

Annual report 2013/14

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

DKK million	2013/14	2012/13	2011/12	2010/11	2009/10
Income statement					
Revenue	12,428	11,635	11,023	10,172	9,537
Research and development costs	-390	-380	-342	-415	-409
Operating profit before interest, tax, depreciation and amortisation	3,573	4,160	3,756	3,108	2,584
Operating profit before special items	4,147	3,672	3,255	2,581	2,078
Operating profit (EBIT)	3,147	3,672	3,255	2,581	1,995
Net financial income and expenses	46	-46	-300	-124	-321
Profit before tax	3,191	3,625	2,954	2,456	1,674
Net profit for the year	2,390	2,711	2,194	1,819	1,243
Revenue growth					
Annual growth in revenue, %	7	6	8	7	8
Growth breakdown:					
Organic growth, %	9	7	6	6	7
Currency effect, %	-2	-1	2	1	1
Balance sheet					
Total assets	10,379	9,564	10,176	9,218	7,771
Invested capital	6,088	6,320	6,295	6,312	6,340
Equity at year end	6,283	6,769	6,042	4,478	3,452
Cash flows and investments					
Cash flows from operating activities	3,149	3,136	2,649	2,205	1,769
Cash flows from investing activities	-777	-159	-390	-954	-293
Investment in property, plant and equipment, gross	-505	-409	-317	-230	-260
Free cash flow	2,372	2,977	2,259	1,251	1,476
Cash flows from financing activities	-2,898	-3,430	-1,653	-1,461	-1,559
Key ratios					
Average number of employees, FTEs	8,741	8,143	7,624	7,328	7,207
Operating margin, EBIT, %	25	32	30	25	21
Operating margin, EBITDA, %	29	36	34	31	27
Return on average invested capital before tax (ROIC), % ¹⁾	60	58	52	41	33
Return on average invested capital after tax (ROIC), % ¹⁾	49	44	38	30	25
Return on equity, %	37	42	42	46	39
Equity ratio, %	61	71	59	49	44
Net asset value per share, DKK ³⁾	29	31	27	20	15
Per share data					
Share price, DKK ³⁾	494	314	242	161	131
Share price/net asset value ³⁾	17	10	9	8	9
Average number of outstanding shares, millions ³⁾	211	211	210	210	213
PE, price/earnings ratio	44	24	23	19	22
Dividend per share, DKK ^{2) 3)}	11.5	10.0	4.0	2.8	2.0
Pay-out ratio, %	101	78	38	32	34
Earnings per share (EPS), diluted ³⁾	11	13	10	9	6
Free cash flow per share ³⁾	11	13	11	9	7

1) For the 2013/14 financial year, this item is before Special items. After Special items, ROIC before tax is 51%, and ROIC after tax is 38%.

2) The figure shown for the 2013/14 financial year is the proposed dividend.

3) Figures before 2012/13 have been restated to reflect a 1-to-5 split of the company's A and B shares in the 2012/13 financial year.

The key ratios have been calculated and applied in accordance with "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

Contents

	Page
Management's report	2
Statement by the Board of Directors and the Executive Management	19
Independent auditors' report	20
Statement of comprehensive income	21
Balance sheet	22
Statement of changes in equity	24
Cash flow statement	26
Notes	27
Shareholder information	66
Parent company annual report – Coloplast A/S	67

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 its products and services globally, and in most markets the products are eligible for reimbursement from local healthcare authorities. Coloplast supplies its 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 its principal markets and at the end of the financial year employed more than 9,000 people.

Coloplast operates in these business areas:

Ostomy Care

A stoma is created in an operation made necessary because of intestinal dysfunction resulting from disease, an accident or a congenital disorder. A part of the intestine is surgically redirected through an opening in the abdominal wall, enabling the patient to empty the colon (colostomy), the small intestine (ileostomy) or the urinary bladder (urostomy). Some 50-60% of stoma operations are performed because of cancer. Ostomy bags consist either of an adhesive base plate bonded together with a bag (1-piece system) or of two separate parts in which the bag is replaced more often than the base plate (2-piece system).

It is important for users to avoid leakage, so they can lead as normal a life as possible. As a result, the adhesive must ensure a constant and secure seal, and it must be easy to remove without causing damage or irritation to the skin. 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 about living with a stoma.

The market

The global market for ostomy care products is estimated at 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 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%. Our 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 around DKK 2bn with annual market growth of 5-7%. Coloplast currently holds 15-20% 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 as people grow older. Coloplast has a wide range of urine bags and urisheaths for storing urine. People unable to control their bowels or sphincter muscle can use the Peristeen® anal irrigation system for controlled emptying of the bowels. A typical Peristeen® user has a spinal cord injury and has lost the ability to control bowel movements.

The market

Coloplast is the global market leader in the continence care market, with a market share of around 40%. The market is growing by 5-6% per year and is estimated at DKK 10-11bn. In the fastest growing segment of the market, catheters, growth is driven by the increasing use of intermittent catheters as an alternative to permanent catheters and by a change in consumption patterns of users and professional care staff towards more advanced catheter solutions.

The 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. Products to control faecal incontinence are now included in the market definition.

Urology Care

Urology care involves diseases and symptoms of the urinary system and in the male reproductive system, such as urinary incontinence, kidney stones, enlarged prostate, impotence and pelvic floor prolapse. The business area consists of a broad portfolio of

products used in connection with urological and gynaecological surgery procedures and includes implants and disposable articles.

Coloplast manufactures and markets its disposable products for use before, during and after surgery, such as prostate catheters and stents, some of them under the Porgès brand. The implant business manufactures vaginal slings used to restore continence and synthetic mesh products used to treat weak pelvic floor. Other products include penile implants for men experiencing severe impotence that cannot be treated by using drugs.

The market

Market growth in Urology is driven by the ageing population and lifestyle diseases, as well as ongoing innovation leading to most cost-efficient surgical procedures. Other drivers of market growth for implants are a growing awareness of the treatment options available for men with severe impotence and women with urological disorders.

The part of the urology care market in which Coloplast products are represented is estimated at DKK 9-10bn. Market growth is estimated at 3-5% per year including the adverse impact of the updated Public Health Notification issued by the US Food and Drug Administration (FDA) on the use of transvaginal mesh therapies for pelvic organ prolapse and stress urinary incontinence.

Coloplast currently holds an estimated 10-15% of the overall global market for urology 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 healthcareers to change, and should ensure that patients are not inconvenienced by exudate, liquid or odour. A moist wound environment provides the best conditions for wound healing for optimum

exudate absorption. The Coloplast product portfolio consists of advanced foam dressings sold under the Biatain® brand and hydrocolloid dressings sold under the Comfeel® brand. Through a strategic partnership Coloplast also has access to a product portfolio for Negative Pressure Wound Therapy (NPWT).

Coloplast's skin care products consist of disinfectant liquids and creams used to protect and treat the skin and to clean wounds. For treatment and prevention of skin fold problems such as fungal infections, damaged skin or odour nuisance, Coloplast produces Interdry AG, a textile placed in a skin fold to absorb moisture. Coloplast mostly sells skin care products to hospitals and clinics in the US and Canadian markets.

The market

Growth in the part of the global wound care segment in which Coloplast competes is expected to be 3-5%, 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 is estimated to be around DKK 16bn. Coloplast holds a 5-10% market share, making it the world's fourth-largest manufacturer of advanced wound care products. There is a large number of direct competitors as well as various alternative options, such as negative pressure wound therapy (NPWT) and simple wound dressings. The market is defined as advanced wound care products other than the negative pressure wound therapy segment.

The market for skin care products is estimated at DKK 5-6bn, and market growth is forecast at 5%. Coloplast currently has 5-10% of the market for skin care products.

Strategy

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

Coloplast announced an updated strategic direction at its Capital Markets Day held in Copenhagen on 4 June 2014.

The strategy is focused on organic growth and centres on:

- Sustained growth in the core markets of Europe
- Engaging more in interacting and building relations with end users
- Increased growth in the developed markets outside Europe (the USA, Canada, Japan and Australia)
- Further expansion and growth in new markets
- Market leadership in selected new markets and relevant opportunities in 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

The full-year financial results are better than the guidance provided in the 2012/13 Annual Report and in line with the updated guidance provided in the most recent interim report (Announcement no. 8/2014 of 13 August 2014), which provides a review of financial results relative to earlier guidance.

- Organic revenue growth was 9%. Revenue in DKK was up by 7% to DKK 12,428m.
- Organic growth rates by business area: Ostomy Care 8%, Continence Care 10%, Urology Care 9% and Wound & Skin Care 10%.
- Gross profit was up by 9% to DKK 8,538m, bringing the gross margin to 69% from 68% last year.
- EBIT before special items increased by 13% to DKK 4,147m. The EBIT margin before special items was 33%, against 32% in 2012/13.
- EBIT amounted to DKK 3,147m, and an EBIT margin of 25%.
- The net profit for the year was DKK 2,390m, compared with DKK 2,711m last year, while earnings per share (diluted) were DKK 11 (and DKK 15 before special items).
- ROIC after tax and before special items was 49%, compared with 44% last year.
- The Board of Directors recommends that the shareholders attending the general meeting to be held on 4 December 2014 approve a year-end dividend of DKK 7.50 per share. This brings the dividend paid for the year to DKK 11.50 per share, as compared with DKK 10.00 last year.

Sales performance

Revenue in DKK was up by 7% to DKK 12,428m on 9% organic growth. Currency depreciation, especially of USD, JPY and ARS against DKK, reduced growth by 2%-points.

Sales performance by business area

	DKK million		Growth composition		
	2013/14	2012/13	Organic growth	Exchange rates	Reported growth
Ostomy Care	5,091	4,849	8%	-3%	5%
Continence Care	4,438	4,081	10%	-1%	9%
Urology Care	1,199	1,124	9%	-2%	7%
Wound & Skin Care	1,700	1,581	10%	-2%	8%
Net revenue	12,428	11,635	9%	-2%	7%

Ostomy Care

The ostomy care business generated sales of DKK 5,091m, equal to an increase in DKK of 5%. Organic growth, at 8%, remained driven by the portfolio of SenSura® products and the Brava® accessory range. The SenSura® products continued to generate highly satisfactory sales growth, driven by good

sales growth in the UK, Germany, the USA and Italy.

The more mature Assura® product range continued its satisfactory performance, with China, Brazil and Spain as its main growth markets. Lastly, the Brava® accessory range generated highly satisfactory growth in the USA and the UK.

The new SenSura[®] Mio range continues to be well received by customers. By the end of the financial year, the range has been launched in 12 countries, with 7 more launches planned for the 2014/15 financial year, including the UK in January 2015.

Continence Care

Sales of continence care products amounted to DKK 4,438m, for an increase in DKK of 9% and organic growth of 10%. The SpeediCath[®] range continued to drive growth in the European and North American markets.

Compact catheters were the main contributor, driven especially by strong growth in France and the UK. The performance was partly due to the launch of the SpeediCath[®] Compact Set and strong underlying developments as well as continued efforts to get US users to upgrade to the more advanced SpeediCath[®] Compact catheters. Standard catheters continued to generate satisfactory sales. Sales of SpeediCath[®] in Europe contributed strongly to growth, and SelfCath[®] in the USA and EasiCath[®] in Emerging Markets also produced good growth rates.

