Annual Report 2006/07

Coloplast

FIVE-YEAR FINANCIAL HIGHLIGHTS AND KEY RATIOS

mDKK	2006/07	2005/06	2004/05[2]	2003/04[1) 2)]	2002/03[1) 2)]
Income statement					
Revenue	8,042	6,709	6,232	6,069	5,610
Research and development costs	319	244	215	202	168
Operating profit bef. amortisation/depreciation (EBITDA)	1,590	1,304	1,348	1,295	1,195
Operating profit before special items	1,061	939	1,026	988	909
Operating profit (EBIT)	749	879	1,000	988	909
Net financial income and expenses	-154	-222	-163	-89	-21
Profit before tax	595	657	837	899	889
Coloplast's share of profit for the year	837	614	553	577	567
Revenue growth					
Annual growth in revenue, %	20	8	8	8	1
Components of the increase:					
Organic growth, %	10	8	8	10	11
Currency effect, %	-2	1	0	-2	-5
Acquired businesses, %	12	7	0	0	0
Divested businesses, %	0	-8	0	0	-5
Balance sheet					
Total assets	7,750	7,982	5,915	5,643	5,371
Invested capital	6,874	7,996	5,386	5,838	5,499
Net interest-bearing debt	3,181	3,069	867	1,465	1,473
Equity at year-end, Coloplast's share	2,398	2,804	2,512	2,357	2,002
Cash flows and investments					
Cash flow from operating activities	1,064	991	1,353	845	911
Cash flow from investing activities	35	-3,018	-434	-621	-783
Acquisition of property, plant and equipment, gross	745	415	399	544	578
Cash flow from financing activities	-1,423	782	-446	-239	307
Free cash flow	1,099	-2,027	919	224	128
Key ratios					
Average number of employees, FTE	7,063	5,437	6,159	6,085	5,774
Operating margin, EBIT, %	9	13	16	16	16
Operating margin, EBITDA, %	20	19	22	21	21
[3] Return on average invested capital (ROAIC), %	10	15	18	17	17
Economic profit	-227	349	279	221	213
Weighted average cost of capital (WACC)	7.0	6.6	6.8	7.3	7.1
Return on equity, %	30	23	23	27	32
Ratio of net debt to EBITDA	2.00	2.20	0.64	1.13	1.23
Interest cover	10	10	11	13	17
Equity ratio, %	31	35	42	42	37
Rate of debt to enterprise value, %	12	12	5	10	10
Net asset value per share	50	58	52	49	42
Per share data					
Share price at year-end	497	473	378	291	266
Share price/net asset value per share	10	8	7	6	6
Average number of outstanding shares, millions	46	46	47	47	47
PE, price/earnings ratio	27	36	32	24	22
PE, price/earnings ratio, excl. discontinued operations	61	43	32	24	22
[4] Dividend per share, DKK	9.00	4.00	3.50	3.00	2.50
Pay-out ratio, %	47	31	29	24	21
Earnings per share (EPS)	8	11	12	12	12
Free cash flow per share	24	-42	19	5	3

1) Comparison figures for recognition of Share option costs and divestment of Sterling Medical Services LLC are not adjusted.
2) Comparison figures for divestment of Breast Care are not adjusted.
3) The average invested capital for 2006/07 has been adjsuted for the divestment of Breast Care and Brachytherapy.
4) For 2006/07 the figure is the proposed dividend.

The key figures have been calculated and applied in accordance with "Recommendations and Key Figures 2005" issued by the Danish Society of Financial Analysts.

Coloplast celebrated its 50th anniversary by holding a Meet-Your-Customer Day. For users and employees participating in the event, it was one life-warming experience after another. Shown above are Gyula Pulai (right) being greeted by HR team leader Ildikó Véghelyi during his visit to Coloplast in Tatabánya, Hungary. Read more on page 4.

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The 2006/07 Annual Report is also available in an interactive version at www.coloplast.com

COLOPLAST CELEBRATES ITS 50TH ANNIVERSARY

6000 EMPLOYEES MEET THE USERS

Coloplast has been helping people improve their quality of life ever since Elise Sørensen conceived the idea for the first ostomy bag and the idea became reality with the help of the Louis-Hansen family. User needs are pivotal in the work we do at Coloplast. We have always been close to our users, but we need to move even closer.

"Meet-Your-Customer Day"

To do that we decided, in connection with Coloplast's 50th anniversary in 2007, to help as many of our employees as possible meet with a user. Under the headline: "Meet Your Customer", almost 6000 employees met with a user during the anniversary year. The many personal meetings with users, one life-warming experience after another, created a sense of enthusiasm and enrichment for each employee, highlighting the very thing that helped create Coloplast 50 years ago: maintaining close contact with the users. Our employees have produced more than one thousand reports from their many meetings with users, giving us a unique insight into what users wish for and their thoughts and dreams.

Donation programme

We celebrated Coloplast's 50th anniversary by announcing a donation programme that over the next ten years is expected to donate DKK 50 million to health-promoting projects. Education and training of health professionals within ostomy,

urology and continence care or wound and skin care are areas that will be eligible for financial support. Coloplast has previously provided small-scale support for the training of ostomy nurses in China, for example.

"The aim of the programme is to help improve the well-being of people in all parts of the world, with the main emphasis on less developed countries. We intend to appoint an independent assessment committee that will be charged with prioritising selected health projects," explains CCO Lars Rasmussen.

Coloplast employee Wang Changlin (left) met with Lin Zengsheng.

The first 50 years together

1957 Coloplast founded by Aage and Johanne Louis-Hansen
1978 Coloplast opens its first sales subsidiaries in the UK and France
1979 Coloplast adds continence care products to the business portfolio
1982 Coloplast adds wound care products to the business portfolio
1983 Coloplast listed on the Copenhagen Stock Exchange
1985 Coloplast formulates its first mission statement
2002 Coloplast begins relocating production to Hungary
2006 Urology added and breast care divested
2007 Coloplast builds new factories in Hungary and China
2007 Coloplast celebrates its 50th anniversary

LETTER FROM THE CHAIRMAN AND THE CEO

Michael Pram Rasmussen
Chairman

Commitment and good relations creating new opportunities

At Coloplast, we have always sought to earn our customer's loyalty by listening to them and understanding their situation and by being a reliable business partner. We believe that our employees' personal commitment and their relations with the users are essential for our ability to build on our already strong market position. That is why it was a great pleasure to see how excited the users and our employees were about the many personal meetings they held during our 50th anniversary year in 2006/07. This is the kind of close contact to our users that shows that you can count on Coloplast, both now and in the future.

During our anniversary year, we took a number of important steps towards achieving the company's long-term goals. We have prepared our organisation for the future in terms of R&D, sales and marketing, and we continue the work to realign the business activities after the integration of the acquired operations in urology and continence care. We have completed the divestments of the brachytherapy and the breast care businesses.

Coloplast's business activities yielded a satisfactory performance, especially because we accelerated revenue growth relative to the previous year and because our urology business is growing.

We have had to take a DKK 283m impairment charge in our German distribution company HSC, because the increase in competitive tendering in Germany will lead to weaker revenue growth and earnings than we had previously expected.

Due to the goodwill impairment in HSC, value creation for our shareholders, measured as economic profit, was negative at DKK 227m. When adjusted for goodwill impairment and company divestments, the economic profit improved by 22%. Our EBIT margin before non-recurring costs was 16%. Revenue was DKK 8.0bn, against DKK 6.7bn last year. Both our revenue growth and EBIT margin before goodwill impairment are in line with the upgraded forecast we announced in our Q3 interim report. However, the goodwill impairment reduced the EBIT margin to 9%, which is unsatisfactory.

The Board of Directors recommends a dividend for the financial year of DKK 9.00 per share of DKK 5 nominal value to be structured as follows:

- Ordinary dividend DKK 5.00, equal to an increase of 25%
- Extraordinary dividend of DKK 4.00 to reflect the divestment of the breast care business

Sten Scheibye
President, CEO

This equals a pay-out ratio of 47%, equal to total dividend payments of DKK 396m. In addition, we bought back shares for DKK 1,024m during the financial year.

Coloplast's employees have had an exciting year with many different challenges in their jobs. Merging business areas and administrative functions, building up new factories in Hungary and China, relocating offices and production facilities as well as other organisational changes and efficiency enhancements demanded a very extraordinary effort from every member of our staff in 2006/07, and we would like to thank everyone for their commitment.

We project organic revenue growth of about 10% in the 2007/08 financial year, not including the potential effects of a possible British healthcare reform or the possibility of lower revenue in our German homecare company HSC. The EBIT margin is expected to be 16%-17%. The forecast does not include the potential effects of a British healthcare reform.

We are preparing for changes in market conditions by strengthening our clinical and health-economic documentation, by increasing the pace of development of new and even more cost-efficient products. Better production economies from manufacturing in low-cost countries is still very much an issue if we are to achieve our long-term organic targets, which are:

- to double economic profit at least every five years
- to have an EBIT margin of 18%-20%
- to generate annual organic sales growth of about 10%.

Coloplast is well positioned to achieve these targets.

Michael Pram Rasmussen
Chairman

Sten Scheibye
President, CEO

BUSINESS PERFORMANCE

Coloplast met expectations for growth for the 2006/07 financial year, reporting organic revenue growth of 10%. The company maintained the EBIT margin before non-recurring costs at 16% in a year dominated by the integration of the acquired urology business, divesting businesses and relocating production. EBIT was DKK 749m after non-recurring costs of DKK 552m, which included a goodwill writedown of DKK 283m. Adjusted for company divestments and goodwill impairment, economic profit was up by 22%.

Unless otherwise indicated, the following discussion of business results applies to Coloplast's continuing operations. The divested business operations of breast care and brachytherapy are discussed separately. The acquired urology business was recognised in the 2005/06 financial year effective from the date of acquisition (2 June 2006). Accordingly, the acquired business has an effect on the income statement and the cash flows for four months only in the comparative year 2005/06.

Goodwill in the German company HSC was written off in the amount of DKK 283m in the 2006/07 financial year.

HSC is a wholly owned distribution company supplying medical single-use devices and other products for home patients, mainly ostomy care products. Most of HSC's employees are visiting nurses who deliver products to users at home in addition to providing preventive care, advice and other services.

HSC contributes about 35% of Coloplast's total revenue in Germany. The remaining 65% is generated through Coloplast GmbH, a subsidiary supplying other distributors, wholesalers, orthotists and pharmacies. HSC generates about 60% of its sales from Coloplast products and 40% from other manufacturers.

Management believes that, in spite of the revenue growth generated during the last three quarters, the greater competition among distributors that is the result of the expected increase in competitive tendering in Germany in the longer term will lead to weaker revenue growth and earnings in HSC than we had previously expected. In addition, having direct customer contact is key to success for HSC, and recently the company has lost a significant number of its employees with direct customer contact.

Against this background, goodwill relating to HSC has been fully written off. Coloplast intends to remain a significant player in the German homecare market, also when the sick funds begin to apply competitive tendering.

Revenue and growth

Coloplast generated revenue of DKK 8,042m in the 2006/07 financial year, a 20% increase from DKK 6,709m the year before. Revenue for the year was impacted by last year's business acquisition, which contributed 12 percentage points of the increase. Revenue would have been 2% higher at constant exchange rates. The organic growth rate was 10%.

Profit for the year

Gross profit was DKK 4,834m, corresponding to a gross margin of 60%, which was unchanged from the previous financial year. The gross profit included non-recurring costs of DKK 70m against DKK 123m in the previous year. Adjusted for non-recurring costs, the gross margin was 61%, against 62% last year.

Selling and distribution costs were up by 21% to DKK 2,536m including integration costs of DKK 68m (2005/06: DKK 47m). When adjusted for integration costs, the increase was 20%. Administrative expenses were up by 30% to DKK 988m. The amount included relocation costs in the USA of DKK 22m, integration costs of DKK 25m and restructuring costs of DKK 55m. When adjusted for these items, the increase was 16%. R&D costs were up by 31% to DKK 319m.

Other operating income was DKK 81m, a DKK 50m increase based primarily on enhanced earnings from contract production of consumer goods.

EBIT before special items was DKK 1,061m for an operat-

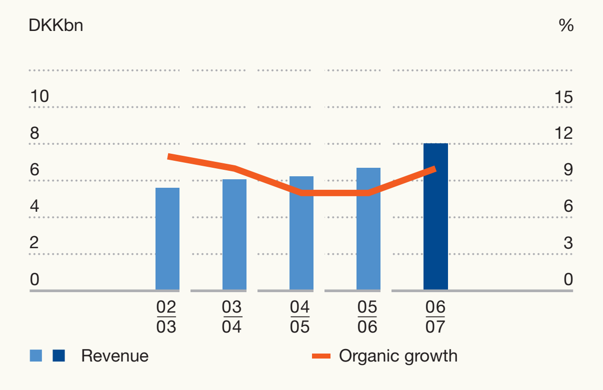
Growth

	Reported	Acquisitons	Divestments	Currencies	Organic
2006/07	**20%**	12%	0	-2%	10%
2005/06	**8%**	7%	-8%	1%	8%

Non-recurring costs

2006/07 DKKm	Expected	Actual
Integration of businesses	-130	-128
Relocation in the USA	-30	-22
Restructuring	-90	-90
Financial impact before special items	**-250**	**-240**
Special items	-	-312
Financial impact after special items	**-250**	**-552**

Revenue



In acquiring the urology business, Coloplast welcomed more than 1000 new employees, most of them based in the USA or France. Hassan Adem is a surgical moulding operator based in Minneapolis. He moulds silicone components and performs inspections of the components.

ing margin of 13.2%, compared with 14.0% last year. The total impact on EBIT of non-recurring costs before special items was DKK 240m against DKK 170m last year. When adjusted for these items, EBIT of the underlying operations was DKK 1,301m against DKK 1,109m last year, equivalent to an operating margin of 16.2% compared with 16.5% in 2005/06.

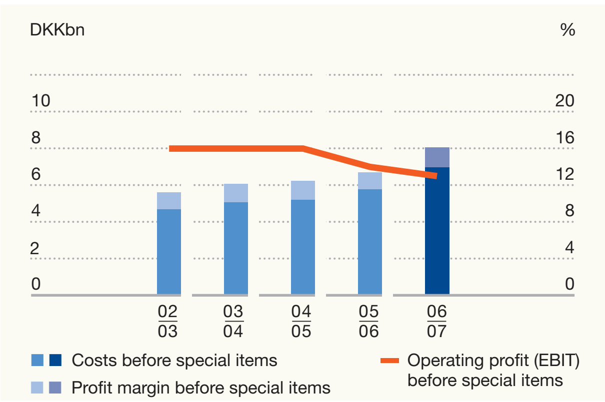
Special items for the financial year of DKK 312m includes goodwill impairment of DKK 283m in the German distribution company HSC and DKK 29m paid to employees in connection with Coloplast's 50th anniversary.

Financial items amounted to a net expense of DKK 154m, against DKK 222m last year. This year's figure included a DKK 32m gain from exchange adjustments, compared with a DKK 34m loss last year. The fair value adjustment of previously granted options was an expense of DKK 27m, compared with an expense of DKK 63m last year.

The effective tax rate was 38% for a tax expense of DKK 225m, against DKK 191m last year. The goodwill impairment relating to HSC has pushed up the effective tax rate by 12 percentage points. When adjusted for this factor, the effective tax rate was 26%, as compared with 29% the year before. The reason for the lower tax rate was the reduction in the Danish corporate income tax rate from 28% to 25%, and the effect of the reduction on the tax for the year was distributed evenly between tax payable and an adjustment in the provision for deferred tax.

The EBIT margin before special items in line with last year's margin, strongly improved financial items and the goodwill impairment in HSC bring the profit for the year from continuing operations to DKK 370m, compared with DKK 466m last year.

Profit margin



Discontinued operations

Consistent with Coloplast's strategy, the brachytherapy and breast care businesses have been divested. The brachytherapy business, Mills Biopharmaceuticals LLC, was divested to Brachysales in February 2007 at a price of DKK 60m. The selling price equalled the carrying amount.

In February 2007, Coloplast agreed to sell the breast care business to Granville Baird Capital Partners Advisors at a price of DKK 762m. The divestment yielded a profit of DKK 429m. After acquiring a small part of the business in 1994, Coloplast took over full control of the operations in 2002, at which time breast care became an independent business area for Coloplast.

Also included in discontinued operations was the final adjustment relating to last year's divestment of Sterling Medical Services.

The net profit from the discontinued operations is stated in the income statement as a single line item containing the net profit from the period of ownership, profit or loss from assets divested, settlement of liabilities as well as the derived tax effect. The comparative figures of the income statement have been restated accordingly.

Economic profit

Economic profit is a measure of a company's ability to create value by way of profit after return on capital invested. For a number of years, we have experienced a correlation between our economic profit and the price performance of Coloplast shares. Accordingly, we have used economic profit as a basis for decision-making for a number of years.

Coloplast aims to double economic profit at least every five years. That corresponds to an average annual improvement of about 15%. The economic profit was negative at DKK 227m, as compared with a positive economic profit of DKK 349m last year. Economic profit was impacted by company divestments and a DKK 283m goodwill writedown in HSC.

The calculation of the negative economic profit included DKK 658m relating to goodwill expensed directly against equity in prior financial years. When adjusted for the goodwill impairment in HSC and discontinued operations, economic profit increased by 22%.

Foreign exchange

Coloplast's consolidated financial statements are presented in Danish kroner. Sales are mainly generated outside Denmark and are invoiced in local currencies. The financial statements are affected by exchange rate movements, and revenue would have been 2% higher than in 2005/06 at constant exchange rates. mainly because of the depreciation of US dollars vis-à-vis Danish kroner.

Exchange rate fluctuations had a neutral impact on EBIT for the year, because the effect of translation of sales in foreign currencies was largely eliminated by the translation of costs in foreign currencies. Coloplast hedges all major currencies. Proceeds from or losses on forward exchange transactions and currency options are recognised as financial income and expenses, respectively. Receivables and parts of the budgeted future cash flow are hedged by way of forward contracts. Future net cash flows are hedged for up to nine months in the core currencies.

The financial statements are also affected by exchange rate translation of investments in foreign currencies and the translation of net investments in foreign subsidiaries. Exchange losses of DKK 111m from such translation were charged against equity. These exchange losses derive mainly from investments in the USA, as the US dollar depreciated by 10.8% against Danish kroner during the financial year.

Balance sheet

Total assets amounted to DKK 7,750m. The goodwill impairment in HSC and the divestment of the breast care business reduced total assets by DKK 655m. The reduction was partly offset by increases in other areas. Inventories were increased with a view to securing supply while production is relocated during the upcoming period, and receivables increased in line with revenue growth.

The interest-bearing debt was in line with last year, as part of the excess cash was used for share buy-backs. The equity ratio fell from 35% to 31%, mainly as a result of the share buy-back.

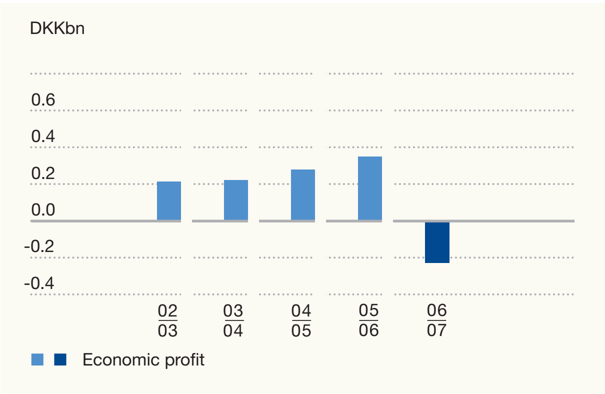
Investments

Exclusive of last year's acquisition of the urology business, investments in property, plant and equipment and intangible assets totalled DKK 839m, compared with DKK 480m last year.

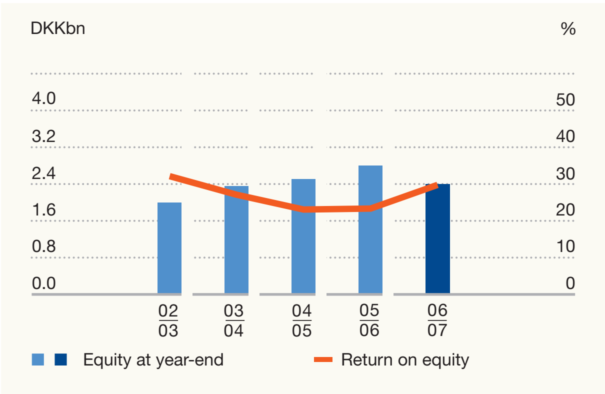
Investments in production equipment increased relative to last year. Two new factories were established, as planned, in Zhuhai, China and Nyírbátor, Hungary, for a total of DKK 239m.

The two 20,000 m² factories are largely identical. Production in China involves ostomy products, while the operations in Hungary will mainly produce wound care and continence prod-

Economic profit



Equity and return on equity



ucts. Both factories can be extended, and this option will be reviewed regularly subject to future capacity requirements.

Cash flows

The free cash flows for the year improved by DKK 3,126m from a DKK 2,027m outflow to a DKK 1,099m inflow. Adjusted for business acquisitions and divestments and for the year's investments in new factories, the 2006/07 free cash flows were in line with the previous year.

The free cash flows were used to pay dividends to shareholders (DKK 184m), share buy-backs (DKK 1,024m) and net repayments of long-term debt (DKK 215m).

Cash and cash equivalents were minus DKK 452m at 30 September 2007, compared with minus DKK 128m last year. Unutilised credit facilities stood at DKK 2,750m, and Coloplast had total capital resources of DKK 3,023m, compared with DKK 2,659m last year.

Incentive programmes

Section 69b of the Danish Public Companies Act provides that the shareholders in general meeting shall adopt general guidelines for incentive pay to members of a company's board of directors and its executive management.

Accordingly, Coloplast intends to propose such a resolution to the shareholders at the general meeting to be held on 18 December 2007. To date, Coloplast has operated a bonus and share option programme for the Executive Management and certain executives.

The Board proposes that, as in previous years, bonus is awarded annually on the basis of performance relative to defined targets. Bonuses may represent up to a maximum of about 40% of the annual salary net of pension contributions for members of the Executive Management and up to 25% of the annual salary net of pension contributions for other executives.

For the options to serve as a long-term incentive for the Executive Management and executives, the Board of Directors has resolved henceforth to award options in November of each year independently of the results achieved, unlike a bonus which acts as a reward for results achieved This will ensure better correlation between the incentive to management and the value created for the shareholders.

