ANNUAL REPORT 2008 | 2009

Ambu

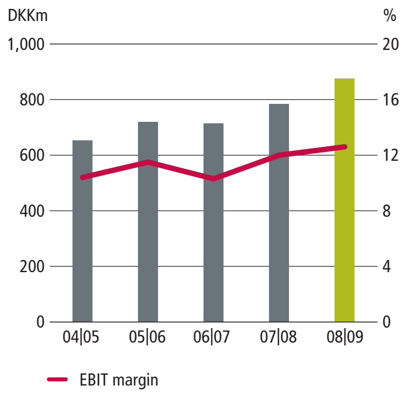
Ideas that work for life

Contents

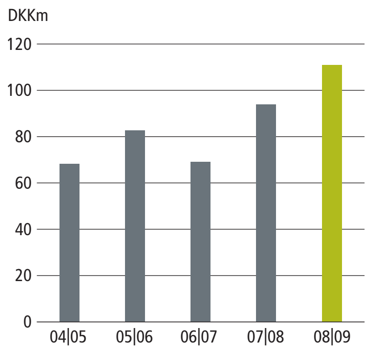
HIGHLIGHTS

- In 2008/09, revenue, earnings and cash flow increased relative to 2007/08, and the outlook announced at the beginning of the financial year was realised.
- Revenue for 2008/09 totalled DKK 876.9m, corresponding to a 12% increase relative to the previous financial year. In local currencies, growth totalled 10%.
- Growth was satisfactory and exceeded market growth.
- The growth is generated by a broad range of products and markets.
- The EBIT margin was 12.6% or DKK 110.3m before special items, up 17.6% relative to 2007/08. The improved EBIT margin is primarily attributable to higher revenue and improved cost-effectiveness. After special items – in the form of legal fees of DKK 24.2m and non-recurring costs of DKK 9.8m incidental to organisational changes – EBIT was DKK 76.4m against DKK 86.4m in 2007/08.
- Net profit for the year totalled DKK 55.8m against DKK 50.0m in 2007/08.
- Free cash flow before acquisitions amounted to DKK 58.0m against DKK 35.6m the year before. This represents an increase of 63%.
- The Board of Directors proposes that a dividend be declared of DKK 1.5 per share for FY 2008/09, amounting to 32% of the profit for the year.
- In 2009/10, consolidated revenue is expected to increase to approx. DKK 900-925m, corresponding to an increase of 5-6% measured in local currencies. The outlook is based on an average USD exchange rate of 500 and a GBP exchange rate of 840.
- In 2009/10, an EBIT margin in the region of 12-12.5% is expected (before special items in the form of legal fees in connection with the pending patent lawsuits). Profit before tax is expected to be in the region of 11-11.5% of revenue, corresponding to approx. DKK 100m.
- The legal fees are expected to be significantly lower in 2009/10.
- In 2009/10, a free cash flow of up to DKK 60m is expected, with investments before acquisitions amounting to approx. 7-8% of revenue.
- On 1 October 2009, Ambu launched GPS Four, a new business strategy which is designed to increase revenue significantly, improve the EBIT margin to up to 15% in 2013, ensure more efficient operations and reduce the company's net working capital as well as strengthening focus on development and the launch of new product platforms.

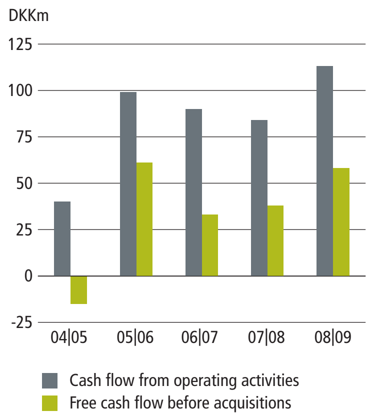
Revenue/EBIT margin before special items



EBIT before special items



Cash flow



FINANCIAL HIGHLIGHTS

DKKm	2004/05	2005/06	2006/07	2007/08	2008/09
Key figures					
Revenue	654	716	715	784	877
EBITDA before special items [1]	106	126	115	138	167
Operating profit (EBIT) before special items	68	83	74	94	110
Operating profit (EBIT)	68	83	69	86	76
Net financials	(8)	(12)	(15)	(18)	(3)
Profit before tax (PBT)	61	70	54	68	74
Net profit for the year	45	48	43	50	56
Total assets at year-end	670	678	681	732	782
Equity at year-end	358	391	418	452	480
Share capital	118	118	119	119	119
Investments in non-current assets and acquisitions	55	47	56	49	96
Depreciation, amortisation and impairment losses on non-current assets	37	44	41	45	56
Cash flows from operating activities	40	99	90	84	113
Free cash flow	(15)	61	33	36	18
Average no. of employees	1,280	1,221	1,216	1,397	1,608
Ratios					
EBITDA margin before special items, % [2]	16.2	17.7	16.1	17.6	19.0
EBIT margin before special items, % [3]	10.4	11.5	10.3	12.0	12.6
Return on assets, % [4]	10.2	12.2	10.8	12.8	14.1
Return on equity, % [5]	13.4	12.9	10.6	11.5	12.0
Equity ratio, % [6]	53	58	61	62	61
Earnings per DKK 10 share [7]	3.87	4.12	3.62	4.24	4.73
Equity value per share [8]	30	33	35	38	40
Share price at year-end	106	96	87	73	110
CAPEX, % [9]	8.4	6.5	7.8	6.2	10.9
ROIC, % [10]	9.2	10.4	9.1	12.0	13.4
NIBD/EBITDA [11]	1.6	1.2	1.0	0.8	0.6

[1] EBITDA: Operating profit before ordinary depreciation, amortisation and special items
[2] EBITDA margin: EBITDA before special items in % of revenue
[3] EBIT margin: Operating profit before special items in % of revenue
[4] Return on assets: Operating profit before special items in % of total assets
[5] Return on equity: Ordinary profit after tax in relation to average equity
[6] Equity ratio: Total liabilities in relation to equity at year-end
[7] Earnings per DKK 10 share: Profit after tax in relation to average no. of shares
[8] Equity value of shares: Total equity in relation to no. of shares at year-end
[9] CAPEX: Investments in fixed assets and acquisitions in relation to revenue
[10] ROIC: EBIT before special items less tax in relation to assets less non-interest-carrying debt
[11] NIBD: Net interest-bearing debt

The ratios have been calculated in accordance with The Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2005".
For share-related figures, see page 23.

AMBU SETTING ITS SIGHTS ON NEW GOALS

The past year has been both exciting and successful for Ambu. In a year when all businesses felt the consequences of the financial and economic crisis – some more than others – we are pleased that we have achieved solid growth, won market share and realised satisfactory earnings. Our markets are not those hardest hit by the crisis, but they are still impacted by various consequences in the form of, for example, intensifying competition and an ever greater level of cost-consciousness among our customers.

It is decisive to our future success and results that we understand the direction which developments are taking within our business areas and are able to make the most of the opportunities which emerge. Laying down a proactive strategy which defines the framework and the targets for the coming years has therefore been an extremely important step. During the last part of the financial year, we were involved in a very comprehensive strategy process, and at the beginning of the new financial year, we presented our new four-year strategy, GPS Four.

In GPS Four we have an ambitious strategy and a strong tool which can ensure that we maintain our direction and focus – and that its implementation is efficient. The targets in GPS Four are clear: We will be accelerating our product development activities and developing considerably more brand new products while at the same time strengthening sales and increasing efficiency.

"In the coming strategy period, Ambu aims to develop into a global leader within innovative single-use products for hospitals and rescue services."

Only by developing groundbreaking and unique products combined with efficient production can a company such as Ambu create sufficient advantages in relation to its competitors. By developing innovative and differentiated single-use products, we can contribute to ensuring that hospitals worldwide can be managed more efficiently, while at the same time improving the treatment of patients. A good example of what we mean by innovative products is the new single-use videoscope Ambu aScope, which we launched at the beginning of the new financial year. Ambu aScope represents a new way of using electronics in a single-use product and creates a sound basis from which to develop other products within the same genre. Also, Ambu aScope complements our existing anaesthesiological products, and we believe that it will contribute to winning additional market share for our existing products.

In connection with GPS Four, all Ambu's business systems will be tailored to supporting systematic innovation in the best possible way, as regards the development processes as such, the Search function and sales and marketing. In future, Ambu's development activities will be based both in Denmark and at our locations in Asia.

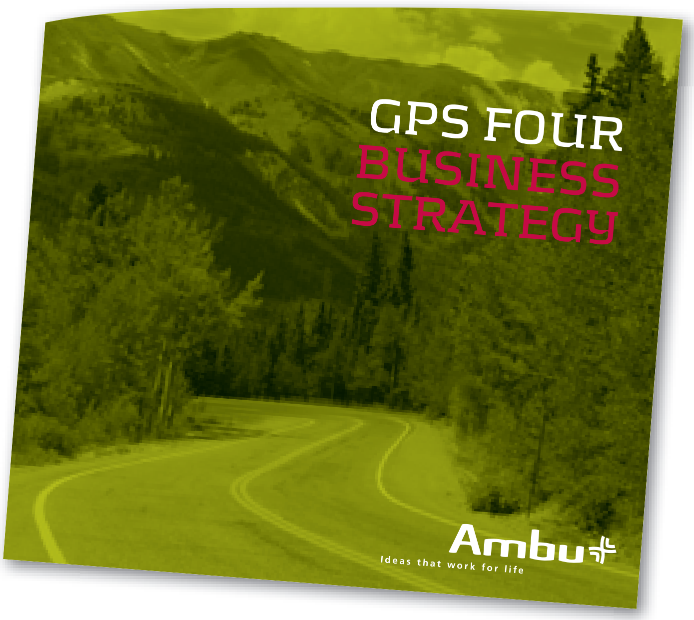
So far, our products have primarily been marketed in Europe and the USA, but we are now extending our operating range to also include Asia where we see considerable potential for our single-use products in the coming years.

In the coming years, our aim is for growth in revenue to exceed market growth and to win even more market share.

In the past year, Ambu has worked hard to increase efficiency, and we are currently busy implementing a number of important steps in this respect. We are investing further in new systems and infrastructure, and we have decided to move our remaining production activities in Denmark to Asia where all products will be produced in future.

With our new strategy and our ability to implement new initiatives, I am convinced that we can create a significantly stronger company and become a global leader within innovative single-use products for hospitals and rescue services.

Lars Marcher
President & CEO



Read more about Ambu's new strategy – GPS Four – at www.ambu.com and in the printed publication which will be published together with the annual report.

INNOVATION – PRODUCTS AND PRODUCT DEVELOPMENT

It is an important objective for Ambu to be able to market significantly more new products both through an extension of existing product families and entirely new product platforms. The aim is for 30% of revenue in 2013 to be generated by new product platforms, new product families and insourced products.

In the past year, efforts have been devoted to strengthening and streamlining Ambu's development organisation and to building a strong pipeline. At the same time, a strategic shift is taking place in the direction of more emphasis on new product platforms. With the launch of GPS Four, more focus is being directed at increasing organic growth through innovation, and at optimising the utilisation of Ambu's development resources. This is taking place in the context of naturally intensifying competition within Ambu's business areas and the fact that only genuinely new products or marked improvements in production can create the desired competitive advantages and opportunities for increasing revenue and improving earnings sufficiently.

"We want to be an innovation-driven company through effectively managing the identification, selection and development of unique solutions for customers within Ambu's core areas."

As part of endeavours to optimise development activities, focus will be on the following aspects:

- Expanding development activities in Malaysia and China, where costs are significantly lower than in Denmark and where important competences are available.
- Streamlining all procedures for the entire development process to be as lean as possible, while at the same time allowing the global development of Ambu's products.
- Establishing a more effective procedure for selecting new products and product platforms.
- Establishing clear processes for insourcing products.
- Efficient risk management, for example ensuring the right balance between risk and return, minimising the risks related to individual projects and swiftly stopping unattractive projects.
- Building up the right competences and ongoing streamlining of the organisation.

The development functions in Denmark, Malaysia and China will be strengthened. In future, Malaysia and China will handle product updates and the development of new products within the existing product areas. At the same time, China will become a competence centre for spray moulding, and Malaysia a centre for electrodes and electronic single-use products. The development function in Denmark will focus, in particular, on developing new product platforms and on strengthening competences relevant to this area.

Ambu will focus on developing new products which, from the outset, hold significant market potential, and in respect of which it is deemed that Ambu will be able to achieve a leading market position while generating a significant contribution to revenue. Moreover, in connection with the development of new products, focus will be on the scope for converting the use of multiple-use products to single-use products, time to market, the return on investments and risk factors in connection with intellectual property rights (IPR).

New products in 2008/09

Ambu aScope®

In June 2009, Ambu introduced Ambu aScope, a single-use videoscope and an innovative product which combines single-use plastic technology with the use of sophisticated single-use electronics.

Ambu aScope is used by anaesthetists to visualise the airways of patients being anaesthetised. When under general anaesthetic, a patient cannot breathe unaided. Breathing is usually ensured by means of a laryngeal mask or through endotracheal intubation using an ET tube. With some patients, it is difficult to maintain breathing due to obesity, narrowings of the neck and throat etc. In such cases, the anaesthetists currently use a reusable fibre-optic scope. Ambu aScope can be used as an alternative or complementary solution to the multiple-use scope.

Ambu aScope is a high-tech and at the same time precise mechanical device consisting of two parts:

- A single-use ergonomic hand-held control unit, which controls a flexible insertion tube that makes it easier to visualise the upper airways. The insertion tube has a built-in single-use camera with LEDs and a channel for administering local anaesthetic.
- A monitor, where the anaesthetist can see the patient's upper airways when he or she intubates a patient using an Ambu aScope.

The scopes available in the market today are expensive multiple-use scopes entailing considerable costs for servicing and support. Consequently, small hospitals and clinics rarely possess a scope, and even at large hospitals with many operating theatres, availability can be a challenge. Moreover, considerable resources are used sterilising multiple-use scopes, a process which also involves using large quantities of chemicals. With Ambu aScope, it is possible to ensure much greater availability in operating theatres, both at small and large hospitals, as the price of Ambu aScope is considerably lower than the prices of existing multiple-use scopes.