Conveen[®] urisheaths and urine bags also generated satisfactory sales growth, driven especially by Europe and Emerging Markets.

The fair growth in sales of the Peristeen[®] anal irrigation system continued, contributing to the positive performance of the Continence Care business.

The SpeediCath[®] Compact Eve has now been prelaunched in five markets, and prelaunch is expected in another seven markets during the 2014/15 financial year. The product has been very well received.

Urology Care

Sales of urology care products increased by 7% to DKK 1,199m, and the full-year organic growth rate was 9%. Full-year growth derived mainly from the US market through sales of Titan[®] penile implants and Altis[®] slings for treating female stress incontinence. Sales of disposable surgical products to the European markets, endourology products in particular, also contributed to full-year growth.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 1,700m, equal to an 8% increase in DKK and 10% organic growth. The Wound Care business alone generated 11% organic growth.

Growth was mainly driven by sales of Biatain[®] foam dressings, especially in China, Brazil and Greece. In addition, sales were stable in the major European markets, especially in Germany. Market conditions in France remain challenging, but overall developments in Europe were satisfactory. Comfeel[®] hydrocolloid dressings also generated satisfactory sales growth, especially in Emerging Markets.

Contract production of Compeed[®] delivered a strong full-year growth performance, and, lastly, the US Skin Care business ended the year with moderate organic growth.

Customer feedback on Biatain[®] Silicone remains highly satisfactory. The product has now been launched in six markets and is expected to be launched in another six markets by the end of the 2014/15 financial year.

Sales performance by region

	DKK million		Growth composition		
	2013/14	2012/13	Organic growth	Exchange rates	Reported growth
European markets	8,221	7,749	6%	0%	6%
Other developed markets	2,479	2,395	10%	-6%	4%
Emerging markets	1,728	1,491	24%	-8%	16%
Net revenue	12,428	11,635	9%	-2%	7%

European markets

Revenue amounted to DKK 8,221m, which translated into reported growth of 6%. Organic growth in the European business was also 6%. Most of the European markets were positive contributors to full-year growth, especially the UK, Germany and the Nordics. Southern Europe reported improvements, but on the back of the first two quarters' weak performance in 2012/13 caused by spending cuts and reforms. The UK continence care business was a major contributor to growth. Most of the European markets reported satisfactory sales of urine bags and urisheaths. Lastly, contract production of Compeed® delivered strong full-year growth.

Other developed markets

Revenue was up by 4% to DKK 2,479m. The organic growth rate was 10%, a 1%-point improvement on last year. The performance was mainly driven by the US ostomy care and continence care markets, and particularly by SpeediCath® intermittent catheters and the Brava® range of accessories. The US urology business reported a satisfactory growth performance, driven especially by Titan® penile implants and Altis® slings for treating female stress incontinence. Canada contributed satisfactory sales growth thanks to the launch of the new version of Biatain® Silicone.

Emerging markets

Revenue grew by 16% to DKK 1,728m, while underlying organic growth was 24%. Full-year growth was broadly based, with China, Brazil and Greece as solid contributors.

China and Brazil reported very strong growth in Ostomy Care and Wound Care as a result of previous investments to step up sales initiatives. In Greece, a major contributor to growth was the stronger focus on the Continence Care business. The inventory build-up by the new distributor in Algeria also supported full-year growth. Lastly, sales in Russia developed favourably due to an increase in the number of tenders relative to last year.

Gross profit

Gross profit was up by 9% to DKK 8,538m from DKK 7,866m last year. The gross margin was 69%, against 68% last year. The improvement was the result of better production efficiency due to higher volumes. At constant exchange rates, the gross margin was 69%.

Global Operations updated their strategy in the autumn of 2014, adding a number of new focus areas. The new strategy is an important driver for Coloplast in continuing to enhance production efficiencies and thereby contributing to the company's long-term financial guidance.

Capacity costs

Distribution costs amounted to DKK 3,519m, against DKK 3,312m last year. Distribution costs amounted to 28% of revenue, which was in line with last year. Coloplast made additional sales-enhancing investments of almost DKK 200m during the year, including investments in Consumer Care activities, step up of sales initiatives in China and the USA and the establishment of offices in new markets such as Algeria and Turkey.

Administrative expenses amounted to DKK 498m, against DKK 533m last year. Administrative expenses accounted for 4% of revenue, or 1%-point less than last year. The reduction in costs was due to greater efficiency and fewer project activities.

R&D costs were DKK 390m, a DKK 10m increase over last year due to a slight increase in business activity. R&D costs amounted to 3% of revenue, which was also in line with last year.

Other operating income and other operating expenses was a net income for the year of DKK 16m, against a net income of DKK 31m in 2012/13.

Special items

Coloplast made a net provision of DKK 1,000m to cover possible settlements and other legal costs in lawsuits in the USA alleging injury resulting from use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence. See note 18 of the financial statements for more details.

Operating profit (EBIT)

EBIT before special items was DKK 4,147m against DKK 3,672m last year. The EBIT margin before special items was 33%, both at constant exchange rates and in DKK, against 32% last year. The improvement was mainly due to higher sales, scale economies in production and administrative efficiency improvements.

The full-year EBIT was DKK 3,147m.

Financial items and tax

Financial items were a net income of DKK 46m, compared to a net expense of DKK 46m last year. The change was mainly due to a net gain on realised forward exchange contracts this year compared to a net loss last year – especially in JPY and USD – and net interest income this year against net interest expenses last year.

The effective tax rate was 25%, which was in line with last year. The full-year tax expense decreased by DKK 224m due to the provision

made in respect of the lawsuits in the USA. The total tax expense was DKK 801m, against DKK 914m the year before.

Net profit for the period

Net profit before special items for the year was up by 17% to DKK 3,166m, while earnings per share before special items (diluted) improved by 17% to DKK 15.

The net profit for the year was down by 12% to DKK 2,390m, while earnings per share (diluted) were DKK 11.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 3,149m, against DKK 3,136m last year. The change was driven by an improvement in EBITDA before special items of DKK 413m which was offset by a DKK 265m increase in income tax paid. In addition, Coloplast has received DKK 350m in insurance payments in connection with litigation in the USA and has deposited DKK 418m in escrow accounts. The higher tax payment was mainly due to a DKK 200m voluntary on-account payment made in the second quarter of the financial year.

Investments

Coloplast made net investments of DKK 777m compared with DKK 159m last year. The change was due to net movements from buying and selling securities in connection with a temporary placement of surplus liquidity of DKK 530m and investment in machinery to be used for new products. Gross investments in property, plant and equipment (CAPEX) and intangible assets increased by 21% from DKK 440m last year to DKK 533m due to an increase in investments to step up capacity for the launch of new products and an increase in production capacity at Nyírbátor.

Free cash flow

The free cash flow was DKK 2,372m, against DKK 2,977m last year.

Statement of financial position and equity

Balance sheet

At DKK 10,379m, total assets increased by DKK 815m relative to last year.

Intangible assets amounted to DKK 1,481m, as compared to DKK 1,516m last year. The reduction was mainly due to the amortisation of acquired patents and trademarks for the year offset by the appreciation of USD against DKK.

Non-current assets increased due to higher investments in property, plant and equipment, mainly consisting of plant and machinery.

Relative to last year, trade receivables were up by 12% to DKK 2,210m and inventories were up by 24% to DKK 1,322m. Trade payables increased by 35% relative to last year to stand at DKK 566m.

Working capital made up 24% of revenue, or 1%-point more than last year. The change was due to a general increase in selling activities and the effect of the launch of SenSura[®] Mio.

Current assets increased by DKK 681m relative to last year to stand at DKK 6,047m. The increase was mainly due to higher receivables and inventories resulting from improved sales, and offset by ordinary dividends paid, income tax paid and share buy-backs as well as insurance receivables in connection with the lawsuits in the USA.

During the year, Coloplast paid DKK 418m into blocked escrow accounts in connection with the above-mentioned litigation in the USA. The funds have not yet been released by the courts. Non-current liabilities increased by DKK 38m relative to last year due to the provision made in respect of the lawsuits in the USA.

Current liabilities increased by DKK 1,263m, mainly due to the provision made in respect of the lawsuits in the USA. The increase was partially offset by on-account income tax

payment made in respect of the current financial year.

At the balance sheet date, Coloplast had net interest-bearing deposits of DKK 1,490m.

Equity

Equity decreased by DKK 486m relative to last year to DKK 6,283m. The decrease was mainly due to dividend payments of DKK 2,317m which exceeded the comprehensive income of DKK 2,247m. The net effect of treasury shares acquired, employees' exercise of share options and tax on equity entries reduced equity by a total of DKK 452m.

Dividends and share buy-backs

The Board of Directors recommends that the shareholders attending the general meeting to be held on 4 December 2014 approve a year-end dividend of DKK 7.50 per share. This brings the dividend paid for the year to DKK 11.50 per share, as compared with DKK 10.00 last year.

In the second quarter of 2013/14, the Board of Directors resolved to establish a share buy-back programme for a total of DKK 1bn until the end of the 2014/15 financial year (see Announcement No. 2/2014).

The first half of the buy-back programme, of DKK 500m, was launched in Q2 2013/14 and was completed on 18 August 2014. The second half of the share buy-back programme is expected to commence in early 2015.

Treasury shares

At 30 September 2014, Coloplast's holding of treasury shares consisted of 9,450,963 B shares, which was 189,896 fewer than at 30 September 2013. The holding was reduced due to the exercise of options, which was partly offset by the buy-back of shares.

Financial guidance for 2014/15

- We expect revenue growth of around 9% at constant exchange rates and of 11% in DKK.
- We expect the EBIT margin to be around 34%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be around DKK 650m.
- The effective tax rate is expected to be around 24%.

Price pressures in 2014/15 are expected to be in line with those of 2013/14, for an annual price pressure of almost 1%. Our financial guidance takes account of reforms with known effects.

The financial guidance assumes sustained and stable sales growth in Coloplast's core markets and a continuation of the successful roll-out of new products.

The EBIT margin guidance assumes that Coloplast, in addition to generating sales growth, can successfully deliver scale economies and efficiency improvements. The guidance for the current financial year includes around a DKK 200m investment for sales initiatives. This also reflects that the previously announced sales initiative investments of DKK 1bn have now been fully allocated and will take full effect in the 2014/15 financial year.

Capital investments will be stepped up to meet a need for additional production capacity, especially for SenSura[®] Mio products and for the completion of the factory extension at Nyírbátor scheduled for 2015.

Exchange rate exposure

Our financial guidance for the 2014/15 financial year has been prepared on the basis of the following assumptions for the company's principal currencies:

DKK	GBP	USD	HUF	EUR
Average exchange rate 2013/14*	911	550	2.44	746
Spot rate, 20 October 2014	939	583	2.43	745
Estimated average exchange rate 2014/2015	939	583	2.43	745
Change in estimated average exchange rates compared with last year**	3%	6%	0%	0%

*) Average exchange rates from 1 October 2013 to 30 September 2014.

**) Estimated average exchange rate is calculated as the spot rate at 20 October 2014.

The provision made to cover costs relating to transvaginal surgical mesh products remains subject to a high degree of estimation and uncertainty.