Members of the Executive Management are awarded a number of options each year with a value equal to three months' net salary. Other employees may receive options for up to two months' salary. The exercise price must exceed the market price at the time of award.

Under the company's incentive programme, 211 executives received options in respect of the 2006/07 financial year with a total value of DKK 23m as compared with DKK 26m last year.

Share buy-back programme and dividend policy

Coloplast pursues a policy of generating an attractive equity return through a combination of share price increases and dividend payments.

In light of the company's cash resources and expected cash flows, the Board of Directors resolved in March 2007 to introduce a new share buy-back programme of Coloplast B shares that would run until August 2007. Purchases of Coloplast B shares were limited to DKK 500m or 1,200,000 shares with a nominal value of DKK 5 each, corresponding to 2.5% of the share capital. A similar programme was expected to run in the 2007/08 financial year, but due to the company's improved liquidity resulting from the divestment of the brachytherapy and breast care businesses, that programme was moved ahead to August and September 2007.

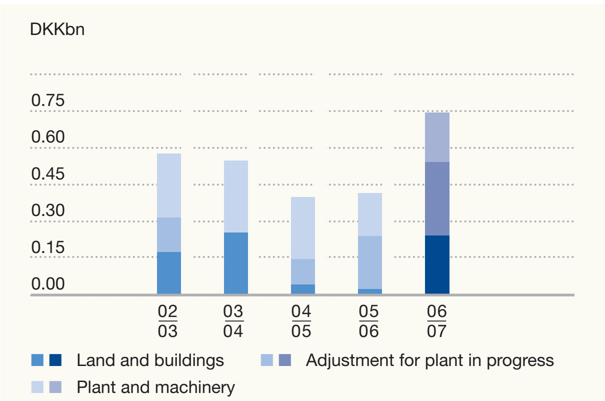
Under the two programmes, Coloplast bought back two million B shares with a nominal value of DKK 5 each for a total market value of DKK 1bn, equal to 5% of the share capital. Both buy-back programmes were made under the authority granted by the shareholders in general meeting to purchase up to 10% of the company's share capital. Over the years, Coloplast has bought back the net amount of about 4 million B shares.

The Board will consider Coloplast's future dividend payments and the potential for additional buy-back programmes in relation to the company's capital structure and expected future acquisition opportunities.

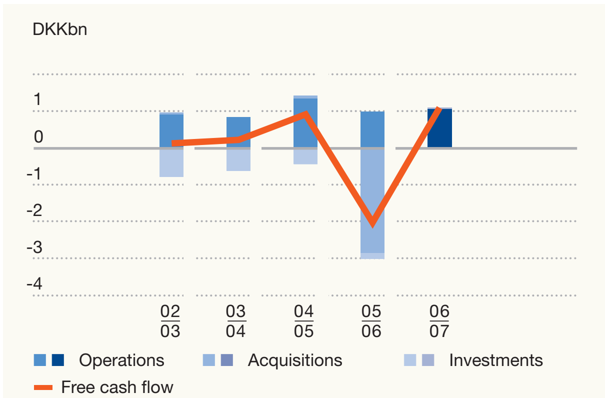
Capital structure and financial risk management

Based on financial strength, Coloplast pursues the objective of ensuring stability and maintaining a high degree of flexibility in

Investments in property, plant and equipment



Cash flow statement



order to support its future strategic progress, including growth through acquisitions. The assessment of our corporate financial strength builds especially on the ratio of net debt to EBITDA. As a result of the improvement in EBITDA, the ratio of net debt to EBITDA fell to 2.0 from 2.2 at 1 October 2006.

In order to balance financial strength and flexibility on the one hand with minimising the cost of capital on the other, Coloplast's target is to have net debt at 2–3½ times EBITDA.

Hedging of financial risks is made by the parent company's Corporate Finance function. The relevant policy and procedures are described in Enterprise Risk Management.

Share classes and authorisations

Coloplast has two share classes: A and B. Both share classes have the same 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 holders to ten votes, and 44.4 million class B shares (aggregate nominal value of DKK 222m), each of which entitles the holders to one vote. Coloplast's B shares are negotiable instruments and were listed on the Copenhagen Stock Exchange in 1983. The A shares are non-negotiable instruments. Any change of ownership or pledging of class A shares requires the consent of the Board of Directors, whereas no limitations in negotiability attach to class B shares.

The Board of Directors may increase the company's share capital by a nominal value of up to DKK 15m in one or more issues of class B shares. This authorization is valid until the annual general meeting to be held in 2008. Moreover, the Board of Directors has been authorised to acquire treasury shares for up to 10% of the company's share capital. The highest and lowest amount to be paid for the shares is the price applicable at the time of purchase +/- 10%. This authorization is valid until the annual general meeting to be held in 2007.

At general meetings, matters are decided by a simple majority of votes. Resolutions to amend the company's articles of association require, however, 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. If the above-mentioned share capital is not represented, and if a resolution is not adopted by two-thirds of the votes cast, the resolution lapses. 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.

No important agreements are in place that would be affected in the event of a change of control of the company resulting from a takeover bid, and no special agreements have been made between the company, its management or employees if their positions are discontinued for the same reason. There are no special provisions governing the election of members to Coloplast's Board of Directors.

Ownership and shareholdings

The number of shareholders rose by 8,378 or 42% to 28,322. Institutional investors outside Denmark held 10.6% of Coloplast's shares at 30 September 2007, compared with 22.4% last year. Registered shareholders represented 92.7% of the entire share capital. Pursuant to the company's articles of association, shares must be registered in the name of the holder to carry voting rights.

Four 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. These shareholders are: Mrs J. Louis-Hansen of Randers, Mr N.P. Louis-Hansen of Vedbæk, the Foundation of Aage and Johanne Louis-Hansens Fond of Nivå and ATP of Hillerød.

Coloplast A/S held 3,980,272 treasury shares at 30 September 2007, equivalent to 8.3% of the share capital. The Board of Directors intends to propose to the shareholders in general meeting on 18 December 2007 that shares bought under the share buy-back programme be cancelled, which would reduce the company's holding of treasury shares to less than 5%.

Annual general meeting

The company's annual general meeting will be held on Tuesday, 18 December 2007, at 16.00 at the company's address: Holtedam 3, DK-3050 Humlebæk, Denmark. Prior to the annual general meeting Coloplast will host a shareholders meeting at 15.00 at the same address.

The Board of Directors intends to propose re-election of: Michael Pram Rasmussen, Niels Peter Louis-Hansen, Sven Håkan Björklund, Per Magid, Torsten E. Rasmussen and Ingrid Wiik. The Board of Directors proposes that Jørgen Tang-Jensen, CEO of VELUX A/S, be elected as new member of the board.

Coloplast's ownership structure

30 September 2007	A shares 1,000 units	B shares 1,000 units	Ownership %	Voting rights %
Holders of A shares and their families	3,600	17,676	44.3	66.8
Danish institutionals		9,500	19.8	11.8
Foreign institutionals		5,100	10.6	6.3
Coloplast A/S*		3,980	8.3	
Other shareholders		4,630	9.7	5.8
Non-registered shareholders*		3,514	7.3	
Total	**3,600**	**44,400**	**100.0**	**90.7**

* No voting rights

Shareholdings

30 September 2007	A shares 1,000 units	B shares 1,000 units	Number of insiders
Board of Directors	2,457	1,487	9
- of which independent board members		5	4
Executive Management		8	3
Total	2,457	1,495	12

The factory in Tatabánya, Hungary began operations in 2002. Szilárdné Szabó is an operator and one of the 930 people who work at the site. Edina Katzenbach (right) helped to implement Coloplast's standards in the factory's health and safety procedures.

Proposed dividend

The Board of Directors recommends that this year's dividend per share of DKK 5 nominal value be structured as follows:

- Ordinary dividend DKK 5.00, equal to an increase of 25%
- Extraordinary dividend of DKK 4.00 per share to reflect the divestment of the breast care business

The dividend for the year will be paid automatically via VP Securities Services (Værdipapircentralen) on 27 December 2007.

Outlook for 2007/2008

Coloplast projects organic revenue growth of about 10% in the 2007/08 financial year, not including the potential effects of a British healthcare reform or the possibility of lower revenue in our German homecare company HSC. The EBIT margin is expected to be 16%-17%. The forecast does not include the potential effects of a British healthcare reform.

Gross investments in property, plant and equipment (buildings, machinery and operating equipment) are expected to amount to approximately DKK 700–800m, which amount will reflect the majority of the investment in the new US headquarters in Minneapolis, Minnesota.

The effective tax rate is expected to be about 28%.

Long-term goals

Previously, our long-term goals included a 2012 revenue target of DKK 14bn. Instead of this target, we will now aim for organic sales growth of about 10% per year. That will render the long-term sales goal independent of any acquisitions or divestments made.

Based on the productivity improvements already achieved and which are expected to be achieved as a result of the relocation of production to Hungary and China, we have raised the long-term target for the EBIT margin from at least 18% in 2012 to 18%-20%.

Our overall goal remains to double economic growth at least every five years, corresponding to an average annual improvement of 15%. Accordingly, Coloplast's long-term goals are:

- to double economic profit at least every five years
- to have an EBIT margin of 18%-20%
- to generate organic revenue growth of around 10% per year

Major fluctuations in the exchange rates of important currencies vis-à-vis Danish kroner, significant changes in the healthcare sector or major changes in the global economy may impact Coloplast's potential for achieving its long-term objectives and fulfilling its full-year forecasts. These factors may also influence carrying amounts.

Events after the balance sheet date

Healthcare reform in Britain

Britain's Department of Health is currently holding a consultation round, which was scheduled to run from September until November 2007, but it has subsequently been extended to 28 December 2007. Coloplast expects that the Department of Health will not reach a final decision until the beginning of 2008 and that the decision will not be implemented until six months, at the earliest, after it is announced.

This will not have an effect on the profit or on equity for the 2006/07 financial year.

Share buy-back programme

On 20 November 2007, Coloplast's Board of Directors resolved to establish a share buy-back programme of up to DKK 1bn during 2008 and 2009. We do not expect to start the programme before the second half of the 2007/08 financial year.

Implementation of the share buy-back programme is subject to the shareholders at the general meeting to be held in December 2007 adopting an authorisation to buy-back own shares for up to 10% of the company's share capital, and to the shareholders resolving to cancel the shares bought back under the recently concluded share buy-back programme.

The Board of Directors intends to recommend to the general meeting to be held in 2008 that shares bought back under the new programme be cancelled.

Should opportunities arise during that period which are considered more beneficial for the shareholders, this may mean that the authorisation will not be utilised.

SENSURA DEVELOPED IN A COORDINATED EFFORT BETWEEN SEVERAL COLOPLAST DEPARTMENTS

HOW WE DEVELOPED THE WORLD'S BEST OSTOMY BAG

Esben Strøbech of Coloplast's Global R&D department is a plastics specialist. Together with colleagues from different Coloplast departments, he helped to develop **SenSura**, the new, innovative ostomy bag that in October 2006 was launched at a record pace and with great success.

In **SenSura**, Coloplast has developed an ostomy bag that in its own unique way gives users more confidence than any other existing product. The new ostomy bag provides comfort, is gentle to the skin, flexible to use, user-friendly and can be worn discretely. As part of the launch, Coloplast illustrated the benefits through five coloured circles, which combine to show how **SenSura** makes users feel secure and confident.

"It's been a fantastic experience to take part in developing a new product that gives people with an ostomy new possibilities and makes a big difference in their everyday lives," says Esben Strøbech.

SenSura was developed in close cooperation with ostomy nurses and people who have had an ostomy operation.

"The special challenge we faced with **SenSura** was to develop an ostomy bag that would satisfy conflicting demands from the users. The bag had to stick so well to the skin that it would be safe to wear, but it also had to be flexible and easy to take off. Many of our people in the R&D department wore the bags themselves to test the various adhesive plates on their own skin until we found the right solution," explains Esben, shown above together with Maria Sturluson and Bolette Nordby.

During the project to develop **SenSura**, Coloplast employees worked on several parallel assignments in order to reduce time-to-market. Even before the **SenSura** had been fully developed, our engineers began to develop and build the machinery needed to produce the new ostomy bag. At the same time, our marketing and supply chain departments were working to develop a global marketing concept and to get the logistics in place and ready to handle the expected order flows from each country.

The development of **SenSura** continues and in October 2007, Coloplast launched the **SenSura** Click, a new version of the bag that provides easy and simple bag changes. The click indicates to the user that the bag is properly in place.

Circle of confidence

The **SenSura** bag was developed to help people with an ostomy feel more confident and give them better comfort regardless of their lifestyle, age or physical condition. This innovative two-layer adhesive provides substantial benefits to users:

- It adheres fast and securely to the skin
- Follows body contours and movements for greater flexibility
- Absorbs moisture from the skin and liquid from the ostomy
- Prevents stomal leakage
- Easy to take off and change

BUSINESS AREAS

NEW PRODUCTS

New products contribute to increasing Coloplast's revenue. The framework for Coloplast's innovative ability was strengthened substantially in the 2006/07 financial year

Research and development

The framework for Coloplast's innovative ability was strengthened substantially in the 2006/07 financial year. The establishment of Global R&D brings critical mass and a more professional approach to our core capabilities such as our regulatory department and clinical development. Coloplast aims to gradually increase collaboration with external business partners with a view to gaining more flexible access to ideas, capabilities and resources. A dedicated function for external development has been set up for that purpose.

In addition to strengthening our ability to develop innovative solutions for unmet and unidentified needs, we will continue to implement lean methods and we also have an ambitious goal of doubling our pace of new product development. In order to secure optimum conditions for our long-term R&D activities, we have established Coloplast Incubation, a corporate venture function that will establish start-ups in collaboration with external business partners for the purpose of developing and commercialising technologies in areas where Coloplast does not already play an active role.

New products contribute to increasing Coloplast's revenue. A product is defined as new, if it has been on the market for less than four years. In 2006/07, 15% of revenue was generated from new products. Coloplast ploughed back 3.9% of revenue into research and development.

SenSura

Five parameters combined to provide the platform for the development of the product: Tack and adhesion, flexibility, absorption, erosion resistance and ease of removal. Meeting all of these requirements at the same time is very difficult, and part of the solution to the problem was to use two different adhesives.

InterDry Ag Textile

Skin fold problems such as fungal infections, injured skin and odour are well known by nurses at all levels. The US launch of **InterDry** Ag Textile in October 2006 offers a highly innovative product solution dealing with a growing problem.

Durasphere EXP

In June 2007, Coloplast began exclusive distribution in the USA of the Durasphere EXP injectable bulking agent and its new needle delivery system indicated for the treatment of adult women with stress urinary incontinence.

MARKETS AND THEIR DEVELOPMENT

Coloplast has three business areas in the field of medical care: Ostomy care products for people whose intestinal outlet has been surgically rerouted through the abdominal wall, urology and continence care products for people with problems in the urinary system or in the male reproductive system, and dressings for the treatment of chronic wounds and skin care products for prevention and treatment

Financial results and key ratios

	Ostomy Care		Urology and Continence Care		Wound and Skin Care	
	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Gross revenue, DKKm	3,107	2,867	3,199	2,233	1,269	1,223
Organic growth	9%	7%	11%	14%	6%	6%
Share of consolidated revenue	39%	43%	40%	33%	16%	18%
Global market, DKKbn	9,6	9,3	17,0	14,5	13,3	12,6
Global market growth	3-5%	1-3%	8-10%	7%	5%	7%
Global markedsandel	32%	31%	19%	15%	10%	10%

Revenue and growth rates indicated are for continuing operations. Urology is included from 2 June 2006.
Market data represent estimates for Coloplast's product areas and markets in which Coloplast operates.
Market share indicates each business area's total revenue relative to overall Coloplast markets.
The market for wound and skin care was redefined during the financial year and comparative figures have been restated accordingly.

Market conditions

In most markets, the healthcare authorities are faced with two major, often conflicting, challenges. demand for treatment is growing and sources of funding are scarce.

Healthcare sectors are funded and organised differently from country to country, but common to all countries is the scarcity of financial resources and the fact that the number of elderly people is growing.

Healthcare authorities impose tougher demands on producers of pharmaceutical products to document the value of innovation through health-economic reports. This provides documentation for overall treatment costs relative to the added benefits of our innovative products. In other situations, healthcare regulators review reimbursement levels for groups of products, or they capitalise on opportunities to expand their procurement volumes through competitive tendering. At Coloplast, we use health economics as a component of our clinical studies, we cooperate closely with the authorities and work for patients to continue to have access to the best treatment at the overall lowest cost.

Marking and regulations

Medical devices can be CE marked and, accordingly, sold in Europe provided they comply with the EU medical devices directive. We work to ensure that our development efforts continue within the auspices of this EU directive. These efforts are based partly in Eucomed, the European industry organisation, partly through direct contact with EU decision-makers. A key priority for us has been to ensure that the so-called combination products are regulated under the medical devices directive, which fully and adequately addresses combination products, and not under the pharmaceuticals directive, which has stricter requirements. Combination products are medical devices containing a pharmaceutical drug, thus providing extra benefits to users. A good example of this type of product is **Biatain**-Ibu launched by Coloplast in the 2005/06 financial year. As moist wound healing is the primary effect of this combination product, it should continue to be regulated under the medical devices directive, which requires involvement by a healthcare authority during the approval process for combination products, thus ensuring patient safety for this type of product.

Ostomy Care

Coloplast markets products and services for people who have had a stoma, i.e. a surgical procedure in which part of the intestine is brought out to the surface of the abdomen. The purpose is either to empty the large intestine (colostomy), the small intestine (ileostomy) or the urine passage (urostomy). Typical users have suffered from chronic intestine disorders or cancer of the intestine. A stoma does not have to be permanent, and a growing number of patients have their stoma reversed, so they no longer need medical appliances.

Every time Coloplast has developed a new generation of ostomy care products, we have raised the overall standard of ostomy care products. Our long-standing collaboration with nurses and users shows that it is possible to continue to improve the adhesives, the odour filters and the material used to make ostomy bags. It has been this way ever since Aage Louis-Hansen developed the world's first disposable ostomy bag.

Today's ostomy bags consist of either a skin-adhesive plate with an attached bag or of two separate parts where the bag is replaced more often than the adhesive plate. A good ostomy bag is discreet and should make the user feel comfortable, allowing the user to live as normal a life as possible.

In addition to Coloplast products, we offer services in the form of home delivery, fitting of ostomy bags and professional guidance.

Worth about DKK 9.6bn, the global market for ostomy bags is influenced by the extent to which products are reimbursed. The market expands as new healthcare systems are established, including Russia and various Asian countries. Market growth is about 3%-5% and Coloplast holds about a 32% market share. Our largest market share is in Europe, while the smallest one is in the USA. We retain our ambition of achieving a double-digit share of the US market within a few years.

Revenue from Coloplast ostomy products were up by 9% in local currencies to DKK 3,107m. The company generated good revenue growth in the USA and in most markets in Europe, including France and Germany.

Easiflex sales contributed strongly to growth, but sales of **Assura** ostomy bags also saw satisfactory improvements, especially the open bags with the **Hide-away** outlet. **SenSura** had been launched in all major markets by the end of the financial year, most recently in the USA, Canada and Japan, and sales of this product are outperforming expectations.

Urology and Continence Care

Urology is the branch of medicine dealing with the diagnosis and treatment of diseases of and damage to the urinary system and the male reproductive system, while continence care products help users to empty their bladder or bowels quickly and easily.

In 2006, Coloplast strengthened its position in the urology and continence care market through acquisitions. We are now the market leader in the USA and have further consolidated our leading position in Europe. Our urology and continence business offers products for the treatment of most urological disorders. We market a broad range of products for the treatment of urinary incontinence, kidney stones, enlarged prostate, erectile dysfunction and weak pelvic muscles. For women, we produce sub-urethal tapes to restore continence and mesh for surgical prolapse repair. For men we produce penis implants to alleviate erectile dysfunction. Coloplast also produces and markets a number of surgical tools for use before, during and after operations, including prostatic catheters and stents. Coloplast has become a leading global supplier of a wide assortment of surgical urology products. In addition, we offer a wide range of intermittent and permanent catheters, urine bags, urisheaths, absorbing products and a unique system that allows users to control their bowel movements. Our key customer group is people with spinal-cord injuries. These are often young people who have been involved in an accident.

The market for urology and continence care products hinges on medical achievements in treatment regimes and the technological development of equipment used at hospitals. Implants for women with urological problems, such as urinary incontinence and weak pelvic muscles, represent a growing market. The USA accounts for the bulk of the global market, and new technologies and treatment regimes are most often developed here. In 2007, we developed a new strategy for the urology market segment involving surgical products, which is a fast growing and highly fragmented market.
The strategy aims to promote sales in the USA and Europe. Coloplast is the global market leader in continence care. The market for catheters is the strongest growing segment.

The part of the urology and continence care market in which Coloplast operates represents a value of about DKK 17bn and it grows by 8%-10% per year. Coloplast holds about a 19% share of the global urology and continence care market.

Revenue from Coloplast urology and continence care products was up by 40% in local currencies to DKK 3,199m.

Catheters and urinary bags provided the largest contributions to sales growth. These two product areas represent half of the revenue generated by the business area. We generated good growth in sales of urinary bags and catheters, which contribute about 50% of the revenue in this business area, and sales of implants in North America also progressed well. The process of integrating the urology business has developed according to plan, and currently the most important activities are initiatives to promote the planned acceleration of sales growth.

Users, patient organisation representatives and financial analysts attended Coloplast's Capital Markets Day held in Peterborough, England, in September 2007. Pictured above is Kim Bell of Coloplast's Charter Healthcare showing Hazel Pixley, Anne Demick and General Manager Graham Sethna how she fits products to suit individual user needs.

Wound and Skin Care

Coloplast markets products for skin care and wound-healing and gives advice to nurses with regard to treatment and the use of our products. Patients are treated for exudating or chronic wounds caused by disease or bed sore.

Characteristic of a good dressing is that it speeds up the wound healing process and is easy to replace for the health-care staff without any pain or discomfort for the patient in the form of inflammation, liquid or odour. Optimum wound treatment is achieved in a moist environment and Coloplast has developed the materials used to make the dressings so that they ensure the right environment. There is a trend towards increasingly advanced dressings. Coloplast's skin care products consist of disinfectant liquids and lotions and are used primarily to protect skin exposed to body fluids, retaining skin moisture, and for bathing and cleansing wounds. Some of our products are sold as accessories to other Coloplast products.