Ambu aScope was first presented at the European Society of Anaesthesiology (ESA) congress in Milan, Italy, in June 2009, and in October 2009 it was presented at the ASA (American Society of Anesthesiologists) congress in New Orleans, USA. Ambu aScope is attracting considerable interest.

Ambu aScope was first used on patients at the end of the financial year, and feedback has been positive. Ambu aScope was released for sale in October 2009. Initially the product will be sold to a small number of hospitals in the five big European markets with a view to monitoring experiences with using the scope as closely as possible. Around the new year 2010, sales of Ambu aScope to a broader circle of hospitals will commence.

Towards the end of the financial year, European approval (CE labelling) was obtained for Ambu aScope; also, an application for approval of Ambu aScope for sale in the US market has been lodged with the FDA. The FDA approval for sale in the US market is expected to be granted in the first half of 2010.

A number of patent applications have been submitted in respect of Ambu aScope with a view to ensuring the widest possible protection of the product. Furthermore, Ambu has in the initial phase received positive 'freedom to operate' assessments from patent experts.

Sales of aScope will have a limited effect on consolidated revenue for 2009/10.

Other products
At Ambu's development facility in China, updated versions of several of Ambu's existing products within Respiratory Care and Training have been developed in the course of the year. Most of these were launched in the course of Q4 2008/09. Moreover, in autumn 2009 Ambu launched a wireless manikin, AmbuMan Wireless, targeted at Ambu's training segment. The manikin is designed for basic first-aid training, with the wireless function making for even more realistic training sessions.

Pipeline
Ambu has in recent years strengthened its Search function which is charged with identifying new product opportunities. The ability to investigate and understand new customer needs and spot new technological possibilities and to convert this understanding into new and innovative products is decisive to Ambu's ability to strengthen its market position. Focused and structured efforts are therefore going into identifying possible new products, application methods and technologies.

In the course of 2008/09, a number of exciting product opportunities were identified. These are based, among other things, on the following trends:

- An increased need for visualisation. Doctors are increasingly demanding products which make it possible to see during operations.
- An increasing number of patients with serious weight problems, making intubation difficult.
- New possibilities for using electronics which have dropped considerably in price and which can now increasingly be used in single-use products.
- A wish to introduce new products which can optimise hospital routines.

Ambu is deemed to have an interesting pipeline at present, and several interesting products are being developed based on the experience with Ambu aScope.

Ambu aScope®

In June 2009, Ambu introduced Ambu aScope, a single-use videoscope. It is an innovative product which combines single-use plastic technology with the use of sophisticated single-use electronics.

MARKETS AND SALES

Ambu's revenue was up 10% in 2008/09 when reported in local currencies, which is materially higher than market growth. This is a very satisfactory development under the difficult economic conditions caused by the global crisis. Ambu is seeing interesting growth potential within its three business areas, and with GPS Four new growth targets have been set out for the coming years, both for the existing markets and the new markets in Europe and the USA, and for the future growth markets in Asia.

Market development

The medical device industry is characterised by growth in global demand, and this is expected to continue in the coming years. Market growth is spurred primarily by the ageing population, a proliferation 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. A new health care reform in the US market is regarded as an opportunity for Ambu as it will allow more patients access to hospitals and clinics, thereby boosting the use of products from within Ambu's business areas.

Impact of economic crisis

Ambu has only to a limited extent been affected by the economic and financial crisis, but the crisis has impacted Ambu's markets:

- The crisis has led to considerable exchange rate fluctuations, which have affected the competitive situation in the individual markets.
- In the USA, the crisis has resulted in fewer surgical procedures, among other things because many choose to postpone operations out of fear of unemployment.
- Hospitals have become increasingly cost-conscious, and reticent about placing orders.
- Distributors and purchasing organisations are reducing their inventories.
- Several of the organisations buying Ambu's product are facing new challenges as regards their funding.

It is estimated that market growth has dropped to 3-5% from a former level of about 5% as a result of the crisis, and in some markets growth rates are even lower.

Competitive situation

The crisis has generally led to intensifying competition. Market players are focusing on winning market share, and price competition has therefore become more intense.

Ambu is targeted in its efforts to improve its competitive edge. First and foremost, development activities are being strengthened. In Ambu's opinion, the ability to innovate and the ability to adapt to the needs and requirements of individual markets are crucial to being able to exploit the new opportunities which arise – not least in the USA as a result of the health care reform, and in Asia in step with the general expansion of the health care sector in the region. Also, more acquisitions will be made to supplement Ambu's products and technologies. Furthermore, structural improvements are continuously being made to the sales function with a view to ensuring the efficient utilisation of Ambu's direct sales resources and collaboration partners.

Market structure

The market structure of the *European* markets is not undergoing major changes, but health budgets are under pressure, which is resulting in a strong focus on streamlining and optimising the purchasing of hospital articles.

In the *USA*, prospects are of dramatically changing market conditions as a result of the health care reform. If the health care reform is implemented, access to health care will be extended to significantly greater numbers of Americans, and the demand for health care is expected to rise. At the same time, the whole financing, purchasing structure etc. is expected to change. More patients mean a larger market for Ambu's products, but at the same time fiercer competition and a stronger focus on savings and improvements in efficiency in the treatment of patients. Ambu believes that the health care reform will lead to new openings for companies offering innovative and competitively priced products which can contribute to streamlining work routines at hospitals.

The *Asian* market is not currently undergoing major changes, but extensive structural changes are anticipated in step with the expansion of the health care sector in these markets. At the same time, the demand for better treatments is increasing among the well-to-do part of the population.

Technological development

Technological advances are constantly being made within Ambu's business areas, and the need for treatment is being met by ever better and more effective products. One trend is the incorporation of electronics in

single-use products. This is made possible, among other things, by the ever lower pricing of electronic components. The newly developed Ambu aScope is an example of a single-use product with built-in electronics, and the market for this type of product is expected to grow significantly in the coming years. Two other trends are the development of wireless products and visualisation products.

Developments in business areas

All the business areas in which Ambu is operating are seeing market growth. However, there is some variation in growth within the individual product segments; growth rates are typically higher for new and innovative products.

In 2008/09, Ambu's consolidated revenue increased by 12% to DKK 876.9m, up 10% when reported in local currencies.

As part of GPS Four, a new division of Ambu's business areas is being introduced. The five original business areas Respiratory Care, Cardiology, Neurology, Training and Immobilization are being reduced to three areas:

- Airway Management
- Patient Monitoring & Diagnostics
- Emergency Care

As from Q1 2009/10, reporting will centre on these business areas.

Respiratory Care

Ambu's products within Respiratory Care primarily comprise bags and masks for artificial ventilation of patients. The target groups for these products are primarily hospitals and secondarily ambulance services.

The general market growth within this group of Ambu's product areas is estimated to be 3-5%.

Ambu is an important player within Respiratory Care with a broad product portfolio and a favourable market position, especially within single-use bags for artificial ventilation and laryngeal masks. Ambu sees potential for considerable growth within this area in the coming years, not least via the launch of new products and the upgrading of existing products.

Ambu has in recent years strengthened its position within anaesthesia, and focus has now been intensified even further, among other things with the launch of Ambu aScope.

Double-digit growth rates continued to be realised in sales of laryngeal masks in both the USA and Europe in 2008/09, and the products launched in recent years are also contributing to growth. However, competition within laryngeal masks is intensifying in step with the emergence of new suppliers on the market and the maturing of the market.

In 2008/09, revenue within Respiratory Care increased by 10%, and by 7% when measured in local currencies. Strongest growth was seen in laryngeal masks and ventilation bags.

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. 3%.

Ambu holds 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.

A number of activities were initiated in 2008/09 with a view to boosting growth and improving Ambu's competitive edge within Cardiology where competition is fierce, among other things due to an increasing supply of cheap standard products and the purchasing organisations' growing influence on the purchasing process. So as to strengthen Ambu's competitiveness within this product area, a decision was already made in the previous financial year to move the production of electrodes from the factory in Ølstykke, Denmark, to Penang, Malaysia. Phase one of the move is expected to start in Q2 2009/10.

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 6%, and by 7% when measured in local currencies. The rate of growth is thus increasing thanks to intensified and more focused sales efforts. The USA, Italy, Germany and Danish Sales have achieved high and very satisfactory growth, while revenue in the other markets is growing at the rate of the underlying market growth.

GPS FOUR: Three new business areas

As part of GPS Four, Ambu's original five business areas are reduced to three:

Airway Management

Products: Primarily laryngeal masks, face masks for artificial ventilation and scopes
Users: Hospitals and ambulance services

Patient Monitoring & Diagnostics

Products: Single-use electrodes for neurological and cardiological examinations
Users: Hospitals, clinics, ambulance services and sleep laboratories

Emergency Care

Products: Ventilation bags, neck collars and first-aid training manikins
Users: Hospitals, ambulance services, aid organisations and the armed forces

Neurology
Products within Neurology include single-use electrodes for measuring electric signals in muscles other than the heart muscle 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 groups for these products are neurological wards at hospitals and sleep labs.

The general market growth within Ambu's product areas is estimated to be approx. 10%. Neurology is thus an important area for Ambu's future growth. The market is attractive, with regard to both size and potential.

In 2008/09, revenue within Neurology increased by 36%, and by 31% when measured in local currencies. Growth is positively impacted by revenue from the Sleepmate product area which was acquired in December 2008. The Sleepmate products comprise sensors for examinations of patients suffering from obstructive sleep apnoea (suffocation while sleeping). Sales of the Sleepmate products have developed in line with expectations. Disregarding sales of these products, growth was approx. 20%, which was primarily attributable to the introduction of new and improved needles. The growth is generated by a broad range of products in all important markets. Ambu has won market share in the past year thanks to its position as a specialist supplier of single-use electrodes.

Ambu is expecting continued high growth within Neurology in the coming period, both as a result of Ambu's endeavours so far to strengthen its market position and based on a strengthening of its product portfolio.

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

In 2008/09, revenue within Training declined by 1%, and also by 1% when measured in local currencies. The reason for the fall in revenue is that, out of Ambu's various business areas, Training is the one which is most affected by the economic downturn as some customers postpone their investments in training manikins. In 2008/09, growth in revenue was recorded in Spain and the Benelux countries.

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

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 2008/09, revenue within Immobilization and other products increased by 24%, and by 30% when measured in local currencies.

Developments in individual markets
Ambu's main markets have so far been Europe and the USA, and this will still be the case in the coming years, but focus is now also increasing on the markets in Asia which are deemed to hold considerable growth potential in the coming years, in step with the development of the health care systems in this region.

A significant consolidation of Ambu's sales subsidiaries was achieved in 2008/09. This consolidation is based on a belief that critical mass, improved utilisation of sales resources and a realisation of cost synergies can more easily be achieved by combining a number of small sales companies, especially in Europe, to form larger sales territories. The EMEA sales organisation consists of the following sales territories: ST Central covering Germany, Switzerland and Austria, ST West covering France, the Netherlands and Belgium, ST South covering Italy, Spain and Portugal, ST UK covering England, Scotland and Ireland, and finally ST NEM which covers the Nordic countries and emerging markets (European markets where Ambu does not have direct sales, Asia and the Middle East).

Growth targets have been defined for each of the three regions USA, EMEA and Asia for the coming four years, and efforts within the individual markets will be based on a regional and differentiated approach to the markets taking account of local market conditions, the competitive situation and the opportunities open in the individual markets.

A significant share of Ambu's revenue stems from the European markets, and a number of these are more mature markets where focus will in the coming years be on taking a more efficient approach to the markets and also on the efficient launch of new products. At the same time, focus is also being directed at the opportunities emerging in the markets in Eastern Europe. As mentioned above, as part of this process FY 2008/09 saw the implementation of several organisational changes in Ambu's sales units aimed at establishing larger sales organisations. These changes have already produced good results, and additional benefits are expected to be realised.

In 2008/09, more focus was directed at the US market. The sales force has been increased, and sales activities intensified. The expansion and penetration of the US market will continue through the continuous launch of solutions which can improve hospital economy, through the acquisition of new products, the development of the already strong relations with the group purchasing organisations (GPOs) and through a broadening of the market to also include Canada and South America. The implementation of Ambu's common ERP system started in the USA in the past financial year and is expected to be completed in Q2 2009/10.

Ambu's current activities in Asia are limited, but an important strategic decision has been made to gain a foothold in these markets through the company's own representatives and partnership agreements. On 1 October 2009 Ambu set up a sales company in Australia which will handle direct sales in Australia and New Zealand and in the long term help strengthen Ambu's position in Asia.

As from 2009/10, reporting will centre on the following geographical regions: EMEA, North and South America and Asia.

Europe

In 2008/09, revenue in Europe was up 5%, and 7% when measured in local currencies. The highest growth was seen in Germany, the Netherlands, Italy and the UK.

The largest markets in Europe are Germany, France and the UK. The core markets have seen satisfactory growth, with the exception of France which still faces a number of challenges relating to increasing growth.

In Germany, revenue for 2008/09 was up 13% when reported in local currency. Double-digit growth rates have been achieved within all business areas, and growth has been generated by a broad range of products.

In France, revenue in 2008/09 was up 1% when reported in local currency. Double-digit growth rates were achieved within Neurology, while revenue fell within Cardiology, primarily as a result of a small number of large hospitals cutting their purchases from Ambu. The French sales subsidiary had a new management in 2008/09, and this is expected to produce stronger growth in this market in future.

In the UK, revenue for 2008/09 was up 10% when reported in local currency. Double-digit growth rates were achieved within Respiratory Care and Neurology, while growth within Cardiology was on a par with market growth.

In Spain, revenue increased by 8% and in Italy by 10% when reported in local currency. In Spain, growth was thus lower than in previous years, primarily due to lower revenue within Respiratory Care, which has been affected by a reduction in inventories, demands for cost cuts and the opening of fewer new hospitals than in previous years. In Italy, double-digit growth rates were achieved within Cardiology and Neurology, while growth within Respiratory Care was on a par with market growth.