Coloplast's long-term financial guidance, as announced at the Capital Markets Day on 4 June 2014, remains to generate 7-10% sales growth per year and to improve the EBIT margin by 0.5-1.0%-point per year.

The overall weighted market growth in Coloplast's current markets is around 5%, an increase of 50 basis points relative to 2013/14.

Other matters

Executive Management strengthened

Coloplast implemented a new management structure at 1 July 2014. The Executive Management was expanded from two to four members and now has the following members:

Lars Rasmussen, President, CEO
 Anders Lonning-Skovgaard, Executive Vice President, CFO
 Kristian Villumsen, Executive Vice President, Chronic Care
 Allan Rasmussen, Executive Vice President, Global Operations

The expansion of the Executive Management team is aligned with Coloplast's ambitious growth strategy and the new long term financial guidance.

In connection with the management changes, Lene Skole decided to leave Coloplast.

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

In DKK millions over 12 months
on a 10% initial drop
in exchange rates

(Average exchange rates 2013/14)	Revenue	EBIT
USD	-200	-70
GBP	-230	-155
HUF	0	40

Forward-looking statements

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

Intellectual capital

Coloplast develops its products and services in close interaction between employees, users, healthcare professionals and opinion-makers. Coloplast believes that retaining employees, developing their skills and empowering them to engage in this interaction is a prerequisite for safeguarding its 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 2014, Coloplast had 9,250 employees, of whom 7,652 were employed in international locations. During the financial year, the number of employees increased by 8%.

Corporate responsibility at Coloplast

In its Corporate Responsibility report, which is published along with the annual report, Coloplast communicates 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 and 99b of the Danish Financial Statements Act, see the Corporate Responsibility Report for 2013/14, which is available at:

<http://www.coloplast.com/About-Coloplast/Responsibility/Policies/>

Risk management and internal controls

The management of each of Coloplast's individual business units and staff functions is in charge of identifying and managing risk factors in their specific parts of the organisation. The most significant risks are reported quarterly to Corporate Risk Management. The reporting process and risk interviews form the basis of the quarterly risk update submitted to the Executive Management and the Board of Directors. A central unit of the Corporate Finance department conducts regular control inspections at Coloplast subsidiaries to ensure that corporate standards for internal controls have been implemented and operate effectively. Conclusions from these inspections and any proposals for improvement

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

The duties of the audit committee are to monitor 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 our website and see "Monitoring". The committee held three meetings in the 2013/14 financial year.

The Executive Management is responsible for Coloplast's overall risk profile and for aligning it with the overall 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 our 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. The 18 million class A shares entitle the holders to ten votes per A share and the 202 million class B shares entitle the holders to one vote per B share. The class A shares are non-negotiable instruments. The class B shares are negotiable instruments and were listed on the

Copenhagen Stock Exchange (Nasdaq 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 2014.

At general meetings, matters are decided by a simple majority of votes. Resolutions to amend the company's articles of association require that not less than half of the share capital is represented and that the resolution is adopted by not less than two-thirds of the votes cast as well as of the voting share capital represented at the general meeting. The resolution lapses if the above-mentioned share capital is not represented, or if a resolution is not adopted by two-thirds of the votes cast. If a resolution is adopted by two-thirds of the votes cast, the Board of Directors must convene a new extraordinary general meeting within two weeks. If at this meeting the resolution is adopted by not less than two-thirds of the votes cast and of the voting share capital represented, it will be passed 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 37,072 shareholders at the end of the financial year, which was 7,292 more than last year. Institutional investors based outside Denmark held 33% of Coloplast's shares at 30 September 2014, compared with 35% 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%	40.5%
Aage og Johanne Louis-Hansens Fond	Nivå	11.1%	14.9%
Benedicte Find	Humblebæk	3.6%	5.4%

^{*)} In addition to this Niels Peter Louis-Hansen's wholly owned company N.P. Louis-Hansen ApS, has an additional 0.8% ownership representing 0.4% of the votes.

Coloplast A/S held 9,450,963 treasury shares, equivalent to 4% of the share capital.

Coloplast's ownership

	A shares 1,000 units	B shares 1,000 units	Ownership %	Voting rights %
30 September 2014				
Holders of A shares and their families	18,000	81,501	45%	68%
Danish institutionals		16,316	7%	4%
Foreign institutionals		71,607	33%	19%
Coloplast A/S*		9,451	4%	
Other shareholders		18,289	9%	5%
Non-registered shareholders*		4,836	2%	
Total	18,000	202,000	100%	96%

* No voting rights

Shareholdings

	A shares 1,000 units	B shares 1,000 units	Number of insiders
30 September 2014			
Board of Directors	12,285	33,488	9
- of which independent Board members		30	4
Executive Management		75	4
Total	12,285	33,563	13

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 recommendations of the committee on corporate governance were revised in May 2013 and updated in May 2014, and Nasdaq Copenhagen adopted the recommendations to take effect for financial years beginning on or after 1 January 2013. The Board of Directors considered the revised rules in the course of the 2013/14 financial year. The Board of Directors and the Executive Management share the committee's views and generally follow the new recommendations. See our corporate website for a presentation of which recommendations Coloplast does 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 from the corporate website: "Statutory report on corporate governance".

<http://www.coloplast.com/Investor-Relations/Corporate-Governance/>

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 Nasdaq 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 2013/14 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.

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 in the general meeting and disclosed in the annual report. Fees are fixed based on a comparison with fees paid by other companies. Members of the Board of Directors receive no incentive pay.

Executive Management

The Chairman and Deputy Chairman of the Board of Directors perform an annual review of the remuneration paid to members of the Executive Management. The remuneration paid to members of the Executive Management consists of a fixed and a variable part. The fixed pay consists of a net salary, pension contribution and other benefits. The value of each of those components is disclosed in the annual report for each member of the Executive Management. As an element of the variable pay,

members of the Executive Management may receive an annual bonus, subject to 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 communicated in a company announcement. Another element of the variable pay is made up of options and is intended to ensure that the Executive Management's incentive correlates with the long-term creation of shareholder value. For that same reason, the option plan is revolving and not subject to the achievement of defined benchmarks.

Members of the Executive Management are awarded a number of options each year with a value equal to a maximum of 40% of the Executive Management's remuneration. The value is calculated in accordance with the Black-Scholes formula. Options are awarded at a strike price which is 15% higher than the market price at the award date calculated as the average price of all trades on the last trading day of the calendar year. The options have a term of five years and are exercisable after three years. The number of options awarded to each member of the Executive Management and their value is disclosed in the Company's annual report. Options in the Executive Management share option plan are covered by the Company's holding of treasury shares. In addition, the Chairman and Deputy Chairman of the Board perform an annual review of the remuneration paid to members of the Executive Management relative to the managements of other Danish companies.

Severance schemes

As at 30 September 2014, 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.

Other executive functions

Board of Directors

Chairman

Michael Pram Rasmussen (59)

9 years on the Board

A.P. Møller - Mærsk A/S (C) and DC of one of its wholly owned subsidiaries
Semler Holding (C) and C of one of its wholly owned subsidiaries
Topdanmark A/S (C) and C of two of its wholly owned subsidiaries

Arp-Hansen Hotel Group A/S (BM)

Louisiana Museum of Modern Art (BM)

Museumsfonden af 7. december 1966 (BM)

Danske Bank A/S (MBR)

JPMorgan Chase International Council (MBR)

Brian Petersen (52)

4 years on the Board

Thomas Barfod (44)*

8 years on the Board

Senior Controller

Elected by the employees

Deputy Chairman

Niels Peter Louis-Hansen (67)*

46 years on the Board

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 (58)

7 years on the Board

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

Jane Lichtenberg (47)*

2 years on the Board

Senior Category Manager

Elected by the employees

Per Magid (71)*

29 years on the Board

Munkegårdsfonden (C)
Vemmetofte Kloster (C)
Ernst og Vibeke Husmans Fond (DC)
Arktisk Institut (BM)
Aage og Johanne Louis-Hansens Fond (BM)

Sven Håkan Björklund (58)

8 years on the Board

H. Lundbeck A/S (C)

Alere Inc. (BM)

Atos AG (BM)

Torben Rasmussen (54)*

4 years on the Board

Electrician

Elected by the employees

* These board members are not considered to be independent under the definition provided in "Recommendations on Corporate Governance".

Executive Management

President, CEO

Lars Rasmussen (55)

AXCEL (BM)

H. Lundbeck A/S (BM)

Danske Bank A/S (MBR)

Executive Vice President

Anders Lonning-Skovgaard (42)

Executive Vice President

Allan Rasmussen (47)

Executive Vice President

Kristian Villumsen (44)

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 30 October 2014.

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

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 2013 – 30 September 2014.

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 have been prepared in accordance with the Danish Financial Statements Act. In addition, the consolidated financial statements and the parent company financial statements have been prepared in accordance with additional Danish disclosure requirements for 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 2014 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 2013 – 30 September 2014.

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, 30 October 2014

Executive Management:

Lars Rasmussen
President, CEO

Anders Lonning-Skovgaard
Executive Vice President

Allan Rasmussen
Executive Vice President

Kristian Villumsen
Executive Vice President

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 2013 to 30 September 2014, which comprise income statement, balance sheet, statement of changes in equity, and notes, including summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income, 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 2014 and of the results of the Group's operations and cash flows for the financial year 1 October 2013 to 30 September 2014 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 2014 and of the results of the Parent Company's operations for the financial year 1 October 2013 to 30 September 2014 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, 30 October 2014
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Mogens Nørgaard Mogensen
State Authorised Public Accountant

Fin T. Nielsen
State Authorised Public Accountant

Statement of comprehensive income

1 October - 30 September

		DKK million	
Note		2013/14	2012/13
Income statement:			
2	Revenue	12,428	11,635
3,8,9	Cost of sales	-3,890	-3,769
	Gross profit	8,538	7,866
3,8,9	Distribution costs	-3,519	-3,312
3,8,9	Administrative expenses	-498	-533
3,8,9	Research and development costs	-390	-380
	Other operating income	43	43
	Other operating expenses	-27	-12
	Operating profit before special items	4,147	3,672
10	Special items	-1,000	0
	Operating profit (EBIT)	3,147	3,672
11	Profit/loss after tax on investments in associates	-2	-1
4	Financial income	89	96
4	Financial expenses	-43	-142
	Profit before tax	3,191	3,625
5	Tax on profit for the year	-801	-914
	Net profit for the year	2,390	2,711
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
17	Remeasurements of defined benefit plans	-27	-30
	Tax on remeasurements of defined benefit pension plans	8	6
		-19	-24
Items that may be reclassified to profit or loss:			
	Value adjustment of currency hedging	-131	172
	Of which transferred to financial items	-33	-72
	Tax effect of hedging	40	-25
	Currency adjustment, assets in foreign currency	57	-45
	Tax effect of currency adjustment, assets in foreign currency	-14	11
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	-43	-89
		-124	-48
	Total other comprehensive income	-143	-72
	Total comprehensive income	2,247	2,639
6	Earnings per Share (EPS), (A and B shares)	11	13
6	Earnings per Share (EPS), (A and B shares), diluted	11	13

