Ambu
Ideas that work for life

Annual Report 2011 | 2012

Contents

Ambu's business in brief

Since 1937, breakthrough ideas have driven our work to bring efficient healthcare solutions to life within our fields of excellence: Anaesthesia, Patient Monitoring & Diagnostics and Emergency Care.

Millions of patients and healthcare professionals worldwide depend and rely on the functionality and performance of our products. We are dedicated to improving patient safety and determined to advance single-use devices.

The manifestations of our efforts range from early inventions like the Ambu bag and the Blue Sensor® electrodes to our latest landmark solutions such as the aScope™ – the world's first single-use flexible videoscope. Our commitment to bringing new ideas and superior service to our customers has made Ambu one of the most recognised medico-technical companies in the world.

Our head office is situated in Ballerup near Copenhagen, and we have production facilities in China and Malaysia and on a smaller scale in the UK. Ambu has more than 1,700 employees in Europe, North America, Asia and the Pacific region.

Ambu is listed at NASDAQ OMX Copenhagen and is part of the Mid Cap index.

Strategy

Ambu adopted its GPS Four strategy in 2009. The strategy covers a four-year period and sets out the following overall objectives for Ambu:

- Becoming a global leader within single-use products for hospitals and rescue services
- Achieving significantly higher revenue
- Obtaining an EBIT margin of about 15%
- Ensuring leaner operations and thereby a reduction in working capital
- Making acquisitions and entering into partnerships.

The strategy and the objectives have been maintained in spite of the impact of the general international economic situation on the period. For each year in the strategy period, Ambu has set specific targets which are designed to ensure the realisation of the strategy and the ultimate objectives.

The first three years have resulted in significant increases in efficiency, and at the end of the four-year period, Ambu is expected to have realised most of the targets defined.

Market conditions

The general market conditions within medico-technical equipment present both attractive growth opportunities and challenges for Ambu. Demographic developments which are leading to an increasing need for treatment and prevention as well as high economic growth and the establishment of healthcare sectors in emerging markets are the most important factors contributing to continued growth. On the other hand, Ambu's opportunities for growth are negatively impacted by a challenging competitive situation, by ever-stricter regulatory requirements and processes, by budgetary cuts in the healthcare sectors in both Europe and the USA, by greater customer focus on value and by the centralisation of purchasing functions.

Ambu seeks at all times to make the most of the positive market conditions while at the same time adapting to the general macroeconomic situation. At present, this translates into a constant focus on optimising production, on developing and acquiring products which can contribute to reducing healthcare costs and, finally, on increasing sales to the emerging markets. The continuous adaptation and development of the company has meant that growth in excess of market growth has been realised in recent years.

Risks

Ambu's activities involve a number of general and specific commercial and financial risks. Ambu seeks to identify and quantify these risks, which are hedged and limited to the greatest possible extent.

However, due to the nature of Ambu's business, including the development of new, innovative products, the company undertakes risks on an ongoing basis. The risk management systems are to ensure that only calculated risks are taken, and that these are constantly monitored and managed.

The most important commercial risks are as follows:

- Price pressure, among other things as a result of the increasing economic and political focus on keeping healthcare costs in check and centralising purchases
- Inability to develop unique, high-quality products sufficiently fast
- Protection of Ambu's trade marks and brand
- Patent cases in connection with the launch of completely new products.

Corporate governance

The Ambu management is committed to exercising high corporate governance standards and to ensuring the best possible compliance with Ambu's commitments to its shareholders, customers, employees, public authorities and other stakeholders, while at the same time supporting the long-term creation of value.

The recommendations of NASDAQ OMX Copenhagen regarding corporate governance, current stock exchange rules, administrative requirements, best practice in the area and internal rules constitute the framework for Ambu's corporate governance.

Ambu complies with the recommendations of NASDAQ OMX Copenhagen with very few exceptions. A complete report of Ambu's corporate governance can be found on the company's website www.ambu.com.

Corporate social responsibility

Ambu's business is inextricably linked to social responsibility, and Ambu is continuously working to strengthen the connection between responsible and value-creating corporate behaviour.

Ambu's work with corporate social responsibility (CSR) is based on the principles of the UN's Global Compact initiative.

The general framework for Ambu's CSR activities is contained in its:

- Code of Conduct
- Code of Conduct for Ambu Suppliers
- Environmental policy.

Read more at www.ambu.com/csr.

Ideas that work for life

Ideas

Innovation is the core of Ambu. Every step towards better healthcare starts with an idea.

Work

We support doctors, nurses and paramedics worldwide to do a better job.

Life

Our vision is expressed in seven words: To save lives and improve patient care.

The destination – our goal is in sight

The GPS Four strategy has now provided a framework for our activities for three years, a period which has been characterised by major changes throughout Ambu. We have come a long way in terms of creating growth and optimising our business. We are confident that by the end of FY 2012/13, we will have achieved most of the objectives we set ourselves in 2009.

The overall objectives in the GPS Four strategy are to obtain significantly higher revenue and earnings, to ensure efficient operations and to reduce the company's working capital. The way to fulfil the objectives is through the clear planning of our innovation activities, our positioning in the markets and the organisation of our operations as well as final plans for acquisitions and the formation of new partnerships.

In the past year, we have reached several important milestones: Revenue in excess of DKK 1bn, an EBIT margin of 15% before special items and a strong free cash flow. Also, the first minor acquisition in the strategy period was made over the summer.

Focused market approach

An important element in realising our plans has been to make Ambu more global, while enabling the company to handle the market challenges in the individual regions in the best possible way.

We have invested more in emerging markets with newly established healthcare sectors and which are seeing an increasing demand for the type of products that Ambu offers. We have opened sales offices in China, India and Australia and are developing our distributor network on an ongoing basis. Our growth in the new markets is high – however, still starting from a low level – and we expect these markets to make a significant contribution to Ambu's growth in the coming years.

We have also intensified our efforts in the USA by taking on more salespeople and by introducing telesales and e-trading over the past year. This has resulted in reasonable growth in the US market in the past year, despite the challenging market conditions.

In Europe, market growth is low in several markets, among other things due to cost restraints in the healthcare sector, and here the focus is on forging and strengthening relations with existing and potential customers as well as on positioning the new Ambu products.

Efficient operations

In the past few years, Ambu has built up modern and efficient operations, which we can see has significantly boosted our competitive edge. The streamlining has, among other things, included the centralisation of production activities at our factories in Asia, the implementation of global IT systems and the optimisation of the entire logistics area. A significant step towards optimising Ambu's distribution was taken with the establishment of a distribution centre in Germany in 2011/12. This process will be continued in the coming period, and the aim is to optimise and reduce global inventories while improving Ambu's customer service and, at the same time, creating opportunities for a profitable expansion of the activities in connection with future growth.

In the course of the year, Lean programmes were implemented in the production units. This contributes to reducing the costs of our products and will make our operations even more efficient in future while strengthening our competitiveness.

Innovation as a focal point

To strengthen Ambu's position and to be able to exploit the opportunities within the healthcare industry, Ambu must become better at developing and launching new products. With that in mind, we have established a global development organisation with departments in Denmark, China and Malaysia, streamlined the organisation and focused on developing 'first mover' products rather than just launching improved versions of existing products. We have launched a number of new products since 2009. The most important launch was the single-use videoscope aScope, which is a unique visualisation concept. In addition, we have a sound pipeline and have, in the past year, worked to develop new products, which we expect to launch in the next twelve months.

Launching new concepts for the hospital sector has required different launch strategies than what Ambu has been used to. For aScope, this has meant collaborating very closely with doctors, conducting clinical studies and describing the financial benefits of using the product. The penetration of aScope in the initial phase has therefore been slower than anticipated.

