Annual report 2015/16

Coloplast

Company registration (CVR) No. 69 74 99 17

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

DKK million	2015/16	2014/15	2013/14	2012/13	2011/12
Income statement					
Revenue	14,681	13,909	12,428	11,635	11,023
Research and development costs	-509	-442	-390	-380	-342
Operating profit before interest, tax, depreciation and amortisation	4,624	2,020	3,573	4,160	3,756
Operating profit (EBIT) before special items	4,846	4,535	4,147	3,672	3,255
Special items[1)]	-750	-3,000	-1,000	0	0
Operating profit (EBIT)	4,096	1,535	3,147	3,672	3,255
Net financial income and expenses	-13	-289	46	-46	-300
Profit before tax	4,082	1,245	3,191	3,625	2,954
Net profit for the year	3,143	899	2,390	2,711	2,194
Revenue growth					
Annual growth in revenue, %	6	12	7	6	8
Growth breakdown:					
Organic growth, %	7	7	9	7	6
Currency effect, %	-1	5	-2	-1	2
Balance sheet					
Total assets	11,007	10,817	10,379	9,564	10,176
Capital invested	5,551	4,702	6,088	6,320	6,295
Equity at year end	5,068	4,706	6,283	6,769	6,042
Cash flows and investments					
Cash flows from operating activities	3,028	3,337	3,149	3,136	2,649
Cash flows from investing activities	-603	-468	-777	-159	-390
Investment in property, plant and equipment, gross	-627	-583	-505	-409	-317
Free cash flow	2,425	2,869	2,372	2,977	2,259
Cash flows from financing activities	-2,868	-2,963	-2,898	-3,430	-1,653
Key ratios					
Average number of employees, FTEs	9,817	9,303	8,741	8,143	7,624
Operating margin, EBIT, %	28	11	25	32	30
Operating margin before special items, EBIT before special items, %	33	33	33	32	30
Operating margin, EBITDA, %	31	15	29	36	34
Return on average invested capital before tax (ROIC), %[2)]	63	62	60	58	52
Return on average invested capital after tax (ROIC), %[2)]	49	48	49	44	38
Return on equity, %	69	16	37	42	42
Equity ratio, %	46	44	61	71	59
Net asset value per outstanding share, DKK[4)]	24	22	30	32	29
Share data					
Share price, DKK[4)]	514	473	494	314	242
Share price/net asset value per share[4)]	21	22	17	10	9
Average number of outstanding shares, millions[4)]	212	211	211	211	210
PE, price/earnings ratio	29	111	44	24	23
Dividend per share, DKK[3) 4)]	13.5	12.5	11.5	10.0	4.0
Pay-out ratio, %[5)]	77	82	77	78	38
Earnings per share (EPS), diluted[4)]	15	4	11	13	10
Free cash flow per share[4)]	11	14	11	13	11

1) Special items include costs of settlements and costs in connection with the lawsuits in the United States alleging injury resulting from the use of transvaginal surgical mesh products.
2) For the 2015/16, 2014/15 and 2013/14 financial years, this item is before Special items. After Special items, ROIC before tax is 80%/28%/51%, and ROIC after tax is 62%/21%/38%.
3) The figure shown for the 2015/16 financial year is the proposed dividend.
4) The 2012/13 figure has been restated to reflect a 1-to-5 split of the company's A and B shares in the 2012/13 financial year.
5) For the 2015/16, 2014/15 and 2013/14 financial years, this item is before Special items. After Special items, the pay-out ratio is 91%/294%/101%.
The key ratios have been calculated and applied in accordance with "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts.

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Management's report

Coloplast delivered 7% organic growth for the 2015/16 financial year in a market growing by 4-5%. Accordingly, Coloplast continued to take market share across its four business areas in a highly satisfactory performance.

Growing EBIT before special items by 7% for an operating margin in DKK of 33%. Operation margin at constant exchange rates was 34%. Coloplast remains one of the world's most profitable med-tech companies. A number of events stand out in a review of the 2015/16 financial year:

- The final product to be launched in the SenSura® Mio portfolio, the SenSura® Mio Convex range with proven leakage reduction, has now been launched in 16 markets, with highly positive feedback from users and healthcare professionals.
- The Continence Care business launched SpeediCath® Flex, a new flexible catheter for men, which will be available in all major markets in 2016/17.
- The Wound Care business launched a new series of silicone dressings under the Biatain® Silicone Sizes & Shapes brand, and the business now features a complete range of silicone products, which will be available in all major markets in 2016/17.
- Japan's healthcare authorities enhanced its subsidy schemes for intermittent catheters effective 1 April 2016, increasing the monthly subsidy for each user of catheters by more than 50%.
- In 2013, the Australian authorities adopted the National Disability Insurance Scheme ("NDIS") for people with a permanent disability. The NDIS roll-out began in July 2016 and applies to some 460,000 Australians, including a large number of catheter users.
- The 20,000 m^2 factory extension in Tatabánya, Hungary, announced in October 2015, was commissioned in August 2016.
- Coloplast continued to invest in new growth initiatives directed at innovation for the purpose of developing clinically differentiated products and at sales and marketing initiatives in the USA, China, the UK and Germany.
- Through the Coloplast Care programme, the Ostomy Care and Continence Care businesses provided guidance and assistance to more than 400,000 users during the year. Coloplast Care is part of our commitment to being a user-oriented med-tech company.

The Ostomy Care business had a strong year, supported by the launch of the new SenSura® Mio product portfolio. The Ostomy Care business generated 9% organic growth, or about double the market growth rate. The SenSura® Mio Convex portfolio has contributed to growing sales, and Coloplast is looking forward to expanding its SenSura® Mio Convex production capacity in the 2016/17 financial year in order to accommodate demand. The Urology Care business generated 9% organic growth for the year, driven by an increased market share for implant products for men and women in the US business.

Europe had a strong year, delivering 6% organic growth and accounting for 48% of Coloplast's overall growth performance. Coloplast enjoyed a healthy momentum across business areas and national markets, driven particularly by new product launches. Charter, the UK homecare business, has recovered from the challenges it faced in the 2014/15 financial year, reporting a healthy growth rate and winning market share in 2015/16. The Wound Care business also performed well, experiencing good momentum in the European markets, driven by the Biatain® Silicone portfolio.

Coloplast US has had a challenging year, dominated by consolidation and inventory reductions in the ostomy care and continence care businesses. Yet the underlying demand for this category of products developed well.

The Emerging Market countries delivered 14% organic growth for the year, driven by satisfactory growth in a number of markets, including Argentina, Russia and several small emerging markets. The challenge in 2015/16 was the performance of the Wound Care business in a number of countries, particularly in China, Saudi Arabia and Brazil. Due to macroeconomic challenges, market conditions have changed for many Emerging Market countries.

At 30 September 2016, Coloplast took a further provision of DKK 750m to cover potential settlements and costs in connection with the lawsuits in the United States alleging injury resulting from the use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence. Total provisions now amount to DKK 5.25bn. Coloplast remains confident that our products are safe and effective when used by a qualified surgeon with the appropriate patient. In addition, Coloplast has for some time cooperated with the US Food and Drug Administration on 522 studies intended to document the safety and efficacy of the products.

At the Capital Markets Day held in June 2016 in Minneapolis, Coloplast had the pleasure of presenting the new strategy for the next five years and a new financial target of 7-9% organic growth and an annual EBIT margin improvement of 0.5-1.0 percentage point.

Strategy

The new strategy, LEAD20, is a growth strategy that builds on Coloplast's core skills.

LEAD20 targets four themes:

1. A unique user-focused market approach
2. Superior products and innovation
3. Unparalleled efficiency
4. Strong leadership development

By taking a ***unique user-focused market approach***, Coloplast challenges industry standards. In its ostomy care and continence care business, Coloplast will continue to build a user-oriented med-tech company through direct interaction with users, including through the Coloplast Care programme and building stronger relations with healthcare professionals. In the Wound Care business, Coloplast intends to shape the standard of care in the advanced wound care industry and make wound care more intuitive for both healthcare professionals and users through the "Triangle of Wound Assessment", a wound assessment tool. In the Urology Care business, Coloplast intends to form partnerships with physicians to build an understanding of user needs.

Delivering ***superior products and innovation*** is the cornerstone of Coloplast's core values in each of its business areas. In Ostomy Care, Coloplast's new product generation will eliminate the burden of leakage. In Continence Care, Coloplast aims to reduce the burden of bladder management. In the Wound Care business, Coloplast intends to help users have fewer days with wounds. In the Urology Care business, Coloplast intends to innovate to make a real difference by broadening the product portfolio. Superior products and innovation are essential to Coloplast's mission: Making life easier for people with intimate healthcare needs.

Unparalleled efficiency is already a part of Coloplast's DNA. Coloplast aims to deliver unparalleled efficiency through ambitious global operations plans, including through "Innovation excellence" which is intended to reduce product time-to-market. At the same time, scalable and efficient support functions will enable subsidiaries to focus on commercial priorities.

Strong leadership development is the key to supporting growth at Coloplast. Coloplast has launched an extensive programme to recruit and develop the next generation of leaders across geographies and functions. The goal is to recruit most of our future leaders in-house.

Coloplast is prepared to invest up to DKK 2bn in new growth initiatives under the new strategy. The investment focus will target strategic initiatives in innovation, the Wound Care business and Coloplast's user-focused approach as well as geographic focus areas, including North America, the UK, Australia, Japan and selected growth markets.

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 10,000 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 worth DKK 15-16bn 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 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 about DKK 2bn with annual market growth of 6-8%. Coloplast currently holds 25-30% 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 therefore 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 about 40%. The market is growing by 5-6% per year and is worth about DKK 12bn. 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. Examples of this trend are found in Japan and Australia, as both countries have introduced improved subsidy schemes for catheter users.

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.

The ostomy care and continence care business are referred to as Chronic Care, because in many cases the products address chronic disorders.

Urology Care
Urology care involves diseases and symptoms of the urinary system, pelvic floor prolapse and the male reproductive system, such as urinary incontinence, kidney stones, enlarged prostate and impotence. 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 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. The business also includes 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 market in which Coloplast operates is worth about DKK 10bn and market growth is estimated at 3-5% per year. Coloplast current share of the overall global market for urology products is 10-15%.

Wound & Skin Care
In Wound Care, patients are treated for exudating or chronic wounds such as leg ulcers, which are typically caused by insufficient or impaired circulation in the veins of the leg, pressure ulcers caused by extended bed rest, or diabetic foot ulcers.

A good wound dressing should provide optimum conditions for wound healing, be easy for healthcarers to change, and should ensure that patients are not inconvenienced by exudate, liquid or odours. A moist wound environment provides the best conditions for wound healing for optimum exudate absorption. The Coloplast product portfolio consists of advanced foam dressings sold under the Biatain® brand and hydrocolloid dressings sold under the Comfeel® brand.

Coloplast's skin care products consist of disinfectant liquids or creams used to protect and treat the skin and to clean wounds. For treatment and prevention of skin fold problems such as fungal infections, damaged skin or odour nuisance, Coloplast produces InterDry®, 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 worth DKK 17-19bn, and Coloplast holds about a 7-9% market share, making it the world's fifth-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 4-5%. Coloplast currently has 7-9% of the market for skin care products.

Financial highlights of the year

The full-year financial results before special items were in line with the guidance provided in the 2014/15 Annual Report, although at a lower DKK-denominated rate of growth, which is consistent with the most recent guidance provided in company announcement no. 8/2016 of 16 August 2016, in which the financial guidance in DKK was revised due to currency developments.

- Organic revenue growth was 7%. Revenue in DKK was up by 6% to DKK 14,681m.
- Organic growth rates by business area: Ostomy Care 9%, Continence Care 5%, Urology Care 9% and Wound & Skin Care 6%.
- Gross profit was up by 5% to DKK 10,032m. At constant exchange rates, the gross margin was 69% compared to 68% last year. In DKK, the gross margin was 68%, against 69% last year.
- EBIT before special items was up by 7% to DKK 4,846m. The EBIT margin before special items was 34% at constant exchange rates, against 33% last year. Measured in DKK, the EBIT margin was 33%.
- EBIT was impacted by a further provision of DKK 750m to cover potential settlements and costs in connection with the lawsuits in the United States alleging injury resulting from the use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence.
- EBIT after special items was DKK 4,096m for an EBIT margin after special items of 28% at constant exchange rates. Measured in DKK, the EBIT margin was 28%.
- The full-year net profit before special items was up by 15% to DKK 3,728m, while diluted earnings per share before special items were also up by 15% to DKK 17.53.
- Net profit for the year after special items was DKK 3,143m, against DKK 899m last year.
- The free cash flow amounted to DKK 2,425m, DKK 444m (15%) less than in the same period of last year. Adjusted for payments made in connection with lawsuits alleging injury resulting from the use of transvaginal surgical mesh products, the free cash flow was an inflow of DKK 4,023m against DKK 2,786m in 2014/15.
- ROIC after tax before special items was 49% against 48% last year.
- The Board of Directors recommends that the shareholders attending the general meeting to be held on 5 December 2016 approve a year-end dividend of DKK 9.0 per share. This brings the dividend paid for the year to DKK 13.5 per share, as compared with DKK 12.5 per share last year.