Balance sheet

At 30 September

		DKK million	
Note		2014	2013
8	Acquired patents and trademarks etc.	624	687
8	Goodwill	772	735
8	Software	66	59
8	Prepayments and intangible assets in process	19	35
	Intangible assets	1,481	1,516
9	Land and buildings	927	978
9	Plant and machinery	868	789
9	Other fixtures and fittings, tools and equipment	196	110
9	Prepayments and property, plant and equipment under construction	471	409
	Property, plant and equipment	2,462	2,286
11	Investments in associates	13	14
12	Deferred tax asset	360	364
	Other receivables	16	18
	Other non-current assets	389	396
	Non-current assets	4,332	4,198
13	Inventories	1,322	1,069
14	Trade receivables	2,210	1,970
	Income tax	40	56
	Other receivables	344	313
	Prepayments	123	87
	Receivables	2,717	2,426
15	Restricted cash	418	0
	Marketable securities	619	367
23	Cash and cash equivalents	971	1,504
	Current assets	6,047	5,366
	Assets	10,379	9,564

Balance sheet

At 30 September

		DKK million	
Note		2014	2013
	Share capital	220	220
	Reserve for exchange rate adjustments	-132	-89
	Reserve for currency hedging	-89	35
	Proposed dividend for the year	1,579	1,473
	Retained earnings	4,705	5,130
16	Total equity	6,283	6,769
17	Provisions for pensions and similar liabilities	181	181
12	Provision for deferred tax	71	296
18	Other provisions	297	8
	Other payables	1	8
	Deferred income	17	36
	Non-current liabilities	567	529
17	Provisions for pensions and similar liabilities	29	14
18	Other provisions	680	9
19	Other credit institutions	92	111
	Trade payables	566	418
	Income tax	521	764
	Other payables	1,619	925
	Deferred income	22	25
	Current liabilities	3,529	2,266
	Current and non-current liabilities	4,096	2,795
	Equity and liabilities	10,379	9,564
20	Financial instruments		
25	Public grants		
26	Other liabilities		
27	Contingent liabilities		
28	Management remuneration, share options and shareholdings		
29	Related party transactions		
30	Fees to appointed auditors		
31	Events occurring after the balance sheet date		
32	Overview of Group companies		
33	Definitions of key ratios		

Statement of changes in equity

DKK million	Share capital		Reserve for exchange rate adjustment	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
	A shares	B shares					
2013/14							
Balance at 1.10.	18	202	-89	35	1,473	5,130	6,769
<i>Comprehensive income:</i>							
Net profit for the year					2,423	-33	2,390
<i>Other comprehensive income that will not be reclassified to profit or loss:</i>							
Remeasurements of defined benefit plans						-27	-27
Tax on remeasurements of defined benefit plans						8	8
<i>Other comprehensive income that may be reclassified to profit or loss:</i>							
Value adjustment of currency hedging				-131			-131
Of which transferred to financial items				-33			-33
Tax effect of hedging				40			40
Currency adjustment, assets in foreign currency						57	57
Tax effect of currency adjustment, assets in foreign currency						-14	-14
Currency adjustment of opening balances and other adjustments relating to subsidiaries			-43				-43
<i>Total other comprehensive income</i>	0	0	-43	-124	0	24	-143
<i>Total comprehensive income</i>	0	0	-43	-124	2,423	-9	2,247
<i>Transactions with shareholders:</i>							
Transfers					3	-3	0
Investment in treasury shares						-500	-500
Sale of treasury shares and loss on exercised options						-78	-78
Share-based payment						39	39
Tax on equity entries						126	126
Dividend paid out in respect of 2013/14					-844		-844
Dividend paid out in respect of 2012/13					-1,476		-1,476
<i>Total transactions with shareholders</i>	0	0	0	0	-2,317	-416	-2,733
Balance at 30.9.	18	202	-132	-89	1,579	4,705	6,283

Outstanding shares (in thousands)

	A shares	B shares
Issued shares	18,000	202,000
Holding of treasury shares (note 16)		9,451
Outstanding shares	18,000	192,549

Outstanding shares (in thousands):

	A shares	B shares
Outstanding shares at 1.10	18,000	192,359
Sale of treasury shares		1,274
Acquisition of treasury shares		-1,084
Outstanding shares at 30.9	18,000	192,549

A capital reduction was made in 2012/13, resulting in the cancellation of 5,000,000 shares with a total nominal value of DKK 5,000,000. 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. The class 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 attach to either share class.

Statement of changes in equity

DKK million	Share capital		Reserve for exchange rate adjustment	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
	A shares	B shares					
2012/13							
Balance at 1.10.	18	207	0	-40	841	5,016	6,042
<i>Comprehensive income:</i>							
Net profit for the year					2,105	606	2,711
<i>Other comprehensive income that will not be reclassified to profit or loss:</i>							
Remeasurements of defined benefit plans						-30	-30
Tax on remeasurements of defined benefit plans						6	6
<i>Other comprehensive income that may be reclassified to profit or loss:</i>							
Value adjustment of currency 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
<i>Total other comprehensive income</i>	0	0	-89	75	0	-58	-72
<i>Total comprehensive income</i>	0	0	-89	75	2,105	548	2,639
<i>Transactions with shareholders:</i>							
Transfers					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
Dividend paid out in respect of 2012/13					-632		-632
Dividend paid out in respect of 2011/12					-844		-844
<i>Total transactions with shareholders</i>	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
Outstanding shares at 1.10	18,000	192,255
Sale of treasury shares		1,691
Acquisition of treasury shares		-1,587
Outstanding shares at 30.9	18,000	192,359

Cash flow statement

1 October - 30 September

		DKK million	
Note		2013/14	2012/13
	Operating profit	3,147	3,672
	Depreciation and amortisation	426	488
21	Adjustment for other non-cash operating items	948	-1
22	Changes in working capital	-264	-251
	Ingoing interest payments, etc.	41	95
	Outgoing interest payments, etc.	-59	-42
	Income tax paid	-1,090	-825
	Cash flows from operating activities	3,149	3,136
	Investment in intangible assets	-28	-31
	Investment in land and buildings	-9	-5
	Investment in plant and machinery	-133	-111
	Investment in property, plant and equipment under construction	-363	-293
	Property, plant and equipment sold	8	11
	Investment in associates	0	-8
	Net sales/purchase of marketable securities	-252	278
	Cash flows from investing activities	-777	-159
	Free cash flow	2,372	2,977
	Dividend to shareholders	-2,320	-1,476
	Net investment in treasury shares and exercise of share options	-578	-537
	Financing from shareholders	-2,898	-2,013
	Financing through borrowing, instalments	0	-1,417
	Cash flows from financing activities	-2,898	-3,430
	Net cash flows	-526	-453
	Cash and short-term debt at 1.10.	1,393	1,830
	Currency adjustment of cash and bank balances	12	16
	Net cash flows	-526	-453
23	Cash and short-term debt at 30.9.	879	1,393
23	Cash	971	1,504
24	Unutilised credit facilities	723	837
	Financial reserves at 30.9.	1,694	2,341

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

List of notes

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

Notes

Note

1. Key accounting policies

This section provides a summary of significant accounting policies, new IFRS requirements and other general accounting policies. A detailed description of the accounting policies applied and the estimates made relative to each individual item is provided in relevant notes, such that all information about a specific accounting item can be found there.

Basis of preparation

The consolidated financial statements for 2013/14 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 is prepared on the basis of the historical cost principle, modified in that certain financial assets are measured at fair value. Subsequent to initial recognition, assets are measured as described below in respect of each individual item or in the relevant note.

Accounting policy changes

Effective from the 2013/14 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 2013/14 financial year. The implementation has not affected the accounting figures but only resulted in a change of classification and additional disclosure.

New financial reporting standards adopted

Other relevant amended standards or interpretations which have not yet come into force 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 12 Disclosures of Interests in Other Entities, IAS 27 Separate financial statements, IAS 32 Financial Instruments: Presentation, IAS 36 Impairment of assets and IAS 39 Financial instruments: Recognition and Measurement. 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, while the new IFRS 15 Income from Contracts with Clients is expected to apply from the 2017/18 financial year. None of the mentioned standards or interpretations are expected to have a material effect 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.

Notes

Note

1. Key accounting policies, continued

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 Other provisions. A further description of the principal accounting estimates and judgments is provided in the relevant notes.

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 adjusted to reflect acquisitions. Divested activities are shown separately as discontinued operations.

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

Notes

Note

1. Key accounting policies, continued

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

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

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

Goodwill arising in connection with the acquisition of subsidiaries is recognised in the balance sheet under intangible assets in the consolidated financial statements and tested annually for impairment.

Revenue

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.

Marketable securities

The fair value option is applied to marketable securities, because the securities form part of a portfolio managed and measured on a fair value basis.

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 and debt to credit institutions recognised under current assets and current liabilities, respectively. Marketable securities include bonds with maturities of more than three months and are recognised under investing activities.

Notes

Note

2. Segment information

Operating segments

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

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 286m (2012/13: DKK 264m), while revenue from external customers in other countries amounted to DKK 12,142m (2012/13: DKK 11,371m). 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 2,555m (2012/13: DKK 2,462m), while total non-current assets placed in other countries amounted to DKK 1,417m (2012/13: DKK 1,372m).

Notes

Note

2. Segment information, continued

Operating segments

DKK million	Sales regions		Production units		Shared/Non-allocated		Total	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Segment revenue								
Ostomy Care	5,091	4,849	0	0	0	0	5,091	4,849
Continence Care	4,438	4,081	0	0	0	0	4,438	4,081
Urology Care	1,199	1,124	0	0	0	0	1,199	1,124
Wound & Skin Care	1,700	1,581	0	0	0	0	1,700	1,581
External revenue as per the annual report	12,428	11,635	0	0	0	0	12,428	11,635
Segment operating profit/loss	637	945	4,841	4,438	-2,331	-1,711	3,147	3,672
Net financials	0	0	0	0	46	-46	46	-46
Tax on profit/loss for the year	0	0	0	0	-801	-914	-801	-914
Profit/loss for the year as per the annual report	637	945	4,841	4,438	-3,088	-2,672	2,390	2,711

3. Staff costs

Accounting policies

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

DKK million	2013/14	2012/13
Salaries, wages and directors' remuneration	2,831	2,664
Pension costs - defined contribution plans (note 17)	199	178
Pension costs - defined benefit plans (note 17)	13	14
Other social security costs	349	308
Total	3,392	3,164
Cost of sales	904	870
Distribution costs	1,982	1,810
Administrative expenses	304	279
Research and development costs	202	205
Total	3,392	3,164
Average number of employees, FTEs	8,741	8,143
Number of employees at 30.9, FTEs	9,071	8,412
Number of employees at 30.9	9,250	8,563

See note 28 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, market value adjustments of securities and dividend received on shares recognised under securities.

DKK million	2013/14	2012/13
Financial income		
Interest income	41	23
Fair value adjustments of forward contracts transferred from Other comprehensive income	33	72
Fair value adjustments of cash-based share options	15	0
Other financial income and fees	0	1
Total	89	96
Financial expenses		
Interest expense	3	49
Net exchange adjustments	18	54
Fair value adjustments of cash-based share options	0	9
Other financial expenses and fees	22	30
Total	43	142

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	2013/14	2012/13
Current tax on profit for the year	1,070	986
Change in deferred tax on profit for the year	-257	-54
Tax on profit from ordinary activities	813	932
Adjustment of tax relating to prior years	-10	10
Change due to change in tax rate	-2	-28
Total	801	914

Notes

Note

5. Tax on profit for the year, continued

DKK million	2013/14	2012/13
Reconciliation of tax rate differences:		
Danish tax rate, %	24.5	25.0
Effect of reduction of tax rates, %	0.0	-0.8
Deviation in foreign subsidiaries' tax percentage, %	0.4	1.0
Other taxes and other adjustments, net, %	0.2	0.0
Effective tax rate, %	25.1	25.2
Tax on equity and other comprehensive income entries	160	57

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. Earnings per share is calculated as the net profit for the year divided by the average number of outstanding shares adjusted for the dilutive 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 16).

