ANNUAL REPORT 2007 | 2008

Ambu

Ideas that work for life

A GOODBYE, A HELLO AND AN EXCITING FUTURE

Halfway through October 2008, Lars Marcher took up the post of Ambu's new President and CEO, as Kurt Erling Birk wanted to step down before turning 61 in January. It was a time of considerable contrasts: Ambu had just concluded its best financial year ever, while the financial crisis was escalating around the world. However, the outlook for Ambu in 2008/09 is fortunately good.

Ambu's Board of Directors is very pleased that the changeover has taken place in a healthy spirit of collaboration between the old and the new President and CEO, and that it has taken place at a time when Ambu must be said to be in good shape.

Ambu would like to thank Kurt Erling Birk for all his hard work and committed efforts for the company for the past almost ten years, and for his highly successful efforts at creating an image of Ambu as an exciting and highly profitable business.

Ambu's Board of Directors is looking forward to working with Lars Marcher. Never has the world been so unpredictable, and never have the opportunities and challenges been so plentiful as in recent years. Fortunately, Ambu is in a position where the opportunities seem to overshadow the challenges. A global presence, a highly skilled and committed workforce, a strong balance sheet and healthy cash flow combined with a stable circle of shareholders will make it possible for Ambu to seize the opportunities that arise in the coming period.

The primary concern for everybody in Ambu should therefore be to ensure the optimum running of the company on a daily basis, focusing on the markets and on customer requirements and, just as much, on our own efficiency and innovation. We look forward to an exciting future with great opportunities for all Ambu's stakeholders.

N. E. Nielsen
Chairman of the Board of Directors

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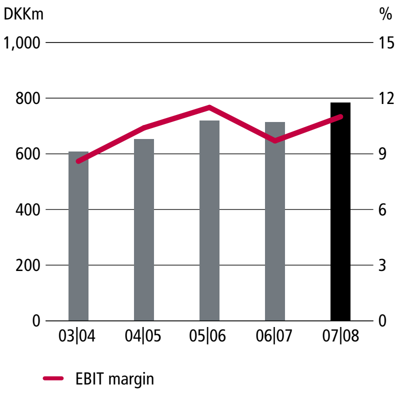
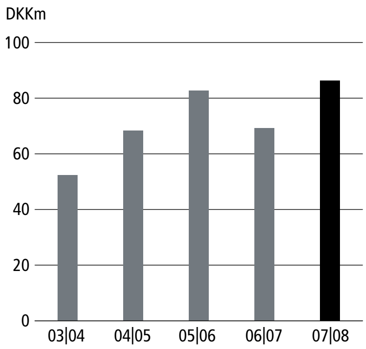
HIGHLIGHTS

- 2007/08 was a satisfactory year of increased revenue and higher earnings.
- Revenue for 2007/08 totalled DKK 784.4m, corresponding to a 10% increase relative to the previous financial year. In local currencies, growth totalled 15%.
- Growth in both Europe and the USA was satisfactory and significantly exceeded market growth.
- Revenue increased within all business areas. The highest growth was seen in Respiratory Care and Neurology.
- EBIT increased by 25% to DKK 86.4m against DKK 69.2m in 2006/07. The improvement is primarily attributable to the higher revenue and improved gross profit margin.
- Profit for the year was DKK 50.0m against DKK 42.8m in 2006/07.
- Both revenue and EBIT are higher than expected at the beginning of the financial year and also exceed the most recently announced outlook for 2007/08 (27 August 2008).
- Free cash flow amounted to DKK 35.6m against DKK 33.4m the year before. This is lower than announced at the beginning of the financial year.
- The Board of Directors proposes that a dividend be declared of DKK 1.5 per share for FY 2007/08, amounting to 36% of the profit for the year.
- In FY 2008/09, consolidated revenue is expected to increase by about 8% to approx. DKK 850m in light of global developments in the world economy. These expectations are based on an average USD exchange rate of 550.
- In 2008/09, the EBIT margin is expected to be in the region of 11-11.5%, corresponding to approx. DKK 97m. Profit before tax is expected to be in the region of 10-10.5% of revenue, or approx. DKK 87m.
- In 2008/09, a free cash flow of approx. DKK 50m is expected, with investments before acquisitions amounting to approx. 7% of revenue.
- Ambu has decided to continue the strategy so far pursued in the coming years, focusing in particular on innovation and sales.

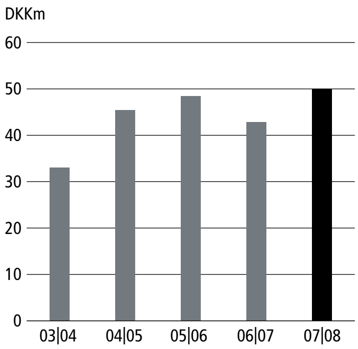
Revenue and EBIT margin



EBIT (Operating profit)



Profit for the year



TO THE SHAREHOLDERS

AMBU GEARED FOR HIGHER PROFITABLE GROWTH

Ambu has been strengthened significantly in recent years, and 2007/08 saw further growth and improved earnings. At the end of the Strategy 2008 period, both revenue and operating profit had reached unprecedentedly high levels. The strategy is being continued with a view to creating further growth. In the next two years, keywords will be a further intensification of sales efforts, innovation and 'operational excellence'. These three elements will lead to increased growth, improved competitiveness and greater market share.

In the past year, Ambu has shown that it is possible to boost growth. This happened after a number of changes, primarily within primary production, product development and sales, and we are now devoting very targeted efforts to ensuring further progress throughout the company.

Our ability to develop new and innovative products is decisive to ensuring higher growth. What we can see is that attractive growth opportunities exist for companies which succeed in launching new and innovative single-use products – and we want to make the most of this potential. In the coming years, we will take an even more ambitious approach to our product development, the aim being to develop considerably more brand new products with substantial potential, while at the same time establishing a broader pipeline.

Concurrently with the intensified product development activities, Ambu's existing product programmes will be streamlined. Many Ambu products are not generating enough revenue, and through a greater focusing of the product programmes, resources can be freed up for investing in more central areas.

In recent years, Ambu's growth has been organic only. However, we are still working actively to hopefully further boost growth through acquisitions of products or product areas which can complement the existing product programme. Also, we are looking to take over smaller companies which complement Ambu's five business areas. Finding 'the right quality at the right price' has been difficult for some time, but we believe that the companies which are of interest to Ambu are beginning to be priced at more sensible levels.

> "Strategy 2008 has resulted in unprecedentedly high levels of both revenue and operating profit. The strategy is being continued with a view to creating further growth."

More focused sales efforts have produced satisfactory results in recent years, and sales and marketing activities are now being streamlined and further intensified. So far, Ambu's primary markets have been Europe and the USA, and there is still market share to be won in these markets. Standards in the health sectors in a number of non-primary markets are now reaching levels at which the types of products offered by Ambu are being used to an increasing extent. This is the case in, for example, China and a number of Eastern European markets where Ambu is now increasing its sales efforts. Ambu will also be intensifying sales efforts in Europe and the USA.

Ambu has very successfully transferred production to China and Malaysia, and today approx. 70% of production is handled by these two factories. This has contributed to maintaining production prices at a competitive level. Another step is now being taken by moving some of the remaining production in Denmark to

Malaysia, where the existing factory will be expanded. It will be about two years before the move is complete.

At the same time, more focus will be directed at making our supply chain more efficient. Ambu's production volume is now such that further economies of scale are possible within both logistics, purchasing and the handling of production. In this context, Ambu's working capital is being optimised via efficient inventory management functions and improved cash flows.

I took up the post of new President and CEO of Ambu after the end of the financial year, and I am greatly looking forward to joining forces with all Ambu employees in working towards the goals which we have set ourselves. I believe that our starting point is very promising and that the cornerstones are in place. What has to happen is for Ambu to attain the so-called critical mass which is necessary for the company to become an even more important and profitable player within its business areas.

During visits to some of our key customers, I have seen at first hand how critical our products are in the operating theatres, the recognition which Ambu is earning for its high product quality and just how strong the Ambu brand is in the hospital and emergency services sector. This is something which we must develop further and manage very carefully. Given the combination of our strong products and highly competent and committed employees, I am convinced that Ambu is geared to seeing further development soon – for the benefit of its shareholders, customers and employees.

Lars Marcher
President & CEO

Mission

Ambu markets innovative diagnostic and life-supporting devices that provide genuine value and ultimately improve the quality of patient care.

Vision

Based on a deeper understanding of customer needs and behaviour, we will constantly exceed their expectations and build strong, long-lasting relations.

Financial highlights

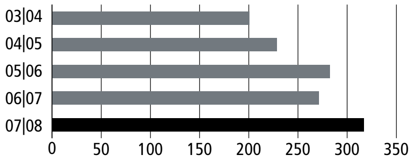
DKKm	2003/04 *)	2004/05	2005/06	2006/07	2007/08
Key figures					
Revenue	608	654	716	715	784
Operating profit before ordinary depreciation and amortisation (EBITDA)	95	106	126	111	131
Operating profit (EBIT)	52	68	83	69	86
Net financials	(6)	(8)	(12)	(15)	(18)
Profit before tax (PBT)	46	61	70	54	68
Net profit for the year	33	45	48	43	50
Total assets at year-end	591	670	678	681	732
Equity at year-end	320	358	391	418	452
Share capital	59	118	118	119	119
Investments in non-current assets and acquisitions	73	55	47	56	49
Depreciation, amortisation and impairment losses on non-current assets	42	37	44	41	45
Cash flows from operating activities	55	40	99	90	84
Free cash flow	(14)	(15)	61	33	36
Average no. of employees	1,024	1,280	1,221	1,216	1,397
Ratios					
EBITDA margin, % 1)	15.5	16.2	17.7	15.5	16.7
EBIT margin, % 2)	8.6	10.4	11.5	9.7	11.0
Return on assets, % 3)	8.8	10.2	12.2	10.2	11.8
Return on equity, % 4)	10.8	13.4	12.9	10.6	11.5
Equity ratio, % 5)	54	53	58	61	62
Earnings per DKK 10 share 6)	2.86	3.87	4.12	3.62	4.23
Equity value per share 7)	27	30	33	35	38
Share price at year-end	54	106	96	87	73
CAPEX, % 8)	12.0	8.4	6.5	7.8	6.2
ROIC, % 9)	7.6	9.2	10.4	9.1	11.0

*) The comparative figures for this year have not been restated in accordance with IFRS.
1) EBITDA margin: Operating profit before ordinary depreciation and goodwill amortisation in % of revenue
2) EBIT margin: Operating profit in % of revenue
3) Return on assets: Operating profit in % of total assets
4) Return on equity: Ordinary profit after tax rated to average equity
5) Equity ratio: The proportion of total liabilities to equity at year-end
6) Earnings per DKK 10 share: The proportion of profit after tax to average no. of shares
7) Equity value of shares: Total equity in relation to no. of shares at year-end
8) CAPEX: Investments in non-current assets and acquisitions in relation to revenue
9) ROIC: EBIT less tax in relation to assets less non-interest-carrying debt

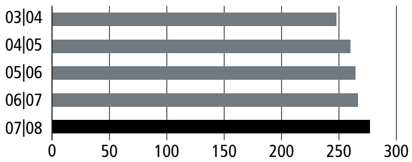
The ratios have been calculated in accordance with The Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2005'.
For share-related key figures, see p. 22.

Ambu's business areas

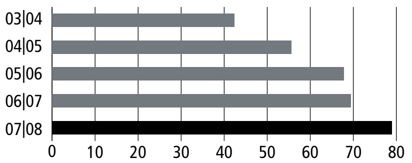
RESPIRATORY CARE

Products	Revenue, DKKm	Market position
Bags and masks for artificial ventilation		Ambu is an important player within Respiratory Care with a broad product portfolio and a favourable market position, especially within laryngeal masks and single-use bags and masks for artificial ventilation.

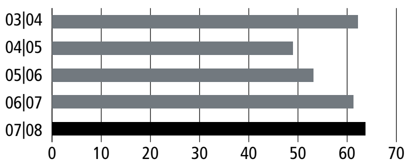
CARDIOLOGY

Products	Revenue, DKKm	Market position
Single-use electrodes for mapping cardiac rhythm		Ambu enjoys a strong position and offers an extensive product programme within high-quality electrodes. The electrodes are used for simple cardiac measurements as well as more extensive diagnostic examinations and tests.

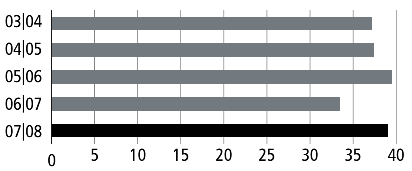
NEUROLOGY

Products	Revenue, DKKm	Market position
Single-use electrodes for diagnosing diseases in nerves and muscles		Ambu has built a position for itself as a specialist within single-use electrodes for neurological examinations. The measurements are used for diagnostic purposes in relation to diseases of the motor apparatus, such as sclerosis and sleeping disorders.

TRAINING

Products	Revenue, DKKm	Market position
Manikins for basic and advanced first-aid training		Ambu has for many years enjoyed an attractive market position within manikins for first aid and is the second-largest player in the market, which is dominated by one large and a few minor suppliers.

IMMOBILIZATION

Products	Revenue, DKKm	Market position
Collars to support neck and head to protect patients having sustained injuries		Sales of neck collars are concentrated on the US market where the use of neck collars is standard practice when transporting injured people. Ambu enjoys a leading position within this area in the USA.

AMBU HEADING FOR NEW GOALS

Ambu is honing its current strategy, and the company is geared for further growth and improved earnings.

Ambu has in recent years focused on strengthening the company and on creating a basis for further growth. This has primarily been through important initiatives within product development, sales and optimising production.

Ambu has attained an attractive market position within a number of product areas – especially thanks to its competences within the development of innovative single-use products – and is growing faster than the market.

Based on such solid foundations, the objective is now to accelerate the development of the company, in terms of both growth and earnings. The main elements in this strategy are:

- The launch of significantly more new and differentiated products than has been the case so far
- The acquisition of new products and activities
- Increased focus on growing markets and product areas
- Enlarging the sales force and further focusing of sales efforts

Innovation

Ambu must be able to develop innovative products at a sufficiently high rate for the basis for growth and satisfactory earnings to be maintained and improved. Ambu has been working consciously to do just that in recent years, and now these efforts will become even more focused and intensified, both via Ambu's own development activities and via the acquisition of products.

There are a number of products in the pipeline which will be launched in 2008/09. They will

Business areas

Ambu has five business areas – Respiratory Care, Cardiology, Neurology, Training and Immobilization. These business areas will be maintained, and they will no longer be divided into 'focus' and 'maintain' areas. In future, the five areas will be accorded the same status within sales.

In the coming years, business development is expected to take place within the existing business areas.

Products and customer segments

Ambu's primary focus is single-use products, and only equipment and multiple-use products which support the single-use products are offered.

The goal is to offer differentiated products to well-defined customer segments which primarily comprise hospitals (anaesthesia, cardiology, neurophysiology and purchasing departments), emergency services and also to an increasing extent outpatient surgery centres, which is a growth market as more and more operations, especially in the USA, are being carried out at such centres rather than at hospitals.

Follow-up on Strategy 2008

Strategy 2008, which was an ambitious growth strategy, has provided an overall framework for Ambu's development since 2005. Ambu has implemented most of the activities and realised a number of the targets contained in Strategy 2008. During the strategy period, supplementary activities were launched with a view to creating a basis for increased growth and earnings. These activities have primarily been aimed at optimising portfolio management and the product development model, at strengthening sales processes and at optimising internal processes.

The growth in revenue has been satisfactory, but not at the desired level for the period as a whole due to intensifying competition within Respiratory Care, Cardiology and Neurology together with a material weakening of the US dollar and sterling. Consequently, the EBIT margin has not met the target level.

According to Strategy 2008, the aim was for 25% of all revenue in 2007/08 to be generated by products which were launched after October 2003, and for 70% of production to take place at the factories in China and Malaysia. Both these aims have been met.

In the opinion of the management, the company has been strengthened substantially in the past few years, both in terms of product development as well as production and sales. Ambu therefore has a good platform from which to generate satisfactory growth in the coming years.

start contributing revenue in 2008/09, but will contribute considerably more in 2009/10.

Moreover, Ambu has identified two new product areas which will be assessed in further detail in the coming period.

Acquisitions

Ambu will continue to scan the market for potential acquisitions. Focus is both on the acquisition of small companies – or product lines – and possibly larger candidates.

According to the criteria for acquisitions, candidates must be capable of becoming part of a consolidation process within the existing product programme, or they must give obvious synergies between existing and acquired products.

Stronger focus on growth markets and bigger sales force

Ambu's main markets are Europe and the USA, and the sales companies in these regions will increase revenue by streamlining their sales efforts and by employing more salespeople.

In the coming two years, Ambu will also increase its sales efforts in selected high-growth markets. Ambu has for some time been studying and working on the market in China, which is characterised by high economic growth and a developed health system, and where investments have for some years been made in the health sector. Ambu is now setting up a sales office in this market, as well as expanding its network of distributors. At the same time, sales efforts in selected countries in Eastern Europe will be intensified through an expansion of the distribution networks in these countries.

Financial targets

The target for the coming two financial years is growth which is substantially above the market growth as well as an increase in the EBIT margin. In 2008/09, the EBIT margin will, however, not be improved as investments will be made in the sales force so as to create a basis for further growth.

Also, there must be an increase in Ambu's cash flow, among other things through optimising Ambu's working capital.

MANAGEMENT'S REVIEW

2007/08 was a satisfactory year for Ambu. Growth was at a higher level, and earnings improved. At the same time, a number of activities were implemented which strengthen Ambu's product development, portfolio management, sales and internal processes.

Having introduced a number of changes within development and sales, Ambu successfully increased both revenue and earnings in 2007/08. Revenue was up 10% at DKK 784.4m, while EBIT increased by 25% to DKK 86.4m.

Strategy 2008 expired at the end of 2007/08. The strategy has now been extended to cover the coming years with a view to ensuring stronger growth and improved earnings. This is to be achieved, among other things, via the development of even more new products, a bigger and more efficient sales force, the addressing of more growth markets and further streamlining of production.

Global market developments

The global demand for medico-technical products is increasing, and this trend is expected to continue in the coming years. Market growth is spurred primarily by the ageing population, a considerable increase in lifestyle diseases, the introduction of new technologies and improved diagnoses and treatments as well as the establishment of health care systems in, for example, Eastern Europe and Asia. Demand within Ambu's business areas is not impacted to any significant extent by the current lower growth in the world economy. However, a serious recession in important economies could change this.

Technological advances are continuously being made within Ambu's business areas, and the needs for treatment are being met by ever better and more effective products. One of the latest trends is that it is becoming possible to incorporate electronics into single-use products, among other things because of the ever lower prices of electronic components. This development is opening up new business opportunities for companies like Ambu that focus on developing products which distinguish themselves from other products on the market.

The customer segments served by Ambu are showing considerable interest in newly developed products and the services which accompany them. Suppliers which are able to offer a combination of high-quality products, guidance and training stand a good chance of creating customer loyalty and thereby winning their share of the growing market. Within Ambu's business areas, there is a clear link between a company's ability to innovate and its growth potential.

Increased focus on costs within the health care sector has generally led to efficiency and optimisation measures in the purchasing of hospital articles. At the hospitals, a centralised and professional purchasing function decides an increasing proportion of purchases, which means that for sales to be efficient, a number of stakeholders over and above the actual users must be handled. There is also a tendency that the product portfolio has to be of a certain minimum size for suppliers to gain access to the purchasing functions, and the number of suppliers is continuously being reduced. Consequently, having a broad product programme is becoming increasingly important.

In a number of countries, an ever greater share of purchases is subject to public tenders or organised by purchasing organisations. This is a global trend, and it is therefore important to address the purchasing organisations directly and enter into agreements with them to achieve the desired market share within individual product areas.