Sales performance

Revenue in DKK was up by 6% to DKK 14,681m on 7% organic growth. Currency depreciation against DKK, especially of GBP and ARS, was partly offset by USD appreciation, but exchange rate developments in general reduced revenue growth by 1 percentage point.

Sales performance by business area

	DKK million		Growth composition		
	2015/16	2014/15	Organic growth	Exchange rates	Reported growth
Ostomy Care	5,935	5,567	9%	-2%	7%
Continence Care	5,182	5,019	5%	-2%	3%
Urology Care	1,497	1,359	9%	1%	10%
Wound & Skin Care	2,067	1,964	6%	-1%	5%
Net revenue	**14,681**	**13,909**	**7%**	**-1%**	**6%**

Sales performance by region

	DKK million		Growth composition		
	2015/16	2014/15	Organic growth	Exchange rates	Reported growth
European markets	9,213	8,843	6%	-2%	4%
Other developed markets	3,177	2,945	6%	2%	8%
Emerging markets	2,291	2,121	14%	-6%	8%
Net revenue	**14,681**	**13,909**	**7%**	**-1%**	**6%**

Ostomy Care

The full-year sales of ostomy care products amounted to DKK 5,935m, a 7% increase in DKK. Organic growth, at 9%, remained driven mainly by the portfolio of SenSura® products and the Brava® accessories range.

The SenSura® portfolio generated highly satisfactory sales growth, driven in part by performance in the UK, Germany, the Nordic markets and the USA. In particular, the performance of the SenSura® Mio products continued to lift sales growth with the Sensura® Mio Convex range contributing to the growth momentum.

The SenSura® Mio Convex is now available in 16 countries, and feedback on the product remains highly positive. Coloplast encountered capacity shortages of SenSura® Mio Convex products during the third quarter of 2015/16 due to demand being much greater than anticipated. Additional capacity will become available during the 2016/17 financial year.

The Assura/Alterna® portfolio generated satisfactory sales growth, driven mainly by the Chinese, Russian and Algerian markets and with Argentina also contributing high full-year growth rates.

The Brava® range of accessories generated a satisfactory sales performance, driven mainly by the French, Chinese and UK markets.

From a country perspective, the UK reported highly satisfactory sales growth, supported by the performance of the Charter homecare business, which continues to win market share. China, Russia, the Nordic markets and Argentina were also positive contributors to growth. While contributing to sales growth, China reported slightly weaker growth rates compared to last year. The positive performance in Russia was due to an increase in tender activity in the first half of the financial year and satisfactory growth in the second half.

Continence Care

Continence Care generated full-year revenue of DKK 5,182m, a 3% improvement in DKK and 5% organically. Sales of SpeediCath® intermittent catheters and Peristeen® drove growth in the period. Positive trends in sales of compact catheters in the UK, French and German markets were the main drivers, but the Nordic markets and Italy also reported positive satisfactory growth.

Sales growth in standard catheters remained challenged, due to distributor buying patterns and inventory reductions in the US market and a lower tender value in Saudi Arabia compared with last year. Sales in Argentina and an increase in tender activity in Russia supported growth.

The slightly positive sales performance in urine bags and urisheaths was based on an improved momentum in Russia and France, but growing competition in the Netherlands had a negative impact.

Sales of Peristeen® continued to grow at a fair rate, driven by good performances in the UK, the US and France.

From a country perspective, the UK was a positive contributor to growth in the Continence Care business due to satisfactory growth in the Charter homecare business. Also, France and Argentina reported momentum improvements, and there was an increase in tender activity in the Russian market, particularly in the first half of the financial year. For the reasons mentioned above, sales growth was challenged by developments in the US market and in Saudi Arabia.

Urology Care

Sales of urology care products were up by 10% to DKK 1,497m for the full year, while the organic growth rate was 9%. Growth remained driven mainly by implant sales, especially of Titan® penile implants in the US market. In addition, sales of Altis® slings and Restorelle® products designed to treat stress urinary incontinence and pelvic organ prolapse contributed to growth in the US market, in which Coloplast successfully took market share.

Growth in sales of disposable surgical products was supported by healthy sales in France, but were dented by lower tender activity in Brazil and Saudi Arabia.

From a country perspective, the US market continued to drive the Urology Care business, but Europe, and France in particular, also contributed, whereas especially Brazil detracted from growth.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 2,067m for the full year, equal to a 5% increase in DKK and 6% organic growth. The Wound Care business in isolation generated 5% organic growth.

In Wound Care, growth was driven by sales of Biatain® foam dressings, especially by Biatain® Silicone in the UK and German markets. China also contributed to sales of Biatain® foam dressing, although at a lower growth rate than last year, whereas Saudi Arabia detracted from growth due to a lower tender value compared with last year.

Skin care products generated a satisfactory sales performance in the US market due to sales of InterDry® products. Contract production of Compeed® also contributed to growth.

From a country perspective, the USA, China and the UK all contributed favourably to growth in the Wound & Skin Care business, whereas Saudi Arabia, France and Brazil were negative contributors. The French market was impacted by changes in reimbursement rules taking effect at 1 April 2016.

Gross profit

Gross profit was up by 5% to DKK 10,032m from DKK 9,533m last year. The gross margin was 68%, against 69% last year. Last year's margin included a writedown on NPWT inventory when the partnership with Devon Medical was discontinued. Product mix and depreciations on new machinery reduced the gross margin. The ongoing efficiency enhancements supported the gross margin, especially the production relocation of the SenSura® Mio portfolio to Hungary and the downsizing by about 100 production staff in Denmark. The relocation of machinery from Denmark to Hungary remains on schedule. At constant exchange rates, the gross margin was 69%, against 68% last year.

Costs

Distribution costs amounted to DKK 4,131m, a DKK 169m increase from DKK 3,962m last year. Distribution costs amounted to 28% of revenue, which was in line with last year. The full-year costs included sales and marketing initiatives, mainly in the US, China, the UK and Germany.

The full-year administrative expenses amounted to DKK 561m, a DKK 39m reduction from DKK 600m last year. Last year's administrative expenses included non-recurring costs of DKK 75m relating to the industry-wide investigation of sales and marketing practices in the USA by the US Department of Justice and an increase in the provision for bad debt in Southern Europe. Administrative expenses accounted for 4% of revenue, which was in line with last year both before and after non-recurring costs.

The full-year R&D costs were DKK 509m, which was DKK 67m more than last year. The 15% increase was due to a general increase in business activity, in part as a result of new product launches, such as SpeediCath® Flex and Biatain® Silicone Sizes & Shapes. R&D costs amounted to 3% of revenue, which was consistent with last year's percentage.

Other operating income and other operating expenses amounted to a net income for the year of DKK 15m, against a net income of DKK 6m last year.

Special items

At 30 September 2016, Coloplast took a further provision of DKK 750m to cover potential settlements and costs in connection with the lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence. It is estimated that more than 90% of the cases have been settled at the date of this annual report. The total provision is now DKK 5.25bn and is the current best estimate of the total potential costs including existing settlements, future potential settlements and potential results of litigation as well as other costs associated with the litigation including legal advisory costs. See note 18 to the consolidated financial statements for more details.

Operating profit (EBIT)

The full-year EBIT before special items was DKK 4,846m, a DKK 311m (7%) increase from DKK 4,535m last year. The EBIT margin was 33%, which was in line with last year. At constant exchange rates, the EBIT margin was 34%, against 33% last year.

EBIT after special items was DKK 4,096m against DKK 1,535m last year. The EBIT margin was 28% both in DKK and at constant exchange rates, against 11% last year both in DKK and at constant exchange rates.

Financial items and tax

Financial items were a net expense of DKK 13m, compared to a net expense of DKK 289m last year. The change in the net expense was mainly due to last year's loss on realised forward exchange contracts, especially on USD and GPB. This year, losses on USD and ARS in particular, were offset by gains in GBP.

The tax rate was 23% against 28% last year. Last year's tax rate was based on the increase in provisions of DKK 3,000m to cover potential settlements and costs in connection with the lawsuits in the USA alleging injury resulting from the use of transvaginal surgical mesh products. Last year's tax expense before special items was DKK 1,006m for a tax rate of 24%.

Net profit

The full-year net profit before special items was DKK 3,728m, a DKK 489m (15%) increase from DKK 3,239 last year. Earnings per share (EPS) before special items, diluted, also improved by 15%

to DKK 17.53. Net profit for the year (after special items) was DKK 3,143m against DKK 899m last year.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 3,028m, against DKK 3,337m last year. Most of the decline was due to payments in connection with settlements in lawsuits in the US alleging injury resulting from the use of transvaginal mesh products, which was partly offset by lower tax payments due to voluntary tax payments made in 2014/15 and the 2015/16 EBIT improvement. Payments made in respect of the above-mentioned lawsuits in the US in the 2015/16 financial year amounted to DKK 1.6bn. Total payments made to date amount to DKK 2.4bn.

Investments

Coloplast made investments of DKK 649m in the 2015/16 financial year compared with DKK 617m last year. Gross investments in property, plant and equipment and intangible assets (CAPEX) consisted mainly of the factory expansion in Hungary and machinery for new and existing products.

Sales of securities amounted to DKK 30m, which was DKK 70m less than last year. Total cash flows from investing activities were a DKK 603m outflow.

Free cash flow

The free cash flow was DKK 2,425m, against DKK 2,869m last year. Adjusted for payments made in connection with lawsuits alleging injury resulting from the use of transvaginal surgical mesh products, the free cash flow was an inflow of DKK 4,023m against DKK 2,786m in 2014/15.

Capital resources

A 30 September 2016, interest-bearing net deposits including securities amounted to DKK 813m, against DKK 1,300m at 30 September 2015.

Statement of financial position and equity

Balance sheet

At DKK 11,007m, total assets increased by DKK 190m relative to 30 September 2015.

Intangible assets amounted to DKK 1,397m, which was DKK 114m less than at 30 September 2015. The reduction was mainly due to the amortisation of acquired patents and trademarks.

Property, plant and equipment increased by DKK 220m relative to 30 September 2015 to stand at DKK 2,925m. The change was mainly due to the factory expansion at Tatabánya.

Other non-current assets fell by DKK 315m from DKK 836m to DKK 521m, the decrease being related to deferred tax assets due to provisions made in respect of the lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products. This reduced non-current assets by a total of DKK 209m to DKK 4,843m.

Working capital was 24% of revenue, which was in line with the percentage at 30 September 2015. Inventories were DKK 45m higher at DKK 1,518m due to inventory build-ups in connection with the relocation of production. Trade receivables were up by 9%, or DKK 212m, to DKK 2,679m, due to timing differences in the buying patterns of a number of major distributors. Trade payables were up by 18%, or DKK 106m, relative to 30 September 2015 to stand at DKK 697m. The change was due to timing differences in payments made.

Coloplast reached a number of additional agreements during the year relating to lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh. In that connection, the amounts held in escrow increased by DKK 385m net relative to 30 September 2015 to stand at DKK 457m.

Marketable securities amounted to DKK 489m at 30 September 2016, DKK 30m less than at the beginning of the financial year, while cash and cash equivalents were reduced by DKK 335m to stand at DKK 546m.

Current assets rose by DKK 399m relative to 30 September 2015 to stand at DKK 6,164m.

Equity
Equity grew by DKK 362m relative to 30 September 2015 to DKK 5,068m. The full-year comprehensive income of DKK 3,105m, share-based remuneration of DKK 27m and tax on equity entries of DKK 98m were offset by the effect of treasury shares bought and sold of DKK 218m, net, and dividend payments of DKK 2,650m.
In the second quarter of 2015/16, Coloplast launched a DKK 1bn share buy-back programme running until the end of the 2016/17 financial year. The first part of the share buy-back programme of DKK 500m was completed in August 2016.

Treasury shares
At 30 September 2016, Coloplast's holding of treasury shares consisted of 4.3m class B shares, which was 4.4m fewer than at 30 September 2015. The holding was reduced due to the cancellation of 4.0m shares and the exercise of options for 1.4m shares, which were partly offset by 1.0m shares bought back.

Financial guidance for 2016/17

- We expect organic revenue growth of 7-8% at constant exchange rates and of 5-6% in DKK.
- We expect an EBIT margin of 33-34% at constant exchange rates and at about 33% in DKK.
- Capital expenditure is expected to be about DKK 700m.
- The effective tax rate is expected to be about 23%.

Our financial guidance takes account of reforms with known effects. Our expectations for long-term price pressures, of about 1.0% in annual price pressure, are unchanged.

