similar assets	6	5
Plan assets at 30.9	**193**	**180**
Specification of present value of defined benefit obligation:		
Obligation at 1.10	350	293
Exchange adjustments	-12	19
Current service costs	8	2
Interest costs	14	14
Curtailment and settlements	0	-19
Actuarial gains/losses, financial assumptions	18	51
Actuarial gains/losses, experience	17	-2
Past service costs	0	1
Benefit paid out	-7	-9
Present value of liability at 30.9	**388**	**350**
Fair value of plan assets	-193	-180
Net liability recognised in the balance sheet	**195**	**170**

Notes

Note

16. Provisions for pensions and similar obligations, continued

DKK million	2012/13	2011/12
Net liability recognised in the balance sheet at 1.10	170	121
Expenditure for the year	14	9
Other comprehensive income:		
Actuarial gains and losses	35	49
Exchange adjustments	-4	4
Difference between interest element and actual return on plan assets	-5	0
Contributions paid by the company	-15	-13
Net liability recognised in the balance sheet at 30.9	**195**	**170**

The Group expects to pay DKK 15m to the defined benefit plans in 2013/14.

Assumptions of actuarial calculations as at the balance sheet date are as follows (expressed as an average):		
Discount rate, %	4	5
Future rate of salary increases, %	2	3
Inflation, %	2	2

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	-17%	+21%
Future rate of salary increases	+7%	-6%
Inflation	+13%	-11%

17. Other provisions

Accounting policies

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.

Notes

Note

17. Other provisions, continued

Significant estimates and judgments

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.

2012/13 DKK million	Legal claims	Other	Total
Provisions at 1.10.	8	11	19
Provisions during the year	1	1	2
Unused amounts reversed during the year	0	-1	-1
Charged to the income statement	**1**	**0**	**1**
Use of provisions during the year	-2	-1	-3
Provisions at 30.9.	**7**	**10**	**17**
Expected maturities:			
Current liabilities	6	3	9
Non-current liabilities	1	7	8
Provisions at 30.9.	**7**	**10**	**17**

2011/12 DKK million	Legal claims	Other	Total
Provisions at 1.10.	34	5	39
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**

Notes

Note

17. Other provisions, continued

Legal claims

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

Other

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

18. Credit institutions

Accounting policies

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

DKK million	**2012/13**	2011/12
Breakdown of debt to financial institutions stated in the balance sheet:		
Current liabilities	111	1,296
EUR	11	1,167
USD	0	1
Other currencies	100	128
Total carrying amount	**111**	**1,296**
Current financial liabilities including interest has the following terms to maturity:		
Within 1 year	663	1,802
Total	**663**	**1,802**
Net interest-bearing debt including swap facility at 30.9.		
Other credit institutions	111	1,296
Marketable securities	-367	-645
Bank balances	-1,503	-1,973
Other payables	15	280
Total	**-1,744**	**-1,042**

Notes

Note

18. Credit institutions, continued

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:

2012/13

Principal in DKK million/ Effective interest rate p.a.		USD	Rate	GBP	Rate	EUR	Rate	DKK	Rate	Other	Rate	Total
Less than 1 year	Receivables	-32	0-1	-183	0	-255	0-1	-1,290	0-1	-102	0-3	-1,862
	Liabilities					11	1-2	8	5	100	1-5	119
Total, less than 1 year		-32		-183		-244		-1,282		-2		-1,743
1 to 5 yrs	Receivables									-8	0	-8
	Liabilities							7	4			7
Total, 1 to 5 yrs								7		-8		-1
More than 5 yrs	Receivables											0
	Liabilities											0
Total, more than 5 year										0		0
Total		**-32**		**-183**		**-244**		**-1,275**		**-10**		**-1,744**

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 year	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 yrs										-1		-1
Total		**-41**		**-136**		**747**		**-1,614**		**2**		**-1,042**

Notes

Note

19. Financial instruments

Accounting policies

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

Adjustment of derivative financial instruments used to hedge expected future transactions (effective) is recognised in the fair value reserve under equity through other comprehensive income. 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.

Adjustment of derivative financial instruments used to hedge assets denominated in foreign currency is recognised at fair value at the balance sheet date. Value adjustments are recognised in the income statement together with any adjustments of the value of the hedged asset that concern the hedged risk.