In 2009, our ambition was for 30% of revenue in 2013 to be generated by new products launched after 1 October 2009. Unfortunately, we will not meet that target – primarily due to lower-than-expected sales of aScope. We now expect sales of new products to account for approx. 15% of revenue in 2013.

Growth via acquisitions and partnerships

Taking over other companies and forming partnerships is one of the objectives of our strategy. Such steps are necessary to strengthen our global position, to be able to offer our customers more complete solutions and to make the most of our sales resources, production facilities and support functions.

During the entire strategy period, we have made targeted efforts to identify appropriate candidates for acquisition and have been in contact with many businesses. In spring 2012, we acquired Unomedical's electrode business. This was not a major acquisition, but a good one nevertheless. With this acquisition, Ambu created a market-leading position for itself within cardiological electrode solutions for both short and long-term monitoring.

We have also concluded agreements with two distributors in the veterinary area on the launch of a single-use videoscope for animals, vScope; this represents an important step into a new market.

We still hope to be able to make one or more acquisitions before the end of the strategy period in a year's time.

Ambu's 75th anniversary

Ambu celebrated its 75th anniversary in October 2012, and having reached this milestone, it is natural to ask the question: What does it take to continue to develop, grow and deserve the role as the healthcare staff's preferred supplier? Part of the answer is that Ambu has been on an exciting journey over the years, and that we have remained true to the heritage of our founder, Holger Hesse. The company's DNA is still rooted in entrepreneurship, passion and the ability to take action, and we still come to work every day to develop equipment which helps doctors, nurses and paramedics save lives. Each year, more than 60 million patients are treated with Ambu's products, and we believe that we will be able to contribute to diagnosing and treating even more of the world's patients in future.

Common management platform

Having motivated and talented employees and strong global and local managements is crucial to Ambu. In the course of the year, a new global set of values for our managers was introduced, known within the company as 'Five Star Leadership'. This will ensure a more uniform Ambu with focus on strong values and management tools.

GPS FOUR

In 2009, we launched the GPS Four strategy with the objective of turning Ambu into a more global, innovative, modern and efficient company. Here on the threshold of the fourth and final year in the strategy period, most of our goals are in sight, and we are going to make dedicated efforts to achieve them. During the strategy period, we expect to achieve a satisfactory growth of approx. 30%, to more than double profit before tax and to improve our cash flow considerably.

Our goal is in sight

We are now starting the fourth and final year of the strategy period. The market is difficult, which calls for stronger focus, clear priorities and the ability to act with precision and efficiency. The management expects most of the ambitious objectives set in 2009 to be achieved. We expect revenue to have increased by approx. 30% over the four years and profit before tax to have more than doubled, and with strong earnings and a markedly improved cash flow, we also expect Ambu to be almost debt-free except for the financing of acquisitions. We have also distributed almost DKK 90m in dividend to our shareholders over the past three years. This is satisfactory at a time when the economy in general has not exactly helped us achieve our goals.

The headline for the plan next year is 'The Destination', and the objectives are as follows:

- Growth in revenue of approx. 7-8% – the growth will be generated by our existing business, the acquisition of the electrode business and new partnerships
- Sales of new products accounting for approx. 15% of revenue
- An EBIT margin of approx. 15%
- A cash flow of approx. DKK 100m before acquisitions
- Making at least one acquisition
- Continued development of the partnership strategy.

We are determined to achieve the objectives we have set ourselves – while at the same time carrying out strategy work which will map the route for the next four-year period. All this will contribute to a stronger and even more global Ambu that creates clear value for our shareholders.

Lars Marcher
President & CEO

Highlights

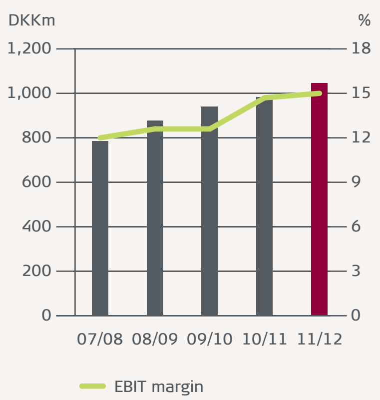
Status of the GPS Four strategy

- In 2009, Ambu launched its four-year strategy GPS Four, and the first years of the strategy period have been completed with satisfactory results. The business has been optimised, and significant changes have been implemented within innovation, sales, production and IT systems.
- In the past year, Ambu has worked to optimise the entire supply chain, and a new central distribution centre has been established in Germany, among other things.
- In terms of sales, efforts have been intensified further in new markets, and the sales force in the USA has been expanded.
- In spring 2012, Ambu took over Unomedical's electrode business, and Ambu is now able to offer a complete portfolio of electrodes for diagnostics and monitoring. At the same time, two partnership agreements were concluded on launching the single-use videoscope vScope in the veterinary market, which is a new market for Ambu.
- A plan under the heading 'The Destination' has been laid for the final year of the strategy period. The objectives here are, among other things, growth in revenue of 7-8%, an EBIT margin on a par with the original target in the GPS Four strategy (15%), sales of new products launched after 2009 accounting for 15% of revenue and a good free cash flow. Targeted efforts will also be made to identify candidates for acquisition and form strategic partnerships.

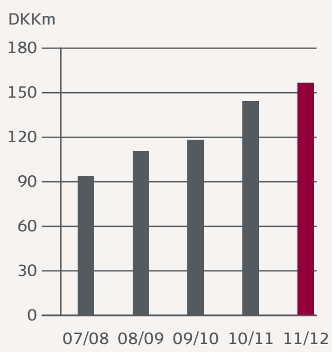
Developments in 2011/12

- Reasonable revenue was posted in 2011/12 considering the market conditions, and significantly improved earnings were realised compared with the previous year. In addition, a strong free cash flow before acquisitions was achieved.
- Revenue of DKK 1,045m was posted in 2011/12, corresponding to an increase of 6% on the previous financial year when reported in Danish kroner (2010/11: 5%), and 4% in local currencies (2010/11: 5%). Organic growth (excluding the acquired electrode business) was 2% when reported in local currencies, and 4% in Danish kroner. Since the takeover on 1 June 2012, the acquired electrode business has contributed revenue of DKK 18m and has had a modest impact on earnings.
- Over the past year, Ambu has faced a number of challenges in the southern European markets as a result of the economic situation in the region. Satisfactory growth has been achieved in the German market, the Nordic markets and for European distributor sales. Overall, growth in Europe was 3% when reported in local currencies. A high rate of growth in revenue was realised in emerging markets (26% when measured in local currencies), while the growth achieved in the USA (2% when measured in

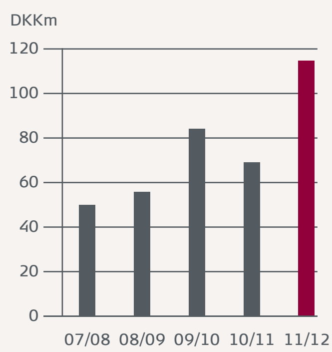
Revenue and EBIT margin before special items



EBIT before special items



Net profit for the year



the local currency) was lower than the year before due to more challenging market conditions.

- The EBIT margin was 15%, corresponding to DKK 157m before special items, up 9% relative to 2010/11. The improved EBIT margin is primarily attributable to higher revenue and improved cost-effectiveness. After special items of DKK 6m (costs relating to the acquired electrode business and to its integration), EBIT was DKK 151m against DKK 111m in 2010/11 (affected by costs of DKK 33m relating to a concluded patent case). Exchange rate developments had a negative effect on EBIT of approx. DKK 2m.

- Profit before tax amounted to DKK 150m, while net profit for the year totalled DKK 115m against DKK 69m in 2010/11.