The market for Coloplast's skin and wound care products is influenced primarily by three factors: The general increase in life expectancy, growing awareness of the need for skin care and not least the user-driven innovation, which constantly leads to new and improved products. The global market for Coloplast's products is worth about DKK 13.3bn and it grows by approximately 5% per year. Coloplast holds about a 10% share of the global wound and skin care market.

Revenue from Coloplast wound and skin care products were up by 6% in local currencies to DKK 1,269m. The revenue growth is driven by our advanced foam dressing **Biatain**-Ibu and by skin care products. Even though the product has been well received by our customers, sales of **Biatain**-Ibu have not met expectations. Considering the underperformance of the business areas, we have developed a new strategy involving a special effort towards selected customer groups in markets given extra priority. We believe that the new strategy will restore double-digit growth rates within 24 months and improve profitability.

INTEGRATION EFFORTS PRODUCING RESULTS

SOLID FOOTHOLD IN THE USA

Since expanding our business by acquiring the urology business in June 2006, we have been working hard to integrate the roughly 1000 new employees and learn more about the urology business and the urology market.

Our urology business is now generating a good sales performance, a sure sign that our extensive integration efforts are beginning to have an effect. The urology business was an important acquisition for Coloplast, because urology is a good match for our continence care business and because it gave us a solid foothold in the United States and a good platform from which to continue expanding in this important market.

“The most challenging aspect has been in managing many and often conflicting expectations in everyday work processes: To begin with, the integration of ‘Surgical Urology’ into Coloplast, where the largest revenue market is non-European and where part of the business – especially the implantable device market – differs from traditional Coloplast business,” says Ash Keswani, VP, Surgical Urology, who is shown to the right in the picture above.

Also shown are Rick Uhlemann, Director of Manufacturing (left) and CEO Sten Scheibye standing on the rooftop of Coloplast’s US headquarters in Minneapolis and looking at future expansion opportunities.

Urology

Urology is the branch of medicine dealing with the diagnosis and treatment of diseases of and damage to the urinary system and the male reproductive system.

Urology products are used to help people who have suffered damage to or lost their normal urological functions so they can live as normal a life as possible. Urology products can also be used to reconstruct male reproductive organs.

The need to use urology products typically arises for people who are paralysed after an accident or who have suffered from diseases such as cancer of the abdominal and pelvic region.

Since acquiring the urology business, we have

- Integrated the US business operations in Minneapolis, Minnesota
- Closed down the Lancing site in the UK
- Divested our brachytherapy franchise
- Integrated our sales organisations
- Merged and expanded our R&D, marketing and IT activities
- Launched new surgical products
- Generated organic revenue growth

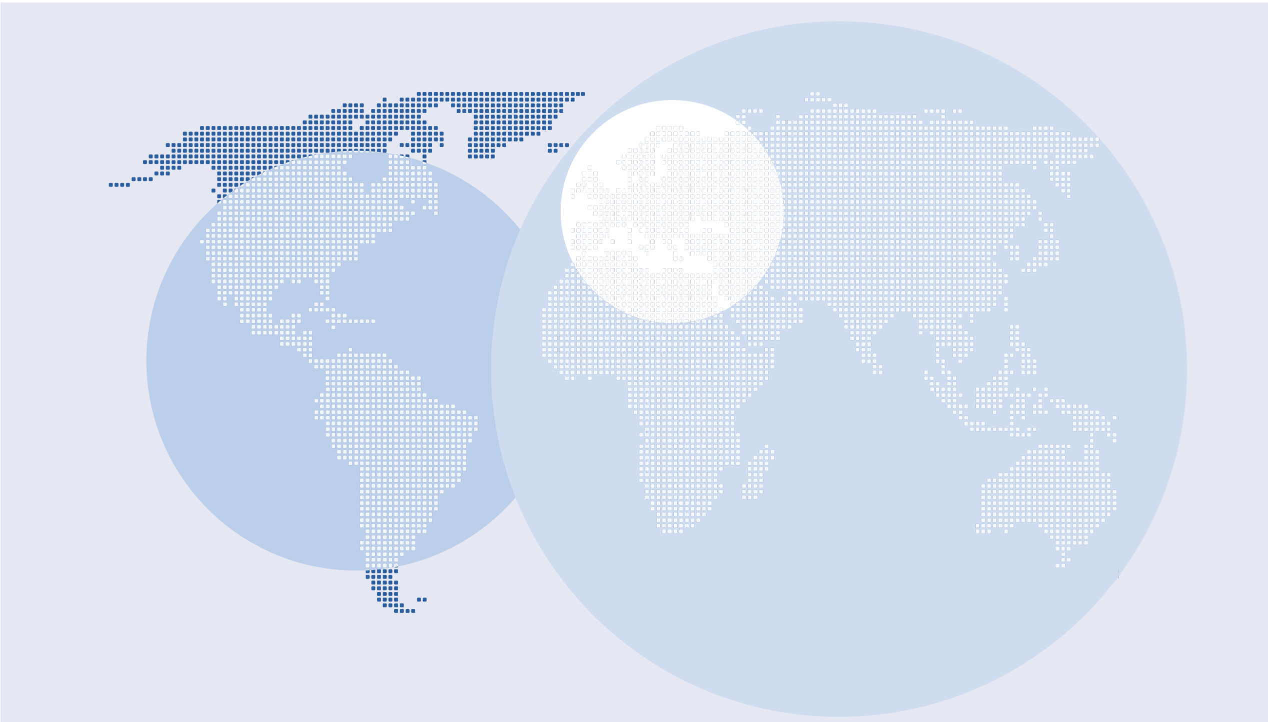
GEOGRAPHICAL MARKETS

Coloplast is a global business generating sales through subsidiaries and distributors in most parts of the world. Geographical markets are divided into Europe, the Americas and the rest of the world.

Financial results and key ratios

	Europe		The Americas		Rest of the world	
	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Revenue, DKKm	6,418	5,550	1,111	709	513	450
Organic growth	9%	7%	16%	12%	17%	12%
Share of consolidated revenue	80%	83%	14%	10%	6%	7%

Revenue and growth rates indicated are for continuing operations. Urology is included from 2 June 2006.



Financial results

Europe has traditionally been the company's core market, its primary source of revenue and the base of its largest market shares. Coloplast has recently strengthened its position substantially, including in the US market, in part due to company acquisitions, and we are also winning market shares in the rest of the world.

Europe

Coloplast is represented in Europe by a number of sales subsidiaries and representative offices. Coloplast is the European market leader in the markets for urology, continence care and ostomy care products.

Effective 1 January 2005, a healthcare reform was implemented in the important German market for ostomy care products and a new set of lower nationwide reimbursement rates implemented for continence care products took effect on 1 January 2007. The change has lowered the reimbursement rates for our continence care products by an average of about 10%. Germany introduced additional amendments to its healthcare regulations effective 1 April 2007. The main change to previous practice is that German sick funds are now in a better position to apply competitive tendering when selecting providers of medical devices. Any possible future impact will depend on the extent to which the German sick funds apply competitive tendering rather than the existing fixed price system and on our ability to act under the changed market conditions. The change is mainly expected to impact sales in Coloplast's homecare subsidiary HSC. Coloplast continues the work to strengthen its German organisation, aiming to work more closely with the sick funds as well as with the service providers supplying the sick funds.

In September 2007, Britain's Department of Health released a new consultation paper containing revised proposals for the provision of stoma and incontinence appliances and related services. Coloplast is a party to the hearings through various industry organisations and as an independent company. The consultation round was scheduled to run from September until November 2007, but it has subsequently been extended to 28 December 2007. The Department of Health announced the extension in order to seek additional responses to the product classification proposal. Accordingly, Coloplast expects that the Department of Health will not reach a final decision until the beginning of 2008 and that the decision will not be implemented until six months, at the earliest, after it is announced. Any potential impact of a healthcare reform in Britain is not reflected in the financial guidance, because Coloplast prefers not to indicate possible consequences for as long as the consultations are ongoing.

The Americas

Coloplast's subsidiaries in the USA, Canada, Argentina and Brazil handle sales to most of the markets in North and South America. Sales in other countries are handled by independent distributors.

Most of the sales in the region were generated in the USA, and sales of urology and continence care products to the US market produced a healthy growth rate. Coloplast retains its ambition for the ostomy business area to achieve a double-digit market share in the USA within a few years. The means of achieving this goal is to increase the share of new patients in hospitals and to enhance local access to Coloplast products.

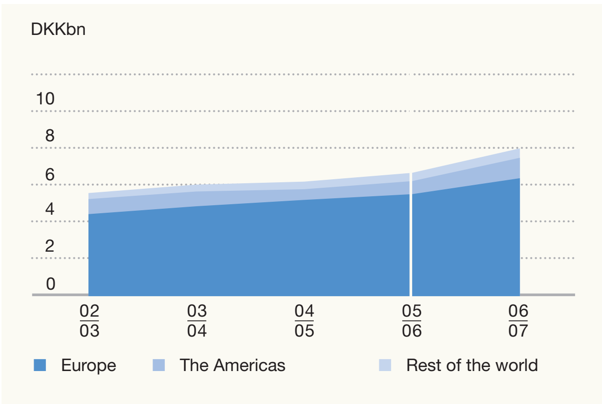
Rest of the World

Japan and Australia are the largest markets outside Europe and the Americas. Most of the Asian markets produced double-digit growth rates in sales through Coloplast's sales subsidiaries as well as in sales through independent distributors.

Coloplast makes regular investments to develop new markets, contributing to the training of nurses in Russia, among other things. Product reimbursement rates are the most important driver of growth opportunities in the large number of countries where users do not have sufficient personal finances to afford modern treatment. For example, a national reimbursement scheme introduced in Russia in January 2005 gave the country's some 50,000 ostomy patients access to the necessary medical devices.

In a number of other markets, healthcare professionals and patient organisations have approached Coloplast to seek our support in addressing their national healthcare authorities about the benefits of introducing reimbursement schemes. This is a difficult task requiring a persistent and unremitting effort, because these countries still have very limited healthcare budgets.

Distributions of revenue



NEW GLOBAL SELLING STANDARDS

STRATEGIES REACHING ALL THE WAY TO THE FRONT LINES

The French sales force consists of two teams: one selling surgical urology products, such as penile implants and vaginal slings, while the other has sales operations involving all three business areas of ostomy care, wound and skin care, and urology and continence care. According to the company's sales manager Yves Desjardains, a key strength of the French sales force is its stability and strong customer relations:

"We have a loyal team of salespeople who have been with Coloplast for several years. They have invested a lot of time in building strong customer relations. They listen to our customers and have earned their full confidence, and that is what I consider to be the greatest strength of Coloplast France," says Yves Desjardains.

Meeting Coloplast's long-term targets will require a global sales force working in a coordinated effort and with common goals. Commercial Excellence, a new department set up in connection with the organisational restructuring in early 2007, and the sales subsidiaries will work together to set new professional standards in sales and marketing. That will extend Coloplast's strategies all the way to the front lines; to where the sellers meet the customers. At the French subsidiary, they have high expectations for the new arrangement:

"We expect our sales force to become much more efficient, so we can optimise the use of our existing resources," says Alain Morvan, General Manager of Coloplast France.

Coloplast sales subsidiaries

Coloplast generates sales through subsidiaries and distributors in most parts of the world. The three largest sales subsidiaries are in the UK, Germany and France. In addition, we have 25 sales subsidiaries throughout Europe, the Americas and the rest of the world. In certain markets, our sales subsidiaries are direct suppliers to users and are thus able to provide optimum advice.

Shown in the picture is Christine Labrunie of the French sales department.

Coloplast France

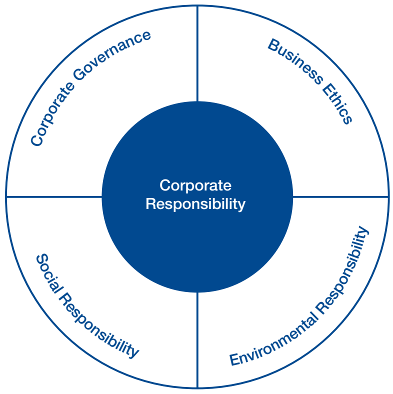
- Coloplast France is the third-largest of Coloplast's sales subsidiaries in terms of revenue, trailing only the UK and Germany.
- Since acquiring the urology business in 2006, Coloplast has also had production facilities in France.
- Today, there are more than 500 employees in France working at the sales subsidiary's head office in Paris or at the production facilities in Sarlat in the southern part of the country.
- The French subsidiary was set up in 1978.

MANAGEMENT ISSUES

CORPORATE RESPONSIBILITY

In 2002, Coloplast signed up to the UN Global Compact. Since then, we have reported on the work with the 10 principles involving human rights, employee rights, environmental issues and anti-corruption. The principles are applied to ensure that we comply with recognised international standards.

At Coloplast, we take active responsibility for contributing to sustainable developments. In reference to the UN Global Compact, we focus on four key areas:



Corporate governance
We work to promote transparency in management issues applying the principles of corporate governance as provided by legislation, ordinary practise and recommendations.

Business ethics
We act in a responsible, open and fair manner towards our customers, business partners, investors and other stakeholders.

Environmental responsibility
We minimise the adverse environmental impact of our value chain.

Social responsibility
We make a difference to our employees and our local community.

Our efforts in these four key areas help to ensure that we comply with our values, thus maintaining Coloplast's business credibility and integrity. Conducting business responsibly also helps to ensure that qualified employees can be recruited and retained and thereby supports Coloplast's reputation locally, politically and in a business context.

Code of conduct - anti-corruption and anti-bribery
In the 2006/07 financial year, we continued the work to prepare a code of conduct against corruption and bribery. It describes what we consider good business ethics and lays down the framework for how we wish to run our business.

We have developed a training programme and training material in order to anchor the code of conduct in our organisation. We have also set up an advisory service offering guidance on how to act in various situations.

Supplier evaluation
Coloplast reviews suppliers of raw materials in terms of their respect for human rights, employee rights and occupational health issues.

Reviews of all current suppliers will be complete by the end of 2007, and any new suppliers will be reviewed before they are approved as a Coloplast supplier.

Environmental issues
We use corporate management systems in the fields of quality, environmental issues and occupational health in compliance with ISO and OHSAS standards.

Chemicals
Under new EU regulations governing chemicals, all substances used in our products must be registered and evaluated in cooperation with suppliers and authorities. At Coloplast, we have been preparing for this for some time.

Phthalates
New EU regulations also apply to product marking. For example, products containing certain types of phthalates, which are used as plastic softeners, must be marked by 2010. Coloplast will continue the work to substitute softeners that are considered to pose a hazard. Coloplast will not develop new products containing the softener DEHP, which is considered to be particularly hazardous.

Global warming
Coloplast's contribution to reducing global warming centres on reducing energy consumption and emissions. We participate in the Carbon Disclosure Project and we are signatories to the UN Global Business Leadership Platform on Climate Change.

Sustainability indices
During the financial year, Coloplast received a number of requests to join sustainability indices for shares and to participate in other similar initiatives. We are a component of the following: Dow Jones Sustainability World Indexes, Dow Jones STOXX Sustainability Indexes, FTSE4Good and Kempen SNS Smaller Europe SRI Index. We will continue in 2007/08 to measure our performance against the other components of these indices.

Coloplast's continuous growth during the last fifty years has been rooted in the close relations with the users of our products and in our ability to listen to the users and respond to their needs. Shown above are Jens Lillegaard and Birgitte Scheel Andersen at a Meet-your-Customer Day in Humlebæk, Denmark.

ORGANISATION AND KNOWLEDGE RESOURCES

Organisational change

In the spring of 2007, Coloplast implemented extensive changes to the organisation in order to strengthen the customer understanding and market insight applied in product development. We merged the three product divisions into two new organisations, Global R&D and Global Marketing, with a view to enhancing our innovative strength, our marketing and our sales. The newly established Commercial Excellence support function has changed and strengthened the sales organisation. Economies of scale and the elimination of duplicate efforts will release resources allowing sales representatives to spend more time on customer relations.

New product launches will be accelerated and we have set an ambitious goal of doubling the pace of new product development.

Anthropological research

Coloplast has launched the most extensive anthropological study in company history.

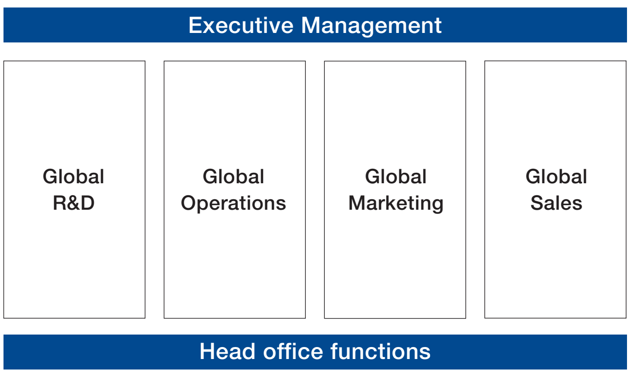
The purpose of the user survey is to identify needs that users have so far not been able to articulate or make specific. The anthropological approach is there to ensure that we uncover these needs and are able to use them as a basis for further development of our products.

Nurses, doctors, and healthcare assistants are interviewed and filmed. We analyse the users' habits and routines and listen to what they are saying. An employee from Coloplast takes part in each visit.

Human resources

At 30 September 2007, Coloplast had 7,274 employees, of which 4,632 worked in international locations and 2,642 were based in Denmark. The number of employees increased by 27 during the year, as operations divested had 603 employees and the rest of the organisation grew by 630 people.

Group overview



ENTERPRISE RISK MANAGEMENT

We have put risk management into system through a process to ensure organisational involvement and acknowledgement of responsibility and to address the most significant risks at the appropriate management levels

At Coloplast, risk management is designated Enterprise Risk Management (ERM), i.e., management of enterprise risks as an integral part of our strategy and our day-to-day operations.

Purpose
We aim to ensure that risks are timely identified, adequately understood, properly assessed and effectively responded to by responsible employees at all levels within the company.. This enables us to better achieve our short-term and long-term goals and fulfil our obligations to our employees and to society in general.

Organisation
The management in each of Coloplast's individual business units and staff functions are responsible for identifying and managing risk factors in their specific parts of the organisation. The most significant risks are reported to Coloplast's ERM Office, which acts as a link between the organisation and the company's ERM Committee and participates in developing ERM at Coloplast.

The ERM Committee comprises business unit managers, heads of staff functions and one member of the Executive Management. The ERM Committee is responsible for assessing significant risks and mitigating initiatives related hereto. The Committee is also responsible for assessing cross-organisational risk factors. The Committee reports to the Executive Management and is responsible for providing the Executive Management with information and a basis for decision-making concerning significant risks.

The Executive Management is responsible for drafting the company's ERM Policy and for aligning the policy with Coloplast's overall strategies and policies. Based on the Committee's work Executive Management is responsible for formulating appropriate risk responses to the most significant risks.

At least once a year, the Board of Directors reviews and approves the conclusions and recommendations of the Executive Management and the Committee.

Process
Our ERM efforts are based on an annual process to ensure organisational involvement and acknowledgement of responsibility and to address the most significant risks to the appropriate management level. The process contains four steps:

1. Risk identification
All business units identify risks directly or indirectly related to their field of activity on an annual basis. In this connection, risk is defined as events or trends that may prevent the individual units or Coloplast in general from achieving their goals. Such events or trends may be well-known by the organisation, but they may also signify factors of uncertainty that could develop into threats to Coloplast's goals.

2. Risk assessment
All identified risks are initially assessed by the individual business units with respect to their likelihood of occurrence and potential impact based on a number of factors, including employees, customers, the environment, reputation and results of operations. The assessment criteria vary depending on the size of the individual business unit. All risks described are subsequently assessed, compiled and reported by the ERM Office. Afterwards, the ERM Committee determines which risks are the most significant to the Group and decides the level to which each individual factor should be reported in future.

3. Risk response
In connection with the annual risk identification and assessment, all business units are required to formulate appropriate risk responses to each individual risk. For risks that are reviewed at Committee or Board level appropriate risk responses will be formulated in collaboration with these parties.. Appropriate risk responses may range from accepting the risk, initiating measures to mitigate any adverse impact, reducing the likelihood of occurrence to transferring the risk to a third party or completely avoiding the risk by detaching the company from the underlying cause.

4. Follow-up
All significant risks are monitored and assessed on a regular basis by the ERM Office, the ERM Committee, the Executive Management or the Board of Directors according to significance. In addition, the individual business units are responsible for assessing and reporting the development of any significant known or new risks on a quarterly basis. To facilitate and support this process, the ERM Committee meets at least once every three months.

Insurance
Transfer of risk to a third party is typically effected through insurance, and Coloplast has therefore delegated this task as part of ERM. By integrating Coloplast's insurance programme in the ERM programme, the decision-making processes in both areas may be assessed together. Coloplast's insurance programme includes lines such as property, business interruption, liability, transport, employees and certain environmental issues.

Coloplast's corporate website provides information about our risk management and the most significant risk factors to which Coloplast is subject. The following examples are based on the information on our website.

Examples of the current risk scenario
The risk factors are not listed in any order of priority.

Attracting and recruiting employees
Growth, globalisation and innovation are key focus areas in our efforts to achieve our business goals. In this regard it is imperative that we can continue to attract, retain and develop competent employees. Attracting and recruiting employees is a particular challenge in specific geographical areas. At Coloplast, we have therefore launched several new initiatives to focus on the personal development of managers and employees, and we also make a dedicated effort to strengthen our reputation as a place to work.

Prices and regulation
Most of Coloplast's products are sold at prices subsidised by the authorities. Changes in the national economies of individual markets may cause reimbursement rates to be reduced. Therefore we carefully monitor the development of reimbursement rates in various countries and maintain a close dialogue with the relevant authorities and industry organisations. We prepare for changes in market conditions by strengthening our clinical and health-economic documentation, by increasing the pace of development of new and even more cost-efficient products and by maintaining a competitive cost level.

Production facilities
Damage to factories or business interruption constitute a significant risk. At Coloplast, we have devised a contingency plan to ensure quick intervention in case of major accidents and to limit the consequences for people, machinery and environment at our factories. We make a targeted effort to minimise the risk of accidents, and all of Coloplast's production facilities are regularly assessed by leading international insurer who place very high demands on operating and maintenance standards. We apply the results of these assessments in our constant efforts to improve the performance of our factories.