The Danish sales organisation is in charge of marketing and sales in the Nordic countries and in those European markets where Ambu does not have its own sales companies, with sales being effected either via distributors or directly to end-customers. In these markets, revenue was up 7%.

USA

The USA is Ambu's largest single market. Reported in local currency, revenue increased by 14% in 2008/09, while revenue reported in Danish kroner increased by 27%. Growth was seen within all business areas, and double-digit growth rates were achieved within Cardiology and Neurology, while growth within Respiratory Care and Immobilization did not exceed 10%.

The high growth seen within Neurology reflects the acquisition of the Sleepmate product area in December 2008, but even when disregarding its contribution, revenue within Neurology was up 21% when measured in Danish kroner.

Growth in the USA exceeds market growth, and market share was thus won.

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

Ambu has an extensive contract portfolio among the largest US GPOs, and in 2008/09 several new contracts were concluded.

Other markets

Sales to the rest of the world developed positively, up 16%. A significant share of this market is tender-based for which reason sales can fluctuate from year to year.


DERMAGRIP
M
DERMAGRIP
S
DERMAGRIP
L

EFFICIENCY – OPERATIONS AND SYSTEMS

Ambu has in the past financial year focused on achieving continuous improvements in efficiency, and with the launch of GPS Four, clear targets have been defined for this area. The aim is to reduce production costs, optimise inventory turnover and reduce delivery times with a view to strengthening competitiveness and earnings.

From production to lean global operation

GPS Four sets new standards for globalisation and streamlining. The focus areas for the coming four years are:

- Basing production in China and Malaysia
- Optimising the entire supply chain
- Optimised purchasing
- Implementing global systems within Lean, quality management and product documentation

Basing production at the factories in China and Malaysia

Ambu currently has production facilities in Denmark as well as China and Malaysia, but as part of GPS Four it has been decided to move all production activities to China and to the two factories in Malaysia. This means that Ambu will be able to make the most of the cost synergies inherent in the production set-up which has already been established in Asia.

China will be a competence centre for products within plastic spray moulding, and additional clean-room facilities will be added with a view to expanding laryngeal mask production capacity. In this way, production capacity will be doubled to accommodate Ambu's growth ambitions within this area.

The current production of electrodes in Ølstykke, Denmark, will be phased out over the coming two years and moved to new rented facilities in Malaysia very close to the existing facilities in Penang. The reason for this decision is, among other things, the very fierce competition seen within the market for electrodes. The move will constitute a transfer of production on an unprecedented scale for Ambu, and the careful preparation of the process has already started.

The two factories in Malaysia will be a competence centre for electronics-based single-use products and for electrodes.

The transfer of production to Asia will be accompanied by a considerable delegation of responsibilities to the local units.

Supply chain optimisation

Optimising the supply chain will, among other things, include the introduction of a new sales and production planning system, the establishment of a new supply chain organisation and the establishment of differentiated buffer inventories.

Optimisation of purchasing

Ambu has in recent years been working systematically to optimise its purchases, and these endeavours will be continued with a view to achieving further savings. This means, among other things, that purchasing will increasingly involve calls for tenders, that purchasing will increasingly be placed in the hands of the local units and that Ambu's collaboration with suppliers will be developed.

In the past financial year, focus has been on exploiting the fall in commodity prices, and cost of sales has consequently been lower than expected.

Implementation of global systems

Establishing common global systems and standards is an important element in optimising Ambu, and efforts within this area will intensify in the coming four years.

Several parts of the organisation have been working with Lean principles for several years now, but a more systematic approach will now be taken; a global Lean platform will be established, and a common Lean culture will be created. For example, a set of common principles will be introduced on how to achieve improvements.

Quality assurance and documentation are crucial to obtaining approvals for Ambu's products. In the coming period, a common global quality manual will be implemented along with a set of standardised documentation procedures.

Moreover, video conference facilities have been set up in all Ambu's companies, which has greatly enhanced efficiency and also resulted in improved collaboration across the global organisation.

Development of business systems in 2008/09

Q3 2008/09 saw the implementation of a new logistics planning system, the aim being to improve production and inventory planning. The system is working according to plan and is expected to contribute to increasing inventory turnover.

In 2005/06, Ambu started implementing a global ERP system. The system was implemented by the Danish units and by the Chinese production unit in 2005/06 and 2006/07, respectively, and in 2007/08 it was implemented in the Malaysian production unit. Implementation of the ERP system in Ambu USA started in the past financial year and is expected to be completed at the beginning of 2010. Once implemented in the USA, the system will be rolled out to the other sales companies. The system will improve the control of Ambu's sales companies with a view to optimising inventories, establishing new sales channels such as e-commerce and implementing simulation tools for assessing forecasts and other key areas.

Moreover, the implementation of a new product documentation system has commenced. This will ensure a faster and more efficient development process, thereby contributing to realising Ambu's global development plans.

Streamlining in 2008/09

In the past year, a number of projects have been undertaken by the production units in Denmark and Asia for the purpose of boosting production efficiency.

The transfer of production from Denmark to Asia continued in 2008/09, and approx. 75% of production took place at the factories in China and Malaysia. For this purpose, Ambu has rented an additional 5,200 square metres of production facilities in Malaysia very close to the existing factory. The move to the new facilities will commence at the beginning of December 2009, and all production of ECG electrodes will in future take place there, while the existing factory will primarily handle the production of Ambu aScope and needle electrodes.

FINANCIAL REPORT

The 2008/09 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.

Income statement

Revenue

Consolidated revenue for 2008/09 was DKK 876.9m, up 12% in relation to revenue of DKK 784.4m in 2007/08. Measured at unchanged exchange rates in relation to 2007/08, revenue was up by 10%.

Changes in exchange rates had a positive effect on revenue of DKK 17m. When corrected for exchange rate fluctuations, growth was strongest in the USA, where revenue increased by 14%. Revenue in Europe was up 7%.

Development in revenue by business area

Market growth within Ambu's business areas averaged 3-5%, which means that Ambu won market shares in 2008/09.

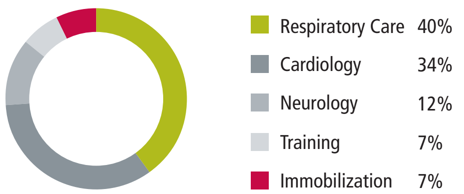
Revenue in 2008/09 from the future three business areas was Airway Management DKK 148.8m, Patient Monitoring & Diagnostics DKK 401.3m and Emergency Care DKK 326.8m.

Revenue by geographical region

Exports accounted for 98% of total revenue. Sales companies handled 88% of sales, the remaining 12% being effected by distributors. As in

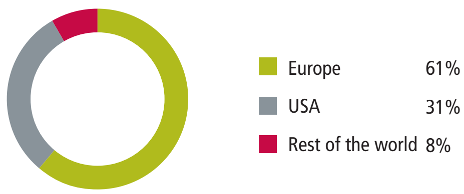
Revenue by business area

DKKm	2008/09	2007/08	Growth in %	Growth in local currencies, %
Respiratory Care	351.1	317.9	10	7
Cardiology	293.8	276.9	6	7
Neurology	107.5	79.0	36	31
Training	63.3	63.7	(1)	(1)
Immobilization and other products	61.2	46.9	30	24
Total	**876.9**	**784.4**	**12**	**10**



Revenue by geographical region

DKKm	2008/09	2007/08	Growth in %	Growth in local currencies, %
USA	268.7	211.9	27	14
Europe	537.4	511.4	5	7
Rest of the world	70.8	61.1	16	16
Total	**876.9**	**784.4**	**12**	**10**



previous years, the sales companies' revenue is recognised on the basis of the average exchange rates for the year.

Gross profit

Gross profit increased by 9.8% from DKK 419.4m to DKK 460.6m, measured at current exchange rates. The gross profit ratio thus fell from 53.5% in 2007/08 to 52.5% in 2008/09. The indirect production costs' share of revenue was reduced by 0.1 percentage points in 2008/09 compared to the year before. The contribution ratio fell by approx. 1.0 percentage points. The change in contribution ratio reflects the net impact of a fall in average sales prices reduced by the effects of production and purchasing optimisations.

Costs

The group's costs in respect of sales, development, management and administration were DKK 22.9m higher than in 2007/08, up 7.1%. The most important reason for the increase in costs is higher sales and marketing costs, which increased by DKK 19.0m. The increase is attributable to an upping of sales resources in the sales companies and a strengthening of marketing activities. Development costs increased by DKK 1.9m. Management costs and administrative expenses were on a par with last year.

Other operating expenses

Other operating expenses include the accounting effect of the option scheme. In 2008/09, operating expenses amounted to DKK 3.7m against DKK 1.8m the previous year. The increase is attributable to the allocation of options to the Executive Board and senior employees in 2008/09.

Special items

Special items comprise legal fees of DKK 24.2m in respect of the pending patent cases and non-recurring expenses of DKK 9.8m attributable to organisational changes, especially consultancy fees for the former CEO and a severance programme for the CEO of the subsidiary in France.

EBITDA and EBIT

The EBITDA margin, defined as the operating profit before depreciation, amortisation and special items in relation to revenue, was 19.0% in 2008/09 against 17.6% in 2007/08.

The EBIT margin, defined as the operating profit before special items in relation to revenue, was 12.6% in 2008/09. After special items the figures were 8.7% in 2008/09 against 11.0% in 2007/08.

EBIT before special items was DKK 110.3m, up DKK 16.5m relative to 2007/08. After special items, EBIT was DKK 76.4m in 2008/09 against DKK 86.4m in 2007/08, down DKK 10.0m. In addition to non-recurring expenses in respect of organisational changes, the lower EBIT is attributable to the fact that the legal fees for the pending patent cases were DKK 16.7m higher in 2008/09 as compared with 2007/08.

The change in exchange rates compared to last year impacted EBIT negatively by approx. DKK 7m.

Financial expenses

The group's net financial expenses amounted to DKK 2.7m in 2008/09 against DKK 18.0m the year before. Interest expenses were unchanged relative to 2007/08, and the fall in financial expenses can be ascribed to exchange rate gains of DKK 4.6m in 2008/09 against exchange rate losses of DKK 11.0m in 2007/08.

Profit before tax

The profit before tax after special items amounted to DKK 73.7m in 2008/09 against DKK 68.4m in 2007/08, up 7.8%.

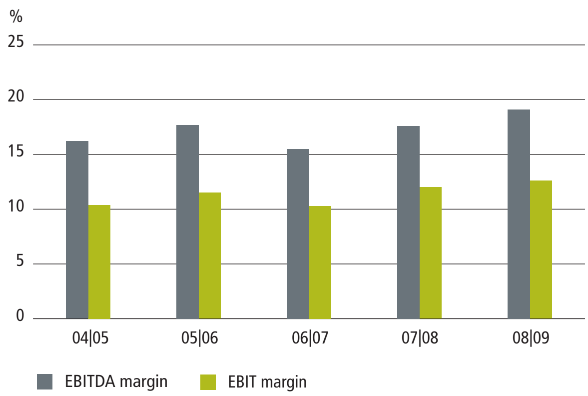
Tax

Tax on profit for the year totalled DKK 17.9m or 24.3% of the profit before tax compared with DKK 18.3m or 26.8% of the profit before tax in 2007/08. The reason for the group's tax rate being lower than 25% is a taxable profit in Ambu's subsidiaries where the income tax rate is lower than the income tax rate in Denmark. The operating margin in Ambu's subsidiaries is determined on the basis of the group's transfer pricing policy which is based on OECD guidelines.

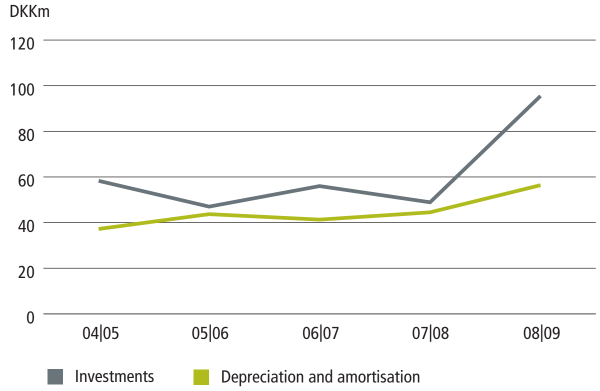
Net profit for the year

Net profit for the year after special items totalled DKK 55.8m against DKK 50.0m the year before, up 12%.

EBITDA and EBIT margin before special items



Investments and depreciation/ amortisation



Balance sheet

At the end of the financial year, the balance sheet total amounted to DKK 782m, corresponding to an increase of DKK 50m compared with the end of the previous financial year. The most important changes concern an increase in intangible assets of DKK 45m, an increase in trade receivables of DKK 25m and a fall in other receivables of DKK 14m.

Non-current assets

Investments in intangible assets for the year totalled DKK 64m, which include investments in development projects amounting to DKK 23m and the acquisition of rights and goodwill amounting to DKK 41m. Development projects worth DKK 7m were completed in 2008/09.

Amortisation and impairment of intangible assets amounted to DKK 19m against DKK 13m the year before.

Investments in property, plant and equipment amounted to DKK 32m and comprised primarily an expansion of production capacity, production equipment for newly developed products, the implementation of global IT systems and the acquisition of fixtures and fittings.

Depreciation on property, plant and equipment amounted to DKK 37m against DKK 32m the year before.

Inventories

Inventories were DKK 156m, which is on a par with last year. Measured at unchanged exchange rates, inventories increased by DKK 2m. Inventories remained on a par with last year despite the building of inventories in connection with the preparation of the transfer of production and the addition of the acquired product area Sleepmate – all in all to the order of DKK 17m.

Trade receivables

Consolidated trade receivables totalled DKK 193m at year-end, corresponding to an increase of DKK 25m compared with year-end 2007/08. Adjusted for the effect of exchange rates, trade receivables increased by DKK 28m. The increase in trade receivables is attributable to increasing sales and a high level of revenue in September 2009.