Ambu has in recent years developed its competences so as to be able to handle these demand-side changes, and the company has successfully positioned itself among the new groups of purchasers.

The competitive situation within Ambu's business areas is complex. Thus, the picture varies considerably, both within the different product categories and within the individual markets. Generally, Ambu does not have one major competitor, but a few large competitors as well as several small ones within the individual business areas, and Ambu's product portfolio is composed in such a way that it prevents direct comparisons with individual competitors. There are generally two types of competitors within all business areas: The large-scale one-stop-shopping companies which are broadly based internationally, and the specialist companies – geographically or at product level.

Within all product segments there are typically one or two dominant players. Ambu's strategy therefore involves trying to ensure that Ambu is one of these dominant players, or that the company's products stand out from those of its competitors.

The market structure is contributing to a dynamic environment in which the individual companies are constantly being encouraged to develop their competitive edge by increasing their development and sales activities and streamlining production. Ambu is experiencing a high level of loyalty among those customers which the company has served for several years, and via its sales organisation Ambu is dedicating efforts to forging closer customer relations so it can more effectively identify and meet customer requirements.

The price of the individual products is always an important factor and will continue to be so in future because of intensifying competition, consolidation among customers, increasing professionalisation of purchasing functions, more tendering etc. Consequently, cost control, economies of scale and product differentiation are factors which are coming to play an ever more important role.

Product development and new products

Changes within development

It is an important aim for Ambu to be able to market more brand new products, and also to ensure the speedier development of these products. To achieve these aims, the past year has seen the introduction of significant changes in the development department and to the product development model.

In the development department, a new organisational unit called New Platform Innovation has been established; the new unit is responsible for developing brand new products within the existing business areas. The ambition of this group is to launch a brand new product every year from 2008/09. The existing development group is maintained, but will in future focus on developing new products for the existing product families and on developing new generations of existing products. These development units are based in Denmark, and what the activities have in common is that they require close customer contact and close collaboration with the marketing function.

Local development units are also gradually being set up in connection with the production units in Malaysia and China. These local units focus on developing product variants, including new sizes of existing products, and on improving existing products. At the same time, the local units ensure faster development at reduced costs.

The development unit in China has been going the longest and has carried out an increasing number of tasks in the past year, including an update of the programme of silicone ventilation bags which is currently in progress. Experience has been gained in China which will be applied in connection with the establishment of the development unit in Malaysia – this is being set up and is expected to launch the first projects in April 2009.

As a result of the changes within development, the individual units will be focusing more on specific jobs, leading to more and faster and more efficient development processes.

At the same time, considerable work has gone into ensuring faster and more expedient documentation activities.

New products

In FY 2007/08, Ambu launched the following products:

- AirwayMan – a complete manikin designed especially for teaching people how to use laryngeal masks
- New ventilation bag variant for children
- Improved concentric needle for EMG measurements
- ECG electrode with double connection option

Moreover, much work has gone into developing a number of new versions and variants of products which will be launched in 2008/09.

In addition to development within Ambu's existing product areas, focus in the coming year will also be on building up product portfolios within new areas. The first new area identified is sleep diagnostics. This is expected to involve the acquisition of products.

The New Platform Innovation development unit has been working on the development of a brand new product within anaesthesia, which is expected to be launched in the coming financial year.

Production

At the end of the financial year, a new production strategy was formulated as the old strategy had been completed. The new production strategy will ensure the continued rationalisation of Ambu's production.

The production strategy covers the period up until 2012, its main elements being as follows:

- Production will continue to be based at the existing factories in Denmark, China and Malaysia in the coming four years.
- Any future expansion of production capacity will take place in Malaysia. The factory in Malaysia will be extended by approx. 8,000 square metres.
- Production in China will be maintained at the current level.
- Production in Denmark will be reduced, and the production of the Blue Sensor products will be transferred to Malaysia. A streamlining of the electrode production in Denmark has been achieved over a period of time, but costs could still be reduced substantially by moving production to Malaysia. The move will start once the extension of the factory in Malaysia has been completed in the first half of 2010.
- The existing factories must be streamlined further.

The target set out in Strategy 2008 that approx. 70% of total production should take place at Ambu's two factories in China and Malaysia has been fulfilled.

The changes currently affecting the world economy have had a general impact on developments in commodity prices. Most of 2007/08 saw increasing market prices for several commodities used by Ambu, primarily metal and plastic granulate. Towards the end of the financial year, these prices fell. The price which Ambu pays for virtually all its important raw materials consists of the price of the working-up of the raw materials, which is contractually linked to fixed prices, and the price of the commodity, which is linked to international price indices. So far, developments in commodity prices have only had a minor impact on cost prices, as the cost of working up the raw materials is far greater than the cost of the commodities.

Developments in business areas

All the business areas in which Ambu is operating are seeing market growth. The estimated market growth is 5%, but within a number of product segments growth is somewhat higher than this.

Market growth within Ambu's business areas is, among other things, driven by an increase in the use of single-use products and stronger focus on early diagnosis. Within several of Ambu's product areas, it is deemed possible for Ambu to generate growth in excess of the market growth – provided that Ambu is able to identify customer requirements and develop innovative products to meet such requirements.

The primary target group for Ambu's products is hospitals, while the secondary target group is the pre-hospital sector. In future, focus will also be on outpatient surgery centres which, especially in the USA, are a growth market.

Focus on the most important customers has been further intensified in 2007/08, while sales efforts have also become more focused within the individual product groups with a view to creating more broadly based growth. This has had a positive impact on revenue in general and has led to solid growth rates in most of Ambu's markets and within most of the product groups.

Within marketing, greater focus has been directed at product portfolio management, and this will contribute to increasing sales of existing products as well as revenue from the projects in the development portfolio. Marketing has also prepared product strategies for the individual business areas with a view to creating a clearer focus within the organisation and thereby more success within both the marketing and the sales organisation.

Respiratory Care

Ambu's products within Respiratory Care primarily comprise bags and masks for artificial ventilation of patients. The target group for these products is primarily hospitals and secondly the emergency services.

The general market growth within this group of Ambu's product areas is estimated to be approx. 5%.

Ambu is an important player within Respiratory Care with a broad product portfolio and a favourable market position, especially within single-use bags and masks for artificial ventilation and laryngeal masks. Ambu sees promising prospects of substantial growth in the coming years, especially within the hospital segment. However, this business area comprises a number of different product groups with different profiles regarding maturity, opportunities of growth, technology etc. The highest growth is expected for manual single-use bags for artificial respiration (SPUR II) and laryngeal masks.

Sales of laryngeal masks are still increasing, and the products launched within the past couple of years have been positively received by the market and contributed to growth in 2007/08. Competition has, however, intensified as new suppliers have entered the market. The product group has contributed positively to Ambu's growth.

In 2007/08, sales within Respiratory Care were up 17%, and 23% when measured in local currencies. This is substantially higher than the general market growth. Growth is broadly based in terms of both products and geographical areas and has been highest within laryngeal masks and ventilation bags. The high growth can also be attributed to a delay in sales following the decision to stop sales at special discounts in the USA at the end of 2007.

Ambu has in recent years strengthened its position within anaesthesia, and focus has been intensified even further in the past year. In the coming years, growth within Respiratory Care must be increased by offering new product lines which are perceived as value-adding by anaesthetists. This will pave the way for selling more products to existing customers and forging new customer relations, thereby ensuring the efficient use of resources in the sales organisation.

Revenue by business area

DKKm	2007/08	2006/07	Growth in %	Growth in local currencies, %
Respiratory Care	317.1	271.2	17	23
Cardiology	276.9	266.2	4	8
Neurology	79.0	69.4	14	20
Training	63.7	61.3	4	5
Immobilization and other products	47.7	46.8	2	10
Total	**784.4**	**715.0**	**10**	**15**

Cardiology
Products within Cardiology comprise single-use electrodes for measuring cardiac rhythm, ECGs. The target groups for these products are primarily hospitals and secondarily ambulance services and private clinics.

Market growth within Ambu's ECG electrodes is deemed to be approx. 5%.

Ambu enjoys a strong position in Europe as a supplier of high-quality electrodes, while the market structure in the USA means that in this market Ambu is primarily selling electrodes of a lower quality and at lower prices.

In 2007/08, a number of activities were undertaken with a view to increasing growth and improving Ambu's competitive strength within Cardiology. The production of electrodes at the Ølstykke plant was streamlined, and more sales resources were allocated to Cardiology. These activities have resulted in higher growth in revenue and especially sales.

With a view to further strengthening Ambu's competitive edge within this area, a decision has been made to move the production of electrodes from the factory in Ølstykke to the factory in Malaysia, once this factory has been extended. The move is expected to commence in approx. 18 months.

At the same time, Ambu is working on several new products which are expected to contribute to future growth.

In the past year, revenue within Cardiology has grown by 4%, and by 8% when measured in local currencies. The rate of growth is thus increasing thanks to intensified and more focused sales efforts. The USA, Spain and Italy have achieved high and very satisfactory growth, while revenue in the other markets is growing at the rate of the underlying market growth.

Neurology
Products within Neurology include single-use electrodes for measuring electric signals in muscles other than the heart and for measuring brain activity. The measurements are used for diagnostic purposes in relation to diseases of the motor apparatus, such as sclerosis and sleeping disorders. The product programme includes both surface electrodes and needle electrodes. The target group for these products is neurological wards at hospitals and sleep labs.

The neurology market is divided into a market for surface electrodes and a market for needle electrodes. The market for surface electrodes is very much a niche market, whereas the needle market is more competitive, but with widely differing prices from one market to the next.

The general market growth within Ambu's product areas is estimated to be approx. 12%. Neurology is thus an important area for Ambu's future growth. The market is attractive in terms of both size and potential, and in a number of markets neurophysiological examinations are increasingly being carried out.

In 2007/08, revenue within Neurology increased by 14%, and by 20% when measured in local currencies. Ambu has won market shares in the past year thanks to its position as a specialist within single-use electrodes. This position must be developed further by strengthening relations with the neurophysiologists who are very influential when it comes to purchasing products for their own use, by strengthening the product portfolio and by launching new products within, for example, diagnostics and sleep disorders.

In both 2006/07 and 2007/08, Ambu launched new needle electrodes, and these needles have attracted considerable attention. A number of markets have seen double-digit growth rates.

Ambu expects to see continued high growth within Neurology in the coming period – based on the efforts made so far to strengthen Ambu's market position and on a strengthening of the product portfolio and the launch of new products.

Training
Training covers manikins for basic and advanced first-aid training. The target groups for these products are hospitals, ambulance services, relief organisations and the armed forces.

In 2007/08, revenue within Training increased by 4%, and by 5% when measured in local currencies. Trends vary considerably across the individual markets, not least because a large proportion of sales are subject to tenders. In the past year, growth has been strongest in Germany, Italy and Spain.

Immobilization and other products
Immobilization includes collars to support the neck and head to prevent injuries or to protect patients who have already sustained injuries. Other products are products for resale. The target group for these products is almost exclusively ambulance services.

The product programme is sold primarily in the US market where Ambu is successfully retaining a very large market share thanks to its strong customer relations.

In 2007/08, revenue within Immobilization and other products increased by 2%, and by 10% when measured in local currencies.

Developments in individual markets
Ambu's main markets are still Europe and the USA where sales are primarily handled by the company's own subsidiaries and distributors. In its other markets, Ambu is represented by distributors which will continue to play an important role in the coming years. The distributors will, among other things, be an important factor in the positioning of Ambu in the future growth markets in Asia and Eastern Europe.

Demand for the types of products offered by Ambu – primarily single-use products of a high quality – is still relatively low in a number of the new growth markets. However, these markets are developing, and Ambu is gradually increasing its sales efforts in these new markets. Ambu has for some time been studying and working on the markets in China and Russia, which are characterised by high economic growth and fairly well-developed health systems, and where investments have for some years been made in the health sector. Ambu is now setting up its own sales offices in these markets, as well as expanding its network of distributors.

At the same time, sales efforts will be intensified in Poland, Hungary, the Czech Republic and Turkey through an expansion of the distribution networks in these countries.

Sales efforts are continually being streamlined in both the USA and Europe under a targeted programme. A lot is being done to forge closer relations with Ambu's key customers in these markets to strengthen Ambu's future position in a market characterised by the continued consolidation of customers. The most important customer groups are anaesthetists, staff in cardiology wards and neurophysiologists. Moreover, Ambu has increased its focus on the purchasing departments and the purchasing organisations.

In a number of countries, especially the USA, Germany, France, Spain and Sweden, the purchasing organisations are becoming ever-more powerful. Ambu has therefore in recent years broadened its competences concerning the preparation and negotiation of large public and private tenders, and the company has successfully managed to start collaborating with several important purchasing organisations. In the past year, Ambu has been awarded several contracts with purchasing organisations (GPOs), and revenue from this customer segment has grown at double-digit rates.

Europe
In 2007/08, revenue in Europe increased by 9%, and by 11% when measured in local currencies. The highest growth was seen in Spain, Germany, the Netherlands, Italy and the UK.

The largest markets in Europe are Germany, France and the UK. The core markets have seen solid growth, with the exception of France which still

Revenue by geographical region

DKKm	2007/08	2006/07	Growth in %	Growth in local currencies, %
USA	211.9	182.5	16	31
Europe	511.5	467.4	9	11
Other	61.0	65.1	(6)	(6)
Total	**784.4**	**715.0**	**10**	**15**

faces a number of challenges relating to increasing growth within Respiratory Care and Cardiology.

In Germany, revenue for 2007/08 was up 17% when reported in the local currency. The strongest increase in revenue was seen within Respiratory Care and Training. The increase in revenue is attributable, in particular, to the consolidation and expansion of Ambu's market share within laryngeal masks, while the company's market share was also expanded within Training through the repositioning of products and through focused commercial activities in this area.

In France, revenue in 2007/08 was up 6% when reported in the local currency. Neurology and Immobilization and other products realised double-digit growth rates, while lower-than-expected growth was seen within the other business areas.

In the UK, revenue for 2007/08 was up 11% when reported in the local currency, and thus back on track. Growth rates within Respiratory Care and Immobilization ran into two-digit figures, whereas Neurology saw growth of just under 10%. Following renewed focus on Cardiology, growth within this area was 5%, which is above the underlying market growth.

In Spain, revenue increased by 18% and in Italy by 12% when reported in the local currencies. In Spain, growth rates thus remain extremely satisfactory. Italy saw two-digit growth rates within all business areas except Neurology.

The Danish sales organisation is in charge of marketing and sales in the Nordic countries and in the European markets where Ambu does not have its own sales companies, with sales being effected either via distributors or directly to end-customers. In Denmark, Finland and Sweden, where sales are primarily effected directly from Denmark, and where Ambu already had a high market share, sales increased by 7% in 2007/08 when reported in local currencies.

Sales via distributors in Europe were up 6%, which is more than the general market growth. Ongoing efforts are being made to optimise the distributors' sales activities, focusing on sales of Ambu's entire product programme.

USA

The USA is Ambu's largest single market. Reported in the local currency, revenue increased by 31% in 2007/08, while revenue reported in Danish kroner increased by 16%.

The development in the important US market is thereby back on track after Ambu decided to stop all sales with special discounts at the end of FY 2006/07. This decision led to a fall in orders from the customers in question, but as expected the customers, who are regular collaboration partners, continued trading with Ambu.

The US sales force primarily targets customers with considerable potential – including General Purchasing Organisations (GPOs), OEM customers and the armed forces – with a view to ensuring increased growth on the basis of the existing sales resources.

In 2007/08, four out of five product areas realised double-digit growth rates. The strong growth is attributable to the focused efforts by the US sales organisation for all key products and targeting a broad group of customers. New customers have been won within Neurology, and Cardiology has also seen strong growth in sales to pre-hospital customers and to some of Ambu's major distributors.

It is still deemed important to sign contracts with the US GPOs as it is believed that a strengthening of this sales channel is decisive to achieving considerable growth in the US market. Ambu has an extensive contract portfolio among the largest US GPOs, and in 2007/08 another three-year contract was concluded concerning large-scale sales of laryngeal masks. Several new contracts have also been made with a number of slightly smaller GPOs, including new contracts with GPOs servicing outpatient surgery centres.

Other markets
Sales to the rest of the world have developed positively with the exception of sales to the Middle East. This is explained by sales for an extraordinarily large project in 2006/07. Ambu has succeeded in registering the laryngeal mask in the Japanese market, which is the second-largest market in the world for medico-technical products.

Patent infringement case

Since autumn 2005, Ambu has been party to a number of cases instituted by the company LMA claiming that the reinforcement of the tip of Ambu's laryngeal mask was infringing its patent. Latest developments:

- The European Patent Office (EPO) decided in February 2008 to invalidate LMA's patent in Europe. LMA has lodged an appeal against this decision, and the appeal is expected to be decided within two years.
- Against the background of the EPO's decision, the infringement cases in the Netherlands and France have been put on hold. In Germany, a court hearing has been planned for September 2009.
- In the USA, the case is progressing according to the schedule laid down by the court in San Diego, and a decision is expected to be made at the end of 2009 or at the beginning of 2010.

Although the court cases have not resulted in any loss of customers, they have resulted in considerable costs in the form of fees for patent experts and lawyers.

ERP system

In 2005/06, Ambu started implementing a new ERP system. The system was implemented in the Danish units in 2005/06, and in 2006/07 it was implemented by the Chinese production unit. In 2007/08, it was implemented in the Malaysian production unit. The implementation of this system went well, and operations have subsequently been extremely satisfactory. The implementation of the ERP system in the sales companies is expected to commence in 2008/09, so that the entire system will be fully implemented in FY 2009/10.

Changes to the management

Halfway through October 2008, Lars Marcher took up the post of new President and CEO in Ambu, taking over from Kurt Erling Birk, who – after almost ten years as Ambu's President and CEO – wished to retire before his 61st birthday in January.

From 2006-2008, Lars Marcher, 46, was Executive Vice President responsible for operations, economy and finance with the Danish high-tech company Terma A/S. Prior to his employment with Terma A/S, Lars Marcher was CEO of the listed US company Dataram Corporation. Lars Marcher had previously been with Memory Card Technology, Apple Computer and ØK.

Lars Marcher has been working with international companies for the past 20 years and possesses extensive experience from the management and development of such companies. He has spent more than ten years of his working life abroad. Over the years, Lars Marcher has gained extensive managerial experience – among other things within sales and marketing, finance, production and development.

Subsequent events

At the beginning of November 2008, Ambu entered into a conditional agreement concerning the purchase of assets in the US company Sleepmate Technologies Inc. The transaction is expected to be finalised as soon as possible and before the end of the year.

The purchase sum is USD 6.9m and will be paid in cash.

Sleepmate Technologies is a leading player in the fast-growing US market for sensors used for examining obstructive sleep apnoea. The acquisition will help strengthen Ambu's market position within Neurology – especially in the US market.

The acquisition is expected to contribute revenue of approx. DKK 20m a year.

Outlook

Growth within the medico-technical industry is expected to continue in the coming years, and growth is expected within the areas in which Ambu operates. The general market growth is deemed to remain in the region of approx. 5% a year. In 2008/09, market growth is, however, expected to be impacted to a minor extent by developments in the world economy.

In 2008/09 focus will – based on Ambu's strategy – be on accelerating the development of the company, in terms of both growth and earnings. This will be achieved through:

- *The launch of new and improved products.* There are several products in the pipeline which are planned for launching in the coming year.
- *The acquisition of new products and activities.* Ambu will work actively to identify potential product lines for acquisition which supplement the company's product portfolio within the existing product areas, while also searching the market with a view to identifying attractive candidates for acquisition in the form of companies both large and small.
- *Increased sales efforts in growing markets and product areas.* In the course of 2008/09, Ambu will set up its own sales office in China, and the network of distributors will be extended in selected markets in Eastern Europe.
- *Further focusing of sales efforts and expansion of the sales force.* Ambu expects to take on more salespeople in both Europe and the USA.
- *Continued optimisation of production*, including the extension of the factory in Malaysia with a view to moving some of the remaining Danish production.
- *Focus on the profitability* of the individual products which Ambu itself produces.