Coloplast's commitment to maintaining safe and modern production facilities is also reflected at our most recent factories. The new factories in China and Hungary are considered to meet the highest security standards.

Suppliers
The quality of the raw materials and products we procure must meet the high Coloplast standards. We ensure this through a comprehensive quality control system. We endeavour to minimise our dependence on individual suppliers. In a few areas where only few suppliers are available, we have signed procurement agreements running for several years. In addition, we regularly check up on the resilience of the relevant suppliers' production and delivery chains with regard to accidents and hazardous incidents.

Markets
Coloplast's business is designed to interact with players in a market structure, including patient contact to healthcare systems. The organisation is in close contact with healthcare professionals and authorities in the individual markets with a view to monitoring developments and adapting activities to any changes in market conditions. In addition, Coloplast endeavours to ensure a high degree of user satisfaction by maintaining extensive customer focus. This is, for example, supported by Coloplast's Mission and by practical initiatives launched during the year.

Substitution
Treatment methods and product technologies are subject to constant development. Over time this may result in changes in the need for and design of Coloplast's products. We monitor these developments and work with leading specialists in treatment and product areas. Today, there are no medical solutions that eliminate or reduce the need for Coloplast's most important products.

Corruption and bribery
Corruption in a society limits freedom, curbs growth and democratic progress and destroys the free market. Consequently, corruption is also a threat to our business, our employees and the societies in which we operate. As a global enterprise we are regularly faced with dilemmas originating in legal, ethical or cultural differences between the countries in which we conduct business. We need our employees to be able to navigate without compromising our values and principles. Therefore, and because of our firm conviction that good ethics support our reputation, we give high priority to our code of conduct efforts against corruption.

Financial aspects
Coloplast's internal policy for managing financial risks is updated annually and subsequently approved by the Board of Directors. The policy sets limits to the extent of financial risks and guidelines for financial transactions in general. Its purpose is to reduce the financial risks, which may affect the company, especially as a result of changes in exchange rates and interest rates.

“Coloplast is a leader in the development of ostomy care in China”. Those were the words of Professor Fu of Changhai hospital in Shanghai at the opening of the Coloplast Academy Ostomy Care programme in China in January 2007. 41 Chinese nurses participated in the first course, and during the three-day event they were trained in caring for people with an ostomy. Since then, some 400 Chinese nurses have attended Coloplast’s training courses.

“There is an urgent need for training in ostomy care in China. More than 35,000 people have an ostomy operation each year, but we only have 100 ostomy nurses”, says Andrew Yu Liang, Vice President of Coloplast China.

“The aim of Coloplast’s training programme in China is to increase the knowledge of ostomy care in order to provide users with qualified counselling. A recent survey in Southern China showed that more than half of all ostomy patients have no social contact because they stay at home and that they are not aware of the modern aids available to them in the Chinese market today”.

The picture shows operator He Rong and a group of Chinese student nurses visiting the Coloplast factory in Zhuhai, China last June.

COLOPLAST TRAINS NURSES

SHOWING THE WAY IN THE DEVELOPMENT OF OSTOMY CARE IN CHINA

Great potential for Coloplast in China

With a population of 1.3 billion people and with increasing levels of income, China offers great potential for becoming an important market for Coloplast. The key to increased sales in China is training, as the majority of users and health professionals are not familiar with the modern forms of treatment available in ostomy care, urology and continence care and wound and skin care.

New Coloplast factory in China

Coloplast has operated sales and production facilities in Zhuhai since 1995. On 1 November 2007, we opened a new factory in Zhuhai, which we expect will have more than 500 employees in a year's time. The factory is to produce ostomy bags for the European, US and Asian markets as well as urisheaths, urine bags and catheters for the European and US markets. Over the next couple of years, we expect to expand the factory to accommodate more than 1,000 employees.

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 company's objectives, strategies, overall budgets and 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
On 6 October 2005, the Copenhagen Stock Exchange published a decision to include corporate governance in the duty-to-disclose list of issues to be accounted for by listed companies. The recommendations emphasise that explaining non-compliance is just as legitimate as complying with a specific recommendation. The essential issue is to make company management structures transparent.

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.

Objective of the reporting
The company 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 increase the scope of information to investors
- to increase shareholder and employee insight into the company's strategy, objectives and risks
- to increase stakeholder confidence in the company.

Contents of the reporting
Corporate governance at Coloplast
1. The role of the shareholders and their interaction with management
2. The role of stakeholders and their importance to the company
3. Openness and transparency
4. Duties and responsibilities of the Board of Directors
5. Composition of the Board of Directors
6. Remuneration of the Board of Directors and the Executive Management
7. Risk management
8. Audit.

The following sections are extracts from the document 'Corporate governance at Coloplast' which is available in its full length from our corporate website.

1. The role of the shareholders and their interaction with management
Capital and share structures
Share structure
Coloplast has two share classes: 3.6 million class A shares entitling the holders to ten votes per A share and 44.4 million class B shares entitling the holders to one vote per B share. Both share classes have a denomination of DKK 5 per share. In 1983, Coloplast's class B shares were listed on the Copenhagen Stock Exchange while the class A shares remain non-negotiable instruments. Any change of ownership for class A shares will require the consent of the Board of Directors. The composition of the shareholders by different categories is provided in each annual report. The Board believes that this share structure has benefited Coloplast's development and that maintaining this structure will be to the benefit of all the company's shareholders.

2. The role of stakeholders and their importance to the company
The role of the stakeholders
An integral part of Coloplast's management philosophy is to achieve balanced value creation for the company's stakeholders both in the short and the long term. The management believes that such balance will also maximise value generation for the shareholders.

3. Openness and transparency
Investor relations
A policy has been established for the communication of information to shareholders and investors. According to this policy, the Executive Management and the Corporate Communications team are responsible for the flow of information pursuant to guidelines agreed with the Board of Directors. The communication of information complies with the rules laid down by the Copenhagen Stock Exchange, comprising:
- Full-year, 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.

4. Duties and responsibilities of the Board of Directors
Procedures
A set of procedures governs the work of Coloplast's Board of Directors. These procedures are reviewed annually by the full 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.

5. Composition of the Board of Directors

Board committees

The Coloplast Board has not set up any special committees. The Board believes that the size the Board and the complexity of the company do not necessitate such committees. The Chairman prepares and organises the work of the Board of Directors, in some instances in cooperation with the Deputy Chairman, and the two of them thereby address specific needs that on other company boards may be handled by special committees.

Assessment of the work performed by the Board of Directors and the Executive Management

Board of Directors

At least every other year, the Board of Directors assesses its working procedures and method of approach. The practical assessment takes the form of a questionnaire which addresses issues like the overall competences of the Board members. The Chairman consults each individual Board member. Based on the assessment, the organisation and efficiency of the Board of Directors' work are discussed at a Board meeting where any proposals for improvement are approved.

6. Remuneration of the Board of Directors and the Executive Management

Remuneration policy

The right-hand column of this page contains proposals to be considered by the general meeting on 18 December 2007.

Severance schemes

As at 30 September 2007, a provision of DKK 6m was made for a now discontinued post-service remuneration scheme for retired Board members. The scheme comprises 6 persons.

Pension benefits are paid to one retired company executive. When current executives leave the company, there will be no obligations apart from two years' pay.

7. Risk management

Openness about risk management

Coloplast's annual report includes a summary of the significant business risks and activities relating to these risks. The company's corporate website includes an in-depth account of this area.

8. Audit

Audit committee

The Coloplast Board has not established an audit committee, cf. the section on the use of board committees.

Internal controls

At least once a year, the Board reviews whether the internal control systems are adequate. The Board has assessed that the size and complexity of the company for the time being do not necessitate the establishment of an internal audit function.

Remuneration of Board of Directors and the Executive Management

Section 69b of the Danish Public Companies Act provides that shareholders adopt, at the next general meeting, general guidelines for incentive pay to members of a company's board of directors and its executive management before a specific agreement to this effect can be made. Accordingly, Coloplast intends to propose such a resolution to the shareholders at the general meeting to be held on 18 December 2007. The text of the proposed resolution is set out below. Coloplast's Board of Directors has elected to define guidelines for all forms of pay, not only for incentive pay as required by the bill.

General guidelines for the company's remuneration of members of the Board of Directors and the Executive Management

Board of Directors

Members of the Board of Directors receive a fixed annual fee. The chairman and deputy chairman of the Board of Directors receive a supplement to this fee. The amounts of fees and supplements are approved by the shareholders and disclosed in the annual report. Fees are fixed based on a comparison with fees paid by other companies. Members of the Board of Directors receive no incentive pay.

Executive Management

The chairman and deputy chairman of the Board perform an annual review of the remuneration paid to members of the Executive Management.

The remuneration paid to members of the Executive Management consists of a fixed and a variable part. The fixed pay consists of a net salary, pension contribution and other benefits. The value of each of those components is disclosed in the annual report for each member of the Executive Management.

As an element of the variable pay, members of the Executive Management may receive an annual bonus, subject to achievement of certain benchmarks. The bonus proportion varies among the members of the Executive Management, but is subject to a maximum of around 40% of the annual net salary. The actual bonus paid to each member of the Executive Management is disclosed in the Annual Report. At the date of adoption of these guidelines, the bonus benchmarks comprise the Group's economic profit and EBIT margin, 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.

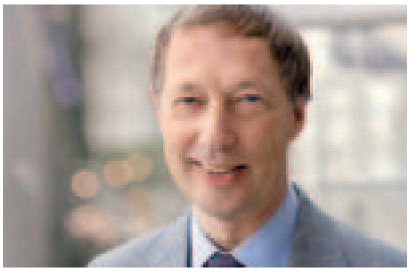
Members of the Executive Management are awarded a number of options each year with a value equal to three months' net pay.

The value is calculated in accordance with the Black Scholes formula. Options are awarded with a strike price which is 15% higher than the market price at the award date, and members of the 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. For tax purposes, the terms of the award entail that the gain is taxed as share income while the costs of the award are not tax-deductible for the company. The number of options awarded 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.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT


Michael Pram Rasmussen


Niels Peter Louis-Hansen


Per Magid


Torsten Erik Rasmussen


Ingrid Wiik


Thomas Barfod


Sven Håkan Björklund


Mads Boritz Grøn


Knud Øllgaard


Sten Scheibye


Lars Rasmussen


Lene Skole

OTHER BOARD MEMBERSHIPS

BOARD OF DIRECTORS

Chairman
Michael Pram Rasmussen (52)
2 years on the Board
A.P. Møller - Mærsk A/S (C)
Topdanmark A/S (C)
Topdanmark Forsikring A/S (C)
Mærsk Olie og Gas A/S (DC)
William Demant Holding A/S (BM)
Oticon A/S (BM)

Deputy Chairman
Niels Peter Louis-Hansen (60)
38 years on the Board
Aage og Johanne Louis-Hansens Fond (C)

Thomas Barfod (37)
1 year on the Board
Elected by the employees

Sven Håkan Björklund (51)
1 year on the Board
Danisco A/S (BM)

Mads Boritz Grøn (40)
1 year on the Board
Elected by the employees

Per Magid (64)
23 years on the Board
Højgaard Ejendomme A/S (C)

Torsten Erik Rasmussen (63)
16 years on the Board
Amadeus Management A/S (C)
Best Buy Group A/S (C)
A/S Det Østasiatiske Kompagni (DC)
Vestas Wind Systems A/S (DC)
JAI A/S (DC)
TK Development A/S (DC)
Acadia Pharmaceuticals A/S (BM)
Arvid Nilsson A/S (BM)
ECCO Sko A/S (BM)
NatImmune A/S (BM)
Outdoor Holding A/S (BM)
Schur International A/S (BM)
Vola A/S (BM)
Vola Holding A/S (BM)

Ingrid Wiik (62)
4 years on the Board

Knud Øllgaard (46)
17 years on the Board
Elected by the employees

EXECUTIVE MANAGEMENT

President, CEO
Sten Scheibye (56)
Novo Nordisk A/S (C)
Danske Bank A/S (BM)

Executive Vice President, CCO
Lars Rasmussen (48)
MT Højgaard A/S (BM)
Højgaard Holding A/S (BM)

Executive Vice President, CFO
Lene Skole (48)
DFDS A/S (BM)

Listed on this page are the board memberships in Danish companies of the members of the Board of Directors and the Executive Management of Coloplast A/S as reported by them on 20 November 2007.

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 Investors section of the Coloplast website.

(C) Chairman
(DC) Deputy Chairman
(BM) Board member

MANAGEMENT'S STATEMENT AND AUDITORS' REPORT

TO THE SHAREHOLDERS OF COLOPLAST A/S

The financial statements of the parent company Coloplast A/S, which is enclosed on CD-rom at the back of this print Annual Report, is also available from www.coloplast.com, and it forms an integral part of the overall Annual Report. The management statement and the auditors' report set out below have been issued in respect of the overall Annual Report.

Management statement

The Board of Directors and Executive Management today considered and approved the Annual Report of Coloplast A/S for 2006/07. The Annual Report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 September 2007 and of the results of the Group's and the parent company's operations and the cash flow of the Group for the financial year ended 30 September 2007. We recommend that the Annual Report be submitted to the general meeting for approval.

Humlebæk, 20 November 2007

Executive Management

Sten Scheibye
President, CEO

Lars Rasmussen
Executive Vice President, CCO

Lene Skole
Executive Vice President, CFO

Board of Directors

Michael Pram Rasmussen
Chairman

Niels Peter Louis-Hansen
Deputy Chairman

Thomas Barfod

Sven Håkan Björklund

Mads Boritz Grøn

Per Magid

Torsten Erik Rasmussen

Ingrid Wiik

Knud Øllgaard

Independent Auditors' Report

We have audited the Annual Report of Coloplast A/S for the financial year 2006/07, which comprises Management's Statement, Management's Review, significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statements and notes for the Group as well as for the Parent Company. The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Management's Responsibility for the Annual Report
Management is responsible for the preparation and fair presentation of the Annual Report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.
This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
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 that 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 Entity's preparation and fair presentation of the Annual Report 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 Entity'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 financial position at 30 September 2007 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 2006/07 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 20 November 2007

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Lars Holtug
State Authorised
Public Accountant

John van der Weerd
State Authorised
Public Accountant

FINANCIAL STATEMENTS

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ACCOUNTING POLICIES

Presentation

The parent company and consolidated financial statements are presented separately in the Annual Report in that the parent company financial statements are enclosed on CD-rom. The partent company financial statements are an integral part of the Annual Report, and other parts of the report, such as the management statement, the auditors' report and the accounting policies, also apply to the parent company.

Basis of preparation

The Annual Report has been prepared in accordance with the International Financial Reporting Standards as approved by the EU and additional Danish disclosure requirements applying to listed companies.

Accounting policy changes

Effective from the 2006/07 financial year, the Coloplast Group has implemented IAS 19, according to which actuarial gains and losses may be recognised directly in equity subject to certain conditions, and IAS 39, which imposes limitations in the recognition of financial instruments at fair value through profit or loss. The implementation of IAS 19 and IAS 39 has not affected the financial statements.

New financial reporting standards adopted

Other new or revised standards or 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 IAS 1 on capital management disclosures, a new, revised IAS 1 on the presentation of financial statements, a new, revised IAS 23 on capitalising borrowing costs and IFRS 7 on disclosure of financial instruments. It also applies to the new IFRS 8 regarding segment information, which must in future be based fully on internal reporting. The changes to IAS 1 regarding capital management disclosures and the new IFRS 7 apply as from the 2007/08 financial year, while IFRS 8 and the revised IAS 1 and IAS 23 will apply from the 2009/10 financial year. None of the listed standards are expected to have any substantial financial effect on our financial statements.

ACCOUNTING POLICIES

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.

Assets are recognised at the balance sheet date when it is probable that future economic benefits will flow to the Group and the value of the asset can be reliably measured.

Liabilities are recognised at the balance sheet date when it is probable that future economic benefits will flow from the Group and the value of the liability can be reliably measured.

Recognition and measurement take into consideration gains and losses that arise before the annual report is released and that confirm or invalidate matters existing at the balance sheet date.

Financial assets and liabilities are recognised with effect from the transaction date.

Significant estimates and judgments
In applying the accounting policies described, Management has made estimates regarding, among other items, non-current assets, inventories, receivables and provisions.

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. Risk factors specific to Coloplast are described in the Management Report on page 29.

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.

In addition to purchase price allocation in connection with acquisitions, goodwill and pension obligations, no new estimates have been made that significantly affected the preparation of the annual report.

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.

For the convenience of the readers, the consolidated financial statements have been translated into EUR. The translation was made at the exchange rate prevailing at 30 September 2007 of 745.44. At 30 September 2006, the exchange rate was EUR 745.76.

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. For practical purposes, the average rate of exchange for the period is used to reflect the exchange rate at the transaction date, where this largely corresponds to the exchange rate 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.

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 assets less liabilities and contingent liabilities at the date of acquisition.

In cases where the fair value of acquired assets, liabilities or contingent liabilities subsequently turns out to differ from the values calculated at the date of acquisition, the excess value/ goodwill is adjusted up to 12 months after the date of acquisition.

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 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 subsequently recognised as income as the investment is amortised, depreciated or written down. Other grants are recognised as income on a systematic basis, so that they are matched with the related costs which they compensate. Grants are recognised in the income statement from the date, when the conditions attaching to them are deemed to be complied with.

Pensions and similar plans

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.

Periodical payments to defined contribution plans are recognised in the income statement.

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 are under certain circumstances recognised in equity, and otherwise in the income statement. Minor 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.

Share-based payment

Share options may be granted to Executive Management and executives.

The option scheme is funded through the holding of treasury shares. For cash-settled schemes, the fair value of options vested during the period is recognised as staff costs, whereas the fair value adjustment of vested options from previous periods is recognised under financial items. 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. 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 prepayments and are continually adjusted to fair value (repurchase value).

Adjustment of derivative financial instruments used to hedge expected future transactions 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 sales of goods and services after deduction of any price reductions, quantity discounts or cash discounts. Sales are recognised in the income statement in the year in which the risk related to the goods passes to the customer or in which the service is rendered, and the amounts can be reliably measured and are expected to be received.

Cost of sales

Cost of sales comprises the cost of goods and services sold during the year. Moreover, cost of sales includes the cost of quality control of goods sold and any write-down to net realisable value.

Distribution costs

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

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 subsidiaries and associates
The Parent Company's income statement includes dividends received during the year from subsidiaries and associates.

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.

Balance sheet

Intangible assets
Intangible assets are measured at cost less accumulated amortisation and impairment losses. 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	3-20 years

Goodwill is tested for impairment; see the 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.

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, if 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 balance sheet.

Borrowing costs are not included as part of cost.

Property, plant and equipment
Property, plant and equipment are 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.

Borrowing costs are not included as part of cost.

Leases, under which substantially all risks and rewards of ownership of a financial asset are transferred, are classified as finance leases. Assets held under a finance lease are measured in the balance sheet at fair value or at the present value of future 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:

Buildings	25 years
Building installations	10 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5-7 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. Investments in subsidiaries and associates are recognised and measured in the Parent Company's financial statements at cost less any impairment losses. 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. Any impairment write-down is made based on an individual assessment of the expected future cash flow from the investment. Impairment write-downs of equity investments, measured at cost because the fair value cannot be determined reliably, are not reversed. Receivables held to maturity are measured at amortised cost or a lower value based on an individual assessment of the risk of loss. Receivables not held to maturity are measured at fair value.

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 or 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.

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 equity note to the financial statements. The purchase and selling price of and dividend on treasury shares are deducted from or added to equity, as the case may be.

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.

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, when raised at the proceeds received 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 at the beginning and end of the year. Cash and cash equivalents comprise cash, securities and debt to credit institutions recognised under current assets and current liabilities, respectively.

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

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

Segment information
Information is provided about business segments and geographical segments as the primary and secondary segments, respectively. Segment information is prepared in accordance with the Group's internal financial management systems and financial reporting.

The primary business segment comprises the following business areas: the Medical care division, which consists of the business areas Ostomy Care, Urology and Continence Care and Wound and Skin Care. The secondary segment is divided into sales in Europe, the Americas and the rest of the world.

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 (%)	$\frac{\text{EBIT x 100}}{\text{Revenue}}$
Return on average invested capital (ROAIC), %	$\frac{\text{EBIT x 100}}{\text{Capital invested (average of four quarters)}}$
Economic profit	EBIT plus profit from discontinued operations plus profit from associates, etc, less tax and cost of capital (average invested capital multiplied by weighted average cost of capital)
Return on equity (%)	$\frac{\text{Profit for the year attributable to Coloplast x 100}}{\text{Equity before minority interests (average of four quarters)}}$
Ratio of net debt to EBITDA	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$
Interest cover	$\frac{\text{EBITDA}}{\text{Net interest income and interest expenses}}$
Equity ratio, %	$\frac{\text{Total equity x 100}}{\text{Total assets}}$
Ratio of debt to enterprise value, %	$\frac{\text{Net interest-bearing debt x 100}}{\text{Net interest-bearing debt plus market value of equity}}$
Market value of equity (DKK)	Share quotation at year-end multiplied by unrestricted share capital (assuming same price valuation of A and B shares)
Net asset value per share (DKK)	$\frac{\text{Equity ex. minority interests}}{\text{Number of shares}}$
Share price/NAV	$\frac{\text{Share quotation}}{\text{Net asset value per share}}$
PE, price/earnings ratio	$\frac{\text{Share quotation}}{\text{Earnings per share (EPS)}}$
Pay-out ratio, %	$\frac{\text{Dividend declared x 100}}{\text{Profit for the year attributable to Coloplast}}$
Earnings per share (EPS)	$\frac{\text{Profit for the year attributable to Coloplast}}{\text{Number of unrestricted shares (average of four quarters)}}$
Free cash flow per share	$\frac{\text{Free cash flow}}{\text{Number of unrestricted shares (average of four quarters)}}$

The ratios are calculated and applied in accordance with “Recommendations and Financial Ratios 2005” issued by the Danish Society of Financial Analysts. Definitions of key ratios are set out on page 2.