DKK million	2013/14	2012/13
Net profit for the year	2,390	2,711
Weighted average no. of shares (in millions of units)	210.8	210.6
Earnings per share before special items (DKK) (A and B shares)	15.0	12.9
Earnings per share (DKK) (A and B shares)	11.3	12.9
Earnings per share before special items (DKK) (A and B shares), diluted	14.8	12.6
Earnings per share (DKK), (A and B shares), diluted	11.2	12.6

7. Dividend per share

Accounting policies

Dividend is recognised in the balance sheet as a liability when adopted at the annual general meeting. Proposed but not yet paid dividend for the financial year is recognised in equity until approved by the shareholders in general meeting.

The Board of Directors recommends that the shareholders attending the general meeting approve an additional dividend of DKK 7.50 per share of DKK 1 (2012/13: DKK 7.00). An extraordinary distribution of dividend of DKK 4.00 per share was made in the financial year (2012/13: DKK 3.00), bringing total dividend per share for the year to DKK 11.50 per share (2012/13: DKK 10.00), for total dividends of DKK 2,423m (2012/13: DKK 2,105m). The increase in dividend per share thus amounts to 15%, and the pay-out ratio is 101% (2012/13: 78%).

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. As described below under "Significant estimates and judgments", 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. Uncertainty relating to goodwill is most pronounced in Urology. Goodwill in this business area amounted to DKK 313m at 30 September 2014 (30 September 2013: DKK 296m). The carrying amount of intangible assets was DKK 1,481m as at 30 September 2014 (30 September 2013: DKK 1,516m).

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 have been met. Against this background, it is believed that the Group's in-house research costs generally do not satisfy the capitalisation criteria. All in-house research and development costs are therefore recognised in the income statement as incurred. In 2013/14, DKK 390m was expensed as research and development costs.

2013/14	Acquired patents and trademarks, etc.	Goodwill	Software	Prepayments and intangible assets in progress	Total intangible assets
DKK million					
Total cost at 1.10.	1,602	735	328	35	2,700
Exchange and other adjustments	61	37	2	0	100
Additions and improvements during the year	3	0	7	19	29
Reclassification	0	0	35	-35	0
Disposals during the year	-251	0	-80	0	-331
Total cost at 30.9.	1,415	772	292	19	2,498
Total amortisation at 1.10.	915	0	269	0	1,184
Exchange and other adjustments	33	0	2	0	35
Amortisation for the year	94	0	35	0	129
Amortisation reversed on disposals during the year	-251	0	-80	0	-331
Total amortisation at 30.9.	791	0	226	0	1,017
Carrying amount at 30.9.	624	772	66	19	1,481

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 in 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 forecasts for the 2014/15 financial year. Assumptions for the long-term strategy of the urology business were used for the financial years 2015/16 to 2017/18. For Ostomy Care and Continence Care, impairment tests were based on forecasts for 2014/15 and on assumptions for the long-term strategy for the financial years 2015/16 to 2017/18.

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

	2013/14			2012/13		
	Ostomy Care	Urology Care	Continence Care	Ostomy Care	Urology Care	Continence Care
Revenue growth in terminal period	2%	2%	2%	2%	2%	2%
Tax percentage	25%	35%	25%	25%	35%	25%
Carrying amount of goodwill, DKK million	32	313	427	33	296	406

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:

	2013/14		2012/13	
	before tax	after tax	before tax	after tax
Urology Care	11.2%	8.6%	11.5%	8.6%
Ostomy & Continence Care	6.1%	5.0%	5.7%	4.7%

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	
		2013/14	2012/13
Patented technologies and unprotected technologies	1-13 years	331	378
Trademarks	9-13 years	183	205
Customer lists/loyalty	9-13 years	95	99
Total		609	682

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, 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. The non-competition clause was fully amortised in the 2012/13 financial year.

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. inventions not patentable/protectable
2. trade secrets
3. know-how
4. confidential information
5. copyrights on computer software, databases or instruction manuals and the like

Most relate to know-how concerning various materials and processes used in production. A division of the individual components into small intangible assets 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.

2012/13	Acquired patents and trademarks etc.	Goodwill	Software	Prepayments and intangible assets in progress	Total intangible assets
DKK million					
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

Notes

Note

8. Intangible assets, continued

DKK million	2013/14	2012/13
Amortisation breaks down as follows:		
Cost of sales	96	117
Distribution costs	19	12
Administrative expenses	12	32
Research and development costs	2	1
Total	129	162

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	15-25 years
Building installations	5-10 years
Plant and machinery	5-15 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

2013/14		Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
DKK million						
Total cost at 1.10.		2,095	3,118	520	409	6,142
Exchange and other adjustments		9	-58	2	1	-46
Reclassification		20	197	85	-302	0
Additions and improvements during the year		9	80	53	363	505
Disposals during the year		-38	-48	-60	0	-146
Total cost at 30.9.		2,095	3,289	600	471	6,455
Total depreciation at 1.10.		1,117	2,329	410	0	3,856
Exchange and other adjustments		2	-30	2	0	-26
Reclassification		0	-2	2	0	0
Depreciation for the year		85	164	48	0	297
Depreciation reversed on disposals during the year		-36	-40	-58	0	-134
Total depreciation at 30.9.		1,168	2,421	404	0	3,993
Carrying amount at 30.9.		927	868	196	471	2,462
Gross amounts of property, plant and equipment fully depreciated		416	1,105	280	0	1,801

The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery of DKK 103m (2012/13: DKK 108m).

2012/13		Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
DKK million						
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

Notes

Note

9. Property, plant and equipment, continued

DKK million	2013/14	2012/13
Depreciation breaks down as follows:		
Cost of sales	214	229
Distribution costs	23	24
Administrative expenses	46	62
Research and development costs	14	11
Total	297	326

10. Special items

Accounting policies

Special items comprise material amounts of a non-recurring nature, such as costs relating to divestment, closure or restructuring, provisions for lawsuits, etc. These items are presented separately to facilitate the comparability of the income statement and to provide a better picture of the operating results.

Special items for 2013/14 contain expenses to cover potential claims and settlements, other costs arising in connection with legal assistance and insurance cover relating to litigation about transvaginal surgical mesh products. See note 18 to the financial statements for more information about transvaginal surgical mesh litigation.

DKK million	2013/14	2012/13
Provisions for litigation about transvaginal surgical mesh products	1,500	0
Sum insured	-500	0
Total	1,000	0

11. 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.

Notes

Note

11. Investments, continued

DKK million	2013/14	2012/13
Total cost at 1.10.	11	4
Additions	0	8
Other adjustments	0	-1
Total cost at 30.9.	11	11
Adjustments at 1.10.	3	3
Profit/loss for the year	-2	-1
Other adjustments	1	1
Adjustments at 30.9.	2	3
Carrying amount at 30.9	13	14

In the 2013/14 financial year, associates generated a loss of DKK 4m. Assets totalled DKK 63m and liabilities DKK 3m.

A company overview is provided in note 32.

12. 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 offsetting 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.

Notes

Note

12. Deferred tax, continued

DKK million	2013/14	2013/14
Deferred tax, beginning of year	-68	-17
Exchange adjustments	0	11
Adjustment due to change in tax rate	-2	-28
Prior-year adjustments	1	16
Other changes in deferred tax – charged to income statement	-257	-41
Change in deferred tax - charged to equity	37	-9
	-289	-68
Of which deferred tax asset	360	364
Provision for deferred tax	71	296

Calculation of deferred tax is based on the following items:

Intangible assets	269	279
Property, plant and equipment	35	14
Indirect costs of sales	25	20
Unrealised gain from intra-group sale of goods	-168	-172
Provisions	-279	-76
Jointly taxed companies	13	13
Share options	-23	-19
Tax losses carried forward and tax credits	-92	-89
Other	-69	-38
Total	-289	-68

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	2013/14	2013/14
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	126	201
Total	126	201

The losses listed above include a recognised tax asset of DKK 114m (2012/13: DKK 150m).

Notes

 Note

13. 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. Production overheads comprise indirect material and labour costs, maintenance and depreciation of the machinery and production buildings used in the manufacturing process as well as costs of production administration and management.

Borrowing costs are recognised in costs. Net realisable value is the expected selling price less cost of completion and costs to sell.

Significant estimates and judgments

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 in the calculation of actual cost of sales. 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 359m as at 30 September 2014 (30 September 2013: DKK 312m).

DKK million	2013/14	2013/14
Raw materials and consumables	163	132
Work in progress	319	253
Finished goods	840	684
Inventories	1,322	1,069
Inventory writedowns at 1.10	44	47
Inventory writedowns used	-31	-28
Inventory writedowns reversed	-6	-12
Inventory writedowns for the year	43	37
Inventory writedowns at 30.9	50	44

Cost of sales includes directly attributable production costs for goods sold in the amount of DKK 2,307m (2012/13: DKK 2,151m).

Notes

Note

14. 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 losses considered likely to arise if a customer proves unable to pay. If the financial position of a customer deteriorates, making it unable to make payments, it may prove necessary to make additional provisions in future accounting periods. When assessing whether the Group has made adequate provisions for bad and doubtful debts, Management analyses the receivables, including previous losses on trade receivables, the customer's creditworthiness, current economic conditions and changes to customer payment terms and conditions.

DKK million	2013/14	2013/14
Portion of receivables falling due after more than 1 year after the balance sheet date		
Other long-term receivables	7	1

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.	128	167
Exchange adjustment	0	-3
Change of provisions during the year	2	8
Losses realised during the year	-32	-44
Provisions at 30.9.	98	128

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

Receivables due are specified as follows:

Up to 30 days	190	180
Between 30 and 90 days	194	110
More than 90 days	275	242
Total receivables due	659	532

At 30 September, the Group had the following receivables:

DKK	110	116
EUR	951	857
GBP	369	345
USD	319	263
Other currencies	461	389
Total carrying amount	2,210	1,970

Notes

Note

15. Restricted cash

Accounting policies

Amounts held in escrow consist of cash held in escrow with third parties for litigation purposes.

Amounts have been paid into escrow accounts in connection with pending litigation and not yet released by the courts. See note 18 to the financial statements for more information about transvaginal surgical mesh litigation.

DKK million	2013/14	2012/13
Amounts held in escrow	418	0

16. Treasury shares and share options

Accounting policies

The price paid by Coloplast for treasury shares or the selling price on exercise of equity-based share remuneration is deducted from retained earnings.

	2013/14	2012/13	2013/14	2012/13
Treasury shares	Million B shares of DKK 1		% of B share capital	
Holdings of treasury shares at 1.10.	9.6	14.7	4.8%	7.1%
Acquired during the year	1.1	1.6	0.5%	0.8%
Cancelled	0.0	-5.0	0.0%	-2.4%
Sold during the year	-1.2	-1.7	-0.6%	-0.8%
Holdings of treasury shares at 30.9.	9.5	9.6	4.7%	4.8%

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 treasury shares on exercise are deducted from or added to equity, as the case may be.

