Coloplast

Annual report 2009/10

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

DKK million	**2009/10**	2008/09	2007/08	2006/07	2005/06
Income statement					
Revenue	9,537	8,820	8,463	8,042	6,709
Research and development costs	-409	-389	-415	-319	-244
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	2,584	1,944	1,531	1,590	1,304
Operating profit before special items	2,078	1,475	1,154	1,061	939
Operating profit (EBIT)	1,995	1,395	994	749	879
Net financial income and expenses	-321	-184	-2	-154	-222
Profit before tax	1,674	1,211	992	595	657
Coloplast's share of profit for the year	1,243	883	715	837	614
Revenue growth					
Annual growth in revenue, %	8	4	5	20	8
Growth break down:					
Organic growth, %	7	6	7	10	8
Currency effect, %	1	-2	-4	-2	1
Acquired business, %	0	0	0	12	7
Contract manufacturing, %	0	0	2	0	0
Divested business, %	0	0	0	0	-8
Balance sheet					
Total assets	7,771	7,963	7,981	7,750	7,982
Invested capital	6,340	6,442	7,014	6,874	7,996
Net interest-bearing debt	1,593	2,297	3,428	3,181	3,069
Equity at year-end, Coloplast's share	3,452	2,850	2,290	2,398	2,804
Cash flow and investments					
Cash flow from operating activities	1,769	1,830	1,324	1,064	991
Cash flow from investing activities	-293	-402	-671	35	-3,018
Investment in property, plant and equipment, gross	-260	-487	-718	-745	-415
Free cash flow	1,476	1,428	653	1,099	-2,027
Cash flow from financing activities	-1,559	-723	-469	-1,423	782
Key figures					
Average number of employees, FTEs	7,207	7,349	7,420	7,063	5,437
Operating margin, EBIT, %	21	16	12	9	13
Operating margin, EBITDA, %	27	22	18	20	19
[1] Return on average invested capital before tax (ROIC), %	31	21	14	10	15
[1] Return on average invested capital after tax (ROIC), %	23	15	10	6	10
Return on equity, %	39	34	31	30	23
Ratio of net debt to EBITDA	0.6	1.2	2.2	2.0	2.2
Interest cover	23	14	10	10	10
Equity ratio, %	44	36	29	31	35
Rate of debt to enterprise value, %	5	11	16	12	12
Net asset value per share, DKK	77	63	50	50	58
Per share data					
Share price	654	426	388	497	473
Share price/net asset value per share	9	7	8	10	8
Average number of outstanding shares, millions	43	43	44	46	46
PE, price/earnings ratio	22	21	25	27	36
PE, price/earnings ratio, excl. discontinued operations	22	21	25	61	43
[2] Dividend per share, DKK	10.00	7.00	6.00	9.00	4.00
Pay-out ratio, %	34	34	36	47	31
Earnings per share (EPS)	29	21	16	8	11
Free cash flow per share	35	33	15	24	-42

1) The average invested capital for 2006/07 has been restated to reflect the divestment of Breast Care and Brachytherapy.
2) For 2009/10 the figure is the proposed dividend.
The key figures have been calculated and applied in accordance with "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

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Management's report

Core business activity

Coloplast develops and markets products and services that make life easier for people with diseases of a deeply private and personal nature. Coloplast works closely with users to develop solutions that consider their special needs. Our products and services belong in the intimate healthcare category.

Coloplast operates in these business areas:

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

We market and sell our products and services globally, and in most markets local healthcare authorities provide reimbursement for our products. We supply the products to hospitals, institutions as well as wholesalers and retailers. In selected markets, Coloplast is a direct supplier to consumers (homecare). We have our own sales subsidiaries in our principal markets and employ more than 7,000 people.

Since 2009, Coloplast has pursued the strategic theme of profitable growth. In other words, all business areas and geographical regions are required to contribute to growth as well as a financial profit.

Coloplast is focused on:

Ostomy & Continence Care

- Growth and earnings in our core European markets have improved
- Selective investments are being made in countries outside of Europe

Urology, Wound & Skin Care

- Earnings have been improved substantially through efficiency improvements and cost savings, and the current investment focus is on accelerating growth

Costs

- Efficiency has been improved, among other things, by continuing to relocate activities to Hungary and China and through a strong focus on maintaining a cost-conscious behaviour.

Highlights

- Organic revenue growth was 7%. Revenue measured in DKK was up by 8% to DKK 9,537m.
- Organic growth rates by business area: Ostomy Care 7%, Urology & Continence Care 9%. Sales in Wound & Skin Care were unchanged from last year.
- Gross profit was up by 15% to DKK 5,844m. Gross margin of 61%, up from 58% last year. Changes in exchange rates lifted the gross margin by half a percentage point.
- EBIT was up by 43% to DKK 1,995m. The EBIT margin was 21% against 16% last year. At constant exchange rates, the EBIT margin was 20%, meaning that the current long-term financial targets were met.
- The free cash flow improved by DKK 48m relative to last year to DKK 1,476m.
- ROIC after tax was 23%, compared with 15% last year.
- The Board of Directors recommends that the annual General Meeting on 1 December 2010 approve a dividend of DKK 10.00 per share compared to DKK 7.00 last year, equal to a pay-out ratio of 34%, which is unchanged from last year.

- Coloplast's new long-term financial ambition is to continue to outgrow the market and achieve EBIT margins that are in line with the best performing med-tech companies.

Financial guidance for 2010/11

- We expect organic revenue growth of 6-8% both at constant exchange rates and in DKK[1].
- We expect an EBIT margin of 23-25%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be DKK 300–400m.
- The effective tax rate is forecast to be approx. 26%.

Sales performance

Measured in DKK, revenue was up by 8% to DKK 9,537m. The organic growth rate was 7%.

Sales performance by business area

	DKK million		*Growth composition*		
	2009/10 12 mth	*2008/09 12 mth*	*Organic growth*	*Exchange rates*	*Reported growth*
Ostomy	3,949	3,621	7%	2%	9%
Urology and Continence	4,059	3,699	9%	1%	10%
Wound & Skin Care	1,529	1,500	0%	2%	2%
Net revenue	**9,537**	**8,820**	**7%**	**1%**	**8%**

Ostomy Care

Sales of ostomy care products amounted to DKK 3,949m, an increase of 9%. Organic growth was 7%. The SenSura® product portfolio continues to drive growth.

In the third quarter of the financial year, Coloplast launched a new user support programme in the USA. Covering both ostomy and continence care, the programme has been developed in collaboration with stoma care nurses and is designed to offer optimal support on both product-related and lifestyle issues which end-users may face following discharge from hospital or rehabilitation centre.

Holding 35–40% of the market, Coloplast retains its market-leader position in the global market for ostomy care products. The global ostomy care market size is around DKK 10–11bn and annual market growth is estimated at 4–5%.

Urology & Continence Care

Our Urology & Continence Care revenue improved by 10% to DKK 4,059m and 9% organic growth. Growth remains driven by sales of SpeediCath® in the European markets and by sales of SelfCath® catheters in the USA, although sales growth in this market weakened in the second half of the year. Sales of the Peristeen® anal irrigation system, which have grown by 50% per year since 2005, continued to contribute to organic growth in the continence care business in 2009/10. In the fourth quarter of the financial year, we launched Conveen® Active, a new product directed at men with slight incontinence, offering a discreet alternative to adult diapers and urine bags. Also during the 2009/10 financial year, we launched the SpeediCath® Compact Plus, an extra-length version of the existing SpeediCath® Compact catheter for women.

In the urology business, sales continue to be driven by penile implants, especially the Titan® product portfolio. We experienced negative growth in the sales of Aris® slings for women, as surgeons have increasingly begun to use mini-sling technologies. Coloplast's own mini-sling, Altis®, was previously approved and has now been launched in the Canadian market. Work is ongoing for launch in the US market.

[1] See page 9 "Exchange rate exposure".

The continence care market size is about DKK 10–11bn and market growth is estimated at 4–6%. Coloplast remains the global market leader, with a market share of 30–35%.
The part of the urology market in which Coloplast operates size is about DKK 8bn and growth is estimated at 8-10% per year. Coloplast holds about a 10% share of the combined global urology product market.

Wound & Skin Care
Sales of wound and skin care products amounted to DKK 1,529m, an increase of 2%. In local currencies, sales were unchanged from last year. Growth in the wound care business was adversely affected by the initiatives launched to accelerate growth in this business area for the long term. Initiatives taken in 2009/10 included building a sales force focusing on the community segment of the main wound care markets. In addition, the Biatain® Silicone product was launched on the German, French and UK markets during the financial year. Market conditions in Europe remained challenging and highly competitive.

Growth in the global wound care market in which we operate is estimated to 5–7%, and the market size is about DKK 12–13bn. Coloplast retains a market share of 5–10%.

Sales performance by region

	DKK million		*Growth composition*		
	2009/10 12 mth	*2008/09 12 mth*	*Organic growth*	*Exchange rates*	*Reported growth*
Europe	7,108	6,746	5%	0%	5%
Americas	1,587	1,380	12%	3%	15%
Rest of the world	842	694	12%	9%	21%
Net revenue	**9,537**	**8,820**	**7%**	**1%**	**8%**

Europe
Revenue amounted to DKK 7,108m, which translated into a reported growth of 5%. The organic growth rate was also 5%. The Ostomy Care business area in particular generated satisfactory growth, whereas the wound care business and the development in the German market continued to have a negative impact on overall European revenue growth.

The Americas
Revenue in the Americas increased by 15% to 1,587m. Appreciation of Canadian Dollar and Brasilian Real against Danish kroner improved growth by 3 percentage points. The 12% organic growth was supported by strong sales in Argentina and Brazil. Sales in the USA accounted for more than 75% of the revenue in this region, and growth was satisfactory in all business areas during the financial year.

Rest of the World
In the Rest of the World, revenue increased by 21% to DKK 842m on 12% organic growth. In particular, the appreciation of Australian Dollar relative to Danish Kroner helped to improve the reported growth. Organic growth for the year was mainly driven by the growing sales in China.

Gross profit
Gross profit increased by 15% to DKK 5,844m from DKK 5,103m in 2008/09.

The gross margin was 61%, against 58% last year. The improvement was due in particular to enhanced production efficiency and lower costs of salary resulting from the relocation of production to Hungary and China. The relocation of production of Sensura® and Biatain® is almost complete and the improved production economy is the main reason for the higher gross margin. The gross margin for the year was adversely affected by the DKK 60m impact from the impairment of property, plant and equipment and the termination of leases related to the closure of the factory at Vadnais Heights, Minnesota, USA resulting from the decision to relocate catheter production from the USA to China.

Capacity costs
Distribution costs amounted to DKK 2,817m, equal to 30% of revenue, which was in line with last year.

Administrative expenses amounted to DKK 557m, which equals 6% of revenue compared with 7% in FY 2008/09. The improvements were mainly driven by cost savings and efficiency-improving measures. R&D costs were DKK 409m and accounted for 4% of revenue, which was in line with last year.

Other operating income was DKK 43m lower than last year. The decline was due to a DKK 47m gain recognised from the sale of a property in Kokkedal, Denmark in 2008/09.

Operating profit (EBIT)
EBIT was up by 43% to DKK 1,995m against DKK 1,395m last year. EBIT before special items increased by 41% to DKK 2,078m. EBIT for 2009/10 was highly satisfactory, as the EBIT margin improved by 5 percentage points relative to last year while also making substantial investments in production, administration and sales efficiency. The EBIT margin was 21% against 16% in 2008/09, while at constant exchange rates the EBIT margin was 20%.

Special items amounted to DKK 83m and were attributable to severance payments to employees terminated in Denmark and the USA in connection with the relocation of production to Hungary and China.

Financial items and tax
Financial items amounted to a net expense of DKK 321m, an increase of DKK 137m relative to last year. The increase in financial expenses was a result of adjustments of cash-based option programmes for a total of DKK 74m triggered by the appreciation of the shares. Cash-based option programmes expire during the period until 2013. Financial items for the year also include a DKK 94m net loss on forward currency contracts, compared with an income last year of DKK 40m, which was partly offset by a DKK 56m expense for hedging balance sheet items denominated in foreign currency. Net interest expenses fell by DKK 34m relative to last year due to the reduced net debt.

The effective tax rate was 26%, against 27% last year, on a tax expense of DKK 431m, as compared with DKK 328m last year. The main reason for the lower tax rate was the increased earnings generating proportionately larger share of earnings for taxation in Denmark. The corporate tax rate in Denmark is lower than the average tax rate of the countries the Coloplast Group operates in.

Net profit for the period
The net profit for the financial year was up by 41% to DKK 1,243m. Earnings per share (EPS) were DKK 29, against DKK 21 for the same period of last year.

Cash flows and investments
Cash flow from operating activities
The cash flow from operating activities was DKK 1,769m against DKK 1,830m last year. The improved earnings were offset by more cash tied up in working capital as well as by net losses on realised forward currency contracts transactions and share options exercised. Inventories fell sharply in the fourth quarter of 2008/09, as cost price improvements had a positive effect on the working capital.

Investments (CAPEX)
Coloplast invested a gross amount of DKK 309m in fixed assets during 2009/10, compared with DKK 571m in 2008/09, when the US head office was still under construction. Investments accounted for 3% of revenue against 6% last year. Gross investments in property, plant and equipment amounted to DKK 260m.

Free cash flow
The free cash flow was DKK 1,476m, against DKK 1,428m in 2008/09.

Capital reserves
Coloplast has confirmed long-term credit facilities of approximately DKK 5bn, of which DKK 3bn is unutilised.