Also, 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 capital investments will boost the production capacity for new and existing products and will provide for the completion of a new factory during 2017/18.

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

Other matters

Organisational changes in Wound & Skin Care in the USA
As part of the ambition to double Wound & Skin Care revenue by 2020/21, the US Wound & Skin Care business is being reorganised and a dedicated US Wound & Skin Care organisation will be established, reporting directly to the global Wound & Skin Care business headed by Nicolai Buhl Andersen.

No agreement with the US-based group purchasing organisation Premier
The ostomy care contracts with a number of major US purchasing organisations are scheduled for renegotiation during 2016. The US-based group purchasing organisation Premier has decided not to include Coloplast in its GPO contract. The decision will not affect Coloplast's long-term financial guidance. As explained at the Capital Markets Day in June, although Coloplast is not on the contracts with the large GPOs, Coloplast has access to concluding contracts with more than half of the hospitals in the US. During the year, Coloplast concluded a number of contracts with major hospitals.

Exchange rate exposure
Our financial guidance for the 2016/17 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 2015/16[1)]	956	671	2.39	745
Spot rate, 26 October 2016	830	681	2.40	744
Change in spot rate compared with the average exchange rate 2015/16	-13%	2%	0%	0%

1) Average exchange rate from 1 October 2015 to 30 September 2016.

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 2015/16)	Revenue	EBIT
USD	-290	-130
GBP	-260	-170
HUF	0	50

Forward-looking statements

The forward-looking statements in this annual report, 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.

Human resources

At 30 September 2016, Coloplast had 10,275 employees, of whom 8,875 were employed in international locations. During the financial year, the number of employees increased by 6%.

Corporate responsibility at Coloplast

Coloplast communicates openly about corporate responsibility in a report, published along with the annual report, which is prepared in compliance with the principles of the UN Global Compact.

For 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 2015/16, 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 duties of the audit committee are to monitor the following:

- the financial reporting process;
- the company's internal control systems 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 committee held 4 meetings in the 2015/16 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.

For the statutory statement on corporate governance in compliance with section 107b of the Danish Financial Statements Act, see Risk management and internal controls at:
http://www.coloplast.com/investor-relations/corporate-governance/statutory-report-on-corporate-governance/

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 198 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 2016.

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 due to a change of ownership.

There are no special provisions governing the election of members to Coloplast's Board of Directors.

Ownership and shareholdings

The company had 43,169 shareholders at the end of the financial year, which was 3,832 fewer than last year. Institutional investors based outside Denmark held 30% of Coloplast's shares at 30 September 2016, compared with 29% a year earlier.

Registered shareholders represented 95% 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[1)]	Vedbæk	20.7%	41.1%
Aage og Johanne Louis-Hansens ApS[2)]	Nivå	11.3%	15.1%
Benedicte Find	Humlebæk	3.7%	5.4%

[1)] In addition to this Niels Peter Louis-Hansen's wholly owned company N.P. Louis-Hansen ApS, has an additional 0.5% ownership representing 0.3% of the votes.

[2)] Wholly owned by Aage og Johanne Louis-Hansens Fond.

Coloplast A/S held 4,260,576 treasury shares at 30 September 2016, equivalent to 2% of the share capital.

Coloplast's ownership

30 September 2016	A shares 1,000 units	B shares 1,000 units	Ownership %	Voting rights %
Holders of A shares and their families	18,000	81,744	46%	69%
Danish institutionals		14,875	7%	4%
Foreign institutionals		63,831	30%	17%
Coloplast A/S[3)]		4,261	2%	
Other shareholders		21,987	10%	6%
Non-registered shareholders[3)]		11,302	5%	
Total	**18,000**	**198,000**	**100%**	**96%**

[3)] No voting rights

Shareholdings

30 September 2016	A shares 1,000 units	B shares 1,000 units	Number of insiders
Board of Directors	12,285	33,587	11
- of which independent Board members		30	6
Executive Management		162	4
Total	12,285	33,749	15

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 reviews the rules in force on a regular basis. The Board of Directors and the Executive Management share the committee's views and generally follow the new recommendations. See the 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 investor and employee insight into the company's strategy, objectives and risks.
- To create stakeholder confidence in the company.

Coloplast's "Statutory report on corporate governance", cf. section 107b of the Danish Financial Statements Act, is available in its entirely from the corporate website:
http://www.coloplast.com/investor-relations/corporate-governance/statutory-report-on-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 inquiries 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 2015/16 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 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. The bonus benchmarks are based on growth and profitability, but 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 were awarded with a strike price 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 2016, 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 (61)
11 years on the Board

A.P. Møller - Mærsk A/S (C), C of 1 and DC of 1 of its wholly owned subsidiaries
Henning Larsen Architects A/S (C)
Semler Holding (C) and C of 1 of its wholly owned subsidiaries
Arp-Hansen Hotel Group A/S (BM)
Louisiana Museum of Modern Art (BM)
Museumsfonden af 7. december 1966 (BM)
JPMorgan Chase International Council (MBR)

Brian Petersen (54)
6 years on the Board

Jørgen Tang-Jensen (60)
9 years on the Board

Velux A/S, CEO
and C of 8 and DC of 1 of its wholly owned subsidiaries
Altaterra Kft. (C)
Danish Green Investment Fund (C)
Geberit AG (BM)

Martin Giørtz Müller (53)*
2 years on the Board

Senior Project Manager
Elected by the employees

Deputy Chairman
Niels Peter Louis-Hansen (69)*
48 years on the Board

N. P. Louis-Hansen ApS, Director
Aage og Johanne Louis-Hansen ApS, Director
Aage og Johanne Louis-Hansens Fond (C)
Civiløkonom Niels Peter Louis-Hansen, Agriculture and forestry

Birgitte Nielsen (53)
1 year on the Board

Arkil Holding A/S (DC)
The Danish Rheumatism Association (BM)
Matas A/S (BM)
De Forenede Ejendomsselskaber A/S (BM) and BM of 9 companies under the same group of owners
Topdanmark A/S (BM) and BM of 1 of its wholly owned subsidiaries
Kirk Kapital A/S (BM)

Sven Håkan Björklund (60)
10 years on the Board

Acino Pharma AG (C)
Trimb AB (C)
Alere Inc. (BM)
Kibion AB (BM)

Torben Rasmussen (56)*
6 years on the Board

Electrician
Elected by the employees

Per Magid (73)*
31 years on the Board

Aage og Johanne Louis-Hansen ApS, Director
Munksgaards Fondet (C)
Vemmetofte Kloster (C)
Ernst og Vibeke Husmans Fond (DC)
The Arctic Institue (BM)
Aage og Johanne Louis-Hansens Fond (BM)

Jette Nygaard-Andersen (48)
1 year on the Board

Modern Times Group Central European and African Operations, Chief Executive Officer
Modern Times Group AB, Executive Vice President
Modern Times Group MTG A/S (BM) and a BM of 6 of its wholly owned subsidiaries
MTG TV A/S (BM)
Prima Holding a.s. (BM)
Nova Broadcasting Group (BM)

Thomas Barfod (46)*
10 years on the Board

Senior Controller
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 (57)
H. Lundbeck A/S (C)
AXCEL (BM)
William Demant Holding A/S (BM)

Executive Vice President
Anders Lonning-Skovgaard (44)

Executive Vice President
Allan Rasmussen (49)

Executive Vice President
Kristian Villumsen (46)
Chr. Hansen Holding A/S (BM)

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 2 November 2016.
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 have today considered and approved the Annual Report of Coloplast A/S for the financial year 1 October 2015 – 30 September 2016.

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, liabilities and financial position at 30 September 2016 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 2015 – 30 September 2016.

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 the annual report for adoption at the Annual General Meeting.

Humlebæk, 2 November 2016

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

Birgitte Nielsen

Jette Nygaard-Andersen

Jørgen Tang-Jensen

Sven Håkan Björklund

Thomas Barfod
Elected by the employees

Martin Giørtz Müller
Elected by the employees

Torben Rasmussen
Elected by the employees

Independent auditor's reports

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 2015 to 30 September 2016, 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 2016 and of the results of the Group's operations and cash flows for the financial year 1 October 2015 to 30 September 2016 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 2016 and of the results of the Parent Company's operations for the financial year 1 October 2015 to 30 September 2016 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, 2 November 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab, Company registration (CVR) No. 33 77 12 31

Fin T. Nielsen
State Authorised Public Accountant

Kim Tromholt
State Authorised Public Accountant

Statement of comprehensive income

1 October - 30 September

DKK million

Note		2015/16	2014/15
	Income statement:		
3	Revenue	14,681	13,909
4,10,11	Production costs	-4,649	-4,376
	Gross profit	**10,032**	**9,533**
4,10,11	Distribution costs	-4,131	-3,962
4,10,11	Administrative expenses	-561	-600
4,10,11	Research and development costs	-509	-442
	Other operating income	42	38
	Other operating expenses	-27	-32
	Operating profit (EBIT) before special items	**4,846**	**4,535**
5	Special items	-750	-3,000
	Operating profit (EBIT)	**4,096**	**1,535**
	Profit/loss after tax on investments in associates	-1	-1
6	Financial income	66	13
6	Financial expenses	-79	-302
	Profit before tax	**4,082**	**1,245**
7	Tax on profit for the year	-939	-346
	Net profit for the year	**3,143**	**899**
	Other comprehensive income:		
	Items that will not be reclassified to income statement:		
17	Remeasurements of defined benefit plans	-83	-4
	Tax on remeasurements of defined benefit plans	20	3
		-63	**-1**
	Items that may be reclassified to income statement:		
	Value adjustment of currency hedging	99	-156
	Of which transferred to financial items	-37	265
	Tax effect of hedging	-14	-27
	Currency adjustment of opening balances and other market value adjustments relating to subsidiaries	-22	206
	Tax effect of currency adjustment of assets in foreign currency	-1	-30
		25	**258**
	Total other comprehensive income	**-38**	**257**
	Total comprehensive income	**3,105**	**1,156**
8	Earnings per Share, DKK (EPS) (A and B shares)	15	4
8	Earnings per Share, DKK (EPS) (A and B shares), diluted	15	4

Balance sheet

At 30 September

DKK million

Note		2016	2015
10	Acquired patents and trademarks etc.	468	579
10	Goodwill	844	842
10	Software	65	61
10	Prepayments and intangible assets in process	20	29
	Intangible assets	**1,397**	**1,511**
11	Land and buildings	1,089	1,017
11	Plant and machinery	1,075	987
11	Other fixtures and fittings, tools and equipment	344	319
11	Prepayments and property, plant and equipment under construction	417	382
	Property, plant and equipment	**2,925**	**2,705**
	Investments in associates	11	11
12	Deferred tax asset	495	808
	Other receivables	15	17
	Other non-current assets	**521**	**836**
	Non-current assets	**4,843**	**5,052**
13	**Inventories**	**1,518**	**1,473**
14	Trade receivables	2,679	2,467
	Income tax	37	43
	Other receivables	312	203
	Prepayments	126	107
	Receivables	**3,154**	**2,820**
15	**Amounts held in escrow**	**457**	**72**
	Marketable securities	**489**	**519**
23	**Cash and cash equivalents**	**546**	**881**
	Current assets	**6,164**	**5,765**
	Assets	**11,007**	**10,817**

Balance sheet

At 30 September

Note	DKK million	2016	2015
	Share capital	216	220
	Currency translation reserve	-78	-54
	Reserve for currency hedging	41	-7
	Proposed ordinary dividend for the year	1,905	1,691
	Retained earnings	2,984	2,856
9,16	**Total equity**	**5,068**	**4,706**
17	Provisions for pensions and similar liabilities	236	169
12	Provision for deferred tax	106	1
18	Other provisions	258	1,322
	Other payables	1	1
	Prepayments	29	40
	Non-current liabilities	**630**	**1,533**
17	Provisions for pensions and similar liabilities	14	31
18	Other provisions	814	2,029
19	Other credit institutions	222	100
	Trade payables	697	591
	Income tax	111	65
18	Other payables	3,436	1,746
	Prepayments	15	16
	Current liabilities	**5,309**	**4,578**
	Current and non-current liabilities	**5,939**	**6,111**
	Equity and liabilities	**11,007**	**10,817**

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Statement of changes in equity