DKK 150M
WAS THE PROFIT BEFORE TAX

- Free cash flow before acquisitions totalled DKK 111m against DKK 64m the year before. The improvement in the free cash flow is attributable to a higher cash flow from operating activities, which was reduced by DKK 8.5m due to higher investments than last year. After acquisitions of DKK 31m, the free cash flow was DKK 80m.

- The Board of Directors proposes that a dividend be declared of DKK 3.00 per share for 2011/12, corresponding to 31% of the profit for the year.

Outlook 2012/13

- In 2012/13, consolidated revenue is expected to increase to around DKK 1,125m, corresponding to an increase of approx. 7-8% when reported in local currencies, including the full-year effect of the acquired electrode business. The outlook is based on an average USD exchange rate of 575 and a GBP exchange rate of 900.

- In 2012/13, the EBIT margin before special items is expected to be about 15%, while profit before special items and tax is expected to equate to about 14.5% of revenue.

- In 2012/13, the free cash flow before acquisitions is expected to be about DKK 100m, with investments before acquisitions amounting to approx. 5% of revenue.

Financial highlights

DKKm	2007/08	2008/09	2009/10	2010/11	2011/12
Key figures					
Revenue	784	877	940	983	1,045
EBITDA before special items [1]	138	167	179	201	210
Operating profit (EBIT) before special items	94	110	118	144	157
Operating profit (EBIT)	86	76	116	111	151
Net financials	(18)	(3)	0	(13)	(1)
Profit before tax (PBT)	68	74	116	98	150
Net profit for the year	50	56	84	69	115
Total assets at year-end	732	782	876	889	966
Equity at year-end	452	480	562	580	678
Share capital	119	119	119	119	119
Investments in non-current assets and acquisitions	49	96	68	44	78
Depreciation and impairment, fixed assets	45	56	61	56	54
Cash flows from operating activities	84	113	99	102	158
Free cash flow	36	18	31	64	80
Average no. of employees	1,397	1,608	1,728	1,637	1,683
Ratios					
EBITDA margin before special items, % [2]	17.6	19.0	19.0	20.4	20.1
EBIT margin before special items, % [3]	12.0	12.6	12.6	14.7	15.0
Return on assets, % [4]	12.8	14.1	13.5	16.2	16.2
Return on equity, % [5]	11.5	12.0	16.1	12.1	18.2
Equity ratio, % [6]	62	61	64	65	70
Earnings per DKK 10 share [7]	4.24	4.73	7.16	5.92	9.84
Equity value per share [8]	38	40	47	49	57
Share price at year-end	73	110	136	139	148
CAPEX, % [9]	6.2	10.9	7.2	4.5	7.4
ROIC, % [10]	11.4	13.4	13.2	14.9	15.4
NIBD/EBITDA [11]	0.9	0.7	0.6	0.5	0.3

[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: Equity's share of total liabilities at year-end
[7] Profit per DKK 10 share: Profit after tax in relation to average no. of shares less treasury shares
[8] Equity value of shares: Total equity in relation to no. of shares at year-end
[9] CAPEX: Investments in non-current assets and acquisitions in relation to revenue
[10] ROIC: EBIT before special items less tax in relation to assets less non-interest-bearing 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 2010'.
For share-related ratios, see page 33.

Results in 2011/12

The 2011/12 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

In 2011/12, the group posted revenue of DKK 1,045.5m compared to revenue of DKK 982.8m in 2010/11, up 6% when reported in Danish kroner, and 4% in local currencies. The acquired electrode business contributed revenue of DKK 18.0m, which means that organic growth in 2011/12 was 4% when reported in Danish kroner, and 2% in local currencies.

Changes in exchange rates relative to last year, most importantly changes in USD and GBP, had a positive impact on revenue of DKK 28.3m.

When corrected for exchange rate developments, growth was strongest in Asia/Australia, at 25.8%. In Europe, revenue was up 2.8%, while a 2.0% increase in revenue was realised in the USA.

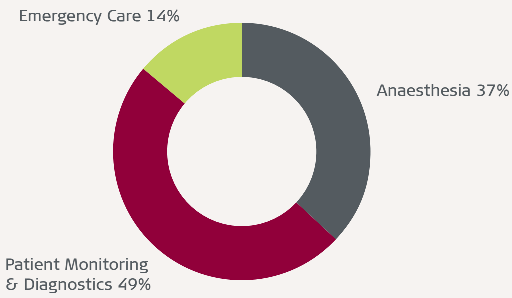
In keeping with previous years, revenue posted by sales companies is recognised at average exchange rates for the year.

Within **Anaesthesia**, revenue was unchanged in 2011/12 when reported in local currencies, while an increase of

Revenue by business area

Growth in DKK, local currencies and organic

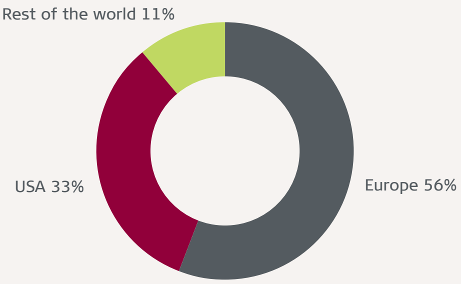
DKKm	2011/12	2010/11	Growth %	Growth in local currencies %	Organic growth %
Anaesthesia	389.0	378.1	3	0	0
Patient Monitoring & Diagnostics	513.1	463.0	11	8	4
Emergency Care	143.3	141.7	1	-1	-1
Total	1,045.5	982.8	6	4	2



Geographical breakdown of revenue

Growth in DKK, local currencies and organic

DKKm	2011/12	2010/11	Growth %	Growth in local currencies %	Organic growth %
USA	346.5	316.8	9	2	1
Europe	585.1	566.0	3	3	1
Rest of the world	113.9	99.9	14	12	9
Total	1,045.5	982.8	6	4	2



3% was reported in DKK. A satisfactory increase was seen in sales of single-use pumps for pain management – SmartInfuser™ Pain Pump and SmartBlock™, while sales of aScope are still seeing growth, albeit at a slightly slower rate than anticipated. Sales of single-use ventilation bags are up, while a decline has been recorded in sales of multiple-use ventilation bags. There have been no significant changes to the competitive situation for laryngeal masks despite the acquisition of LMA by Teleflex. Ambu's sales of laryngeal masks account for just under 15% of the group's revenue.

Within Patient Monitoring & Diagnostics, growth in revenue of 8% was recorded in 2011/12 when reported in local currencies, and of 11% when reported in DKK. The acquired electrode business has added revenue of DKK 18m, resulting in organic growth of 4%. Growth in excess of market growth was realised within Cardiology products, while double-digit growth rates were posted for the Neurology/Sleep area.

Revenue within Emergency Care fell by 1% in 2011/12 when reported in local currencies, and increased by 1% when reported in DKK. The fall can be attributed to declining sales of manikins for first-aid training and pumps.

USA

Total revenue for the USA increased by 2% in 2011/12 when measured in the local currency, and by 9 % when measured in DKK. Revenue within Neurology is up approx. 20%, and revenue within Cardiology is up approx. 9%. Within Anaesthesia, a decline was seen in sales of both laryngeal masks and ventilation bags as well as the insourced video laryngoscope. The declining sales of laryngeal masks is attributable to intensifying price competition, while the decline in sales of ventilation bags is due to timing differences. The approx. DKK 4m fall in sales of the insourced laryngoscope can be ascribed to an increased focus on sales of the visualisation product aScope.