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
2012/13

Assets	Loans and receivables	Assets at fair value through the income statement (level 1)[1]	Derivatives used for hedging (level 2)[2]	Total
Trade receivables and other receivables	2,221	0	80	2,301
Marketable securities	0	367	0	367
Cash and cash equivalents	1,504	0	0	1,504
Total	**3,725**	**367**	**80**	**4,172**

Equity and liabilities	Liabilities at fair value through the income statement[1]	Derivatives used for hedging (level 2)[2]	Other liabilities at amortised cost	Total
Other credit institutions	0	0	111	111
Trade payables	0	0	418	418
Other payables	0	27	906	933
Total	**0**	**27**	**1,435**	**1,462**

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

Notes

Note

19. Financial instruments, continued

Financial instruments by category 2011/12

Assets	Loans and receivables	Assets at fair value through the income statement (level 1)[1]	Derivatives used for hedging (level 2)[2]	Total
Trade receivables and other receivables	2,171	0	49	2,220
Marketable securities	0	645	0	645
Cash and cash equivalents	1,973	0	0	1,973
Total	**4,144**	**645**	**49**	**4,838**

Equity and liabilities	Liabilities at fair value through the income statement[1]	Derivatives used for hedging (level 2)[2]	Other liabilities at amortised cost	Total
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**

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 2013, an average of 81% of the following twelve months of expected net cash flows were hedged (2011/12: 93% of the following twelve months of cash flows). The Group does not hedge amounts in euro.

Notes

Note

19. Financial instruments, continued

Holdings of derivative financial instruments

2012/13 DKK million	Contract amount	Loss/gain when stated at market value	Amount incl. in income statement for 2012/13	Transferred to hedging reserve	Expiry period
Forward exchange contracts outstanding at 30.9. to hedge future cash flows					
USD	486	11	0	11	Oct. 2013 - Sep. 2014
GBP	1,126	-12	0	-12	Oct. 2013 - Sep. 2014
JPY	162	14	0	14	Oct. 2013 - Sep. 2014
HUF	-388	4	0	4	Nov. 2013 - Aug. 2014
Other	873	30	0	30	Oct. 2013 - Sep. 2014
Total	**2,259**	**47**	**0**	**47**	
Other forward exchange contracts including fair value hedges at 30.9.					
USD	348	0	0	0	Oct. 2013
GBP	177	-2	-2	0	Oct. 2013
JPY	116	-1	-1	0	Oct. 2013
HUF	-366	4	4	0	Oct. 2013 - Jun. 2014
Other	478	5	5	0	Oct. 2013
Total	**753**	**6**	**6**	**0**	

The Group had no material foreign exchange risks relating to debt in foreign currency as at 30 September 2013. The Group’s receivables and liabilities 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 2013.

The table below shows the effect of financial instruments on the income statement and other comprehensive income from a change of +/- 5% in all currencies against Danish kroner[1)]:

DKK million	2012/13	2011/12
Income statement	-/+37	-/+57
Other comprehensive income	-/+110	-/+112
Total	-/+147	-/+169

[1)] The increase/decrease resulting from a 5% change is the same because the financial instruments are exclusively forward contracts.

Notes

Note

19. Financial instruments, continued

Interest rate risk

As the Group's interest-bearing debt is insignificant, the interest rate risk is also considered immaterial.

Liquidity risk

The funding policy is intended to ensure that the Group maintains a minimum cash reserve that will cover the Group's liquidity requirements at any time.

The liquidity policy stipulates that the Group must obtain a competitive return and high liquidity when investing its excess liquidity. 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 and securities.

Credit risk

Pursuant to the counterparty policy, credit risk is managed and mitigated by making money market deposits only with selected financial institutions holding a satisfactory credit quality. In addition, maximum credit limits have been defined for each financial counterparty. There is only a limited credit risk involved in bonds as investments are made in selected liquid bonds with a high credit quality.

The Group's credit risks relate partly to receivables and cash holdings and 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 only to raise new debt for acquisition purposes.

The Board of Directors generally intends to distribute excess liquidity to the shareholders by way of dividends and share buybacks. It is expected that dividends will be paid twice a year; after the annual general meeting and after the release of the half-year interim report. However, share buybacks and distribution of dividend will always be made with due consideration for the Group's liquidity requirements and plans.