INCOME STATEMENT

1 October 2006 - 30 September 2007

NOTE		DKKm 2006/07	DKKm 2005/06	EURm 2006/07	EURm 2005/06
1	Revenue	8,042	6,709	1,079	900
2,3	Cost of sales	-3,208	-2,687	-430	-360
	Gross profit	**4,834**	**4,022**	**649**	**540**
2,3	Distribution costs	-2,536	-2,097	-340	-281
2,3	Administrative expenses	-988	-761	-133	-102
2,3	Research and development costs	-319	-244	-43	-33
2,3	Other operating income	81	31	11	4
2,3	Other operating expenses	-11	-12	-1	-2
	Operating profit before special items	**1,061**	**939**	**143**	**126**
3,5	Special items	-312	-60	-42	-8
	Operating profit (EBIT)	**749**	**879**	**101**	**118**
6	Dividend from investments	0	0	0	0
7	Financial income	68	34	9	4
8	Financial expenses	-222	-256	-30	-34
	Profit before tax	**595**	**657**	**80**	**88**
9	Tax on profit for the year	-225	-191	-30	-26
	Net profit for the year, continuing operations	**370**	**466**	**50**	**62**
10	Net profit for the period, discontinued operations	468	149	63	20
	Profit for the year	**838**	**615**	**113**	**82**
	Allocated as follows:				
	Shareholders in Coloplast A/S	837	614	113	82
11	Minority interests	1	1	0	0
		838	**615**	**113**	**82**
12	Earnings per Share (EPS), continuing operations (A and B shares)	8	11		
12	Earnings per Share (EPS), continuing operations (A and B shares), diluted	8	10		
	Profit distribution:				
	Retained earnings	405	422		
13	Proposed dividend for the year	432	192		
	Total	**837**	**614**		

BALANCE SHEET

At 30 September 2007

NOTE		DKKm 2006/07	DKKm 2005/06	EURm 2006/07	EURm 2005/06
	ASSETS				
14	Acquired patents and trademarks	1,275	1,532	171	205
14	Goodwill	639	1,021	86	137
14	Software	120	127	16	17
14	Prepayments and assets in progress	30	25	4	3
	Intangible assets	**2,064**	**2,705**	**277**	**362**
15	Land and buildings	1,200	1,138	161	153
15	Plant and machinery	631	642	85	86
15	Other fixtures and fittings, tools and equipment	178	233	24	31
15	Prepayments and assets in progress	406	263	54	35
	Property, plant and equipment	**2,415**	**2,276**	**324**	**305**
16	Investments in associates	0	2	0	0
16	Other investments	13	7	2	1
17	Deferred tax asset	145	128	19	18
	Investments	**158**	**137**	**21**	**19**
	Non-current assets	**4,637**	**5,118**	**622**	**686**
18	**Inventories**	**940**	**844**	**126**	**113**
	Trade receivables	1,619	1,598	217	215
	Receivables from associates	0	7	0	1
25	Income tax	73	68	10	9
	Other receivables	138	146	19	20
	Prepayments	70	52	9	7
19	**Receivables**	**1,900**	**1,871**	**255**	**252**
20	**Marketable securities**	**1**	**1**	**0**	**0**
	Cash and bank balances	**272**	**148**	**36**	**20**
	Current assets	**3,113**	**2,864**	**417**	**385**
	Assets	**7,750**	**7,982**	**1,039**	**1,071**

BALANCE SHEET

At 30 September 2007

NOTE		DKKm 2006/07	DKKm 2005/06	EURm 2006/07	EURm 2005/06
	EQUITY AND LIABILITIES				
	Share capital	240	240	32	32
	Fair value reserve	4	-65	1	-14
	Proposed dividend for the year	396	184	53	26
	Retained earnings	1,758	2,445	236	332
21	**Equity before minority interests**	**2,398**	**2,804**	**322**	**376**
11	**Minority interests**	**2**	**1**	**0**	**0**
	Equity	**2,400**	**2,805**	**322**	**376**
22	Provision for pensions and similar liabilities	103	106	14	15
17	Provision for deferred tax	202	147	27	20
23	Other provisions	11	26	1	3
24	Mortgage debt	580	595	78	79
24	Other credit institutions	1,792	2,118	241	284
	Other payables	52	72	7	10
24	Deferred income	354	228	47	31
	Non-current liabilities	**3,094**	**3,292**	**415**	**442**
22	Provision for pensions and similar liabilities	3	11	0	1
23	Other provisions	8	6	1	1
24	Mortgage debt	7	51	1	7
24	Other credit institutions	718	226	96	30
	Trade payables	461	391	62	52
25	Income tax	34	148	5	21
	Other payables	1,014	950	136	127
	Deferred income	11	102	1	14
	Current liabilities	**2,256**	**1,885**	**302**	**253**
	Current and non-current liabilities	**5,350**	**5,177**	**717**	**695**
	Equity and liabilities	**7,750**	**7,982**	**1,039**	**1,071**

26 Financial instruments
27 Other liabilities
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STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital A shares	B shares	Exchange adjustment reserve	Fair value reserve	Proposed dividend	Retained earnings	Total equity
1.10.2005 - 30.9.2006							
Balance at 1.10.2005 as reported in annual report	18	222	3	-109	162	2,276	2,572
Effect of changes in accounting policies						-60	-60
Restated value at 1.10.2005	18	222	3	-109	162	2,216	2,512
Hedging against interest risks				57			57
Tax effect of hedging				-16			-16
Hedging against exchange rate risks				4			4
Tax effect of hedging				-1			-1
Net gain/loss not recognised in income statement	0	0	0	44	0	0	44
Exchange rate adjustment, assets in foreign currency						-78	-78
Exchange rate adjustment of opening balances and other adjustments relating to subsidiaries			-21			-10	-31
Profit for the year					192	422	614
Imprehensive income for the year	0	0	-21	44	192	334	549
Treasury shares purchased						-98	-98
Treasury shares sold						0	0
Dividend on treasury shares					-8	8	0
Share based payment						3	3
Dividend paid out in respect of 2004/05					-162		-162
Balance at 30.9.2006	**18**	**222**	**-18**	**-65**	**184**	**2,463**	**2,804**
1.10.2006 - 30.9.2007							
Balance at 1.10.2006 as reported in annual report	18	222	-18	-65	184	2,463	2,804
Hedging against interest risks				102			102
Tax effect of hedging				-29			-29
Hedging against exchange rate risks				-6			-6
Tax effect of hedging				2			2
Net gain/loss not recognised in income statement	0	0	0	69	0	0	69
Exchange rate adjustment, assets in foreign currency						-108	-108
Exchange rate adjustment of opening balances and other adjustments relating to subsidiaries						-3	-3
Profit for the year					432	405	837
Imprehensive income for the year	0	0	0	69	432	294	795
Treasury shares purchased						-1,024	-1,024
Treasury shares sold							0
Dividend on treasury shares					-36	36	0
Share based payment						7	7
Dividend paid out in respect of 2005/06					-184		-184
Balance at 30.9.2007	**18**	**222**	**-18**	**4**	**396**	**1,776**	**2,398**

Free float shares at 30.9.2007 (1,000 units):	A shares	B shares
Issued shares	3,600	44,400
Holdings of own shares (note 21)		3,980
Free float shares	**3,600**	**40,420**

	2006/07		**2005/06**	
Number of outstanding shares	A shares	B shares	A shares	B shares
Number of outstanding shares at beginning of year	3,600	42,509	3,600	42,796
Sale of treasury shares		10		1
Shares bought back		-2,099		-288
Number of outstanding shares at year end	**3,600**	**40,420**	**3,600**	**42,509**

The number of issued shares is unchanged.

Both share classes have a denomination 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 requires 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 2006 - 30 September 2007

NOTE		DKKm 2006/07	DKKm 2005/06	EURm 2006/07	EURm 2005/06
	Operating profit continuing operations	749	955	100	128
	Operating profit discontinued operations	30	-4	4	-1
	Depreciation and amortisation	841	437	113	59
34	Adjustment for other non-cash operating items	-14	44	-2	6
35	Changes in working capital	-83	109	-11	15
	Ingoing interest payments, etc.	60	25	8	3
	Outgoing interest payments, etc.	-224	-255	-30	-34
	Income tax paid	-295	-320	-40	-43
	Cash flow from operating activities	**1,064**	**991**	**142**	**133**
	Investments in intangible assets	-94	-65	-13	-9
	Investments in land and buildings	-243	-23	-33	-3
	Investments in plant and machinery	-203	-174	-27	-23
	Investments in non-current assets under construction	-299	-218	-40	-29
	Property, plant and equipment sold	151	93	20	12
	Purchase of other investments	-6	0	-1	0
	Acquired operations	0	-2,853	0	-383
	Divestment of operations	729	222	98	30
	Cash flow from investing activities	**35**	**-3,018**	**4**	**-405**
	Free cash flow	**1,099**	**-2,027**	**146**	**-272**
	Dividend to shareholders	-184	-162	-25	-22
	Dividend to minority interests	0	-1	0	0
	Investment in treasury shares	-1,024	-103	-137	-14
	Financing from shareholders	**-1,208**	**-266**	**-162**	**-36**
	Financing through long-term borrowing, debt funding	300	1,055	40	142
	Financing through long-term borrowing, instalments	-516	-7	-69	-1
	Financing through long-term borrowing, exchange rate adjustments	1	0	0	0
	Cash flow from financing activities	**-1,423**	**782**	**-191**	**105**
	Net cash flow for the year	**-324**	**-1,245**	**-45**	**-167**
	Liquid and short-term credit facilities at 1.10.2006	-128	1,028	-17	138
	Liquid reserves, acquired operations	0	89	0	12
	Net cash flow for the year	-324	-1,245	-45	-167
36	**Liquid and short-term credit facilities at 30.9.2007**	**-452**	**-128**	**-62**	**-17**

NOTE		DKKm 2006/07	DKKm 2005/06	EURm 2006/07	EURm 2005/06
36	Marketable securities, cash and bank balances	273	149	37	20
37	Unutilised credit facilities	2,750	2,510	369	337
	Financial reserves at 30.9.2007	**3,023**	**2,659**	**406**	**357**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE

1. Segment information

Primary segment – business activities

2006/07	Medical care		Not allocated and eliminations		Total	
DKKm	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Revenue	**8,042**	**6,709**	**0**	**0**	**8,042**	**6,709**
Operating profit for segment	1,223	1,242	-474	-363	749	879
Share of profit in associates before tax	0	0	0	0	0	0
Profit from ordinary activities before interest					749	879
Net financial expenses					-154	-222
Profit before tax					**595**	**657**
Tax on profit for the year					-225	-191
Net profit for the year, continuing operations					**370**	**466**
Net profit for the year, discontinued operations					468	149
Profit for the year					**838**	**615**
Minority interests					-1	-1
Coloplast's share of profit for the year					**837**	**614**
Assets	6,935	7,399	815	581	7,750	7,980
Investments in associates	0	2	0	0	0	2
Total assets					**7,750**	**7,982**
Liabilities	**1,420**	**1,502**	**3,930**	**3,675**	**5,350**	**5,177**
Fixed assets	4,197	4,686	440	432	4,637	5,118
Investment in fixed assets	755	3,292	84	72	839	3,364
Depreciation - property, plant and equipment	344	309	35	31	379	340
Amortisation and impairment - intangible assets	427	56	35	30	462	86

Secondary segment – geographical areas

2006/07 DKKm	Revenue	Fixed assets	Capital expenditure	Liabilities	Total assets
Europe	6,418	4,172	709	5,094	6,828
The Americas	1,111	332	24	104	632
Rest of the world	513	133	106	152	290
Total	**8,042**	**4,637**	**839**	**5,350**	**7,750**

2005/06 DKKm	Revenue	Fixed assets	Capital expenditure	Liabilities	Total assets
Europe	5,550	4,714	2,889	4,841	6,907
The Americas	709	364	458	253	815
Rest of the world	450	40	17	83	260
Total	**6,709**	**5,118**	**3,364**	**5,177**	**7,982**

NOTE		DKKm 2006/07	2005/06
2.	**Depreciation and amortisation**		
	Specification for the year:		
	Acquired patents and trademarks	128	47
	Goodwill	283	0
	Software	51	39
	Land and buildings	87	85
	Plant and machinery	214	184
	Other fixtures and fittings, tools and equipment	78	70
	Total	**841**	**425**
	Depreciation and amortisation are allocated as follows:		
	Cost of sales	396	290
	Distribution costs	60	56
	Administrative expenses	57	41
	Research and development costs	32	25
	Other operating expenses	13	13
	Special items	283	0
	Total	**841**	**425**
3.	**Staff costs**		
	Salaries, wages and directors' fees	2,451	2,029
	Pension costs - defined contribution plans (note 22)	115	82
	Pension costs - defined benefit plans (note 22)	17	4
	Other social security costs	280	198
	Total	**2,863**	**2,313**
	Staff costs are allocated as follows:		
	Cost of sales	867	710
	Distribution costs	1,257	1,020
	Administrative expenses	521	421
	Research and development costs	152	122
	Other operating expenses	37	40
	Special items	29	0
	Total	**2,863**	**2,313**
	Average number of employees, full time equivalents	7,063	5,437
	Number of employees at 30.9. full time equivalents	7,274	6,617

For information on the Executive Managements' remuneration and Directors' fees, reference is made to note 4.

4. The Executive Managements' 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 in share-based remuneration of members of the Executive Management have been revised in respect of awards made after 1 October 2007 to the effect that awards are no longer subject to the achievement of selected financial targets. Instead, share option awards are made at a premium to the market price at the time of award and against cash consideration. The calculation of the value remains based on the Black & Scholes formula. The other components of the remuneration to the Executive Management have been revised in terms of amounts only.

Board of Directors

Board members receive a fee of DKK 275,000 each. The Chairman receives the basic board member fee plus 175%, while the Deputy Chairman receives the basic fee plus 50%. The Board of Directors is not comprised by option or bonus schemes. Specification of selected staff costs (see note 3 to the financial statements):

	DKKm 2006/07	2005/06
Directors' fees	4	4

NOTE

4. The Executive Managements' and the Directors' remuneration, share options and shares (continued)

Executive Management

The fixed remuneration paid to members of the Executive Management consists of the salary, pension contribution and other benefits. Members of the Executive Management are also eligible for an annual cash bonus based on individually agreed financial and non-financial performance targets. The bonus proportion varies for each member of the Executive Management, but is subject to a maximum of 40% of their salary. In addition, members of the Executive Management are awarded share options with a value equal to 25% of their annual net salary net of pension contributions and other benefits. Specification of selected staff costs (see note 3 to the financial statements):

DKKm 2006/07	Salaries	Pension	Other benefits	Total	Cash bonus	Share options*
Sten Scheibye	4.5	1.5	0.2	6.2	0.9	0.6
Lars Rasmussen	3.2	0.8	0.1	4.1	0.5	0.5
Lene Skole	2.5	0.6	0.1	3.2	0.3	0.5
Former executives						0.9
Executive Management total	**10.2**	**2.9**	**0.4**	**13.5**	**1.7**	**2.5**

DKKm 2005/06	Salaries	Pension	Other benefits	Total	Cash bonus	Share options*
Sten Scheibye	3.7	1.3	0.2	5.2	2.0	0.3
Lars Rasmussen	2.7	0.7	0.2	3.6	0.9	0.2
Lene Skole	2.0	0.5	0.2	2.7	0.6	0.2
Former executives	4.6	1.4	0.3	6.3	15.7 **	0.5
Executive Management total	**13.0**	**3.9**	**0.9**	**17.8**	**19.2**	**1.2**

* The amount expresses the Black & Scholes value of the options awarded 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 vested during the financial year, include a share of options awarded in earlier financial years.

** The amount includes salary, bonus, severance payments, etc. for two executive vice presidents in connection with their leaving the company in 2006.

Share Options

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

2006/07	Beginning of the year units	Exercised in the year units	Awarded in the year units	End of the year units	Market value DKKm
Sten Scheibye	34,400	0	4,700	39,100	8
Lars Rasmussen	18,350	0	3,400	21,750	5
Lene Skole	3,000	0	3,400	6,400	1
	55,750	0	11,500	67,250	14
Former executives	28,500	9,500	6,800	25,800	5
Total	**84,250**	**9,500**	**18,300**	**93,050**	**19**

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:

2006/07	Beginning of the year units	Bought in the year units	Sold in the year units	End of the year units	Market value DKKm
Sten Scheibye	2,424	0	0	2,424	1
Lars Rasmussen	6,364	470	2,600	4,234	3
Lene Skole	900	0	0	900	0
	9,688	470	2,600	7,558	4
Board of Directors, A shares	2,457,000	0	0	2,457,000	1,221
Board of Directors, B shares	1,486,512	1,000	4	1,487,508	739
Total	**3,953,200**	**1,470**	**2,604**	**3,952,066**	**1,964**

The end-of-year market values are based on the official share prices prevailing at 31 December. Members of the Executive Management held only B shares in Coloplast A/S.

NOTE		DKKm 2006/07	2005/06
5.	**Special items**		
	Special items	312	60
	Total	**312**	**60**

Special items in the 2006/07 financial year represent an anniversary payment (DKK 29m) and write off of goodwill related to home care activity in Germany, HSC (DKK 283m).

Special items in the 2005/06 financial year concern costs of relocating sales, marketing and joint functions in the USA to Minneapolis, Minnesota.

NOTE		2006/07	2005/06
6.	**Dividend from investments**		
	Dividend accrued from associates	0	0
7.	**Financial income**		
	Interest income	20	25
	Exchange rate adjustments	32	0
	Fair value adjustments on forward contracts transferred from equity (note 26)	15	5
	Other financial income	1	4
	Total	**68**	**34**
8.	**Financial expenses**		
	Interest expense	184	155
	Fair value adjustments, share options	27	63
	Exchange rate adjustments	0	34
	Other financial expenses	11	4
	Total	**222**	**256**
9.	**Tax on profit for the year**		
	Tax on profit for the year	171	98
	Change in deferred tax on profit for the year	78	120
		249	**218**
	Adjustment relating to prior years	3	2
	Effect of change in tax percentage	-15	0
	Tax related to discontinued operations	-12	-29
	Total	**225**	**191**
	Specification of tax:		
	Tax on profit from ordinary activities	250	218
	Adjustment of tax for prior years	2	2
	Effect of change in tax percentage	-15	0
	Tax related to discontinued operations	-12	-29
	Total	**225**	**191**
	Tax on equity items	20	**18**
	Reconciliation of tax rate differences:		
	Danish tax rate, %	25	28
	Deviation in foreign subsidiaries' tax percentage	1	-2
	Non-taxable income and non-deductible expenses, %	17	2
	Impairment of deferred tax assets, recognition of prior depreciated deferred tax assets and recognition of tax credit, %	-3	1
	Effect of change in tax percentage	-2	0
	Effective tax rate, %	**38**	**29**

NOTE

10. Discontinued operations

DKKm	Brachytherapy		Breast Care		Sterling Medical Services LLC	
Divestment date	8.6.2007		30.3.2007		14.4.2006	
	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Profit for the period until transfer of control;						
Revenue	65	35	212	483	0	174
Expenses	-56	-40	-191	-402	0	-178
Operating profit	**9**	**-5**	**21**	**81**	**0**	**-4**
Financial expenses, net	-1	-1	-10	-6	0	-1
Profit before tax	**8**	**-6**	**11**	**75**	**0**	**-5**
Tax on profit for the period	-1	0	-10	-22	0	0
Profit for the period	**7**	**-6**	**1**	**53**	**0**	**-5**

The amount included 100% of the shares	Mills Biopharmaceuticals, LLC – USA		AMOENA Medizin-Orthopädie-Technik GmbH – Germany		Sterling Medical Services LLC – USA	
The discontinued operations affected the income statement as follows:						
Profit for the period until transfer of control	7	-6	1	53	0	-5
Gain on sale of discontinued operations	4	0	429	0	27	136
Tax on gain on sale	0	0	0	0	0	-29
Effect on profit for the period	**11**	**-6**	**430**	**53**	**27**	**102**

DKKm	2006/07	2005/06
The discontinued operations contributed the following cash flows during the period:		
Cash flow from operating activities	42	-18
Cash flow from investing activities	-24	-24
Cash flow from financing activities	12	31
Cash flow from discontinued operations	**30**	**-11**

11. Minority interests

Minority interests at 1.10.2006	1	2
Acquisitions	0	0
Share of net profit from subsidiaries	1	1
Dividend paid	0	-2
Minority interests at 30.9.2007	**2**	**1**

NOTE		DKKm 2006/07	2005/06

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).

	2006/07	2005/06
Profit for the year Coloplast A/S share, continuing operations	370	466
Weighted average of shares (million units)	45.6	46.3
Earnings per share (DKK) (A and B shares)	8	11
Earnings per share (DKK) (A and B shares), diluted	8	10
Net profit for the period, discontinued operations	468	149
Earnings per share (DKK) (A and B shares)	10	3
Earnings per share (DKK) (A and B shares), diluted	10	3

13. Dividend per share

The Board of Directors intends to propose at the annual general meeting that a dividend of DKK 9 per share of DKK 5 be paid, structured as follows: ordinary dividend DKK 5.00, equal to an increase of 25%. Extraordinary dividend of DKK 4.00 per share to reflect the divestment of the breast care business. The resulting pay-out ratio is 41%, corresponding to total dividends of DKK 432 million and a total payment of DKK 396m.

14. Intangible assets

2006/07 DKKm	Goodwill	Acquired patents and trademarks	Software	Prepayments and assets in progress	Total intangible assets
Total cost at 1.10.2006	1,021	1,590	309	25	2,945
Exchange rate and other adjustments	-62	-132	-1	0	-195
Disposal through divestment	-1	-1	0	0	-2
Purchases and improvements during the year	3	33	24	34	94
Reclassification	0	0	27	-27	0
Disposals during the year	-30	-40	-9	-2	-81
Total cost at 30.9.2007	**931**	**1,450**	**350**	**30**	**2,761**
Total amortisation at 1.10.2006	0	58	182	0	240
Exchange rate and other adjustments	9	-8	-1	0	0
Disposal through divestment	0	0	-3	0	-3
Reclassification	0	-1	1	0	0
Amortisation and impairment for the year	283	128	51	0	462
Amortisation reversed on disposals during the year	0	-2	0	0	-2
Total amortisation at 30.9.2007	**292**	**175**	**230**	**0**	**697**
Recognised value at 30.9.2007	**639**	**1,275**	**120**	**30**	**2,064**

Acquired goodwill relates to the urology business and the Home Care business in Germany (HSC).

In the impairment test, the discounted expected future cash flows for each cash generating unit are compared to the carrying amounts. Future cash flows are based on budgets, forecasts, strategy plans, etc. Budgets, forecasts, strategy plans, etc. are based on specific assumptions for each cash generating unit regarding sales, operating profit, working capital, investments in non-current assets and more overall assumptions for the projection period.