DKK million	Share capital A shares	Share capital B shares	Currency translation reserve	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
2015/16							
Balance at 1.10.	18	202	-54	-7	1,691	2,856	4,706
Comprehensive income:							
Net profit for the year					2,859	284	3,143
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements of defined benefit plans						-83	-83
Tax on remeasurements of defined benefit plans						20	20
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				99			99
Of which transferred to financial items				-37			-37
Tax effect of hedging				-14			-14
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries			-24			2	-22
Tax effect of currency adjustment of assets in foreign currency						-1	-1
Total other comprehensive income	0	0	-24	48	0	-62	-38
Total comprehensive income	*0*	*0*	*-24*	*48*	*2,859*	*222*	*3,105*
Transactions with shareholders:							
Transfers					5	-5	0
Acquisition of treasury shares						-500	-500
Sale of treasury shares						282	282
Share-based payment						27	27
Tax on equity entries						98	98
Reduction of share capital		-4				4	0
Dividend paid out in respect of 2015/16					-954		-954
Dividend paid out in respect of 2014/15					-1,696		-1,696
Total transactions with shareholders:	*0*	*-4*	*0*	*0*	*-2,645*	*-94*	*-2,743*
Balance at 30.9.	**18**	**198**	**-78**	**41**	**1,905**	**2,984**	**5,068**

Information on outstanding shares (in thousands)	A shares	B shares
Issued shares	18,000	198,000
Holding of treasury shares (note 16)		4,261
Outstanding shares	**18,000**	**193,739**

Outstanding shares (in thousands)	A shares	B shares
Outstanding shares at 1.10.	18,000	193,352
Sale of treasury shares		1,401
Acquisition of treasury shares		-1,014
Outstanding shares at 30.9.	**18,000**	**193,739**

A capital reduction was made in 2015/16, resulting in the cancellation of 4,000,000 shares with a total nominal value of DKK 4,000,000. A capital reduction involving 5,000,000 shares with a total nominal value of DKK 5,000,000 was made in 2012/13. 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 A shares	B shares	Currency translation reserve	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
2014/15							
Balance at 1.10.	18	202	-132	-89	1,579	4,705	6,283
Comprehensive income:							
Net profit for the year					2,644	-1,745	899
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements of defined benefit plans						-4	-4
Tax on remeasurements of defined benefit plans						3	3
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				-156			-156
Of which transferred to financial items				265			265
Tax effect of hedging				-27			-27
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries			78			128	206
Tax effect of currency adjustment of assets in foreign currency						-30	-30
Total other comprehensive income	*0*	*0*	*78*	*82*	*0*	*97*	*257*
Total comprehensive income	*0*	*0*	*78*	*82*	*2,644*	*-1,648*	*1,156*
Transactions with shareholders:							
Transfers					3	-3	0
Acquisition of treasury shares						-500	-500
Sale of treasury shares						72	72
Share-based payment						29	29
Tax on equity entries						201	201
Dividend paid out in respect of 2014/15					-953		-953
Dividend paid out in respect of 2013/14					-1,582		-1,582
Total transactions with shareholders:	*0*	*0*	*0*	*0*	*-2,532*	*-201*	*-2,733*
Balance at 30.9.	**18**	**202**	**-54**	**-7**	**1,691**	**2,856**	**4,706**

Outstanding shares (in thousands)	A shares	B shares
Outstanding shares at 1.10.	18,000	192,549
Sale of treasury shares		1,757
Acquisition of treasury shares		-954
Outstanding shares at 30.9.	**18,000**	**193,352**

Cash flow statement

1 October - 30 September

Note		2015/16	2014/15
		DKK million	
	Operating profit	4,096	1,535
	Depreciation and amortisation	528	485
21	Adjustment for other non-cash operating items	-2,297	2,368
22	Changes in working capital	1,126	393
	Ingoing interest payments, etc.	29	13
	Outgoing interest payments, etc.	-89	-279
	Income tax paid	-365	-1,178
	Cash flows from operating activities	**3,028**	**3,337**
	Investment in intangible assets	-22	-34
	Investment in land and buildings	-134	-5
	Investment in plant and machinery	-176	-126
	Investment in property, plant and equipment under construction	-317	-452
	Property, plant and equipment sold	16	28
	Company divestment	0	21
	Net sales/(-purchase) of marketable securities	30	100
	Cash flows from investing activities	**-603**	**-468**
	Free cash flow	**2,425**	**2,869**
	Dividend to shareholders	-2,650	-2,535
	Acquisitions of treasury shares	-500	-500
	Sale of treasury shares	282	72
	Cash flows from financing activities	**-2,868**	**-2,963**
	Net cash flows	**-443**	**-94**
	Cash, cash equivalents and short-term debt with credit institutions at 1.10.	781	879
	Value adjustment of cash and bank balances	-14	-4
	Net cash flows	-443	-94
23	**Cash, cash equivalents and short-term debt with credit institutions at 30.9.**	**324**	**781**
23	Cash	546	881
24	Unutilised credit facilities	2,381	645
	Financial reserves at 30.9.	**2,927**	**1,526**

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

List of notes

Note	Title	Contains accounting policies	Contains significant estimates and judgments
Note 1	Key accounting policies	x	
Note 2	Significant estimates and judgments		
Note 3	Segment information	x	
Note 4	Staff costs	x	
Note 5	Special items	x	
Note 6	Financial income and expenses	x	
Note 7	Tax on profit for the year	x	
Note 8	Earnings per share (EPS)	x	
Note 9	Dividend per share	x	
Note 10	Intangible assets	x	x
Note 11	Property, plant and equipment	x	
Note 12	Deferred tax	x	x
Note 13	Inventories	x	x
Note 14	Trade receivables	x	x
Note 15	Amounts held in escrow	x	
Note 16	Treasury shares and share options	x	
Note 17	Provisions for pensions and similar obligations	x	
Note 18	Other provisions	x	x
Note 19	Credit institutions	x	
Note 20	Financial instruments	x	
Note 21	Adjustment for other non-cash operating items		
Note 22	Changes in working capital		
Note 23	Cash, cash equivalents and current debt with credit institutions	x	
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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 2015/16 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 and liabilities are measured at fair value. Subsequent to initial recognition, assets and liabilities are measured as described below in respect of each individual item or in the relevant note.

Changes in accounting policies

Effective from the 2015/16 financial year, the Coloplast Group has implemented all new, updated or amended international financial reporting standards and interpretations (IFRS) as issued by the IASB and IFRS adopted by the EU that are effective for the 2015/16 financial year. The implementation did not affect the financial statements.

New financial reporting standards adopted

Other relevant standards or interpretations adopted by the IASB but not adopted by the EU have not been applied in this annual report. New and amended standards are implemented when taking effect. The new IFRS 9 “Financial instruments” and the new IFRS 15 “Revenue from contracts with customers” are expected to apply from the 2018/19 financial year, while the new IFRS 16 “Leases” is expected to apply from the 2019/20 financial year. Implementation of IFRS 16 is expected to increase total assets by approximately 5%. Implementation of IFRS 16 will not have a material effect on profit/loss. The effects of implementing IFRS 9 and IFRS 15 are still being analysed, but implementation is not expected to have a material effect on the consolidated financial statements.

Currency

The financial statement items of individual Group entities are measured in the currency used in the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the parent company. Other currencies are considered foreign currencies.

Foreign currency translation

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

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

Notes

Note

1. Key accounting policies, continued

On translation of entities with a functional currency other than DKK, balance sheet items are translated at the exchange rates at the balance sheet date and income statement items are translated at the exchange rates at the transaction date. The resulting exchange adjustments are taken directly to other comprehensive income.

Consolidation, business combinations and associates

The consolidated financial statements comprise the financial statements of Coloplast A/S (the parent company) and enterprises (subsidiaries) controlled by the parent company. The parent company is considered to exercise control when it has power over the relevant activities of the enterprise, is exposed or has rights to a variable return from the investment and has the ability to affect those returns through its power.

The consolidated financial statements are prepared by aggregating the 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.

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, and comparison figures are restated. 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.

Notes

Note

1. Key accounting policies, continued

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.

Marketable securities

Marketable securities are designated at fair value through income statement under the fair value option, as the marketable securities are part of a portofolio, which is managed and measured based on fair value basis.

Bonds forming part of repo transactions, i.e. the sale of bonds that are bought back at a later date remain classified as financial assets in the balance sheet, while amounts received from repo transactions are recognised as repo debt. Returns on such bonds are recognised under financial items.

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.

2. Significant estimates and judgments

In connection with the practical use of the accounting policies described, it may be necessary for Management to make estimates in respect of the accounting items. The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. In addition, the company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates.

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

Management has made significant estimates in respect of, among others, the following items: Intangible assets, Research and development, Inventories, Trade receivables, Deferred tax including Deferred tax assets and Other provisions. A further description of the principal accounting estimates and judgments is provided in notes 10, 12, 13, 14 and 18.

Notes

Note

3. Segment information

Operating segments

The operating segments are defined on the basis of the monthly reporting to the Executive Management, which is considered the Senior Operational Management, and the management structure. Reporting to Management is based on three operating segments: Chronic Care, Urology Care and Wound & Skin Care.

The operating segment Chronic Care covers the sale of ostomy care products and continence care products.
The operating segment Urology Care covers the sale of urological products, including disposable products.
The operating segment Wound & Skin Care covers the sale of wound and skin care products.

The reporting segments are also Chronic Care, Urology Care and Wound & Skin Care. The segmentation reflects the structure of reporting to the Executive Management.

The shared/non-allocated segment comprises support functions (Production units, R&D and Staff) and eliminations, as these functions do not generate revenue. Financial items and income tax are not allocated to the operating segments.

Management reviews each operating segment separately based on EBIT before internal items and eliminations (market contribution) and allocates resources on that background. Costs are allocated directly to segments. Certain immaterial indirect costs are allocated systematically to the shared/non-allocated segment and the reporting segments.

Management does not receive reporting on asset and liabilities by the reporting segments. 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 317m (2014/15: DKK 308m), while revenue from external customers in other countries amounted to DKK 14,364m (2014/15: DKK 13,601m). Total non-current assets except for financial instruments and deferred tax assets (there are no pension assets or rights pursuant to insurance contracts) placed in Denmark amounted to DKK 2,478m (2014/15: DKK 2,692m), while total non-current assets placed in other countries amounted to DKK 1,870m (2014/15: DKK 1,552m).

Notes

Note

3. Segment information, continued

Operating segments

DKK million	Chronic Care 2015/16	Chronic Care 2014/15	Urology Care 2015/16	Urology Care 2014/15	Wound & Skin Care 2015/16	Wound & Skin Care 2014/15	Shared/non-allocated 2015/16	Shared/non-allocated 2014/15	Total 2015/16	Total 2014/15
Segment revenue										
Ostomy Care	5,935	5,567	0	0	0	0	0	0	5,935	5,567
Continence Care	5,182	5,019	0	0	0	0	0	0	5,182	5,019
Urology Care	0	0	1,497	1,359	0	0	0	0	1,497	1,359
Wound & Skin Care	0	0	0	0	2,067	1,964	0	0	2,067	1,964
Group external revenue as per the Statement of comprehensive income	**11,117**	**10,586**	**1,497**	**1,359**	**2,067**	**1,964**	**0**	**0**	**14,681**	**13,909**
Segment operating profit/loss	6,716	6,396	533	462	761	717	-3,164	-3,040	4,846	4,535
Costs not included in segment operating profit/loss. See note 5									-750	-3,000
Operating profit before tax as per the Statement of comprehensive income									**4,096**	**1,535**
Net financials									-13	-289
Tax on profit/loss for the year									-939	-346
Income from investments in associates									-1	-1
Profit/loss for the year as per the Statement of comprehensive income									**3,143**	**899**

4. Staff costs

Accounting policies

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

DKK million	2015/16	2014/15
Salaries, wages and directors' remuneration	3,366	3,151
Pension costs - defined contribution plans (note 17)	239	238
Pension costs - defined benefit plans (note 17)	12	12
Other social security costs	386	368
Total	**4,003**	**3,769**

Notes

Note

4. Staff costs, continued

DKK million	2015/16	2014/15
Production costs	1,038	991
Distribution costs	2,406	2,233
Administrative expenses	311	309
Research and development costs	248	236
Total	**4,003**	**3,769**
Average number of employees, FTEs	9,817	9,303
Number of employees at 30.9., FTEs	10,099	9,535
Number of employees at 30.9.	10,275	9,706

See note 28 for information on the Board of Directors' and Executive Management's remuneration.

5. 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.

The separation of special items requires the making of accounting estimates when stating special items in the income statement. Management reviews transactions presented as special items and considers whether such items are part of ordinary operations.

Special items contain expenses to cover potential claims, settlements and other costs arising in connection with legal assistance relating to litigation about transvaginal surgical mesh products.

See note 18 to the financial statements for more information about mesh litigation.

DKK million	2015/16	2014/15
Provisions for litigation about transvaginal surgical mesh products	750	3,000
Total	**750**	**3,000**

6. 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.

Notes

Note

6. Financial income and expenses, continued

DKK million	2015/16	2014/15
Financial income		
Interest income	29	13
Fair value adjustments of forward contracts transferred from Other comprehensive income	37	0
Total	**66**	**13**
Financial expenses		
Interest expense	9	5
Fair value adjustments of forward contracts transferred from Other comprehensive income	0	265
Fair value adjustments of cash-based share options	1	1
Net exchange adjustments	37	5
Other financial expenses and fees	32	26
Total	**79**	**302**

7. 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 items.