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

19. Financial instruments, continued

Holdings of derivative financial instruments

2011/12 DKK million	Contract amount	Loss/gain when stated at market value	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	452	-2	0	-2	Oct. 2012 - Sep. 2013
GBP	1,087	-37	0	-37	Oct. 2012 - Sep. 2013
JPY	173	-5	0	-5	Oct. 2012 - Sep. 2013
HUF	-149	33	0	33	Nov. 2012 - Dec. 2013
Other	907	-31	0	-31	Oct. 2012 - Sep. 2013
Total	**2,470**	**-42**	**0**	**-42**	
Other forward exchange contracts including fair value hedges 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	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**	

20. Adjustment for other non-cash operating items

DKK million	2012/13	2011/12
Net gain/loss on divestment of non-current assets	2	7
Change in other provisions	-3	-26
Total	**-1**	**-19**

Notes

Note

21. Changes in working capital

DKK million	2012/13	2011/12
Inventories	-139	-29
Trade receivables	-121	-46
Other receivables	-44	-62
Trade and other payables etc.	53	4
Total	**-251**	**-133**

22. Cash and short-term debt

Accounting policies

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

DKK million	2012/13	2011/12
Marketable securities	367	645
Cash	1	1
Bank balances	1,503	1,972
Cash and bank balances	1,871	2,618
Short-term debt	-111	-1,296
Of which bullet loans transferred during the year from non-current liabilities	0	1,153
Total	**1,760**	**2,475**

23. Unutilised credit facilities

DKK million	2012/13	2011/12
Unutilised credit facilities	837	3,351
Of which long-term facilities with a duration of more than 1 year	0	0

Notes

Note

24. Public grants

Accounting policies

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 under cost of sales 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.

In the financial year, the Group received DKK 1m in public grants for research and development purposes (2011/12: DKK 2m). The Group received DKK 0m (2011/12: DKK 18m) in public grants for investments.

An amount of DKK 26m is recognised in the income statement (2011/12: DKK 24m) as cost of sales and DKK 1m (2011/12: DKK 2m) as research and development costs in respect of grants for investments.

25. Other liabilities

	DKK million 2012/13				DKK million 2011/12			
Falling due in:	Operating leases	Rent	Other	Total	Operating leases	Rent	Other	Total
Less than 1 year	63	78	4	145	52	71	-2	121
Within 1 to 5 years	76	147	80	303	55	200	17	272
More than 5 years	0	17	0	17	0	34	55	89
Total	**139**	**242**	**84**	**465**	**107**	**305**	**70**	**482**

Operating lease payments recognised in the income statement amount to DKK 77m (2011/12: DKK 60m).

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.

Notes

Note

26. Contingent liabilities

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 urinary incontinence.
A multidistrict litigation (MDL) was formed in August 2012 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. MDLs against other major transvaginal mesh manufacturers are being heard at the same venue. A date has not yet been set for the hearing of cases against Coloplast. As an alternative to litigation, Coloplast has entered into tolling agreements. The parties to a tolling agreement agree all defences are preserved while the parties exchange medical histories and other relevant information for the purpose of evaluating and potentially resolving or eliminating a claim out of court. Under a tolling agreement the limitation period is suspended. Coloplast cannot predict the timing or outcome of any such litigation or cases covered by tolling agreements, or whether any additional litigation will be brought against the company.

Litigation involving the use of transvaginal surgical mesh products against a few of Coloplast's competitors has been decided or settled at the present time. Coloplast monitors such litigation in order to determine how it might influence litigation that Coloplast is involved in.

Coloplast intends to dispute the current and any future litigation.

Although Coloplast has insurance cover of DKK 500m, there is a risk that the outcome of such litigation may have an adverse impact on the company's financial position. Based on the current information available to Coloplast, it is not possible to evaluate and estimate with reasonable certainty the impact that current or any future litigation may have on the Group.

Based on the current information available to Coloplast and to the best of our knowledge, we do not expect this to have a significant impact on the financial position of the Group.

Notes

Note

27. 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 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 15.