Other receivables

The fall in other receivables amounted to DKK 14m, attributable primarily to an extraordinarily high level of other receivables at the end of 2007/08.

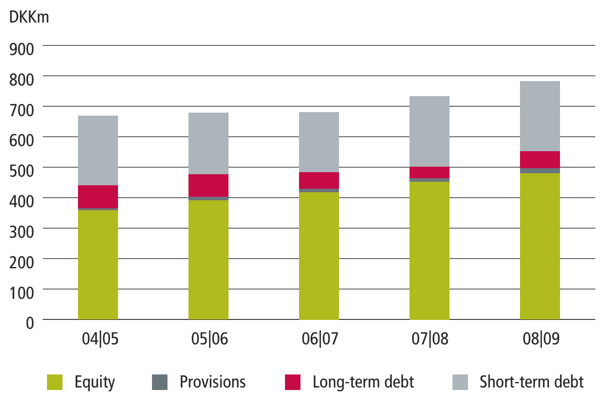
Liquidity

The group's cash and cash equivalents amounted to DKK 17m at the end of the financial year, up DKK 1m compared to the previous year. To this should be added unutilised bank credit drawing facilities amounting to DKK 122m at the end of the financial year.

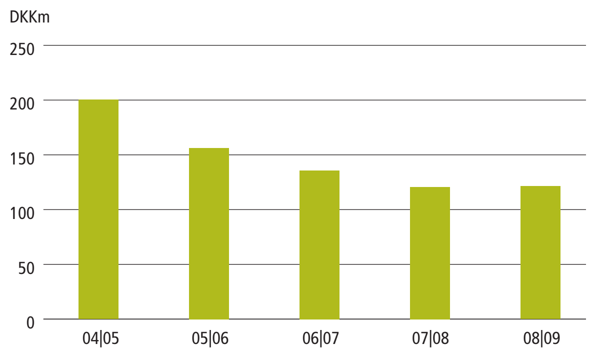
Equity

In 2008/09, equity increased by the profit for the year and the value adjustment of non-settled financial instruments and amounted to DKK 480m at the end of the financial year. To the equity are added foreign currency translation adjustments in respect of investments in subsidiaries and adjustments concerning the dividend paid out for 2007/08 and the effect of the option scheme.

Capital structure



Net interest-bearing debt



Non-current liabilities
Total non-current liabilities at year-end came to DKK 90m, of which DKK 16m falls due for payment in the coming financial year, and DKK 16m is deferred tax. New long-term financing of DKK 38m was arranged in FY 2008/09 to finance product acquisitions.

Current liabilities
Total liabilities less non-current liabilities amounted to DKK 212m at the end of 2008/09, representing a fall of DKK 8m. The most important changes are a fall in short-term bank debt of DKK 24m and an increase in other payables of DKK 20m. The increase in other payables is primarily attributable to the impact of extended credit on the payment of VAT in Denmark and an increase in due costs.

Other liabilities
Ambu A/S has signed a 15-year operating lease for the property in Ballerup, the term to maturity being 8 years.

Cash flow statement

Cash flows from operating activities amounted to DKK 113m in 2008/09 against DKK 84m the year before. The change is attributable to improved results and changes in working capital which had a positive impact on cash flows. The binding of liquidity in inventories has been on a par with 2007/08 despite the increase in inventories in 2008/09 due to the acquired product area and the preparations for the transfer of production which is to take place in 2009/10. Funds tied up in receivables have increased considerably due to the increase in activity, while changes in trade payables have had a positive impact on liquidity. The binding of liquidity in working capital, net as a percentage of revenue amounted to 24.9% against 29.3% the previous year. In 2009/10, work will continue to go into reducing funds tied up in working capital.

In 2008/09, net investments of DKK 96m were made in intangible assets and property, plant and equipment against DKK 49m the year before. Moreover, an amount of DKK 41m was spent on acquisitions.

In 2008/09, free cash flow amounted to DKK 17m. Before acquisitions, free cash flow was DKK 58m, which is DKK 22m higher than the free cash flow of DKK 36m in 2007/08.

Cash flow from financing activities was DKK -16m. Net long-term debt of DKK 25m was arranged, while short-term debt was reduced by DKK 24m, and dividend of DKK 18m was paid.

The change in liquidity thus amounted to DKK 1m, and cash amounted to DKK 17m as at 30 September 2009.

Subsequent events

Ambu has established a sales company in Australia which will handle direct sales in Australia and New Zealand.

Patent infringement case

Patent case in the USA
In October 2007, the company LMA instituted legal proceedings in the USA against Ambu for the alleged violation of a patent. LMA claimed that the reinforcement of the tip of Ambu's laryngeal mask violated LMA's US patent.

At the end of June 2009, the United States District Court Southern District of California ruled that LMA's patent is not violated by Ambu's three product families AuraOnce, Aura40 and AuraStraight. These three product families account for more than 90% of the sales to which the case pertains.

In October 2009, the United States District Court Southern District of California invalidated LMA's patent, at the same time allowing LMA to lodge an appeal concerning the violation and validity issues with the appeal court in Washington D.C. LMA has now lodged an appeal, and the appeal case is expected to last 12-18 months. Outstanding in the district court case are now the alleged violation by one product family, AuraFlex, which is in fact no longer sold with a reinforced tip in the USA, and Ambu's counterclaim against LMA for misleading advertising and dishonest marketing. These issues will be suspended in the intervening period.

Patent cases in Europe
In February 2008, the European Patent Office (EPO) decided to invalidate LMA's patent in Europe. LMA has lodged an appeal against this decision. and the appeal is expected to be decided at the beginning of 2010. The appeal court's decision is expected to be of decisive importance to the conclusion of the patent dispute in Europe.

Also, in mid-October 2009, the Oberlandesgericht Düsseldorf ruled that Ambu's original laryngeal mask products did not violate LMA's German utility model patent. Moreover, this ruling denies LMA the right to appeal to the German Supreme Court. The right to appeal can therefore only be granted on the basis of a reasoned request to the German Supreme Court, and if such request is accepted by the Supreme Court. LMA has submitted a request to the German Supreme Court.

Based on the EPO's decision, the alleged violation cases in the Netherlands and France have been suspended.

Costs incidental to patent case
In 2008/09, legal fees etc. in connection with the patent cases amounted to approx. DKK 24.2m. Significantly lower costs are expected to be incurred in 2009/10.

An agreement has been made with the lawyers involved to the effect, among other things, that payment will be made for the work done so far if the case is concluded in Ambu's favour.

OUTLOOK 2009/10

The coming years are expected to see continued growth within Ambu's business areas. However, market growth has generally slowed down slightly within the past year due to the global economic and financial crisis. At the same time, most markets are characterised by intensifying competition and increasing cost-consciousness. These tendencies are expected to persist in the new financial year.

Within Ambu's four strategic areas, focus in the coming financial year will be on the following:

GPS1 Innovation

Products and product development

- Further strengthening of efforts aimed at creating new differentiated products.
- Further work on the products which are in the pipeline and launch of several new products.
- Strengthening of development functions in China and Malaysia.
- Effective launch of Ambu aScope.

GPS2 Markets

Markets and sales

- Reaping the benefits of larger sales territories in EMEA and expanding activities in Eastern Europe.
- Increasing market penetration in North and South America and developing collaboration with the large purchasing organisations.
- Gradual build-up of activities in Asia.

GPS3 Efficiency

Operations and systems

- Continued optimisation of production, including the start of the transfer of the remaining Danish production to Malaysia and implementation of Lean processes across the organisation.
- Continued implementation of global systems.

GPS4 Acquisitions

Companies and products

- 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.

Outlook

	2009/10	Assumptions
Revenue, DKKm	900-925	Launch of new products Higher-than-market growth
Growth, % Growth in local currencies, %	3-5 5-6	Intensifying sales efforts USD exchange rate: 500 GBP exchange rate: 840
EBIT margin before special items, %	12-12.5	Increase in revenue Streamlining Price pressure
Profit before tax, DKKm	Approx. 100 (11-11.5% of revenue)	
Investments, % of revenue	7-8	Investments in development, process equipment, expansion of production capacity and global IT systems
Free cash flow (excl. acquisitions), DKKm	60	Reduced working capital in % of revenue via reduction in inventories of raw materials and finished products and trade receivables

The outlook as regards the EBIT margin is sensitive to changes in the following foreign exchange rates, cf. table below.

Foreign exchange sensitivity

Change of -5% in exchange rate

	USD	GBP	CNY	MYR	Total
Revenue	(14.7)	(3.7)	0	0	(18.4)
EBIT	(6.9)	(2.7)	3.0	4.5	(2.1)

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 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 32.

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 10,160,298 Class B shares. There were no changes to the share capital in 2008/09.

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 73, rising to a closing level at the end of the financial year of 110, up 51%. By comparison, the Nordic Health Care index and the SmallCap index on NASDAQ OMX Copenhagen rose by 9% and 2%, respectively, in the same period, and the SmallCap index declined by 34%.

As a result of the share price development 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 2009 totalled DKK 1,306m against DKK 867m a year earlier.

In the course of the financial year, a total of 1,570,697 Class B shares were traded, corresponding to 13% of the total number of Class B shares at the end of the year (2007/08: 16%).

The Ambu share is covered by:
- ABG Sundal Collier
- Enskilda Securities
- Carnegie

Shareholders
At the beginning of October 2009, the total number of shareholders in Ambu having arranged name registration of their holding was approx. 2,400, who owned a combined 93% 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 %
Dorrit Ragle, Lyngby	9.0	22.8
Inga Kovstrup, Fredericia	9.2	22.8
Tove Hesse, Virum	7.4	22,1
N.P. Louis Hansen Aps, Nivå	14.9	6.5
ATP, Hillerød	9.9	4.3

As at 30 September 2009, members of Ambu's Board of Directors and Executive Board owned a total of 1.3% of the share capital.

As at 30 September 2009, Ambu held a total of 87,320 treasury shares, corresponding to 0.7% of the share capital.

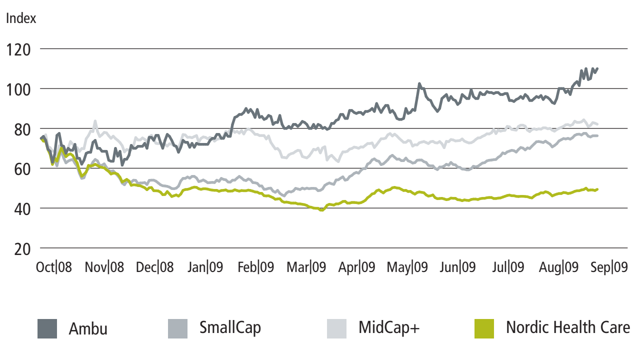
Dividend
It follows from Ambu's dividend policy that about 30-40% of the profit is generally distributed as dividend. The dividend policy will be reviewed in the coming financial year.

In view of the company's profit performance in 2008/09 and the outlook for the coming year, the Board of Directors has decided to propose to the annual general meeting that a dividend be declared of DKK 1.50 per share (2007/08: DKK 1.50 per share), corresponding to 32% of the net profit for the year.

Payment of the dividend for FY 2008/09 will be effected automatically via VP Securities 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, fulfilling the group strategy and ensuring shared interests among the management, employees and the company's shareholders. The overall incentive pay programme for members of the Board of Directors and the Executive Board was approved by the annual general meeting in December 2008.

Development in share price



Ambu's incentive schemes currently comprise:

- Share option programme for members of the Executive Board and senior employees
- Bonus programme for the Executive Board and senior employees
- Employee shares

Share option programme

Members of Ambu's Executive Board have been allocated 189,000 share options which are allocated successively over three years, the first time in FY 2009/10. The first options are allocated at the price of 77.55 at the initial time of allocation plus 8% corresponding to a price of 83.75, and the second and third portions are allocated at the allocation price for the first portion plus 8% per year.

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 20 employees in the Ambu group. 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), then at the end of FY 2006/07 (at a price of 112), and the third time at the end of FY 2007/08 (at a price of 121). The last portion is allocated at the end of FY 2008/09 at a price of 131. The maximum number of share options issued in the course of the entire period is estimated at 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 2008/09, the impact of the above programmes on the financial statements is approx. DKK 3.7m against approx. DKK 1.8m in 2007/08. Further details about the share option programme can be seen in Note 3.

Members of the Board of Directors do not take part in share option programmes.

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 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. 20% of the group's employees hold shares in Ambu, and approx. 40% 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 shareholders and other stakeholders. The company wishes to engage in 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 for stakeholders. It is updated regularly 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
2750 Ballerup, Denmark
Contacts: President & CEO Lars Marcher or CFO Anders Arvai
Telephone: +45 72 25 20 00
Email: Lars Marcher – lm@ambu.com,
Anders Arvai – aa@ambu.com

Annual general meeting

Ambu's annual general meeting will be held on 16 December 2009 at 4 pm at The Black Diamond, Søren Kierkegaards Plads 1, 1016 Copenhagen K, Denmark.

Board resolutions and proposals to the annual general meeting

Dividend and appropriation of profit

The Board of Directors proposes that a dividend be declared of DKK 1.50 per share for FY 2008/09, amounting to 32% 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 55.8m, be appropriated as follows:

Dividend of DKK 1.50 per share	17.8
Retained earnings	38.0
Total	55.8

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 company's share capital.