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	2015/16	2014/15
Current tax on profit for the year	505	804
Change in deferred tax on profit for the year	423	-478
Tax on profit from ordinary activities	928	326
Adjustment of tax relating to prior years	9	-6
Change due to change in tax rate	2	26
Total	**939**	**346**
Reconciliation of tax rate differences:		
Danish tax rate, %	22.0	23.5
Effect of reduction of tax rates, %	0.0	2.1
Non-taxable income and non-deductible expenses, %	0.2	1.9
Other taxes and other adjustments, net, %	0.8	0.3
Effective tax rate, %	**23.0**	**27.8**
Tax on equity and other comprehensive income entries (income)	**103**	**147**

Notes

Note

8. Earnings per share (EPS)

Accounting policies

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). Earnings per share, diluted 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.

DKK million	2015/16	2014/15
Net profit for the year	3,143	899
Net profit for the year before special items	3,728	3,239
Weighted average no. of shares (in millions of units)	211.7	211.3
Outstanding options	0.8	1.6
Average number of unrestricted shares including dilutive effect of outstanding options	212.5	212.9
Earnings per share before special items (DKK) (A and B shares)	17.6	15.3
Earnings per share (DKK) (A and B shares)	14.8	4.3
Earnings per share before special items (DKK) (A and B shares), diluted	17.5	15.2
Earnings per share (DKK) (A and B shares), diluted	14.8	4.2

9. 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 9 per share of DKK 1 (2014/15: DKK 8). An interim dividend of DKK 4.50 per share was distributed in the financial year (2014/15: DKK 4.50), bringing total dividend per share for the year to DKK 13.50 per share (2014/15: DKK 12.50), for total dividends of DKK 2,859m (2014/15: DKK 2,644m). The increase in dividend per share thus amounts to 8%, and the pay-out ratio is 91% (2014/15: 294%).

10. 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:

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

Notes

Note

10. Intangible assets, continued

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 349m at 30 September 2016 (30 September 2015: DKK 348m). The carrying amount of intangible assets is DKK 1,397m as at 30 September 2016 (30 September 2015: DKK 1,511m).

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 do not satisfy the capitalisation criteria. All in-house research and development costs are therefore recognised in the income statement as incurred. In 2015/16, DKK 509m (2014/15: DKK 442m) was expensed as research and development costs.

Notes

Note

10. Intangible assets, continued

2015/16 DKK million	Acquired patents and trademarks etc.	Goodwill	Software	Prepayments and intangible assets in progress	Total intangible assets
Total cost at 1.10.	1,559	842	315	29	2,745
Exchange and other adjustments	4	2	-8	0	-2
Additions and improvements during the year	0	0	6	16	22
Transfers	0	0	25	-25	0
Total cost at 30.9.	**1,563**	**844**	**338**	**20**	**2,765**
Total amortisation at 1.10.	980	0	254	0	1,234
Exchange and other adjustments	3	0	-6	0	-3
Amortisation for the year	112	0	25	0	137
Total amortisation at 30.9.	**1,095**	**0**	**273**	**0**	**1,368**
Carrying amount at 30.9.	**468**	**844**	**65**	**20**	**1,397**

Goodwill

Goodwill relates mainly to the acquisition of Mentor's urology and continence business and Mpathy acquired in 2006 and 2010 respectively. Goodwill from the acquired businesses has been allocated on the individual cash-generating units according to earnings at the date of acquisition. The allocation was made to the cash-generating units Ostomy Care, Urology Care and Continence Care.

Pursuant to IAS 36, a goodwill impairment test is performed when there is an indication of impairment, but at least once a year. In the impairment test, the recoverable amount (value in use) of each cash-generating unit, calculated as the discounted expected future cash flows, is compared with the carrying amounts.

Future cash flows are determined using forecasts based on realised sales growth, earnings and strategy plans, etc. These forecasts are based on specific assumptions for each cash-generating unit during the planning period with respect to sales, results of operations, working capital, capital investments and assumptions for cost of capital, inflation and the level of interest rates.

The impairment tests performed for the urology business were based on forecasts for the 2016/17 financial year. Assumptions for the long-term strategy of the urology business were used for the financial years 2017/18 to 2019/20. For Ostomy Care and Continence Care, impairment tests were based on forecasts for 2016/17 and on assumptions for Coloplast's long-term strategy for the financial years 2017/18 to 2019/20.

The impairment tests performed reflect price pressures expected from healthcare reforms implemented in individual markets.

Notes

Note

10. Intangible assets, continued

The tax rate applied in the impairment test for Urology Care was higher than the rate applied for the Group, because sales and production mostly take place in the USA, which imposes a corporate tax rate higher than the Group average. Non-recurring costs of postmarket surveillance studies, as are required by the FDA to keep products on the transvaginal mesh market have been applied in the period until 2019/20, at which time such studies are expected to be completed. The gross margin is expected to drop slightly until the terminal period, as our strategy for a broader geographical mix is expected to increase sales outside the USA, mainly to European countries with lower margins.

The Group's general tax rate was applied in the impairment tests for Ostomy Care and Continence Care, because these products are sold in all of the Group's markets. The gross margin is expected to drop slightly until the terminal period due to anticipated price pressures and healthcare reforms.

The impairment tests assume growth rates of 3-6% within the individual business areas. Ongoing efficiency improvements in all three business areas contribute to an increased operating profit before unallocated joint costs from 36% of the revenue for Urology Care and 60% for Continence Care and Ostomy Care.

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

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

	2015/16			2014/15		
	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	23%	35%	23%	24%	35%	24%
Carrying amount of goodwill, DKK million	20	349	475	20	348	474

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

	2015/16		2014/15	
	before tax	after tax	before tax	after tax
Urology Care	11.9%	9.0%	12.1%	9.2%
Ostomy & Continence Care	7.3%	6.0%	7.3%	6.0%

Acquired patents and trademarks etc.

Most acquired patents and trademarks etc. are associated with the acquisition of Mentor's urology business in 2006 and the Mpathy acquisition in 2010, as specified in the table below. 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.

Notes

Note

10. Intangible assets, continued

DKK million	Remaining amortisation period	Carrying amount 2015/16	2014/15
Patented technologies and unprotected technologies	1-10 years	233	300
Trademarks	5-10 years	149	176
Customer lists/loyalty	5-10 years	78	91
Total		**460**	**567**

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.

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.

DKK million	2015/16	2014/15
Amortisation breaks down as follows:		
Production costs	107	108
Distribution costs	18	18
Administrative expenses	10	10
Research and development costs	2	2
Total	**137**	**138**

Notes

Note

10. Intangible assets, continued

2014/15

DKK million	Acquired patents and trademarks etc.	Goodwill	Software	Prepayments and intangible assets in progress	Total intangible assets
Total cost at 1.10.	1,415	772	292	19	2,498
Exchange and other adjustments	142	83	2	0	227
Additions and improvements during the year	2	0	10	22	34
Transfers	0	0	12	-12	0
Disposals during the year	0	-13	-1	0	-14
Total cost at 30.9.	**1,559**	**842**	**315**	**29**	**2,745**
Total amortisation at 1.10.	791	0	226	0	1,017
Exchange and other adjustments	78	0	2	0	80
Amortisation for the year	111	0	27	0	138
Amortisation reversed on disposals during the year	0	0	-1	0	-1
Total amortisation at 30.9.	**980**	**0**	**254**	**0**	**1,234**
Carrying amount at 30.9.	**579**	**842**	**61**	**29**	**1,511**

11. 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

Notes

Note

11. Property, plant and equipment, continued

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.

2015/16 DKK million	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
Total cost at 1.10.	2,268	3,615	781	382	7,046
Exchange and other adjustments	-1	0	-7	0	-8
Transfers	31	177	74	-282	0
Additions and improvements during the year	134	116	60	317	627
Disposals during the year	-8	-23	-37	0	-68
Total cost at 30.9.	**2,424**	**3,885**	**871**	**417**	**7,597**
Total depreciation at 1.10.	1,251	2,628	462	0	4,341
Exchange and other adjustments	-2	-1	-6	0	-9
Depreciation for the year	92	200	99	0	391
Depreciation reversed on disposals during the year	-6	-17	-28	0	-51
Total depreciation at 30.9.	**1,335**	**2,810**	**527**	**0**	**4,672**
Carrying amount at 30.9.	**1,089**	**1,075**	**344**	**417**	**2,925**
Gross amounts of property, plant and equipment fully depreciated	325	1,267	537	0	2,129

The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery for DKK 123m (2014/15: DKK 63m).

DKK million	2015/16	2014/15
Depreciation breaks down as follows:		
Production costs	296	259
Distribution costs	26	26
Administrative expenses	40	40
Research and development costs	29	22
Total	**391**	**347**

Notes

Note

11. Property, plant and equipment, continued

2014/15 DKK million	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
Total cost at 1.10.	2,095	3,289	600	471	6,455
Exchange and other adjustments	55	38	8	4	105
Transfers	142	227	156	-525	0
Additions and improvements during the year	5	64	62	452	583
Disposals during the year	-29	-3	-45	-20	-97
Total cost at 30.9.	**2,268**	**3,615**	**781**	**382**	**7,046**
Total depreciation at 1.10.	1,168	2,421	404	0	3,993
Exchange and other adjustments	19	31	6	0	56
Depreciation for the year	84	178	85	0	347
Depreciation reversed on disposals during the year	-20	-2	-33	0	-55
Total depreciation at 30.9.	**1,251**	**2,628**	**462**	**0**	**4,341**
Carrying amount at 30.9.	**1,017**	**987**	**319**	**382**	**2,705**
Gross amounts of property, plant and equipment fully depreciated	446	1,223	308	0	1,977

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.

Uncertain tax positions generally relate to transfer pricing disputes and are recognised under tax payable.

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

Notes

Note

12. Deferred tax, continued

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 business plans for the following years, including any scheduled business measures. As the Group conducts business globally, transfer pricing disputes may arise with tax authorities in respect of settlement prices etc. Management assesses the possible outcomes of such disputes based on a probability assessment.

DKK million	2015/16	2014/15
Deferred tax, beginning of year	-807	-289
Exchange adjustments	0	-2
Adjustment due to change in tax rate	2	26
Prior-year adjustments	-4	0
Other changes in deferred tax – charged to income statement	423	-478
Change in deferred tax - charged to equity	-3	-64
Total	-389	-807
Of which deferred tax asset	495	808
Provision for deferred tax	**106**	**1**

Calculation of deferred tax is based on the following items:		
Intangible assets	248	270
Property, plant and equipment	56	47
Indirect production costs	18	26
Unrealised gain from intra-group sale of goods	-269	-218
Provisions	-316	-787
Jointly taxed companies (recaptured balances)	10	10
Share options	-19	-19
Tax losses carried forward and tax credits	-89	-84
Other	-28	-52
Total	**-389**	**-807**

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.

Notes

Note

12. Deferred tax, continued

DKK million	2015/16	2014/15
The Group's tax losses and tax credits expire as follows:		
Less than one year	0	0
Within 1 to 5 years	0	0
After more than 5 years	1,337	1,523
Total	**1,337**	**1,523**

The losses and tax credits listed above include a recognised tax asset of DKK 445m (2014/15: DKK 402m).

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. 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 production costs. 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 is DKK 417m as at 30 September 2016 (30 September 2015: DKK 413m).

DKK million	2015/16	2014/15
Raw materials and consumables	231	190
Work in progress	358	368
Manufactured goods	929	915
Inventories	**1,518**	**1,473**
Inventory writedowns at 1.10.	79	50
Inventory writedowns used	-60	-39
Inventory writedowns reversed	-6	-5
Inventory writedowns for the year	47	73
Inventory writedowns at 30.9.	**60**	**79**

Production costs include directly attributable production costs for goods sold at the amount of DKK 2,754m (2014/15: DKK 2,612m).

Notes

Note

14. Trade receivables

Accounting policies
Receivables consist mainly of trade receivables. On initial recognition, receivables are measured at fair value and subsequently 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 anticipated losses. 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 reviews 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	**2015/16**	2014/15
Portion of receivables falling due after more than one year after the balance sheet date:		
Other long-term receivables	13	14

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.	134	98
Exchange adjustment	0	-2
Change of provisions during the year	21	63
Losses realised during the year	-25	-25
Provisions at 30.9.	**130**	**134**

The provisions are generally due to a customer's inability to pay resulting from bankruptcy or expected bankruptcy.

Receivables due are specified as follows:		
Up to 30 days	272	244
Between 30 and 90 days	135	155
More than 90 days	337	316
Total receivables due	**744**	**715**

Receivables at 30 September		
DKK	145	139
EUR	1,013	964
GBP	306	337
USD	518	432
Other currencies	697	595
Total carrying amount	**2,679**	**2,467**

Notes

Note

15. Amounts held in escrow

Accounting policies

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

Amounts 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 mesh litigation.