Board of Directors

Board members receive a fee of DKK 350,000 each (2011/12: DKK 350,000). The Chairman receives the basic fee plus 200% (2011/12: 200%), while the Deputy Chairman receives the basic fee plus 75% (2011/12: 75%). Members of the Audit Committee also receive a fee corresponding to 50% of the basic directors' fee (2011/12: 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. If a member of the Executive Management is given notice of termination by the company and such termination is not due to breach on the part of the member of the Executive Management, such member is entitled to compensation corresponding to a maximum of two years' salary and pension contribution.

The Executive Management's and the Directors' remuneration is included in staff costs (see note 3) by:

DKK million **2012/13**	Net salaries	Pension	Other benefits	Cash bonus	Total	Share options[1)]
Lars Rasmussen	6.2	1.2	0.2	1.2	8.8	4.4
Lene Skole	4.5	0.9	0.2	0.9	6.5	3.2
Executive Management total	10.7	2.1	0.4	2.1	15.3	7.6
Board and Audit Committee fees	4.6	0.0	0.0	0.0	4.6	0.0
Total	**15.3**	**2.1**	**0.4**	**2.1**	**19.9**	**7.6**

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 and Audit Committee fees	4.6	0.0	0.0	0.0	4.6	0.0
Total	**14.1**	**2.1**	**0.4**	**2.1**	**18.7**	**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 earlier financial years.

Notes

Note

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

Share options held by members of the Executive Management:

2012/13	Beginning of 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	798,375	179,600	158,557	777,332	93
Lene Skole	620,995	105,200	117,666	633,461	82
Executive Management total	1,419,370	284,800	276,223	1,410,793	175
Former members of the EXM	18,250	18,250	0	0	0
Total	**1,437,620**	**303,050**	**276,223**	**1,410,793**	**175**

Shareholdings[1)]

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:

2012/13	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	24,105	179,745	135,100	68,750	22
Lene Skole	15,740	105,345	105,200	15,885	5
Executive Management total	39,845	285,090	240,300	84,635	27
Board of Directors, A shares	12,285,000	0	0	12,285,000	3,856
Board of Directors, B shares	33,478,115	988,817	982,550	33,484,382	10,511
Total	**45,802,960**	**1,273,907**	**1,222,850**	**45,854,017**	**14,394**

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.

[1)] Restated to reflect a 1-to-5 split of the company's A and B shares. The share denomination was changed from DKK 5 to DKK 1.

28. 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. There have been no major transactions with related parties. Information about remuneration of the Management is set out in note 27.

29. Fees to appointed auditors

DKK million	2012/13	2011/12
Overall fees to PricewaterhouseCoopers	12	10
Of which:		
Statutory audit	8	8
Tax advice	0	1
Other services	4	1

Notes

Note

30. Events occurring after the 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 2013.

31. 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
Laboatoires de 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
Other companies		
Coloplast Ejendomme A/S	Denmark	100
CutiSense A/S	Denmark	50
Acarix A/S	Denmark	24
IctalCare A/S	Denmark	12
Coloplast Shared Services Sp. zo.o	Poland	100

	Country	Ownership (%)
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	UK	100
Coloplast Medical Limited	UK	100
Charter Healthcare Limited	UK	100
Mpathy Medical Devices Limited	UK	100
Gyne Ideas Limited	UK	100
Porgès UK Limited	UK	100
Coloplast AB	Sweden	100
Coloplast Turkey AS	Turkey	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

Representative offices and branches

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

Notes

Note

32. Other executive functions

Board of directors

Chairman
Michael Pram Rasmussen (58)
8 years on the Board
This Board member is considered to be independent

A.P. Møller - Mærsk A/S (C)
Danske Forsikring 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)

Brian Petersen (51)
3 years on the Board
This Board member is considered to be independent

Danske Bank (MBR)

Thomas Barfod (43)
7 years on the Board
This Board member is not considered to be independent

Controller
Elected by the employees

Deputy Chairman
Niels Peter Louis-Hansen (66)
45 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)
Civiløkonom Niels Peter Louis-Hansen, Agriculture and forestry

Jørgen Tang-Jensen (57)
6 years on the Board
This Board member is considered to be independent

Velux A/S, CEO
and C of 13, DC in 3 and BM in 2 of its wholly owned subsidiaries
Altaterra Kft. (C)
Geberit AG (BM)

Jane Lichtenberg (46)
1 years on the Board
This Board member is not considered to be independent