Ambu is deemed to be well geared to increase its market share, and the focused sales efforts combined with the launch of new and interesting products will ensure the efficient exploitation of this potential. Focus will primarily be directed at major core customers and the forging of closer relations with this customer segment.

Against this background and on the basis of an assessment of the economic climate, revenue for 2008/09 as a whole is expected to increase, in light of global developments in the world economy, by approx. 8% to approx. DKK 850m, which corresponds to an increase of 6% when reported in local currencies.

In 2008/09, the EBIT margin is expected to amount to 11-11.5%, corresponding to approx. DKK 97m. Special items include approx. DKK 3m for extraordinary legal fees in connection with pending patent cases. The EBIT margin is unchanged relative to 2007/08, primarily because investments will be made in expanding the sales force in 2008/09. Profit before tax is expected to be in the region of 10-10.5% of revenue (8.7% in 2007/08), or approx. DKK 87m.

The outlook for revenue and earnings is based on an average USD exchange rate of 550. A change in the USD exchange rate of 50 will entail a change in revenue of approx. DKK 20m and a change in EBIT of approx. DKK 3m. In 2007/08, the average USD/DKK exchange rate was 497.

In 2008/09, investments before acquisitions are expected to be in the region of approx. 7% of revenue, whereas in 2007/08 they amounted to 6.2%. Investments will primarily be made in developing new products and in new process equipment.

In 2008/09, Ambu will focus on improving cash flow. This will primarily be done by reducing inventories of both raw materials and finished products, reducing trade receivables and optimising creditor terms. A free cash flow of approx. DKK 50m is expected after expected investments corresponding to approx. 7% of revenue.

Forward-looking statements

Forward-looking statements, especially such as relate to future sales and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Ambu's control, may cause the actual development of the company to differ materially from the expectations contained in this report. Factors that might affect such expectations include, among others, changes in health care, in the world economy and in exchange rates.

See also the section on risks on page 28 and notes 13, 16 and 20.

KNOWLEDGE AND COMPETENCES

To maintain and enhance its competitiveness in the world market, it is vital that Ambu develops the competences and knowledge of its employees in a targeted and structured way.

Being a niche operator competing in a global market, Ambu needs to develop and retain unique competences to safeguard its long-term competitiveness.

With a view to realising its ambitious strategic objectives, Ambu focuses on developing its competences within selected areas.

Knowledge of customer needs and the market
Ambu's products are often used in critical situations. It is therefore important for Ambu to develop products which meet customer requirements in individual situations. Also, Ambu must be able to train users in how to use the products.

Ambu engages in close contact and dialogue with users, and the company places considerable emphasis on building up closer relations with doctors, nurses and other health care professionals. Ambu regards its ability to enter into dialogue with end-users as an important competition parameter as dialogue plays an important role in connection with product improvements and in the process of developing new products.

Ambu Academy plays a key role in connection with training employees and customers in how to use Ambu's products. Ambu Academy is also responsible for fostering closer ties between Ambu and its customers, enabling Ambu to be a leading knowledge centre within the individual business areas.

Knowledge of product development
Ambu is reliant on its ability to develop innovative products, and this ability to innovate is closely linked to being able to identify customer needs and translate these needs into new solutions and products.

The purpose of this process is to develop differentiated products capable of bringing value to Ambu's customers while also strengthening the group's position as a supplier of quality products. The proximity to Ambu's market and customers is an integral part of the company's product development and marketing activities.

The search function in the development department plays an important role in connection with identifying and evaluating new product opportunities which create added value for customers and which hold out attractive market potential.

The innovation and development process is being developed and strengthened on an ongoing basis, and significant changes have been made recently with a view to optimising the entire process from generating ideas to the effectiveness of launches. The aim is to ensure the shortest possible time to market for new products – and to ensure that the new products have sufficiently attractive potential.

In step with the stronger emphasis on product development, Ambu has intensified its efforts to involve customers and users in key projects. This has been done primarily through the involvement of doctors, nurses and rescue staff in the product development process and through establishing specific user groups for major development projects.

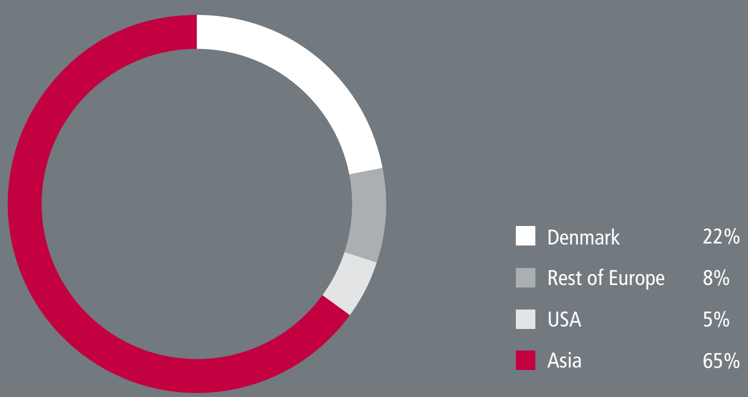
Moreover, Ambu performs clinical trials in which the performance of Ambu's existing products is compared with rival products. The findings of these trials provide regular input for marketing activities and for new product development projects.

Technology and process know-how
Ambu's production and production processes have undergone marked changes in recent years. Ambu currently has high-tech production facilities in Denmark, China and Malaysia from which it has acquired considerable expertise and experience.

Technological advances are constantly being made within Ambu's product areas with regard to design, materials and production processes. Ambu regards its know-how within these areas as being a decisive competition parameter.

Developing and retaining employees
To retain and enhance its competitiveness in the world market, it is vital that Ambu develops the competences and knowledge of its employees in a targeted and structured way, while at the same time making sure that the knowledge and competences thus accumulated are shared across the organisation.

Geographical breakdown of employees



There is considerable scope for professional and personal development for employees in all the countries in the form of training, challenging assignments, increased responsibility and project work.

All training and competence development is planned in line with the company's present and future requirements. In the past year, career development tools have been implemented which are used for the annual employee appraisal interviews. Among other things, these tools are intended to contribute to identifying the career wishes and competences of individual employees, to identifying internal development paths and to promote internal job rotation.

Incentive schemes have been introduced with a view to retaining employees and motivating them to contribute to value creation in the company. For a detailed description of these programmes, please see page 21.

For the management group, individual development programmes have been established which are tailored to the individual manager based on his or her personal profile and need for development. A programme on situational management has also been put together for a larger group of managers. The purpose of the programme is to train the individual manager to provide the type of leadership which – through the development of competences and commitment – will help develop and retain talented managers and employees.

In the past year, employee turnover was at roughly the same level as last year. Ambu is still able to both attract and retain good competences. This is attributable, among other things, to Ambu's image as an exciting and attractive workplace which emphasises a close dialogue with individual employees concerning development and career prospects.

SHAREHOLDERS AND INVESTOR RELATIONS

The Ambu share

At the end of the financial year, Ambu's share capital consisted of a total of 11,876,298 shares of DKK 10, corresponding to a nominal share capital of DKK 118,762,980. The share capital is divided into 1,716,000 Class A shares and 10,060,298 Class B shares.

Ambu's Class B shares are listed on NASDAQ OMX Copenhagen A/S under ISIN code DK0010303619 and shortname AMBU B. Ambu is part of the SmallCap+ index.

The opening price quoted for the Ambu share was 87, falling to a closing level at the end of the financial year of 73, a fall of 16%. By comparison, the Nordic Health Care index and the SmallCap+ index on NASDAQ OMX Copenhagen fell by 24% and 47%, respectively, in the same period.

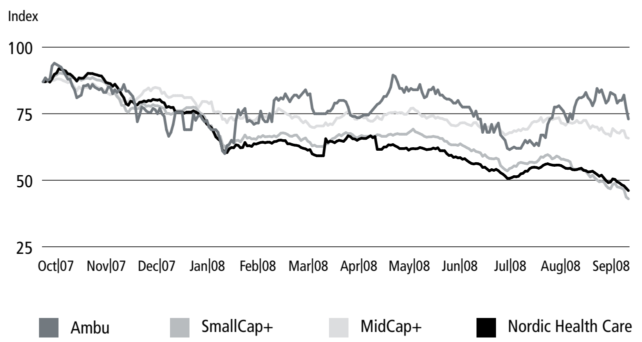
As a result of the fall in the share price in the financial year, Ambu's market capitalisation (defined as the value of both Class A and Class B shares recognised at the price quoted for the Class B share) in late September 2008 totalled DKK 867m against DKK 1,033 a year earlier.

In the course of the financial year, a total of 1,624,301 Class B shares were traded, corresponding to 16% of the total number of Class B shares at the end of the year (2006/07: 32%).

The Ambu share is covered by:

- ABG Sundal Collier
- Enskilda Securities
- Kaupthing Bank
- Gudme Raaschou

Development in share price



Shareholders

At the beginning of October 2008, the total number of shareholders in Ambu having arranged name registration of their holding was approx. 2,300, who owned a combined 88% of the total share capital.

To ensure the best possible communication between shareholders and the company, all shareholders are encouraged to register their holding by contacting their bank.

The following shareholders have filed ownership of 5% or more of the share capital or voting rights:

	Share of share capital %	Share of votes %
Tove Hesse, Holte	7.5	22.1
Inga Kovstrup, Fredericia	9.2	22.8
Dorrit Ragle, Lyngby	9.0	22.8
N.P. Louis Hansen Aps, Nivå	14.9	6.5
ATP, Hillerød	5.5	2.4

As at 30 September 2008, members of Ambu's Board of Directors and Executive Board owned a total of 1.6% of the share capital.

As at 30 September 2008, Ambu held a total of 87,320 treasury shares, corresponding to 0.7% of the share capital.

Dividend

It follows from Ambu's dividend policy that about 30-40% of the profit is generally paid out as dividend.

In view of the company's profit performance in 2007/08 and the outlook for 2008/09, the Board of Directors has decided to propose to the Annual General Meeting that a dividend be declared of DKK 1.50 per share (2006/07: DKK 1.50 per share), corresponding to 36% of the net profit for the year.

Payment of the dividend for FY 2008/09 will be effected automatically via the Danish Securities Centre immediately after the Annual General Meeting.

Incentive schemes

Ambu's strategy includes establishing incentive schemes for the purpose of promoting value creation in the company and shared interests among the management, employees and the company's shareholders.

Ambu's incentive schemes currently comprise:

- Share option programme for senior employees
- Bonus programme for the management and senior employees
- Employee shares
- Planned share option scheme for Ambu's new President and CEO

Share option programme

In June 2007, Ambu's Board of Directors decided to establish a share option programme for senior employees in Ambu and its subsidiaries. The share option programme comprises 21 employees in the Ambu group. The Board of Directors and the Executive Board do not take part in the programme. Share options are allocated in four rounds – the first time in connection with the establishment of the programme in June 2007 (at a price of 104), and then at the end of FY 2006/07 (at a price of 112). Allocations are subsequently made in FY 2007/08 and FY 2008/09 subject to an annual price increase of 8%. It is estimated that the maximum number of share options to be issued during this period will be approx. 1,200,000, corresponding to approx. 10% of Ambu's share capital. The total market value of the share options allocated amounts to approx. DKK 12m according to the Black-Scholes model. The entire share option programme will be accrued and expensed over the seven-year period. No particular requirements have to be met by those participating in the share option programme, except continued employment and ownership of a number of Ambu Class B shares. In FY 2007/08, the impact of the share option programme on the financial statements is approx. DKK 1.8m. Further details about the share option programme can be seen in Note 3.

Bonus programme

Ambu is establishing a bonus programme for the Executive Board and senior employees for one year at a time. The annual cash bonus for the Board of Management is based on the fulfilment of the agreed financial targets for the company as a whole, while bonus payments to other senior employees are based on the fulfilment of overall financial and personal and business area-specific targets for each participant. The size of the bonus depends on the degree of fulfilment of the agreed targets.

Employee share programme

Employee shares were most recently subscribed in May 2007. Today, approx. 30% of the group's employees hold shares in Ambu, and approx. 60% of the group's Danish employees hold shares. The Chinese employees do not take part in the employee share option programme due to local Chinese legislation in this area.

Investor relations

Ambu strives to maintain a high and uniform level of information to its shareholders and other stakeholders. The company wishes to engage in an active dialogue with shareholders, analysts, the media and the general public. Communication with stakeholders takes the form of regular company announcements, investor presentations and individual meetings. The aim is to ensure a fair share price which reflects Ambu's underlying values.

The company website www.ambu.com is the primary source of information to stakeholders. It is updated on an ongoing basis and contains up-to-the-minute, relevant information about Ambu's performance, activities and strategy. Enquiries concerning Ambu from shareholders, analysts, investors, stockbrokers and others should be addressed to:

Ambu A/S
Baltorpbakken 13
DK-2750 Ballerup
Contact: Anders Arvai, CFO
Telephone: +45 72 25 20 00
Email: aa@ambu.com

Annual General Meeting

The Annual General Meeting will be held on 16 December 2008 at 4 pm at The Black Diamond, Søren Kierkegaards Plads 1, 1016 Copenhagen K, Denmark.

Board resolutions and proposals to the Annual General Meeting

Appropriation of profit and dividend

The Board of Directors proposes that a dividend be declared of DKK 1.50 per share for FY 2007/08, amounting to 36% of the net profit for the year.

The Board of Directors proposes to the Annual General Meeting that the consolidated profit for the year, DKK 50.0m, be distributed as follows:

Dividend of DKK 1.50 per share	17.8
Retained earnings	32.2
Total	50.0

Other proposals

A proposal will be presented for the Board of Directors to be authorised to acquire treasury shares on behalf of Ambu amounting to up to 10% of the share capital.

Moreover, new guidelines concerning an incentive scheme for the Board of Directors and the Executive Board will be presented. These guidelines will make it possible for share options to be allocated to Ambu's new President and CEO.

Announcements to NASDAQ OMX Copenhagen in 2007/08

19	October	2007	Financial calendar
28	November	2007	Annual report 2006/07
19	December	2007	Annual General Meeting in Ambu A/S
29	January	2008	Interim report for Q1 2007/08
21	February	2008	The European Patent Office (EPO) decided to invalidate LMA's patent which forms the basis of the legal proceedings in Europe
8	May	2008	Interim report for Q2 2007/08
11	July	2008	Lars Marcher to succeed Kurt Erling Birk as President and CEO
27	August	2008	Interim report for Q3 2007/08
23	September	2008	Financial calendar
26	September	2008	Lars Marcher takes over from K.E. Birk as CEO on 13 October 2008

Financial calendar 2008/09

16	December	2008	Annual General Meeting
22	December	2008	Payment of dividend
4	February	2009	Interim report for Q1 2008/09
7	May	2009	Interim report for Q2 2008/09
27	August	2009	Interim report for Q3 2008/09
30	September	2009	End of FY 2008/09
25	November	2009	Annual report 2008/09

Share-related ratios

	2003/04	2004/05	2005/06	2006/07	2007/08
Earnings per DKK 10 share 1)	2.86	3.87	4.12	3.62	4.23
Cash flow per DKK 10 share 2)	4.65	3.39	8.37	7.54	7.11
Equity value per share 3)	27	30	33	35	38
Share price at year-end	54	106	96	87	73
Listed price/equity value	2.0	3,5	2.9	2.5	1.9
Dividend per share 4)	1.00	1.00	1.50	1.50	1.50
Pay-out ratio, % 5)	35	26	37	42	36
P/E ratio (PE) 6)	19	27	23	24	17

*) The comparative figures for this year have not been restated in accordance with IFRS

1) Earnings per DKK 10 share: Profit after tax relative to average no. of shares

2) Cash flow per DKK 10 share: Cash flows from operating activities relative to no. of shares at year-end

3) Equity value of shares: Total equity relative to no. of shares at year-end

4) Dividend per share: Dividend relative to no. of shares at year-end

5) Pay-out ratio: Dividend declared as a percentage of profit for the year.

6) P/E ratio: Listed price/earnings per share

The ratios have been calculated in accordance with The Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2005'.

CORPORATE GOVERNANCE

The Ambu management attaches importance to exercising high corporate governance standards and seeks at all times to improve these standards. The overall principles for the management of Ambu aim to ensure the best possible compliance with Ambu's commitments to its shareholders, customers, employees, public authorities and other stakeholders, and to support the long-term creation of value.

NASDAQ OMX Copenhagen has issued a set of corporate governance recommendations, and Ambu generally complies with these, with the exception of the term for which directors are elected by the general meeting. This is explained below.

Shareholders and other stakeholders

The Ambu management desires and works actively to maintain a good and open flow of information to and dialogue with shareholders and other stakeholders. The company believes that a high degree of openness in the communication of information about the company's development supports the company's work and a fair valuation of the company's shares.

The dialogue with shareholders and stakeholders and the information for these groups takes the form of quarterly reports and other announcements from the company, telephone conferences in connection with the publication of financial statements and via meetings with investors, analysts and the media. Interim reports and other announcements are made available on the Ambu website immediately after publication. The website also contains information used in connection with investor presentations and telephone conferences. The website is in English, but announcements and annual reports are also available in Danish.

The shareholders own the company and exercise their right to make decisions concerning Ambu at the general meetings which see the adoption of the annual report together with any amendments to the Articles of Association, the election of members to the Board of Directors and the appointment of auditors. The notice convening the general meeting is published and sent out to all registered shareholders at least 14 days prior to the date of the meeting. All shareholders are entitled to attend and vote at the general meeting in accordance with the provisions of the Articles of Association. Shareholders may also issue a power of attorney to the Board of Directors or to others in respect of each item on the agenda. The general meetings offer an opportunity for shareholders to ask questions of the Board of Directors and the Executive Board. Shareholders can also, subject to compliance with a certain deadline, submit resolutions for consideration by the ordinary general meeting.

The company's Articles of Association contain no limitations on ownership or voting rights. If a bid to take over the company's shares is received, the Board of Directors will – in accordance with the applicable legislation – communicate such bid to the shareholder accompanied by the comments of the Board of Directors.

The company's Articles of Association contain no special rules with regard to amending its Articles of Association. In this regard, the provisions of the Danish Companies Act apply.

The Board of Directors considers on an ongoing basis whether the capital and share capital structure is in line with the best interests of the company and its shareholders. In the opinion of the Board of Directors, the capital structure is such that Ambu can implement its acquisition strategies on a sound capital base.

Share classes and voting rights

Ambu's share capital is divided into Class A and Class B shares. Holders of Class A shares are descendants of the founder of the company and have ten votes per DKK 10 share, while holders of Class B shares have one vote per DKK 10 share.

Class A shares are non-negotiable securities and as such are not quoted on NASDAQ OMX Copenhagen. According to Ambu's Articles of Association, a transfer of more than 5% of the total number of Class A shares at a price higher than that quoted for the company's Class B shares by NASDAQ OMX Copenhagen at the time of transfer can take place only if the buyer offers all holders of Class A and Class B shares in the company to buy their shares at the same price. The holders of Ambu's Class A shares have informed the company that a Shareholders' Agreement was signed on 26 May 1987. The contents of this agreement are outlined in Ambu's prospectus from 1992.

In 2007/08, the Board of Directors discussed the existing ownership structure with the holders of Class A share, also in the light of the discussions at Ambu's annual general meeting in 2007. Both the holders of Class A shares and the Board of Directors have so far found that the current ownership structure has been and continues to be expedient for all the company's stakeholders as it helps create a sound framework for the implementation of the company's strategies and thereby safeguards the interests of all shareholders.

Management structure

Ambu has a two-tier management structure, consisting of the Board of Directors and the Executive Board. The two bodies are independent of each other, and there is no overlap in membership of the two bodies.