Constant efforts are being made to optimise sales resources in relation to Ambu's primary call points, for example through a strengthening of Ambu's position vis-à-vis the general purchasing organisations, where Ambu is broadly represented. Direct sales focus primarily on sales of all the Anaesthesia products, including the aScope, laryngeal masks and the most recently launched product, the SmartInfuser™ Pain Pump. The positive developments within Cardiology and Neurology are expected to continue in 2012/13.

Europe

A 3% increase in revenue was posted for 2011/12 when measured in local currencies. Growth of 8% was posted in sales region UK (Great Britain and Ireland), of 6% in sales region NEM (Nordic countries and distributor sales) and of 4% in sales region Central (Germany, Austria and Switzerland), while revenue was unchanged in sales region South (Spain, Portugal and Italy). A fall in revenue of 3% was reported in sales region West (France and Benelux). The falling revenue in sales region West is primarily attributable to a fall in sales of manikins for first-aid training (which fluctuates as sales are primarily tender sales) and multiple-use ventilation bags, while an increase was seen in sales of laryngeal masks and Neurology products.

26%

WAS THE INCREASE IN REVENUE IN SALES REGION ASIA

Growth initiatives in Europe are primarily directed at winning market share and at the continued cultivation of the Anaesthesia and Cardiology markets. Following the takeover of Unomedical's electrode business, Ambu is now the largest player in the European electrode market. In France, a separate Emergency sales team has been appointed as sales within this area account for a large share of total revenue in the country, which has also been under considerable pressure in the past year.

Rest of the world

Revenue in the rest of the world was up 12% in 2011/12 when measured in local currencies. Revenue is up 26% in sales region Asia (Australia and Asia excluding Japan) following investments in this region. A decline in revenue was seen in Brazil and Japan. The declining revenue in Japan is explained by a large single order placed in the wake of last year's natural disaster. In Brazil, the decline is ascribed to a slower than expected penetration of the market.

Ongoing investments are being made in the building-up of the sales platform in Asia, including China, India, Malaysia and Australia. In the past year, a solid organisation has been established comprising salespeople, supporters, negotiators and logistics. A good starting point for further growth has thereby been created. Moreover, work is going into registering new products.

Gross profit and development in gross margin

Gross profit increased by 5.4% in 2011/12 from DKK 546.0m to DKK 575.7m, measured at current exchange rates. The gross profit ratio was reduced from 55.6% in 2010/11 to 55.1% in 2011/12, primarily as a result of a changed product mix, for example because the gross profit ratio for the acquired electrode products is lower than the average ratio for the rest of Ambu's product portfolio, but also due to changes in the CNY and MYR exchange rates and the non-recurring costs of establishing the European distribution centre of approx. DKK 1.7m.

In 2011/12, the indirect production costs' share of revenue was reduced by approx. 1 percentage point compared to the year before. This is primarily due to the optimisations resulting from the transfer of Ambu's production to its production units in Asia.

The contribution ratio has been reduced by approx. 1.5 percentage points. This can be ascribed to a changed product mix and price pressure in the markets, primarily in the USA and Europe. These factors have reduced the gross profit ratio by a total of approx. 2.8 percentage points, while the optimisation of production has contributed positively by approx. 1.3 percentage points.

Costs

The group's costs in respect of sales, development, management and administration were DKK 20.3m higher than in 2010/11, and at unchanged exchange rates costs are DKK 10.9m higher than in 2010/11, corresponding to an increase of 2.8%. The reason for the increase in costs is higher selling and marketing costs, which increased by DKK 15.4m, while development costs were down DKK 3.4m, and management costs and administrative expenses declined by DKK 1.1m.

The increase in selling and marketing costs is attributable to an increase in sales resources in the sales companies, primarily in the USA, as well as a strengthening of the strategic focus on sales in Asia. Moreover, a reclassification has been made compared to 2010/11 of development costs of approx. DKK 2.5m pertaining to the clinical department.

The reduced development costs are primarily due to two factors: The reclassification relative to 2010/11 of an amount of approx. DKK 2.5m in respect of the clinical department, which has been transferred to sales and marketing, and the effect of the transfer of part of the innovation organisation to the Asian production sites. The transfer has made more development resources available, at lower costs.

The reduction in management costs and administrative expenses has taken place primarily in the parent Ambu A/S and can be ascribed to the optimisation of the Danish organisation. The costs include management costs and administrative expenses of approx. DKK 1.8m relating to the acquired electrode business.

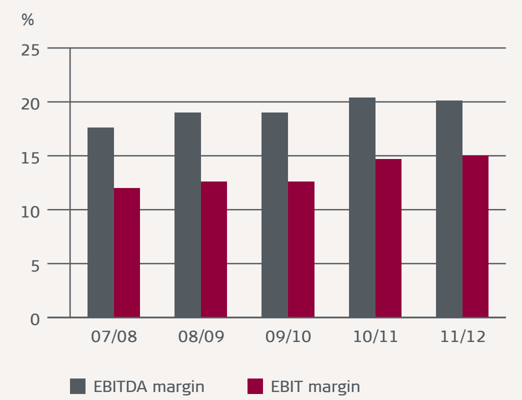
Other operating expenses

Other operating expenses include the accounting effect of an option scheme, warrant scheme and employee share scheme. In 2011/12, other operating expenses amounted to DKK 3.5m against DKK 6.5m the previous year. Share-based pay schemes are expensed over a number of years, and the reduction is due to the lapse of costs pertaining to option schemes introduced in previous years, while a few employees have resigned and thus lost their options and warrants. All in all, the costs have been reduced by DKK 3m.

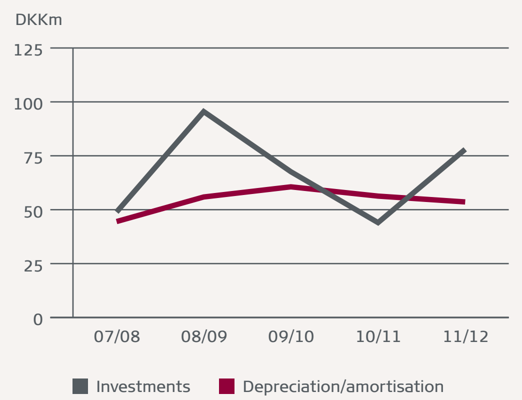
Special items

Special items amount to DKK 6.1m and comprise acquisition and integration costs in respect of the acquired electrode business. The amount is slightly higher than the expected costs announced in connection with the takeover. The reason is that Ambu has brought forward a number of integration costs pertaining to the optimisation of the acquired electrode

EBITDA and EBIT margin before special items



Investments including acquisitions, depreciation and amortisation



15%

WAS THE EBIT MARGIN IN 2011/12

business, resulting in non-recurring severance payments of approx. DKK 1.5m. In 2010/11, special items of DKK 33.0m were posted in the form of legal fees and, most importantly, the payment of compensation in connection with the settlement of the patent case which has now been concluded.

EBITDA and EBIT

The EBITDA margin, defined as operating profit before depreciation, amortisation and special items in relation to revenue, was 20.1% in 2011/12, which is 0.3 percentage points lower than in 2010/11. Of the fall in the EBITDA margin, approx. 0.2 percentage points can be ascribed to costs incurred in connection with the establishment of the European distribution centre.

The EBIT margin, defined as operating profit before special items relative to revenue, was 15.0% in 2011/12 against 14.7% in 2010/11. After special items, the EBIT margin was 14.4% in 2011/12 against 11.3% in 2010/11.

EBIT before special items amounted to DKK 156.8m, an increase of DKK 12.5m relative to 2010/11. EBIT before special items was up 8.7%. After special items, EBIT was DKK 150.7m in 2011/12 against DKK 111.3m in 2010/11.

Changes in exchange rates compared to last year impacted EBIT negatively by approx. DKK 2m. The impact on EBIT from changes in exchange rates is due to the strengthening of the USD, GBP, the Malaysian currency MYR and the Chinese currency CNY.