DKK million	2015/16	2014/15
Amounts held in escrow	457	72

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.

	2015/16	2014/15	2015/16	2014/15
Treasury shares	B shares of DKK 1 in millions		% of B share capital	
Holdings of treasury shares at 1.10.	8.7	9.6	4.3%	4.7%
Acquired during the year	1.0	1.0	0.5%	0.5%
Cancelled	-4.0	0.0	-2.0%	0.0%
Sold during the year	-1.4	-1.9	-0.7%	-0.9%
Holdings of treasury shares at 30.9.	**4.3**	**8.7**	**2.1%**	**4.3%**

The Group does not hold A shares.

Share-based payment

Accounting policies

Share options are granted to the Executive Management and Senior Management.
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 prices 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 Management.

Share options have affected the profit for the year as follows:	2015/16	2014/15
Staff costs - equity-settled programmes	27	29
Staff costs - cash-settled programmes	0	1
Financial costs - fair value adjustment of cash-settled programmes	1	1
Total share option cost	**28**	**31**

Notes

Note

16. Treasury shares and share options, continued

At 30 September 2016, the accounting liability of the option programmes was DKK 2m (2014/15: DKK 4m), while the fair value of the option programmes amounted to DKK 498m (2014/15: DKK 746m).

Outstanding options	2015/16			2014/15		
	No. of options	Avg. exercise price	Avg. share price	No. of options	Avg. exercise price	Avg. share price
Outstanding at 1.10.	4,604,640	333		6,191,344	228	
Options vested	828,388	635		862,911	593	
Options cancelled	-23,983	564		-67,593	433	
Options expired	-16,255	111		-104,870	91	
Options exercised	-1,410,759	200	531	-2,277,152	143	517
Outstanding at 30.9.	**3,982,031**	439		**4,604,640**	333	

Issued in	No. of options	No. of options lapsed	No. of options exercised	Options not exercised at 30/09/2016	Exercise price[1)2)]	Exercise period
2011	1,791,181	27,785	1,241,731	521,665	172.46	31/12/14 - 31/12/16
2012	1,272,332	93,285	392,705	786,342	301.31	31/12/15 - 31/12/17
2013	1,075,874	54,374	0	1,021,500	400.14	31/12/16 - 31/12/18
2014	862,335	26,189	0	836,146	588.35	31/12/17 - 31/12/19
2015	828,388	12,010	0	816,378	635.41	31/12/18 - 31/12/20

1) Adjusted by DKK -4.31 due to payment of dividend.
2) Average exercise price for options exercisable at the balance sheet date is DKK 249.92.

Share options are granted to members of the Executive Management and other Senior Management for the purpose of motivating and retaining a qualified management group and in order to align the interests of Management with those of the shareholders. Options are awarded 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 grant:

	2015	2014
Black-Scholes value	39.76	33.42
Average share price (DKK)	556.44	519.27
Exercise price (DKK)	639.91	597.16
Expected dividend per share	1.50%	1.50%
Expected duration	4.00	4.00
Volatility	18.64%	17.43%
Risk-free interest	-0.04%	0.09%
Value (DKKm)	32.94	28.82

17. Provisions for pensions and similar obligations

Accounting policies

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

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

In defined benefit plans, the Group is under an obligation to pay a defined benefit on retirement. The actuarially calculated present value less the fair value of any plan assets is recognised in the balance sheet under provision for pension and similar obligations or in plan assets in the balance sheet. The total service costs of the year plus calculated interest based upon actuarial estimates and financial assumptions at the beginning of the year are recognised in the income statement. The difference between the forecast development in plan assets and liabilities and the realised values at the end of the year is called actuarial gains or losses and is recognised in other comprehensive income. In connection with a change in benefits regarding the employees' employment with the Group to date, there will be a change in the actuarial calculation of the net present value, which is 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 2015/16, DKK 239m (2014/15: DKK 238m) was recognised.

Notes

Note

17. Provisions for pensions and similar obligations, continued

Defined benefit plans

For certain groups of employees in foreign subsidiaries (in the UK, Germany and France), the Group has signed agreements to pay defined benefits, including pension payments. These liabilities are not or are only partly covered by insurance (in the UK). 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 the members of the Board of Directors' prior to the amendment to the articles of association adopted at the annual general meeting held in 2002.

The pension plans are based on the individual employee's salary and years of service with the company. A few countries may require that the liability is covered, but this is not the case for the majority of the countries. The plans have no requirements for risk diversification on equities or for matching strategies. The plans have a duration of an average of 18 years, and all plans generally mature after more than 10 years.

DKK million	2015/16	2014/15
The following is recognised in the consolidated income statement:		
Defined contribution plans	239	238
Defined benefit plans	12	12
Total	**251**	**250**
The costs regarding defined benefit plans are recognised in the following income statement items:		
Production costs	2	2
Distribution costs	10	10
Administrative expenses	0	0
Total	**12**	**12**
Pension costs recognised in the income statement:		
Pension costs concerning current financial year	7	7
Net interest expenses	5	5
Total amount recognised in income statement for defined benefit plans	**12**	**12**
Pension costs recognised in other comprehensive income:		
Actuarial gains/losses on pension obligations	-134	-19
Difference between calculated interest and actual return on plan assets	51	15
Total amount recognised in other comprehensive income regarding defined benefit plans	**-83**	**-4**

Notes

Note

17. Provisions for pensions and similar obligations, continued

DKK million	2015/16	2014/15
Plan assets at 1.10.	318	268
Exchange adjustments	-52	15
Actual rate of interest	11	11
Difference between interest element and actual return on plan assets	51	15
Paid by the Coloplast Group	33	30
Benefit paid out	-14	-21
Plan assets at 30.9.	**347**	**318**
Specification of plan assets:		
Shares, listed	48	48
Bonds	285	263
Cash and similar assets	14	7
Plan assets at 30.9.	**347**	**318**
Specification of present value of defined benefit obligation:		
Obligation at 1.10.	518	478
Exchange adjustments	-64	19
Pension costs concerning current financial year	7	7
Calculated interest on liability	16	16
Actuarial gains/losses, financial assumptions	158	18
Actuarial gains/losses, demographic assumptions	-14	0
Actuarial gains/losses, experience	-10	1
Benefit paid out	-14	-21
Present value of liability at 30.9.	**597**	**518**
Fair value of plan assets	-347	-318
Net liability recognised in the balance sheet	**250**	**200**

Notes

Note

17. Provisions for pensions and similar obligations, continued

DKK million	2015/16	2014/15
Net liability recognised in the balance sheet at 1.10.	200	210
Expenditure for the year	12	12
Actuarial gains and losses on pension obligation	134	19
Exchange adjustments	-12	4
Difference between interest element and actual return on plan assets	-51	-15
Payments received	-33	-30
Net liability recognised in the balance sheet at 30.9.	**250**	**200**

The Group expects to pay DKK 15m to the defined benefit plans in 2016/17.

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

Discount rate, %	1	3
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	-19%	25%
Future rate of salary increases	3%	-3%
Inflation	17%	-13%

The above sensibility analysis shows the change in one of the assumptions, while other assumptions are constant. In practice, a change in one of the assumptions will in many instances be matched by a change in the other assumptions.

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 prior experience.

Notes

Note

18. Other provisions, continued

Significant estimates and judgments

Provisions for legal obligations consists of provisions for pending litigation. Management makes assessments of provisions and contingent liabilities, including the probable outcome of pending and possible future litigation, which is inherently subject to uncertain future events. Based on information available, Management believes that adequate provisions have been made for pending litigation, but there can be no assurance that the scope of these matters will not be extended, nor that material lawsuits, claims, legal proceedings or investigations will not arise in the future.

2015/16 DKK million	Legal claims	Other	Total
Provisions at 1.10.	3,344	7	3,351
Provisions during the year	754	0	754
Unused amounts reversed during the year	-2	0	-2
Charged to the income statement	**752**	**0**	**752**
Use of provisions during the year	-3,055	-2	-3,057
Exchange adjustments	26	0	26
Provisions at 30.9.	**1,067**	**5**	**1,072**
Expected maturities:			
Current liabilities	814	0	814
Non-current liabilities	253	5	258
Provisions at 30.9.	**1,067**	**5**	**1,072**

Legal claims

The amounts are gross amounts relating to certain legal claims.

Since 2011, Coloplast, along with a number of other major manufacturers, 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 2012 in Southern District of West Virginia to consolidate federal court cases in which Coloplast is the first named defendant.

Since the first lawsuits were filed, Coloplast has been intent on disputing the current and any future litigation, and has continually considered which strategy and other steps may serve the company’s best interests.

Against this background, Coloplast has from the outset reached settlements with groups of law firms. This process was accelerated in 2015/16 after Judge Joseph Goodwin several times ordered the parties involved to make substantial progress in the settlement process.

Notes

Note

18. Other provisions, continued

An additional expense of DKK 0.75bn was recognised in the 2015/16 financial year to cover potential claims and settlements and other costs arising in connection with legal assistance. The expense is recognised under special items in the income statement.
This brings the total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA to DKK 5.25bn including legal costs (before insurance cover of DKK 0.5bn).

The total expense is based on a number of estimates and assumptions and is therefore subject to substantial uncertainty.

The remaining provision made for legal claims at 30 September 2016 amounted to DKK 1.1bn (30 September 2015: DKK 3.3bn) plus DKK 2.4bn recognised under other debt (30 September 2015: DKK 0.7bn). Liabilities are classified as other debt when settlements are reached and amounts and timing become known.

With reference to the prejudicial exemption in IAS 37, Coloplast will not disclose any further information about the assumptions for the provision, including any details about current and the expected number of lawsuits and settled claims.

The disclosure of such information is believed to be detrimental to Coloplast in connection with the ongoing confidential negotiations and could inflict financial losses on Coloplast and its shareholders.

Other

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

19. Credit institutions

Accounting policies

Debt is recognised at fair value less expenses incurred and subsequently at amortised cost. Repo debt relates to bonds forming a part of repo transactions. Repo debt is recognised at amortised cost plus accumulated repo interest.

DKK million	2015/16	2014/15
Breakdown of debt to financial institutions stated in the balance sheet:		
Current liabilities	222	100
DKK	221	0
Other currencies	1	100
Total carrying amount	**222**	**100**

Notes

Note

19. Credit institutions, continued

DKK million	2015/16	2014/15
Current financial liabilities including interest has the following terms to maturity:		
Less than one year	919	691
Total	**919**	**691**

Net interest-bearing debt at 30.9.		
Repo debt	219	0
Other credit institutions	3	100
Marketable securities	-489	-519
Bank balances	-546	-881
Total	**-813**	**-1,300**

Repo debt amounted to DKK 219m at 30 September 2016 (30 September 2015: DKK 0) with the due date of 27 October 2016. The repo debt carries a fixed rate of interest of minus 0.1% from the transaction date (30 September 2015: 0%).

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

2015/16

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	-51	0	-134	0	-194	0	-418	0	-238	0-8	-1,035
	Liabilities							221	0	1	13	222
Total, less than 1 year		-51		-134		-194		-197		-237		-813
1 to 5 years	Receivables											0
	Liabilities											0
Total, 1 to 5 years												0
More than 5 years	Receivables											0
	Liabilities											0
Total, more than 5 years												0
Total		**-51**		**-134**		**-194**		**-197**		**-237**		**-813**

2014/15

Principal in DKK million/ Effective interest rate p.a., %		USD	Rate	GBP	Rate	EUR	Rate	DKK	Rate	Other	Rate	Total
Less than 1 year	Receivables	-41	0	-180	0	-281	1	-607	0	-291	0-9	-1,400
	Liabilities									100	1-13	100
Total, less than 1 year		-41		-180		-281		-607		-191		-1,300
1 to 5 years	Receivables											0
	Liabilities											0
Total, 1 to 5 years												0
More than 5 years	Receivables											0
	Liabilities											0
Total, more than 5 years												0
Total		**-41**		**-180**		**-281**		**-607**		**-191**		**-1,300**

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 a transaction is no longer expected to be concluded, any fair value reserve accumulated under equity is transferred to the income statement.