Duties of the Board of Directors

The Board of Directors handles the overall management of Ambu, the formulation of objectives and strategies as well as the approval of the overall budgets and action plans. The Board of Directors also has a duty to perform overall supervision of the company's activities and to check that it is managed in a responsible manner and with due regard to Danish legislation and the Articles of Association. The general guidelines for the work of the Board of Directors have been laid down in an Order of Business which is reviewed and updated as required at least once a year. The Order of Business sets out procedures for the reporting by the Executive Board and the working method of the Board of Directors as well as a description of the duties and areas of responsibility of the Chairman of the Board of Directors.

The Board of Directors is briefed regularly about the company's affairs. The briefing is systematic in the form of both meetings and regular written and oral reports. The Board of Directors receives a regular monthly report including, among other things, information about financial developments and the most important activities and transactions.

In 2007/08, a total of eight board meetings were held. Only one member of the Board of Directors has been prevented from attending two of the meetings. The Board of Management attends the meetings of the Board of Directors, which ensures that the Board of Directors is well informed about the company's operations.

An auditing committee has been set up consisting of two members of the Board of Directors, Jørgen Hartzberg (Chairman) and Torben Ladegaard. In addition to these two members, the Chairman of the Board of Directors, the Executive Board and the auditor elected by the general meeting attend the committee meetings. The purpose of the committee is to support the work of the Board of Directors in ensuring the quality and integrity of the company's presentation of its financial statements, auditing and financial reporting. At the same time, the committee must monitor all accounting and reporting processes, the auditing of the company's financial reporting and the work and independence of external auditors. The auditing committee held two meetings in 2007/08.

Composition of the Board of Directors

According to Ambu's Articles of Association, the Board of Directors shall have four to eight members elected by the Annual General Meeting. To this will be added board members elected in pursuance of the provisions of Danish legislation on employee directors. The Board currently has nine members of whom six were elected by the Annual General Meeting and three by the group's employees. The age limits for new appointments and re-elections are 65 and 70, respectively. Board members elected by the Annual General Meeting sit for a term of two years and may be re-elected. This is not in line with the recommendations of NASDAQ OMX Copenhagen, which recommends that all members of the Board of Directors be elected every year. The two-year term has been agreed with a view to ensuring continuity in the work of the Board of Directors. Employee directors sit for a term of four years defined in pursuance of the provisions of the Danish Companies Act.

The Board of Directors appoints a Chairman and a Vice-Chairman. Information about the individual members of the Board of Directors is listed on page 26 in the present report.

The members of the Board of Directors elected by the general meeting are deemed to be independent. The Chairman of the Board of Directors is a partner of the Danish law firm Bech-Bruun, a legal adviser to Ambu. Ambu also uses other legal advisers, and the business relationship between Bech-Bruun and Ambu is not of material importance to either party (total fees in 2007/08 were DKK 0.3m). The Vice-Chairman of the Board of Directors, Bjørn Ragle, is the spouse of Dorrit Ragle who holds 9.0% of the shares and 22.8% of the voting rights in Ambu.

Executive Board

The Executive Board is appointed by the Board of Directors, which also lays down the relevant terms of employment.

The Executive Board is responsible for the day-to-day management of Ambu, including the development of its activities, operations, earnings and its internal affairs. The Board of Directors assigns powers and responsibilities to the Executive Board in pursuance of the Board of Directors' Order of Business and the provisions of the Danish Companies Act.

In addition to the Executive Board, which currently consists of one person, Ambu has a Board of Management which is responsible for sales, marketing, development, production, business development, finance and administration. The members of the Board of Management all operate under the title of Executive Vice President.

Remuneration, Board of Directors and Executive Board
Ambu seeks to ensure that the remuneration paid to the Board of Directors and the Executive Board is at a competitive and reasonable level and that it is sufficient to ensure that Ambu can attract and retain competent members to its boards.

Each member of the Board of Directors receives a fixed annual remuneration and the combined annual remuneration for the Board of Directors is approved by the Annual General Meeting in connection with the adoption of the annual report. In FY 2007/08, remuneration to the Board of Directors totalled DKK 2,250,000, of which the Chairman received DKK 500,000.

The members of the Board of Directors are not covered by any incentive schemes or other bonus schemes.

The emoluments for the Executive Board are decided by the Board of Directors. The emoluments are fixed so as to reflect market levels and the results achieved. In 2007/08 the emoluments for the Executive Board (one person) consisted of a basic pay, including the usual benefits such as free car and telephone as well as a bonus scheme. The emoluments of the Executive Board totalled DKK 5.4m in 2007/08. The terms of employment of the Executive Board, including remuneration and severance programme, are deemed to be in accordance with the normal standard for positions of this nature and do not entail any special commitments on the part of the company.

After the end of the financial year, a new President and CEO has been appointed. In addition to a fixed salary, the new President and CEO will be given a bonus and share option scheme subject to the approval of the annual general meeting. The company's guidelines concerning an incentive scheme for the Board of Directors and the Executive Board are therefore presented at the Annual General Meeting.

Evaluation of Board of Directors and Executive Board
The Board of Directors engages in regular self-evaluations with a view to improving its procedures and work and its collaboration with the Executive Board. The most recent evaluation took place in spring 2007. The evaluation process is headed by the Chairman of the Board of Directors. A new evaluation will take place in the course of the coming financial year.

Risk management
The Board of Directors' supervisory responsibilities include the duty to ensure effective risk management, including the identification of material risks, the establishment of risk management systems and the formulation of a risk policy and exposure limits. The policies of operational and financial risk management are decided by the Board of Directors, and the regular reports to the Board of Directors include updates on significant risks.

The Board of Management is responsible for the ongoing risk management, including the mapping and assessment of the individual risks involved in Ambu's business activities.

For a detailed description of Ambu's risks, please see page 28 and notes 13, 16 and 20 in the annual report. A new risk managment system will be introduced in 2008/09.

As part of the company's risk management, internal control systems have been set up, and at least once a year the Board of Directors considers these systems with a view to ensuring that they are expedient and adequate and in accordance with best practice within the area.

Audits
Ambu's external auditors are appointed by the general meeting for one year at a time. Prior to the auditors being nominated for election at the general meeting, the Board of Directors carries out a critical assessment of the auditors' independence and competence etc.

The framework within which the auditors perform their work – including their remuneration, audit-related tasks and tasks which are not audit-related – are described in an agreement.

The members of the Board of Directors receive the external auditors' audit report entry concerning the auditors' audit of the Annual Report. The Board of Directors reviews the Annual Report and the auditors' audit report entry at a meeting with the external auditors, and the auditors' observations and material issues which have been identified in connection with the audit are discussed. Furthermore, the most important accounting principles and the assessments made by the auditors are reviewed.

The financial statements of eight out of the nine most important subsidiaries are audited by the parent's auditors or their international associates. Group reporting and the audit thereof are performed in accordance with guidelines laid down by the parent and its auditors.

BOARD OF DIRECTORS, EXECUTIVE BOARD AND BOARD OF MANAGEMENT

Board of Directors

N.E. Nielsen (Chairman) **Bjørn Ragle** (Vice-Chairman) **Jørgen Hartzberg** **Anne-Marie Jensen** **Torben Ladegaard**









Hanne-Merete Lassen **Anders Williamsson** **John Stær** **Kirsten Søndersted-Olsen**

Executive Board and Board of Management




Lars Marcher **Anders Arvai** **Lars Rønn** **Henrik Wendler**

Board of Directors

N.E. Nielsen, born 1948
Attorney-at-law
Chairman of the Board
Member of the Board since1999, most recently reelected in 2006
Chairman of the board of:
Amagerbanken Aktieselskab
Charles Christensen A/S
Cimber Air Holding A/S
Dampskibsselskabet Torm A/S
Danica-Elektronik A/S
Gammelrand Skærvefabrik A/S
GPV Industri A/S
InterMail A/S
Mezzanin Kapital A/S
Pele Holding A/S
P.O.A. Ejendomme A/S
Satair A/S
SCF Technologies A/S
Board member of:
Weibel Scientific A/S with all affiliated companies
Special competences:
General management, among other things as chairman of listed companies with an international outlook and corporate law issues.

Bjørn Ragle, born 1945
Vice-Chairman of the Board
Member of the Board since1987, most recently reelected in 2007
Chairman of the board of:
Kimet Invest A/S
Board member of:
Snøgg Industries A/S, Norway
Special competences:
Sales and business development and HR.

Jørgen Hartzberg, born 1950
Director of Department, VKR Holding A/S
Member of the Board since1999, most recently reelected in 2006
Board member of:
WindowMaster A/S
Special competences:
General management with focus on business development and acquisition and divestment of companies.

Anne-Marie Jensen, born 1955
Operations Assistant
Member of the Board since 2002
Elected by the employees

Torben Ladegaard, born 1953
Managing Director of FOSS A/S
Member of the Board since 1999, most recently reelected in 2006
Board member of:
Several FOSS companies
Special competences:
General management in international and high-tech companies with special focus on business and product development and business-to-business marketing and sales.

Hanne Merete Lassen, born 1962
Idea Generation Manager
Member of the Board since 2006
Elected by the employees

John Stær, born 1951
President and CEO of Satair A/S
Member of the Board since1998, most recently reelected in 2007
Board member of:
Several companies in the Satair group
Special competences:
General management, including management of international activities, the acquisition and divestment of companies and financial management.

Kirsten Søndersted-Olsen, born 1965
Market Support Manager
Member of the Board since 2006
Elected by the employees

Anders Williamsson, born 1954
Managing Director
Member of the Board since 2006
Chairman of the board of:
Aerocrine AB
Jolife AB
Provinsbanken in Helsingborg
Biomain AB
Nano Bridging Molecules S.A.
AAA Teamwork AB
Fade Hook & Draw AB
Board member of:
Glycorex Transplantation AB
Foss A/S
Cross Lifestyle Solutions AB
Special competences:
General management and long-standing experience with international life science companies, especially in the US market.

Executive Board

Lars Marcher, born 1962
President & CEO
Joined Ambu in October 2008
Board member of:
Danish American Business Forum (DABF)
Confederation of Danish Industry – Committee on International Market Policy
Chairman of the board of:
Subsidiaries in the Ambu group

Board of Management

Lars Marcher
President & CEO

Anders Arvai
Executive Vice President
Finance, IT and Business Systems.

Lars Rønn
Executive Vice President Sales and marketing.

Henrik Wendler
Executive Vice President
R&D, Process Development, Production and Logistics.

Shareholdings of the Board of Directors and the Executive Board

	No. of shares as at 30 September 2008	Sales in 2007/08	Acquired in 2007/08
Board of Directors			
N.E. Nielsen	6,640	0	3,400
Bjørn Ragle	65,000	0	0
Jørgen Hartzberg	100,620	0	0
Anne-Marie Jensen	906	0	0
Torben Ladegaard	2,700	0	2,000
Hanne-Merete Lassen	1,580	0	0
Kirsten Søndersted-Olsen	2,299	0	0
John Stær	700	0	0
Anders Williamsson	1,000	0	1,000
Executive Board			
Lars Marcher	0	0	0

RISK MANAGEMENT

Ambu's activities involve a number of specific commercial and financial risks which may have a negative impact on the company's future growth, activities, financial standing and results. Ambu is constantly working to identify these risks and seeks to counteract and minimise these risks to the widest possible extent insofar as they are risks that can be influenced by the company's own actions.

Some of the company's risk factors are described below. The description is, however, not necessarily exhaustive, and the risk factors are not presented in any order of priority. No separate description has been made of the general crisis which seems to have taken hold at the beginning of the new financial year.

Commercial risks

Competition and market conditions

Hospitals and rescue services increasingly purchase medico-technical products through purchasing organisations and via public tenders. At the same time, there is a general demand for higher efficiency within the health care sector. Such structural changes are putting pressure on the prices of all medico-technical products. At the same time, low-priced copy products are often being introduced in the market.

To meet its financial objectives, Ambu must, among other things, position its products in a manner which ensures that price is not the only determining sales parameter.

Ambu has relocated production to China and Malaysia and optimised the automated production processes in Denmark. This reduces production costs and improves Ambu's ability to respond to future price competition.

Product development

The possibilities open to Ambu for fulfilling its objective of achieving a dominant position within the selected business areas and in the selected markets depend on its ability to develop products sufficiently quickly that are unique and of a high quality, while at the same time obtaining differentiated prices. Ambu works in a targeted way to improve existing products and to develop new ones. Thus, considerable investments are being made in product development and the marketing of new products on an ongoing basis, which will be of limited value if such products are not successful in the market.

Ability to attract and retain employees

In order to develop innovative products and ensure satisfactory financial results, it is necessary to be able to attract and develop the right employees. Currently, Ambu has no problems attracting employees for important functions. In order to attract and retain employees with the right competences in future, Ambu focuses on developing individual employees, on continuous career development and on delegating a considerable degree of responsibility to employees.

Trade marks, branding and patents

The company logo and name create coherence between the company and its products and make the company easily recognisable to its customers and stakeholders. The Ambu name is included in all product names, and the active branding of products is intended to help prevent plagiarisation of the company's products.

A branding strategy and a branding manual have been prepared to ensure uniform branding by all group companies.

It is company policy to patent products with a high market value which are essential to Ambu's future growth. Within the medico-technical sector, different opinions often exist as to whether a given product is patented or not, for which reason any patent cases may result in considerable costs to protect Ambu's rights or to defend Ambu against alleged infringements of patents. As it is Ambu's ambition to launch several brand new products in the coming years, the risk of patent cases is going to increase. To minimise the risk of such cases being instituted, Ambu makes a point of ascertaining whether patents exist within a particular project area before embarking on any new project.

Production and quality

There is a risk of operating disturbances or stoppages at Ambu's production facilities, which could affect the company's ability to deliver. A number of initiatives – including fire protection and the build-up of minimum inventories – contribute to minimising this risk.

Ambu's production plants are situated in Denmark, China and Malaysia. The location of the company's production units was based on a risk assessment, which included, among other things, an assessment of the risk of natural disasters, the political climate, the possibilities of attracting employees with the required qualifications and foreign exchange risks.

In step with the growth in revenue, the company performs ongoing assessments of production capacity, and production units are expanded regularly to ensure that the necessary capacity is available.

Ambu's products are most often used in critical situations, and product quality is vital to the company's future commercial success. With a view to meeting user needs and minimising patient risks, risk assessments, clinical trials and process validation are carried out in connection with product development and production. Ambu lives up to the FDA and CE requirements, for which reason the company considers these standards on a regular basis.

Insurance

The company's insurance policy lays down the overall framework for the extent and management of insurance risks. The insurance policy contains guidelines for the group's hedging and insurance matters, based on a risk management model comprising the stages of risk definition, risk analysis, risk assessment, risk limitation, risk financing and risk follow-up.

Insurance matters and insurance risks are assessed annually in cooperation with international insurance consultancy companies.

In addition to statutory insurance cover, the company has taken out product liability and operating loss insurance. Property, operating equipment and inventories are covered on an all-risk basis at replacement cost.

Environment

In the performance of its activities, Ambu endeavours to assess and reduce its impact on the environment and to contribute both directly and indirectly to a sustainable environment. Ambu has incorporated environmental considerations across the entire life cycle of its products, covering all stages from development via production, distribution and use to the disposal of waste products. The company strives to reduce the environmental impact of its production processes by minimising the consumption of raw materials and power as well as emission levels.

Ambu's direct impact on the environment is modest. The most important environmental effects in relation to production relate to the consumption of energy and raw materials and the waste resulting therefrom. PVC is used in some Ambu products. Waste products are disposed of through licensed waste-processing operators.

The group emphasises the choice of environmentally sensible solutions in connection with the heating and cooling of its buildings, and its power and water consumption.

The plants in Denmark fall under the provisions of Danish environmental legislation, and the plants in China and Malaysia follow the same environmental guidelines as the plants in Denmark.

Ambu is not party to any cases or disputes involving environmental issues. Ambu is not covered by the rules on environmental approval, nor does it fall under the Danish act on the presentation of 'green accounts'.

Financial risks

Developments in Ambu's results and equity are impacted by a number of financial risks, including foreign exchange risks, interest rate risks, liquidity and credit risks.

Ambu has centralised the management of financial risks in the group's finance function, which also acts as a service centre for all subsidiaries.

Ambu uses derivative financial instruments, primarily foreign exchange and interest rate swaps as well as forward foreign exchange and option contracts, to hedge a number of the financial risks attributable to the group's commercial activities. Generally speaking, the less complicated risk management method is chosen. The group does not engage in speculative transactions.

Financial risks and financial risk management are described in further detail in notes 13, 16 and 20.

FINANCIAL REVIEW

The annual report for Ambu A/S for 2007/08 is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf. NASDAQ OMX Copenhagen's disclosure requirements for annual reports of listed companies and the IFRS executive order issued in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Income statement

Revenue

Consolidated revenue for 2007/08 was DKK 784.4m, up 10% in relation to revenue of DKK 715.0m in 2006/07. Measured at unchanged exchange rates in relation to 2006/07, revenue was up by 15%.

The changes in exchange rates affected revenue negatively by DKK 36m.

When corrected for exchange rate fluctuations, growth was strongest in the USA, where revenue increased by 31%. Revenue in Europe was up 11%.

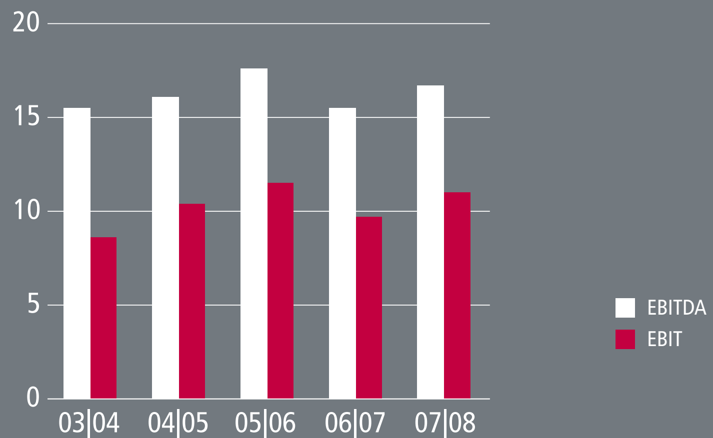
Reported in local currencies, revenue within Respiratory Care increased by 23.2%, while increases within Cardiology and Neurology were 7.8% and 19.5%, respectively. Revenue within Training was up 5.1%, while revenue within Immobilization and other products increased 10.3%. The average market growth in Ambu's business areas was 5%, so market share was won in 2007/08. Revenue in 2007/08 is distributed as follows: Respiratory Care 40%, Cardiology 35%, Neurology 10%, Training 8% and Immobilization and other products 7%. As in previous years, the sales companies' revenue is recognised on the basis of the average exchange rates for the year.

Exports accounted for 98% of total revenue. Sales companies handled 87% of sales, the remaining 13% being effected by distributors. Europe, which constitutes the most important market, generated 65% of total revenue, with the USA and other markets accounting for 27% and 8%, respectively.

Gross profit

Gross profit was up 12.1% from DKK 374.1m to DKK 419.4m reported at current exchange rates. The gross profit ratio thus rose from 52.3% to

EBITDA and EBIT margins (%)



53.5%. The indirect production costs' share of revenue was reduced by 0.4 percentage points in 2007/08 compared to the year before, and the contribution ratio increased by approx. 0.8 percentage points, as the company has focused on improving the product mix and implementing selective price increases, among other things.

Costs

The group's costs in respect of sales, development, management and administration were DKK 31.1m higher than in 2006/07, up 10.4%. The most important reason for the increase in costs is an increase in sales and marketing, management and administration costs. Sales and marketing costs rose by DKK 13.3m as a result of an increase in resources in the sales companies and a step-up in marketing activities. Costs relating to management and administration increased by DKK 17.5m. The main reasons for the increase are that an amount of approx. DKK 7.5m was spent on legal fees in connection with lawsuits against LMA compared to DKK 4.5m last year, and that consultancy fees were paid for strategy preparation etc.