Net financials

The group's net financials, which comprise interest and foreign currency translation adjustments, amounted to income of DKK 0.9m in 2011/12 against expenses of DKK 13.3m the year before. Net interest expenses increased by DKK 0.5m in 2011/12 to DKK 4.9m relative to the year before. Net foreign currency translation adjustment income amounted to DKK 4.0m in 2011/12 against expenses of DKK 8.8m in 2010/11, representing an improvement of DKK 12.8m. The foreign currency translation adjustment is mainly due to foreign currency translation adjustments of balance sheet items.

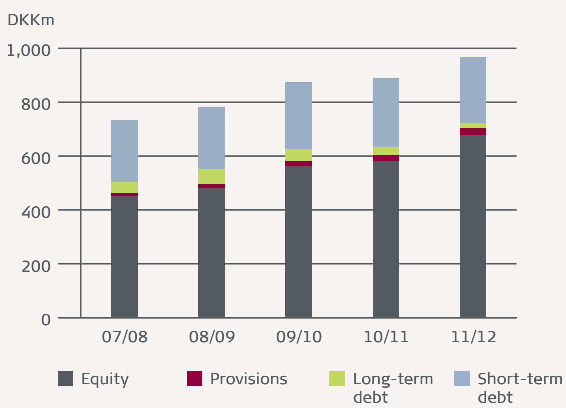
Profit before tax

Profit before tax amounted to DKK 149.8m in 2011/12 against DKK 98.1m in 2010/11, up 52.7%. This is due to an improvement in EBIT and a fall in special items of DKK 26.9m as described above.

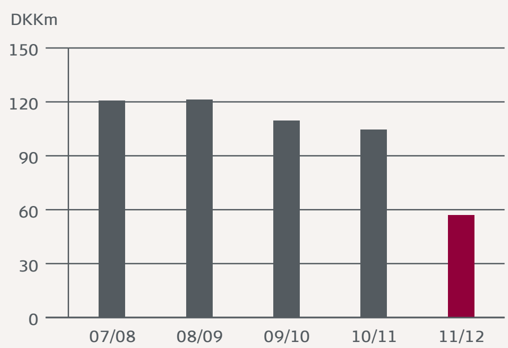
Tax

Tax on profit for the year totalled DKK 35.1m or 23.4% of the profit before tax compared with DKK 28.9m or 29.4% of the profit before tax in 2010/11. The tax rate for 2011/12 is 1.6 percentage points lower than the Danish tax rate of 25%, primarily on account of the particularly favourable taxation of investments in Malaysia. The operating margin in Ambu's subsidiaries is determined based on the group's transfer pricing policy, which is in line with OECD guidelines.

Capital structure



Net interest-bearing debt



Net profit for the year

Net profit for the year totalled DKK 114.7m against DKK 69.2m the year before, up 65.8%. The increase relative to last year is attributable to the improved operating profit, lower special items and lower net financials.

Balance sheet

At the end of the financial year, the balance sheet total amounted to DKK 965.5m, up DKK 76.3m compared to the end of FY 2010/11. The most important changes pertain to an increase in inventories of DKK 42.5m, an increase in trade receivables of DKK 14.0m, an increase in other receivables of DKK 5.2m and an increase in cash and cash equivalents totalling DKK 9.2m.

Non-current assets

Investments in development projects amounted to DKK 17.4m for the year. Development projects amounting to DKK 1.3m were completed in 2011/12.

Property, plant and equipment includes a property in Denmark with a carrying amount of DKK 24.2m. Depreciation of the property totals approx. DKK 3m a year. The property has been put on the market in a situation characterised by difficult market conditions, but at the same time it is being converted into a business park made up of small units.

Amortisation and impairment of intangible assets amounted to DKK 16.3m against DKK 18.4m the year before.

Investments in property, plant and equipment amounted to DKK 24.5m and primarily comprised an expansion of production capacity in Asia, production equipment for newly developed products, among other things, and the implementation of global IT systems. Depreciation on property, plant and equipment amounted to DKK 36.9m against DKK 37.4m the year before.

Inventories

Inventories amounted to DKK 250.6m at the end of the financial year, which is DKK 42.5m higher than last year. Calculated at unchanged exchange rates, inventories are up DKK 32.0m, of which an amount of DKK 25.8m is attributable to the acquired electrode business, while the remaining DKK 6.2m results from an increase in activity.

Trade receivables

Consolidated trade receivables totalled DKK 251.4m at year-end, up DKK 14.0m compared with year-end 2010/11. Adjusted for the effect of exchange rates, trade receivables are up DKK 9.2m, primarily due to receivables from trade in sales regions NEM and UK following an increase in activity levels.

Other receivables

At the end of the year, other receivables amounted to DKK 18.1m, up DKK 5.3m relative to 2010/11. This is primarily due to prepayments in the acquired electrode business and increased advance payments of taxes in sales region Central.

Liquidity

The group's cash and cash equivalents at year-end totalled DKK 34.9m, up DKK 9.2m relative to last year. To this should be added unutilised non-committed bank credit drawing facilities amounting to DKK 148.0m at the end of the financial year.

Equity

In 2011/12, equity was increased by the net profit for the year and value adjustments of unsettled financial instruments and amounted to DKK 678.1m at the end of the financial year. To the equity are added foreign currency translation adjustments in respect of capital interests in subsidiaries and adjustments concerning the dividend paid for 2010/11 and the effect of share-based remuneration.

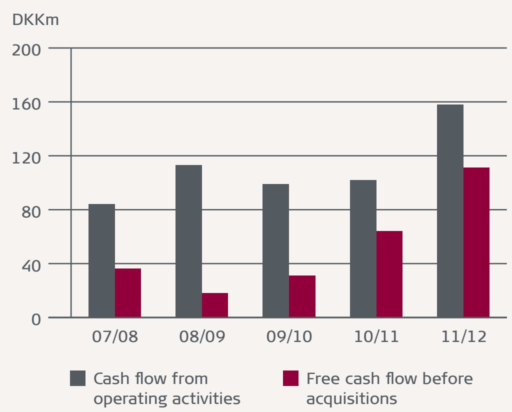
Non-current liabilities

Total non-current liabilities at year-end came to DKK 30.6m, of which an amount of DKK 13.3m falls due for payment in the coming financial year, and DKK 17.3m is deferred tax.

Current liabilities

Total current liabilities amounted to DKK 244.3m at the end of 2011/12, up DKK 5.3m. The most important changes concern a fall in short-term bank debt of DKK 25.5m and a fall in other payables of DKK 3.3m. Trade payables are up DKK 9.2m, while income tax payable is up DKK 10.1m.

Cash flow



DKK 158M
WAS THE CASH FLOW FROM OPERATING ACTIVITIES IN 2012

Other liabilities

Ambu A/S has signed a 15-year operating lease for the property in Ballerup. The term to maturity at the end of 2011/12 is four years. Ambu is entitled to extend the lease for another five-year term.

Cash flow statement

Cash flows from operating activities amounted to DKK 157.6m in 2011/12 against DKK 102.1m the year before. The change can be attributed to the improved results, reduced by the changes in working capital, which reduced the cash flows by DKK 24.9m in 2011/12 against DKK 27.9m in 2010/11. The capital tied up in inventories had a negative impact on cash flows of DKK 6.2m in 2011/12. The increase in inventories is primarily due to an increase in activity levels.

Capital tied up in receivables increased by DKK 11.7m, primarily due to the increase in activity levels. There are no particular problems associated with receivables in individual areas.

The changes in trade payables etc. have had a negative impact on liquidity of DKK 7.9m.