NOTE

14. Intangible assets (continued)

Management has performed an impairment test of the carrying amount of goodwill as per 30.9.2007.
The impairment test resulted in the following impairment write-down of goodwill:

DKKm	2006/07	2005/06
Home Care (HSC)	283	0

The impairment was due to greater competition among distributors that has followed the increase in competitive tendering in Germany, which will lead to weaker revenue growth and earnings in HSC compared than we had previously expected. In addition, having direct customer contact is key to success for HSC, and a significant loss of employees with direct customer contact occurred in the final quarter of the financial year. Total goodwill relating to HSC has been fully written off.

The goodwill impairment has been recognised in the income statement under special items and is included in the Medical Care and Europe segments. Based on the impairment tests performed, as per 30.9.2007 no additional basis for further goodwill impairment was identified.

The impairment test performed in respect of the urology business is based on approved strategy plans for a four-year period.
The urology business has become a part of Coloplast's continence care operations in the business area of Urology and Continence Care.
Assumptions applied in Coloplast's 2012 plans have been used for subsequent years, equal to double-digit growth rates until the terminal value is reached, after which the assumption used is 3%.
The growth rate is not expected to exceed the average long-term growth rate for the segment in general.
Integration synergies and other planned efficiency improvements are expected to help lift the EBIT margin and strengthen cash flows.
Invested capital is projected at the same growth rate as revenue with the exception of special assets relating to the acquisition of the urology business.
The tax rate equals the Group's tax rate for the 2006/07 financial year adjusted for non-recurring effects, equal to a tax rate of 28%.
Discounting applies the weighted cost of capital of the cash-generating unit, which corresponds to an average of 9% before tax in the impairment tests performed, equal to 7% after tax.

2005/06 DKKm	Goodwill	Acquired patents and trademarks	Software	Prepayments and assets in progress	Total intangible assets
Total cost at 1.10.2005	327	29	266	5	627
Exchange rate and other adjustments	-26	-56	-1	0	-83
Disposal through divestment	0	0	-37	0	-37
Acquisition through acquired operations	720	1,680	36	0	2,436
Purchases and improvements during the year	0	0	40	25	65
Reclassification	0	0	5	-5	0
Disposals during the year	0	-63	0	0	-63
Total cost at 30.9.2006	**1,021**	**1,590**	**309**	**25**	**2,945**
Total amortisation at 1.10.2005	0	12	119	0	131
Acquisition through acquired operations	0	0	22	0	22
Amortisation for the year	0	46	41	0	87
Amortisation reversed on disposals during the year	0	0	0	0	0
Total amortisation at 30.9.2006	**0**	**58**	**182**	**0**	**240**
Recognised value at 30.9.2006	**1,021**	**1,532**	**127**	**25**	**2,705**

NOTE

15. Property, plant and equipment

2006/07 DKKm	Land and buildings	Production plant and machinery	Fixtures and fittings tools and equipment	Prepay-ments and assets in progress	Total property, plant and equipment
Total cost at 1.10.2006	1,791	2,184	674	263	4,912
Exchange rate and other adjustments	4	23	0	-1	26
Disposal through divestment	-132	-48	-25	-4	-209
Reclassification	5	141	5	-151	0
Purchases and improvements during the year	243	133	70	299	745
Disposals during the year	-18	-111	-116	0	-245
Total cost at 30.9.2007	**1,893**	**2,322**	**608**	**406**	**5,229**
Total depreciation at 1.10.2006	653	1,542	441	0	2,636
Exchange rate and other adjustments	-1	16	2	0	17
Disposal through divestment	-31	-43	-21	0	-95
Depreciation for the year	87	214	78	0	379
Depreciation reversed on disposals during the year	-15	-38	-70	0	-123
Total depreciation at 30.9.2007	**693**	**1,691**	**430**	**0**	**2,814**
Recognised value at 30.9.2007	**1,200**	**631**	**178**	**406**	**2,415**
Additions during the year include finance leases amounting to	0	0	4	0	4
Gross amount, fully depreciated Property, plant and equipment	26	700	203	0	929

According to the latest public assessment, the cash value of Danish land and buildings amounts to DKK 716m (2005/06: DKK 697m). The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery of DKK 71m (2005/06: DKK 143m). The Group's mortgage loans have been secured against land and buildings in the amount of DKK 604m (2005/06: DKK 646m).

2005/06 DKKm	Land and buildings	Production plant and machinery	Fixtures and fittings tools and equipment	Prepay-ments and assets in progress	Total property, plant and equipment
Total cost at 1.10.2005	1,648	1,810	620	181	4,259
Exchange rate and other adjustments	-28	-46	-6	0	-80
Disposal through divestment	0	0	-6	0	-6
Acquisition through acquired operations	169	243	30	6	448
Reclassification	1	114	27	-142	0
Purchases and improvements during the year	23	89	85	218	415
Disposals during the year	-22	-26	-76	0	-124
Total cost at 30.9.2006	**1,791**	**2,184**	**674**	**263**	**4,912**
Total depreciation at 1.10.2005	521	1,241	409	0	2,171
Exchange rate and other adjustments	-5	-36	-4	0	-45
Disposal through divestment	0	0	0	0	0
Acquisition through acquired operations	54	168	22	0	244
Depreciation for the year	89	188	73	0	350
Depreciation reversed on disposals during the year	-6	-19	-59	0	-84
Total depreciation at 30.9.2006	**653**	**1,542**	**441**	**0**	**2,636**
Recognised value at 30.9.2006	**1,138**	**642**	**233**	**263**	**2,276**
Additions during the year include finance leases amounting to	0	0	4	0	4
Gross amount, fully depreciated Property, plant and equipment	0	824	127	0	951

NOTE

16. Investments

2006/07 DKKm	Investments in associates	Other investments
Total cost at 1.10.2006	0	7
Capital investments during the year	0	6
Total cost at 30.9.2007	**0**	**13**
Revaluation at 1.10.2006	2	0
Divestment	-2	0
Dividend received	0	0
Total revaluation at 30.9.2007	**0**	**0**
Recognised value at 30.9.2007	**0**	**13**

2005/06 DKKm	Investments in associates	Other investments
Total cost at 1.10.2005	0	6
Capital investments during the year	0	1
Total cost at 30.9.2006	**0**	**7**
Revaluation at 1.10.2005	2	0
Profit from Group enterprises	1	0
Dividend received	-1	0
Total revaluation at 30.9.2006	**2**	**0**
Recognised value at 30.9.2006	**2**	**7**

NOTE

16. Investments (continued)

Overview of Group companies

	Registered office	% Owned
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 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
Imano Y.K.	Japan	100
Porgés K.K.	Japan	100
Coloplast (China) Ltd.	China	100
Coloplast (Beijing) Medical Devices	China	100
Coloplast (Hong Kong) Ltd.	China	100
Coloplast Korea Limited	Korea	100
Coloplast (NZ) Limited	New Zealand	100
Coloplast Norge AS	Norway	100
Coloplast Sp. zo.o.	Poland	100
Porgés Lda.	Portugal	100
Coloplast AG	Switzerland	100
Coloplast Productos Médicos S.A.	Spain	100
Coloplast Limited	Great Britain	100
Coloplast Medical Limited	Great Britain	100
Charter Healthcare Limited	Great Britain	100
Porgés UK Limited	Great Britain	100
Coloplast AB	Sweden	100
Coloplast GmbH	Germany	100
Coloplast Distribution GmbH	Germany	100
Home SUPPLY + Care Beteiligungs 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

	Registered office	% Owned
Other companies		
Coloplast Ejendomme A/S	Denmark	100
CutiSense A/S	Denmark	50
Coloplast Development Limited Partnership	USA	54
HSC subsidiaries		
Cosamed GmbH	Germany	100
Hansemed GmbH	Germany	100
Karmed GmbH	Germany	100
Keimed GmbH	Germany	92
Limed GmbH	Germany	100
Spreemed GmbH	Germany	100
Stomed GmbH	Germany	100

Representative offices

Finland	Slovenia
Israel	South Africa
Croatia	Taiwan
Mexico	Czech Rep.
Portugal	Ukraine
Russia	Hungary
Slovakia	

NOTE		DKKm 2006/07	2005/06
17.	**Deferred tax**		
	Deferred tax, opening balance	19	-99
	Deferred tax, acquisition of operations	11	10
	Effect of change in accounting policies	0	-5
	Effect of change in tax percentage	-15	0
	Restatement, previous years	5	0
	Exchange rate adjustment	0	5
	Change in deferred tax - charged to equity	-41	-11
	Change in deferred tax - charged to income statement	78	119
		57	19
	Of which, deferred tax asset	145	128
	Provision for deferred tax	**202**	**147**

Calculation of deferred tax is based on the following items:

	2006/07	2005/06
Intangible assets	308	332
Property, plant and equipment	21	54
Indirect cost of sales	37	39
Unrealised gain from intra-group sales of goods	-127	-78
Jointly taxed companies (retaxation balance)	16	53
Share options	-24	-27
Tax losses carried forward and tax credits	-69	-246
Other	-105	-108
Total	**57**	**19**

DKK 57m of the deferred tax is expected to be set-of within the next 12 months.

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.

Tax losses carried forward

Deferred tax assets are recognised in tax losses carried forward, which correspond to income likely to be realised in the future.

Tax loss expiring:

	2006/07	2005/06
within 1 year	4	3
within 1 to 5 years	5	7
in more than 5 years	372	424
Total	**381**	**434**
Deferred tax assets included in total	70	6
Temporary, deductible differences and unutilised tax deductions	**163**	**172**
Including deferred taxable assets	70	0
Not recognised tax deficit and temporary deductible differences	**404**	**600**

A DKK 53m tax asset has been recognised in a company with prior-year losses. The tax asset relates to tax loss carryforwards and other temporary differences. The company recorded a profit in the financial year under review, and due to a changed business model, the company will use the tax asset over the coming years. Accordingly, the asset has been partially capitalised.

NOTE		DKKm 2006/07	2005/06
18.	**Inventories**		
	Raw materials and consumables	175	171
	Work in progress	217	179
	Manufactured goods	548	494
	Inventories	**940**	**844**
	Inventory write-downs during period	34	66

Cost of sales includes the year's cost of goods sold.

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

NOTE		2006/07	2005/06
19.	**Receivables**		
	Portion of receivables falling due after more than one year after the balance sheet date		
	Other long-term receivables	19	25

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

		2006/07	2005/06
	At the balance sheet date, provisions for bad debts amounted to	69	90
20.	**Marketable securities**		
	Holdings of securities at 30.9.2007 consist mainly of		
	Danish bonds with a duration of more than 3	1	1

NOTE

21. Treasury shares

Treasury shares	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
	Number of B shares		% of B share capital		Nominal value B shares	
Holdings of treasury shares 1.10.2006	1,890,799	1,604,249	4.26%	3.61%	9,453,995	8,021,245
Acquired during the year	2,099,393	288,000	4.72%	0.65%	10,496,965	1,440,000
Sold during the year	-9,920	-1,450	-0.02%	0.00%	-49,600	-7,250
Holdings of own shares 30.9.2007	**3,980,272**	**1,890,799**	**8.96%**	**4.26%**	**19,901,360**	**9,453,995**

During the financial year, the company acquired treasury shares pursuant to authorisation from the shareholders in general meeting. The aggregate acquisition price of the shares was DKK 1,024m. 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:	2006/07	2005/06
Employee costs - equity settled-programmes	8	3
Employee costs - cash settled-programmes	19	19
Financial costs - cash settled-programmes incl. exercised options	28	64
Total share option costs	**55**	**86**

Specification of outstanding options:	2006/07		2005/06	
	Number of options	Average share price at the exercise dates	Number of options	Average share price at the exercise dates
Outstanding options at 1 January	953,275		938,190	
Options vested	202,130		178,425	
Options cancelled	14,850		35,085	
Options exercised	175,360	502	128,225	441
Outstanding options at 31 December	**965,195**		**953,275**	

Issued in	Number of employees	Number of share options	Share options lapsed	Share options exercised	Outstanding at 30.9.2007	Exercise price	Exercisable from	Exercisable no later than
November 2000	113	128,600	9,600	19,000	0	185.5	November 2001	31.12.2006
November 2000	113	128,600	14,800	105,250	8,550	196.5	November 2002	31.12.2007
November 2001	137	117,050	14,700	67,500	34,850	273	November 2003	31.12.2008
November 2001	137	117,050	16,750	62,000	38,300	289.5	November 2004	31.12.2009
December 2002	181	289,800	38,000	113,080	138,720	263.5	November 2006	31.12.2011
December 2003	191	279,960	23,200	28,200	228,560	266	November 2007	31.12.2012
December 2004	215	199,240	14,910	14,910	163,040	284	November 2008	31.12.2013
December 2004	3	2,880	0	0	2,880	325	November 2008	31.12.2013
December 2005	209	177,625	9,600	12,175	155,850	332	November 2009	31.12.2014
December 2006	1	2,800	0	0	2,800	500	April 2009	01.01.2015
December 2006	210	199,330	7,685	0	191,645	510	November 2010	31.12.2015

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.
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 2007, the carrying amount of the option programme was DKK 153m (DKK 147m at 30 September 2006), while the fair value of the vested options amounted to DKK 198m (DKK 178m at 30 September 2006).

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

	2006	2005	2004	2003*	2002*	2001*	2001*	2000*	2000*
Average share price (DKK)	510.25	332.00	284.00	266.00	263.50	289.50	273.00	296.50	185.50
Exercise price (DKK)	510.25	332.00	284.00	266.00	263.50	289.50	273.00	296.50	185.50
Expected dividend per share	0.78	1.05	1.06						
Expected duration	5.00	5.00	5.00						
Expected volatility	23.99	21.70	22.70						
Risk-free interest	3.71	3.09	3.08						

The Black & Scholes formula was used to calculate the value of the options and the rate of interest applied is the yield on Danish government papers. Volatility in the share is calculated as the monthly average over five years. Options are presumed to be exercised on average 12 months into the exercise period.

* Under pre-2004 programmes, options were not valued in accordance with IFRS, for which reason comparative figures are not provided.

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 2006/07, DKK 115m (2005/06: DKK 82m) 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.

DKKm	2006/07	2005/06
Amounts recognised in the balance sheet are as follows:		
Present value of financed liabilities	182	199
Fair value of assets	-172	-154
	10	**45**
Present value of non-financed liabilities	45	84
Unrecognised actuarial gains and losses	51	-12
Liability stated in balance sheet	**106**	**117**
Amounts recognised in the income statement are as follows:		
Current service costs	18	12
Interest costs	16	10
Terminated pension schemes	-6	-9
Expected returns from assets	-11	-9
Total amount recognised as staff costs (note 3)	**17**	**4**
Actual returns on assets amounted to	6	12
Changes in liabilities recognised in the balance sheet:		
Liability 1.10.2006	117	80
Additions through acquired operations	0	47
Disposal through divestment	-6	0
Exchange rate adjustments	0	-1
Total cost, as indicated above	17	4
Benefits paid out	-22	-13
Liability 30.9.2007	**106**	**117**
Short-term liability amounted to	3	11
The key actuarial assumptions are as follows (weighted average):		
Discount rate, %	5	4
Expected returns from assets, %	4	2
Future salary increases, %	2	3
Future pension benefit increases, %	2	2

NOTE

23. Other provisions

2006/07

DKKm	Warranties	Legal claims	Others	Total
Provisions at 1.10.2006	2	7	23	32
Additional provisions	0	2	10	12
Disposals through divestment	-1	0	0	-1
Unused amounts reversed	-1	-2	-21	-24
Charged to the income statement	-2	0	-11	-13
Used during the year	0	0	0	0
Provisions at 30.09.2007	**0**	**7**	**12**	**19**
Expected maturities:				
Current liabilities	0	6	2	8
Non-current liabilities	0	1	10	11
Provisions at 30.09.2007	**0**	**7**	**12**	**19**

2005/06

DKKm	Warranties	Legal claims	Others	Total
Provisions at 1.10.2005	3	5	6	14
Additional provisions	1	2	20	23
Unused amounts reversed	-2	0	0	-2
Charged to the income statement	-1	2	20	21
Used during the year	0	0	-3	-3
Provisions at 30.09.2006	**2**	**7**	**23**	**32**
Expected maturities:				
Current liabilities	1	2	3	6
Non-current liabilities	1	5	20	26
Provisions at 30.09.2006	**2**	**7**	**23**	**32**

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 a number of non-legal disputes.

NOTE		DKKm 2006/07	2005/06
24.	**Credit Institutions**		
	Falling due in:		
	less than 1 year	725	277
	1 to 5 years	787	43
	more than 5 years	1,585	2,670
	Total	**3,097**	**2,990**

Mortgage loans have been secured against land and buildings in the amount of DKK 646m.

Net interest-bearing debt including swap facility at 30.9.2007

	2006/07	2005/06
Mortgage debt	587	646
Other credit institutions	2,510	2,344
Marketable securities	-1	-1
Bank balances	-269	-148
Deferred income items	354	228
Total	**3,181**	**3,069**

The fair value of net interest-bearing debt is DKK 3,170m, recognised with DKK 3,181m in balance sheet. The fair value is calculated as the nominal value of debt at the official 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 deferred income item represents refinancing via a swap facility. The fair value of SWAP 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:

2006/07

Principal in DKKm/ Effective interest rate pa		USD	Rate %	GBP	Rate %	EUR	Rate %	DKK	Rate %	Other	Rate %	Total
Less than 1 yr	Receivables	-5	1-4	-163	4-7	-42	1-4	-2	4	-58	1-6	-270
	Payables	36	4-5	1	3-4	115	2-5	462	4-5	111	1-6	725
	SWAP											
Total, less than 1 yr		31		-162		73		460		53		455
1 to 5 yrs	Receivables											
	Payables					741	4-5	27	5	19	2	787
	SWAP											
Total, 1 to 5 yrs						741		27		19		787
More than 5 yrs	Receivables											
	Payables	1,043	5			111	5	431	5			1,585
	SWAP	-1,051	5			1,405	5					354
Total, more than 5 yrs		-8				1,516		431				1,939
Total		23		-162		2,330		918		72		3,181

The parent company has a fixed-interest loan of USD 200m, raised as a private placement and with a remaining duration of 6 years, and a club facility of EUR 100m with a duration of 5 years. The loans have been converted into a fixed-interest EUR-denominated loan through bank swaps. At the balance sheet date, 83% of loans carried fixed interest.

2005/06

Principal in DKKm/ Effective interest rate pa		USD	Rate %	GBP	Rate %	EUR	Rate %	DKK	Rate %	Other	Rate %	Total
Less than 1 yr	Receivables	-30	0-1	-23	0-3	-62	0-2	-4	0-3	-29	1-6	-148
	Payables	25	5	34	1-7	100	2-5	6	5	112	3-5	277
	SWAP											
Total, less than 1 yr		-5		11		38		2		83		129
1 to 5 yrs	Receivables					-1	0					-1
	Payables					14	3-5	25	5	4	5	43
	SWAP											
Total, 1 to 5 yrs						13		25		4		42
More than 5 yrs	Receivables											
	Payables	1,178	5			854	5-6	638	4-5			2,670
	SWAP	-1,178	5			1,406	5					228
Total, more than 5 yrs		0				2,260		638				2,898
Total		-5		11		2,311		665		87		3,069

NOTE		DKKm 2006/07	2005/06
25.	**Income tax**		
	Income tax balance at 1.10.2006	80	127
	Payable tax on acquired/divested operations	-18	138
	Adjustment for exchange rate changes	0	0
	Adjustment, prior years	3	-4
	Tax on profit for the year	171	121
	Tax on equity items	20	18
	Tax on equity items, transferred to deferred tax	0	0
	Tax paid during the year	-295	-320
		-39	80
	Of which receivable income tax	73	68
	Income tax balance at 30.9.2007	**34**	**148**

26. Financial instruments

The Group's risk management policy

Financial risks are managed centrally and, accordingly, all derivative financial 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 on foreign exchange, funding, liquidity and financial counterparts. The core principle is for financial risk to be managed with a view to reducing significant risk.

The purpose of the foreign exchange policy is to even out or delay the effects of currency fluctuations on the income statement in order to enhance the predictability of the financial results. This is achieved by hedging material balance sheet items denominated in foreign currency as well as a proportion of the expected future cash flows. Currency hedges are generally made by way of forward contracts and currency options. At 30 September 2007, the company had hedged on average 100% of the cash flows of the coming nine months.

The purpose of the funding policy is to ensure sufficient and cost-efficient funding with due consideration for the interest rate, currency, maturity, counterparty, etc. Another purpose is to secure sufficient capital resources to cover liquidity fluctuations resulting form operations.

The objective of the liquidity policy is to generate a competitive return and strong liquidity when placing surplus cash. Cash pools are among the means of achieving effective management of the Group's cash flows.

Under the counterparty policy, transactions may be concluded only with financial institutions holding a satisfactory credit rating from international credit rating agencies.

Equity - fair value reserve

	Interest instruments	Forward contracts	Total
Gains and losses on restatement at fair value	-95	4	-91
Deferred tax	27	-1	26
Balance at 1.10.2006	**-68**	**3**	**-65**
Changes in 2006/07:			
Gains and losses resulting from changes in fair value	102	-21	81
Deferred tax	-29	6	-23
	73	-15	58
Transferred to income statement	0	15	15
Deferred tax	0	-4	-4
	0	11	11
At 30.9.2007, the fair value reserve amounts to	**5**	**-1**	**4**
Representing:			
Gains and losses, gross	7	-2	5
Deferred tax	-2	1	-1
Balance at 30.09.2007	**5**	**-1**	**4**

NOTE

26. Financial instruments (continued)

Holdings of derivative financial instruments

DKKm	Amount of contract	Loss/gain when stated at mkt. value at 30.09.2007	Amount incl. in income statement for 2006/07	Transferred to fair value reserve	Expiry period
Forward exchange contracts outstanding at 30.09.2007 to hedge future cash flows					
USD	70,269	2	0	2	Nov. 2007 - Dec. 2007
GBP	216,573	0	0	0	Oct. 2007 - Dec. 2007
EUR	0	0	0	0	Oct. 2007 - Feb. 2008
JPY	56,514	1	0	1	Oct. 2007 - Dec. 2007
HUF	119,029	1	0	1	Oct. 2007 - Feb. 2008
Others	246,920	-4	0	-4	Oct. 2007 - Jan. 2008
Total	**709,305**	**0**	**0**	**0**	
Other forward exchange contracts outstanding at 30.09.2007					
USD	224,980	7	7	0	Oct. 2007 - Nov. 2007
GBP	479,277	10	10	0	Oct. 2007 - Nov. 2007
JPY	36,593	0	0	0	Oct. 2007 - Jan. 2008
HUF	174,350	1	1	0	Oct. 2007
Others	165,379	-3	-3	0	Oct. 2007 - Dec. 2007
Total	**1,080,579**	**15**	**15**	**0**	
Currency and interest swaps at 30.9.2007 to hedge future cash flows					
EUR interest swap	745	21	0	21	Aug. 2011
USD/EUR	1,121	-14	127	-14	April 2013
Total	**1,866**	**7**	**127**	**7**	

27. Other liabilities

	DKKm **2006/07**				DKKm **2005/06**			
Falling due in:	Operating leases	Rent	Other	Total	Operating leases	Rent	Other	Total
less than 1 year	36	92	22	150	21	73	14	108
1 to 5 years	57	176	45	278	21	118	38	177
more than 5 years	0	45	22	67	11	20	9	40
Total	**93**	**313**	**89**	**495**	**53**	**211**	**61**	**325**

Operating lease payments included in income statement amount to DKK 48m (2005/06 DKK 18m).