Other operating expenses

In 2007/08, other operating expenses amounted to DKK 1.8m, which includes the accounting effect of the option scheme.

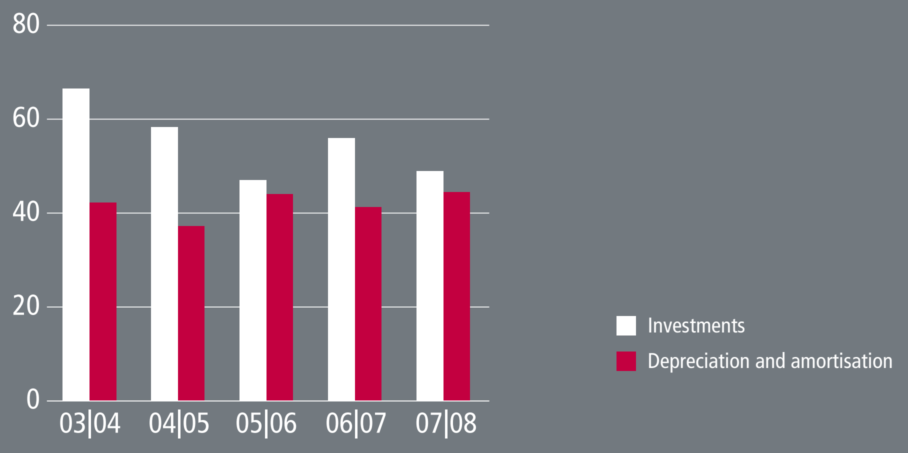
EBITDA and EBIT

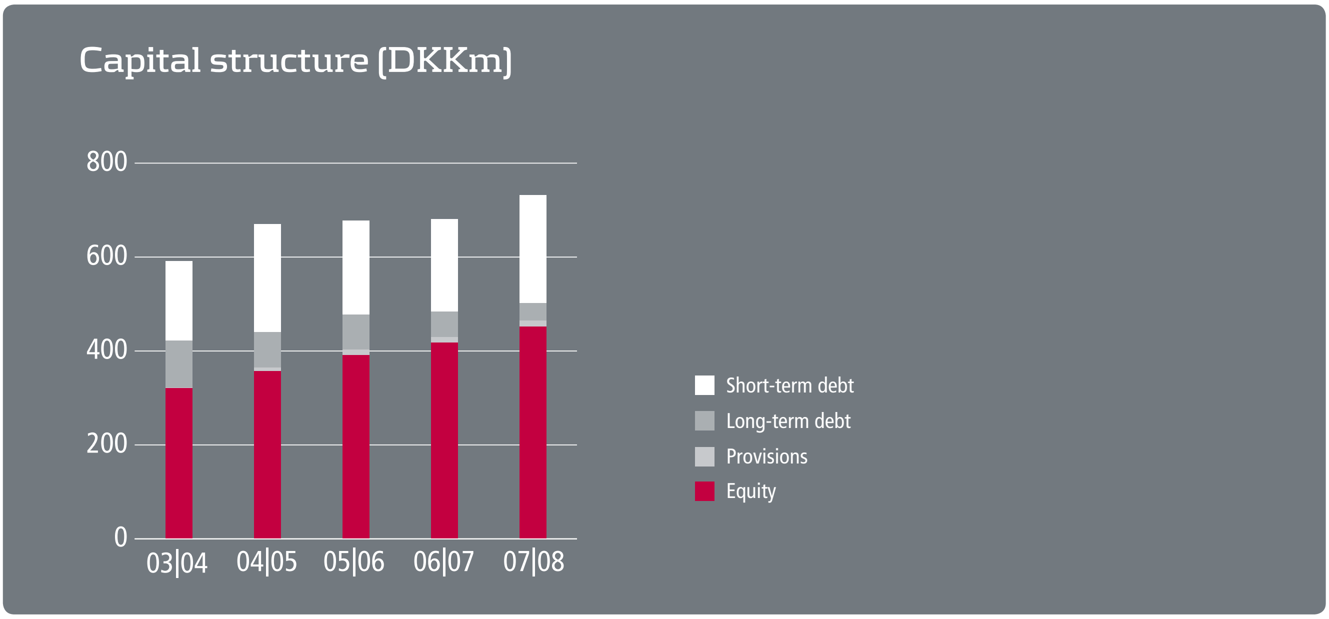
The EBITDA margin, defined as the operating profit or loss before depreciation of non-current assets in relation to revenue, was 16.7% in 2007/08 against 15.5% in 2006/07.

The EBIT margin, defined as the operating profit or loss in relation to revenue, was 11.0% in 2007/08, which is 1.3 percentage points higher than the year before. Adjusted for the extraordinary legal fees of DKK 7.5m in 2007/08 resulting from the lawsuits against LMA, the EBIT margin was 12%.

EBIT rose to DKK 86.4m in 2007/08 from DKK 69.2m in 2006/07, up DKK 17.2m. The increase is attributable to an increase in the gross profit of DKK 45.3m which is reduced by a net increase in capacity costs and

Investments and depreciation/amortisation (DKKm)





other operating expenses of DKK 28.1m. The change in exchange rates compared to last year impacted EBIT negatively by DKK DKK 5m.

Financial expenses
The group's net financial expenses amounted to DKK 18.0 m in 2007/08 against DKK 14.8m the year before. The entire increase of DKK 3.2m can be attributed to an increase in foreign currency translation adjustments.

Profit before tax
Profit before tax amounted to DKK 68.4m in 2007/08 against DKK 54.4m in 2006/07, up 25.7%.

Tax
Tax on profit for the year amounted to DKK 18.3m or 26.8% of the profit before tax compared to DKK 11.7m or 21.4% of the profit before tax in 2006/07. In 2006/07, taxes were affected by the fall in deferred tax as a result of the changed income tax rate in Denmark. The reason for the group's tax rate being higher than 25% is a taxable profit in Ambu's subsidiaries where the income tax rate is higher than the income tax rate in Denmark.

Net profit for the year
Net profit for the year came to DKK 50.0m against DKK 42.8m the year before, up 16.8%.

Balance sheet

At the end of the financial year, the balance sheet total came to DKK 732.2m, up DKK 51.4m compared to the end of the previous financial year. The most important changes concern an increase in inventories of DKK 28.9m, an increase in trade receivables of DKK 2.1m and an increase in other receivables of DKK 15.0m.

Non-current assets
Investments in intangible assets for the year, which include investments in development projects and the acquisition of rights and goodwill, amounted to DKK 13.5m. Development projects amounting to DKK 15.7m were completed in 2007/08.

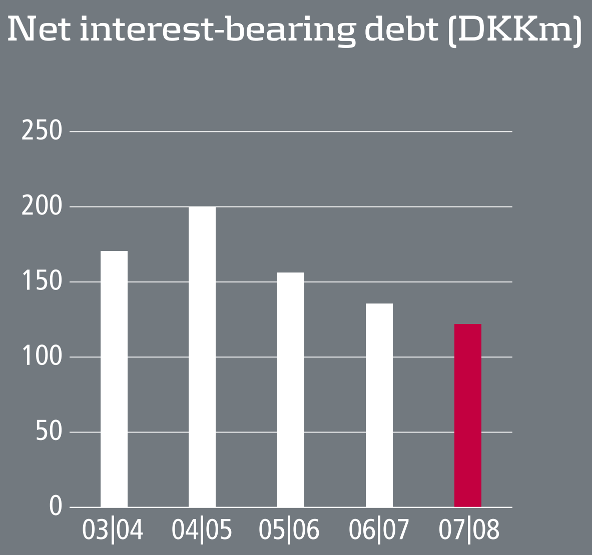
Amortisation and impairment of intangible assets amounted to DKK 13.0m against DKK 11.9m the year before.

Investments in property, plant and equipment for the year amounted to DKK 35.9m, of which DKK 28m reflects investments made by the parent mainly in production capacity, production equipment for newly developed products, production and office equipment and in the implementation of a new ERP system at the production unit in Malaysia. The remaining DKK 14.2m was invested by companies outside Denmark, mainly by the two production units in China and Malaysia in production equipment.

Depreciation on property, plant and equipment amounted to DKK 32.8m against DKK 30.5m the year before.

Inventories
Inventories increased from DKK 128.3m to DKK 157.2 m. Reported at unchanged exchange rates, inventories increased by DKK 27.2m. The primary reason for the increase is increasing inventories of raw materials in the production companies. Inventories of finished goods in the sales companies rose by DKK 6m.

Trade receivables
The group's trade receivables came to DKK 167.9m at the end of the financial year, up DKK 2.1m compared to the end of 2006/07. Adjusted for the effect of exchange rates, trade receivables rose by DKK 3.5m. The increase in trade receivables is the result of the growth in revenue. During the financial year, work has gone into reducing receivables.



Other receivables

The increase in other receivables amounted to DKK 15.0m, which is primarily attributable to growing prepayments from suppliers in China in connection with the switch to local sourcing and a receivable in connection with the transfer of property in Germany.

Liquidity

The group's cash and cash equivalents amounted to DKK 16.3m at the end of the financial year, up DKK 5.7m compared to the previous year. To this should be added unutilised bank credit drawing facilities amounting to DKK 76m at the end of the financial year.

Equity

The 2007/08 increase in equity is attributable to the profit for the year and the value adjustment of non-settled financial instruments. To the equity are added foreign currency translation adjustments in respect of investments in subsidiaries and adjustments concerning the dividend paid out for 2006/07 and the effect of an option scheme.

Non-current liabilities

Total non-current liabilities at year-end came to DKK 60.0m, of which DKK 10.6m falls due in the coming financial year and DKK 12.1m is deferred tax. No new long-term financing was arranged in the 2007/08 financial year.

Current liabilities

Total current liabilities less non-current liabilities came to DKK 220.2m at the end of 2007/08, up DKK 43.0m. The increase is attributable to the increasing use of bank credit facilities and an increase in trade payables and other payables.

Other liabilities

Ambu A/S has signed a 15-year operating lease on the property and adjacent production premises in Ballerup, the term to maturity being nine years.

Cash flow statement

Cash flows from operating activities amounted to DKK 84.5m in 2007/08 against DKK 89.5m the year before. The change is attributable to improved results and reduced tax payments, whereas changes in working capital had a negative impact on cash flows. More funds have been tied up in inventories and receivables, while changes in trade payables had a positive impact on liquidity. Funds tied up in working capital as a percentage of revenue amounted to 29.3%, which is on a par with last year. In 2008/09, work will go into reducing funds tied up in working capital.

In 2007/08, net investments of DKK 48.9m were made in intangible assets and property, plant and equipment against DKK 56.0m the year before.

In 2007/08, the available cash flow amounted to DKK 35.6m, which is DKK 2.2m higher than in 2006/07.

Cash flows from financing activities amounted to DKK -30.0m. Repayments on long-term debt amounted to DKK 26.0m, and dividend paid amounted to DKK 17.8m.

The change in liquidity thus amounted to DKK 5.6m and cash amounted to DKK 16.3m as at 30 September 2008.

Statement of the Board of Directors and the Executive Board on the annual report and independent auditor's report

Statement by the Board of Directors and the Executive Board on the annual report

On this day, the Board of Directors and the Executive Board have considered and approved the annual report of Ambu A/S for the financial year 1 October 2007 - 30 September 2008.

The annual report is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider that the management's review gives a true and fair view of the development in the group's and the parent's activities and financial affairs, the results for the year and the group's financial position as a whole as well as an accurate description of the most significant risks and uncertainties facing the group.

In our opinion, the accounting policies applied are expedient, thus ensuring that the group's internal controls relevant to preparing and presenting the annual report are adequate to ensure that the annual report gives a true and fair view of the group's and the parent's assets and liabilities and financial position as at 30 September 2008 and of the results of the group's and the parent's operations and cash flows for the financial year 1 October 2007 - 30 September 2008.

The annual report is submitted for adoption by the annual general meeting.

Ballerup, 26 November 2008

Executive Board	Board of Directors		
Lars Marcher President & CEO	N.E. Nielsen Chairman	Bjørn Ragle Vice-Chairman	Jørgen Hartzberg
	Anne-Marie Jensen	Torben Ladegaard	Hanne-Merete Lassen
	John Stær	Kirsten Søndersted-Olsen	Anders Williamsson

Independent auditor's report

To the shareholders of Ambu A/S

We have audited the annual report of Ambu A/S for the financial year 1 October 2007 - 30 September 2008, which comprises the Statement of the Board of Directors and the Executive Board on the annual report, management's review, income statement, balance sheet, cash flow statement, statement of changes in equity, accounting policies and other notes for both the group and the parent. The annual report is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The Board of Directors and the Executive Board's responsibility for the annual report

The Board of Directors and the Executive Board are responsible for the preparation and fair presentation of this annual report in accordance with the 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 controls 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 and basis of opinion

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish and international auditing standards. Those standards require that we comply with ethical requirements and plan and perform our 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 judgement, including the assessment of the risk of material misstatement in the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies applied and the reasonableness of accounting estimates made by the Board of Directors and the Executive Board, 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 opinion.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the annual report gives a true and fair view of the group's and the parent's assets and liabilities and financial position as at 30 September 2008 and of the results of their operations and cash flows for the financial year 1 October 2007 - 30 September 2008 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.

Copenhagen, 26 November 2008

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Allan Vestergaard Andersen	Torben Jensen
State-Authorised Public Accountant	State-Authorised Public Accountant

FINANCIAL STATEMENTS

Note overview

Income statement 1 October - 30 September

DKK '000	Note	Group 2007/08	Group 2006/07	Parent 2007/08	Parent 2006/07
Revenue	2	784,445	715,024	574,956	551,502
Production costs	3, 12	(365,013)	(340,905)	(375,389)	(375,494)
Gross profit		**419,432**	**374,119**	**199,567**	**176,008**
Selling costs	3	(165,277)	(151,982)	(39,322)	(35,855)
Development costs	3	(27,337)	(26,862)	(27,337)	(26,862)
Management and administration	3, 4	(138,593)	(121,099)	(81,102)	(66,646)
Other operating expenses	3, 21	(1,832)	(4,931)	(1,832)	(3,515)
Operating profit (EBIT)		**86,393**	**69,245**	**49,974**	**43,130**
Financial income	5	1,834	1,181	8,989	12,196
Financial expenses	6	(19,869)	(15,997)	(11,398)	(13,094)
Profit before tax (PBT)		**68,358**	**54,429**	**47,565**	**42,232**
Tax	7	(18,347)	(11,652)	(10,655)	(6,795)
NET PROFIT FOR THE YEAR		**50,011**	**42,777**	**36,911**	**35,437**
Distribution of profit					
Proposed dividend for the year		17,814	17,814	17,814	17,814
Retained earnings		32,197	24,963	19,097	17,623
		50,011	**42,777**	**36,911**	**35,437**
Earnings per share in DKK	11				
Earnings per share (EPS)		4.23	3.62		
Diluted earnings per share (EPS-D)		4.23	3.62		

Balance sheet as at 30 September

Assets		Group		Parent	
DKK '000	Note	30.09.08	30.09.07	30.09.08	30.09.07
Non-current assets					
Intangible assets	**9**				
Completed development projects		36,619	33,500	36,619	33,500
Rights		4,415	2,859	1,859	0
Goodwill		124,013	124,013	121,134	121,134
Development projects in progress		9,725	13,865	9,725	13,865
		174,772	**174,237**	**169,337**	**168,499**
Property, plant and equipment	**10**				
Land and buildings		64,800	71,572	35,004	36,219
Plant and machinery		91,665	75,175	46,101	43,300
Other fixtures and fittings, tools and equipment		23,015	20,757	16,246	14,365
Prepayments and plant under construction		4,331	14,527	3,639	14,325
		183,811	**182,030**	**100,990**	**108,209**
Other non-current assets					
Shares in subsidiaries	8	-	-	68,122	67,730
Receivables from subsidiaries		-	-	5,022	5,022
Deferred tax asset	14	5,398	3,928	0	0
		5,398	**3,928**	**73,144**	**72,752**
Total non-current assets		**363,981**	**360,195**	**343,471**	**349,460**
Current assets					
Inventories					
Inventories	12	157,225	128,265	55,865	46,621
Receivables	**13**				
Trade receivables		167,850	165,795	37,318	40,973
Receivables from subsidiaries		-	-	157,063	151,913
Other receivables		26,401	11,414	4,234	4,577
Prepaid income tax	15	477	4,540	0	0
		194,728	**181,749**	**198,615**	**197,463**
Cash		16,289	10,563	0	0
Total current assets		**368,242**	**320,577**	**254,480**	**244,084**
TOTAL ASSETS		**732,223**	**680,772**	**597,951**	**593,544**

Balance sheet as at 30 September

Equity and Liabilities		Group		Parent	
DKK '000	Note	30.09.08	30.09.07	30.09.08	30.09.07
Equity					
Share capital		118,763	118,763	118,763	118,763
Share premium		4,046	4,046	4,046	4,046
Reserve for hedging transactions		1,408	1,853	1,408	1,853
Reserve for foreign currency translation adjustments		(6,143)	(9,275)	-	-
Proposed dividend		17,814	17,814	17,814	17,814
Retained earnings		316,124	284,978	204,065	186,020
Total equity	**11**	**452,012**	**418,179**	**346,096**	**328,496**
Liabilities					
Non-current liabilities					
Credit institutions	16	37,406	53,695	36,370	52,343
Provision for deferred tax	14	12,066	11,445	19,274	17,713
Current liabilities					
Current portion of non-current liabilities	16	10,563	20,252	10,563	20,252
Bank debt		88,962	72,225	75,088	56,604
Trade payables		44,392	34,608	21,554	21,240
Amounts owed to subsidiaries		-	-	42,739	63,427
Income tax	15	9,221	8,699	6,798	3,896
Other payables		77,602	61,669	39,470	29,573
Total liabilities		**280,211**	**262,593**	**251,855**	**265,048**
TOTAL EQUITY AND LIABILITIES		**732,223**	**680,772**	**597,951**	**593,544**

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Cash flow statement 1 October - 30 September

		Group		Parent	
DKK '000	Note	2007/08	2006/07	2007/08	2006/07
Net profit for the year		50,011	42,777	36,911	35,438
Adjustments	A	82,696	72,648	44,604	41,056
Changes in working capital	B	(15,331)	8,529	(21,231)	19,330
Cash flows from operating activities before financial items		**117,376**	**123,954**	**60,284**	**95,824**
Interest income and similar items		1,834	1,181	1,542	1,036
Interest expenses and similar items		(19,869)	(15,996)	(11,398)	(13,094)
Cash flows from ordinary operating activities		**99,342**	**109,139**	**50,428**	**83,766**
Income tax paid		(14,877)	(19,652)	(6,045)	(5,471)
Cash flows from operating activities		**84,465**	**89,487**	**44,383**	**78,295**
Sale of non-current assets	23	(49,431)	(56,900)	(41,497)	(37,496)
Sale of non-current assets		552	858	17,616	5,882
Acquisitions		0	0	0	(3,612)
Cash flows from investing activities		**(48,879)**	**(56,042)**	**(23,881)**	**(35,226)**
Free cash flow		**35,586**	**33,445**	**20,502**	**43,069**
Repayment of long-term debt		(25,978)	(29,752)	(25,662)	(29,447)
Changes in short-term bank debt		16,737	4,613	18,484	(11,234)
Winding-up of jointly owned enterprise		-	-	0	645
Employee shares		195	4,945	195	3,416
Dividend from subsidiaries		-	-	7,447	11,160
Purchase of Ambu A/S shares		(3,152)	0	(3,152)	0
Dividend paid		(17,814)	(17,609)	(17,814)	(17,609)
Cash flows from financing activities		**(30,012)**	**(37,803)**	**(20,502)**	**(43,069)**
Changes in cash and cash equivalents		**5,574**	**(4,358)**	**0**	**0**
Cash and cash equivalents, beginning of year		10,563	15,066	0	0
Foreign currency translation adjustment of cash and cash equivalents		152	(145)	0	0
Cash and cash equivalents, end of year		**16,289**	**10,563**	**0**	**0**
Note A: Adjustments					
Depreciation and amortisation		44,482	41,250	29,709	29,840
Adjustment, employee shares and option schemes		1,832	4,931	1,832	3,515
Winding-up of jointly owned enterprise		-	-	0	8
Interest and similar items, net		18,035	14,815	2,409	898
Tax on profit for the year		18,347	11,652	10,655	6,795
		82,696	**72,648**	**44,604**	**41,056**
Note B: Changes in working capital					
Changes in inventories		(28,960)	(9,352)	(9,244)	710
Changes in receivables		(17,042)	3,692	3,998	499
Changes in balances with consolidated companies		-	-	(25,837)	2,169
Changes in trade payables etc.		30,672	14,189	9,852	15,952
		(15,331)	**8,529**	**(21,231)**	**19,330**