Senior Category Manager
Elected by the employees

Per Magid (70)
28 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)
Arktisk Institut (BM)
Aage og Johanne Louis-Hansens Fond (BM)

Sven Håkan Björklund (57)
7 years on the Board
This Board member is considered to be independent

H. Lundbeck A/S (C)
Alere Inc. (BM)
Atos AB (BM)

Torben Rasmussen (53)
3 years on the Board
This Board member is not considered to be independent

Electrician
Elected by the employees

Executive Management

President, CEO
Lars Rasmussen (54)
H. Lundbeck A/S (BM)
Højgaard Holding A/S (BM)
MT Højgaard A/S (BM)
TDC A/S (BM)
Danske Bank A/S (MBR)

Executive Vice President, CFO
Lene Skole (54)
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 Coloplast A/S as reported by them on 31 October 2013.

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

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

Definitions of key ratios

Note

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

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

Shareholder information

Announcements 2012/13

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 share
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

2013

1/2013 Coloplast reduces share capital
2/2013 Articles of Association of Coloplast A/S
3/2013 Interim financial report, Q1 2012/13
4/2013 Coloplast initiates second part of share buy-back
5/2013 Interim financial report, H1 2012/13
6/2013 Interim financial report, 9M 2012/13
7/2013 Financial calendar for 2013/14

Financial calendar 2013/14

2013

7.10. Closing period until 31 October
23.10. 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

2014

8.1. Closing period until 29 January
29.1. Interim Financial Statements for Q1 2013/14
7.4. Closing period until 7 May
7.5. Interim Financial Statements for H1 2013/14
7.7. Closing period until 13 August
13.8. Interim Financial Statements for 9M 2013/14
6.10. Closing period until 30 October
22.10. Notice of submission of agenda points for the Annual General Meeting
30.10. Financial Statements for the full year 2013/14 and Annual Report 2013/14
4.12. Annual General Meeting
10.12. Dividends for 2013/14 at the disposal of shareholders

Banks and stockbroking companies following Coloplast

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

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Henrik Nord Senior Manager, Investor Relations	Tel. +45 49 11 31 08	Email: dkhno@coloplast.com

Shareholder Inquiries

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Parent company

Financial statement

Coloplast A/S for 2012/13

Income statement

1 October – 30 September

Note		DKK million 2012/13	2011/12
2	Revenue	8,208	7,560
3	Cost of sales	-4,037	-3,668
	Gross profit	**4,171**	**3,892**
3	Distribution costs	-727	-725
3,4	Administrative expenses	-307	-273
3	Research & development costs	-389	-342
	Other operating income	74	34
	Other operating expenses	-5	-8
	Operating profit (EBIT)	**2,817**	**2,578**
10	Profit after tax on investment in subsidiaries	533	423
10	Profit/loss after tax on investment in associates	-1	-1
5	Financial income	118	66
6	Financial expenses	-117	-300
	Profit before tax	**3,350**	**2,766**
7	Tax on profit for the year	-689	-621
	Net profit for the year	**2,661**	**2,145**

Profit distribution		
Retained earnings	556	1,304
Extraordinary dividends	632	0
Proposed dividend for the year	1,473	841
Total	**2,661**	**2,145**

Balance sheet

30 September

Note		DKK million 2013	2012
	Assets		
8	Intangible assets	984	1,176
9	Property, plant and equipment	765	555
10	Financial assets	2,482	2,204
	Non-current assets	**4,231**	**3,935**
11	**Inventories**	**619**	**512**
	Trade receivables	310	300
	Receivables from Group companies	2,529	2,450
	Other receivables	215	173
	Prepayments	26	24
	Receivables	**3,080**	**2,947**
	Cash and bank balances	**1,644**	**2,389**
	Current assets	**5,343**	**5,848**
	Assets	**9,574**	**9,783**
	Liabilities		
	Share capital	220	225
	Fair value reserve	35	-40
	Proposed dividend for the year	1,473	841
	Retained earnings	4,811	4,801
12	**Total equity**	**6,539**	**5,827**
13	Provisions for pensions and similar obligations	1	1
14	Provision for deferred tax	229	285
	Provisions	**230**	**286**
15	Other payables	7	15
	Non-current liabilities	**7**	**15**
13	Other provisions	0	0
16	Credit institutions	11	1,167
	Trade payables	145	213
	Payables to Group companies	1,745	1,180
	Income tax	709	577
	Other payables	188	518
	Current liabilities	**2,798**	**3,655**
	Liabilities	**2,805**	**3,670**
	Equity and liabilities	**9,574**	**9,783**

17 Contingent items 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 are set out in note 1 to the financial statements on page 28.
Other than as set out above, there have been no changes to the accounting policies relative to last year.