Announcements to NASDAQ OMX Copenhagen in 2008/09

5 November	2008	Conditional agreement to acquire the US company Sleepmate Technologies
26 November	2008	Annual report 2007/08
2 December	2008	Final agreement to acquire the US company Sleepmate Technologies
16 December	2008	Annual general meeting
4 February	2009	Interim report for Q1 2008/09
7 May	2009	Interim report for Q2 2008/09
4 June	2009	Ambu introduces single-use videoscope Ambu aScope
1 July	2009	US court ruling granting Ambu's motion for summary judgment of non-infringement in the LMA versus Ambu litigation
27 August	2009	Interim report for Q3 2008/09
28 September	2009	New judgment in US litigation – court invalidating LMA patent
30 September	2009	Financial calendar

Financial calendar 2009/10

16 December	2009	Annual general meeting
22 December	2009	Payment of dividend
9 February	2010	Interim report for Q1 2009/10
5 May	2010	Interim report for Q2 2009/10
25 August	2010	Interim report for Q3 2009/10
30 September	2010	End of FY 2009/10
24 November	2010	Annual report 2009/10

Share-related ratios

	2004/05	2005/06	2006/07	2007/08	2008/09
Earnings per DKK 10 share [1)]	3.87	4.12	3.62	4.24	4.73
Cash flow per DKK 10 share [2)]	3.39	8.37	7.54	7.11	9.51
Equity value per share [3)]	30	33	35	38	40
Share price at year-end	106	96	87	73	110
Listed price / equity value	3.5	2.9	2.5	1.9	2.7
Dividend per share [4)]	1.00	1.50	1.50	1.50	1.50
Pay-out ratio, % [5)]	26	37	42	36	32
P/E ratio (PE) [6)]	27	23	24	17	23

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

DEVELOPING ORGANISATION AND EMPLOYEES

Ambu has an extremely dedicated and competent staff who attach considerable importance to openness, responsibility and direct communication.

Developing and making the most of Ambu's knowledge and technology is crucial to the company's ability to live up to customer expectations and fulfil its business objectives.

Therefore, Ambu strives to attract, retain and develop employees who are interested in and able to achieve solid results and do their utmost for the company. For this to happen, it is essential that Ambu's employees can be motivated to develop an inspiring global working environment.

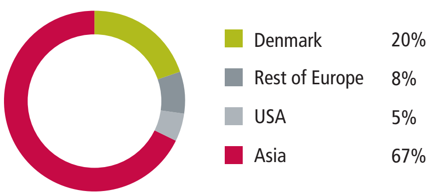
Ambu is characterised by a flat and flexible organisational structure which allows fast and efficient decision-making and the possibility of adapting the organisation and introducing changes as and when called for.

From regional to global

It is Ambu's aim to become a global company with a global culture. This calls for close collaboration and shared values across the organisation. Ambu seeks to support global mobility in a number of areas, and international career paths and opportunities are created with a view to increasing the company's combined global experience and intercultural competences and also to retain key employees.

Developing its global organisation is, among other things, a condition for Ambu becoming even better at developing new and innovative products. This takes a high level of knowledge sharing and collaboration across the entire organisation. Realising the objective of increasing the company's overall efficiency also demands a global approach to the planning of Ambu's production and systems.

Geographical breakdown of employees



Supporting individual development

Ambu is focused and structured in its endeavours to develop employee competences and knowledge. The individual employee is obliged to assume responsibility for his or her own development, and Ambu is responsible for ensuring that the right opportunities for development are present.

Focus is on creating career opportunities for individual employees. As part of these efforts, emphasis is placed on internal recruitment, a number of career development tools have been implemented, and a global career development policy has been adopted.

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

Integrating new employees

Ambu has planned its recruitment processes with a view to ensuring, to the greatest possible extent, that new employees possess the right competences as well as the will and ability to contribute to realising Ambu's objectives. To speed up the integration process, all new employees are given a thorough introduction to our expectations with regard to their performance and to the Ambu culture.

In case of resignations, interviews are held with the resigning employees to establish why they are leaving Ambu and also to help identify areas in need of development.

Professional management

Ambu works constantly to strengthen its managerial competences and its managers' ability to generate results through employee development.

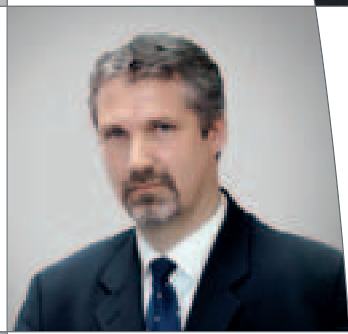
For the management group, individual development programmes have been established which are tailored to the individual manager based on his or her personal profile and need for development. A programme on situational management has also been put together for a larger group of managers. The purpose of 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. Finally, Ambu has a development programme for new managers.

Lars Rønn
Executive VP
Global Sales
& Marketing

Henrik Wendler
Executive VP
Global Innovation

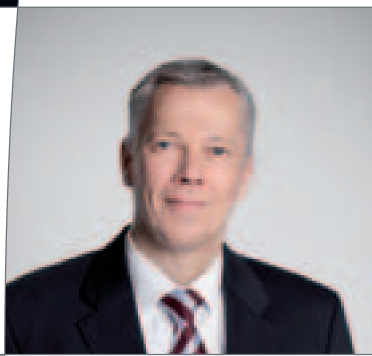
Anders Arvai
Executive VP
Finance, IT &
Business
Systems

Lars Marcher
President & CEO



Henrik Ankjær
VP Manufacturing
China

Bjarne Sørensen
Executive VP
Global Operations



Bo Nielsen
VP Manufacturing
Denmark

Markus Mauer
VP Sales
Sales Territory Central

Sébastien Piat
VP Sales
Sales Territory West

Keith McCallum
VP Sales
Sales Territory UK

Søren Poulin
VP Sales
Sales Territory Nordic
& Emerging Markets

Chresten Christensen
VP Sales
Sales Territory
South

Jørgen Andreasen
VP Manufacturing
Malaysia

Frank Homa
VP Sales
Sales Territory
USA

CORPORATE GOVERNANCE

The Ambu management attaches importance to exercising high corporate governance standards and seeks at all times to improve these standards. The overall framework for Ambu's management is designed to ensure the best possible compliance with the company'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 laid down a set of corporate governance recommendations, and Ambu generally complies with these recommendations 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 interim reports and other announcements from the company, telephone conferences in connection with the release of interim and annual reports 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 of 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 shareholders 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.

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.

The Board of Directors also discussed the existing ownership structure with the holders of Class A shares in 2008/09. 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 strategy 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

On behalf of the shareholders, 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 and takes 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 2008/09, a total of eight board meetings were held. On three occasions, a member was unable to attend 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 President & CEO, the CFO 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 2008/09.

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 have been elected by the annual general meeting and three by the group's employees.

In connection with the recommendation of new board members, a careful assessment is made of the knowledge and professional experience which is required to guarantee the presence on the board of the necessary competences. At the same time, the Board of Directors is working to ensure

that the members of the Board of Directors supplement each other in the best possible way in terms of age, background, gender etc., thereby being able to provide a competent and versatile contribution to the work of Ambu's Board of Directors.

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 reelected. 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 30 in the annual report.

The members of the Board of Directors elected by the general meeting are deemed to be independent. 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. 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 2008/09 were DKK 1.1m).

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 company's 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 Global Sales and Marketing, Global Operations, Global Innovation and Finance, IT and Business Systems. The four 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 board members.

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 2008/09, 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 2008/09 the emoluments for the Executive Board (one person) consisted of a basic pay, including the usual benefits such as free car and telephone, share option scheme and cash bonus scheme. Emoluments for the Executive Board totalled DKK 6.2m in 2008/09. 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.

Evaluation of the 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 Q1 2009/10.

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 32 of this annual report. 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, 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.

Not all financial statements of 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, born 1948
Attorney-at-law
Chairman of the Board
Member of the Board since 1999, reelected in 2008

Chairman of the board of:
Amagerbanken Aktieselskab
Charles Christensen A/S
Cimber Sterling Group A/S
Danica-Elektronik A/S
Gammelrand Skærvefabrik 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
Torm 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 since 1987, 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 since 1999, reelected in 2008

Board member of:
WindowMaster A/S

Special competences:
General management with focus on business development and the 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, reelected in 2008

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
Innovation and Promotion 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 since 1998, 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
Business Manager Downstream Marketing
Member of the Board since 2006
Elected by the employees

Anders Williamsson, born 1954
Managing Director
Member of the Board since 2006, reelected in 2008

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
Glycorex Transplantation AB

Board member of:
Foss A/S
Tigran Technologies 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 (Deputy Chairman)
Confederation of Danish Industry – Committee on International Market Policy
Confederation of Danish Industry – Committee on Health 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 & Business Systems

Lars Rønn
Executive Vice President, Global Sales & Marketing

Bjarne Nørgaard Sørensen
Executive Vice President, Global Operations

Henrik Wendler
Executive Vice President, Global Innovation

Shareholdings of the Board of Directors and the Executive Board

	No. of shares as at 30 September 2009	Sold in 2008/09	Acquired in 2008/09
Board of Directors			
N.E. Nielsen	6,640	0	0
Bjørn Ragle	32,500	0	0
Jørgen Hartzberg	100,620	0	0
Anne-Marie Jensen	906	0	0
Torben Ladegaard	2,700	0	0
Hanne-Merete Lassen	1,580	0	0
Kirsten Søndersted-Olsen	2,299	0	0
John Stær	700	0	0
Anders Williamsson	1,000	0	0
Executive Board			
Lars Marcher	0	0	0

RISK MANAGEMENT

It is a central aim for the Ambu management to ensure satisfactory clarity about the group's risks and that Ambu has policies and procedures which guarantee as efficient management of the identified risks as possible.

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 them to the widest possible extent insofar as they are risks that can be impacted 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 importance.

Moreover, Ambu has established internal control and risk management systems in connection with its financial reporting.

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 call for greater 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 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.

The health care sector is affected by the global crisis, but in 2008/09 Ambu only felt the global economic downturn to a very limited extent. The global crisis is expected to continue in 2009/10, and a close eye is being kept on the situation with a view to keeping abreast of developments to the greatest possible extent.

Ambu has already moved some of its production from Denmark to China and Malaysia and has now decided to also move all its remaining production activities to these countries. This will reduce production costs and improve the company's ability to respond to future price competition.

Product development

Ambu's ability to realise its strategic targets depends on its ability to develop products sufficiently fast which are unique and of a high quality, while at the same time obtaining differentiated prices. Ambu is working in a targeted way to improve existing products and develop new products and generally to strengthen the company's ability to create innovation. Thus, considerable investments are continuously made in product development and the marketing of new products, 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.

Trademarks, 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 plagiarism 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. Ambu's ambition to launch more brand new products in the years to come will increase the risk of patent infringement cases. 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 building 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, of the political climate, of the possibilities of attracting employees with the required qualifications and of 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 contracts and currency option contracts, to hedge a number of the financial risks attributable to the group's commercial activities. Generally speaking, the least complicated type of hedging 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.

Control and risk management systems

Ambu's internal control and risk management systems in connection with its financial reporting can be described as follows:

Control environment

The Board of Directors has established an auditing committee, the primary purpose of which is to assist the Board of Directors in monitoring the financial reporting and the effectiveness of the internal control and risk management systems. The auditing committee reports to the entire Board of Directors. The Executive Board is responsible for maintaining, at all times, an effective control environment and an internal control and risk management system in connection with the financial reporting. Managers at various levels are responsible within their respective areas.

Responsibilities and powers have been defined in the Board of Directors' instructions for the Executive Board, policies and procedures. The Board of Directors approves Ambu's foreign exchange and financial policy, the risk management framework and the company's code of business conduct. The Executive Board approves other policies and procedures, and the responsible functions issue guidelines and monitor the application of all policies and procedures. Ambu's bookkeeping rules and financial reporting procedures can be seen in a Corporate Accounting Manual which is available to relevant finance employees. The organisational structure and the internal guidelines constitute the control environment together with legislation and other rules.

Risk assessment

There is a relatively greater risk of error in connection with those entries in the financial statements which are based on estimates or which are generated through complex processes than with other entries. A risk assessment aimed at identifying these entries is coordinated with the company's internal controlling. A risk management project was implemented in 2008/09, the purpose being to identify the most important operational risks relating to human resources. The project has resulted in the drawing-up of a priority-ranked overview of risks, and for the five most important risks, action plans have been drawn up to ensure that the potential risk is minimised. The risk overview is updated annually, and action plans are drawn up to minimise risks within the most important risk areas.

Checks

The purpose of the checks is to prevent, identify and correct any errors or irregularities. These activities are integrated into Ambu's accounting and reporting procedures and include, among other things, procedures for attestation, authorisation, approval, reconciliation, analyses of results, separation of irreconcilable functions, checks concerning IT applications and the general IT checks.

Ambu has introduced internal control standards, i.e. standards for checks in connection with its financial reporting. The purpose of these standards is to guarantee and maintain a uniform level of internal checks and controls in connection with the financial reporting throughout Ambu. Ambu has a clear organisational structure which means that all the subsidiaries' finance functions report to the group's CFO. Moreover, a central group function is responsible for controlling the financial reporting from the subsidiaries.

Information and communication

Ambu maintains information and communication systems to ensure the correctness and completeness of its financial reporting. The Corporate Accounting Manual and other reporting instructions are updated as necessary, including budgeting and month-end accounting procedures, and are reviewed at least once a year. These are, along with other policies which are relevant for the internal controlling of the financial reporting, such as policies concerning the granting of credit and capital investments, available on Ambu's intranet for relevant employees.

Monitoring

Ambu is using a comprehensive financial management system to monitor the company's results, making it possible to identify and correct any errors and irregularities in the financial reporting at an early stage, including any weaknesses observed in the internal controls, non-compliance with procedures and policies etc. As set out in the company's Corporate Accounting Manual, Ambu applies uniform IFRS rules. The Corporate Accounting Manual comprises accounting and assessment principles as well as reporting instructions and must be closely followed by all group companies. The manual is updated and reviewed on a regular basis. Formal confirmations are obtained from the subsidiaries each year concerning their compliance with the Corporate Accounting Manual and all other group policies, the so-called corporate accounting compliance declarations.

Extensive financial data are reported monthly by all group companies. These financial data are analysed and checked at group and company level and also at other operational levels.

MANAGEMENT'S STATEMENT AND INDEPENDENT AUDITOR'S REPORT

Management's statement

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 2008 to 30 September 2009.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. We consider the accounting policies used to be appropriate and the accounting estimates reasonable. In our opinion, the annual report therefore gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30 September 2009 and of the results of the group's and the parent company's operations and cash flows for the financial year 1 October 2008 to 30 September 2009 in accordance with the accounting policies applied.