The capital tied up in working capital, net, as a percentage of revenue, amounted to 35.3% against 32.5% the previous year.

Efforts will be made to reduce the level of working capital in 2012/13, among other things by improving capital tied up in debtors, by focusing on optimising payment terms and payment flows and by increasing the efficiency of inventory management relative to sales by focusing on the centralisation of warehousing.

In 2011/12, net investments of DKK 46.5m were made in intangible assets and property, plant and equipment against DKK 38.0m the year before. Moreover, an investment of DKK 31.0m was made in the acquisition of Unomedical's electrode business, the assets being comprised primarily of inventories.

In 2011/12, free cash flow before acquisitions amounted to DKK 111.1m, which is DKK 47.0m higher than in 2010/11. Free cash flow after acquisitions totalled DKK 80.1m against last year's DKK 64.1m.

Cash flows from financing activities amounted to DKK -72.0m. Net long-term debt was reduced by DKK 13.2m, while short-term debt was reduced by DKK 25.9m, and dividend of DKK 23.3m was paid. Furthermore, treasury shares worth DKK 9.5m were acquired.

Thus, the total change in cash and cash equivalents amounted to DKK 8.2m, and cash amounted to DKK 34.9m as at 30 September 2012.

Subsequent events

There have been no subsequent events of significance to the annual report for 2011/12 after the end of the financial year on 30 September 2012.

Outlook for 2012/13

The next period is expected to be characterised by relatively low market growth in several of Ambu's markets, especially in Europe, but also to some extent in the US market. This is due to the prospect of continued low economic growth and pressure on the healthcare sector. On the other hand, double-digit growth rates are expected in the emerging markets. However, growth is expected to vary considerably from market to market. Also, price competition is fierce in the individual markets, and this trend is expected to continue in the new financial year.

Over the past three years, Ambu has implemented a number of projects under the GPS Four strategy which are designed to ensure growth in revenue, reduce costs and increase efficiency and earnings. The full-year effect of the electrode business acquired in June 2012 will be seen in 2012/13.

The process of strengthening and developing the company continues, and new interim targets for the new financial year have been defined in a plan called 'The Destination'. Against this background, Ambu still expects to achieve growth in revenue in excess of market growth.

Within Ambu's four strategic areas, the plan for 2012/13, 'The Destination', comprises the following targets and activities:

1. Innovation

- Revenue of approx. 15% from products launched after 1 October 2009.
- Completion of new products for launch and efficient launch of these products.
- Further development of Ambu's pipeline of new platforms – especially products based on new and promising platforms, for example within visualisation.
- Further development of the existing product portfolio to include new family members within, for example, laryngeal masks, and the development of 'green' versions of existing products.
- Reduction in costs associated with the manufacture of products.

2. Markets and sales

- Continued strengthening of Ambu's position in the North and South American markets, including further development of Ambu's collaboration with major general purchasing organisations.
- Focus on seizing growth opportunities in the European markets and on tackling market challenges.
- Increased market penetration in emerging markets.
- Further focusing and streamlining of sales efforts in the individual regions.

3. Efficiency

- Further optimisation of production in Asia, for example by ensuring that the measures introduced in the past three years to optimise production take full effect.
- Continued development of global systems.
- Continued optimisation of the supply chain, including the implementation of the next phase of the centralisation of warehouses in Europe and an analysis of potential optimisations of the existing distribution set-up in the USA and Asia.

4. Acquisitions and partnerships

- Targeted efforts to identify appropriate candidates for acquisition – large as well as small companies – and investigating the opportunities for acquiring product lines which supplement the product portfolio within existing product areas.
- Focus on forming new partnerships.

Outlook

	2012/13	Assumptions
Revenue	Approx. DKK 1,125m	Increased revenue in emerging markets. Full-year effect of the acquired electrode business and success with new products.
Growth in DKK and local currencies	7-8%	Including full-year effect of acquired electrode business
Organic growth	3-4%	Excluding acquired electrode business
		USD exchange rate: 575 GBP exchange rate: 900
EBIT margin	Approx. 15%	Increased revenue Reduced cost prices Continued focus on streamlining Pressure on prices
Profit before tax, in % of revenue	Approx. 14.5%	
The company's tax rate	Approx. 27%	
Investments, % of revenue	Approx. 5%	Investment in product development, process equipment, expansion of production capacity and IT
Free cash flow	Approx. DKK 100m	Continued focus on reducing working capital

Foreign exchange sensitivity

The outlook as regards the EBIT margin is sensitive to, among other things, changes in the foreign exchange rates listed below. The biggest impact comes from an isolated change in USD, in the Chinese currency CNY or the Malaysian currency MYR.

In the event of a -5% change in exchange rate relative to Danish kroner:

DKKm	USD	GBP	CNY	MYR	Total
Revenue	-20	-5	0	0	-25
EBIT	-11	-1	6	9	3

Forward-looking statements

Forward-looking statements, especially such as relate to future sales and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Ambu's control, may cause the actual development of the company to differ materially from the expectations contained in this report. Such factors include, among other things, changes in market conditions, changes in the world economy, the success of new products and changes in exchange rates.

See also the section on risks on page 35.

Innovation – products and product development

Ambu has established a global innovation organisation in order to strengthen the development of new innovative products as well as new family members for existing products. A pipeline has been established, which is expected to result in the launch of several innovative products with attractive potential in the coming years.

Ambu wants to be seen as one of the most innovative medico-technical companies, and innovation is therefore a focal point for the company.

Innovation is based on the framework defined in connection with the GPS Four strategy. As part of the realisation of the innovation strategy, Ambu focuses on the continuous strengthening and streamlining of the company's innovation organisation, on developing new product platforms, on the insourcing of selective products and technologies that can strengthen Ambu's product programme and on establishing a strong pipeline.

In the first three years of the strategy period, a number of results have been achieved within the field of innovation:

- A new innovation strategy has been defined and implemented
- A new management structure for the development area and a more proactive work culture have been established
- A new innovation department has been established in Malaysia as part of the global innovation organisation
- The management of the local Asian innovation organisation has been strengthened
- With aScope, a new product platform has been launched
- New product platform projects have been identified and launched – some in-house, others via external partners
- A number of new products and updates of existing products have been launched, including
  - Aura-i – a laryngeal mask enabling intubation
  - vScope – a scope for animals based on Ambu aScope
  - AmbuMan W – a wireless version of Ambu's manikin for first-aid training
  - NEO-x – a neonatal ECG electrode
  - ReadyAce – a new and more simple neck collar
  - UniMan update – an update of the training manikin incorporating new first-aid guidelines
  - Oval silicone masks – new design and improved functionality.

In the fourth and last year of the strategy period, focus will be on further developing Ambu's pipeline of new platforms – especially products based on new and promising platforms, for example within visualisation. At the same time, focus will be on further developing the existing product portfolio to include new family members within, for example, laryngeal masks, on developing 'green' versions of existing products and on reducing the costs associated with manufacturing the products.

OPEN DOORS PROMOTE CREATIVITY

Twice a year, twelve of the world's leading anaesthetists meet on Ambu's Advisory Board, a debate forum through which Ambu receives valuable knowledge directly from experts. Being in contact with the most important opinion-formers is of decisive importance to Ambu. They challenge our ideas, provide new input and ultimately enable us to develop better products.

Increased sales of new products – visualisation gaining ground

According to the GPS Four strategy, 30% of revenue in 2013 was to be generated by new product platforms, new product families and insourced products launched after 1 October 2009. In the past financial year, they accounted for approx. 10% of revenue. This represents an increase on the previous year, but Ambu has been too ambitious in this area and will not realise the target defined for the strategy period. The main reason is that market penetration for the aScope videoscope has taken longer than expected, and consequently the new products' target share of revenue is changed to 15% by 2013 from the earlier target of 30%.