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 26.

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.

With reference to section 11(3) of the Danish Financial Statements Act, the company has derogated from the rules of the Act as it has in previous years. Accordingly, actuarial gains and losses are not recognised in the income statement but directly in equity. The derogation from the Danish Financial Statements Act is considered to provide a true and fair view and is within the scope of the IFRS. The change had a positive effect on profit/loss for the year in the amount of DKK 30m (2011/12: DKK 49m). Equity at 30 September 2013 and 30 September 2012 was not affected by the change.

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.

Notes

Note

2. Revenue

DKK million	2012/13	2011/12
Business area		
Intimate healthcare	8,208	7,560
Total	**8,208**	**7,560**
Geographical markets		
Europe	5,724	5,616
The Americas	1,812	1,106
Rest of the world	672	838
Total	**8,208**	**7,560**

3. Staff costs

DKK million	2012/13	2011/12
Salaries, wages and directors' remuneration	827	755
Pensions	67	66
Other social security costs	13	13
Total	**907**	**834**
Average number of employees, FTEs	1,365	1,312

See note 27 to the consolidated financial statements for information on the Executive Management's and the Directors' remuneration.

4. Fees to appointed auditors

DKK million	2012/13	2011/12
Overall fees to PricewaterhouseCoopers	7	5
Of which:		
Statutory audit	3	4
Other services	4	1

5. Financial income

DKK million	2012/13	2011/12
Interest income, etc.	17	38
Interest income from Group companies	29	28
Net exchange adjustments	0	0
Fair value adjustments, forward contracts	72	0
Total	**118**	**66**

Notes

Note

6. Financial expenses

DKK million	2012/13	2011/12
Interest expense, etc.	58	88
Interest expense to Group companies	10	8
Net exchange adjustments	44	36
Fair value adjustments, forward contracts	0	154
Fair value adjustments, share options	5	14
Total	**117**	**300**

7. Tax on profit for the year

DKK million	2012/13	2011/12
Current tax on profit for the year	749	617
Change in deferred tax on profit for the year	-43	-32
Prior-year adjustments	18	36
Change due to change in tax rate	-35	0
Total	**689**	**621**
Tax on equity entries	**-9**	**-5**

8. Intangible assets

DKK million	Goodwill	Acquired patents and trademarks	Software	Prepayments and intangible assets in progress	2012/13 Total	2011/12 Total
Total cost at 1.10.	587	1,706	431	22	2,746	2,736
Reclassification	0	0	17	-17	0	0
Additions and improvements during the year	0	0	1	30	31	17
Disposals during the year	0	0	-230	0	-230	-7
Total cost at 30.9.	**587**	**1,706**	**219**	**35**	**2,547**	**2,746**
Total amortisation at 1.10.	342	869	359	0	1,570	1,333
Amortisation for the year	59	129	35	0	223	242
Amortisation reversed on disposals during the year	0	0	-230	0	-230	-5
Total amortisation at 30.9.	**401**	**998**	**164**	**0**	**1,563**	**1,570**
Carrying amount at 30.9.	**186**	**708**	**55**	**35**	**984**	**1,176**

Notes

Note

9. Property, plant and equipment

DKK million	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	2012/13 Total	2011/12 Total
Total cost at 1.10.	823	272	222	**1,317**	1,438
Reclassification	91	29	-120	**0**	0
Additions and improvements during the year	35	22	295	**352**	232
Disposals during the year	-96	-45	0	**-141**	-353
Total cost at 30.9.	**853**	**278**	**397**	**1,528**	**1,317**
Total depreciation at 1.10.	562	200	0	**762**	829
Depreciation for the year	54	32	0	**86**	96
Depreciation on disposals during the year	-52	-33	0	**-85**	-163
Total depreciation at 30.9.	**564**	**199**	**0**	**763**	**762**
Carrying amount at 30.9.	**289**	**79**	**397**	**765**	**555**