In our opinion, the management's review includes a fair account of the development and performance of the group and the parent company, the results for the year and of the financial position, together with a description of the principal risks and uncertainties that the group and the parent company face.

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

Ballerup, 25 November 2009

Executive Board

Lars Marcher
President & CEO

Board of Directors

N.E. Nielsen
Chairman

Bjørn Ragle
Vice-Chairman

Jørgen Hartzberg

Anne-Marie Jensen

Torben Ladegaard

Hanne-Merete Lassen

John Stær

Anders Williamsson

Kirsten Søndersted-Olsen

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 2008 to 30 September 2009, which comprises management's review, management's statement, income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes including significant accounting policies for the group as well as for the parent company. The annual report is prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the financial statements of the parent company in accordance with the above legislation and accounting standards and for the preparation of a management's review that gives a true and fair account in accordance with Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report 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 International and Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report and for the preparation of a management's review that gives a true and fair account in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the group's and the parent company's financial position at 30 September 2009 and of the results of the operations and cash flows for the financial year 1 October 2008 to 30 September 2009 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. Moreover, in our opinion, the management's review gives a true and fair account in accordance with Danish disclosure requirements for listed companies.

Copenhagen, 25 November 2009

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

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

FINANCIAL STATEMENTS

Note overview

Income statement 1 October - 30 September

		Group		Parent company	
DKK '000	Note	2008/09	2007/08	2008/09	2007/08
Revenue	2	876,931	784,445	646,317	574,956
Production costs	3, 12	(416,342)	(365,013)	(439,556)	(375,389)
Gross profit		**460,589**	**419,432**	**206,761**	**199,567**
Selling costs	3	(184,315)	(165,277)	(40,778)	(39,322)
Development costs	3	(29,286)	(27,337)	(29,286)	(27,337)
Management and administration	3, 4	(133,009)	(131,143)	(69,602)	(73,652)
Other operating expenses	3, 21	(3,654)	(1,832)	(2,511)	(1,832)
Operating profit (EBIT) before special items		**110,325**	**93,843**	**64,584**	**57,424**
Special items		(33,971)	(7,450)	(33,971)	(7,450)
Operating profit (EBIT)		**76,354**	**86,393**	**30,613**	**49,974**
Financial income	5	5,374	1,834	11,753	8,989
Financial expenses	6	(8,042)	(19,869)	(7,402)	(11,398)
Profit before tax (PBT)		**73,686**	**68,358**	**34,964**	**47,565**
Tax	7	(17,922)	(18,347)	(7,954)	(10,655)
NET PROFIT FOR THE YEAR		**55,764**	**50,011**	**27,011**	**36,911**
Distribution of profit					
Proposed dividend for the year		17,814	17,814	17,814	17,814
Retained earnings		37,950	32,197	9,197	19,097
		55,764	**50,011**	**27,011**	**36,911**
Earnings per share in DKK	11				
Earnings per share (EPS)		4.73	4.24		
Diluted earnings per share (EPS-D)		4.73	4.24		

Statement of comprehensive income				
Net profit for the year	55,764	50,011	27,011	36,911
Translation adjustment in foreign subsidiaries	(11,168)	3,132	(5,170)	
Tax on transl. adj. rights/goodwill	1,292		1,292	
Tax on translation adjustments in foreign subsidiaries				
Disposal included in net financials	328	(137)	328	(137)
Addition concerning hedging instruments	(5,995)	(471)	(5,995)	(471)
Tax on hedging transactions	1,417	164	1,417	164
Comprehensive income	**41,638**	**52,698**	**18,882**	**36,467**

Balance sheet as at 30 September

Assets		Group		Parent company	
DKK '000	Note	30.09.09	30.09.08	30.09.09	30.09.08
Non-current assets					
Intangible assets	9, 25				
Completed development projects		27,609	36,619	27,609	36,619
Rights		22,325	4,415	20,071	1,859
Goodwill		144,614	124,013	141,735	121,134
Development projects in progress		25,710	9,725	25,710	9,725
		220,258	**174,772**	**215,125**	**169,337**
Property, plant and equipment	10, 25				
Land and buildings		60,011	64,800	32,774	35,004
Plant and machinery		83,088	91,665	40,727	46,101
Other fixtures and fittings, tools and equipment		23,243	23,015	16,635	16,246
Prepayments and plant under construction		11,245	4,331	6,088	3,639
		177,587	**183,811**	**96,224**	**100,990**
Other non-current assets					
Shares in subsidiaries	8	-	-	65,996	68,122
Receivables from subsidiaries		-	-	5,022	5,022
Deferred tax asset	14	2,986	5,398	0	0
		2,986	**5,398**	**71,018**	**73,144**
Total non-current assets		**400,831**	**363,981**	**382,367**	**343,471**
Current assets					
Inventories					
Inventories	12	156,003	157,225	63,745	55,865
Receivables	13				
Trade receivables		192,957	167,850	41,161	37,318
Receivables from subsidiaries		-	-	178,679	157,063
Other receivables		12,261	26,401	2,755	4,234
Prepaid income tax	15	2,305	477	1,380	0
		207,523	**194,728**	**223,975**	**198,615**
Cash		17,308	16,289	0	0
Total current assets		**380,834**	**368,242**	**287,720**	**254,480**
TOTAL ASSETS		**781,664**	**732,223**	**670,087**	**597,951**

Balance sheet as at 30 September

Equity and liabilities		Group		Parent company	
DKK '000	Note	30.09.09	30.09.08	30.09.09	30.09.08
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		(2,842)	1,408	(2,842)	1,408
Reserve for foreign currency translation adjustments		(12,144)	(6,143)	0	0
Proposed dividend		17,814	17,814	17,814	17,814
Retained earnings		353,985	316,124	212,025	204,065
Total equity	11	**479,621**	**452,012**	**349,806**	**346,096**
Liabilities					
Non-current liabilities					
Credit institutions	16	57,253	37,406	56,893	36,370
Provision for deferred tax	14	16,237	12,066	25,016	19,274
Current liabilities					
Current portion of non-current liabilities	16	16,191	10,563	15,847	10,563
Bank debt		65,036	88,962	51,560	75,088
Trade payables		44,569	44,392	27,268	21,554
Amounts owed to subsidiaries		0	0	84,130	42,739
Income tax	15	4,414	9,221	0	6,798
Other payables		98,343	77,602	59,567	39,470
Total liabilities		**302,043**	**280,211**	**320,281**	**251,855**
TOTAL EQUITY AND LIABILITIES		**781,664**	**732,223**	**670,087**	**597,951**

Charges	17
Operating leases	18
Related parties	19
Financial instruments	20
Other operating expenses	21
Contingent liabilities	22
Financing of non-current assets	23
Subsequent events	24
Company acquisitions	25

Cash flow statement 1 October - 30 September

		Group		Parent company	
DKK '000	Note	2008/09	2007/08	2008/09	2007/08
Net profit for the year		55,764	50,011	27,011	36,911
Adjustments	A	80,122	82,696	43,716	44,604
Changes in working capital	B	(5,459)	(15,331)	25,754	(21,231)
Cash flows from operating activities before financial items		**130,427**	**117,376**	**96,481**	**60,284**
Interest income and similar items		5,100	1,834	11,753	1,542
Interest expenses and similar items		(7,768)	(19,869)	(7,402)	(11,398)
Cash flows from ordinary operating activities		**127,759**	**99,342**	**100,832**	**50,428**
Income tax paid		(14,744)	(14,877)	(7,681)	(6,045)
Cash flows from operating activities		**113,015**	**84,465**	**93,151**	**44,383**
Purchase of non-current assets	23	(55,600)	(49,431)	(46,875)	(41,497)
Sale of non-current assets		636	552	9,800	17,616
Acquisitions		(40,541)	0	(40,541)	0
Cash flows from investing activities		**(95,505)**	**(48,879)**	**(77,616)**	**(23,881)**
Free cash flow		**17,510**	**35,586**	**15,535**	**20,502**
Raising/repayment of long-term debt		25,475	(25,978)	25,807	(25,662)
Changes in short-term bank debt		(23,926)	16,737	(23,528)	18,484
Employee shares		0	195	0	195
Dividend from subsidiaries		0	0	0	7,447
Purchase of Ambu A/S shares		0	(3,152)	0	(3,152)
Dividend paid		(17,814)	(17,814)	(17,814)	(17,814)
Cash flows from financing activities		**(16,265)**	**(30,012)**	**(15,535)**	**(20,502)**
Changes in cash and cash equivalents		**1,245**	**5,574**	**0**	**0**
Cash and cash equivalents, beginning of year		16,289	10,563	0	0
Foreign currency translation adjustment of cash and cash equivalents		(226)	152	0	0
Cash and cash equivalents, end of year		**17,308**	**16,289**	**0**	**0**
Note A: Adjustments					
Depreciation and amortisation		55,878	44,482	37,602	29,709
Adjustment, employee shares and option schemes		3,654	1,832	2,511	1,832
Interest and similar items, net		2,668	18,035	(4,351)	2,409
Tax on profit for the year		17,922	18,347	7,954	10,655
		80,122	**82,696**	**43,716**	**44,604**
Note B: Changes in working capital					
Changes in inventories		1,222	(28,960)	(7,880)	(9,244)
Changes in receivables		(10,967)	(17,042)	(2,364)	3,998
Changes in balances with consolidated companies		0	0	19,775	(25,837)
Changes in trade payables etc.		4,286	30,672	16,223	9,852
		(5,459)	**(15,331)**	**25,754**	**(21,231)**

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 2007	**118,763**	**4,046**	**1,853**	**(9,275)**	**284,978**	**17,814**	**418,179**
Statement of comprehensive 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 comprehensive income			(4,250)	(11,168)	57,056		41,638
Share options					3,654		3,654
Distributed dividend						(17,814)	(17,814)
Dividend, treasury shares					131		131
Proposed dividend					(17,814)	17,814	-
Equity as at 30 September 2009	**118,763**	**4,046**	**(2,842)**	**(17,311)**	**359,151**	**17,814**	**479,621**

Parent company

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 2007	**118,763**	**4,046**	**1,853**	**-**	**186,020**	**17,814**	**328,496**
Statement of comprehensive 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**
Statement of comprehensive income			(4,250)	(5,170)	28,302		18,882
Share options					2,511		2,511
Distributed dividend						(17,814)	(17,814)
Dividend, treasury shares					131		131
Proposed dividend					(17,814)	17,814	-
Equity as at 30 September 2009	**118,763**	**4,046**	**(2,842)**	**(5,170)**	**217,195**	**17,814**	**349,806**

Notes

Note 1. Accounting policies

Ambu A/S is a public limited company domiciled in Denmark. The annual report for the period 1 October 2008 - 30 September 2009 comprises the consolidated financial statements of Ambu A/S and its subsidiaries (the group) as well as separate financial statements of the parent company.

The annual report 2008/09 of Ambu A/S is presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

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

As of FY 2008/09, Ambu has implemented all relevant new and updated accounting standards issued by the IASB and effective as of 1 October 2008. Furthermore, IAS 1 Presentation of financial statements has been implemented ahead of time. The implementation of these new and updated accounting standards has not had a material financial effect on the statement of Ambu's results, assets and liabilities or equity in connection with the preparation of the financial statements for the financial years presented.

There are a number of accounting standards – including IFRS 8 Segments and IAS 23 Borrowing costs – and interpretations which Ambu must implement in FY 2009/10 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 2009/10 financial statements. They will primarily influence the types of information included in the annual report.

Estimates made by the management

The computation of the carrying amount of certain assets and liabilities requires estimates to be made 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 on page 19.

Description of accounting policies

Consolidated financial statements

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

The consolidated financial statements consolidate the financial statements of the parent company and its subsidiaries, prepared in accordance with the accounting policies of the group and eliminating intra-group income and expenditure, shareholdings, balances and dividends as well as realised and unrealised proceeds from intra-group transactions. Unrealised proceeds from transactions with associates are eliminated proportionately to the group's ownership interest in the enterprise. 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.

Business combinations

Newly acquired or newly established enterprises are included in the consolidated financial statements as from the date of acquisition. Comparative figures are not restated for newly acquired enterprises. 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 of the acquired enterprise.

For business combinations, the positive balances (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 for 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 at the transaction date.

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.

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 at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies are translated to the functional currency using the exchange rate applicable at the balance sheet date. The difference between the exchange rate applicable at 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 at the transaction date, and balance sheet items are translated at the exchange rates applicable at 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 at the balance sheet date and the translation of income statement items from the exchange rates applicable at the transaction date to the exchange rates applicable at 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 in the consolidated financial statements and under net financials in the income statement of the parent company.

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 recognised 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 effectively 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.

Notes

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.

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

Special items comprise non-recurring and extraordinary costs.

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 company in the financial year in which the dividend is declared.

Tax on profit for the year
The tax for the year, which consists of current tax and changes in deferred tax, is recognised in the income statement with the portion attributable to the profit 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 at cost in the balance sheet as described under 'Business combinations'. Goodwill is subsequently measured at cost less accumulated impairment. Goodwill is not amortised.

Goodwill is attributed, at the time of acquisition, to the cash-generating unit(s) which is/are expected to benefit from the business combination; however, not to a lower level than the lower of segment level and the level on 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 company 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 costs of production, sale, administration and development. 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 lives 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 purchase 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. When 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 at 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 from then on as a change in the accounting estimate.

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 company. If there is any indication of impairment losses, 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 or 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 for impairment exits in the form of delayed payments, provable financial problems of the debtor 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 issue of shares in Ambu A/S in connection with the exercise of share options or employee shares are taken directly to equity.

Notes

Reserve for foreign currency translation adjustments

The reserve for foreign currency translation adjustments in the consolidated financial statements comprises 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 companies are recognised in the income statement in the period during which such contributions are earned, and contributions payable are recognised in the balance sheet under other payables.

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

Share-based remuneration

Senior 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 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, adjustment is made for 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 tax 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 intra-group profits and losses.