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

Share options have affected the profit for the year as follows:	2013/14	2012/13
Staff costs - equity-settled programmes ¹⁾	39	33
Staff costs - cash-settled programmes	1	-1
Financial costs - fair value adjustment of cash-settled programmes	-15	9
Total share option cost	25	41

1) In 2013/14, DKK 6m was expensed in respect of former employees.

Notes

Note

16. Treasury shares and share options, continued

At 30 September 2014, the accounting liability of the option programmes was DKK 9m (2012/13: DKK 45m), while the fair value of the option programmes amounted to DKK 1,594m (2012/13: DKK 1,032m).

Outstanding options	2013/14			2012/13		
	Number of options ¹⁾	Avg. exercise price	Avg. share price	Number of options ¹⁾	Avg. exercise price	Avg. share price
Outstanding at 1.10	7,414,207	172		8,934,445	128	
Options vested	1,075,874	409		1,272,332	319	
Options cancelled	-112,172	304		-57,350	218	
Options expired	-154,890	67		-53,640	84	
Options exercised	-2,031,675	107	400	-2,681,580	87	291
Outstanding at 30.9	6,191,344	228		7,414,207	172	

Issued in	Number of options	Options lapsed	Options exercised	Not exercised at 30.9.2014	Exercise price ¹⁾²⁾	Exercise period
2005	888,125	96,000	694,625	97,500	56.89	16/11/09 - 31/12/14
2006	28,585	7,000	18,085	3,500	90.49	01/04/09 - 01/07/15
2006	1,010,150	132,050	620,750	257,350	92.54	01/11/10 - 01/11/15
2009	2,324,690	81,655	1,597,195	645,840	99.88	31/12/12 - 31/12/14
2010	1,767,195	18,065	578,720	1,170,410	166.15	31/12/13 - 31/12/15
2011	1,790,605	27,785	0	1,762,820	181.15	31/12/14 - 31/12/16
2012	1,272,332	73,779	0	1,198,553	310.00	31/12/15 - 31/12/17
2013	1,075,874	20,503	0	1,055,371	408.83	31/12/16 - 31/12/18

¹⁾ Adjusted by DKK -5.71 kr. due to payment of dividend.

²⁾ Average exercise price for options exercisable at the balance sheet date is DKK 132.74.

Share options are granted to members of the Executive Management and other senior executives in order to motivate and retain a qualified management group and in order to align the interests of Management and the shareholders. In the period 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.

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

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

Notes

Note

16. Treasury shares and share options, continued

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

	2013	2012
Black-Scholes value	28.80	27.38
Average share price (DKK)	358.98	277.14
Exercise price (DKK)	412.83	318.71
Expected dividend per share	1.50%	1.44%
Expected duration	4.00	4.00
Volatility	18.55%	22.10%
Risk-free interest	0.80%	0.12%
Value (DKKm)	30.99	34.84

17. Provisions for pensions and similar obligations

Accounting policies

As the scope of defined contribution plans is not material to the financial statements, only the most material disclosure requirements of IAS 19 have been described.

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 historical costs. Historical cost is taken directly to 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 2013/14, DKK 199m (2012/13: DKK 178m) was recognised.

Notes

Note

17. 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. 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	2013/14	2013/14
The following is recognised in the consolidated income statement:		
Defined contribution plans	199	178
Defined benefit plans	13	14
Total	212	192
The costs regarding defined benefit plans are recognised in the following income statement items:		
Cost of sales	2	2
Distribution costs	10	10
Administrative expenses	1	2
Total	13	14
Pension costs recognised in the income statement:		
Current service costs	7	8
Net interest expenses	6	6
Recognised in income statement for defined benefit plans	13	14
Pension costs recognised in other comprehensive income:		
Actuarial gains/losses on pension obligations	-59	-35
Difference between calculated interest and actual return on plan assets	32	5
Recognised in other comprehensive income regarding defined benefit plans	-27	-30

Notes

Note

17. Provisions for pensions and similar obligations, continued

DKK million	2013/14	2013/14
Plan assets at 1.10	193	180
Exchange adjustments	16	-8
Actual rate of interest	9	8
Difference between interest element and actual return on plan assets	32	5
Contributions paid by the Coloplast Group	30	15
Benefit paid out	-12	-7
Plan assets at 30.9	268	193
Specification of plan assets:		
Shares, listed	39	103
Bonds	224	84
Cash and similar assets	5	6
Plan assets at 30.9	268	193
Specification of present value of defined benefit obligation:		
Obligation at 1.10	388	350
Exchange adjustments	21	-12
Current service costs	7	8
Interest costs	15	14
Actuarial gains/losses, financial assumptions	55	18
Actuarial gains/losses, demographic assumptions	4	0
Actuarial gains/losses, experience	0	17
Benefit paid out	-12	-7
Present value of liability at 30.9	478	388
Fair value of plan assets	-268	-193
Net liability recognised in the balance sheet	210	195

Notes

Note

17. Provisions for pensions and similar obligations, continued

DKK million	2013/14	2013/14
Net liability recognised in the balance sheet at 1.10	195	170
Expenditure for the year	13	14
Other comprehensive income:		
Actuarial gains and losses on pension obligation	59	35
Exchange adjustments	5	-4
Difference between interest element and actual return on plan assets	-32	-5
Contributions paid by the Coloplast Group	-30	-15
Net liability recognised in the balance sheet at 30.9	210	195

The Group expects to pay DKK 30m to the defined benefit plans in 2014/15.

Assumptions of actuarial calculations as at the balance sheet date are as follows (expressed as an average):

Discount rate, %	3	4
Future rate of salary increases, %	2	2
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	+3%	-3%
Inflation	+14%	-12%

18. 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

18. Other provisions, continued

Significant estimates and judgments

Provisions for legal obligations consist 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.

2013/14	Legal claims	Other	Total
DKK million			
Provisions at 1.10.	7	10	17
Provisions during the year	1,500	4	1,504
Unused amounts reversed during the year	0	-1	-1
Charged to the income statement	1,500	3	1,503
Use of provisions during the year	-609	0	-609
Exchange adjustments	66	0	66
Provisions at 30.9.	964	13	977
Expected maturities:			
Current liabilities	676	4	680
Non-current liabilities	288	9	297
Provisions at 30.9.	964	13	977

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.

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 of cases covered by tolling agreements. Nor can Coloplast predict whether any additional litigation will be brought against the company.

Notes

Note

18. Other provisions, continued

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, but will continually consider other options that may better serve the company's best interests. As a result, Coloplast has reached preliminary settlements with groups of law firms.

An expense of DKK 1,500m has been recognised in the 2013/14 financial statements to cover potential claims and settlements and other costs arising in connection with legal assistance. The full product liability insurance of DKK 500m has been set off against this amount, and the net expense of DKK 1,000m has been recognised under special items in the income statement. The impact on the net profit for the financial year amounted to DKK 776m.

Coloplast's insurers have agreed to pay the full insurance coverage of DKK 500m, of which Coloplast had received DKK 350m at 30 September 2014 and DKK 150m was received in October 2014.

The expense of DKK 1,500m is based on a number of estimates and assumptions and is therefore subject to substantial uncertainty. As a result, there can be no assurance that the amount will not change over time. Current and future litigation is expected to involve around 7,000 legal claims against the company.

Other

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

19. Credit institutions

Accounting policies

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

DKK million	2013/14	2012/13
Breakdown of debt to financial institutions stated in the balance sheet:		
Current liabilities	92	111
EUR	0	11
Other currencies	92	100
Total carrying amount	92	111
Current financial liabilities including interest has the following terms to maturity:		
Less than 1 year	660	663
Total	660	663

Notes

Note

19. Credit institutions, continued

DKK million	2013/14	2012/13
Net interest-bearing debt at 30.9.		
Other credit institutions	92	111
Marketable securities	-619	-367
Bank balances	-970	-1,503
Other payables	7	15
Total	-1,490	-1,744

Other payables relate to employee bonds.

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

2013/14

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	-48	0-1	-166	0	-305	0-1	-886	0-1	-184	8-21	-1,589
Liabilities	0	1-2	0	0	0	1-2	7	0-4	92	1-5	99
Total, less than 1 year	-48		-166		-305		-879		-92		-1,490
1 to 5 yrs Receivables											0
Liabilities											0
Total, 1 to 5 yrs											0
More than 5 yrs Receivables											0
Liabilities											0
Total, more than 5 yrs											0
Total	-48		-166		-305		-879		-92		-1,490

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 yrs									0		0
Total	-32		-183		-244		-1,275		-10		-1,744

Notes

Note

20. 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 concerns 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 2013/14

Financial instruments by category 2013/14		Assets at fair value through the income statement (level 1) ¹⁾	Derivatives used for hedging (level 2) ²⁾		
Assets		Loans and receivables		Total	
Trade receivables and other receivables		2,544	0	26	2,570
Marketable securities		0	619	0	619
Cash and cash equivalents		971	0	0	971
Total		3,515	619	26	4,160
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	92	92
Trade payables		0	0	566	566
Other payables		0	132	1,488	1,620
Total		0	132	2,146	2,278

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

Notes

Note

20. Financial instruments, continued

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

¹⁾ The securities portfolio consists of mortgage bonds and corporate bonds. The bond portfolio carried an effective rate of interest of 1-6% (2012/13: 1-6%).

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 2014, an average of 87% of the following twelve months of expected net cash flows were hedged (2012/13: 81% of the following twelve months of cash flows). The Group does not hedge amounts in euro.

Notes

Note

20. Financial instruments, continued

Holdings of derivative financial instruments

DKK million	Contract amount	Loss/gain when stated at market value	Amount incl. in income statement for 2013/14	Transferred to hedging reserve	Expiry period
2013/14					
Forward exchange contracts and options outstanding at 30.9. to hedge future cash flows					
USD	716	-45	0	-45	Oct. 2014 - Sep. 2015
USD options	73	-2	0	-2	Nov. 2014 - Dec. 2014
GBP	1,234	-59	0	-59	Oct. 2014 - Sep. 2015
JPY	142	0	0	0	Oct. 2014 - Sep. 2015
HUF	-257	-2	0	-2	Dec. 2014 - Sep. 2015
Other currencies	752	-10	0	-10	Oct. 2014 - Sep. 2015
Total	2,660	-118	0	-118	

Other forward exchange contracts including fair value hedges at 30.9.

USD	-613	16	16	0	Oct. 2014 - Nov. 2014
GBP	406	-4	-4	0	Oct. 2014 - Nov. 2014
JPY	118	0	0	0	Oct. 2014
HUF	-479	-2	-2	0	Oct. 2014 - mar. 2015
Other currencies	458	2	2	0	Oct. 2014
Total	-110	12	12	0	

The Group had no material foreign exchange risks relating to debt in foreign currency as at 30 September 2014. The Group's receivables and payables are to some extent affected by exchange rate fluctuations, and, accordingly, the Group's balance sheet is impacted to some extent by changes in exchange rates prevailing at 30 September 2014.