10. Financial assets

DKK million	Investments in Group enterprises	Receivables from Group enterprises	Other securities and investments	2012/13 Total	2011/12 Total
Total cost at 1.10.	3,300	75	4	**3,379**	3,493
Capital investments during the year	0	19	8	**27**	30
Divestments during the year	0	-3	-1	**-4**	-144
Total cost at 30.9.	**3,300**	**91**	**11**	**3,402**	**3,379**
Value adjustment at 1.10	-1,178	0	3	**-1,175**	-1,448
Profit/loss after tax	533	0	-1	**532**	422
Dividend received	-51	0	0	**-51**	-89
Exchange adjustments	-90	0	0	**-90**	88
Other adjustments	-137	0	1	**-136**	-148
Value adjustment at 30.9	**-923**	**0**	**3**	**-920**	**-1,175**
Carrying amount at 30.9.	**2,377**	**91**	**14**	**2,482**	**2,204**

An overview of subsidiaries is provided in note 31 to the consolidated financial statements.

11. Inventories

DKK million	2012/13	2011/12
Raw materials and consumables	40	40
Work in progress	118	128
Finished goods	461	344
Inventories	**619**	**512**

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	2012/13 Total	2011/12 Total
Equity at 1.10.	18	207	-40	841	4,801	5,827	4,327
Transfers				3	-3	0	0
Value adjustment for the year			172			172	-165
Transferred to financial items			-72			-72	154
Tax effect of hedging			-25			-25	3
Tax on equity entries					34	34	2
Dividend paid out in respect of 2011/12				-844		-844	-587
Extraordinary dividend paid out				-632		-632	0
Exchange adjustment of opening balances and other adjustments relating to subsidiaries					-227	-227	98
Acquisition of treasury shares					-500	-500	-500
Sale of treasury shares, loss on exercise of options					117	117	326
Share-based payment					28	28	24
Reduction of share capital		-5			5	0	0
Net profit for the year					2,661	2,661	2,145
Proposed dividends				2,105	-2,105	0	0
Equity at 30.9.	**18**	**202**	**35**	**1,473**	**4,811**	**6,539**	**5,827**

13. Provisions

DKK million	Legal claims	Pension	2012/13 Total	2011/12 Total
Provisions at 1.10.	0	1	1	6
Unused amounts reversed during the year	0	0	0	-5
Charged to the income statement	0	0	0	-5
Use of provisions during the year	0	0	0	0
Provisions at 30.9.	**0**	**1**	**1**	**1**
Expected maturities:				
Current liabilities	0	0	0	0
Non-current liabilities	0	1	1	1
Provisions at 30.9.	**0**	**1**	**1**	**1**

Notes

Note

14. Deferred tax

DKK million	2012/13	2011/12
Calculation of deferred tax is based on the following items:		
Intangible assets	177	267
Property, plant and equipment	38	34
Indirect costs of sales	20	15
Jointly taxed companies	13	13
Other	-19	-44
Total	**229**	**285**

15. Other payables

Non-current other payables relate to employee bonds.

16. Credit institutions

DKK million	2012/13	2011/12
Due date:		
Less than 1 year	11	1,167
1 to 5 years	0	0
After more than 5 years	0	0
Total	**11**	**1,167**

17. Contingent items and other financial liabilities

DKK million	2012/13			2011/12		
Falling due in:	Other operating leases	Rent	Total	Other operating leases	Rent	Total
Less than 1 year	9	2	11	12	2	14
Within 1 to 5 years	9	1	10	16	1	17
After more than 5 years	0	0	0	0	0	0
Total	**18**	**3**	**21**	**28**	**3**	**31**

At 30 September 2013, the parent company had provided guarantees for loans raised by Group companies amounting to DKK 386m (2011/12: DKK 357m).
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.
The parent company is jointly and severally liable for tax on the Group's jointly taxed Danish income, etc.

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 27 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.

Ostomy Care
Urology & Continence Care
Wound & Skin Care

Coloplast

Coloplast develops products and services that make life easier for people with very personal and private medical conditions. Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate healthcare. Our business includes ostomy care, urology and continence care and wound and skin care. We operate globally and employ more than 8,500 people.

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