Deferred tax is measured on the basis of the taxation rules and tax rates which, pursuant to the legislation in force at the balance sheet date, will apply in the individual countries when 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 occurring before or at 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 the 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 regarding income received in respect of the coming financial years and is measured at cost.

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 companies 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 at the transaction date.

Segment information

Information is provided about business segments, which are the group's primary segmentation format, and about geographical markets – the secondary format. The segments reflect 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 allow for a division of earnings from individual products as sales channels, customer types and sales organisations are identical for all important markets. Furthermore, production processes and internal controls 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 2008/09	Group 2007/08
Note 2. Segment information		
Geographical segment		
Europe	534,659	511,937
USA	268,739	211,873
Other markets	73,533	60,635
Total revenue	**876,931**	**784,445**

	Group 2008/09		Group 2007/08	
DKK '000	Segment assets	Investments in property, plant and equipment	Segment assets	Investments in property, plant and equipment
Europe	476,895	22,081	462,695	38,823
USA	100,137	330	84,778	661
Other markets	204,632	18,938	184,750	24,064
	781,664	**41,349**	**732,223**	**63,548**

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

	Group		Parent company	
DKK '000	2008/09	2007/08	2008/09	2007/08
Note 3. Staff expenses, share-based remuneration and depreciation/amortisation				
Staff expenses are included in functional costs as follows:				
Production costs	120,901	125,595	86,213	85,351
Selling costs	112,081	92,948	22,021	22,634
Development costs	16,372	14,624	14,084	13,530
Management and administration	70,410	70,206	39,562	39,080
Other operating expenses	3,654	1,832	2,511	1,832
Total staff expenses	**323,418**	**305,205**	**164,391**	**162,427**
Staff expenses comprise:				
Remuneration, Executive Board	5,272	5,000	5,272	5,000
Pension contributions, Executive Board	300	400	300	400
Share options	648	0	648	0
Staff expenses, Executive Board	**6,220**	**5,400**	**6,220**	**5,400**
Wages and salaries	279,347	267,344	140,777	141,265
Pension contributions	13,449	11,907	10,791	9,576
Social security costs	19,146	16,472	2,490	2,104
Share options	3,006	1,832	1,863	1,832
Remuneration, Board of Directors	2,250	2,250	2,250	2,250
Total staff expenses	**323,418**	**305,205**	**164,391**	**162,427**
Average number of employees	1,608	1,397	318	302

The Ambu group only has defined-contribution plans, under which Ambu must pay specific contributions. 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)

Option scheme, Executive Board:

The Executive Board will be awarded a total of 189,000 share options to be allocated successively over a period of three years by one third each year. The share options will be allocated for the first time on 1 October 2010. The share options can be exercised for a period starting three years after the respective share options have been allocated and ending six years after the share options have been allocated. Each option entitles the holder to buy one class B share with a nominal value of DKK 10 at a price per share corresponding to the listed price at the initial award date plus 8% p.a.

Option scheme, senior employees:

An option programme comprising 20 of the group’s senior employees in Denmark and abroad was established in June 2007. 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 share option programmes will be accrued and expensed over the vesting period. No particular requirements have to be met by those participating in the share option programme, except continued employment and, for senior employees, 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	Number of options	Exercise price per option in DKK	Number of exercisable options	Term to maturity this year	Market value in DKK ’000
Executive Board:					
Outstanding balance as at 1 October 2008	0	0	0	0	0
Additions during the year (no.)	0	0	0	0	0
Options exercised in 2008/09	0	0	0	0	0
Market value adjustment	-	-	0	0	0
Senior employees:					
Outstanding balance as at 1 October 2008	453,111	110	0	5	4,015
Additions during the year (no.)	387,331	121	0	5	3,212
Options exercised in 2008/09	0	0	0	0	0
Employees resigned in 2008/09	(24,167)	116	0	0	(270)
Market value adjustment	-	-	0	0	9,967
Outstanding balance as at 30 September 2009	**816,275**	**-**	**0**	**-**	**16,924**

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: 2.85%
Listed price: 110

Notes

DKK '000	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Note 3. Staff expenses, share-based remuneration and depreciation/amortisation (continued)				
The depreciation and amortisation (and impairment losses and write-downs) of intangible assets and property, plant and equipment are included in functional costs as follows:				
Depreciation, amortisation, impairment losses and write-downs				
Production costs	28,241	24,057	12,136	11,363
Selling costs	590	149	452	50
Development costs (intangible assets)	16,256	12,974	16,256	12,671
Development costs (property, plant and equipment)	253	308	253	308
Management and administration	10,538	6,994	8,505	5,317
Total depreciation, amortisation, impairment losses and write-downs	**55,878**	**44,482**	**37,602**	**29,709**
Note 4. Fee to auditors appointed by the annual general meeting				
Total fee, PricewaterhouseCoopers	1,712	2,238	766	1,409
Total fee, others	560	382	122	-
Total fees	**2,272**	**2,620**	**888**	**1,409**
Ordinary audit	1,280	1,282	410	390
Other audit services	242	267	191	10
Tax assistance	243	250	25	25
Other assistance	507	821	262	984
Total fees	**2,272**	**2,620**	**888**	**1,409**
Note 5. Financial income				
Dividend from subsidiaries	-	-	3,357	7,447
Interest income from loans to subsidiaries	-	-	612	566
Foreign exchange gain, net	4,588	0	7,465	0
Interest income	786	1,834	319	976
	5,374	**1,834**	**11,753**	**8,989**
Note 6. Financial expenses				
Interest expenses on loans from subsidiaries	0	0	0	134
Interest expenses	8,042	8,892	7,402	8,119
Foreign exchange loss, net	0	10,977	0	3,145
	8,042	**19,869**	**7,402**	**11,398**

DKK '000	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Note 7. Tax on profit for the year				
Current tax	11,254	18,291	2,358	10,187
Adjustment, previous years	(276)	348	(698)	(506)
Deferred tax	6,944	(292)	6,294	974
Total tax on profit for the year	**17,922**	**18,347**	**7,954**	**10,655**
Tax on profit for the year comprises:				
Tax liability of 25% on profit for the year before tax	18,422	17,090	8,741	11,891
Adjustment, previous years	(276)	348	(698)	(506)
Adjustment of calculated tax in foreign group enterprises in relation to 25%.	(810)	35	43	0
Tax effect of:				
Other non-deductible costs	586	875	707	1,132
Other non-taxable income	0	0	(839)	(1,862)
	17,922	**18,347**	**7,954**	**10,655**

	2008/09
Note 8. Financial assets in the parent company	
Acquisition price, beginning of year	68,122
Disposals	(3,116)
Additions	990
Acquisition price, end of year	**65,996**
Carrying amount as at 30 September	**65,996**

Shares in subsidiaries

Subsidiaries Reg. office	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	200,113
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 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

2008/09

DKK '000

Note 9. Intangible assets

Group	Completed development projects	Rights	Goodwill	Development projects in progress	Total
Acquisition price, beginning of year	81,034	4,966	124,013	9,725	219,738
Foreign currency translation adjustment	0	(1)	0	0	(1)
Additions during the year	0	20,139	20,601	23,231	63,971
Disposals during the year	0	0	0	0	0
Transferred during the year	7,246	0	0	(7,246)	0
Acquisition price, end of year	**88,280**	**25,104**	**144,614**	**25,710**	**283,708**
Amortisation, impairment losses and write-downs, beginning of year	44,415	552	0	0	44,966
Foreign currency translation adjustment	0	(1)	0	0	(1)
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	16,256	2,229	0	0	18,485
Amortisation, impairment losses and write-downs, end of year	**60,671**	**2,780**	**0**	**0**	**63,450**
Carrying amount, end of year	**27,609**	**22,325**	**144,614**	**25,710**	**220,258**
Amortisation period	5 years	10-20 years	-	-	-

Parent company	Completed development projects	Rights	Goodwill	Development projects in progress	Total
Acquisition price, beginning of year	81,034	1,940	121,134	9,725	213,833
Additions during the year	0	20,139	20,601	23,231	63,971
Disposals during the year	0	0	0	0	0
Transferred during the year	7,246	0	0	(7,246)	0
Acquisition price, end of year	**88,280**	**22,079**	**141,735**	**25,710**	**277,804**
Amortisation, impairment losses and write-downs, beginning of year	44,415	81	0	0	44,496
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	16,256	1,927	0	0	18,183
Amortisation, impairment losses and write-downs, end of year	**60,671**	**2,008**	**0**	**0**	**62,679**
Carrying amount, end of year	**27,609**	**20,071**	**141,735**	**25,710**	**215,125**
Amortisation period	5 years	10-20 years	-	-	-

Goodwill in the group of DKK 145m primarily concerns goodwill in connection with the acquisition of the Medicotest group in 2001 and the acquisition of the activities of Sleepmate Inc. The Medicotest group is integrated into all parts of the Ambu group so the goodwill value relates to Ambu as a whole. The impairment of goodwill is therefore assessed on the basis of the Ambu group's EBIT margin, among other things.

As at 30 September 2009, 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-generating unit is compared with the carrying amounts. Cash flows are based on the 2009/10 budget, estimated growth for 2010/11 and growth of 0 % in the terminal period. In connection with the discounting, the weighted cost of capital, corresponding to 9 % after tax, has been applied.

2007/08

DKK '000

Note 9. Intangible assets (continued)

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
Foreign currency translation adjustment	0	0	0	0	0
Reversal upon sale	0	0	0	0	0
Impairment losses and write-downs for the year	12,590	384	0	0	12,974
Amortisation for the year	**44,415**	**552**	**0**	**0**	**44,966**
Amortisation, impairment losses and write-downs, end of year	**36,619**	**4,415**	**124,013**	**9,725**	**174,772**
Amortisation period	5 years	10 years	-	-	-

Parent company					
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
Reversal upon sale	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	-	-	-

Notes

2008/09

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	124,347	216,082	59,777	11,220	411,426
Foreign currency translation adjustment	(1,023)	(1,800)	(220)	(226)	(3,269)
Additions during the year	520	8,135	2,265	21,916	32,836
Disposals during the year	0	(21,566)	(7,739)	0	(29,305)
Transferred during the year	937	12,804	7,924	(21,665)	0
Acquisition price, end of year	**124,781**	**213,655**	**62,007**	**11,245**	**411,688**
Depreciation, impairment losses and write-downs, beginning of year	59,547	131,306	36,762	0	227,615
Foreign currency translation adjustment	(271)	(801)	(106)	0	(1,178)
Reversal upon sale	0	(21,420)	(7,249)	0	(28,669)
Depreciation for the year	5,494	21,482	9,357	0	36,333
Depreciation, impairment losses and write-downs, end of year	**64,770**	**130,567**	**38,764**	**0**	**234,101**
Carrying amount, end of year	**60,011**	**83,088**	**23,243**	**11,245**	**177,587**
Of which assets held under finance leases	1,933	0	3,712	0	5,645
Depreciation period	10-25 years	2-10 years	3-5 years	-	-

Parent company	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and plant under construction	Total
Acquisition price, beginning of year	81,236	144,556	41,912	3,639	271,343
Additions during the year	0	0	0	24,114	24,114
Disposals during the year	0	(29,131)	(5,161)	0	(34,292)
Transferred during the year	937	12,804	7,924	(21,665)	0
Acquisition price, end of year	**82,173**	**128,229**	**44,675**	**6,088**	**261,165**
Depreciation, impairment losses and write-downs, beginning of year	46,232	98,455	25,666	0	170,353
Reversal upon sale	0	(19,888)	(4,708)	0	(24,596)
Depreciation for the year	3,167	8,935	7,082	0	19,184
Depreciation, impairment losses and write-downs, end of year	**49,399**	**87,502**	**28,040**	**0**	**164,941**
Carrying amount, end of year	**32,774**	**40,727**	**16,635**	**6,088**	**96,224**
Of which assets held under finance leases	0	0	3,712	0	3,712
Depreciation period	10-25 years	2-10 years	3-5 years	-	-

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

2007/08

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	126,441	208,974	56,216	14,527	406,158
Foreign currency 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)	(1)
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	224,129
Foreign currency 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 company	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	-	-

Notes

DKK '000

Note 11. Share capital and treasury shares

The share capital as at 30 September 2009 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	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
1 October	87,320	47,320	873	473	0.7%	0.4%
Additions	0	41,873	0	419	0.0%	0.4%
Disposals	0	(1,873)	0	(19)	0.0%	0.0%
Class B treasury shares as at 30 September	**87,320**	**87,320**	**873**	**873**	**0.7%**	**0.7%**

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

	Group	
Earnings per share	2008/09	2007/08
Net profit for the year	55,764	50,011
Average number of outstanding class A and B shares	11,788,978	11,788,978
Earnings per DKK 10 share (EPS) in DKK	4.73	4.24
Diluted earnings per DKK 10 share (EPS-D) in DKK	4.73	4.24

	Group		Parent company	
DKK '000	30.09.09	30.09.08	30.09.09	30.09.08
Note 12. Inventories				
Raw materials and consumables	43,389	59,751	12,172	15,187
Work in progress	218	868	106	128
Finished goods	112,396	96,606	51,467	40,550
	156,003	**157,225**	**63,745**	**55,865**
Cost of sales for the year	282,754	244,958	344,304	280,500
Inventory write-down				
Write-down as at 1 October	5,075	3,795	390	1,192
Foreign currency translation adjustment	(82)	(7)	0	0
Additions	1,009	2,261	725	0
Disposals	(587)	(974)	0	(802)
Write-down as at 30 September	**5,415**	**5,075**	**1,115**	**390**

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

DKK '000	Group 30.09.09	Group 30.09.08	Parent company 30.09.09	Parent company 30.09.08
Note 13. Receivables				
Trade receivables	192,957	167,850	41,161	37,318
Receivables from group enterprises	0	0	178,679	157,063
Other receivables	14,566	26,878	4,135	4,234
Total receivables	**207,523**	**194,728**	**223,975**	**198,615**
Write-down included in the receivables mentioned above	2,502	4,780	666	2,450
Write-down of receivables for the year	(2,278)	(146)	(1,784)	(83)

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 is provided for the coming year.