Statement of changes in equity

Group

DKK '000	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity as at 1 October 2006	**117,864**	**-**	**(37)**	**548**	**255,013**	**17,680**	**391,068**
Adjustment to fair value for the period							
Disposals included in net financials			51				51
Additions			2,472				2,472
Foreign currency translation adjustment, foreign subsidiaries				(9,823)			(9,823)
Tax on hedging transactions			(633)				(633)
Net income	**-**	**-**	**1,890**	**(9,823)**	**-**	**-**	**(7,933)**
Net profit for the year					42,777		42,777
Total income	**-**	**-**	**1,890**	**(9,823)**	**42,777**	**-**	**34,844**
Employee shares	899	4,046			4,676		9,621
Share options					255		255
Distributed dividend						(17,680)	(17,680)
Dividend, treasury shares					71		71
Proposed dividend					(17,814)	17,814	-
Equity as at 30 September 2007	**118,763**	**4,046**	**1,853**	**(9,275)**	**284,978**	**17,814**	**418,179**
Adjustment to fair value for the period							
Disposals included in net financials			(137)				(137)
Additions			(471)				(471)
Foreign currency translation adjustment, foreign subsidiaries				3,132			3,132
Tax on hedging transactions			164				164
Net income	**-**	**-**	**(445)**	**3,132**	**-**	**-**	**2,687**
Net profit for the year					50,011		50,011
Total income	**-**	**-**	**(445)**	**3,132**	**50,011**	**-**	**52,698**
Share options					1,882		1,882
Purchase of treasury shares					(3,008)		(3,008)
Distributed dividend						(17,814)	(17,814)
Dividend, treasury shares					74		74
Proposed dividend					(17,814)	17,814	-
Equity as at 30 September 2008	**118,763**	**4,046**	**1,408**	**(6,143)**	**316,124**	**17,814**	**452,012**

Statement of changes in equity

Parent

DKK '000	Share capital	Share premium	Reserve for hedging transactions	Retained earnings	Proposed dividend	Total
Equity as at 1 October 2006	**117,864**	**-**	**(37)**	**163,394**	**17,680**	**298,901**
Adjustment to fair value for the period						
Disposals included in net financials			51			51
Additions			2,472			2,472
Tax on hedging transactions			(633)			(633)
Net income	**-**	**-**	**1,890**	**-**	**-**	**1,890**
Net profit for the year				35,438		35,438
Total income	**-**	**-**	**1,890**	**35,438**	**-**	**37,328**
Employee shares	899	4,046		4,676		9,621
Share options				255		255
Distributed dividend					(17,680)	(17,680)
Dividend, treasury shares				71		71
Proposed dividend				(17,814)	17,814	-
Equity as at 30 September 2007	**118,763**	**4,046**	**1,853**	**186,020**	**17,814**	**328,496**
Adjustment to fair value for the period						
Disposals included in net financials			(137)			(137)
Additions			(471)			(471)
Tax on hedging transactions			164			164
Net income	**-**	**-**	**(445)**	**-**	**-**	**(445)**
Net profit for the year				36,911	-	36,911
Total income	**-**	**-**	**(445)**	**36,911**	**-**	**36,466**
Share options				1,882		1,882
Purchase of treasury shares				(3,008)		(3,008)
Distributed dividend					(17,814)	(17,814)
Dividend, treasury shares				74		74
Proposed dividend				(17,814)	17,814	-
Equity as at 30 September 2008	**118,763**	**4,046**	**1,408**	**204,065**	**17,814**	**346,096**

Notes

Note 1. Accounting policies

Ambu A/S is a public limited company domiciled in Denmark. The annual report for the period 1 October 2007 - 30 September 2008 comprises the consolidated financial statements of Ambu A/S and its subsidiaries (the group) as well as separate financial statements of the parent.

The 2007/08 annual report of Ambu A/S is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf. NASDAQ OMX Copenhagen A/S's disclosure requirements for annual reports of listed companies and the IFRS executive order issued in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis of preparation

The annual report is presented in DKK rounded off to the nearest DKK 1,000.

The annual report has been prepared in accordance with the historical cost principle, except for derivative financial instruments, which are measured at fair value.

Non-current assets and disposal groups held for sale are measured at the lower of carrying amount prior to the changed classification and fair value less selling costs.

The accounting policies described below have been applied consistently in the financial year and for the comparative figures.

New accounting regulation

Effective from the 2007/08 financial year, Ambu has implemented all relevant new and updated accounting standards issued by IASB and effective from 1 October 2007. The implementation of these new and updated accounting standards did not have any significant financial impact on the computation of Ambu's profit, assets and liabilities or equity in connection with the presentation of the financial statements for the periods concerned.

There are a number of accounting standards and interpretations – including IFRS 8 Segments – which Ambu must implement in the 2008/09 financial year or subsequent financial years. However, some of these have yet to be adopted by the EU. The application of these standards and interpretations is not expected to have a material financial effect on the computation of Ambu's results, assets and liabilities or equity in connection with the presentation of the 2008/09 financial statements. They will primarily influence the information included in the annual report.

Estimates made by the management

The computation of the carrying amount of certain assets and liabilities requires estimates of how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates material to the preparation of financial statements are, among other things, based on the computation of the impairment, useful lives and residual values of non-current assets.

The estimates made are based on assumptions deemed to be reasonable by the management, but which are naturally subject to uncertainty. Such assumptions may be incomplete or inaccurate, and unexpected events or incidents may occur. Furthermore, the company is subject to risks and uncertainties which may cause the actual results to deviate from the estimates.

The following estimates and related assumptions are deemed by Ambu to be material to the annual report:

- Goodwill
- Development projects
- Court cases

Goodwill and development projects are described in note 9. Court cases are described in the 'Management's review' on page 16.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements comprise the parent, Ambu A/S, and subsidiaries in which Ambu A/S has a controlling influence on the company's financial and operating policies with a view to obtaining a return or other advantages from its activities. A controlling influence is obtained by owning or controlling, directly or indirectly, more than 50 per cent of the voting rights or otherwise controlling the enterprise in question.

Enterprises in which the group has a considerable, but not controlling, influence are considered to be associates. A considerable influence is obtained by owning or controlling, directly or indirectly, more than 20 per cent and less than 50 per cent of the voting rights.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries, prepared in accordance with the accounting policies of the group and eliminating intercompany income and expenses, shareholdings, balances and dividends as well as realised and unrealised proceeds from transactions between the consolidated enterprises. Unrealised proceeds from transactions with associates are eliminated proportionately to the group's ownership interest in the company. Unrealised losses are eliminated in the same way as unrealised proceeds to the extent that no impairment exists.

Investments in subsidiaries are offset against the proportionate share of the subsidiaries' fair value of identifiable net assets and recognised contingent liabilities on the date of acquisition.

Notes

Business combinations

Newly acquired or newly established enterprises are included in the consolidated financial statements as from the date of acquisition. Enterprises divested or disposed of are recognised in the consolidated income statement up until the date of divestment. Comparative figures are not restated for newly acquired enterprises. Discontinued activities are presented separately, cf. below.

In connection with the acquisition of new enterprises, in which Ambu obtains a controlling influence, the purchase method is applied. The identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value on the date of acquisition. Identifiable intangible assets are recognised, provided that such assets can be recognised separately or originate from a contractual right and the fair value can be measured reliably. Deferred tax on the reassessments made is recognised.

The date of acquisition is the date when Ambu obtains actual control over the acquired enterprise.

For business combinations made on or after 1 October 2004, the positive differences (goodwill) between the cost of the enterprise and the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested annually for impairment. The first impairment test is carried out by the end of the year of acquisition. Upon acquisition, goodwill is attributed to the cash-generating units, which will subsequently form the basis of an impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than DKK are treated as assets and liabilities of the foreign entity and are translated to the functional currency of such entity using the exchange rate applicable on the transaction date. Negative differences (negative goodwill) are recognised in the income statement on the date of acquisition.

For business combinations made before 1 October 2004, the accounting classification of the business combination has been maintained in accordance with the previous accounting policies. The accounting treatment of business combinations made before 1 January 2004 is not restated in connection with the opening balance sheet as at 1 October 2004. Thus, goodwill as at 1 January 2004 is recognised on the basis of the cost recognised in accordance with previous accounting policies (the Danish Financial Statements Act and Danish accounting standards) less amortisation and impairment losses up until 30 September 2004. Goodwill is not amortised as of 1 October 2004.

The cost of an enterprise consists of the fair value of the agreed consideration plus costs directly attributable to the acquisition. If parts of the consideration are subject to future events, such parts are recognised in the cost to the extent that the events are likely to occur and the consideration can be measured reliably.

Proceeds or losses from the divestment or disposal of subsidiaries and associates are calculated as the difference between the selling price or the disposal consideration and the carrying amount of net assets, including goodwill, at the time of divestment as well as costs related to the divestment or disposal. In so far as goodwill from enterprises acquired before 1 January 2002 has been written off immediately and directly in equity, the carrying amount of goodwill is DKK 0 at the time of divestment.

Foreign currency translation

A functional currency is specified for each of the reporting group enterprises. The functional currency is the currency used in the primary economic environment, in which the individual reporting enterprise operates.

Foreign currency transactions are translated to DKK using the exchange rate applicable on the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rate applicable on the balance sheet date. The difference between the exchange rate applicable on the balance sheet date and the exchange rate applicable on the date on which the receivable or payable occurred or the exchange rate stated in the most recent annual report is recognised in the income statement under net financials.

On recognition of foreign enterprises, income statement items are translated at the exchange rates applicable on the transaction date, and balance sheet items are translated at the exchange rates applicable on the balance sheet date. Exchange rate differences arising from the translation of the equity of such enterprises at the beginning of the year using the exchange rates applicable on the balance sheet date and the translation of income statement items from the exchange rates applicable on the transaction date to the exchange rates applicable on the balance sheet date are recognised directly in equity under a separate reserve for foreign currency translation adjustments.

Foreign currency translation adjustments of balances which are considered to be part of the total net investment in foreign enterprises are recognised directly in equity under a separate reserve for foreign currency translation adjustments and under net financials in the income statement of the parent.

Derivative financial instruments are recognised as from the transaction date and are measured at fair value in the balance sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively. The fair values of derivative financial instruments are calculated on the basis of current market data as well as accepted valuation methods.

Changes in the fair value of derivative financial instruments classified as and fulfilling the criteria for hedging the fair value of a recognised asset or liability are recognised in the income statement together with any changes in the value of the hedged asset or liability as regards the hedged part.

Changes in the part of the fair value of derivative financial instruments classified as and fulfilling the criteria for hedging future cash flows, and which, in an efficient manner, hedges changes in the value of the hedged item, are recognised in equity under a separate reserve for hedging transactions until the hedged transaction is realised. At this time, gains or losses on such hedging transactions are transferred from equity and recognised under the same item as the hedged item. When hedging proceeds from future borrowings, the gains or losses on hedging transactions are, however, transferred from equity over the term of the loan.

For derivative financial instruments which do not fulfil the conditions for treatment as a hedging instrument, changes in the fair value are recognised on an ongoing basis in the income statement.

Income statement

Revenue from the sale of goods is recognised in the income statement, provided that delivery and passing of risk to the buyer have taken place before the end of the year, and provided that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, exclusive of VAT and taxes collected on behalf of a third party. All kinds of discounts offered are recognised in revenue.

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases as well as depreciation and impairment of plant.

Selling costs

Selling costs comprise costs relating to sales staff, advertising, exhibitions as well as amortisation and impairment.

Development costs

Development costs comprise salaries and costs which, directly or indirectly, can be attributed to research, product improvements and the development of new products which do not fulfil the criteria for capitalisation. In addition, the amortisation and impairment of capitalised development costs are recognised.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, as well as amortisation and impairment losses.

Other operating income and expenses comprise items of a secondary nature as regards the activities of the enterprises.

Financial income and expenses comprise interest, exchange gains and losses, write-downs of payables and transactions in foreign currencies, amortisation of financial assets and liabilities, including finance lease commitments, as well as supplementary payments and allowances under the on-account tax scheme etc. Dividend from investments in subsidiaries and jointly managed enterprises is recognised as income in the income statement of the parent in the financial year in which the dividend is declared.

Tax on profit/loss for the year

The tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement with the portion attributable to the profit or loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

Tax is provided on the basis of the tax rules and tax rates applicable in the individual countries.

Balance sheet

Intangible assets

Goodwill is, on initial recognition, recognised as cost in the balance sheet as described under ‘Business combinations’. Goodwill is subsequently measured at cost less accumulated impairment. Goodwill is not amortised.

Notes

Goodwill is attributed, at the time of acquisition, to the cash-generating units which are expected to benefit from the business combination; however, not to a lower level than the lower of segment level and the level at which goodwill is monitored as part of the internal financial management. On this background, goodwill is allocated to geographical segments.

Development projects that are clearly defined and identifiable and where the technical utilisation degree, sufficient resources and a potential future market or scope for use in the enterprise can be proven and where the enterprise intends to produce, market or use the project are recognised as intangible assets where the cost of the project can be calculated reliably and there is sufficient certainty that the future earnings or the net selling price can cover the production, selling, administration and development costs. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. The cost comprises salaries and other costs attributable to the company's development activities.

Upon completion of the development activity, development projects are amortised according to the straight-line method over the estimated useful life as from the time when the asset is ready for use. The amortisation period is usually five years. The basis of amortisation is reduced by impairment losses, if any.

Rights in the form of distribution rights and licences etc. are measured at cost less accumulated amortisation and impairment losses. Rights are amortised according to the straight-line method over the shorter of the remaining term of the agreement and the useful life of the assets.

Other intangible assets, including intangible assets acquired in connection with business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised according to the straight-line method over the expected useful lives of the assets.

Property, plant and equipment

Land and buildings, investment properties, technical plant and machinery and other plant, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price and any costs directly attributable to the acquisition until the date when the asset is ready for use. Finance costs are not recognised. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, wages and salaries. The cost of a total asset is divided into separate elements which are depreciated individually if the useful lives of the individual elements differ.

For assets held under finance leases, cost is calculated at the lower of the fair value of the assets and the present value of the future minimum lease payments. For calculating the present value, the internal rate of interest of the lease is used as the discount rate or an approximation of this value.

Property, plant and equipment are depreciated according to the straight-line method over the expected useful lives of the assets/components as follows:

Buildings	25 years
Building installations	10 years
Technical plant and machinery	2-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

The basis of depreciation is calculated in consideration of the residual value of the asset and is reduced by impairment, if any. The residual value is fixed on the date of acquisition and is subject to annual review. If the residual value exceeds the carrying amount of the asset, depreciation will no longer take place.

In connection with changes in the depreciation period or the residual value, the effect of depreciation is recognised in future as a change in the accounting estimation.

Depreciation is recognised in the income statement under production costs, distribution costs and administrative expenses, respectively, in so far as depreciation is not included in the cost of self-constructed assets.

Investments in subsidiaries and jointly managed enterprises are measured at cost in the financial statements of the parent. If there is any indication of impairment loss, an impairment test is carried out. If the cost exceeds the recoverable amount, impairment is made to the lower value.

The cost is reduced by the amount of dividend received which exceeds the accumulated earnings after the date of acquisition.

Impairment losses on non-current assets

Goodwill is tested annually for impairment, the first time being by the end of the year of acquisition. Development projects in progress are also subject to an annual impairment test.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which goodwill has been allocated and is impaired to the recoverable amount in the income statement if the carrying amount is higher. Impairment of goodwill is recognised as a separate item in the income statement.

Deferred tax assets are assessed on an annual basis and are only recognised to the extent that such assets are likely to be used.

The carrying amount of other non-current assets is assessed on an annual basis to establish whether there is any indication of impairment. When such indication exists, the recoverable amount of the assets is calculated. The recoverable amount is the higher of the fair value of the asset less expected selling costs and the value in use. The value in use is calculated as the present value of expected future cash flows from the asset or the cash-generating unit in which the asset is included.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash flow-generating unit. Impairment losses are recognised in the income statement under production costs, selling costs, development costs and administrative expenses, respectively.

Impairment of goodwill is not reversed. Impairment of other assets is reversed in so far as the assumptions and estimates on which the impairment is made have changed. Impairment is only reversed in so far as the new carrying amount of the asset does not exceed the carrying amount of the asset after depreciation/amortisation, had the asset not been impaired.

Inventories are measured at the lower of cost calculated according to the FIFO principle and net realisable value.

The cost of goods for resale as well as raw materials and consumables comprises the acquisition price plus delivery costs.

The cost of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct labour costs and production overheads. The net realisable value is calculated as the selling price less costs of completion and costs necessary to make the sale.

Receivables are measured at amortised cost less individual write-downs. Trade receivables are tested for impairment when objective evidence of impairment exists in the form of delayed payments, demonstrable financial problems of the receivable etc.

Prepayments, recognised under assets, comprise costs incurred in respect of the coming financial year and are measured at cost.

Equity

Dividend

Proposed dividend is recognised as a liability at the time of its adoption by the annual general meeting (the time of declaration). Expected dividend payable for the year is shown as a separate item under equity.

On-account dividend is recognised as a liability at the time of adoption.

Treasury shares

Acquisition costs and consideration as well as dividend on treasury shares are recognised directly in retained earnings under equity. Proceeds from the sale of treasury shares and the issue of shares in Ambu A/S in connection with the exercise of share options or employee shares are taken directly to equity.

Reserve for foreign currency translation adjustments

The reserve for foreign currency translation adjustments in the consolidated financial statements comprise exchange rate differences arising from the translation of the financial statements of foreign enterprises to DKK. The reserve for foreign currency translation adjustments was zeroed on 1 October 2004 in accordance with IFRS 1.

Employee contributions

Pension obligations and similar non-current liabilities

The group has entered into defined-contribution plans with a number of its employees.

Liabilities in respect of defined-contribution plans under which the group pays fixed pension contributions to independent pension providers are recognised in the income statement in the period during which such contributions are earned, and payments due are recognised in the balance sheet under other payables.

The group has no pension obligations in the form of defined-benefit plans or similar obligations.

Notes

Employee shares
When Ambu group employees are given the opportunity to subscribe for shares at a price below the market price, the beneficial element is recognised as an expense under staff expenses. The counter item is recognised directly in equity. The beneficial element is calculated at the time of subscription as the difference between the fair value and the subscription price of the shares subscribed for.

Share-based remuneration
Executive employees in the group participate in a share option scheme in the form of an equity scheme.

The fair value of the services provided by the employees in return for the granting of share options is calculated on the basis of the value of the options granted. The fair value of the share options granted at the time of granting is calculated according to the Black-Scholes model. In the calculation, the terms and conditions applying to the share options granted are taken into account.