With aScope, Ambu launched the world's first single-use videoscope, and it has been hard work introducing this product to anaesthetists who are used to working with the significantly more expensive multiple-use videoscopes. Ambu is of the impression that the concept has now been accepted, and approx. 700 hospitals worldwide have bought the equipment, and many of them are using aScope. The use of aScope by both existing and new customers is expected to increase as doctors gradually get used to the new product type and realise its many advantages when treating patients.

Even though the introduction of aScope has taken longer than originally expected, Ambu is optimistic about the potential for the visualisation products and expects the platform created in this segment to give Ambu a competitive edge over its competitors and to provide a favourable basis for Ambu's future product development activities. Visualisation is quickly gaining ground within a large number of areas, and in the longer term an ever increasing share of visualisation products are expected to be single-use products.

In 2011/12, Ambu broadened the areas of use and potential of the single-use videoscope in connection with the conclusion of two agreements on the launch of the single-use videoscope vScope for the veterinary market. vScope is based on the technology from Ambu's aScope 2, which was developed for humans. vScope can be used for a number of diagnostic examinations of many different animals, including cats and dogs. vScope is an attractively priced alternative to multiple-use scopes, which require bigger investments.

Pipeline

Ambu focuses on developing new products which, from the outset, hold attractive market potential, and where it is deemed that Ambu will be able to achieve a leading market position while generating a significant contribution to revenue.

VISUALISATION IS A GROWTH AREA

The single-use videoscope aScope has been Ambu's most important product launch in recent years. aScope is a unique concept and the world's first-ever single-use videoscope. It meets doctors' increasing need for being able to see what they are doing and visualise the problems they encounter when ensuring unobstructed airways before surgery. Ambu's expertise within visualisation offers an interesting potential.

Focused and structured efforts are therefore being made to identify possible new trends, possible new products, application methods and technologies. Identification is, among other things, based on the following general trends:

- There is a growing need for visualisation. Doctors are increasingly demanding products for visualising the site of surgery and products for conducting examinations.
- An ever-increasing number of patients have serious weight problems, often making intubation difficult.
- New possibilities have arisen for using electronics which have dropped considerably in price and which can now increasingly be used in single-use products.
- Hospitals are looking for new products which can optimise work routines and reduce costs.

In the past year, Ambu has been working to develop new platform products, particularly within Anaesthesia, as well as product updates within Patient Monitoring & Diagnostics.

It is deemed that Ambu has an interesting pipeline at the moment, and several platform products are expected to be marketed in the coming year. These are products which:

- build on Ambu's experience within, for example, anaesthesia.
- develop the current applications for Ambu's products.
- combine the use of single-use and multiple-use products.
- incorporate electronics.
- are based on insourcing of new, complementary products and technologies.

Markets and sales

In the past few years and also in 2011/12, Ambu has realised growth in a challenging market. This is the result of increasingly efficient sales efforts, the continued launch of new products, further development of the sales organisation in the USA, optimisation of the sales organisation in Europe and increased focus on new growth markets.

Transforming Ambu into a bigger and stronger company which is able to seize the market opportunities that arise within the healthcare industry has been an important element in the GPS Four strategy. It has meant that Ambu has had to become more global. Consequently, investments have been made in recent years in what represents close to a doubling of the sales force in the USA as well as the building-up of a presence in the growth markets in Asia. In Europe, sales have been reorganised with a view to creating synergies across the region, making sales more scalable and further improving customer service and support.

With the investments in globalisation, Ambu has strengthened its position both in Europe and in the USA and positioned itself for gaining a share of the growth in the emerging markets.

Market development

The general market conditions within medico-technical equipment present both attractive growth opportunities and challenges for Ambu.

Trends in the population

Demographic trends are leading to an increase in the underlying global demand for single-use medico-technical products. The increasing demand is primarily attributable to increasing life expectancies and thereby a greater need for treatment and diagnostics, more lifestyle diseases, such as obesity, and a global increase in living standards.

Market challenges

The current market challenges are dampening the underlying growth within Ambu's business areas.

Public budgetary cuts and focus on cost-efficiency

Due to recent developments in the global economy and the considerable challenges arising from the high debt levels in a large number of countries, Ambu's customers are generally very cost-conscious and also being increasingly reticent.

In recent years, Europe – especially southern Europe – has been hit by general budgetary cuts at hospitals, leading to a demand for lower prices, a reduction in inventories and increased reuse of multiple-use products. However, in a situation characterised by intensifying competition, Ambu has succeeded in winning market share and, not least, in retaining customers.

In the USA, hospitals and rescue services are becoming increasingly concerned about cost-efficiency. The past year has been characterised by waning growth in demand in several areas. This is primarily due to the hospitals' endeavours to boost productivity and use fewer products as well as a stronger focus on the value of individual products. Moreover, unemployment is rising, which means that fewer operations are being performed.

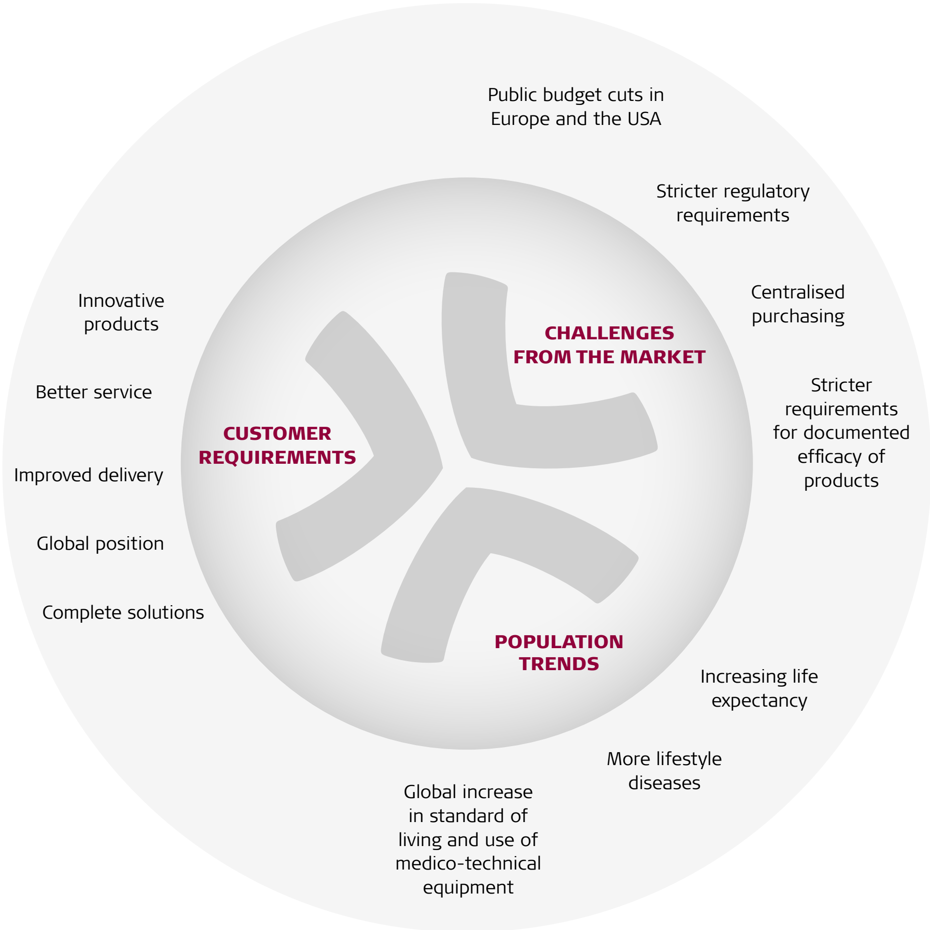
Stricter regulation

Medico-technical products are subject to growing regulation, and the authorities in the individual countries are imposing ever stricter requirements as regards documentation, labelling and standardisation prior to the registration and approval of products for sale. This means higher costs, an increasing workload and a longer process in connection with both the launch of new products and the introduction of existing products in new markets. Ambu has taken on more staff and developed its regulatory competences considerably in recent years, and is trying to ensure efficient processes in this area.