Outstanding receivables are monitored on a regular basis in accordance with the company's debtor policy which is based on concrete debtor assessments of private 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. Receivables are subject to an assessment, and credit insurance has been taken out for some of them. 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 14%. The share of public-sector customers is 43%.

Sales of Ambu's 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	137,731	18,125	8,283	6,361	12,465	12,494	195,459
Write-downs on receivables							(2,502)
Value written down as at 30 September 2009							**192,957**
Value written down as at 30 September 2008							167,850

Parent company

	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	> 180	Total
Trade receivables	37,172	95	273	359	920	3,008	41,827
Write-downs on receivables							(666)
Value written down as at 30 September 2009							**41,161**
Value written down as at 30 September 2008							37,318

Notes

	Group		Parent company	
DKK '000	30.09.09	30.09.08	30.09.09	30.09.08
Note 14. Provision for deferred tax				
Deferred tax as at 1 October	6,668	7,517	19,274	17,713
Foreign currency translation adjustment	(7)	43	0	0
Deferred tax for the year	6,944	(292)	6,294	974
Change in respect of previous years	(354)	(600)	(552)	587
Deferred tax as at 30 September	**13,251**	**6,668**	**25,016**	**19,274**
Deferred tax relates to:				
Intangible assets	5,773	4,199	16,111	12,757
Property, plant and equipment	6,816	5,233	4,536	3,540
Current assets	2,605	727	4,620	2,977
Payables	(1,893)	(1,280)	(251)	0
Tax losses allowed for carryforward	(50)	(2,211)	0	0
	13,251	**6,668**	**25,016**	**19,274**
Deferred tax comprises:				
Deferred tax asset	**(2,986)**	**(5,398)**	**0**	**0**
Deferred tax	**16,237**	**12,066**	**25,016**	**19,274**
Deferred tax falling due within 12 months	662	(2,764)	4,369	2,977

	Group		Parent company	
DKK '000	30.09.09	30.09.08	30.09.09	30.09.08
Note 15. Income tax				
Income tax payable as at 1 October	8,744	4,158	6,798	3,896
Foreign currency translation adjustment	(492)	220	-	-
Paid during the year	(14,744)	(14,877)	(7,681)	(6,045)
Adjustment in respect of previous years	56	1,100	(146)	(1,092)
Tax on equity hedging transactions	(1,417)	(148)	(1,417)	(148)
Tax on transl. adj. rights/goodwill in equity	(1,292)	0	(1,292)	0
Tax on profit for the year	11,254	18,291	2,358	10,187
Net payable/receivable	**2,109**	**8,744**	**(1,380)**	**6,798**
Classified in the balance sheet as follows:				
Prepaid income tax	(2,305)	(477)	(1,380)	0
Income tax payable	4,414	9,221	0	6,798

DKK '000					Group 30.09.09	Group 30.09.08	Parent company 30.09.09	Parent company 30.09.08
Note 16. Credit institutions								
Carrying amount:			Fixed/	Interest				
Loan	Maturity	Type	floating	rate				
USD	2014	Bank	Floating	3.3%	34,316	0	34,316	0
EUR	2014	Bank	Floating	3.3%	10,934	13,130	10,934	13,130
DKK	2015	Bank	Fixed	4.4%	13,895	778	13,895	778
DKK	2015	Bank	Floating	6.7%	667	16,115	667	16,115
DKK	2018	Bank	Floating	3.8%	7,840	8,484	7,840	8,484
EUR	2010	Bank	Fixed	6.6%	1,510	3,525	1,510	3,525
EUR	Finance leases	-	Fixed	4.3%	704	1,036	0	0
DKK	Finance leases	-	Fixed	5.2%	631	0	631	0
DKK	Finance leases	-	Fixed	4.4%	2,947	4,900	2,947	4,900
Total credit institutions as at 30 September					**73,444**	**47,969**	**72,740**	**46,933**
Effective rate of interest				**3.7%**				

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 16,191k falls due within one year, while DKK 6,787k falls due after five years.

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

		Group 30.09.09	Group 30.09.08	Parent company 30.09.09	Parent company 30.09.08
	0-1 year	1,936	1,811	1,592	1,480
	1-5 years	2,345	4,125	1,986	3,420
	> 5 years	0	0	0	0
Liabilities relating to finance leases as at 30 September		**4,282**	**5,936**	**3,578**	**4,900**

Finance leases as at 30 September 2009

	Group Min. lease payments	Group Interest rate	Group Carrying amount	Parent company Min. lease payments	Parent company Interest rate	Parent company Carrying amount
< 1 year	2,064	128	1,936	1,695	103	1,592
1-5 years	2,421	76	2,345	2,052	66	1,986
> 5 years	0	0	0	0	0	0
Balance	**4,485**	**204**	**4,282**	**3,747**	**169**	**3,578**

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	18,653	55,369	7,231	81,253	73,498	73,444
Bank debt	65,036			65,036	65,036	65,036
Trade payables	44,569			44,569	44,569	44,569
Other payables	98,343			98,343	98,543	98,343
Total financial liabilities	**226,601**	**55,369**	**7,231**	**289,201**	**281,446**	**281,382**
Cash	17,308			17,308	17,308	17,308
Trade receivables	192,957			192,957	192,957	192,957
Other receivables	12,261			12,261	12,261	12,261
Total financial assets	**222,526**	**0**	**0**	**222,526**	**222,526**	**222,526**
Net	**4,075**	**55,369**	**7,231**	**66,675**	**58,921**	**58,867**
Liquidity risks, net 30 September 2008	11,470	32,244	13,046	56,760	48,216	48,384

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

	Group		Parent company	
	30.09.09	30.09.08	30.09.09	30.09.08
Unutilised credit facilities				
Unutilised credit maximums	122,219	74,403	115,860	70,562

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 is calculated as debt to credit institutions and bank debt less cash and cash equivalents. Based on the company’s net debt as at 30 September 2009, which partly carries a fixed and partly a floating rate of interest, a 1% increase/fall in the general interest rate level will have the following effect on the income statement and equity as far as the development in interest rate swaps is concerned.

	Group 30.09.09	Group 30.09.08	Parent company 30.09.09	Parent company 30.09.08
Net interest-bearing debt	121,172	120,642		
Increase/fall in interest rate level of 1 percentage point – Impact on results +/-	899	825		
Increase/fall in interest rate level of 1 percentage point – Impact on equity +/-	(1,237)	(1,995)		

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 in Denmark with a carrying amount of DKK 32,772k.

	Group		Parent company	
	2008/09	2007/08	2008/09	2007/08
Note 18. Operating leases				
Operating leases				
Payments due within 0-1 year	12,985	9,342	2,617	2,184
Payments due within 1-5 years	37,784	25,437	8,390	7,196
Payments due after 5 years	79,343	83,368	70,288	72,618
Total operating leases	**130,112**	**118,147**	**81,295**	**81,998**
Operating leases expensed in the income statement	**16,521**	**14,395**	**7,773**	**6,815**

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 senior 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 important transactions with related parties:

	Parent company	
	2008/09	2007/08
Sale to subsidiaries	477,460	415,615
Purchase from subsidiaries	204,946	166,469

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, senior 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 company. 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 company to cover building investments in China and Malaysia. The loans carry market interest. Furthermore, the parent company has issued a declaration of support to the subsidiary in Malaysia.

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

	Group		Parent company	
	2008/09	2007/08	2008/09	2007/08
Guarantees and security furnished on behalf of subsidiaries	20,027	21,450	14,943	16,223

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. Ambu’s 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 up to six months. At the end of the financial year, Ambu chose not to hedge USD and EUR.

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.

			2008/09		
Foreign currency	Payment/ maturity	Recei- vables	Payables	Hedged	Net position
USD translated into DKK ’000	< 1 year	133,282	(125,162)	0	8,119
EUR translated into DKK ’000	< 1 year	78,369	(5,464)	0	72,905
GBP translated into DKK ’000	< 1 year	0	(6,201)	0	(6,201)
		211,651	**(136,827)**	**0**	**74,824**

			2007/08		
Foreign currency	Payment/ maturity	Recei- vables	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**

Apart from the above, no material foreign exchange risks are incumbent on the balance sheet of the parent company. 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	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Sale of GBP	< 1 year	8,596	22,462	9,080	22,134	484	(328)
		8,596	**22,462**	**9,080**	**22,134**	**484**	**(328)**

	2008/09	2007/08
Fair value of financial instruments		
Forward exchange contracts		
GBP translated into DKK ’000	484	(328)
Interest rate and currency swaps		
DKK/DKK, floating to fixed rate	(274)	708
EUR/EUR, floating to fixed rate	(3,999)	1,498
	(3,789)	**1,878**

Sensitivity analysis	**Foreign exchange risk – impact on revenue and EBIT**	
	GBP	**USD**
	+/- 5 points	+/- 5 points
Revenue	0%	2%
EBIT	3%	9%

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

Note 21. Other operating expenses

In 2007/08 and 2008/09, other operating expenses comprise the effect of the option scheme established. For further information, please refer to note 3 and page 22.

Note 22. Contingent liabilities

The patent cases concerning the laryngeal mask are described on page 19. The cases are not expected to have any significant impact on the company’s financial position. In addition to this, Ambu is 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.

Notes

DKK '000	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Note 23. Financing of non-current assets				
Purchase of property, plant and equipment, cf. note 10	32,836	35,922	24,114	27,988
Purchase of intangible assets, cf. note 9	63,974	13,509	63,971	13,509
Of which assets held under finance leases	669	0	669	0
Amounts paid concerning the purchase of property, plant and equipment	**96,141**	**49,431**	**87,416**	**41,497**
Proceeds from the arrangement of financial liabilities	743	0	743	0
Of which lease debt	743	0	743	0
Proceeds from the arrangement of financial payables	**0**	**0**	**0**	**0**

Note 24. Subsequent events

As per 1 October 2009, Ambu has established a wholly owned subsidiary in Australia and cancelled its credit insurance of receivables in Denmark. As a result of the credit crisis, the credit insurers have cancelled several coverages, and Ambu has therefore chosen to accept the risk itself.

Note 25. Company acquisitions

On 2 December 2008, Ambu purchased assets in the US company Sleepmate Technologies Inc.
Sleepmate Technologies manufactures sensors used for examining obstructive sleep apnoea. The purchase sum was DKK 40.8m and was paid in cash.
The Sleepmate products generated revenue of DKK 12m in the period from the acquisition until 30 September 2009.
The acquired net assets and goodwill are as follows:

Assets and liabilities from the acquisition can be stated as follows:	Carrying amount before takeover	Final fair value on the date of takeover
Goodwill		23,655
Sleepmate trademark		15,134
Property, plant and equipment	503	503
Working capital	3,257	3,257
	3,760	**42,549**

Cash flows from company acquisition	
- Cash purchase price	40,770
- Purchase costs	1,779
Cash flows from company acquisition	**42,549**

AMBU IN BRIEF

Ambu develops, produces and markets diagnostic and life-supporting devices to hospitals and rescue services. As of 2009/10, Ambu has three business segments: Airway Management, Patient Monitoring & Diagnostic and Emergency Care.

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 1,600 employees, of whom approx. 300 work in Denmark and 1,300 abroad.

Ambu is listed on NASDAQ OMX Copenhagen.

Addresses

Denmark
Tel.: +45 72 25 20 00
Email: ambu@ambu.com
Internet: www.ambu.com

Ambu A/S
Baltorpbakken 13
2750 Ballerup
Fax: +45 72 25 20 50

Rugmarken 10
3650 Ølstykke
Fax: +45 72 25 20 55

Sales companies

Australia
Ambu Australia Pty. Ltd.
2401/4 Daydream Street
Warriewood NSW 2102
Tel.: +612 99995969
Fax: +612 99996844

China
Ambu Trade Ltd.
5/F, No. C. Warehouse Process
Complex Building Xiang Yu F.T.Z.
Xiamen 361006, P.R. China
Tel.: +86 592 602 5212
Fax: +86 592 602 5390

France
Ambu S.A.R.L
Airspace – Rue Gagarine 6
33185 Le Haillan
Tel.: +33 55 792 3150
Fax: +33 55 792 3159

The Netherlands
Ambu B.V.
Edisonstraat 16-j
2809 PB Gouda
Tel.: +31 182 573293
Fax: +31 182 531364

Italy
Ambu S.r.l.
Via Paracelso, 18
Centro Direzionale Colleoni
Palazzo Andromeda
20041 Agrate Brianza – Mi
Tel.: +39 039 657811
Fax: +39 039 6898177

Spain
Ambu S.L.
Alcala 261-265, Edf 1, 3° Izq
28027 Madrid
Tel.: +34 91 411 6830
Fax: +34 91 564 5082

Germany
Ambu GmbH In der Hub 5 61231
Bad Nauheim
Tel.: +49 (0) 6032 92 50 0
Fax: +49 (0) 6032 92 50 200

UK
Ambu Ltd.
Burrel Road
St. Ives
Cambridgeshire PE27 3LE
Tel.: +44 1 480 498 403
Fax: +44 1 480 498 405

USA
Ambu Inc.
6740 Baymeadow Drive
Glen Burnie, MD 21060
Tel.: +1-410-768-6464
Fax: +1-410-768-3993

Production companies

China
Ambu Ltd.
Warehouse & Process Complex
Building, No. C Xiang Yu F.T.Z.
Xiamen 361006, P.R. China
Tel.: +86 592 602 5212
Fax: +86 592 602 5390

Malaysia
Ambu Sdn. Bhd.
Lot 69B
Lintang Bayan Lepas 6
Phase IV, 11900 Penang
Tel.: +60 464 28 990
Fax: +60 464 48 932

Editors Ambu A/S Photos Ambu A/S and Morten Jerichau Design and production Boje & Mobeck

Ambu A/S
Baltorpbakken 13
DK-2750 Ballerup
T +45 72 25 20 00
F +45 72 25 20 50
www.ambu.com