Statement of financial position and equity

Balance sheet

Total assets of DKK 7,771m were DKK 192m lower than at beginning of the year. Property, plant and equipment amounted to DKK 2,448m, which was DKK 187m less than at beginning of the year. The reduction was mainly due to investments in property, plant and equipment being lower than the depreciation charge, while particularly the appreciation of the US Dollar increased the Danish Kroner-value of the assets for the year.

Current assets were DKK 16m lower at DKK 3,353m.

Trade receivables increased by DKK 166m, or 11%, relative to 30 September 2009, partly due to USD and GBP appreciating against DKK, and partly due to revenue growth. Trade payables amounted to DKK 455m, against DKK 428m at 30 September 2009, whereas inventories fell by DKK 27m. Working capital made up 23% of revenue, which was 1 percentage point lower than the beginning of the year.

Equity

Equity increased by DKK 602m to DKK 3,452m. The profit for the year of DKK 1,243m was partly offset by dividend payments of DKK 300m and by share buy-backs of DKK 500m. Other comprehensive income of DKK 93m and share-based remuneration and employees' exercise of share options for a total of DKK 63m increased equity. The equity ratio increased to 44% from 36% at the beginning of the year.

Net interest-bearing debt

Net interest-bearing debt amounted to DKK 1,593m, which was DKK 704m less than at the beginning of the year. The ratio of net interest-bearing debt to EBITDA was 0.6. 85% of total debt carries a fixed interest rate, and no significant loans are due for refinancing until 2013.

Coloplast generally prefers to return excess cash to the shareholders. Excess cash is cash in excess of what is required for the Group to achieve profitable growth, including potential acquisitions.

Coloplast is currently reducing debt financing and thus strengthening capital resources. In the event of a possible acquisition, Coloplast will be prepared to accept a substantially higher gearing.

Share buy-backs and dividends

The Board of Directors recommends that the shareholders at the general meeting on 1 December 2010 approve a dividend of DKK 10.00 per share, equal to a dividend increase of 43%. This equals a pay-out ratio of 34%, on total dividend payments of DKK 422m.

In December 2009, the shareholders in general meeting authorised Coloplast to establish a share buy-back programme totalling up to DKK 1bn until the end of the 2010/11 financial year. The share buy-back programme was launched in February 2010 (see Announcement No. 2/2010), and the DKK 500m of buy-backs under the first half of the programme were completed in June 2010. The remaining DKK 500m under the buy-back programme is expected to commence in early 2011.

Treasury shares

At 30 September 2010, Coloplast's holding of treasury shares consisted of 2,831,071 B shares, which was an increase of 716,268 shares relative to 30 September 2009.

Financial guidance

Financial guidance for the 2010/11 financial year:

- We expect organic revenue growth of 6-8% both at constant exchange rates and in DKK.
- We expect an EBIT margin of 23-25%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be DKK 300–400m.
- The effective tax rate is forecast to be approx. 26%.

In the fiscal year 2009/10 Coloplast met the long-term targets of outgrowing the market and of achieving an EBIT margin of more than 20%.

Over the last couple of years, we have enhanced our earnings, while outgrowing the market in terms of revenue. In the past financial year, our EBIT margin improved by 5 percentage points to 21% and we expect to lift it further to 23-25% in 2010/11. When we finish the planned relocation of production away from Denmark early in the 2010/11 financial year, about 85% of our production will be based in Hungary and China. We have simplified the organisational structure of our sales units, bringing customers and sales more into focus. Administrative functions have become more efficient and the related costs now make up about 6% of revenue. At the same time, we have launched a number of initiatives to lift average sales per salesperson.

As a result, we have successfully laid a solid foundation for future improvements. Against this background, Coloplast's new long-term ambition is to continue to outgrow the market and generate earnings margins that are in line with the best performing med-tech companies.[2]

The overall weighted market growth in Coloplast's current markets is expected to be about 5% in the 2010/11 financial year.

Our financial guidance is inherently subject to some degree of uncertainty. Significant changes in currency, business or macroeconomic conditions, including changes within healthcare, may impact the company's financial conditions.

Other information

Exchange rate exposure

Our financial guidance for the 2010/11 financial year has been prepared on the basis of the following assumptions for the Group's main currencies:

DKK	GBP	USD	HUF	EUR
Average exchange rate 2009/10*	857	551	2.72	744
Spot rate, 25 October 2010	836	532	2.73	746
Change in estimated average exchange rate compared with last year	-3%	-4%	0%	0%

*) Average exchange rates 2009/10 used to calculate organic revenue growth rate and EBIT margin at constant exchange rates.

Revenue is particularly exposed to developments in USD and GBP relative to DKK. As we have production and sales activities in the USA and make procurement in USD, fluctuations in the USD/DKK exchange rate only have a slight effect on our operating profit. On the other hand, fluctuations in HUF against DKK affect the operating profit, because a substantial part of our production, and thus of our costs, are in Hungary, whereas our sales in Hungary are moderate.

In DKK millions over 12 months on a 10% initial drop in DKK exchange rates (Exchange rate at 30 September 2009)	**Revenue**	**EBIT**
USD	-120	0
GBP	-140	-80
HUF	0	40

Acquisition of Mpathy Medical Devices

After the end of the financial year, Coloplast signed an agreement to acquire Mpathy Medical Devices (see Announcement No. 11/2010) at a price of USD 30m in cash (approximately DKK 162m) with an earn-out option to increase the price to USD 35m (approximately DKK 189m). The company operates on the US market and generated sales of about DKK 14m in 2009. Backed by a strong product portfolio in

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

urogynaecology, a strong brand name portfolio and a specialist sales force in urogynaecology with broad geographical coverage of the US market, Mpathy Medical Devices will strengthen Coloplast's market position in clinical urology and urogynaecology.

Wound & Skin Care
The restructuring of the wound and skin care business has now been almost completed. Substantial amounts were invested during the financial year to increase the sales pressure in the community segment of Coloplast's largest markets, the UK, Germany and France. Sales in this business area are expected to start growing gradually in 2010/11.

Global Operations
The relocation of production from Denmark to Hungary and China is almost complete, and we reduced the number of job positions at the Danish factories was reduced by 320 during the financial year. The relocation process is expected to be completed by the end of March 2011. The closure of the factory at Vadnais Heights, Minnesota, USA has been completed and 120 positions have been discontinued in the USA.

Proposal for changes to the number of members and the composition of the Board of Directors
In connection with the upcoming annual general meeting, Torsten Erik Rasmussen, who has served on the Board since 1992, and Ingrid Wiik, who has served since 2003, will both resign from the Board of Directors. The Board of Directors intends to recommend to the shareholders in general meeting on 1 December 2010 that Brian Petersen be elected as a new member of the Board of Directors. (For more information, see Announcement No. 7/2010).

Intellectual capital
At Coloplast, we develop our products and services in close interaction between our employees, users and healthcare professionals. The only way we can safeguard our position as a market leader is by retaining our employees and developing their skills and enabling them to engage in this interaction.

Research and development
In the 2009/10 financial year, Coloplast launched a number of new, improved products that were developed and marketed in accordance with the time schedule. Through these new launches, Coloplast has retained its position as a leading innovator.
Even with the already high innovative focus, Coloplast further accelerated its ambitions during the financial year. Gaining inspiration from leading multinational brands with particular innovative stength, we have implemented a new way of driving innovation. We have reallocated resources to strengthen the early stages of new product development, and innovation has become an integral part of the overall organisation. We have also increased the interaction with users and healthcare professionals, making use of the internet, for example, in the development of new products. Openness increases the transparency for the competition, but the application of Lean principles has enabled us to reduce the time to market for new products by a substantial margin in recent years. Being able to develop new products faster than the competition translates into many benefits for Coloplast. For example, we do not give the competition sufficient time to capitalise on the open innovation process before we bring a product to market.

Human resources
At 30 September 2010, Coloplast had 7,284 employees, of which 5,732 worked outside Denmark. During the financial year, the number of employees increased by 2%.

Corporate Social Responsibility
At Coloplast, we believe that responsibility and financial performance go hand in hand. We must cater to our customers' needs in a way that also considers the environment and ensures responsible production. We assume a degree of responsibility that goes substantially beyond regulatory requirements, for example through our membership of the UN Global Compact. This year, we are issuing our progress report on corporate responsibility concurrently with the annual report, because we have experienced growing interest for our CR report from our investors, customers, employees and users. The report has been prepared in compliance with Global Reporting Initiative (GNI) and the UN Global Compact.

Corporate responsibility at Coloplast covers six topics: quality and safety for users, the environment, business ethics, working environment and diversity, responsible supply chain management and social responsibility.

In the 2009/10 financial year, we launched a number of new initiatives, particularly making progress in these areas:

New PVC policy
Phthalates are plastic softeners used, among other things, in the production of catheters made from PVC. Our new products do not contain phthalates and we are in the process of developing phthalate-free alternatives to all existing products containing classified phthalates. At the present time, we only need to develop alternatives to five more products. We have also introduced a new PVC policy under which we commit to doing our best not to use PVC in new products. We will endeavour to eliminate PVC when developing new versions of our our existing products. Finally, we will keep a close eye on the use of bisphenol and parabenes in our products. Coloplast is an active supporter of the EU's efforts to minimise the use of hormone-disrupting substances, including in particular phthalates and we would welcome an actual ban on using classified phthalates in medical equipment.

Fewer injuries
The number of work-related accidents at Coloplast has reduced by more than 50% during the last four years. The positive development is due to a careful effort at our factories in which we have mapped out the risk of accidents and provided safety training for the employees. In addition, we apply a principle of rotation for our work assignments and make sure that our factories are designed ergonomically correct in order to reduce the level of uniform repetitive work. Ten of our fourteen factories and distribution centres have now been certified to OHSAS 18001, the international standard for occupational health and safety management.

New whistleblower hotline
Coloplast subscribes to the Code of Conduct of Eucomed, the European industry association, which guides the company's business ethics and our interaction with healthcare professionals. This year, we introduced a whistleblower hotline that our employees and business partners can use to report matters involving financial crime or other wrongdoings. Also, a large part of the relevant employees have taken a code of conduct course online.

New strategic partnerships
Eight projects have now been launched under our Access to Healthcare strategic partnership programme. Combined, the projects represent a value of about DKK 7m out of an overall framework of DKK 50m. Each programme can provide support to projects within Coloplast's business areas in developing countries. For example, Coloplast supports a training programme for 4,500 stoma care nurses in India and the development of national guidelines in China for the treatment of people who have had an ostomy operation.

Less waste per unit produced
We continue the work to reduce our greenhouse gas emissions and our energy consumption. So far, we have reduced our greenhouse gas emissions by about 3% per unit produced. In addition, we work systematically to recycle and recover waste. This year, we reduced overall waste volumes by about 6% per unit produced. Also, the amount of waste being reused is steadily increasing. In 2009/10, the factory in Minneapolis, Minnesota, USA was certified to ISO 14001, the international environmental management standard, and 10 of our 11 factories have now been certified.

Better standards at suppliers
Suppliers of raw materials are reviewed on a regular basis to ensure compliance with our standards for business ethics, environmental issues and safety at work. We make site visits to suppliers in high-risk countries or industries and work with the local managements to draw up action plans for implementing improvements. So far, we have reclassified a total of 19 suppliers to a lower risk category after they made extensive improvements to their social, environmental and business ethical standards.

Read more about this in our Corporate Responsibility report, which is published together with the annual report. It is available from our website,
(http://www.coloplast.com/about/responsibility/pages/responsibility.aspx).

Risk management and in-house control

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

Following the annual general meeting held in December 2009, the Board of Directors established an audit committee chaired by the chairman of the board and with the deputy chairman and an ordinary board member as its other members. The composition of the audit committee is consistent with the legal requirements.

The duties of the audit committee are as follows:

1. to monitor the financial reporting process;
2. to monitor the effectiveness of the company's internal control system and risk management systems;
3. to monitor the statutory audit of the annual report; and
4. to monitor and verify the independence of the auditors, including in particular the provision of additional services to the group.

In 2009/10 the committee held 4 meetings.

Executive Management is responsible for Coloplast's overall risk profile and for aligning it with the overall strategies and policies. Executive Management is also responsible for launching and validating projects and activities to mitigate the most significant risks. The Board of Directors considers and approves, on a quarterly basis, the conclusions and recommendation submitted by Executive Management.

Additional information about risk management and major risk factors at Coloplast is available from our website
http://www.coloplast.com/about/investorrelations/annualreports/pages/internalcontrolandrisksystems.aspx
Coloplast discloses the statutory information on corporate governance required under section 107b of the Danish Financial Statements Act on the Coloplast website
http://www.coloplast.com/about/investorrelations/corporategovernance/pages/corporategovernance.aspx.

Share classes and authorisations

Coloplast has two share classes: A and B. Both share classes have a denomination of DKK 5 per share. There are 3.6 million class A shares (aggregate nominal value of DKK 18m), each of which entitles the holder to ten votes, and 41.4 million class B shares (aggregate nominal value of DKK 207m), each of which entitles the holder to one vote. The A shares are non-negotiable instruments. Coloplast's B shares are negotiable instruments and have been listed on the Copenhagen Stock Exchange since 1983. Any change of ownership or pledging of class A shares requires the consent of the Board of Directors, whereas class B shares are freely negotiable. The Board of Directors may increase the company's share capital by a nominal value of up to DKK 15m in one or more issues of class B shares. Moreover, the Board of Directors have been authorised to acquire treasury shares for up to 10% of the company's share capital. The highest and lowest amounts to be paid for the shares by the company is the price applicable at the time of purchase +/- 10%. These authorisations are valid until the annual general meeting to be held in 2010.