The fair value of share-based remuneration at the time of granting is recognised as an expense over the period in which the employees earn the right to such share options. On recognition of the fair value, account is taken of the number of employees who are expected to obtain a final option right. At the end of each period, an adjustment is made to take account of this estimate, so that only the number of options for which a final option right has been obtained, are recognised.

The value of equity-based schemes is taken to equity.

Tax payable and deferred tax
Current tax payable and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on previous years' taxable income and taxes paid on account.

Deferred tax is measured using the balance sheet liability method on the basis of all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax is not recognised on temporary differences resulting from the initial recognition of goodwill. Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised under other non-current assets at the expected usable value, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made of deferred tax in relation to eliminations made as regards unrealised intercompany gains and losses.

Deferred tax is measured on the basis of the taxation rules and tax rates which, pursuant to the legislation in force on the balance sheet date, will apply in the individual countries at the time the deferred tax is expected to become payable as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Provisions are recognised when the group, as a result of an event having occurred before or on the balance sheet date, has incurred a legal or actual liability, and it is probable that economic benefits will flow from the group in order to settle such liability.

Warranty obligations are recognised in step with the sale of goods and services on the basis of the level of warranty expenses incurred in previous financial years.

Financial liabilities

Debt to credit institutions etc. is recognised on the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the 'effective rate of interest method' so that the difference between the proceeds and the nominal value is recognised under financial expenses in the income statement for the duration of the loan term.

The capitalised remaining lease obligation in respect of finance leases, measured at amortised cost, is also recognised under financial liabilities.

Other liabilities are measured at amortised cost.

Leases
Lease commitments are, for accounting purposes, divided into finance and operating leases.

A lease is classified as a finance lease when it, in all materiality, transfers the risks and benefits of owning the asset held under a finance lease. Other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and the related commitment is described in the sections 'Property, plant and equipment' and 'Financial liabilities'.

Lease payments in respect of operating leases are recognised according to the straight-line method in the income statement over the term of the lease.

Deferred income, recognised under liabilities, comprises payments received in respect of the coming financial years and is measured at cost.

Assets held for sale comprise non-current assets held for sale. Assets held for sale are measured at the lower of carrying amount at the time of classifying the asset as 'held for sale' and fair value less selling costs. Assets are not depreciated and amortised as from the time when they are classified as 'held for sale'.

Impairment losses arising in connection with the first classification as 'held for sale' and gains and losses from the subsequent measurement to the lower of carrying amount and fair value less selling costs are recognised in the income statement under other operating income and expenses. Gains and losses are specified in the notes.

Assets and liabilities related thereto are recognised as separate items in the balance sheet, and the main items are specified in the notes.

Cash flow statement

The cash flow statement shows the cash flows divided into cash flows from operating activities, investing activities and financing activities for the year as well as changes in cash and cash equivalents for the year and cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated according to the indirect method as the profit or loss before tax, adjusted for non-cash operating items, changes in working capital, interest received and paid, dividend received and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of enterprises and activities, the purchase and sale of intangible assets, property, plant and equipment and other non-current assets as well as the purchase and sale of securities not included in cash and cash equivalents.

The conclusion of finance leases is considered to be non-cash transactions.

Cash flows from financing activities comprise changes to the size and composition of share capital and costs incidental thereto as well as the arrangement of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares and the payment of dividend to shareholders.

Cash flows relating to assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash. Cash flows denominated in currencies other than DKK are translated using average exchange rates, unless such rates deviate materially from the exchange rates applicable on the transaction date.

Segment information

Information is provided about business segments, which is the group's primary segmentation format, and about geographical markets – the secondary format. The segments follow the risks of the group as well as the management structure and internal financial management. The segment information has been prepared in accordance with the accounting policies of the group.

The company is a supplier of medico-technical products for the global market. Except for the sales of the different products, no structural or organisational aspects enable a division of earnings from individual products as the sales channels, customer types and sales organisations are identical for all important markets. Furthermore, production processes and internal control and reporting are identical, which means that with the exception of revenue, everything else is unsegmented.

Ratios

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

The other ratios have been calculated in accordance with The Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2005'.

Notes

DKK '000	Group 2007/08	Group 2006/07
Note 2. Segment information		
Geographical segment		
Europe	511,937	467,364
USA	211,873	182,494
Other markets	60,635	65,166
Total revenue	**784,445**	**715,024**

	Group 2007/08		Group 2006/07	
DKK '000	Segment assets	Investments in property, plant and equipment	Segment assets	Investments in property, plant and equipment
Europe	462,695	38,823	428,433	25,312
USA	84,778	661	79,472	28
Other markets	184,750	24,064	172,867	18,607
	732,223	**63,548**	**680,772**	**43,947**

Transactions between segments are conducted on an arm's length basis.

	Group		Parent	
DKK '000	2007/08	2006/07	2007/08	2006/07
Note 3. Staff expenses, share-based remuneration and depreciation/amortisation				
Staff expenses are included in functionalised costs as follows:				
Production costs	125,595	95,673	85,351	72,891
Selling costs	92,948	98,691	22,634	25,693
Development costs	14,624	14,197	13,530	13,252
Management and administration	70,206	66,350	39,080	35,497
Other operating expenses	1,832	4,931	1,832	3,515
Total staff expenses	**305,205**	**279,842**	**162,427**	**150,848**
Staff expenses comprise:				
Remuneration, Executive Board	5,000	4,000	5,000	4,000
Pension contributions, Executive Board	400	240	400	240
Employee shares	0	135	0	135
Staff expenses, Executive Board	**5,400**	**4,375**	**5,400**	**4,375**
Wages and salaries	267,344	241,550	141,265	129,693
Pension contributions	11,907	10,944	9,576	8,749
Social security costs	16,472	15,927	2,104	2,401
Employee shares	0	4,541	0	3,125
Share options	1,832	255	1,832	255
Remuneration, Board of Directors	2,250	2,250	2,250	2,250
Total staff expenses	**305,205**	**279,842**	**162,427**	**150,848**
Average number of employees	1,397	1,216	302	299

The Ambu group only has defined-contribution plans, under which Ambu must pay a specific contribution. In connection with the defined-contribution plans, the group does not carry the risk of the future development in interest rates, inflation, death rate and disability rate.

DKK '000

Note 3. Staff expenses, share-based remuneration and depreciation/amortisation (continued)

During the year, share options were granted to 21 of the group's Danish and foreign executive employees. The purpose of the option scheme is to promote the creation of value in Ambu by achieving the company's strategic objectives and creating identical interests among the participants in the option scheme and the company's shareholders. The granting is subject to the participants acquiring a certain number of class B shares at the market price. The total maximum value obtainable by the individual participants in the option scheme is an amount corresponding to four years' salary. Share options are allocated in four rounds – the first time in connection with the establishment of the programme in June 2007 at a price of 104, and then at the end of FY 2006/07, FY 2007/08 and FY 2008/09 subject to an annual price increase of 8%. It is estimated that the maximum number of share options to be issued during this period will be approx. 1,200,000, corresponding to approx. 10% of Ambu's share capital. The entire share option programme is accrued and expensed over the seven-year period. No particular requirements have to be met by those participating in the share option programme, except continued employment and ownership of a number of Ambu class B shares.

The vesting period of the share option scheme is three years, after which the exercise period runs for two years.

Share options in Ambu A/S	Senior employees	Exercise price per option in DKK	Number of exercisable options	Term to maturity this year	Market value in DKK '000
Outstanding balance as at 1 October 2007	123,688	104	0	4	2,027
Additions during the year (no.)	331,939	112	0	5	3,082
Options exercised in 2007/08	0	0	0	0	0
Employees resigned in 2007/08	(2,516)	104	0	0	(53)
Market value adjustment	-	-	0	0	(1,041)
Outstanding balance as at 30 September 2008	**453,111**		**0**		**4,015**

The market value of share options is calculated according to the Black-Scholes model for the valuation of options. The valuation of the options at the end of the year is based on the historical volatility. The risk-free interest rate is based on a CIBOR interest rate with a term corresponding to the expected term to maturity of the options. The expected term to maturity of the options is fixed at one year after the end of the vesting period.

The calculation of the market value at the end of the period is based on the following assumptions:
Dividend per share: DKK 1.50
Volatility: 33.5%
Average risk-free interest rate: 4.15%
Listed price: 73

Employee share scheme 2007

In 2006/07, an employee share scheme was established, under which the group's employees acquired 89,916 class B shares at a total price of DKK 4,945k. The fair value of the employee shares was DKK 9,621k. At the time of granting, the beneficial element was DKK 4,676k and was expensed in 2006/07.

Depreciation, amortisation, impairment losses and write-downs

The depreciation and amortisation (and impairment losses and write-downs) of intangible assets and property, plant and equipment are included in functionalised costs as follows:

	Group		**Parent**	
DKK '000	2007/08	2006/07	2007/08	2006/07
Production costs	24,057	22,752	11,363	12,099
Selling costs	149	412	50	162
Development costs (intangible assets)	12,974	11,886	12,671	11,886
Development costs (property, plant and equipment)	308	491	308	491
Management and administration	6,994	5,709	5,317	4,393
Total depreciation, amortisation, impairment and write-downs	**44,482**	**41,250**	**29,709**	**29,032**

Notes

	Group		Parent	
DKK '000	2007/08	2006/07	2007/08	2006/07
Note 4. Fee to auditors appointed by the annual general meeting				
Total fee, PricewaterhouseCoopers	2,238	1,881	1,409	1,019
Total fee, others	382	599	-	-
Total fees	**2,620**	**2,480**	**1,409**	**1,019**
Share of fee for non-audit services, PricewaterhouseCoopers	1,108	769	1,019	669
Share of fee for non-audit services, others	230	389	-	-
Note 5. Financial income				
Dividend from subsidiaries	-	-	7,447	11,160
Interest income from loans to subsidiaries	-	-	566	703
Interest income	1,834	1,181	976	333
	1,834	**1,181**	**8,989**	**12,196**
Note 6. Financial expenses				
Interest expenses on loans from subsidiaries	-	-	134	141
Interest expenses	8,892	11,060	8,119	9,417
Foreign exchange loss, net	10,977	4,937	3,145	3,536
	19,869	**15,997**	**11,398**	**13,094**
Note 7. Tax on profit for the year				
Current tax	18,291	12,960	10,187	6,009
Adjustment, previous years	348	1,637	(506)	732
Deferred tax	(292)	(1,054)	974	1,946
Lowering of the Danish income tax rate from 28% to 25%	0	(1,892)	0	(1,892)
Total tax on profit for the year	**18,347**	**11,652**	**10,655**	**6,795**
Tax on profit for the year comprises:				
Tax liability of 25%/28% on profit for the year before tax	17,090	13,608	11,891	10,558
Adjustment, previous years	348	1,637	(506)	731
Adjustment of calculated tax in foreign group enterprises in relation to 25%/28%	35	(1,771)	0	0
Lowering of the Danish income tax rate	0	(1,892)	0	(1,892)
Tax effect of:				
Other non-deductible costs	875	70	1.132	188
Other non-taxable income	0	0	(1,862)	(2,790)
	18,347	**11,652**	**10,655**	**6,795**

DKK '000	2007/08

Note 8. Financial assets in the parent

Acquisition price, beginning of year	67,730
Disposals	0
Additions	392
Acquisition price, end of year	**68,122**
Carrying amount as at 30 September	**68,122**

Shares in subsidiaries

Subsidiaries Wholly owned	Reg. office	Established/ Acquired	Share capital Nominal
Ambu Inc.	USA	1983	USD 250,000
Ambu S.A.R.L	France	1989	EUR 170,245
Ambu Ltd.	UK	1991	GBP 1,000
Ambu (Deutschland) GmbH	Germany	1992	EUR 51,129
Ambu S.r.l.	Italy	1992	EUR 68,200
Ambu S.L.	Spain	1993	EUR 67,313
Ambu Sdn. Bhd.	Malaysia	1995	MYR 2,400,000
Ambu (China) Ltd.	China	1998	RMB 6,623,760
Ambu Japan KK	Japan	2000	JPY 20,000,000
Ambu of 2003 Sdn. Bhd.	Malaysia	2003	MYR 1,300,000
Ambu BV	The Netherlands	2006	EUR 22,700
Ambu (China) Trading Ltd.	China	2008	USD 70,000

Ambu also has an office in Sweden and one in Finland.

Notes

2007/08

DKK '000

Note 9. Intangible assets

Group	Completed development projects	Rights	Goodwill	Development projects in progress	Total
Acquisition price, beginning of year	65,325	3,026	124,013	13,865	206,229
Additions during the year	0	1,940	0	11,569	13,509
Disposals during the year	0	0	0	0	0
Transferred during the year	15,709	0	0	(15,709)	0
Acquisition price, end of year	**81,034**	**4,966**	**124,013**	**9,725**	**219,738**
Amortisation, impairment losses and write-downs, beginning of year	31,825	168	0	0	31,992
Translation adjustment	0	0	0	0	0
Disposals during the year	0	0	0	0	0
Impairment losses and write-downs for the year	0	0	0	0	0
Amortisation for the year	12,590	384	0	0	12,974
Amortisation, impairment losses and write-downs, end of year	**44,415**	**552**	**0**	**0**	**44,966**
Carrying amount, end of year	**36,619**	**4,415**	**124,013**	**9,725**	**174,772**
Amortisation period	5 years	10 years	-	-	-

Parent					
Acquisition price, beginning of year	65,325	0	121,134	13,865	200,324
Additions during the year	0	1,940	0	11,569	13,509
Disposals during the year	0	0	0	0	0
Transferred during the year	15,709	0	0	(15,709)	0
Acquisition price, end of year	**81,034**	**1,940**	**121,134**	**9,725**	**213,833**
Amortisation, impairment losses and write-downs, beginning of year	31,825	0	0	0	31,825
Disposals during the year	0	0	0	0	0
Impairment losses and write-downs for the year	0	0	0	0	0
Amortisation for the year	12,590	81	0	0	12,671
Amortisation, impairment losses and write-downs, end of year	**44,415**	**81**	**0**	**0**	**44,496**
Carrying amount, end of year	**36,619**	**1,859**	**121,134**	**9,725**	**169,337**
Amortisation period	5 years	10 years	-	-	-

Goodwill in the group of DKK 124m primarily concerns goodwill in connection with the acquisition of the Medicotest group in 2001. The Medicotest group is integrated into all parts of the Ambu group so the goodwill value relates to Ambu as a whole. The impairment test of goodwill is therefore assessed on the basis of the Ambu group's EBIT margin, among other things.

As at 30 September 2008, the management carried out an impairment test of the carrying amount of goodwill. Based on this test, no impairment of goodwill was deemed necessary. In connection with the impairment test, the discounted cash flow of the cash flow-generating unit is compared with the carrying amounts. Cash flows are based on the 2008/09 budget, estimated growth for 2009/10 and growth of as little as 0 per cent in the terminal period. In connection with the discounting, the weighted cost of capital, corresponding to 8 per cent after tax, has been applied.

2006/07

DKK ’000

Note 9. Intangible assets (continued)

Group	Completed development projects	Rights	Goodwill	Development projects in progress	Total
Acquisition price, beginning of year	60,395	0	121,134	8,054	189,583
Additions during the year	0	3,026	2,879	13,029	18,934
Disposals during the year	0	0	0	(2,288)	(2,288)
Transferred during the year	4,930	0	0	(4,930)	0
Acquisition price, end of year	**65,325**	**3,026**	**124,013**	**13,865**	**206,229**
Amortisation, impairment losses and write-downs, beginning of year	20,085	0	0	2,288	22,373
Reversal upon sale	0	0	0	(2,288)	(2,288)
Impairment losses and write-downs for the year	0	0	0	0	0
Amortisation for the year	11,740	168	0	0	11,907
Amortisation, impairment losses and write-downs, end of year	**31,825**	**168**	**0**	**0**	**31,992**
Carrying amount, end of year	**33,500**	**2,859**	**124,013**	**13,865**	**174,237**
Amortisation period	5 years	10 years	-	-	-

Parent	Completed development projects	Rights	Goodwill	Development projects in progress	Total
Acquisition price, beginning of year	60,395	0	121,134	8,054	189,583
Additions during the year	0	0	0	13,029	13,029
Disposals during the year	0	0	0	(2,288)	(2,288)
Transferred during the year	4,930	0	0	(4,930)	0
Acquisition price, end of year	**65,325**	**0**	**121,134**	**13,865**	**200,324**
Amortisation, impairment losses and write-downs, beginning of year	20,085	0	0	2,288	22,373
Reversal upon sale	0	0	0	(2,288)	(2,288)
Impairment losses and write-downs for the year	0	0	0	0	0
Amortisation for the year	11,740	0	0	0	11,740
Amortisation, impairment losses and write-downs, end of year	**31,825**	**0**	**0**	**0**	**31,825**
Carrying amount, end of year	**33,500**	**0**	**121,134**	**13,865**	**168,499**
Amortisation period	5 years	10 years	-	-	-

Notes

2007/08

DKK '000

Note 10. Property, plant and equipment

Group	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and plant under construction	Total
Acquisition price, beginning of year	126,441	208,974	56,216	14,527	406,158
Translation adjustment	1,422	3,092	(61)	19	4,472
Additions during the year	359	4,808	2,296	28,459	35,922
Disposals during the year	(5,842)	(22,546)	(6,738)	0	(35,126)
Transferred during the year	1,967	28,643	8,064	(38,674)	0
Acquisition price, end of year	**124,347**	**222,971**	**59,777**	**4,331**	**411,426**
Depreciation, impairment losses and write-downs, beginning of year	54,870	133,799	35,459	0	224,128
Translation adjustment	581	1,284	(191)	0	1,674
Reversal upon sale	(2,089)	(22,640)	(6,235)	0	(30,964)
Depreciation for the year	6,185	18,863	7,729	0	32,777
Depreciation, impairment losses and write-downs, end of year	**59,547**	**131,306**	**36,762**	**0**	**227,615**
Carrying amount, end of year	**64,800**	**91,665**	**23,015**	**4,331**	**183,811**
Of which assets held under finance leases	2,037	0	4,906	0	6,943
Depreciation period	10-25 years	2-10 years	3-5 years	-	-

Parent	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and plant under construction	Total
Acquisition price, beginning of year	79,269	155,112	39,708	14,325	288,414
Additions during the year	0	0	0	27,988	27,988
Disposals during the year	0	(39,199)	(5,860)	0	(45,059)
Transferred during the year	1,967	28,643	8,064	(38,674)	0
Acquisition price, end of year	**81,236**	**144,556**	**41,912**	**3,639**	**271,343**
Depreciation, impairment losses and write-downs, beginning of year	43,050	111,812	25,343	0	180,205
Reversal upon sale	0	(21,766)	(5,383)	0	(27,149)
Depreciation for the year	3,182	8,409	5,706	0	17,297
Depreciation, impairment losses and write-downs, end of year	**46,232**	**98,455**	**25,666**	**0**	**170,353**
Carrying amount, end of year	**35,004**	**46,101**	**16,246**	**3,639**	**100,990**
Of which assets held under finance leases	0	0	4,906	0	4,906
Depreciation period	10-25 years	2-10 years	3-5 years	-	-

There are no contractual obligations concerning the purchase of property, plant and equipment.