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

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

2015/16

Assets	Loans and receivables	Assets at fair value through profit or loss (level 1)[1]	Derivatives used for hedging (level 2)[2]	Total
Trade receivables and other receivables	2,885	0	121	3,006
Marketable securities	0	489	0	489
Cash and cash equivalents	546	0	0	546
Total	**3,431**	**489**	**121**	**4,041**

Equity and liabilities	Liabilities at fair value through profit or loss[1]	Derivatives used for hedging (level 2)[2]	Other liabilities at amortised cost	Total
Other credit institutions	0	0	222	222
Trade payables	0	0	697	697
Other payables	0	55	3,382	3,437
Total	**0**	**55**	**4,301**	**4,356**

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

Notes

Note

20. Financial instruments, continued

Financial instruments by category 2014/15

Assets	Loans and receivables	Assets at fair value through profit or loss (level 1)[1]	Derivatives used for hedging (level 2)[2]	Total
Trade receivables and other receivables	2,606	0	81	2,687
Marketable securities	0	519	0	519
Cash and cash equivalents	881	0	0	881
Total	**3,487**	**519**	**81**	**4,087**

Equity and liabilities	Liabilities at fair value through profit or loss[1]	Derivatives used for hedging (level 2)[2]	Other liabilities at amortised cost	Total
Other credit institutions	0	0	100	100
Trade payables	0	0	591	591
Other payables	0	77	1,670	1,747
Total	**0**	**77**	**2,361**	**2,438**

[1] The securities portfolio consists of mortgage bonds and corporate bonds. The bond portfolio carried an effective rate of interest of 0-5% (2014/15: 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 exchange rates at balance sheet date.

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

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 2016, an average of 83% of the following twelve months of expected net cash flows were hedged (2014/15: 85% 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

2015/16

DKK million	Contract amount	Loss/gain when stated at market value	Amount incl. in income statement for 2015/16	Transferred to currency hedging reserve	Expiry period
Forward exchange contracts and options outstanding at 30.9. to hedge future cash flows					
USD	297	-1	0	-1	Oct. 2016 - Mar. 2017
USD-denominated options	317	1	0	1	Oct. 2016 - Mar. 2017
GBP	749	35	0	35	Oct. 2016 - Mar. 2017
GBP-denominated options	577	43	0	43	Oct. 2016 - Mar. 2017
JPY	175	-14	0	-14	Oct. 2016 - Sep. 2017
HUF	-320	5	0	5	Oct. 2016 - Sep. 2017
Other currencies	1,005	-16	0	-16	Oct. 2016 - Sep. 2017
Total	**2,800**	**53**	**0**	**53**	
Other forward exchange contracts including fair value hedges at 30.9.					
USD	-1,380	9	9	0	Oct. 2016 - Jan. 2017
GBP	178	7	7	0	July 2017
JPY	243	-1	-1	0	Oct. 2016
HUF	0	0	0	0	Feb. 2017
Other currencies	954	-2	-2	0	Oct. 2016
Total	**-5**	**13**	**13**	**0**	

The Group had no material foreign exchange risks relating to debt in foreign currency as at 30 September 2016. 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 2016.

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

DKK million	2015/16	USD	GBP	HUF	2014/15	USD	GBP	HUF
Income statement	+/- 10	+/- 12	+/- 4	-/+6	+/-10	+/-8	+/-7	+/-6
Other comprehensive income	-128/+146	-25/+22	-42/+64	+15/-15	-113/+146	-20/+27	-31/+68	+13/-13

1) The increase/decrease resulting from a 5% change is the same in the income statement 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 is placed in money market deposits and bonds with selected 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 less 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 or for other special 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 Finance Society.

Notes

Note

20. Financial instruments, continued

Holdings of derivative financial instruments

2014/15

DKK million	Contract amount	Loss/gain when stated at market value	Amount incl. in income statement for 2014/15	Transferred to currency hedging reserve	Expiry period
Forward exchange contracts and options outstanding at 30.9. to hedge future cash flows					
USD	343	-21	0	-21	Oct. 2015 - Mar. 2016
USD-denominated options	375	2	0	2	Oct. 2015 - Mar. 2016
GBP	765	-27	0	-27	Oct. 2015 - Mar. 2016
GBP-denominated options	564	10	0	10	Oct. 2015 - Mar. 2016
JPY	151	-2	0	-2	Oct. 2015 - May 2016
HUF	-263	-2	0	-2	Oct. 2015 - Sep. 2016
Other currencies	889	31	0	31	Oct. 2015 - Sep. 2016
Total	**2,824**	**-9**	**0**	**-9**	
Other forward exchange contracts including fair value hedges at 30.9.					
USD	-3,321	-1	-1	0	Oct. 2015 - Sep. 2016
GBP	459	6	6	0	Oct. 2015
JPY	111	0	0	0	Oct. 2015
HUF	-405	-2	-2	0	Oct. 2015 - Nov. 2015
Other currencies	532	10	10	0	Oct. 2015
Total	**-2,624**	**13**	**13**	**0**	

21. Adjustment for other non-cash operating items

DKK million	2015/16	2014/15
Net gain/loss on divestment of non-current assets	2	12
Change in other provisions	-2,299	2,356
Total	**-2,297**	**2,368**

22. Changes in working capital

DKK million	2015/16	2014/15
Inventories	-37	-140
Trade receivables	-247	-241
Other receivables, including amounts held in escrow	-539	499
Trade and other payables etc.	1,949	275
Total	**1,126**	**393**

Notes

Note

23. Cash, cash equivalents and current debt with credit institutions

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

DKK million	2015/16	2014/15
Cash	1	1
Short-term bank balances	545	880
Cash and bank balances	546	881
Short-term debt	-222	-100
Total	**324**	**781**

24. Unutilised credit facilities

DKK million	2015/16	2014/15
Unutilised credit facilities	2,381	645

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 production costs 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 0m in public grants for research and development purposes (2014/15: DKK 0m). The Group received DKK 2m (2014/15: DKK 39m) in public grants for investments.

An amount of DKK 16m is recognised in the income statement (2014/15: DKK 23m) in production costs and DKK 0m (2014/15: DKK 0m) in research and development costs in respect of grants for investments.

Notes

Note

26. Other liabilities

DKK million	2015/16	2014/15
Operating leases fall due in		
Less than one year	180	177
Within 1 to 5 years	508	529
After more than 5 years	12	37
Total	**700**	**743**

Operating lease payments recognised in the income statement amount to DKK 93m (2014/15: DKK 86m).

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 and guarantees

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.

Bonds in repo transactions have been provided as collateral for repo debt. Bonds provided as collateral were valued at DKK 219m at 30 September 2016 (30 September 2015: DKK 0m). See note 20 for information on interest rate risk relating to bonds.

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

Remuneration

It is Coloplast's 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 400,000 each (2014/15: DKK 400,000). The Chairman receives the basic fee plus 200% (2014/15: 200%), while the Deputy Chairman receives the basic fee plus 75% (2014/15: 75%). Members of the Audit Committee also receive a fee corresponding to 50% of the basic Directors' fee (2014/15: 50%), while the chairman receives an additional fee of 50% (2014/15: 50%) of that amount. 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 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 4) by:

DKK million 2015/16	Net salaries	Pension	Other benefits	Cash bonus	Total	Share options
Lars Rasmussen	10.5	1.6	0.4	1.6	14.1	4.7
Anders Lonning-Skovgaard	4.0	0.6	0.2	0.6	5.4	1.0
Allan Rasmussen	4.4	0.7	0.2	0.7	6.0	1.9
Kristian Villumsen	5.5	0.8	0.2	0.9	7.4	2.4
Executive Management total	24.4	3.7	1.0	3.8	32.9	10.0
Board and Audit Committee fees	6.0	0.0	0.0	0.0	6.0	0.0
Total	**30.4**	**3.7**	**1.0**	**3.8**	**38.9**	**10.0**

DKK million 2014/15	Net salaries	Pension	Other benefits	Cash bonus	Total	Share options
Lars Rasmussen	10.0	1.5	0.3	0.0	11.8	4.4
Anders Lonning-Skovgaard	3.0	0.5	0.2	0.0	3.7	0.6
Allan Rasmussen	4.0	0.6	0.2	0.0	4.8	1.7
Kristian Villumsen	5.0	0.8	0.1	0.0	5.9	2.3
Executive Management total	22.0	3.4	0.8	0.0	26.2	9.0
Board and Audit Committee fees	5.4	0.0	0.0	0.0	5.4	0.0
Total	**27.4**	**3.4**	**0.8**	**0.0**	**31.6**	**9.0**

Share options held by members of the Executive Management:

2015/16	Options held at beginning of the year	Exercised during the year	Granted during the year	Options held at end of the year	Market value DKKm
Lars Rasmussen	790,501	100,000	132,047	822,548	140
Anders Lonning-Skovgaard	78,327	0	50,304	128,631	15
Allan Rasmussen	207,628	90,243	55,334	172,719	10
Kristian Villumsen	404,586	110,000	69,167	363,753	50
Total	**1,481,042**	**300,243**	**306,852**	**1,487,651**	**215**

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

2015/16	Shares held at beginning of the year	Bought during the year	Sold during the year	Increase/ decrease during the year[1]	Shares held at end of the year	Market value DKKm
Lars Rasmussen	130,235	100,000	100,000	-	130,235	67
Anders Lonning-Skovgaard	0	0	0	-	0	0
Allan Rasmussen	1,135	90,243	90,243	-	1,135	1
Kristian Villumsen	30,685	110,000	110,000	-	30,685	16
Executive Management total	162,055	300,243	300,243	-	162,055	84
Board of Directors, A shares	12,285,000	0	0	0	12,285,000	6,314
Board of Directors, B shares	33,487,097	100,000	100	165	33,587,162	17,264
Total	**45,934,152**	**400,243**	**300,343**	**165**	**46,034,217**	**23,662**

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

[1] Increase and decrease relates to new and resigning members of the Board of Directors.

29. Related party transactions

Related parties to the Coloplast Group include members of the Board of Directors and the Executive Management and main shareholders of the parent company, Coloplast A/S. There were no transactions with related parties. Information about remuneration of the Management is set out in note 28.

30. Fees to appointed auditors

DKK million	2015/16	2014/15
Overall fees to PricewaterhouseCoopers	14	14
Of which:		
Statutory audit	8	8
Tax advice	1	0
Other services	5	6

Certain of the Group's subsidiaries are not subject to an audit by PricewaterhouseCoopers.

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 2016.

Notes

Note

32. Overview of Group companies

	Country	Ownership (%)
Parent company		
Coloplast A/S	Denmark	
Sales and/or manufacturing subsidiaries		
Coloplast de Argentina S.A.	Argentina	100
Coloplast Pty. Ltd.	Australia	100
Coloplast Belgium S.A.	Belgium	100
Coloplast do Brasil Ltda.	Brazil	100
Coloplast Canada Corporation	Canada	100
Coloplast Danmark A/S	Denmark	100
Coloplast Oy	Finland	100
Laboratoires Coloplast S.A.S.	France	100
Coloplast Manufacturing France S.A.S	France	100
Coloplast B.V.	Netherlands	100
Coloplast (India) Private Limited	India	100
Coloplast S.p.A.	Italy	100
Coloplast K.K.	Japan	100
Coloplast (China) Ltd.	China	100
Coloplast (China) Medical Devices Ltd.	China	100
Coloplast (Hong Kong) Ltd.	China	100
Coloplast Korea Limited	Korea	100
Coloplast Norge AS	Norway	100
Coloplast Sp. zo.o.	Poland	100
Coloplast Portugal Lda.	Portugal	100
Coloplast OOO	Russia	100
Coloplast AG	Switzerland	100
Coloplast Productos Médicos S.A.	Spain	100
Coloplast Limited	Great Britain	100

	Country	Ownership (%)
Coloplast Medical Limited	Great Britain	100
Charter Healthcare Limited	Great Britain	100
Porgès UK Limited	Great Britain	100
Coloplast AB	Sweden	100
Coloplast Taiwan Co.	Taiwan	100
Coloplast Turkey AS	Turkey	100
Coloplast GmbH	Germany	100
Coloplast Distribution GmbH	Germany	100
Coloplast Hungary Kft.	Hungary	100
Coloplast Corp.	USA	100
Coloplast Manufacturing US, LLC	USA	100
Coloplast Ges.m.b.H.	Austria	100
Other companies		
Coloplast Ejendomme A/S	Denmark	100
Coloplast Business Centre Sp. zo.o.	Poland	100
Acarix A/S	Denmark	16
IctalCare A/S	Denmark	12

Representative offices and branches

Algeria	Singapore
Dubai	Slovakia
Egypt	Slovenia
Israel	South Africa
Croatia	Czech Republic
New Zealand	Ukraine
Mexico	Hungary
Saudi Arabia	

Notes

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 (%)	EBIT x 100 / Revenue
Return on average invested capital (ROIC), %	EBIT x 100 / Average invested capital
Return on equity, %	Profit for the year attributable to Coloplast x 100 / Average equity before minority interests
Equity ratio, %	Total equity x 100 / Assets
Net asset value per share, DKK	Equity excluding minority interests / Number of outstanding shares
Market price/net asset value per share	Market price per share / Net asset value per share
PE, price/earnings ratio	Market price per share / Earnings per share (EPS)
Pay-out ratio, %	Dividend declared x 100 / Profit for the year attributable to Coloplast
Earnings per share (EPS)	Profit for the year attributable to Coloplast / Number of outstanding shares (average of four quarters)
Free cash flow per share	Free cash flow / Number of outstanding shares (average of four quarters)

The ratios are calculated and applied in accordance with “Recommendations & Financial Ratios 2015” issued by the Danish Society of Financial Analysts. Key ratios are shown on page 2.