At general meetings, matters are decided by a simple majority of votes. Resolutions to amend the company's articles of association require that not less than half of the share capital is represented and that the resolution is adopted by not less than two-thirds of the votes cast as well as of the voting share capital represented at the general meeting. The resolution lapses if the above-mentioned share capital is not represented, or if a resolution is not adopted by two-thirds of the votes cast. If a resolution is adopted by two-thirds of the votes cast, the Board of Directors must convene a new extraordinary general meeting within two weeks. If at this meeting the resolution is adopted by not less than two-thirds of the votes cast and of the voting share capital represented, it will be passed without consideration to the size of the share capital represented at the meeting.
In the event of a change of control in the company resulting from a change of ownership, share options may be exercised at once. No other important agreements are in place that would be affected in the event of a change of control of the company resulting from a takeover, and no special agreements have been

made between the company, its management or employees if their positions are discontinued for the same reason. There are no special provisions governing the election of members to Coloplast's Board of Directors.

Ownership and shareholdings at 30 September 2010

The company had 22,169 shareholders, which was 3,064 less than last year. Institutional investors based outside Denmark held 20.2% of Coloplast's shares, compared with 12.3% a year earlier. Registered shareholders represented 93.7% of the entire share capital. Pursuant to the company's articles of association, shares must be registered in the name of the holder in order to carry voting rights. Three shareholders have reported to the company, pursuant to section 28 (a) and (b) of the Danish Companies Act, that they hold 5% or more of the share capital or voting rights.

Shareholders with ownership of more than 5%

Name	Residence	Ownership %	Voting rights %
Niels Peter Louis-Hansen*)	Vedbæk	18.5	39.3
Aage og Johanne Louis-Hansens Fond	Nivå	10.8	14.7
Coloplast A/S	Humlebæk	6.3	

*) In addition to this Niels Peter Louis-Hansen's wholly owned company N.P. Louis-Hansen ApS, has an additional 1.8% ownership representing 1.0% of the votes.

Coloplast A/S held 2,831,071 treasury shares, equivalent to 6.3% of the share capital.

Coloplast's ownership

30 September 2010	A shares 1,000 units	B shares 1,000 units	Ownership %	Voting rights %
Holders of A shares and their families	3,600	16,304	44.2	67.6
Danish institutionals		6,482	14.4	8.4
Foreign institutionals		9,076	20.2	11.7
Coloplast A/S*		2,831	6.3	
Other shareholders		4,660	10.4	6.0
Non-registered shareholders*		2,047	4.5	
Total	**3,600**	**41,400**	**100.0**	**93.7**

* No voting rights

Shareholdings

30 September 2010	A shares 1,000 units	B shares 1,000 units	Number of insiders
Board of Directors	2,457	6,700	10
- of which independent Board members		9	5
Direktion		6	2
Total	2,457	6,706	12

Corporate governance at Coloplast

At least once a year, Coloplast's Board of Directors and Executive Management review the principles of corporate governance originating from legislation, custom and recommendations.
The Board of Directors and the Executive Management assess the company's business processes, the definition and implementation of the mission, the organisation, stakeholder relations, strategy, risks, business objectives and controls. The Board of Directors determines the Group's objectives, strategies and overall action plans. On behalf of the shareholders, the Board of Directors supervises the company's performance as well as its organisation and day-to-day management. The Board of Directors also sets

guidelines for the Executive Management's execution of the day-to-day management of the company and for assigning tasks among the individual executives. No one person is a member of both the Coloplast Board of Directors and Executive Management, and no Board member is a former member of the Coloplast Executive Management.

Recommendations for corporate governance in Denmark

In October 2005, NASDAQ OMX Copenhagen (the stock exchange) published a decision to include 'Corporate governance recommendations' in the duty-to-disclose list of issues to be accounted for by listed companies. Coloplast's Board of Directors and Executive Management share these views and began applying this practice in reporting on corporate governance at Coloplast as early as in the Annual Report 2004/05, which was prepared in accordance with the recommendation to divide reporting into main sections and subsections. The Committee on Corporate Governance revised its recommendations in April 2010 and NASDAQ OMX Copenhagen A/S adopted the recommendations to take effect for financial years beginning on or after 1 January 2010. The Board of Directors will discuss the revised rules during 2010/11 financial year.

Objective of the reporting

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

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

The following sections are extracts from the document 'Corporate governance at Coloplast' which is available in its full length from our corporate website.
http://www.coloplast.com/about/investorrelations/corporategovernance/pages/corporategovernance.aspx.
Additional information about risk management and major risk factors related to the financial reporting process at Coloplast is available from our website
http://www.coloplast.com/about/investorrelations/annualreports/pages/internalcontrolandrisksystems.asp.

Openness and transparency

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

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

The tasks and responsibilities of the Board of Directors

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

Composition of the Board of Directors

Board committees
In the 2009/10 financial year, the Board of Directors 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 effectiveness of the work of Board of Directors' is discussed at a Board meeting, at which any proposals for improvements are approved.

Remuneration of the Board of Directors and the Executive Management

Section 139 of the Danish Companies Act provides that shareholders adopt, at the general meeting, general guidelines for incentive pay to members of a company's board of directors and its executive management before a specific agreement can be made. Coloplast adopted such guidelines at the annual general meeting held on 1 December 2009.

General guidelines for the company's remuneration of members of the Board of Directors and the Executive Management
Board of Directors
Members of the Board of Directors receive a fixed annual fee. The chairman and deputy chairman of the Board of Directors receive a supplement to this fee. The amounts of fees and supplements are approved by the shareholders and disclosed in the annual report. Fees are fixed and comparable with fees paid by similar companies. Members of the Board of Directors receive no incentive pay.

Executive Management
The chairman and deputy chairman of the Board perform an annual review of the remuneration paid to members of Executive Management. The remuneration paid to members of Executive Management consists of a fixed and a variable part. The fixed pay consists of net salary, pension contribution and other benefits. The value of each of those components is disclosed in the annual report for each member of Executive Management. As an element of the variable pay, members of the Executive Management may receive an annual bonus, subject to achievement of certain targets. The bonus proportion may vary among the members of Executive Management, but is subject to a maximum of around 40% of the annual net salary. Executive Management is entitled to exchange bonus corresponding to one month's net pay for a corresponding number of options on terms corresponding to those of the other options, see below. The actual bonus paid to each member of Executive Management is disclosed in the Annual Report. At the date of adoption of these guidelines, the bonus targets were based on value creation and profitability, but they may be changed by the Board of Directors. Any such change will be communicated in a stock exchange announcement.

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

Members of Executive Management are awarded a number of options each year with a value equal to three months' net pay. The option value is calculated using the Black-Scholes formula as the average price of all trades on the last trading day of the year. Options are awarded with a strike price which is 15% higher than the market price at the award date, and members of Executive Management pay 5% of the Black-Scholes value to the company as consideration for the options. The options have a term of five years and are exercisable after three years. The number of options granted to each member of the Executive Management and their value is disclosed in the Annual Report. Options in the Executive Management share option plan are covered by the company's holding of treasury shares.

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 2010, a provision of DKK 3m was made for a now discontinued post-service remuneration scheme for retired Board members. The scheme comprises 2 persons. When current executives leave the company, there will be no obligations apart from two years' pay.

Other board memberships

Board of Directors

Chairman
Michael Pram Rasmussen (55)
5 years on the Board

A.P. Møller - Mærsk A/S (C)
Semler Holding (C)
Topdanmark A/S (C)
Topdanmark Forsikring A/S (BM)
Mærsk Olie & Gas (DC)
Danske Bank A/S (CM)

Deputy Chairman
Niels Peter Louis-Hansen (63)
42 years on the Board

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

Thomas Barfod (40)
4 years on the Board

Elected by the employees

Sven Håkan Björklund (54)
4 years on the Board

Nycomed Luxco SA., CEO
and (BM) of 5 of its 100% owned subsidiaries
Danisco A/S (DC)
Atos AB (BM)

Mads Boritz Grøn (43)
4 years on the Board

Elected by the employees

Per Magid (67)
25 years on the Board

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

Torsten E. Rasmussen (66)
18 years on the Board

Morgan Management ApS, CEO
Ball ApS (C)
CPD Invest ApS (C)
Outdoor Holding A/S (C)
and (C) of 1 of its 100% subsidiaries
TK Development A/S (DC)
Vestas Wind Systems A/S (DC)
Acadia Pharmaceuticals A/S (BM)
Acadia Pharmaceuticals Inc. (BM)
ECCO Sko A/S (BM)
and (BM) of 4 of its 100% owned subsidiaries
Morgan Invest ApS (BM)
Schur International A/S (BM)
Vola A/S (BM)
Vola Holding A/S (BM)
Schur International A/S (BM)

Jørgen Tang-Jensen (54)
3 years on the Board

VELUX A/S, CEO
and (C) of 15 of its 100% owned subsidiaries
VELUX Danmark A/S (C)
RoofLITE A/S (C)
RoofLITE Magyarország Kft. (C)
Gåsdal Bygningsindustri A/S (DC)
VELSERV A/S (DC)
A/S Østbirk Bygningsindustri (DC)

Ingrid Wiik (65)
7 years on the Board

Biotec Pharmacon ASA (DC)
Diagenic ASA (DC)
Algeta ASA (BM)
Norske Skogindustrier ASA (BM)

Knud Øllgaard (49)
20 years on the Board

Elected by the employees

Executive Management

President, CEO
Lars Rasmussen (51)

MT Højgaard A/S (BM)
Højgaard Holding A/S (BM)
TDC A/S (BM)

Executive Vice President, CFO
Lene Skole (51)

DFDS A/S (BM)
Tryg A/S (BM)
Tryg Forsikring 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 3 November 2010.

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

(C) Chairman
(DC) Deputy Chairman
(BM) Board member
(CM) Council Member

Management statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Coloplast A/S for the financial year 1 October 2009 – 30 September 2010.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Moreover, the Consolidated Financial Statements and the Financial Statements are prepared in accordance with additional Danish disclosure requirements for listed companies. Management's Report is also prepared in accordance with Danish disclosures requirements for listed companies.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the assets, equity, liabilities and financial position at 30 September 2010 of the Group and the Company and of the results of the Group and Company operations and consolidated cash flows for the financial year 1 October 2009 - 30 September 2010.

In our opinion, Management's Report includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

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

Humlebæk, 3 November 2010.

Executive Management:

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

Board of Directors:

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

Independent Auditor's Report

To the Shareholders of Coloplast A/S
We have audited the Annual Report of Coloplast A/S for the financial year 1 October 2009 - 30 September 2010. The Annual Report comprises Income Statement, Assets, Liabilities and Equity, Statement of Changes in Equity and Notes including accounting policies for the Group and the Company as well as Statement of Other 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 Financial Statements for the Parent Company are prepared in accordance with the Danish Financial Statements Act. Moreover, the Annual Report is prepared in accordance with additional Danish disclosure requirements for listed companies.

Management's Responsibility
Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements and the Financial Statements in accordance with the above-mentioned legislation and disclosure requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Consolidated Financial Statements and Financial Statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Furthermore, Management is responsible for preparing a Management's Report that includes a true and fair account in accordance with Danish disclosure requirements for listed companies.

Auditor's Responsibility and Basis of Opinion
Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish and International Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of Consolidated Financial Statements and Financial Statements and to the preparation of a Management's Report that includes a true and fair account 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 Annual Report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit has not resulted in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Assets, Liabilities and Equity and financial position of the Group at 30 September 2010 and of the results of the Group operations and cash flows for the financial year 1 October 2009 - 30 September 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. Moreover, in our opinion the Financial Statements give a true and fair view of the Assets, Liabilities and Equity and financial position of the Parent Company at 30 September 2010 and of the results of the Parent Company operations for the financial year 1 October 2009 - 30 September 2010 in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements for listed companies. Furthermore, in our opinion Management's Report gives a true and fair account in accordance with Danish disclosure requirements for listed companies.