2006/07

DKK '000

Note 10. Property, plant and equipment (continued)

Group	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and plant under construction	Total
Acquisition price, beginning of year	127,860	205,868	52,239	10,970	396,937
Translation adjustment	(1,864)	(2,141)	(672)	(124)	(4,801)
Additions during the year	445	12,308	2,987	22,090	37,830
Disposals during the year	0	(21,722)	(2,221)	0	(23,943)
Additions in connection with acquisition	0	0	135	0	135
Transferred during the year	0	14,662	3,748	(18,409)	0
Acquisition price, end of year	**126,441**	**208,974**	**56,216**	**14,527**	**406,158**
Depreciation, impairment losses and write-downs, beginning of year	49,872	138,928	30,557	0	219,358
Translation adjustment	(344)	(856)	(419)	0	(1,619)
Reversal upon sale	0	(21,812)	(1,546)	0	(23,358)
Reversal of impairment losses and write-downs	(748)	0	0		(748)
Depreciation for the year	6,090	17,539	6,867	0	30,496
Depreciation, impairment losses and write-downs, end of year	**54,870**	**133,799**	**35,459**	**0**	**224,128**
Carrying amount, end of year	**71,572**	**75,175**	**20,757**	**14,527**	**182,030**
Of which assets held under finance leases	2,052	0	6,978	0	9,030
Depreciation period	10-25 years	2-10 years	3-5 years	-	-

Parent	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and plant under construction	Total
Acquisition price, beginning of year	79,269	167,959	35,960	8,912	292,100
Additions during the year	0	0	0	23,822	23,822
Disposals during the year	0	(27,508)	0	0	(27,508)
Transferred during the year	0	14,661	3,748	(18,409)	0
Acquisition price, end of year	**79,269**	**155,112**	**39,708**	**14,325**	**288,414**
Depreciation, impairment losses and write-downs, beginning of year	39,779	123,447	20,505	0	183,731
Reversal upon sale	0	(21,626)	0	0	(21,626)
Depreciation for the year	3,271	9,991	4,838	0	18,100
Depreciation, impairment losses and write-downs, end of year	**43,050**	**111,812**	**25,343**	**0**	**180,205**
Carrying amount, end of year	**36,219**	**43,300**	**14,365**	**14,325**	**108,209**
Of which assets held under finance leases	0	0	6,978	0	6,978
Depreciation period	10-25 years	2-10 years	3-5 years	-	-

Notes

DKK '000

Note 11. Share capital and treasury shares

The share capital as at 30 September 2008 comprises:
Class A shares, ten votes per share, 1,716,000 shares of DKK 10 each.
Class B shares, one vote per share, 10,160,298 shares of DKK 10 each.

Treasury shares – class B shares	Number of shares		Nominal value (DKK '000)		In % of share capital	
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
1 October	47,320	47,320	473	473	0.4	0.4
Additions	41,873	0	419	0	0.4	0.0
Disposals	(1,873)	0	(19)	0	0.0	0.0
Class B treasury shares as at 30 September	**87,320**	**47,320**	**873**	**473**	**0.7**	**0.4**

There have been no changes in the number of outstanding class A shares in the financial period.

	Group	
Earnings per share	2007/08	2006/07
Net profit for the year	50,011	42,777
Average number of outstanding class A and B shares	11,788,978	11,828,978
Earnings per DKK 10 share (EPS) in DKK	4.23	3.62
Diluted earnings per DKK 10 share (EPS-D) in DKK	4.23	3.62

	Group		Parent	
DKK '000	30.09.08	30.09.07	30.09.08	30.09.07
Note 12. Inventories				
Raw materials and consumables	59,751	40,302	15,187	14,738
Work in progress	868	2,413	128	296
Finished goods	96,606	85,550	40,550	31,587
	157,225	**128,265**	**55,865**	**46,621**
Cost of sales for the year	244,958	228,857	280,500	287,982
Inventory write-down				
Write-downs as at 1 October	3,795	6,638	1,192	1,314
Translation adjustment	(7)	(320)	0	0
Additions	2,261	330	0	0
Disposals	(974)	(2,853)	(802)	(122)
Write-downs as at 30 September	**5,075**	**3,795**	**390**	**1,192**

Disposals relating to the inventory write-down can be attributed to the scrapping of obsolete products.

DKK '000	Group 30.09.08	Group 30.09.07	Parent 30.09.08	Parent 30.09.07
Note 13. Receivables				
Trade receivables	167,850	165,795	37,318	40,973
Receivables from group enterprises	-	-	157,063	151,913
Other receivables	26,878	15,954	4,234	4,577
Total receivables	**194,728**	**181,749**	**198,615**	**197,463**
Write-downs included in the receivables mentioned above	4,780	4,926	2,450	2,533
Write-downs on receivables for the year	(146)	1,269	(83)	431

Credit risks

Ambu is exposed to credit risks in respect of receivables and bank balances. The maximum credit risk corresponds to the carrying amount. Cash is not deemed to be subject to any credit risks as the counterpart is banks with a good credit rating, and a full deposit guarantee scheme is in operation for the next two years.

Outstanding receivables are monitored on a regular basis in accordance with the company's debtor policy which is based on concrete debtor assessments of customers. Public-sector customers are an important part of the company's receivables, and it is believed that no debtor risks are associated with public-sector customers. In the event of uncertainty as to a customer's ability or willingness to pay a receivable and it is deemed that the claim is subject to risk, a write-down is made to hedge such risk. The debtor-insured share is 4%. The share of public-sector customers is 47%.

Sales of Ambu products to customers worldwide are settled partly by letter of credit or prepayment from distributors, partly on open-account terms. Debtor insurance has been taken out in countries where it is deemed necessary.

Sales through the sales companies are normally settled on open-account terms. The development in the sales companies' debtors is closely monitored.

Provisions are made for bad debts on the basis of an individual assessment of the debtors. No material changes were made during the financial year with regard to provisions for bad debts.

Group

	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	> 180	Total
Trade receivables	114,146	18,188	10,564	7,129	6,010	16,593	172,630
Write-downs on receivables							(4,780)
Value written down as at 30 September 2008							**167,850**
Value written down as at 30 September 2007	116,401	15,321	6,481	5,415	4,294	17,883	165,795

Parent

	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	> 180	Total
Trade receivables	35,404	590	799	271	-266	2,970	39,768
Write-downs on receivables							(2,450)
Value written down as at 30 September 2008							**37,318**
Value written down as at 30 September 2007	32,829	75	40	1,134	78	6,817	40,973

Notes

	Group		Parent	
DKK '000	30.09.08	30.09.07	30.09.08	30.09.07
Note 14. Provision for deferred tax				
Deferred tax as at 1 October	7,517	9,573	17,713	17,659
Translation adjustment	43	305	0	0
Deferred tax for the year	(292)	(1,054)	974	1,946
Lowering of the Danish income tax rate from 28% to 25%	0	(1,892)	0	(1,892)
Change in respect of previous years	(600)	585	587	0
Deferred tax as at 30 September	**6,668**	**7,517**	**19,274**	**17,713**
Deferred tax relates to:				
Intangible assets	4,199	7,631	12,757	12,719
Property, plant and equipment	5,233	2,341	3,540	2,397
Current assets	727	(1,230)	2,977	2,597
Payables	(1,280)	(487)	0	0
Tax losses allowed for carryforward	(2,211)	(738)	0	0
	6,668	**7,517**	**19,274**	**17,713**
Deferred tax comprises:				
Deferred tax asset	**(5,398)**	**(3,928)**	**0**	**0**
Deferred tax	**12,066**	**11,445**	**19,274**	**17,713**
Deferred tax falling due within 12 months	(2,764)	(2,455)	2,977	2,597
Note 15. Income tax				
Income tax payable as at 1 October	4,158	8,811	3,896	1,994
Translation adjustment	220	(294)	-	-
Paid during the year	(14,877)	(19,652)	(6,045)	(5,471)
Adjustment in respect of previous years	1,100	1,700	(1,092)	731
Tax on equity hedging transactions	(148)	633	(148)	633
Tax on profit for the year	18,291	12,960	10,187	6,009
Net payable/receivable	**8,744**	**4,158**	**6,798**	**3,896**
Classified in the balance sheet as follows:				
Prepaid income tax	(477)	(4,540)	0	0
Income tax payable	9,221	8,699	6,798	3,896

DKK '000					Group 30.09.08	Group 30.09.07	Parent 30.09.08	Parent 30.09.07
Note 16. Credit institutions								
Carrying amount:				Interest				
Loan	Maturity	Type	Fixed/floating	rate				
DKK	2014	Bank	Fixed	7.1%	0	2,223	0	2,223
DKK	2014	Bank	Fixed	7.1%	0	1,539	0	1,539
DKK	2014	Bank	Fixed	7.1%	0	2,737	0	2,737
EUR	2014	Bank	Floating	6.3%	13,130	15,277	13,130	15,277
DKK	2015	Bank	Fixed	6.7%	778	889	778	889
DKK	2015	Bank	Floating	5.9%	16,115	18,335	16,115	18,335
DKK	2018	Bank	Floating	6.8%	8,484	9,076	8,484	9,076
EUR	2008	Bank	Floating	4.9%	0	10,000	0	10,000
EUR	2010	Bank	Fixed	6.6%	3,525	5,524	3,525	5,524
EUR	Finance leases	-	Fixed	4.3%	1,036	1,351	0	0
DKK	Finance leases	-	Fixed	4.4%	4,900	6,992	4,900	6,992
Total credit institutions as at 30 September					**47,969**	**73,943**	**46,933**	**72,592**
Effective rate of interest				**6.0%**				

As the debt is bank debt, the fair value follows the development in interest rates. The fair value thus corresponds to the value at which the debt can be repaid as at 30 September.

Of the total debt, DKK 10,563k falls due within one year, and DKK 12,405k falls due after five years.

Liabilities relating to assets held under finance leases are thus included in debt to credit institutions:

		Group 30.09.08	Group 30.09.07	Parent 30.09.08	Parent 30.09.07
	0-1 year	1,811	1,944	1,480	1,628
	1-5 years	4,125	6,399	3,420	5,364
	> 5 years	0	0	0	0
Liabilities relating to finance leases as at 30 September		**5,936**	**8,343**	**4,900**	**6,992**

Finance leases as at 30 September 2008	Group Min. lease payments	Group Interest rate	Group Carrying amount	Parent Min. lease payments	Parent Interest rate	Parent Carrying amount
< 1 year	1,988	177	1,811	1,618	138	1,480
1 - 5 years	4,299	174	4,125	3,559	139	3,420
> 5 years	0	0	0	0	0	0
Reconciliation	**6,287**	**351**	**5,936**	**5,177**	**277**	**4,900**

The property leased in France carries a call option. The call option may be exercised in 2011 at a purchase price of EUR 1.

Notes

DKK '000

Note 16. Credit institutions (continued)

Liquidity risks

Ambu's financial resources consist of bank loans.

	0-1 year	1-5 years	> 5 years	Total*)	Fair value	Carrying amount
Credit institutions	11,055	32,244	13,046	56,345	47,801	47,969
Bank debt	88,962			88,962	88,962	88,962
Trade payables	44,392			44,392	44,392	44,392
Other payables	77,601			77,601	77,601	77,601
Total financial liabilities	**222,010**	**32,244**	**13,046**	**267,300**	**258,756**	**258,924**
Cash	16,289			16,289	16,289	16,289
Trade receivables	167,850			167,850	167,850	167,850
Other receivables	26,401			26,401	26,401	26,401
Total financial assets	**210,540**	**0**	**0**	**210,540**	**210,540**	**210,540**
Net	**11,470**	**32,244**	**13,046**	**56,760**	**48,216**	**48,384**
Liquidity risks, net 30 September 2007	3,888	39,255	23,371	66,514	54,877	54,673

*) all cash flows are non-discounted and comprise all liabilities under agreements concluded, including future interest payments on loans, among other things.

	Group		Parent	
	30.09.08	30.09.07	30.09.08	30.09.07
Unutilised credit facilities				
Unutilised credit maximums (uncommitted)	74,403	86,906	70,562	89,168

Interest rate risks

It is group policy to hedge material interest rate risks in respect of the group's loans. Hedging normally takes the form of interest rate swaps with floating-rate loans being converted to fixed-rate loans.

The group's net interest-bearing debt, calculated as debt to credit institutions and banks less cash and cash equivalents, was reduced during the year from DKK 135.6m to DKK 120.6m. Based on the net debt as at 30 September 2008, which partly carries a fixed and partly a floating rate of interest, an increase/fall of 1 percentage point in the general interest rate level will have the impact described below on the income statement and equity as far as the development in interest rate swaps is concerned.

	Group 30.09.08	Group 30.09.07	Parent 30.09.08	Parent 30.09.07
Net interest-bearing debt	120,642	135,609		
Increase/fall in interest rate level of 1 percentage point – Impact on results +/-	825	707		
Increase/fall in interest rate level of 1 percentage point – Impact on equity +/-	(1,995)	(3,612)		

DKK '000

Note 17. Charges

Security has been furnished for debt to credit institutions in the form of mortgages registered to the mortgagor with a nominal value of DKK 25,383k secured upon property with a carrying amount of DKK 35,004k in Denmark.

	Group		Parent	
	2007/08	2006/07	2007/08	2006/07
Note 18. Operating leases				
Operating leases				
Payments due within 0-1 year	9,342	8,596	2,184	1,815
Payments due within 1-5 years	25,437	27,450	7,196	6,358
Payments due after 5 years	83,368	88,795	72,618	73,811
Total operating leases	**118,147**	**124,841**	**81,998**	**81,984**
Operating leases expensed in the income statement	**14,395**	**13,238**	**6,815**	**6,131**

Operating leases have been entered into with Danish and foreign lease companies with an original lease period of up to 15 years, being interminable on the part of both parties. The leases are normally renewable for a minimum of one year at a time, and the lease payments are normally fixed for the term of the lease. The lease commitment has been calculated on the basis of the payments falling due over the term of the lease. The property leased in Denmark carries a call option. The call option is based on the estimated fair value at the time of its exercise.

Note 19. Related parties

Ambu's related parties include subsidiaries, the company's Board of Directors, Executive Board and executive employees and members of their families. Related parties further include enterprises in which the above-mentioned persons have a significant interest.

Ambu A/S has engaged in the following transactions with related parties:

	Parent	
	2007/08	2006/07
Sale to subsidiaries	415,615	386,624
Purchase from subsidiaries	166,469	148,652

During the year, no transactions, except for intercompany transactions eliminated in the consolidated financial statements and payments of the management's remuneration, have been carried out with the Board of Directors, Executive Board, executive employees, major shareholders or other related parties.

Outstanding balances and receivables in the balance sheet in respect of related parties, arising from ordinary business relations, i.e. the purchase and sale of products, are included in the balance sheets of the parent. Such transactions are carried out on the same terms as apply to the group's other customers and suppliers.

Long-term loans have been granted by the parent to cover building investments in China and Malaysia. The loans carry market interest. Furthermore, the parent has issued a declaration of support to the subsidiary in Malaysia.

Surety has been provided to banks in respect of the subsidiaries.

	Group		Parent	
	2007/08	2006/07	2007/08	2006/07
Guarantees and security furnished on behalf of subsidiaries	21,450	19,385	16,223	14,096

Notes

DKK '000

Note 20. Financial instruments

Approx. 90% of Ambu's revenue is invoiced in foreign currencies, but a large share of the company's purchases of materials is made in the same foreign currencies. The most important invoicing currencies are EUR, USD and GBP. Furthermore, a number of net assets are stated in these currencies.

Wide fluctuations in the exchange rates of the company's major currencies will nevertheless affect both its financial position and its competitiveness.

To hedge the short-term foreign exchange risk relating to current cash flows, Ambu has laid down a foreign exchange policy which focuses on hedging open positions and the estimated net cash flow for the next six months or so. At the end of the financial year, Ambu had decided not to hedge USD for the time being.

Ambu hedges only commercial risks and does not enter into derivative financial transactions for trading or speculative purposes.

Hedging of recognised assets and liabilities
Hedging of recognised transactions primarily comprises receivables and payables denominated in foreign currencies.

			2007/08		
Foreign currency	Payment/maturity	Receivables	Payables	Hedged	Net position
USD translated into DKK '000	< 1 year	104,438	(47,013)	0	57,425
EUR translated into DKK '000	< 1 year	67,426	(3,180)	0	64,246
GBP translated into DKK '000	< 1 year	0	(3,121)	0	(3,121)
		171,864	**(53,313)**	**0**	**118,551**

			2006/07		
Foreign currency	Payment/maturity	Receivables	Payables	Hedged	Net position
USD translated into DKK '000	< 1 year	101,843	(66,229)	0	35,613
EUR translated into DKK '000	< 1 year	65,280	(4,001)	0	61,279
GBP translated into DKK '000	< 1 year	0	(2,644)	0	(2,644)
		167,123	**(72,874)**	**0**	**94,249**

Apart from the above, no material foreign exchange risks are incumbent on the balance sheet of the parent. The foreign exchange risk relating to net investments in foreign subsidiaries is not hedged.

DKK ’000

Note 20. Financial instruments (continued)

Hedging of expected future transactions

In order to hedge future net cash flows denominated in foreign currencies, primarily comprising the sale and purchase of goods and corresponding to up to six months as of the balance sheet date, the following contracts have been entered into.

		Gross value		Contract value		Fair value	
Forward exchange contracts	Payment/maturity	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Sale of GBP	< 1 year	22,462	6,585	22,134	6,757	(328)	172
		22,462	**6,585**	**22,134**	**6,757**	**(328)**	**172**

Fair value of financial instruments

Forward exchange contracts		
USD translated into DKK ’000	0	0
EUR translated into DKK ’000	0	0
GBP translated into DKK ’000	(328)	172
Interest rate and currency swaps		
DKK/DKK, floating to fixed rate	708	761
EUR/EUR, floating to fixed rate	1,498	1,579
DKK/EUR, floating rate in DKK to fixed rate in EUR	0	8
	1,878	**2,520**

Sensitivity analysis	**Foreign exchange risk – earnings impact**			
	USD		**GBP**	
	+ 10 points	- 10 points	+ 10 points	- 10 points
Gain/loss	**(1,294)**	**1,294**	**(35)**	**35**

Total financial liabilities

The group also has transactions in EUR but in terms of exchange rates, there are no significant deviations in EUR and DKK.

Notes

DKK '000

Note 21. Other operating expenses

Other operating expenses in 2006/07 comprise the non-recurring effect of the implemented employee share scheme as well as the effect of the established option scheme and in 2007/08 the effect of the option scheme. For further information, please refer to note 3 and 'Shareholder information' on page 21.

Note 22. Contingent liabilities

The patent cases concerning the laryngeal mask are described in the 'management's review' on page 16. The cases are not expected to have any significant impact on the company's financial position. In addition to this, Ambu is a party to a limited number of court cases in Denmark and abroad.

Bid and performance bonds totalling DKK 0.9m have been issued in respect of a number of Ambu's customers. The bonds expire once delivery is made and approved by the customer.

	Group		Parent	
DKK '000	2007/08	2006/07	2007/08	2006/07
Note 23. Financing of non-current assets				
Purchase of property, plant and equipment, cf. note 10	35,922	37,966	27,988	23,822
Purchase of intangible assets, cf. note 9	13,509	18,934	13,509	13,029
Of which assets held under finance leases	0	0	0	0
Amounts paid concerning the purchase of property, plant and equipment	**49,431**	**56,900**	**41,497**	**36,851**

Note 24. Subsequent events

At the beginning of November 2008, Ambu entered into a conditional agreement concerning the purchase of assets in the US company Sleepmate Technologies Inc. Please see the 'Management's review' on page 16.

AMBU IN BRIEF

Ambu develops, produces and markets diagnostic and life-supporting devices to hospitals and rescue services. Ambu has five business areas: Respiratory Care, Cardiology, Neurology, Training and Immobilization.

Ambu's high-quality products are innovative and unique. Ambu has a favourable market position in its chosen focus areas.

Ambu's products are sold worldwide. Exports account for 98% of sales, and sales are handled via Ambu's foreign subsidiaries and via distributors.

Headquartered in Ballerup, Denmark, Ambu has production facilities in Ølstykke, Denmark, in Xiamen, China, and in Penang, Malaysia.

Ambu has just over 1,400 employees, of whom approx. 300 work in Denmark and 1,100 abroad.

Ambu is listed on NASDAQ OMX Copenhagen.

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496 1023 16 - 12.2006