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 kroner¹⁾:

DKK million	2013/14	2012/13
Income statement	+/-18	+/-16
Other comprehensive income	-/+156	-/+131

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

Notes

Note

20. Financial instruments, continued

Interest rate risk

As the Group's interest-bearing debt is insignificant, the interest rate risk is also considered insignificant. The Group's cash reserve may be placed in money market deposits and bonds with selected financial counterparties. Cash reserves are placed at an average duration not exceeding four years. As a result, the interest rate risk is considered to be limited.

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 from time to time.

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

The Group's cash reserve comprises cash and cash equivalents 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 rating. 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 rating.

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

The Group's credit risk relating to trade receivables is diversified over a large number of customers and is therefore not material. 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 of the Group is to raise new debt only for acquisition purposes.

The Board of Directors generally intends to distribute excess cash 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

20. Financial instruments, continued

Holdings of derivative financial instruments

2012/13	Contract amount	Loss/gain when stated at market value	Amount incl. in income statement for 2012/13	Transferred to hedging reserve	Expiry period
DKK million					
Forward exchange contracts outstanding at 30.09. 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 currencies	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 currencies	478	5	5	0	Oct. 2013
Total	753	6	6	0	

21. Adjustment for other non-cash operating items

DKK million	2013/14	2012/13
Net gain/loss on divestment of non-current assets	6	2
Change in other provisions	942	-3
Total	948	-1

22. Changes in working capital

DKK million	2013/14	2012/13
Inventories	-261	-139
Trade receivables	-210	-121
Other receivables	-486	-44
Trade and other payables etc.	693	53
Total	-264	-251

Notes

Note

23. Cash and short-term debt

Accounting policies

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

DKK million	2013/14	2012/13
Cash	1	1
Bank balances	970	1,503
Cash and bank balances	971	1,504
Short-term debt	-92	-111
Total	879	1,393

24. Unutilised credit facilities

DKK million	2013/14	2012/13
Unutilised credit facilities	723	837
Of which long-term facilities with a duration of more than 1 year	0	0

25. 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 (2012/13: DKK 1m). The Group received DKK 4m (2012/13: DKK 0m) in public grants for investments.

An amount of DKK 24m is recognised in the income statement (2012/13: DKK 26m) in production costs and DKK 1m (2012/13: DKK 1m) in research and development costs in respect of grants for investments.

Notes

 Note

26. Other liabilities

DKK million	2013/14	2012/13
Operating leases fall due in:		
Less than 1 year	172	145
Within 1 to 5 years	347	303
After more than 5 years	13	17
Total	532	465

Operating lease payments recognised in the income statement amount to DKK 80m (2012/13: DKK 77m).

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.

27. Contingent liabilities

Other than as set out in Note 18 Other provisions, the Coloplast Group is a party to a few minor legal proceedings, which are not expected to influence the Group's future earnings.

In February 2014 the Department of Justice in the United States initiated an investigation of Durable Medical Equipment producers among these Coloplast, focusing on marketing and promotion activities related to the ostomy and continence business. Coloplast is cooperating with the Department of Justice in this investigation by providing documents and participating in interviews. Coloplast does not expect the investigation to result in any claims that may have a material impact on Coloplasts financial position, operating profit or cash flow.

28. 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 16.

Board of Directors

Board members receive a fee of DKK 375,000 each (2012/13: DKK 350,000). The Chairman receives the basic fee plus 200% (2012/13: 200%), while the Deputy Chairman receives the basic fee plus 75% (2012/13: 75%). Members of the Audit Committee also receive a fee corresponding to 50% of the basic directors' fee (2012/13: 50%). Members of the Board of Directors are not eligible for share option or bonus schemes.

Notes

Note

28. The Executive Management's and the Directors' remuneration, share options and shares, continued 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	Net salaries	Pension	Other benefits	Cash bonus	Resignation	Total	Share options
2013/14							
Lars Rasmussen	7.5	1.3	0.2	1.2	-	10.2	4.3
Anders Lonning-Skovgaard	0.8	0.1	-	0.2	-	1.1	-
Allan Rasmussen	1.1	0.2	-	0.2	-	1.5	-
Kristian Villumsen	1.3	0.2	-	0.3	-	1.8	-
Lene Skole	3.7	0.7	0.1	0.7	4.1	9.3	7.3
Executive Management total	14.4	2.5	0.3	2.6	4.1	23.9	11.6
Board and Audit Committee fees	5.0	0.0	0.0	0.0	0.0	5.0	0.0
Total	19.4	2.5	0.3	2.6	4.1	28.9	11.6

DKK million	Net salaries	Pension	Other benefits	Cash bonus	Resignation	Total	Share options
2012/13							
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

Share options held by members of the Executive Management:

	Beginning of the year Units	Exercised during the year Units	Granted during the year Units	Changes during the year Units	Holdings at end of the year Units	Market value DKK million
2013/14						
Lars Rasmussen	777,332	100,000	151,183	0	828,515	205
Anders Lonning-Skovgaard	0	0	0	57,077	57,077	11
Allan Rasmussen	0	0	0	238,117	238,117	50
Kristian Villumsen	0	0	0	428,070	428,070	106
Lene Skole	633,461	69,600	112,194	-676,055	0	0
Total	1,410,793	169,600	263,377	47,209	1,551,779	372

Notes

Note

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

Coloplast's in-house rules permit members of the Executive Management and the Board of Directors to trade in Coloplast A/S shares during the four-week periods following the announcement of interim financial statements and during the six-week period 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:

	Beginning of the year Units	Bought during the year Units	Sold during the year Units	Changes during the year Units	Holdings at end of the year Units DKK	Market value million
2013/14						
Lars Rasmussen	68,750	0	0	-	68,750	34
Anders Lonning-Skovgaard	0	0	0	-	-	0
Allan Rasmussen	0	0	0	1,135	1,135	1
Kristian Villumsen	0	0	0	5,560	5,560	3
Lene Skole	15,885	39,600	39,600	-15,885	-	0
Executive Management total	84,635	39,600	39,600	-9,190	75,445	38
Board of Directors, A shares	12,285,000	0	0	-	12,285,000	6,069
Board of Directors, B shares	33,484,382	108,125	105,000	-	33,487,507	16,543
Total	45,854,017	147,725	144,600	-9,190	45,847,952	22,650

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.

29. 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 28.

30. Fees to appointed auditors

DKK million	2013/14	2012/13
Overall fees to PricewaterhouseCoopers	10	12
Of which:		
Statutory audit	8	8
Other services	2	4

31. 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 2014.

Notes

Note

32. Overview of Group companies

	Country	Owner-ship (%)		Country	Owner-ship (%)
Parent company					
Coloplast A/S	Denmark				
Sales and/or manufacturing subsidiaries					
Coloplast de Argentina S.A.	Argentina	100	Coloplast Norge AS	Norway	100
Coloplast Pty. Ltd.	Australia	100	Coloplast Sp. zo.o.	Poland	100
Coloplast Belgium S.A.	Belgium	100	Coloplast Portugal Lda.	Portugal	100
Coloplast do Brasil Ltda.	Brazil	100	Coloplast OOO	Russia	100
Coloplast Canada Corporation	Canada	100	Coloplast AG	Switzerland	100
Coloplast Danmark A/S	Denmark	100	Coloplast Productos Médicos S.A.	Spain	100
Coloplast Oy	Finland	100	Coloplast Limited	Great Britain	100
Laboratoires Coloplast S.A.S.	France	100	Coloplast Medical Limited	Great Britain	100
Coloplast Manufacturing France S.A.S	France	100	Charter Healthcare Limited	Great Britain	100
Coloplast B.V.	Netherlands	100	Porgès UK Limited	Great Britain	100
Coloplast (India) Private Limited	India	100	Coloplast AB	Sweden	100
Coloplast S.p.A.	Italy	100	Coloplast Turkey AS	Turkey	100
Coloplast K.K.	Japan	100	Coloplast GmbH	Germany	100
Coloplast (China) Ltd.	China	100	Coloplast Distribution GmbH	Germany	100
Coloplast (China) Medical Devices Ltd.	China	100	Coloplast Hungary Kft.	Hungary	100
Coloplast (Hong Kong) Ltd.	China	100	Coloplast Corp.	USA	100
Coloplast Korea Limited	Korea	100	Coloplast Manufacturing US, LLC	USA	100
			Coloplast Ges.m.b.H.	Austria	100
Other companies					
Coloplast Ejendomme A/S	Denmark	100	Representative offices and branches		
Coloplast Business Centre Sp. zo.o.	Poland	100	Algeria	Slovakia	
Acarix A/S	Denmark	24	Dubai	Slovenia	
IctalCare A/S	Denmark	12	Egypt	South Africa	
			Israel	Taiwan	
			Croatia	Czech Republic	
			New Zealand	Ukraine	
			Mexico	Hungary	
			Saudi Arabia		

Definitions of key ratios

 Note

33. Definitions of key ratios

EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Invested capital	Assets less cash, less marketable securities plus accumulated goodwill amortised before 1 October 2002 less non-interest bearing debt including provisions
EBIT margin (%)	$\frac{\text{EBIT} \times 100}{\text{Revenue}}$
Return on average invested capital (ROIC), %	$\frac{\text{EBIT} \times 100}{\text{Average invested capital}}$
Return on equity, %	$\frac{\text{Profit for the year attributable to Coloplast} \times 100}{\text{Average equity before minority interests}}$
Equity ratio, %	$\frac{\text{Total equity} \times 100}{\text{Assets}}$
Net asset value per share, DKK	$\frac{\text{Equity excluding minority interests}}{\text{Number of shares}}$
Market price/net asset value	$\frac{\text{Market price per share}}{\text{Net asset value per share}}$
PE, price/earnings ratio	$\frac{\text{Market price per share}}{\text{Earnings per share (EPS)}}$
Pay-out ratio, %	$\frac{\text{Dividend declared} \times 100}{\text{Profit for the year attributable to Coloplast}}$
Earnings per share (EPS)	$\frac{\text{Profit for the year attributable to Coloplast}}{\text{Number of unrestricted shares (average of four quarters)}}$
Free cash flow per share	$\frac{\text{Free cash flow}}{\text{Number of unrestricted shares (average of four quarters)}}$

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

Shareholder information

Announcements 2013/14

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 the DKK 1bn share buy-back programme
- 5/2013 Interim financial report, H1 2012/13
- 6/2013 Interim financial report, 9M 2012/13
- 7/2013 Financial calendar for 2013/14
- 8/2013 Announcement of full-year financial results 2012/13
- 9/2013 Annual report 2012/13
- 10/2013 Notice of Annual General Meeting
- 11/2013 Annual General Meeting of Coloplast A/S
- 12/2013 Articles of Association of Coloplast A/S
- 13/2013 The Board of Directors of Coloplast A/S elected its own Chairman and Deputy Chairman

2014

- 1/2014 Interim financial report, Q1 2013/14
- 2/2014 Coloplast initiates DKK 1bn share buy-back programme
- 3/2014 Comments on rumours in the market
- 4/2014 Coloplast makes provision of DKK 1bn for litigation in the USA
- 5/2014 Interim financial report, H1 2013/14
- 6/2014 Capital Market Day 2014 provides new long term guidance
- 7/2014 Coloplast strengthens Executive Management
- 8/2014 Interim financial report, Q3 2013/14
- 9/2014 Updated financial calendar for 2014
- 10/2014 Financial calendar for 2014/15