Copenhagen, 3 November 2010
PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Lars Holtug	Mogens Nørgaard Mogensen
State Authorised Public Accountant	State Authorised Public Accountant

Statement of comprehensive income

1 October - 30 September

Note	DKK million	2009/10	2008/09
	Income statement		
3	Revenue	9,537	8,820
4,5	Cost of sales	-3,693	-3,717
	Gross profit	**5,844**	**5,103**
4,5	Distribution costs	-2,817	-2,685
4,5,6	Administrative expenses	-557	-614
4,5	Research and development costs	-409	-389
	Other operating income	47	89
	Other operating expenses	-30	-29
	Operating profit before special items	**2,078**	**1,475**
5,7	Special items	-83	-80
	Operating profit (EBIT)	**1,995**	**1,395**
8	Financial income	18	61
9	Financial expenses	-339	-245
	Profit before tax	**1,674**	**1,211**
10	Tax on profit for the year	-431	-328
	Net profit for the year	**1,243**	**883**
	Other comprehensive income:		
	Value adjustment of currency and interest hedging	-57	-37
	Transferred to financial items	94	-40
	Tax effect of hedging	-9	20
	Currency adjustment, assets in foreign currency	83	-22
	Tax effect of currency adjustment, assets in foreign currency	-21	6
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	3	-38
	Total comprehensive income	**1,336**	**772**
	Nett profit for the year allocated as follows:		
	Shareholders in Coloplast A/S	1,243	883
11	Minority interests	0	0
	Total	**1,243**	**883**
	Comprehensive income allocated as follows:		
	Shareholders in Coloplast A/S	1,336	772
11	Minority interests	0	0
	Total	**1,336**	**772**
12	Earnings per Share (EPS), (A and B shares)	29	21
12	Earnings per Share (EPS), (A and B shares), diluted	29	21
	Profit distribution:		
	Retained earnings	821	583
13	Proposed dividend for the year	422	300
	Total	**1,243**	**883**

Balance sheet

At 30 September

Note		DKK million 2010	2009
14	Acquired patents and trademarks etc.	939	1,012
14	Goodwill	670	629
14	Software	123	133
14	Prepayments and assets under construction	35	34
	Intangible assets	**1,767**	**1,808**
15	Land and buildings	1,194	1,251
15	Plant and machinery	937	1,004
15	Other fixtures and fittings, tools and equipment	176	207
15	Prepayments and assets under construction	141	173
	Property, plant and equipment	**2,448**	**2,635**
16	Investments in associated companies	2	0
16	Other investments	4	4
17	Deferred tax asset	178	147
	Other receivables	19	0
	Investments	**203**	**151**
	Non-current assets	**4,418**	**4,594**
18	**Inventories**	**959**	**986**
19	Trade receivables	1,696	1,530
25	Income tax	23	31
	Other receivables	109	114
	Prepayments	90	78
	Receivables	**1,918**	**1,753**
20	**Marketable securities**	**1**	**1**
35	**Cash and bank balances**	**475**	**629**
	Current assets	**3,353**	**3,369**
	Assets	**7,771**	**7,963**

Balance sheet

At 30 September

DKK million

Note		2010	2009
	Share capital	225	225
	Hedge reserve	-21	-49
	Proposed dividend for the year	422	300
	Retained earnings and other reserves	2,826	2,374
21	**Equity before minority interests**	**3,452**	**2,850**
11	**Minority interests**	**0**	**0**
	Equity	**3,452**	**2,850**
22	Provision for pensions and similar liabilities	80	75
17	Provision for deferred tax	186	225
23	Other provisions	11	23
24	Mortgage debt	460	459
24	Other credit institutions	1,091	1,797
	Other payables	359	447
	Deferred income	74	100
	Non-current liabilities	**2,261**	**3,126**
22	Provision for pensions and similar liabilities	10	14
23	Other provisions	18	12
24	Mortgage debt	7	14
24	Other credit institutions	165	219
	Trade payables	455	428
25	Income tax	490	242
	Other payables	882	1,054
	Deferred income	31	4
	Current liabilities	**2,058**	**1,987**
	Current and non-current liabilities	**4,319**	**5,113**
	Equity and liabilities	**7,771**	**7,963**

26 Financial instruments
27 Other liabilities
28 Contingent items
29 Related party transactions
30 Public grants
31 Fees to appointed auditors
32 Events occurring after the balance sheet date
37 Acquired operations

Statement of changes in equity

DKK million	Share capital A shares	B shares	Currency adjustment reserve	Hedge reserve	Proposed dividend	Retained earnings	Total equity
2008/09							
Balance at 1.10.2008 as reported in annual report	18	212	-18	8	257	1,813	2,290
Comprehensive income for the year				-57	300	529	772
Realised gain/loss from exercise of options						-5	-5
Treasury shares sold						24	24
Share-based payment						26	26
Capital reduction		-5				5	0
Dividend paid out in respect of 2007/08					-257		-257
Balance at 30.9.2009	**18**	**207**	**-18**	**-49**	**300**	**2,392**	**2,850**
2009/10							
Balance at 1.10.2009 as reported in annual report	18	207	-18	-49	300	2,392	2,850
Comprehensive income for the year				28	422	886	1,336
Transfers			18			-18	0
Treasury shares purchased						-500	-500
Treasury shares sold						29	29
Share-based payment						34	34
Tax on equity entries						3	3
Dividend paid out in respect of 2008/09					-300		-300
Balance at 30.9.2010	**18**	**207**	**0**	**-21**	**422**	**2,826**	**3,452**

Outstanding shares at 30.9.2010 (1,000 units):	A shares	B shares
Issued shares	3,600	41,400
Holdings of treasury shares (note 21)		2,831
Outstanding shares	**3,600**	**38,569**

	2009/10		2008/09	
Number of outstanding shares (1,000 units):	A shares	B shares	A shares	B shares
Number of outstanding shares at 1.10	3,600	39,285	3,600	39,229
Treasury shares sold		90		56
Treasury shares purchased		-806		0
Number of outstanding shares at 30.9	**3,600**	**38,569**	**3,600**	**39,285**

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

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

Cash flow statement

1 October - 30 September

Note		DKK million 2009/10	2008/09
	Operating profit	1,995	1,395
	Depreciation and amortisation	589	549
33	Adjustment for other non-cash operating items	50	-40
34	Changes in working capital	-250	320
	Ingoing interest payments, etc.	12	32
	Outgoing interest payments, etc.	-362	-156
	Income tax paid	-265	-270
	Cash flow from operating activities	**1,769**	**1,830**
	Investments in intangible assets	-46	-84
	Investments in land and buildings	-16	-132
	Investments in plant and machinery	-72	-201
	Investments in non-current assets under construction	-172	-154
	Property, plant and equipment sold	16	169
	Acquisition of associate	-3	0
	Cash flow from investing activities	**-293**	**-402**
	Free cash flow	**1,476**	**1,428**
	Dividend to shareholders	-300	-257
	Net investment in treasury shares and exercise of stock options	-471	19
	Financing from shareholders	-771	-238
	Financing through long-term borrowing, instalments	-788	-485
	Cash flow from financing activities	**-1,559**	**-723**
	Net cash flow for the year	**-83**	**705**
	Cash, cash equivalents and short-term debt at 1.10.	397	-293
	Value adjustment of cash and bank balances	-10	-15
	Net cash flow for the year	-83	705
35	**Cash, cash equivalents and short term debt at 30.9.**	**304**	**397**
35	Cash and cash equivalents	476	630
36	Unutilised credit facilities	4,378	3,608
	Financial reserves at 30.9.	**4,854**	**4,238**

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

Notes to the financial statements

Notes

Note

1. Accounting policies

Basis of preparation
The Annual Report for 2009/2010 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish disclosure requirements applying to listed companies.

Accounting policy changes
Effective from the 2009/10 financial year, the Coloplast Group has implemented the revised IAS 1 "Presentation of Financial Statements", IAS 23 "Borrowing Costs", IAS 27 "Consolidated and Separate Financial Statements", IAS 32 "Financial Instruments: Presentation", IAS 34 "Interim Financial Reporting", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations", IFRS 7 "Financial Instruments: Disclosures" as well as the new IFRS 8 "Operating segments" and IFRIC 15, 17 and 18. The implementation did not affect the financial statements.

New financial reporting standards adopted
Other revised standards and interpretations, which are of relevance for the Group but have not yet been implemented, have not been included in this Annual Report. This applies to the changes to IAS 24 "Related Party Disclosures", IAS 32 "Financial instruments: Presentation" and IFRS 2 "Share-based Payment" as well as IFRIC 14 og 19, all of which have been adopted by the EU, as well as the following standards which have yet to be adopted by the EU: the new IFRS 9 "Financial instruments". IAS 32 and IFRS 2 as well as IFRIC 19 apply for 2010/11, IAS 24 and IFRIC 14 apply for 2011/12 while IFRS 9 apply for 2013/14. None of these standards and interpretations are expected to have a material effect on the Group’s financial statements.

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

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

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

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

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

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

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

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

Notes

Note

1. Accounting policies, continued

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

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

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

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

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

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

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

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 up to 12 months after the date of acquisition. The effect of the adjustment is recognised in the opening shareholders' equity, and comparative figures are restated accordingly. Subsequently, goodwill is not adjusted. Changes to estimates of contingent consideration are generally recognised directly in the income statement.

Goodwill arising in connection with the acquisition of a subsidiary is recognised in the balance sheet under intangible assets in the consolidated financial statements and tested annually for impairment. Goodwill arising in connection with acquisitions of subsidiaries before 1 October 2002 has been written off against equity.

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

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

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

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

Notes

Note

1. Accounting policies, continued

Share-based payment

Share options are granted to Executive Management and executives.

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

Derivative financial instruments

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

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

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

Income statement

Revenue

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

Cost of sales

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

Distribution costs

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

Administrative expenses

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

Research and development costs

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

Research costs are recognised in the income statement as incurred.

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

Notes

Note

1. Accounting policies, continued

Other operating income and expenses

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

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

Special items

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

Income from investments in associates

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

Financial income and expenses

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

Tax

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

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

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

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

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

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

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

Minority interests

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

Notes

Note

1. Accounting policies, continued

Balance sheet

Intangible assets

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

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

Goodwill is not amortised but tested at least once a year for impairment. See section below on impairment losses.

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

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

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

Property, plant and equipment

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

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

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

Land	no depreciation
Buildings	25 years
Building installations	10 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-7 years

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

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

Investments

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

Notes

Note

1. Accounting policies, continued

Impairment losses

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

Inventories

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

Receivables

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

Prepayments

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

Securities

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

Cash and cash equivalents

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

Equity

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

Other provisions

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

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

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

Debt

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

Cash flow statement

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

Notes

Note

1. Accounting policies, continued

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

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

Segment information
Information is provided on two global operating segments: sales regions and production units.

Both segments comprise sales and/or production from each of our three business areas, Ostomy Care, Urology & Continence Care and Wound & Skin Care. Inter-segment trading consists of the sales regions procuring goods from the production units. Inter-segment trading is made on an arm's length basis.

2. Significant estimates and judgments

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

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

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

Intangible assets
The measurement of intangible assets, including goodwill, could be materially affected by significant changes in estimates and assumptions underlying the calculation of values. See note 14 for a more detailed description of impairment tests for intangible assets.The carrying amount of intangible assets was DKK 1,767 million as at 30 September 2010 (2008/09: DKK 1,808 million).

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

Production overheads have been calculated using a standard cost method, which is reviewed regularly to ensure relevant assumptions concerning capacity utilisation, lead times and other relevant factors. Changes to the calculation method for production overheads, including levels of capacity utilisation, lead times, etc. could affect the gross margin and the overall valuation of inventories. The carrying amount of capitalised production overheads was DKK 295 million as at 30 September 2010 (2008/09: DKK 320 million).

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

The carrying amount of deferred tax assets and deferred tax liabilities as at 30 September 2010 was DKK 178 million (2008/09: DKK 147 million) and DKK 186 million (2008/09: DKK 225 million), respectively. See note 17 for a further description of the Group's tax assets and tax liabilities.

Notes

Note

3. Segment reporting

Operating segments
The operating segments are defined on the basis of the monthly reporting to the Executive Management. Reporting to management is based on two global operating segments: sales regions and production units as well as two smaller segments. Wound Care and Disposable Surgical Urology (DSU), each of which represents less than 10% of revenue. This breakdown also reflects our global organisational structure.
The sales regions and production units segments comprise sales and/or production from each of our three business areas, Ostomy Care, Urology and Continence Care and Wound and Skin Care. Inter-segment trading consists of the sales regions procuring goods from the production units. Inter-segment trading is made on an arm’s length basis.

Management reviews each operating segment separately based on EBIT and allocates resources on that background. The performance targets are calculated the same way as in the consolidated financial statements.

Wound Care covers exclusively the sale of wound care products in selected geographical markets. The sale of wound care products in other markets is included in the Wound and Skin Care segment. DSU covers the production and sale of disposable urology products. Wound Care and DSU are included in the Shared/Non-allocated segment.
Global marketing and global R&D costs are included in the Shared/Non-allocated segment and, like financial items and corporate income tax, are not allocated to operating segments.
Costs are allocated directly to operating segments. Certain indirect costs are allocated systematically to the Shared/Non-allocated segment and the operating segments.

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

Operating segment

	Sales regions		Production units		Shared/Non-allocated		Total	
DKK million	**2009/10**	2008/09	**2009/10**	2008/09	**2009/10**	2008/09	**2009/10**	2008/09
Total segment revenue	8,366	7,669	8,513	7,452	-7,342	-6,301	9,537	8,820
Internal segment revenue	9	1	8,329	7,270	-8,338	-7,271	0	0
External segment revenue	8,357	7,668	184	182	996	970	9,537	8,820
Ostomy Care	3,943	3,621	0	0	6	0	3,949	3,621
Urology and Continence Care	3,573	3,244	0	0	486	455	4,059	3,699
Wound and Skin Care	841	803	184	182	504	515	1,529	1,500
Revenue as reported in the Annual Report	**8,357**	**7,668**	**184**	**182**	**996**	**970**	**9,537**	**8,820**
Segment operating profit/loss	761	586	3,305	2,408	-2,071	-1,599	1,995	1,395
Net financials	0	0	0	0	-321	-184	-321	-184
Tax on profit/loss for the year	0	0	0	0	-431	-328	-431	-328
Profit/loss for the year as reported in the Annual Report	**761**	**586**	**3,305**	**2,408**	**-2,823**	**-2,111**	**1,243**	**883**
Depreciation, property, plant and equipment	33	24	332	307	43	48	408	379
Amortisation and impairment of intangible assets	12	20	0	0	169	150	181	170
Special items	0	0	0	0	-83	-80	-83	-80

Coloplast A/S' registered office is situated in Denmark. Revenue from external customers in Denmark amounted to DKK 239 million (2008/09: DKK 234 million), while revenue from external customers in other countries amounted to DKK 9,298 million (2008/09: DKK 8,586 million).
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 2,717 million (2008/09: DKK 3,045 million), while total non-current assets placed in other countries amounted to DKK 1,523 million (2008/09: DKK 1,402 million).