Operating leases represent primarily leasing of cars, and there are no purchasing rights attaching to assets held under operating leases.

NOTE

28. Contingent items

The Coloplast Group is a party to a 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.

The Coloplast Group has had the following material transactions with related parties:

DKKm	2006/07	2005/06
Transactions with associates		
Sales to Amoena spol.s.r.o.	3	6
Sales to Amoena Kft.	1	3
Sales to Amoena Portugal Lda.	1	2
Sales of goods and services to associates	**5**	**11**

Receivables with associates are disclosed separately in the balance sheet.

30. Public grants

During the financial year the Group has not received public grants for research and development (2005/06 DKK 1m). The Group has received DKK 9m (2005/06 DKK 2m) for investments.

31. Fees for auditors appointed by AGM

	2006/07	2005/06
Total fees to PricewaterhouseCoopers	21	17
Total fee to other auditors	9	20
Total	**30**	**37**
Of which audit fees to PricewaterhouseCoopers	9	9
Of which audit fees to other auditors	0	1
Total	**9**	**10**

NOTE

32. Acquisitions

2005/06
DKKm

Company	Core business activity	Date of acquisition	Acquisition price
Mentor's urology business	Continence/Urology	2.6.2006	2,853

The acquisition includes all shares in the companies Mentor International LLC (Porgés Group) and Mentor Medical Ltd.

	Mentor's urology business	
	Carrying amount prior to acquisition	Fair value on date of acquisition
Intangible assets	0	1,678
Property, plant and equipment	174	222
Inventories	230	332
Receivables	332	317
Provisions, including deferred tax	3	-11
Non-current liabilities	-56	-56
Current liabilities	-347	-347
Net assets	**336**	**2,135**
Goodwill		718
Total acquisition price		2,853
Cash funds in acquired business		89
Total cash amount paid		**2,942**

The acquisition price breaks down as follows	
Cash	2,773
Acquisition costs	80
Total	**2,853**

As a result of the business combination, Coloplast has resolved to divest its urisheath business in Great Britain. Consequently, Coloplast has signed an agreement with Rochester Medical Corp., under which Rochester acquired the rights to Mentor's urisheaths in Great Britain as at 2 June 2006.

The calculated goodwill represents the existing staff and know-how as well as expected synergies from the combination with the Coloplast Group.

The financial result before tax on the acquired urology business was a loss of DKK 145m.

Information about the combined revenue and the combined financial results at the beginning of the financial year is not available, because Mentor and Coloplast have different financial year and because separate financial statements were not prepared for Mentor's urology business, which was instead an integral part of the Mentor Corporation.

The acquisition price included a share of derivative financial instruments, representing DKK 122m of the acquisition price, used to hedge the acquisition amount.

Of the total intangible assets, DKK 2,033m was acquired by the parent company.

NOTE		DKKm 2006/07	2005/06

33. 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 2007.

34. Adjustment for other non-cash operating items

	2006/07	2005/06
Net gain/loss on non-current assets	0	0
Change in other provisions	-14	44
Total	**-14**	**44**

35. Changes in working capital

	2006/07	2005/06
Inventories	-161	191
Trade receivables	-75	-422
Other receivables	-23	261
Trade payables	176	79
Total	**-83**	**109**

36. Liquid and short-term credit facilities

	2006/07	2005/06
Marketable securities	1	1
Cash	3	1
Bank balances	269	147
Liquid resources	273	149
Short-term credit facilities	-725	-277
Total	**-452**	**-128**

37. Unutilised credit facilities

	2006/07	2005/06
Unutilised credit facilities	2,750	2,510
Of which long-term facilities with a duration of more than 1 year	1,767	1,574

NOTE

38. Income statement, quarterly (unaudited)

DKKm	**2006/07** Full year	2006/07 Q1	2006/07 Q2	2006/07 Q3	2006/07 Q4
Revenue	8,042	1,924	1,989	2,069	2,060
Cost of sales	-3,208	-776	-789	-856	-787
Gross profit	**4,834**	**1,148**	**1,200**	**1,213**	**1,273**
Distribution costs	-2,536	-608	-671	-627	-630
Administrative expenses	-988	-237	-232	-230	-289
Research and development costs	-319	-60	-82	-76	-101
Other operating income	81	12	24	15	30
Other operating expenses	-11	0	-1	-2	-8
Operating profit before special items	**1,061**	**255**	**238**	**293**	**275**
Special items	-312	0	0	0	-312
Operating profit (EBIT)	**749**	**255**	**238**	**293**	**-37**
Financial income	68	28	10	8	22
Financial expenses	-222	-82	-25	-36	-79
Profit before tax	**595**	**201**	**223**	**265**	**-94**
Tax on profit for the period	-225	-55	-70	-51	-49
Net profit for the period, continuing operations	**370**	**146**	**153**	**214**	**-143**
Net profit for the period, discontinued operations	468	-4	483	4	-15
Profit for the period	**838**	**142**	**636**	**218**	**-158**
Minority interests	-1	0	0	0	-1
Coloplast's share of profit for the period	**837**	**142**	**636**	**218**	**-159**
Earnings per Share (EPS) (A and B shares)	8	3	3	5	-3
Earnings per Share (EPS) (A and B shares), diluted	8	3	3	5	-3

DKKm	2005/06 Full year	2005/06 Q1	2005/06 Q2	2005/06 Q3	2005/06 Q4
Revenue	6,709	1,544	1,515	1,717	1,933
Cost of sales	-2,687	-582	-558	-681	-866
Gross profit	**4,022**	**962**	**957**	**1,036**	**1,067**
Distribution costs	-2,097	-469	-469	-531	-628
Administrative expenses	-761	-172	-163	-205	-221
Research and development costs	-244	-54	-54	-56	-80
Other operating income	31	6	8	16	1
Other operating expenses	-12	-3	0	-2	-7
Operating profit before special items	**939**	**270**	**279**	**258**	**132**
Special items	-60	0	0	-52	-8
Operating profit (EBIT)	**879**	**270**	**279**	**206**	**124**
Financial income	30	8	6	18	-2
Financial expenses	-252	-46	-96	-52	-58
Profit before tax	**657**	**232**	**189**	**172**	**64**
Tax on profit for the period	-191	-66	-50	-60	-15
Net profit for the period, continuing operations	**466**	**166**	**139**	**112**	**49**
Net profit for the period, discontinued operations	149	-2	2	131	18
Profit for the period	**615**	**164**	**141**	**243**	**67**
Minority interests	-1	0	0	0	-1
Coloplast's share of profit for the period	**614**	**164**	**141**	**243**	**66**
Earnings per Share (EPS) (A and B shares)	11	4	3	3	1
Earnings per Share (EPS) (A and B shares), diluted	10	3	3	3	1

SHAREHOLDER INFORMATION

Stock exchange announcements in 2006/07

2006	no.	
13/10	17	Closure of site in Lancing, UK
18/10	18	Financial calendar for 2006/07
26/10	19	2005/06 Annual Report and Annual General Meeting
30/10	20	Updated strategy for relocation of production
15/11	21	Annual financial statement 2005/06
24/11	22	UK healthcare reform – new consultation papers
29/11	23	Notice to convene the Annual General Meeting
13/12	24	Annual General Meeting 2006
13/12	25	New articles of association
13/12	26	Chairman and a Deputy Chairman elected

2007		
08/02	01	Interim Financial Statement, Q1 2006/07
12/02	02	Coloplast divests its breast care business unit
20/02	03	Coloplast divests its brachyterapi business unit
21/02	04	New organisational structure at Coloplast
05/03	05	Coloplast initiates share buy-back
02/04	06	Divestment of its breast care business unit completed
15/05	07	Interim Financial Statements, Q2 2006/07
23/05	08	British healthcare reform: No changes postponed
01/06	09	Total number of voting rights and size of share capital
08/06	10	Divestment of brachytherapy business completed
16/08	11	Interim financial statements, Q3 2006/07
16/08	12	Coloplast continues share buy-back
03/09	13	British healthcare reform: New consultation process
04/09	14	Coloplast pays anniversary bonus
06/09	15	British healthcare reform: new consultation document
11/09	16	Financial calendar for 2007/08
20/09	17	Coloplast hosts a Capital Markets Day
28/09	18	Share buy-back programme completed

Financial calendar 2007/08

2007	
23/10	Quiet period until 20 November
20/11	Full-year profit announcement and annual report for 2006/07
18/12	Annual general meeting
27/12	Dividend in respect of 2006/07 financial year paid out

2008	
29/01	Quiet period until 19 February
19/02	Q1 Profit Announcement 2007/08
30/04	Quiet period until 21 May
21/05	Q2 Profit Announcement 2007/08
31/07	Quiet period until 21 August
21/08	Q3 Profit Announcement 2007/08
29/10	Quiet period until 19 November
19/11	Full-year profit announcement and annual report for 2007/08
17/12	Annual general meeting
23/12	Dividend in respect of 2007/08 financial year paid out

Banks and securities companies that follow Coloplast

ABG Sundal Collier	SEB Enskilda
ABN AMRO	FIH Capital Markets
Alm. Brand Bank	Gudme Raaschou Bank
Carnegie Danmark	Handelsbanken Securities
Cazenove	Jyske Bank
Cheuvreux	Lehman Brothers
Dansk Aktieanalyse	Standard & Poor's
Danske Equities	Sydbank A/S
Deutsche Bank	

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Shareholder secretariat

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Annual general meeting

The company's annual general meeting will be held on Tuesday, 18 December 2007, at 16.00 at the company's address: Holtedam 3, 3050 Humlebæk, Denmark. Prior to the annual general meeting Coloplast will host a shareholders meeting at 15.00 at the same address.

The Board of Directors intends to propose re-election of: Michael Pram Rasmussen, Niels Peter Louis-Hansen, Sven Håkan Björklund, Per Magid, Torsten E. Rasmussen and Ingrid Wiik. The Board of Directors proposes that Jørgen Tang-Jensen, CEO of VELUX A/S, be elected as new member of the board.

Investor relations at www.coloplast.com

All stock exchange announcements, the financial calendar, a list of equity analysts and the current share price are all available under the 'Investors' tab at the Coloplast website.

Coloplast also offers an e-mail news service.

FINANCIAL STATEMENTS, PARENT COMPANY COLOPLAST A/S FOR 2006/07

The financial statements of the parent company Coloplast A/S form an integral part of the annual report of Coloplast for 2006/07.

The parent company's financial statements are included on a cd-rom enclosed with the print version of the annual report of Coloplast A/S. In the pdf version of the annual report of Coloplast A/S, which is available on www.coloplast.com, the parent company's financial statements are included on pages 71-90.

The Management statement and auditors' report and accounting policies are found on pages 36-41 of the annual report.

INCOME STATEMENT

1 October 2006 - 30 September 2007

NOTE		2006/07	2005/06
		DKKm	
	Revenue	3,942	3,293
1,2	Cost of sales	-2,319	-1,902
	Gross profit	**1,623**	**1,391**
1,2	Distribution costs	-418	-347
1,2,3	Administrative expenses	-271	-253
1,2	Research and development costs	-305	-232
1,2	Other operating income	115	81
1,2	Other operating expenses	-29	-8
4	Special items	272	0
	Operating profit (EBIT)	**987**	**632**
5	Dividend from investments	188	276
6	Financial income	140	80
7	Financial expenses	-185	-227
	Profit before tax	**1,130**	**761**
8	Tax on profit for the year	-158	-141
	Profit for the year	**972**	**620**
	Allocated as follows:		
	Shareholders in Coloplast A/S	972	620
	Minority interests	0	0
		972	**620**
9	Earnings per Share (EPS) (A and B shares)	21	13
9	Earnings per Share (EPS) (A and B shares), diluted	21	13
	Profit distribution:		
	Retained earnings	540	428
10	Proposed dividend for the year	432	192
	Total	**972**	**620**

The Board intends to propose to the Annual General Meeting that dividend for the year be paid out as follows:
DKK 9.00 per share.

BALANCE SHEET

At 30 September 2007

NOTE		DKKm 2006/07	2005/06
	ASSETS		
11	Acquired patents and trademarks	1,439	1,597
11	Goodwill	522	522
11	Software	78	76
11	Prepayments and assets in progress	28	14
	Intangible assets	**2,067**	**2,209**
12	Land and buildings	1	1
12	Plant and machinery	440	462
12	Other fixtures and fittings, tools and equipment	104	120
12	Prepayments and assets in progress	346	247
	Property, plant and equipment	**891**	**830**
13	Investments in Group enterprises	1,810	1,881
13	Receivables from Group enterprises	465	1,191
13	Other investments	4	2
	Other receivables	13	0
	Investments	**2,292**	**3,074**
	Non-current assets	**5,250**	**6,113**
15	**Inventories**	**421**	**316**
	Trade receivables	162	126
16	Receivables from Group enterprises	1,715	1,125
23	Income tax	77	39
	Other receivables	51	65
	Prepayments	7	2
17	**Receivables**	**2,012**	**1,357**
18	**Marketable securities**	**1**	**1**
	Cash and bank balances	**95**	**16**
	Current assets	**2,529**	**1,690**
	Assets	**7,779**	**7,803**

BALANCE SHEET

At 30 September 2007

NOTE		DKKm 2006/07	2005/06
	EQUITY AND LIABILITIES		
	Share capital	240	240
	Fair value reserve	4	-65
	Proposed dividend for the year	396	184
	Retained earnings	3,031	3,481
19	**Equity before minority interests**	**3,671**	**3,840**
	Minority interests	**0**	**0**
	Equity	**3,671**	**3,840**
20	Provision for pensions and similar liabilities	5	8
14	Provision for deferred tax	367	194
21	Other provisions	0	5
22	Other credit institutions	1,788	2,114
	Other payables	18	23
22	Deferred income	354	228
	Non-current liabilities	**2,532**	**2,572**
20	Provision for pensions and similar liabilities	1	1
21	Other provisions	5	0
22	Other credit institutions	520	92
	Trade payables	237	182
	Payables to Group enterprises	403	704
	Other payables	410	325
	Deferred income	0	87
	Current liabilities	**1,576**	**1,391**
	Current and non-current liabilities	**4,108**	**3,963**
	Equity and liabilities	**7,779**	**7,803**

24 Financial instruments
25 Other liabilities
26 Contingent items
27 Related party transactions
28 Events occurring after the balance sheet date

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital A shares	B shares	Reserve for net asset value	Exchange adjustment reserve	Hedge reserve	Proposed dividend	Retained earnings	Total equity
1.10.2005 - 30.9.2006								
Balance at 1.10.2005 as reported in annual report	18	222	619	3	-109	162	1,657	2,572
Effect of changes in accounting policies			-619	-3			1,518	896
Restated value at 1.10.2005	18	222	0	0	-109	162	3,175	3,468
Hedging against interest risks					57			57
Tax effect of hedging					-16			-16
Hedging against exchange rate risks					4			4
Tax effect of hedging					-1			-1
Net gain/loss not recognised in income statement	0	0	0	0	44	0	0	44
Exchange rate adjustment of opening balances and other adjustments related to subsidairies							-28	-28
Profit for the year						192	428	620
Comprehensive income for the year	0	0	0	0	44	192	400	636
Treasury shares purchased							-103	-103
Treasury shares sold							0	0
Dividend on treasury shares						-8	8	0
Share based payment							1	1
Dividend paid out in respect of 2004/05						-162		-162
Balance at 30.9.2006	**18**	**222**	**0**	**0**	**-65**	**184**	**3,481**	**3,840**
1.10.2006 - 30.9.2007								
Balance at 1.10.2006 as reported in annual report	18	222	0	0	-65	184	3,481	3,840
Hedging against interest risks					102			102
Tax effect of hedging					-29			-29
Hedging against exchange rate risks					-6			-6
Tax effect of hedging					2			2
Net gain/loss not recognised in income statement	0	0	0	0	69	0	0	69
Exchange rate adjustment of opening balances and other adjustments related to subsidairies							-5	-5
Profit for the year						432	540	972
Comprehensive income for the year	0	0	0	0	69	432	535	1,036
Treasury shares purchased							-1,024	-1,024
Treasury shares sold								0
Dividend on treasury shares						-36	36	0
Share based payment							3	3
Dividend paid out in respect of 2005/06						-184		-184
Balance at 30.9.2007	**18**	**222**	**0**	**0**	**4**	**396**	**3,031**	**3,671**

CASH FLOW STATEMENT

1 October 2006 - 30 September 2007

NOTE		DKKm 2006/07	2005/06
	Operating profit	987	632
	Depreciation and amortisation	451	243
29	Adjustment for other non-cash operating items	-433	-16
30	Changes in working capital	-263	11
	Ingoing interest payments, etc.	120	74
	Outgoing interest payments, etc.	-201	-198
	Income tax paid	-42	-148
	Cash flow from operating activities	**619**	**598**
	Investments in intangible assets	-61	-218
	Investments in land and buildings	0	0
	Investments in plant and machinery	-279	-250
	Investments in assets under construction	-99	-73
	Intangible assets sold	30	0
	Property, plant and equipment sold	174	51
	Purchase of other investments	-2	0
	Acquired operations	0	-1,966
	Divestment of operations	694	0
	Investments in Group enterprises	-205	-75
	Dividend from Group enterprises	188	276
	Cash flow from investing activities	**440**	**-2,255**
	Free cash flow	**1,059**	**-1,657**
	Dividend to shareholders	-184	-161
	Dividend to minority interests	0	0
	Investment in treasury shares	-1,024	-104
	Financing from shareholders	**-1,208**	**-265**
	Financing through long-term borrowing, debt funding	300	946
	Financing through long-term borrowing, instalments	-500	0
	Financing through long-term borrowing, exchange rate adjustments	0	0
	Cash flow from financing activities	**-1,408**	**681**
	Net cash flow for the year	**-349**	**-976**
	Liquid and short-term credit facilities at 1.10.2006	-75	901
	Net cash flow for the year	-349	-976
31	**Liquid and short-term credit facilities at 30.9.2007**	**-424**	**-75**
31	Marketable securities, cash and bank balances	96	17
32	Unutilised credit facilities	2,418	2,164
	Financial reserves at 30.9.2007	**2,514**	**2,181**

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

NOTES

NOTE		DKKm 2006/07	2005/06
1.	**Depreciation and amortisation**		
	Specification for the year:		
	Acquired patents and trademarks	135	42
	Software	34	29
	Land and buildings	0	0
	Plant and machinery	151	137
	Other fixtures and fittings, tools and equipment	39	35
	Investments in Group enterprises	92	0
	Total	**451**	**243**
	Depreciation and amortisation are allocated as follows:		
	Cost of sales	298	190
	Distribution costs	8	7
	Administrative expenses	14	12
	Research and development costs	26	20
	Other operating expenses	13	14
	Seperate items	92	0
	Total	**451**	**243**
2.	**Staff costs**		
	Salaries, wages and directors' fees	1,036	936
	Pension costs - defined contribution plans (note 20)	80	71
	Pension costs - defined benefit plans (note 20)	0	0
	Other social security costs	19	17
	Total	**1,135**	**1,024**
	Staff costs are allocated as follows:		
	Cost of sales	607	562
	Distribution costs	141	126
	Administrative expenses	220	180
	Research and development costs	119	116
	Other operating expenses	37	40
	Separate items	11	0
	Total	**1,135**	**1,024**
	Average number of employees, full time equivalents	2,515	2,303
	Number of employees at 30.9, full time equivalents	2,543	2,344

For information on Executive Managements' remuneration and Directors' fees reference is made to note 4 on page 49 of the consolidated financial statements.

NOTE		2006/07	2005/06
3.	**Fees for auditors appointed by AGM**		
	Total fees to PricewaterhouseCoopers	7	6
	Total fee to other auditors	1	0
	Total	**8**	**6**
	Of which audit fees to PricewaterhouseCoopers	2	2
	Total	**2**	**2**
4.	**Special items**		
	Special items	272	0
	Total	**272**	**0**

In 2006/07, separate items relate to a gain on the sale of the breast care and brachytherapy operations, writedowns on investments in group enterprises and payment of bonus to employees in connection with the company's 50th anniversary.

NOTE		DKKm 2006/07	2005/06
5.	**Dividend from investments**		
	Dividend accrued from associates and Group enterprises	188	276
6.	**Financial income**		
	Interest income	9	18
	Interest income from Group enterprises	69	57
	Exchange rate adjustments	47	0
	Fair value adjustments on forward contracts transferred from equity (note 24)	15	5
	Total	**140**	**80**
7.	**Financial expenses**		
	Interest expense	146	128
	Interest expense from Group enterprises	23	11
	Fair value adjustments, share options	16	35
	Exchange rate adjustments	0	53
	Total	**185**	**227**
8.	**Tax on profit for the year**		
	Tax on profit for the year	-4	10
	Change in deferred tax on profit for the year	180	130
		176	**140**
	Adjustment relating to prior years	-1	1
	Effect of change in tax percentage	-17	0
	Total	**158**	**141**
	Specification of tax:		
	Tax on profit from ordinary activities	176	140
	Adjustment of tax for prior years	-1	1
	Effect of change in tax percentage	-17	0
	Total	**158**	**141**
	Tax on equity items	**20**	**18**
	Balancing of tax rate differences:		
	Danish tax rate, %	25	28
	Non-taxable income and non-deductible expenses, %	-9	-9
	Effect of change in tax percentage	-2	0
	Effective tax rate, %	**14**	**19**

9. **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 in the consolidated financial statements).