Financial calendar 2014/15

2014

- 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
- 9.12 Dividends for 2013/14 at the disposal of shareholders

2015

- 6.1 Closing period until 29 January
- 29.1 Interim Financial Statements for Q1 2014/15
- 9.4 Closing period until 5 May
- 5.5 Interim Financial Statements for H1 2014/15
- 8.7 Closing period until 11 August
- 11.8 Interim Financial Statements for 9M 2014/15
- 8.10 Closing period until 3 november
- 27.10 Notice of submission of agenda points for the Annual General Meeting
- 3.11 Financial Statements for the full year 2014/15 and Annual Report 2014/15
- 9.12 Annual General Meeting
- 14.12 Dividends for 2014/15 at the disposal of shareholders

Banks and stockbroking companies following Coloplast

ABG Sundal Collier	Deutsche Bank	Morningstar Inc.
Alm. Brand Markets	DnB Markets	Nordea Markets
Barclays Bank	Goldman Sachs	Nykredit Markets
Berenberg Bank	Handelsbanken Capital Markets	SEB Enskilda
BoA Merrill Lynch	J.P. Morgan	Société Générale
Carnegie Bank A/S	Jefferies International Ltd.	Sydbank A/S
Commerzbank	Jyske Bank Markets	UBS Investment Bank
Crédit Suisse	Kepler Cheuvreux	
Danske Markets	Morgan Stanley	

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Coloplast A/S
Parent company
Financial statement
for 2013/14

Income statement

1 October – 30 September

		DKK million	
Note		2013/14	2012/13
2	Revenue	8,869	8,208
3	Cost of sales	-4,309	-4,037
	Gross profit	4,560	4,171
3.5	Distribution costs	-1,808	-727
3.4	Administrative expenses	-302	-307
3	Research and development costs	-405	-389
	Other operating income	18	74
	Other operating expenses	-10	-5
	Operating profit (EBIT)	2,053	2,817
11	Profit after tax on investment in subsidiaries	701	533
11	Profit/loss after tax on investment in associates	-2	-1
6	Financial income	99	118
7	Financial expenses	-13	-117
	Profit before tax	2,838	3,350
8	Tax on profit/loss for the year	-537	-689
	Net profit for the year	2,301	2,661
	Profit distribution		
	Retained earnings	-122	556
	Dividend paid during the year	844	632
	Proposed dividend for the year	1,579	1,473
	Total	2,301	2,661

Balance sheet

At 30 September

		DKK million	
Note		2014	2013
	Assets		
9	Intangible assets	810	984
10	Property, plant and equipment	947	765
11	Financial assets	2,857	2,482
	Non-current assets	4,614	4,231
12	Inventories	762	619
	Trade receivables	361	310
	Receivables from Group enterprises	2,799	2,529
16	Deferred tax asset	65	0
	Other receivables	274	215
	Prepayments	42	26
13	Amounts held in escrow	418	0
	Receivables	3,959	3,080
	Cash and bank balances	1,291	1,644
	Current assets	6,012	5,343
	Assets	10,626	9,574
	Equity and liabilities		
	Share capital	220	220
	Fair value reserve	-89	35
	Proposed dividend for the year	1,579	1,473
	Retained earnings	4,209	4,811
14	Total equity	5,919	6,539
15	Provisions for pensions and similar obligations	1	1
16	Provision for deferred tax	0	229
15	Other provisions	287	0
	Provisions	288	230
17	Other payables	0	7
	Non-current liabilities	0	7
15	Other provisions	671	0
18	Credit institutions	0	11
	Trade payables	248	145
	Payables to Group enterprises	2,288	1,745
	Income tax	466	709
	Other payables	746	188
	Current liabilities	4,419	2,798
	Liabilities	4,419	2,805
	Equity and liabilities	10,626	9,574
19	Contingent items and other financial liabilities		

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 27m (2012/13: DKK 30m). Equity at 30 September 2014 and 30 September 2013 was not affected by the change.

Tax

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

Notes

Note

2. Revenue

DKK million	2013/14	2012/13
Business area		
Intimate healthcare	8,869	8,208
Total	8,869	8,208
Geographical markets		
Europe	6,141	5,724
The Americas	1,939	1,812
Rest of the world	789	672
Total	8,869	8,208

3. Staff costs

DKK million	2013/14	2012/13
Salaries, wages and directors' remuneration	910	827
Pensions	73	67
Other social security costs	16	13
Total	999	907
Average number of employees, FTEs	1,478	1,365

See note 28 to the consolidated financial statements for information on the Executive Management's and the Directors' remuneration.

4. Fees to appointed auditors

DKK million	2013/14	2012/13
Overall fees to PricewaterhouseCoopers	4	7
Of which:		
Statutory audit	3	3
Other services	1	4

5. Distribution costs

Distribution costs include expected costs relating to pending litigation. See note 18 to the consolidated financial statements for more information about transvaginal surgical mesh litigation.

DKK million	2013/14	2012/13
Costs related to pending litigation	1,000	0

Notes

Note

6. Financial income

DKK million	2013/14	2012/13
Interest income, etc.	37	17
Interest income from Group enterprises	26	29
Fair value adjustments, forward contracts	32	72
Fair value adjustments, share options	4	0
Total	99	118

7. Financial expenses

DKK million	2013/14	2012/13
Interest expense, etc.	5	58
Interest expense to Group enterprises	2	10
Net exchange adjustments	6	44
Fair value adjustments, share options	0	5
Total	13	117

8. Tax on profit for the year

DKK million	2013/14	2012/13
Current tax on profit for the year	803	749
Change in deferred tax on profit for the year	-266	-43
Prior-year adjustments	0	18
Change due to change in tax rate	0	-35
Total	537	689
Tax on equity entries	95	9

Notes

Note

9. Intangible assets

DKK million	Goodwill	Acquired patents and trademarks	Software	Prepayments and intangible assets in progress	2013/14 Total	2012/13 Total
Total cost at 1.10.	587	1,706	219	35	2,547	2,746
Reclassification	0	0	35	-35	0	0
Additions and improvements during the year	0	0	6	14	20	31
Disposals during the year	0	-281	-20	0	-301	-230
Total cost at 30.9.	587	1,425	240	14	2,266	2,547
Total amortisation at 1.10.	401	998	164	0	1,563	1,570
Amortisation for the year	58	103	33	0	194	223
Amortisation reversed on disposals during the year	0	-281	-20	0	-301	-230
Total amortisation at 30.9.	459	820	177	0	1,456	1,563
Carrying amount at 30.9.	128	605	63	14	810	984

10. Property, plant and equipment

DKK million	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	2013/14 Total	2012/13 Total
Total cost at 1.10.	853	278	397	1,528	1,317
Reclassification	178	81	-259	0	0
Additions and improvements during the year	59	49	273	381	352
Disposals during the year	-121	-23	-34	-178	-141
Total cost at 30.9.	969	385	377	1,731	1,528
Total depreciation at 1.10.	564	199	0	763	762
Depreciation for the year	59	40	0	99	86
Depreciation reversed on disposals during the year	-59	-19	0	-78	-85
Total depreciation at 30.9.	564	220	0	784	763
Carrying amount at 30.9.	405	165	377	947	765

Notes

Note

11. Financial assets

DKK million	Investments in Group enterprises	Receivables from Group enterprises	Other securities and investments	2013/14 Total	2012/13 Total
Total cost at 1.10.	3,300	91	11	3,402	3,379
Capital investments during the year	44	44	0	88	27
Divestments during the year	-183	-11	0	-194	-4
Total cost at 30.9.	3,161	124	11	3,296	3,402
Value adjustment at 1.10	-923	0	3	-920	-1,175
Profit/loss after tax	701	0	-2	699	532
Dividend received	-54	0	0	-54	-51
Exchange adjustments	-28	0	0	-28	-90
Other adjustments	-136	-1	1	-136	-136
Value adjustment at 30.9	-440	-1	2	-439	-920
Carrying amount at 30.9.	2,721	123	13	2,857	2,482

An overview of subsidiaries is provided in note 32 to the consolidated financial statements.

12. Inventories

DKK million	2013/14	2012/13
Raw materials and consumables	64	40
Work in progress	199	118
Finished goods	499	461
Inventories	762	619

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

13. Amounts held in escrow

Amounts paid into escrow accounts in connection with pending litigation not yet released by the courts. See note 18 to the consolidated financial statements for more information about transvaginal surgical mesh litigation.

DKK million	2013/14	2012/13
Amounts held in escrow	418	0

Notes

Note

14. Statement of changes in equity

DKK million	Share capital		Fair value reserve	Proposed dividend	Retained earnings	2013/14	2012/13
	A shares	B shares				Total	Total
Equity at 1.10.	18	202	35	1,473	4,811	6,539	5,827
Transfers				3	-3	0	0
Value adjustment for the year			-131			-131	172
Transferred to financial items			-33			-33	-72
Tax effect of hedging			40			40	-25
Tax on equity entries					55	55	34
Dividend paid out in respect of 2012/13				-1,476		-1,476	-844
Dividend paid out in respect of 2013/14				-844		-844	-632
Currency adjustment of opening balances and other adjustments relating to subsidiaries					-164	-164	-227
Acquisition of treasury shares					-500	-500	-500
Sale of treasury shares, loss on exercise of options					101	101	117
Share-based payment					31	31	28
Net profit for the year					2,301	2,301	2,661
Proposed dividend				2,423	-2,423	0	0
Equity at 30.9.	18	202	-89	1,579	4,209	5,919	6,539

15. Provisions

DKK million	Legal claims	Pension	2013/14	2012/13
			Total	Total
Provisions at 1.10.	0	1	1	1
Provisions during the year	1,500	0	1,500	0
Charged to the income statement	1,500	0	1,500	0
Use of provisions during the year	-608	0	-608	0
Exchange adjustments	66	0	66	0
Provisions at 30.9.	958	1	959	1
Expected maturities:				
Current liabilities	671	0	671	0
Non-current liabilities	287	1	288	1
Provisions at 30.9.	958	1	959	1

See note 18 to the consolidated financial statements.

Notes

Note

16. Deferred tax

DKK million	2013/14	2012/13
Calculation of deferred tax is based on the following items:		
Intangible assets	136	177
Property, plant and equipment	49	38
Production overheads	22	20
Provisions	-238	-6
Jointly taxed companies	13	13
Other	-47	-13
Total	-65	229

17. Other payables

Non-current other payables relate to employee bonds.

18. Credit institutions

DKK million	2013/14	2012/13
Due date:		
Less than 1 year	0	11
1 to 5 years	0	0
After more than 5 years	0	0
Total	0	11

19. Contingent items and other financial liabilities

DKK million	2013/14			2012/13		
	Other operating leases	Rent	Total	Other operating leases	Rent	Total
Falling due in:						
Less than 1 year	9	2	11	9	2	11
Within 1 to 5 years	6	1	7	9	1	10
After more than 5 years	0	0	0	0	0	0
Total	15	3	18	18	3	21

At 30 September 2014, the parent company had provided guarantees for loans raised by Group enterprises amounting to DKK 484m (2012/13: DKK 386m).

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, other than as described in note 18 to the consolidated financial statements, 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.

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 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 9,000 people.

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