Notes

Note		DKK million 2009/10	2008/09
4.	**Depreciation, amortisation and impairment**		
	Specification for the year:		
	Acquired patents and trademarks etc.	125	123
	Software	56	47
	Total amortisation and impairment of intangible assets	181	170
	Land and buildings	102	97
	Plant and machinery	231	215
	Other fixtures and fittings, tools and equipment	75	67
	Total depreciation and impairment of property, plant and equipment	408	379
	Total	**589**	**549**
	Depreciation, amortisation and impairment are allocated as follows:		
	Cost of sales	456	432
	Distribution costs	61	52
	Administrative expenses	42	39
	Research and development costs	30	26
	Total	**589**	**549**
5.	**Staff costs**		
	Salaries, wages and directors' fees	2,524	2,481
	Pension costs - defined contribution plans (note 22)	115	108
	Pension costs - defined benefit plans (note 22)	15	7
	Other social security costs	260	262
	Total	**2,914**	**2,858**
	Staff costs are allocated as follows:		
	Cost of sales	853	827
	Distribution costs	1,422	1,385
	Administrative expenses	325	376
	Research and development costs	231	193
	Special items	83	77
	Total	**2,914**	**2,858**
	Average number of employees, full time equivalents	7,207	7,349
	Number of employees at 30.9, full time equivalents	7,284	7,130

Note 6 provides information on Executive Management's remuneration and Directors' fees.

Notes

Note

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

Remuneration

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

Board of Directors

Board members receive a fee of DKK 325,000 each (2008/09: DKK 325,000). The Chairman receives the basic board member fee plus 200% (2008/09: 200%), while the Deputy Chairman receives the basic fee plus 75% (2008/09: 75%). In 2009/10, the Board of Directors established an Audit Committee. The members of the committee receive a fee corresponding to 50% of their ordinary directors' fee. The Board of Directors is not comprised by option or bonus schemes. Specification of selected staff costs (see note 5 to the financial statements):

DKK million	**2009/10**	2008/09
Directors' fees	5	5

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 members of the Executive Management, but is subject to a maximum of 40% of their salary.

In addition, members of the Executive Management are granted share options at a value equal to 4 months' net salary. Specification of selected staff costs (see note 5):

DKK million **2009/10**	Salaries	Pension	Other benefits	Cash bonus	Total	Share options[2]
Lars Rasmussen[1]	6.3	1.2	0.2	1.2	8.9	1.9
Lene Skole	3.6	0.9	0.2	0.9	5.6	1.5
Executive management total	**9.9**	**2.1**	**0.4**	**2.1**	**14.5**	**3.4**

DKK million **2008/09**	Salaries	Pension	Other benefits	Cash bonus	Total	Share options[2]
Lars Rasmussen	4.7	1.2	0.2	1.6	7.7	2.3
Lene Skole	3.6	0.9	0.2	1.2	5.9	1.7
Former Executive Management members	0.0	0.0	0.0	0.0	0.0	1.2
Executive management total	**8.3**	**2.1**	**0.4**	**2.8**	**13.6**	**5.2**

[1] The net salary includes DKK 1.6 million in respect of prior financial years, which amount is attributable to the US secondment.

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

Notes

Note

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

Share Options

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

2009/10	Beginning of the year units	Exercised in the year units	Granted in the year units	End of the year units	Market value DKK million
Lars Rasmussen	95,185	0	32,297	127,482	30
Lene Skole	62,010	0	23,968	85,978	18
	157,195	0	56,265	213,460	48
Former Executive Management members	138,388	27,150	0	111,238	26
Total	**295,583**	**27,150**	**56,265**	**324,698**	**74**

Shareholdings

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

2009/10	Beginning of the year units	Bought in the year units	Sold in the year units	End of the year units	Market value DKK million
Lars Rasmussen	4,675	66	0	4,741	3
Lene Skole	1,202	66	0	1,268	1
	5,877	132	0	6,009	4
Board of Directors, A shares	2,457,000	0	0	2,457,000	1,606
Board of Directors, B shares	1,491,868	5,208,371	0	6,700,239	4,379
Total	**3,954,745**	**5,208,503**	**0**	**9,163,248**	**5,989**

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.

DKK million	**2009/10**	2008/09
7. Special items		
Special items	-83	-80
Total	**-83**	**-80**

Special items in 2009/10 and 2008/09 represent one-off costs associated with adjustments to the organisational structure and business procedures.

DKK million	**2009/10**	2008/09
8. Financial income		
Interest income	10	16
Exchange adjustments	6	0
Fair value adjustments on forward contracts transferred from equity	0	40
Other financial income and fees	2	5
Total	**18**	**61**

Notes

Note		2009/10	2008/09
		DKK million	
9.	**Financial expenses**		
	Interest expense	120	160
	Currency adjustments	0	56
	Fair value adjustments on forward contracts transferred from equity	94	0
	Fair value adjustments, share options	83	9
	Other financial expenses and fees	42	20
	Total	**339**	**245**
10.	**Tax on profit for the year**		
	Tax on profit for the year	504	295
	Change in deferred tax on profit for the year	-87	23
		417	**318**
	Adjustment of tax relating to prior years	14	10
	Total	**431**	**328**
	Specification of tax:		
	Tax on profit from ordinary activities	417	318
	Adjustment of tax relating to prior years	14	10
	Total	**431**	**328**
	Tax on equity entries	**24**	**-20**
	Reconciliation of tax rate differences:		
	Danish tax rate, %	25	25
	Deviation in foreign subsidiaries' tax percentage, %	0	2
	Non-taxable income and non-deductible expenses, %	2	1
	Adjustment of tax for prior years, %	1	1
	Impairment of deferred tax assets, recognition of previously written down deferred tax assets and recognition of tax credit, %	-3	-3
	Other taxes, %	1	1
	Effective tax rate, %	**26**	**27**
11.	**Minority interests**		
	Minority interests at 1.10.	0	1
	Dividend paid	0	-1
	Minority interests at 30.9.	**0**	**0**

12. Earnings per share (EPS)

Earnings per share reflects the ratio between profit for the year and the year's weighted average of issued, ordinary shares, excluding ordinary shares purchased by the Group and held as treasury shares (note 21).

	2009/10	2008/09
Profit for the year	1,243	883
Weighted average of shares (million units)	42.6	42.6
Earnings per share (DKK) (A and B shares)	29	21
Earnings per share (DKK) (A and B shares), diluted	29	21

Notes

Note

13. Dividend per share

The Board of Directors recommends a dividend for the financial year of DKK 10 per share of DKK 5 nominal value (2008/09: DKK 7), corresponding to an increase of 43% in ordinary dividend. This equals a pay-out ratio of 34% (2008/09: 34%), equal to total dividends of DKK 422 million (2008/09: DKK 300 million).

14. Intangible assets

2009/10 DKK million	Goodwill	Acquired patents and trademarks etc.	Software	Prepayments and assets under construction	Total intangible assets
Total cost at 1.10.2009	629	1,407	450	34	2,520
Exchange and other adjustments	41	77	2	0	120
Purchases and improvements during the year	0	0	16	30	46
Reclassification	0	0	29	-29	0
Disposals during the year	0	-2	0	0	-2
Total cost at 30.9.2010	**670**	**1,482**	**497**	**35**	**2,684**
Total amortisation and impairment at 1.10.2009	0	395	317	0	712
Exchange and other adjustments	0	23	1	0	24
Amortisation and impairment for the year	0	125	56	0	181
Amortisation and impairment reversed on disposals during the year	0	0	0	0	0
Total amortisation and impairment at 30.9.2010	**0**	**543**	**374**	**0**	**917**
Carrying amount at 30.9.2010	**670**	**939**	**123**	**35**	**1,767**

Goodwill

Goodwill relates to the acquired urology business and the acquired distribution company in Belgium.

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

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

The impairment tests performed for the urology business were based on the approved budget for 2009/10. For subsequent years, assumptions from our long-term strategy have been used indicating double-digit growth until the terminal period.

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

	Ostomy Care	Urology	Continence Care	DMS
Revenue growth in the terminal period	2.0%	2.0%	2.0%	2.0%
Tax percentage	26%	37%	26%	34%
Carrying amount of goodwill, DKK million	26	232	403	9

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

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

Discounting is based on the cash-generating unit's weighted capital costs, which in the impairment test performed represent 8.3% before tax (Urology), 7.6% before tax (Ostomy Care and Continence Care) and 8.6% before tax (DMS), corresponding to 6.8%, 6.3% and 6.3% after tax, respectively. Last year, the corresponding rates were 7.3%, 7.4% and 8.8% before tax and 6.8%, 6.3% and 6.8% after tax.

Notes

Note

14. Intangible assets, continued

Acquired patents and trademarks etc.

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

	Remaining amortisation period	DKK million	
		2009/10	2008/09
Non-competition clause	3 years	95	121
Patented technologies and unprotected technologies	3-13 years	514	540
Trademarks	11 years	210	218
Customer lists/loyalty	11 years	96	100
Total		**915**	**979**

Non-competition clause

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

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.

Unprotected technologies include

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

The major part relates to know-how concerning various materials and processes used in production. A division of the individual components into small intangible assets is not considered material or relevant.

Trademarks

In addition to patents, Coloplast acquired a large number (more than 150) of registered and unregistered trademarks, including pending applications for trademark registration, but Coloplast did not acquire the Mentor trademark. Individual acquired trademarks, each representing a limited value, are not material for Coloplast's sales, as is the case with patents.

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.

Notes

Note

14. Intangible assets, continued

2008/09 DKK million	Goodwill	Acquired patents and trademarks etc.	Software	Prepayments and assets under construction	Total intangible assets
Total cost at 1.10.2008	934	1,420	384	46	2,784
Exchange and other adjustments	-13	-28	-4	0	-45
Purchases and improvements during the year	0	0	72	12	84
Reclassification	0	22	2	-24	0
Disposals during the year	-292	-7	-4	0	-303
Total cost at 30.9.2009	**629**	**1,407**	**450**	**34**	**2,520**
Total amortisation and impairment at 1.10.2008	293	286	278	0	857
Exchange and other adjustments	-1	-13	-4	0	-18
Amortisation and impairment for the year	0	123	47	0	170
Amortisation and impairment reversed on disposals during the year	-292	-1	-4	0	-297
Total amortisation and impairment at 30.9.2009	**0**	**395**	**317**	**0**	**712**
Carrying amount at 30.9.2009	**629**	**1,012**	**133**	**34**	**1,808**

Notes

Note

15. Property, plant and equipment

2009/10 DKK million	Land and buildings	Production plant and machinery	Fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
Total cost at 1.10.2009	2,026	2,894	617	173	5,710
Exchange and other adjustments	26	-8	8	4	30
Reclassification	22	145	41	-208	0
Purchases and improvements during the year	16	58	14	172	260
Disposals during the year	-24	-114	-70	0	-208
Total cost at 30.9.2010	**2,066**	**2,975**	**610**	**141**	**5,792**
Total depreciation at 1.10.2009	775	1,890	410	0	3,075
Exchange and other adjustments	3	-10	5	0	-2
Reclassification	1	-3	2	0	0
Depreciation for the year	102	231	75	0	408
Depreciation reversed on disposals during the year	-9	-70	-58	0	-137
Total depreciation at 30.9.2010	**872**	**2,038**	**434**	**0**	**3,344**
Carrying amount at 30.9.2010	**1,194**	**937**	**176**	**141**	**2,448**
Additions during the year include finance leases amounting to	0	0	1	0	1
Gross amount, fully depreciated property, plant and equipment	248	750	249	0	1,247

The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery of DKK 41 million (2008/09: DKK 56 million). The Group’s mortgage loans have been secured against land and buildings in the amount of DKK 482 million (2008/09: DKK 498 million).

2008/09 DKK million	Land and buildings	Production plant and machinery	Fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total property, plant and equipment
Total cost at 1.10.2008	1,939	2,610	641	584	5,774
Exchange and other adjustments	-70	-101	-8	5	-174
Reclassification	205	359	-5	-559	0
Purchases and improvements during the year	132	137	64	154	487
Disposals during the year	-180	-111	-75	-11	-377
Total cost at 30.9.2009	**2,026**	**2,894**	**617**	**173**	**5,710**
Total depreciation at 1.10.2008	766	1,829	445	0	3,040
Exchange and other adjustments	-12	-80	-6	0	-98
Reclassification	33	1	-34	0	0
Depreciation for the year	97	215	67	0	379
Depreciation reversed on disposals during the year	-109	-75	-62	0	-246
Total depreciation at 30.9.2009	**775**	**1,890**	**410**	**0**	**3,075**
Carrying amount at 30.9.2009	**1,251**	**1,004**	**207**	**173**	**2,635**
Additions during the year include finance leases amounting to	0	0	2	0	2
Gross amount, fully depreciated Property, plant and equipment	214	479	182	0	875

Notes

Note

16. Investments

2009/10

DKK million	Investments in associates	Other investments
Total cost at 1.10.2009	0	4
Capital investments during the year	3	0
Divestment	-1	0
Total cost at 30.9.2010	**2**	**4**
Carrying amount at 30.9.2010	**2**	**4**

2008/09

DKK million	Investments in associates	Other investments
Total cost at 1.10.2008	0	4
Capital investments during the year	0	0
Total cost at 30.9.2009	**0**	**4**
Carrying amount at 30.9.2009	**0**	**4**

In the 2009/10 financial year, associates reported sales of DKK 3.2 million, generating a loss of DKK 0.2 million. Assets totalled 4.4 DKK million and liabilities DKK 0.5 million.