	2006/07	2005/06
Profit for the year	972	620
Weighted average of shares (million units)	45.6	46.3
Earnings per share (DKK) (A and B shares)	21	13
Earnings per share (DKK) (A and B shares), diluted	21	13

10. **Dividend per share**

The Board of Directors intends to propose at the annual general meeting that a dividend of DKK 9 per share of DKK 5 be paid, structured as follows: ordinary dividend DKK 5.00, equal to an increase of 25%. Extraordinary dividend of DKK 4.00 per share to reflect the divestment of the breast care business. The resulting pay-out ratio is 41%, corresponding to total dividends of DKK 432 million and a total payment of DKK 396 million.

NOTE

11. Intangible assets

2006/07 DKKm	Goodwill	Acquired patents and trademarks	Software	Prepayments and assets in progress	Total intangible assets
Total cost at 1.10.2006	522	1,647	206	14	2,389
Exchange rate and other adjustments	0	-30	0	0	-30
Purchases and improvements during the year	0	27	36	27	90
Disposals during the year	0	-21	0	-13	-34
Total cost at 30.9.2007	**522**	**1,623**	**242**	**28**	**2,415**
Total amortisation at 1.10.2006	0	50	130	0	180
Amortisation for the year	0	135	34	0	169
Amortisation reversed on disposals during the year	0	-1	0	0	-1
Total amortisation at 30.9.2007	**0**	**184**	**164**	**0**	**348**
Recognised value at 30.9.2007	**522**	**1,439**	**78**	**28**	**2,067**

Acquired goodwill relates to the urology business.

Management has performed an impairment test of the carrying amount of goodwill as per 30.9.2007. The impairment test did not result in an impairment loss. In the impairment test, the discounted expected future cash flows for each cash generating unit are compared to the carrying amounts. Future cash flows are based on budgets, forecasts, strategy plans, etc. Budgets, forecasts, strategy plans, etc. are based on specific assumptions for each cash generating unit regarding sales, operating profit, working capital, investments in non-current assets and more overall assumptions for the projection period.

The impairment test performed is based on approved strategy plans for a four-year period.
The urology business has become a part of Coloplast's continence care operations in the business area of Urology and Continence Care.
Assumptions applied in Coloplast's 2012 plans have been used for subsequent years, equal to double-digit growth rates until the terminal value is reached, after which the assumption used is 3%.
The growth rate is not expected to exceed the average long-term growth rate for the segment in general.
Integration synergies and other planned efficiency improvements are expected to help lift the EBIT margin and strengthen cash flows.
Invested capital is projected at the same growth rate as revenue with the exception of special assets relating to the acquisition of the urology business.
The tax rate equals the Group's tax rate for the 2006/07 financial year adjusted for non-recurring effects, equal to a tax rate of 28%.
Discounting applies the weighted cost of capital of the cash-generating unit, which corresponds to an average of 9% before tax in the impairment tests performed, equal to 7% after tax.

NOTE

11. Intangible assets (continued)

2005/06 DKKm	Goodwill	Acquired patents and trademarks	Software	Prepayments and assets in progress	Total intangible assets
Total cost at 1.10.2005	0	13	179	0	192
Acquisition through acquired operations	522	1,511	0	0	2,033
Purchases and improvements during the year	0	177	27	14	218
Disposals during the year	0	-54	0	0	-54
Total cost at 30.9.2006	**522**	**1,647**	**206**	**14**	**2,389**
Total amortisation at 1.10.2005	0	8	101	0	109
Amortisation for the year	0	42	29	0	71
Amortisation reversed on disposals during the year	0	0	0	0	0
Total amortisation at 30.9.2006	**0**	**50**	**130**	**0**	**180**
Recognised value at 30.9.2006	**522**	**1,597**	**76**	**14**	**2,209**

NOTE

12. Property, plant and equipment

2006/07 DKKm	Land and buildings	Production plant and machinery	Fixtures and fittings tools and equipment	Prepay-ments and assets in progress	Total property, plant and equipment
Total cost at 1.10.2006	1	1,344	312	247	1,904
Reclassification	0	142	10	-149	3
Purchases and improvements during the year	0	92	35	248	375
Disposals during the year	0	-233	-45	0	-278
Total cost at 30.9.2007	**1**	**1,345**	**312**	**346**	**2,004**
Total depreciation at 1.10.2006	0	882	192	0	1,074
Reclassification	0	5	-2	0	3
Depreciation for the year	0	151	39	0	190
Depreciation reversed on disposals during the year	0	-133	-21	0	-154
Total depreciation at 30.9.2007	**0**	**905**	**208**	**0**	**1,113**
Recognised value at 30.9.2007	**1**	**440**	**104**	**346**	**891**
Gross amount, fully depreciated property, plant and equipment	0	591	131	0	722

According to the latest public assessment, the cash value of Danish land and buildings amounts to DKK 1m (2005/06: DKK 1m). The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery of DKK 61m (2005/06: DKK 68m). The Group's mortgage loans have been secured against land and buildings in the amount of DKK 0m (2005/06: DKK 0m).

2005/06 DKKm	Land and buildings	Production plant and machinery	Fixtures and fittings tools and equipment	Prepay-ments and assets in progress	Total property, plant and equipment
Total cost at 1.10.2005	3	1,259	266	174	1,702
Exchange rate and other adjustments	0	0	0	0	0
Reclassification	0	114	27	-141	0
Purchases and improvements during the year	0	70	39	214	323
Disposals during the year	-2	-99	-20	0	-121
Total cost at 30.9.2006	**1**	**1,344**	**312**	**247**	**1,904**
Total depreciation at 1.10.2005	1	821	171	0	993
Depreciation for the year	0	137	35	0	172
Depreciation reversed on disposals during the year	-1	-76	-14	0	-91
Total depreciation at 30.9.2006	**0**	**882**	**192**	**0**	**1,074**
Recognised value at 30.9.2006	**1**	**462**	**120**	**247**	**830**
Gross amount, fully depreciated property, plant and equipment	0	584	108	0	692

NOTE

13. Investments

2006/07 DKKm	Investments in Group enterprises	Investments in associates	Receivables from Group enterprises	Other investments
Total cost at 1.10.2006	2,234	0	1,191	2
Capital investments during the year	205	0	0	2
Divestments during the year	-184	0	-726	0
Total cost at 30.9.2007	**2,255**	**0**	**465**	**4**
Impairment at 1.10.2006	-353	0	0	0
Impairment during the year	-92	0	0	0
Total impairment at 30.9.2007	**-445**	**0**	**0**	**0**
Recognised value at 30.9.2007	**1,810**	**0**	**465**	**4**

2005/06 DKKm	Investments in Group enterprises	Investments in associates	Receivables from Group enterprises	Other investments
Total cost at 1.10.2005	2,246	0	630	2
Capital investments during the year	63	0	561	0
Divestments during the year	-75	0	0	0
Total cost at 30.9.2006	**2,234**	**0**	**1,191**	**2**
Impairment at 1.10.2005	-353	0	0	0
Total impairment at 30.9.2006	**-353**	**0**	**0**	**0**
Recognised value at 30.9.2006	**1,881**	**0**	**1,191**	**2**

Sales and/or manufacturing subsidiaries

An overview of subsidiaries is set out in note 16 on page 57 of the consolidated financial statements.

NOTE		DKKm 2006/07	2005/06
14.	**Deferred tax**		
	Deferred tax, opening balance	194	110
	Effect of change in accounting policies	0	-67
	Effect of change in tax percentage	-17	0
	Restatement, previous years	10	-7
	Change in deferred tax - charged to equity	0	28
	Change in deferred tax - charged to income statement	180	130
		367	**194**
	Of which, deferred tax asset	0	0
	Provision for deferred tax	**367**	**194**
	Calculation of deferred tax is based on the following items:		
	Intangible assets	349	367
	Property, plant and equipment	13	11
	Indirect cost of sales	31	23
	Unrealised gain from intra-group sales of goods	-21	0
	Jointly taxed companies (retaxation balance)	16	53
	Tax losses carried forward and tax credits	0	-207
	Other	-21	-53
	Total	**367**	**194**
15.	**Inventories**		
	Raw materials and consumables	89	69
	Work in progress	148	110
	Manufactured goods	184	137
	Inventories	**421**	**316**
	Inventory write-downs during period	16	9

Cost of sales includes the year's cost of goods sold.

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

NOTE		2006/07	2005/06
16.	**Receivables from Group enterprises**		
	Receivables from Group enterprises	1,715	1,125
	Total	**1,715**	**1,125**
17.	**Receivables**		
	Portion of receivables falling due after more than one year after the balance sheet date		
	Other long-term receivables	13	20

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

		2006/07	2005/06
	At the balance sheet date, provisions for bad debts amounted to	1	1
18.	**Marketable securities**		
	Holdings of securities at 30.9.2007 consist mainly of Danish bonds with a duration of more than 3.	1	1

19. Treasury shares

A specification of treasury shares is provided in note 21 on page 60 of the consolidated financial statements.

NOTE

20. 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 2006/07, DKK 80m (2005/06: DKK 71m) 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.

	DKKm	
	2006/07	2005/06
Amounts recognised in the balance sheet are as follows:		
Present value of financed liabilities	0	0
Fair value of assets	0	0
	0	0
Present value of non-financed liabilities	6	9
Unrecognised actuarial gains and losses	0	0
Liability stated in balance sheet	**6**	**9**
Amounts recognised in the income statement are as follows:		
Current service costs	0	0
Interest costs	0	0
Terminated pension schemes	0	0
Expected returns from assets	0	0
Total amount recognised as staff costs (note 2)	**0**	**0**
Actual returns on assets amounted to		
Changes in liabilities recognised in the balance sheet:		
Liability 1.10.2006	9	9
Transferred from Other provisions	-3	0
Additions through acquired operations	0	0
Exchange rate adjustments	0	0
Total cost, as indicated above	0	0
Contribution from employees	0	0
Benefits paid out	0	0
Liability 30.9.2007	**6**	**9**
Short-term liability amounted to	1	1
The key actuarial assumptions are as follows (weighted average):		
Discount rate, %	6	1
Expected returns from assets, %	0	0
Future salary increases, %	0	0
Future pension benefit increases, %	7	5

NOTE

21. Other provisions

2006/07 DKKm	Warranties	Legal claims	Others	Total
Provisions at 1.10.2006	0	5	0	5
Additional provisions	0	0	0	0
Unused amounts reversed	0	0	0	0
Charged to the income statement	0	0	0	0
Used during the year	0	0	0	0
Provisions at 30.09.2007	**0**	**5**	**0**	**5**
Expected maturities:				
Current liabilities	0	5	0	5
Non-current liabilities	0	0	0	0
Provisions at 30.09.2007	**0**	**5**	**0**	**5**

2005/06 DKKm	Warranties	Legal claims	Others	Total
Provisions at 1.10.2005	0	5	0	5
Additional provisions	0	0	0	0
Unused amounts reversed	0	0	0	0
Charged to the income statement	0	5	0	5
Used during the year	0	0	0	0
Provisions at 30.09.2006	**0**	**5**	**0**	**5**
Expected expiry dates:				
Short-term liabilities	0	0	0	0
Long-term liabilities	0	5	0	5
Provisions at 30.09.2006	**0**	**5**	**0**	**5**

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.

NOTE		DKKm 2006/07	2005/06

22. Credit Institutions

Falling due in:	2006/07	2005/06
less than 1 year	520	92
1 to 5 years	745	0
more than 5 years	1,043	2,114
Total	**2,308**	**2,206**

Net interest-bearing debt including swap facility at 30.9.2007

	2006/07	2005/06
Other credit institutions	2,308	2,206
Interest-bearing payables to Group enterprises	403	704
Interest-bearing receivables from Group enterprises	-2,180	-2,316
Marketable securities	-1	-1
Bank balances	-95	-16
Deferred income items	354	228
Total	**789**	**805**

The fair value of net interest-bearing debt is DKK 789m, of which DKK 789m has been recognised in balance sheet. The fair value is calculated as the nominal value of debt at the official 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 deferred income item represents refinancing via a swap facility. The fair value of SWAP 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:

2006/07

Principal in DKKm/ Effective interest rate pa		USD	Rate %	GBP	Rate %	EUR	Rate %	DKK	Rate %	Other	Rate %	Total
Less than 1 yr	Receivables	-181	5-6	-384	5-7	-522	4-5	-26	4-5	-727	3-10	-1,840
	Payables	118	5-6	59	5-7	176	4-5	525	4-5	45	3-10	923
	Swap											
Total, less than 1 yr		-63		-325		-346		499		-682		-917
1 to 5 yrs	Receivables	-181	6	-83	7	-119	4			-16	5	-399
	Payables					745	4					745
	Swap											
Total, 1 to 5 yrs		-181		-83		626				-16		346
More than 5 yrs	Receivables									-37	7	-37
	Payables	1,043	5									1,043
	Swap	-1,051	5			1,405	5					354
Total, more than 5 yrs		-8				1,405				-37		1,360
Total		-252		-408		1,685		499		-735		789

The parent company has a fixed-interest loan of mUSD 200, raised as a private placement and with a remaining duration of 6 years, and a club facility of EUR 100m with a duration of 5 years. The loans have been converted into a fixed-interest EUR-denominated loan through bank swaps.

2005/06

Principal in DKKm/ Effective interest rate pa		USD	Rate %	GBP	Rate %	EUR	Rate %	DKK	Rate %	Other	Rate %	Total
Less than 1 yr	Receivables	-45	3-5	-101	5-6	-558	3-5	-21	2-3	-536	1-16	-1,261
	Payables	43	3-5	16	4-6	443	3-5	85	2-3	209	3-16	796
	Swap											
Total, less than 1 yr		-2		-85		-115		64		-327		-465
1 to 5 yrs	Receivables	-49	5-6	-136	6	-89	3-4					-274
	Payables											
	Swap											
Total, 1 to 5 yrs		-49		-136		-89						-274
More than 5 yrs	Receivables	-210	5-6	-57	6	-515	3-4			-16	4-5	-798
	Payables	1,178	5			736	5	200	2-3			2,114
	Swap	-1,178	5			1,406	5					228
Total, more than 5 yrs		-210		-57		1,627		200		-16		1,544
Total		-261		-278		1,423		264		-343		805

NOTE		DKKm 2006/07	2005/06

23. Income tax

	2006/07	2005/06
Income tax balance at 1.10.2006	-39	91
Adjustment, prior years	-12	8
Tax on profit for the year	-4	10
Tax on equity items	20	18
Tax on equity items, transferred to deferred tax	0	-18
Tax paid during the year	-42	-148
	-77	-39
Of which receivable income tax	77	39
Income tax balance at 30.9.2007	**0**	**0**

24. Financial instruments

The Group's risk management policy

Financial risks are managed centrally and, accordingly, all derivative financial 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 on foreign exchange, funding, liquidity and financial counterparts. The core principle is for financial risk to be managed with a view to reducing significant risk.

The purpose of the foreign exchange policy is to even out or delay the effects of currency fluctuations on the income statement in order to enhance the predictability of the financial results. This is achieved by hedging material balance sheet items denominated in foreign currency as well as a proportion of the expected future cash flows. Currency hedges are generally made by way of forward contracts and currency options. At 30 September 2007, the company had hedged on average 100% of the cash flows of the coming nine months.

The purpose of the funding policy is to ensure sufficient and cost-efficient funding with due consideration for the interest rate, currency, maturity, counterparty, etc. Another purpose is to secure sufficient capital resources to cover liquidity fluctuations resulting form operations.

The objective of the liquidity policy is to generate a competitive return and strong liquidity when placing surplus cash. Cash pools are among the means of achieving effective management of the Group's cash flows.

Under the counterparty policy, transactions may be concluded only with financial institutions holding a satisfactory credit rating from international credit rating agencies.

Equity - fair value reserve

DKKm	Interest instruments	Forward contracts	Total
Gains and losses on restatement at fair value	-95	4	-91
Deferred tax	27	-1	26
Balance at 1.10.2006	**-68**	**3**	**-65**
Changes in 2006/07:			
Gains and losses resulting from changes in fair value	102	-21	81
Deferred tax	-29	6	-23
	73	-15	58
Transferred to income statement	0	15	15
Deferred tax	0	-4	-4
	0	11	11
At 30.9.2007, the fair value reserve amounts to	**5**	**-1**	**4**
Representing:			
Gains and losses, gross	7	-2	5
Deferred tax	-2	1	-1
Balance at 30.09.2007	**5**	**-1**	**4**

NOTE

24. Financial instruments (continued)

Holdings of derivative financial instruments

DKKm	Amount of contract	Loss/gain when stated at mkt. value at 30.09.2007	Amount incl. in income statement for 2006/07	Transferred to fair value reserve	Expiry period
Forward exchange contracts outstanding at 30.09.2007 to hedge future cash flows					
USD	70,269	2	0	2	Nov. 2007 - Dec. 2007
GBP	216,573	0	0	0	Oct. 2007 - Dec. 2007
EUR	0	0	0	0	Oct. 2007 - Feb. 2008
JPY	56,514	1	0	1	Oct. 2007 - Dec. 2007
HUF	119,029	1	0	1	Oct. 2007 - Feb. 2008
Others	246,920	-4	0	-4	Oct. 2007 - Jan. 2008
Total	**709,305**	**0**	**0**	**0**	
Other forward exchange contracts outstanding at 30.09.2007					
USD	224,980	7	7	0	Oct. 2007 - Nov. 2007
GBP	479,277	10	10	0	Oct. 2007 - Nov. 2007
JPY	36,593	0	0	0	Oct. 2007 - Jan. 2008
HUF	174,350	1	1	0	Oct. 2007
Others	165,380	-3	-3	0	Oct. 2007 - Dec. 2007
Total	**921,080**	**15**	**15**	**0**	
Currency and interest swaps at 30.9.2007 to hedge future cash flows					
EUR interest swap	745	21	0	21	Aug. 2011
USD/EUR	1,121	-14	127	-14	April 2013
Total	**1,866**	**7**	**127**	**7**	

25. Other liabilities

	DKKm 2006/07				DKKm 2005/06			
Falling due in:	Operating leases	Rent	Other	Total	Operating leases	Rent	Other	Total
less than 1 year	5	8	0	13	1	6	0	7
1 to 5 years	7	13	0	20	1	10	0	11
more than 5 years	0	1	0	1	0	4	0	4
Total	**12**	**22**	**0**	**34**	**2**	**20**	**0**	**22**

Operating lease payments included in income statement amount to DKK 3m (2005/06 DKK 0m).

Operating leases represent primarily leasing of cars, and there are no purchasing rights attaching to assets held under operating leases.

26. Contingent items

At 30 September 2007, the parent company had provided guarantees for loans raised by Group enterprises and associates amounting to DKK 468m (2005/06 DKK 244m).

27. Related party transactions

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

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

The parent company has made the following material transactions with related parties:

	DKKm	
	2006/07	2005/06
Transactions with Group enterprises		
Sales of goods	2,735	2,500
Sales of services/royalty payments	907	588
Purchase of goods	-287	-165
Purchase of services	-218	-154
Financial income	69	57
Financial expenses	-23	-11
Sale of property, plant and equipment	128	41
Purchase of intangible rights	0	-177
Receivables	1,715	1,125
Payables	403	704

Receivables with Group enterprises and associates and payables to Group enterprises and associates are disclosed separately in the parent company's balance sheet.

Net revenue includes royalty payments from Group enterprises of DKK 899m (2005/06: DKK 569m).
Royalty payments have no impact on consolidated revenue.

There have been no material transactions with other related parties. Details about remuneration paid to the members of the Executive Management and the Board of Directors are given in note 4 on page 49 to the consolidated financial statements. All related party transactions are effected on an arm's length basis.

Balances with subsidiaries are ordinary trade balances concerning the sale of goods and services.
The balances are concluded on trading terms equivalent to those for the parent company's other customers.

28. 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 2007.

NOTE		DKKm 2006/07	2005/06
29.	**Adjustment for other non-cash operating items**		
	Net gain/loss on non-current assets sold	-430	-16
	Change in other provisions	-3	0
	Total	**-433**	**-16**
30.	**Changes in working capital**		
	Inventories	-105	-11
	Trade receivables	-37	-13
	Other receivables	145	-640
	Trade payables	-266	675
	Total	**-263**	**11**
31.	**Liquid and short-term credit facilities**		
	Marketable securities	1	1
	Cash	0	0
	Bank balances	95	16
		96	17
	Short-term credit facilities	-520	-92
	Total	**-424**	**-75**
32.	**Unutilised credit facilities**		
	Unutilised credit facilities	2,418	2,164
	Of which long-term facilities with a duration of more than 1 year	1,764	1,564

ANNUAL REPORT

The Danish print version represents Coloplast's Annual Report for 2006/07.

Responding to the needs of website users to access our annual accounts, we also publish an interactive annual report on our corporate website: www.coloplast.com. Both the print and interactive versions are available in English.

The contents of the interactive version of the annual report are identical with the contents of the print version, except for links.

Additional information

On our website you will also find detailed information about issues only presented in summary form in the Annual Report, such as corporate governance at Coloplast, managing business risks, corporate responsibility and various general information.

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Editors Coloplast A/S
Design and graphic production Boje & Mobeck as
Translation Fokus Translations
Photos Christian Alsing
Printed by PrintDivision

COLOPLAST AT A GLANCE

Coloplast was founded in 1957 and listed on the Copenhagen Stock Exchange in 1983. We develop, manufacture and market medical devices and services to improve the quality of life of the users of our products. In September 2007, we employed more than 7,000 people.

Coloplast has three product areas:

- Ostomy care products for people whose intestinal outlet has been surgically rerouted through the abdominal wall
- Urology and continence care products for people with problems in the urinary system or in the male reproductive system
- Dressings for the treatment of chronic wounds and skin care products for prevention and treatment.

The company operates globally, and mainly on niche markets with a few large suppliers. Most of our products are reimbursed by the healthcare authorities. Coloplast has in-depth knowledge about the healthcare systems of the countries in which we operate, and we are represented by sales subsidiaries in the most important markets. We supply our products to hospitals, institutions, wholesalers and retailers. In certain markets, we are direct suppliers to users and are thus able to provide optimum advice.

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