Shareholder information

Announcements 2015/16

2015

10/2015 Announcement of full-year financial results 2014/15
11/2015 Annual report 2014/15
12/2015 Notice of Annual General Meeting
13/2015 Annual General Meeting of Coloplast A/S
14/2015 The Board of Directors of Coloplast A/S elected its own Chairman and Deputy Chairman

2016

1/2016 Coloplast reduces share capital
2/2016 Articles of Association of Coloplast A/S
3/2016 Interim financial report, Q1 2015/16
4/2016 Coloplast initiates DKK 1bn share buy-back
5/2016 Interim financial report, H1 2015/16
6/2016 Major shareholder announcement
7/2016 Capital Markets Day 2016 provides new long-term guidance
8/2016 Interim financial report, 9M 2015/16
9/2016 Financial calendar 2016/17

Financial calendar 2016/17

2016

7.10. Closing period until 2 November
21.10. Notice of submission of agenda points for the Annual General Meeting
2.11. Financial Statements for the full year 2015/16 Annual Report 2015/16
5.12. Annual General Meeting
8.12. Dividends for 2015/16 at the disposal of shareholders

2017

6.1. Closing period until 1 February
1.2. Interim Financial Statements for Q1 2016/17
7.4. Closing period until 3 May
3.5. Interim Financial Statements for H1 2016/17
7.7. Closing period until 16 August
16.8. Interim Financial Statements for 9M 2016/17
6.10. Closing period until 2 November
25.10. Notice of submission of agenda points for the Annual General Meeting
2.11. Financial Statements for the full year 2016/17 and Annual Report 2016/17
7.12. Annual General Meeting
12.12. Dividends for 2016/17 at the disposal of shareholders

Banks and stockbroking companies following Coloplast

ABG Sundal Collier
Alm. Brand Markets
AlphaValue
Berenberg
BoA Merrill Lynch
Carnegie Investment Bank
Commerzbank AG
Credit Suisse AG
Danske Bank Markets
Deutsche Bank
DnB Markets
Exane BNP Paribas
Goldman Sachs International
Handelsbanken Capital Markets
HSBC
J.P. Morgan
Jefferies International Ltd.
Jyske Bank Markets
Kepler Cheuvreux
Morgan Stanley
Morningstar Inc.
Nordea Markets
Redburn
SEB
Sydbank
S&P Capital IQ
UBS Investment Bank

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Coloplast A/S
Parent company
Financial statement
for 2015/16

Income statment

1 October - 30 September

Note		2015/16	2014/15
			DKK million
2	Revenue	10,828	10,098
3	Production costs	-5,381	-4,731
	Gross profit	**5,447**	**5,367**
3,5	Distribution costs	-1,602	-3,766
3,4	Administrative expenses	-303	-351
3	Research and development costs	-520	-468
	Other operating income	56	21
	Other operating expenses	-12	-8
	Operating profit (EBIT)	**3,066**	**795**
11	Profit after tax on investment in subsidiaries	696	480
11	Profit/loss after tax on investment in associates	-1	-1
6	Financial income	86	38
7	Financial expenses	-37	-276
	Profit before tax	**3,810**	**1,036**
8	Tax on profit/loss for the year	-694	-139
	Net profit for the year	**3,116**	**897**
	Profit distribution		
	Retained earnings	257	-1,747
	Dividend paid during the year	954	953
	Proposed dividend for the year	1,905	1,691
	Total	**3,116**	**897**

Balance sheet

At 30 September

DKK million

Note		2016	2015
	Assets		
9	Intangible assets	507	652
10	Property, plant and equipment	1,016	1,095
11	Financial assets	2,817	3,198
	Non-current assets	**4,340**	**4,945**
12	**Inventories**	**826**	**896**
	Trade receivables	464	429
	Receivables from Group enterprises	2,441	2,211
16	Deferred tax asset	57	543
	Other receivables	223	125
	Prepayments	47	43
13	Amounts held in escrow	457	72
	Receivables	**3,689**	**3,423**
	Marketable securities	**489**	**519**
	Cash and bank balances	**299**	**588**
	Current assets	**5,303**	**5,426**
	Assets	**9,643**	**10,371**
	Equity and liabilities		
	Share capital	216	220
	Reserve for currency hedging	41	-7
	Proposed dividend for the year	1,905	1,691
	Retained earnings	2,399	2,324
14	**Total equity**	**4,561**	**4,228**
15	Provisions for pensions and similar obligations	1	1
15	Other provisions	253	1,315
	Provisions	**254**	**1,316**
15	Other provisions	806	2,020
	Credit institutions	221	0
	Trade payables	263	276
	Payables to Group enterprises	926	1,747
	Income tax	39	0
	Other payables	2,573	784
	Current liabilities	**4,828**	**4,827**
	Liabilities other than provisions	**4,828**	**4,827**
	Equity and liabilities	**9,643**	**10,371**

17 Contingent items and other financial liabilities

Notes

Note

1. Accounting policies

Basis of preparation

The parent company financial statements 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 30.

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 28.

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 83m (2014/15: DKK 4m). Equity at 30 September 2016 and 30 September 2015 was not affected by the derogation.

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.

2. Revenue

DKK million	**2015/16**	2014/15
Business area		
Intimate healthcare	10,828	10,098
Total	**10,828**	**10,098**
Geographical markets		
Europe	7,761	7,325
The Americas	2,036	1,812
Rest of the world	1,031	961
Total	**10,828**	**10,098**

Notes

Note

3. Staff costs

DKK million	2015/16	2014/15
Salaries, wages and directors' remuneration	969	962
Pensions	78	77
Other social security costs	15	17
Total	**1,062**	**1,056**

Average number of employees, FTEs	1,538	1,563

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	2015/16	2014/15
Overall fees to PricewaterhouseCoopers	6	7
Of which:		
Statutory audit	4	3
Tax advice	1	0
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 mesh litigation.

DKK million	2015/16	2014/15
Costs related to pending litigation	750	3,000

6. Financial income

DKK million	2015/16	2014/15
Interest income, etc.	22	4
Interest income from Group enterprises	27	34
Fair value adjustments, forward contracts	37	0
Total	**86**	**38**

Notes

Note

7. Financial expenses

DKK million	2015/16	2014/15
Interest expense, etc.	10	6
Interest expense to Group enterprises	1	0
Net exchange adjustments	26	270
Total	**37**	**276**

8. Tax on profit for the year

DKK million	2015/16	2014/15
Current tax on profit for the year	172	713
Change in deferred tax on profit for the year	525	-583
Prior-year adjustments	-3	-3
Change due to change in tax rate	0	12
Total	**694**	**139**
Tax on equity entries (income)	**52**	**112**

9. Intangible assets

DKK million	Goodwill	Acquired patents and trademarks	Software	Prepayments and intangible assets in progress	2015/16 Total	2014/15 Total
Total cost at 1.10.	587	1,427	251	29	2,294	2,266
Reclassification	0	0	25	-25	0	0
Additions and improvements during the year	0	0	5	16	21	28
Total cost at 30.9.	**587**	**1,427**	**281**	**20**	**2,315**	**2,294**
Total amortisation at 1.10.	518	922	202	0	1,642	1,456
Amortisation for the year	41	103	22	0	166	186
Total amortisation at 30.9.	**559**	**1,025**	**224**	**0**	**1,808**	**1,642**
Carrying amount at 30.9.	**28**	**402**	**57**	**20**	**507**	**652**

Notes

Note

10. Property, plant and equipment

DKK million	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	2015/16 Total	2014/15 Total
Total cost at 1.10.	1,116	541	269	1,926	1,731
Reclassification	94	64	-158	0	0
Additions and improvements during the year	101	53	151	305	334
Disposals during the year	-375	-18	0	-393	-139
Total cost at 30.9.	**936**	**640**	**262**	**1,838**	**1,926**
Total depreciation at 1.10.	573	258	0	831	784
Depreciation for the year	77	83	0	160	141
Depreciation reversed on disposals during the year	-158	-11	0	-169	-94
Total depreciation at 30.9.	**492**	**330**	**0**	**822**	**831**
Carrying amount at 30.9.	**444**	**310**	**262**	**1,016**	**1,095**

11. Financial assets

DKK million	Investment in Group enterprises	Receivables from Group enterprises	Other securities and investments	2015/16 Total	2014/15 Total
Total cost at 1.10.	3,161	91	11	3,263	3,296
Capital investments during the year	1	123	0	124	26
Divestments during the year	0	-3	0	-3	-59
Total cost at 30.9.	**3,162**	**211**	**11**	**3,384**	**3,263**
Value adjustment at 1.10	-65	0	0	-65	-439
Profit/loss after tax	696	0	-1	695	479
Dividend received	-1,003	0	0	-1,003	-51
Exchange adjustments	-31	0	0	-31	93
Other adjustments	-163	0	0	-163	-147
Value adjustment at 30.9.	**-566**	**0**	**-1**	**-567**	**-65**
Carrying amount at 30.9.	**2,596**	**211**	**10**	**2,817**	**3,198**

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

Notes

Note

12. Inventories

DKK million	2015/16	2014/15
Raw materials and consumables	49	59
Work in progress	169	211
Manufactured goods	608	626
Inventories	**826**	**896**

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

13. Amounts held in escrow

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

DKK million	2015/16	2014/15
Amounts held in escrow	457	72

14. Statement of changes in equity

DKK million	Share capital A shares	Share capital B shares	Reserve for currency hedging	Proposed dividend	Retained earnings	2015/16 Total	2014/15 Total
Equity at 1.10.	18	202	-7	1,691	2,324	4,228	5,919
Transfers				5	-5	0	0
Value adjustment for the year			99			99	-156
Transferred to financial items			-37			-37	265
Tax effect of hedging			-14			-14	-27
Tax on equity entries					66	66	139
Dividend paid out in respect of 2014/15				-1,696		-1,696	-1,582
Dividend paid out in respect of 2015/16				-954		-954	-953
Currency adjustment of opening balances and other adjustments relating to subsidiaries					-194	-194	-93
Acquisition of treasury shares					-500	-500	-500
Sale of treasury shares					428	428	299
Share-based payment					19	19	20
Reduction of share capital		-4			4	0	0
Net profit for the year					3,116	3,116	897
Proposed dividends				2,859	-2,859	0	0
Equity at 30.9.	**18**	**198**	**41**	**1,905**	**2,399**	**4,561**	**4,228**

Notes

Note

15. Provisions

DKK million	Legal claims	Pension	2015/16 Total	2014/15 Total
Provisions at 1.10.	3,335	1	3,336	959
Provisions during the year	750	0	750	3,000
Charged to the income statement	750	0	750	3,000
Use of provisions during the year	-3,052	0	-3,052	-737
Exchange adjustments	26	0	26	114
Provisions at 30.9.	**1,059**	**1**	**1,060**	**3,336**
Expected maturities:				
Current liabilities	806	0	806	2,020
Non-current liabilities	253	1	254	1,316
Provisions at 30.9.	**1,059**	**1**	**1,060**	**3,336**

See note 18 to the consolidated financial statements.

16. Deferred tax

DKK million	2015/16	2014/15
Calculation of deferred tax is based on the following items:		
Intangible assets	91	118
Property, plant and equipment	64	53
Production overheads	15	26
Provisions	-235	-734
Jointly taxed companies (recaptured balances)	9	10
Other	-1	-16
Total	**-57**	**-543**

Notes

Note

17. Contingent items and other financial liabilities

DKK million	2015/16			2014/15		
Falling due in:	Other operating leases	Rent	Total	Other operating leases	Rent	Total
Less than one year	16	2	18	11	1	12
Within 1 to 5 years	33	5	38	26	1	27
After more than 5 years	0	0	0	0	0	0
Total	**49**	**7**	**56**	**37**	**2**	**39**

At 30 September 2016, the parent company had provided guarantees for loans raised by Group enterprises amounting to DKK 515m (2014/15: DKK 390m).
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.
Bonds in repo transactions have been provided as collateral for repo debt. Bonds provided as collateral were valued at DKK 219m at 30 September 2016 (30 September 2015: DKK 0m).

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, a civil engineer and plastics manufacturer, and his wife Johanne Louis-Hansen, a trained nurse, created the ostomy bag. A bag that does not leak, giving Thora – and thousands of people like her – the chance to live the life they want.

A simple solution that makes a difference.

Today, our business includes Ostomy Care, Continence Care, Wound & Skin Care and Urology Care. We operate globally and employ more than 10,000 employees.

Ostomy Care / Continence Care / Wound & Skin Care / Urology Care

Coloplast

Coloplast develops products and services that make life easier for people with very personal and private medical conditions. Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate healthcare. Our business includes ostomy care, continence care, wound and skin care and urology care. We operate globally and employ more than 10,000 employees.

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