Overview of Group companies

	Registered	% Owned
Parent company		
Coloplast A/S	Danmark	
Sales and/or manufacturing subsidiaries		
Coloplast de Argentina S.A.	Argentina	100
Coloplast Pty. Ltd.	Australia	100
Coloplast Belgium S.A.	Belgium	100
Coloplast do Brasil Ltda.	Brazil	100
Coloplast Canada Corporation	Canada	100
Coloplast Danmark A/S	Denmark	100
Coloplast S.A.	France	100
Coloplast Manufacturing France S.A.S.	France	100
Coloplast B.V.	Holland	100
Coloplast S.p.A.	Italy	100
Coloplast K.K.	Japan	100
Well Come Support Center Y.K.	Japan	100
Coloplast (China) Ltd.	China	100
Coloplast (Beijing) Medical Deviced Ltd.	China	100
Coloplast (Hong Kong) Ltd.	China	100
Coloplast Korea Limited	Korea	100
Coloplast (NZ) Limited	New Zealand	100
Coloplast Norge AS	Norw ay	100
Coloplast Sp. zo.o.	Poland	100
Coloplast Portugal Lda.	Portugal	100
Coloplast OOO	Russia	100
Coloplast AG	Sw itzerland	100
Coloplast Productos Médicos S.A.	Spain	100
Coloplast Limited	Great Britain	100
Coloplast Medical Limited	Great Britain	100
Charter Healthcare Limited	Great Britain	100
Porgés UK Limited	Great Britain	100
Coloplast AB	Sw eden	100
Coloplast GmbH	Germany	100
Coloplast Distribution GmbH	Germany	100
Coloplast Hungary Kft.	Hungary	100
Coloplast Corp.	USA	100
Coloplast Manufacturing US, LLC	USA	100
Coloplast Ges.m.b.H.	Austria	100
Other companies		
Coloplast Ejendomme A/S	Denmark	100
CutiSense A/S	Denmark	50
Acarix A/S	Denmark	37
Ictalcare A/S	Denmark	33
Coloplast Shared Services Sp. zo.o	Poland	100

Representative offices and branches

Egypt	Slovenia
Finland	South Africa
Israel	Czech Rep.
Croatia	Ukraine
Mexico	Hungary
Slovakia	India
Taiw an	

Notes

Note		DKK million 2009/10	2008/09
17.	**Deferred tax**		
	Deferred tax, opening balance	78	45
	Exchange adjustments	-5	7
	Restatement, previous years	7	4
	Change in deferred tax - charged to equity	15	-1
	Change in deferred tax - charged to income statement	-87	23
		8	**78**
	Of which, deferred tax asset	178	147
	Provision for deferred tax	**186**	**225**
	Calculation of deferred tax is based on the following items:		
	Intangible assets	324	303
	Property, plant and equipment	73	75
	Indirect cost of sales	4	9
	Unrealised gain from intra-group sale of goods	-188	-142
	Jointly taxed companies	13	16
	Share options	-14	-13
	Tax losses carried forward and tax credits	-102	-77
	Other	-102	-93
	Total	**8**	**78**

DKK 67 million of the deferred tax is expected to be set off within the next 12 months (2008/09: DKK 124 million).

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

The Group’s tax losses expire as follows:	2009/10	2008/09
Within 1 year	1	2
Within 1 to 5 years	16	6
In more than 5 years	514	433
Total	**531**	**441**

The losses listed above include a recognised tax asset of DKK 145 million (2008/09: DKK 98 million).

In addition, the Group had unrecognised temporary differences and unused tax deductions of DKK 14 million (2008/09: DKK 44 million).

Notes

Note		DKK million 2009/10	2008/09
18.	**Inventories**		
	Raw materials and consumables	129	126
	Work in progress	225	226
	Manufactured goods	605	634
	Inventories	**959**	**986**
	Inventory write-downs during period	60	70

Cost of of sales include directly attributable production costs for goods sold in the amount of DKK 1,999 million (2008/09: DKK 2,046 million).

Note		2009/10	2008/09
19.	**Trade receivables**		
	Portion of receivables falling due after more than one year after the balance sheet date		
	Other long-term receivables	5	5

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

Provisions for bad and doubtful debts:

	2009/10	2008/09
Provisions 1.10	102	106
Exchange adjustment	3	-1
Change of provisions during the year	-26	6
Losses realised during the year	-5	-9
Provisions 30.9	**74**	**102**

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

Receivables due are specified as follows:

	2009/10	2008/09
Up to 30 days	167	179
Between 30 and 90 days	112	116
More than 90 days	214	213
Total receivables due	**493**	**508**

At 30 September, the Group had the following receivables:

	2009/10	2008/09
DKK	106	74
EUR	889	850
GBP	198	162
USD	175	166
Other currencies	328	278
Total carrying amount	**1,696**	**1,530**

20. Marketable securities

	2009/10	2008/09
Holdings of securities at 30.9.2010 consist mainly of Danish bonds with a duration of more than 1 (2008/09: more than 3) and an effective yield of 7% (2008/09: 6%).	1	1

Notes

Note

21. Treasury shares and share options

Treasury shares	2009/10 Number of B shares	2008/09	2009/10 % of B share capital	2008/09	2009/10 Nominal value B shares	2008/09
Holdings of treasury shares 1.10.	2,114,803	3,171,332	5.11%	7.66%	10,574,015	15,856,660
Acquired during the year	805,976	0	1.95%	0.00%	4,029,880	0
Cancelled	0	-1,000,000	0.00%	-2.42%	0	-5,000,000
Sold during the year	-89,708	-56,529	-0.22%	-0.14%	-448,540	-282,645
Holdings of treasury shares 30.9.	**2,831,071**	**2,114,803**	**6.84%**	**5.11%**	**14,155,355**	**10,574,015**

The Group does not hold A shares.

Share options

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

Share options have effected the profit for the year as follows:	2009/10	2008/09
Staff costs - equity settled-programmes	34	26
Staff costs - cash settled-programmes	-4	1
Financial costs - cash settled-programmes incl. exercised options	83	9
Total share option cost/income	**113**	**36**

Specification of outstanding options:	**2009/10**		2008/09	
	Number of options	Average exercise price	Number of options	Average exercise price
Outstanding options at beginning of the year	2,117,775		1,317,054	
Options vested	475,405		943,876	
Options lapsed	-61,823		-54,525	
Options exercised	-236,170	280	-88,630	382
Outstanding options at the end of the year	**2,295,187**		**2,117,775**	

Issued in	Number of employees	Number of share options	Share options lapsed	Share options exercised	Outstanding at 30.9.2010	Exercise price	Exercisable from	Exercisable no later than
November 2001	137	117,050	18,350	98,700	0	286	November 2004	31.12.2009
December 2002	181	289,800	40,000	194,735	55,065	260	November 2006	31.12.2011
December 2003	191	279,960	25,900	159,840	94,220	262	November 2007	31.12.2012
December 2004	215	199,240	25,310	90,630	83,300	280	November 2008	31.12.2013
December 2004	3	2,880	1,000	940	940	321	November 2008	31.12.2013
December 2005	209	177,625	18,425	61,375	97,825	328	November 2009	31.12.2014
December 2006	2	7,000	0	0	7,000	496	April 2009	01.01.2015
December 2006	211	202,030	24,910	0	177,120	506	November 2010	31.12.2015
December 2007	252	477,615	39,172	0	438,443	532	December 2010	31.12.2012
December 2008	264	951,311	65,837	0	885,474	385	December 2011	31.12.2013
December 2009	156	464,938	9,138	0	455,800	543	December 2012	31.12.2014

Share options are granted to members of the Executive Management and other senior executives in order to motivate and retain a qualified management group and in order to align the interests of management and the shareholders. In the period 2002-2006, options were awarded subject to the achievement of specific consolidated EP and EBIT margin targets. If only one of the targets was achieved, 50% of the options under the scheme were awarded. The value of options at the date of award equalled a maximum of two months' salary for each award recipient at the date of award, with the exception of the Executive Management.

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

At 30 September 2010, the accounting liability of the option programme was DKK 98 million (2008/09: DKK 76 million), while the fair value of the option schemes amounted to DKK 508 million (2008/09: DKK 172 million).

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

	2009	**2008**
Average share price (DKK)	472.14	335.03
Exercise price (DKK)	542.96	385.28
Expected dividend per share	1.48	1.79
Expected duration	4.00	4.00
Expected volatility	22.02	18.15
Risk-free interest	2.63	4.11

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

Notes

Note

22. Provisions for pensions and similar liabilities

Defined contribution plans
The Group offers pension plans to certain groups of employees in Denmark and abroad. Most of the pension plans are defined contribution plans. The Group funds the plans through regular payments of premiums to independent insurance companies responsible for the pension liabilities towards the beneficiaries. Once the pension payments for defined contribution plans have been made, the Group has no further liabilities towards existing or retired employees. Payments for defined contribution plans are recognised in the income statement when paid. In 2009/10, DKK 115 million (2008/09: DKK 108 million) was recognised.

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

DKK million	**2009/10**	2008/09
The consolidated income statement includes recognition of the following:		
Defined contribution plans	115	108
Defined benefit plans	15	7
Total	**130**	**115**
The costs regarding defined benefit plans are recognised in the following income statement items:		
Cost of sales	3	0
Distribution costs	10	6
Administrative expenses	2	1
Total	**15**	**7**
Present value of funded defined benefit obligations	238	172
Present value of unfunded defined benefit obligations	73	67
Fair value of plan assets	-162	-127
Pension costs concerning prior years	-7	-8
Unrecognised actuarial gains/losses	-52	-15
Net liability recognised in the balance sheet	**90**	**89**
Specification of present value of defined benefit obligation:		
Obligation at 1.10	239	202
Exchange adjustments	11	-15
Pension costs concerning current financial year	10	8
Calculated interest on liability	13	13
Discontinued pension plans	-1	-6
Actuarial gains/losses	46	42
Pension costs concerning prior years	0	1
Pensions disbursed	-7	-6
Present value of liability at 30.9	**311**	**239**

Notes

Note		DKK million 2009/10	2008/09
22.	**Provisions for pensions and similar liabilities, continued**		
	Specification of fair value of pension assets		
	Pension assets at 1.10	127	121
	Exchange adjustments	9	-14
	Expected return on plan assets	9	8
	Actuarial gains/losses	11	3
	Paid by the Coloplast Group	13	15
	Pensions disbursed	-7	-6
	Pension assets at 30.9	**162**	**127**
	Pension costs recognised in the income statement:		
	Pension costs concerning current financial year	10	8
	Calculated interest on liability	13	13
	Expected return on plan assets	-9	-8
	Discontinued pension plans	0	-4
	Recognised actuarial gains/losses for the year	0	-2
	Pension costs concerning prior years	1	0
	Total amount recognised for defined benefit plans	**15**	**7**
	Specification of pension assets:		
	Shares	103	84
	Bonds	13	19
	Real property	6	6
	Cash and similar assets	40	18
	Pension assets at 30.9	**162**	**127**
	Return on pension assets:		
	Actual return on plan assets	-20	-11
	Expected return on plan assets	-9	-8
	Actuarial gain on plan assets	**11**	**3**

The Group expects to pay DKK 10 million to the defined benefit plan in 2010/11.

The assumptions of the actuarial calculations as at the balance sheet date (average) are as follows:	2009/10	2008/09
Discount rate	5	5
Expected return on plan assets	6	6
Future salary increases	3	4

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

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

	2009/10	2008/09	2007/08	2006/07	2005/06
Actuarial calculation of pension liabilities	311	239	202	227	283
Pension assets	-162	-127	-121	-172	-154
Surplus/deficit	**149**	**112**	**81**	**55**	**129**
Experience adjustments to liabilities	46	42	-27	-59	15
Experience adjustments to pension assets	-11	-3	41	-5	-3

Notes

Note

23. Other provisions

2009/10 DKK million	Legal claims	Others	Total
Provisions at 1.10.2009	16	19	35
Additional provisions	4	2	6
Unused amounts reversed	-1	-1	-2
Charged to the income statement	**3**	**1**	**4**
Used during the year	-3	-7	-10
Provisions at 30.09.2010	**16**	**13**	**29**
Expected maturities:			
Current liabilities	9	9	18
Non-current liabilities	7	4	11
Provisions at 30.09.2010	**16**	**13**	**29**

2008/09 DKK million	Legal claims	Others	Total
Provisions at 1.10.2008	15	20	35
Additional provisions	5	14	19
Unused amounts reversed	0	-6	-6
Charged to the income statement	**5**	**8**	**13**
Used during the year	-4	-9	-13
Provisions at 30.09.2009	**16**	**19**	**35**
Expected maturities:			
Current liabilities	7	5	12
Non-current liabilities	9	14	23
Provisions at 30.09.2009	**16**	**19**	**35**

Legal claims

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

Other

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

Notes

Note		DKK million 2009/10	2008/09
24.	**Credit institutions**		

Payables to credit institutions are recognised in the balance sheet as follows:

	2009/10	2008/09
Non-current liabilities	172	233
Current liabilities	1,551	2,256
Total	**1,723**	**2,489**

Payables to credit institutions including interest have the following term to maturity:

	2009/10	2008/09
Within 1 year	251	315
1-5 years	1,714	2,059
Over 5 years	488	571
Total	**2,453**	**2,945**

	2009/10	2008/09
DKK	366	373
EUR	1,203	1,752
USD	1	157
Other currencies	153	207
Total carrying amount	**1,723**	**2,489**

Net interest-bearing debt including swap facility at 30.9.

	2009/10	2008/09
Mortgage debt	467	473
Other credit institutions	1,256	2,016
Marketable securities	-1	-1
Bank balances	-474	-628
Other payables	345	437
Total	**1,593**	**2,297**

The fair value of net interest-bearing debt is DKK 1,547 million, recognised in the balance sheet in the amount of DKK 1,593 million. The fair value is calculated as the nominal value of debt of the market price prevailing at the balance sheet date. The difference in value is the difference between the market value of the mortgage and the outstanding debt. The Other payables item represents refinancing via a swap facility and employee bonds. The fair value of swaps are calculated using the interest rate and exchange rate prevailing at the balance sheet date.

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

Effektiv rentesats p.a., %

Principal in DKK million/ Effective interest rate p.a.		USD	Rate	GBP	Rate	EUR	Rate	DKK	Rate	Other	Rate	Total
Within 1 yr	Receivables	-36	0-1	-121	0-1	-106	0-1	-95	0-1	-117	0-7	-475
	Payables	1	0-2			2	0-2	17	1-2	152	0-9	172
	Swap											0
Total, within 1 yr		-35		-121		-104		-78		35		-303
1 to 5 yrs	Receivables											0
	Payables	1,094	5			31	3-4	64	4-5	1	3	1,190
	Swap	-1,094	5			1,424	5					330
Total, 1 to 5 yrs		0		0		1,455		64		1		1,520
More than 5 yrs	Receivables											0
	Payables					76	3-4	300	4-5			376
	Swap											0
Total, more than 5 yrs						76		300		0		376
Total		-35		-121		1,427		286		36		1,593

The parent company has a fixed-rate loan for USD 200 million in the form of a private placement with a term to maturity of 3 years. The loans have been converted via swaps with banks to a fixed interest rate in EUR. At the balance sheet date, approximately 90% of the Group's total borrowings carry a fixed interest rate.

Notes

Note

24. Credit Institutions, continued

Effektiv rentesats p.a., %

Principal in DKK million/ Effective interest rate p.a.		USD	Rate	GBP	Rate	EUR	Rate	DKK	Rate	Other	Rate	Total
Within 1 yr	Receivables	-50	0-1	-107	0-2	-273	0-4	-43	1-2	-155	0-7	-628
	Payables	4	1-2			7	1-4	15	2-5	208	0-9	234
	Swap											0
Total, within 1 yr		-46		-107		-266		-28		53		-394
1 to 5 yrs	Receivables											0
	Payables	1,169	0-5			650	4-5	51	5	1	3	1,871
	Swap	-1,017	5			1,444	5					427
Total, 1 to 5 yrs		152				2,094		51		1		2,298
More than 5 yrs	Receivables											0
	Payables					78	5	315	5			393
	Swap											0
Total, more than 5 yrs						78		315		0		393
Total		106		-107		1,906		338		54		2,297

25. Income tax

DKK million	2009/10	2008/09
Income tax balance at 1.10.	211	200
Exchange adjustment	1	-1
Adjustment, prior years	7	6
Tax on profit for the year	504	295
Tax on equity items	9	-19
Tax paid during the year	-265	-270
	467	211
Of which receivable income tax	23	31
Income tax balance at 30.9.	**490**	**242**

26. Financial instruments

The Group's risk management policy

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

Financial instruments by category 2009/10

	Loans and receivables	Assets at fair value through the income statement	Derivatives used for hedging (level 2)[2]	Total
Assets				
Other securities	4			4
Investments in associates	2			2
Trade receivables and other receivables	1,762		43	1,805
Cash and bank balances and marketable securities		476		476
Total	1,768	476	43	2,287

Notes

Note

26. Financial instruments, continued

Financial instruments by category	Liabilities at fair value through the income statement[1]	Derivatives used for hedging (level 2)[2]	Other liabilities at amortised cost	Total
Liabilities				
Mortgage debt (level 1)[2]			467	467
Other credit institutions			1,256	1,256
Trade payables			455	455
Other payables		374	867	1,241
Total	0	374	3,045	3,419

The fair value of debt to mortgage credit institutions was DKK 480 million. There were no movements between levels 1 and 2 during the period.

Financial instruments by category 2008/09	Loans and receivables	Assets at fair value through the income statement[1]	Derivatives used for hedging (level 2)[2]	Total
Assets				
Other investments	4			4
Trade receivables and other receivables	1,610		34	1,644
Cash and bank balances and marketable securities		630		630
Total	1,614	630	34	2,278

	Liabilities at fair value through the income statement[1]	Derivatives used for hedging (level 2)[2]	Other liabilities at amortised cost	Total
Liabilities				
Mortgage debt (level 1)[2]			473	473
Other credit institutions			2,016	2,016
Trade payables			428	428
Other payables		485	1,016	1,501
Total	0	485	3,933	4,418

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

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

The fair value of debt to mortgage credit institutions is valued on the basis of the fair value of the underlying bonds. Fair values of derivative financial instruments are calculated on the basis of current market data and generally accepted valuation methods.

Foreign exchange risk

The objective of the foreign exchange policy is to neutralise and delay the effect of exchange rate fluctuations in the income statement and in that way enhance the predictability of the financial results. This is done by hedging significant balance sheet items denominated in foreign currency and a part of the expected future cash flows. Currency hedging is achieved by means of forward contracts and options. As at 30 September 2010, an average of 100% of the first eleven months of net cash flows were hedged (2008/09: 100% of the first eleven months of cash flows). The Group does not hedge amounts in euro.

Notes

Note

26. Financial instruments, continued

Holdings of derivative financial instruments

2009/10 DKK million	Amount of contract	Loss/gain when stated at mkt. value at 30.9.2010	Amount incl. in income statement for 2009/10	Transferred to fair value reserve	Expiry period
Forward exchange contracts and options outstanding at 30.09.2010 to hedge future cash flows					
USD, forward exchange contracts	256	15	0	15	Oct. 2010 - Sep. 2011
GBP, forward exchange contracts	453	14	0	14	Feb. 2011 - Aug. 2011
GBP, options	382	-8	0	-8	Oct. 2010 - Mar. 2011
JPY, forward exchange contracts	115	-4	0	-4	Oct. 2010 - Aug. 2011
HUF, forward exchange contracts	-354	2	0	2	Oct. 2010 - July 2011
Others, forward exchange contracts	677	-28	0	-28	Oct. 2010 - Sep. 2011
Total	**1,529**	**-9**	**0**	**-9**	
Other forward exchange contracts outstanding at 30.9.2010		.			
USD	520	22	22	0	Oct. 2010 - Jan. 2011
GBP	366	11	11	0	Oct. 2010 - Jan. 2011
JPY	101	3	3	0	Oct. 2010 - Nov. 2010
HUF	-157	3	3	0	Oct. 2010 - Dec. 2010
Others	210	2	2	0	Oct. 2010 - Jan. 2011
Total	**1,040**	**41**	**41**	**0**	
Currency and interest swaps at 30.9.2010 to hedge future cash flows					
USD/EUR	1,094	-334	-77	-18	Apr. 2013
Total	**1,094**	**-334**	**-77**	**-18**	

Holdings of derivative financial instruments

2008/09 DKK million	Amount of contract	Loss/gain when stated at mkt. value at 30.9.2009	Amount incl. in income statement for 2008/09	Transferred to fair value reserve	Expiry period
Forward exchange contracts outstanding at 30.9.2009 to hedge future cash flows					
USD	-108	-6	0	-6	Oct. 2009 - Nov. 2010
GBP	368	14	0	14	Oct. 2009 - June 2010
JPY	92	1	0	1	Oct. 2009 - June 2010
HUF	-281	13	0	13	Oct. 2009 - July 2010
Others	428	-19	0	-19	Oct. 2009 - June 2010
Total	**499**	**3**	**0**	**3**	
Other forward exchange contracts outstanding at 30.9.2009		.			
USD	334	8	8	0	Oct. 2009 - March 2010
GBP	269	7	7	0	Oct. 2009 - Feb. 2010
JPY	90	-1	-1	0	Oct. 2009 - Feb. 2010
HUF	-2	-2	-2	0	Oct. 2009
Others	182	-6	-6	0	Oct. 2009 - Feb. 2010
Total	**873**	**6**	**6**	**0**	
Currency and interest swaps at 30.9.2009 to hedge future cash flows					
EUR interest rate swap	633	-27	0	-27	Aug. 2011
USD/EUR	1,017	-435	27	-41	Apr. 2013
Total	**1,650**	**-462**	**27**	**-68**	

Notes

Note

26. Financial instruments, continued

The Group had no material foreign exchange risks concerning debt in foreign currency as at 30 September 2010. The Group's receivables are to some extent affected by exchange rate fluctuations, and the Group's balance sheet is impacted to some degree by changes in the exchange rates prevailing at 30 September 2010.

Consolidated revenue is particularly exposed to developments in USD and GBP. Due to the Group's production in the USA, changes in the USD/DKK exchange rate only have a minor impact on EBIT, while changes in the GBP/DKK exchange rate feed through to EBIT unfiltered. A 10% depreciation of the GBP would, other things being equal, have had a negative impact on EBIT of DKK 80 million (2008/09: DKK 75 million) and as production is exposed especially to movements in the HUF, and a 10% depreciation of the HUF, other things being equal, would have a positive EBIT impact of DKK 40 million (2008/09: DKK 40 million). An increase in exchange rates would have had the opposite effect on the financial performance for the year. The average exchange rate over the year for these currencies was largely at the same level as in previous years in spite of large fluctuations during the year. As a result, in 2009/10 it was to a greater extent some of the secondary currencies (AUD, SEK, NOK and CAD) that had an impact on consolidated EBIT. These currencies have a relatively high impact on EBIT because Coloplast has no production in these currencies and hence no natural hedge.

Interest rate risk

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

As at 30 September 2010, the Group's loans predominantly carried a fixed interest rate or had been converted into a fixed rate by using interest rate swaps. The fair value of the interest rate swaps outstanding at the balance sheet date entered into to hedge foreign exchange and interest rate risks was negative in the amount of DKK 329 million (2008/09: negative amount of DKK 456 million).

In accordance with the Group's risk policy, the weighted average duration (fixed rate period) on the Group's loans at 30 September 2010 was 2.8 years (2008/09: 3.0 years) including the effect of interest rate swaps.

Based on the exposure at the balance sheet date, a one percentage point increase/fall in the level of interest rates would have impacted the profit for the year by minus/plus DKK 3 million (2008/09: DKK 4 million).

Liquidity risk

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

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

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

Credit risk

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

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

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

Notes

Note

26. Financial instruments, continued

Capital management

The Group aims to create the necessary room to secure its strategic development activities and to be able to provide a competitive return for its shareholders. Given this the cost of capital is optimised.

The Board of Directors generally intends to distribute excess cash to the shareholders in the form of dividend and share buybacks and to distribute about 30% of the profit for the year as dividend. However, share buybacks and distribution of dividend will always take into account the Group's growth plans and funding requirements.

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

27. Other liabilities

	DKK million **2009/10**				DKK million 2008/09			
Falling due in:	Other operating leases	Rent	Other	Total	Other operating leases	Rent	Other	Total
Less than 1 year	38	88	4	130	41	91	5	137
1 to 5 years	37	195	41	273	37	234	3	274
more than 5 years	0	12	0	12	0	28	27	55
Total	**75**	**295**	**45**	**415**	**78**	**353**	**35**	**466**

Operating lease payments recognised in the income statement account for DKK 51 million (2008/09: DKK 48 million).

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.

28. Contingent items

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

29. Related party transactions

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

Information about remuneration of the Management is set out in note 6.
There has been no major transactions with related parties.

30. Public grants

In the financial year, the Group received DKK 1 million in public grants for research and development purposes (2008/09: DKK 2 million). The Group has received DKK 18 million (2008/09: DKK 41 million) in public grants for investments.

An amount of DKK 15 million is recognised in the income statement (2008/09: DKK 2 million) in respect of grants for investments in production costs.

Notes

DKK million

Note		2009/10	2008/09
31.	**Fees to appointed auditors**		
	Overall fees to PricewaterhouseCoopers	12	14
	Of which:		
	Statutory audit	8	9
	Assurance engagements other than audits	0	1
	Tax advice	3	3
	Other services	1	1

32. Events occurring after balance sheet date

No events have occurred after the balance sheet date which are deemed to have a material impact on the financial results or equity as of 30 September 2010.

Note		2009/10	2008/09
33.	**Adjustment for other non-cash operating items**		
	Net gain/loss on divestment of non-current assets	57	-34
	Change in other provisions	-7	-6
	Total	**50**	**-40**
34.	**Changes in working capital**		
	Inventories	61	236
	Trade receivables	-110	4
	Other receivables	-33	-20
	Trade and other payables etc.	-168	100
	Total	**-250**	**320**
35.	**Cash, cash equivalents and short term debt**		
	Marketable securities	1	1
	Cash	1	1
	Bank balances	474	628
	Cash and bank balances	476	630
	Short-term debt	-172	-233
	Total	**304**	**397**
36.	**Unutilised credit facilities**		
	Unutilised credit facilities	4,378	3,608
	Of which long-term facilities with a duration of more than 1 year	2,940	2,155

Notes

Note

37. Acquired operations

At 29 October 2010, Coloplast signed an agreement to acquire 100% of the shares and voting rights of Mpathy Medical Devices Limited (UK) and Gyne Ideas Limited (UK). Mpathy Medical Devices Limited develops products within the Urology and Continence Care business area which are sold in the US market, whilst Gyne Ideas Limited owns intellectual property rights within the Urology and Continence Care business area. The acquisition is expected to provide Coloplast with a broader geographical coverage of the US market and access to new products that will strengthen our existing product portfolio.

Coloplast has incurred transaction costs relating to the acquisition of approximately DKK 5 million, recognised in administrative expenses in the statement of comprehensive income for the financial year.

The agreed consideration for the shares amounts to USD 30 million, which falls due for payment on the date of acquisition. In addition, Coloplast has undertaken to pay an additional remuneration of up to USD 5 million (NPV, USD 4 million) depending on the revenue generated by the acquired businesses in the next two years. As per the date of acquisition, it is considered likely that the additional remuneration will become payable.

In connection with the acquisition, preliminary goodwill has been made up at approximately USD 18 million after recognition at fair value of identifiable assets, liabilities and contingent liabilities.

Definitions of key ratios

Note

38. Definitions of key ratios

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

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

Shareholder information

Announcements 2009/10

2009	
12/2009	Aage og Johanne Louis-Hansens Fond changes its holding of shares in Coloplast
13/2009	2008/09 Annual Report and Annual General Meeting
14/2009	Announcement of full-year financial results 2008/09
15/2009	Annual Report 2008/09
16/2009	Coloplast's annual general meeting 1.12.2009
17/2009	Annual general meeting at Coloplast A/S
18/2009	The Board of Directors of Coloplast A/S elected its own Chairman and Vice-Chairman
19/2009	Articles of Association of Coloplast A/S
20/2009	The estate of Ms. J. Louis-Hansen has decreased its interests in Coloplast
21/2009	Major shareholder announcement

2010	
1/2010	Interim financial report, Q1 2009/10
2/2010	Coloplast initiates DKK 1bn share buy-back
3/2010	Coloplast A/S has increased its holding of own shares
4/2010	Major shareholder announcement
5/2010	Major shareholder announcement
6/2010	Interim financial report, H1 2009/10
7/2010	Interim financial report, 9M 2009/10
8/2010	Financial calendar for 2010/11

Financial calendar 2010/11

2010	
13/10	Closing period until 3 November
3/11	Financial Statements for the full year 2009/10 Annual Report 2009/10
1/12	Annual General Meeting
7/12	Dividends for 2009/10 at the disposal of shareholders

2011	
7/1	Closing period until 26 January
26/1	Interim Financial Statements for Q1 2010/11
14/4	Closing period until 5 May
5/5	Interim Financial Statements for H1 2010/11
29/7	Closing period until 18 August
18/8	Interim Financial Statements for 9M 2010/11
12/10	Closing period until 2 November
25/10	Notice of submission of agenda points for the
2/11	Financial Statements for the full year 2010/11
7/12	Annual General Meeting
13/12	Dividends for 2010/11 at the disposal of shareholders

Banks and stockbroking companies following Coloplast

ABG Sundal Collier	J.P. Morgan
Alm. Brand Markets	Jefferies International Ltd.
Berenberg Bank	Jyske Bank A/S
BoA Merrill Lynch	Nordea Markets
Carnegie Bank A/S	Nykredit
CA Cheuvreux	Piper Jaffray Ltd.
Danske Markets	SEB Enskilda
Deutsche Bank	Standard & Poor's
Handelsbanken Capital Markets	Sydbank A/S

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Annual report for the

Parent company Coloplast A/S

for 2009/10

Income statement

1 October - 30 September

Note	DKK million	2009/10	2008/09
2	Revenue	7,135	6,322
3	Cost of sales	-4,036	-4,080
	Gross profit	**3,099**	**2,242**
3	Distribution costs	-646	-616
3,4	Administrative expenses	-318	-298
3	Research and development costs	-432	-468
	Other operating income	63	104
	Other operating expenses	-38	-25
	Operating profit (EBIT)	**1,728**	**939**
10	Profit after tax in subsidiaries	102	219
5	Financial income	37	125
6	Financial expenses	-280	-210
	Profit before tax	**1,587**	**1,073**
7	Tax on profit for the year	-390	-236
	Profit for the year	**1,197**	**837**
	Profit distribution:		
	Retained earnings	775	537
	Proposed dividend for the year	422	300
	Total	**1,197**	**837**

Balance sheet

30 September

DKK million

Note		2010	2009
	Assets		
8	Intangible assets	1,486	1,677
9	Property, plant and equipment	643	902
10	Financial assets	1,690	1,468
	Non-current assets	**3,819**	**4,047**
11	**Inventories**	**499**	**532**
	Trade receivables	216	228
	Receivables from Group enterprises	2,067	2,070
	Other receivables	69	47
	Prepayments	12	17
12	**Receivables**	**2,364**	**2,362**
	Cash and bank balances	**256**	**430**
	Current assets	**3,119**	**3,324**
	Assets	**6,938**	**7,371**
	Equity and liabilities		
	Share capital	225	225
	Fair value reserve	-21	-49
	Proposed dividend for the year	422	300
	Retained earnings	2,764	2,421
13	**Total equity**	**3,390**	**2,897**
15	Provision for pensions and similar liabilities	3	5
14	Provision for deferred tax	332	372
	Provisions	**335**	**377**
16	Credit institutions	1,091	1,797
17	Other payables	350	445
	Non-current liabilities	**1,441**	**2,242**
15	Other provisions	5	5
16	Credit institutions	13	13
	Trade payables	164	200
	Payables to Group enterprises	881	968
	Income tax	443	191
	Other payables	266	478
	Current liabilities	**1,772**	**1,855**
	Current and non-current liabilities	**3,213**	**4,097**
	Equity and liabilities	**6,938**	**7,371**

18 Contingent items and other financial liabilities

19 Related party transactions

Notes

Note

1. Accounting policies

Basis of preparation

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

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 25.

No changes were made to the accounting policies relative to last year.

Intangible assets

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

Financial assets

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

Tax

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

Cash flow statement

No separate cash flow statement has been prepared for the parent company in accordance with the exemption clause of section 86.4 of the Danish Financial Statements Act. The Group's cash flow statement is set out on page 23.

DKK million

	2009/10	2008/09
2. Revenue		
Business activities		
Medical care	7,135	6,322
Total	**7,135**	**6,322**
Geographical areas		
Europe	5,501	4,807
The Americas	964	1,017
Rest of the world	670	498
Total	**7,135**	**6,322**

Notes

Note		DKK million 2009/10	2008/09
3.	**Staff costs**		
	Salaries, wages and directors' fees	990	1,037
	Pension costs	81	86
	Other social security costs	15	23
	Total	**1,086**	**1,146**
	Average number of employees, full time equivalents	1,747	1,943

Note 6 to the consolidated financial statements provides information on Executive Management's remuneration and Directors' fees.

Note		2009/10	2008/09
4.	**Fees for auditors appointed by AGM**		
	Total fees to PricewaterhouseCoopers	4	4
	Of which:		
	Statutory audit	3	3
	Assurance engagements other than audits	1	1

Note		2009/10	2008/09
5.	**Financial income**		
	Interest income	4	10
	Interest income from Group enterprises	28	75
	Exchange rate adjustments	5	0
	Fair value adjustments, forward contracts	0	40
	Total	**37**	**125**

Note		2009/10	2008/09
6.	**Financial expenses**		
	Interest expense	120	135
	Interest expense to Group enterprises	16	12
	Exchange rate adjustments	0	61
	Fair value adjustments, forward contracts	94	0
	Fair value adjustments, share options	50	2
	Total	**280**	**210**

Note		2009/10	2008/09
7.	**Tax on profit for the year**		
	Tax on profit for the year	418	212
	Change in deferred tax on profit for the year	-32	12
	Adjustment relating to prior years	4	12
	Total	**390**	**236**

Notes

Note

8. Intangible assets

DKK million	Goodwill	Acquired patents and trademarks	Software	Prepayments and assets under construction	**2009/10 Total**	2008/09 Total
Total cost at 1.10.	522	1,624	347	35	**2,528**	2,447
Reclassification	0	0	29	-29	**0**	0
Purchases and improvements during the year	0	0	17	29	**46**	84
Disposals during the year	0	-2	0	0	**-2**	-3
Total cost at 30.9.	**522**	**1,622**	**393**	**35**	**2,572**	**2,528**
Total amortisation and impairment at 1.10.	174	448	229	0	**851**	629
Amortisation and impairment for the year	52	138	46	0	**236**	225
Amortisation and impairment reversed on disposals during the year	0	-1	0	0	**-1**	-3
Total amortisation and impairment at 30.9.	**226**	**585**	**275**	**0**	**1,086**	**851**
Carrying amount at 30.9.	**296**	**1,037**	**118**	**35**	**1,486**	**1,677**

9. Property, plant and equipment

DKK million	Production plant and machinery	Fixtures and fittings, tools and equipment	Prepayments and assets under construction	**2009/10 Total**	2008/09 Total
Total cost at 1.10.	1,366	369	108	**1,843**	2,053
Reclassification	91	12	-103	**0**	0
Purchases and improvements during the year	47	6	102	**155**	235
Disposals during the year	-396	-46	0	**-442**	-445
Total cost at 30.9.	**1,108**	**341**	**107**	**1,556**	**1,843**
Total depreciation at 1.10.	711	230	0	**941**	1,037
Depreciation for the year	105	46	0	**151**	161
Depreciation reversed on disposals during the year	-139	-40	0	**-179**	-257
Total depreciation at 30.9.	**677**	**236**	**0**	**913**	**941**
Carrying amount at 30.9.	**431**	**105**	**107**	**643**	**902**

Notes

Note

10. Financial assets

DKK million	Investments in Group enterprises	Receivables from Group enterprises	Other investments	**2009/10 Total**	2008/09 Total
Total cost at 1.10.	2,952	206	4	**3,162**	2,681
Capital investments during the year	150	162	3	**315**	682
Divestments during the year	0	-42	-1	**-43**	-201
Total cost at 30.9.	**3,102**	**326**	**6**	**3,434**	**3,162**
Value adjustments 1.10	-1,694	0	0	**-1,694**	-1,568
Profit/loss after tax	102	0	0	**102**	219
Dividends received	-159	0	0	**-159**	-314
Exchange adjustments	-3	0	0	**-3**	-57
Other adjustments	10	0	0	**10**	26
Value adjustments 30.9.	**-1,744**	**0**	**0**	**-1,744**	**-1,694**
Carrying amount at 30.9	**1,358**	**326**	**6**	**1,690**	**1,468**

An overview of subsidiaries is set out in note 16 to the consolidated financial statements.

DKK million	**2009/10**	2008/09
11. Inventories		
Raw materials and consumables	55	51
Work in progress	99	116
Manufactured goods	345	365
Inventories	**499**	**532**

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

DKK million	**2009/10**	2008/09
12. Receivables		
Portion of receivables falling due after more than one year after the balance sheet date		
Other long-term receivables	0	5

Notes

Note

13. Statement of changes in equity

DKK million	Share capital A shares	Share capital B shares	Reserve for fair value	Proposed dividend	Retained earnings	**2009/10 Total**	2008/09 Total
Equity at 1.10.	18	207	-49	300	2,421	**2,897**	2,373
Value adjustments for the year			-57			**-57**	-37
Transferred to financial items			94			**94**	-40
Tax effect of hedging			-9			**-9**	19
Paid dividend to shareholders				-300		**-300**	-257
Exchange rate adjustment of opening balances and other adjustments related to subsidiaries					11	**11**	-31
Acquisition of treasury shares, loss on exercise of options					-500	**-500**	-5
Sale of treasury shares					38	**38**	24
Share-based payment					19	**19**	14
Profit for the year					1,197	**1,197**	837
Proposed dividend				422	-422	**0**	0
Equity at 30.9.	**18**	**207**	**-21**	**422**	**2,764**	**3,390**	**2,897**

14. Deferred tax

DKK million	**2009/10**	2008/09
Calculation of deferred tax is based on the following items:		
Intangible assets	297	313
Property, plant and equipment	49	53
Indirect cost of sales	14	22
Jointly taxed companies (recapture balance)	13	16
Other	-41	-32
Total	**332**	**372**

15. Provisions

DKK million	Legal claims	Others	**2009/10 Total**	2008/09 Total
Provisions at 1.10.	5	5	10	11
Provisions made during the year	0	0	0	1
Unused amounts reversed	0	0	0	-1
Recognised in the income statement	0	0	0	0
Used during the year	0	-2	-2	-1
Provisions at 30.9.	**5**	**3**	**8**	**10**
Expected maturities:				
Current liabilities	5	0	5	5
Non-current liabilities	0	3	3	5
Provisions at 30.9.	**5**	**3**	**8**	**10**

Notes

Note		DKK million 2009/10	DKK million 2008/09
16.	**Credit Institutions**		
	Falling due in:		
	Less than 1 year	13	13
	1 to 5 years	1,091	1,797
	More than 5 years	0	0
	Total	**1,104**	**1,810**

17. Other payables

Other payables relate primarily to the market value of swaps used for loan conversion.

18. Contingent items and other financial liabilities

	DKK million 2009/10			DKK million 2008/09		
Falling due in:	Other operating leases	Rent	Total	Other operating leases	Rent	Total
Less than 1 year	9	5	14	5	6	11
1 to 5 years	15	5	20	6	5	11
More than 5 years	0	0	0	0	0	0
Total	**24**	**10**	**34**	**11**	**11**	**22**

At 30 September 2010, the parent company had provided guarantees for loans raised by Group enterprises amounting to DKK 380 million (2008/09: DKK 431 million).

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

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

19. Related party transactions

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

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

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

A simple solution with great significance.

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

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