Higher efficacy of products

In step with hospitals becoming more cost-conscious, they are also increasingly requiring suppliers to document the efficacy of their products. This means that more resources must be devoted to conducting clinical tests and evaluating treatment economies for individual products as well as preparing reports. Most of Ambu's products are high-quality products with a high degree of functionality which also enable hospitals to streamline their work routines, thereby improving their treatment economies. Consequently, Ambu usually stands to

Trends in Ambu's markets



gain from documenting the efficacy of its products, but the process is nevertheless costly and also leads to a longer time to market.

Centralised purchasing

Hospital purchasing functions are becoming increasingly centralised. In the USA, the general purchasing organisations have for many years handled most purchases for the hospitals, but in Europe more and more purchases are also being made via purchasing organisations. Also, buyers are generally becoming more professional. Among other things, this pattern is leading to a strong focus on prices and savings and on reducing the number of suppliers. Over many years, Ambu has acquired considerable experience as a supplier to the purchasing organisations and enjoys a favourable position in relation to this customer segment.

Stricter customer requirements

Customer requirements are becoming stricter and customer expectations higher. For example, customers expect their suppliers to offer innovative products, have a global presence, supply complete solutions, provide a better service and make even more punctual deliveries.

These are heavy demands, and for Ambu this has led to the ongoing introduction of initiatives which are aimed at increasing the company's proximity to its customers and at ensuring that customer requirements are met at all times. In recent years, Ambu has attached considerable importance to becoming known as an innovative business which is able to develop and market new products. Also, Ambu is working to build a global position for itself and to strengthen the entire supply chain to ensure that deliveries can be made on time, in the right quality and at the right price.

Changing customer requirements and purchasing patterns have also meant changes to the sales situation. Today, Ambu typically has to present a complete business case to the customer in the sales situation where there is a strong focus, not least, on total treatment economies. Consequently, the sales process now, more often than before, involves selling solutions featuring several of Ambu's products rather than

SATISFACTORY GROWTH IN CHALLENGING MARKET CONDITIONS

The underlying demand for Ambu's products is increasing, but there are also a number of factors pulling in the opposite direction – for example the hospitals' focus on costs and public budget cuts. Despite the challenging market conditions, Ambu has – over the past three years – realised growth in excess of market growth.

just individual products, which was previously the case. Ambu is focused in its efforts to educate and train its sales force in how to handle these challenges.

Acquisitions and partnerships

The acquisition of businesses or products and the formation of partnerships are important elements in Ambu's GPS Four strategy. Following the implementation of a large number of structural initiatives, including the transfer of production to Asia, the implementation of new and stronger IT systems, the focusing of the sales organisation and the general optimisation of the organisation, Ambu is favourably positioned for making acquisitions.

Structured endeavours are being made to identify potential partners and acquisition candidates, and Ambu is engaged in ongoing dialogue with a number of companies concerning possible acquisitions which can strengthen Ambu's core activities as a supplier of single-use products for hospitals and rescue services. Ambu is both financially and organisationally geared for making one or more acquisitions and for efficiently integrating any acquired activities.

Partnerships involving collaboration either within or outside the medico-technical industry, for example in the veterinary market, are expected to play a more important role for Ambu in future. Partnerships can contribute to supplementing Ambu's portfolio of products for existing customers and within its existing business areas. Also, they can optimise production capacity utilisation and create critical mass for purchases of components. However, partnerships will also contribute to promoting the use of Ambu's technology in areas where Ambu is not currently present.

In 2010/11, an agreement was made on the acquisition of Unomedical's electrode business as well as partnership agreements with two major distributors in the veterinary market.

Takeover of Unomedical's electrode business
Taking effect from June 2012, Ambu entered into an agreement to acquire Unomedical's electrode business. The acquisition comprised two product lines (ECG electrodes and grounding plates), equipment and machinery at the company's existing factory in the UK as well as existing inventories, customer relations and contracts for the supply of electrodes.

The purchase sum for the assets was DKK 31m cash, of which most concerns the value of inventories. In the financial year preceding the takeover, the electrode business generated revenue of approx. DKK 60m.

The combination of Ambu's and Unomedical's electrode businesses creates a portfolio of electrodes for both diagnostics and monitoring. In addition to the revenue generated by the acquired electrodes, Ambu expects its direct sales organisation and its distributors to increase sales of both the acquired electrodes and Ambu's existing electrodes in the coming years as Ambu can now supply complete solutions in this area.

The acquisition has been followed by the integration and optimisation of the acquired activities, and this process is progressing according to plan (read more in the section 'Efficiency – operations and systems').

Partnerships in the veterinary market
In June 2012, Ambu entered into strategic partnership agreements with two distributors of veterinary equipment, Jørgen Kruuse A/S and Eickemeyer, on the launch of the single-use videoscope vScope in the veterinary market. vScope is based on the technology from Ambu's aScope 2, which was developed for humans. vScope is Ambu's first product in the veterinary market, and the agreements mean that vScope is now available in this market in many countries worldwide. The market is interesting for Ambu as many veterinary hospitals are unable to invest in multiple-use videoscopic equipment. Given the lower price of vScope, veterinary hospitals can offer videoscopic examinations and thereby a better service for their customers. There are more than 100,000 veterinary surgeons and 30,000 veterinary hospitals in Europe alone.

Following the conclusion of the agreements, the partnerships have developed as expected.

Ambu's market approach

Europe and the USA are Ambu's most important markets, and Ambu is continuously working to strengthen its position in these regions, while at the same time also focusing more strongly on the emerging markets. These markets are generally characterised by high economic growth and the gradual development of healthcare systems. Emerging markets

Ambu's three business areas

Anaesthesia

Products
Primarily laryngeal masks, ventilation bags and face masks for artificial ventilation and scopes

Users
Hospitals, clinics and ambulance services

The general market growth within these product areas is estimated to be approx. 1-3%.

Ambu is an important player within Anaesthesia with a broad product portfolio and a favourable market position, especially within face masks for artificial ventilation and laryngeal masks. Ambu sees strong potential for considerable growth within this area in the coming years, not least via the launch of new visualisation products, such as the aScope, and the upgrading of existing products.

Patient Monitoring & Diagnostics

Products
Single-use electrodes for neurological and cardiological examinations

Users
Hospitals, clinics, ambulance services and sleep laboratories

Market growth within Ambu's ECG electrodes is deemed to be approx. 3%, while market growth within electrodes for neurological examinations and sleep studies is deemed to be approx. 5-8%.

Neurology/Sleep is an important area for Ambu's future growth.

Ambu enjoys a strong position in Europe within quality electrodes for cardiological examinations, while in the USA Ambu primarily sells electrodes for diagnostic examinations and outpatient treatment.

Emergency Care

Products
Neck collars and manikins for first-aid training

Users
Hospitals, ambulance services, aid organisations and the armed forces

The general market growth within these product areas is estimated to be approx. minus 2-4%.

Neck collars are mainly sold to ambulance services in the US market where neck collars are frequently used when transporting injured people.

In this business area, Ambu regularly participates in calls for tender from aid organisations and the armed forces.

are expected to contribute substantially to Ambu's growth in the coming years in step with the development of the healthcare systems in these regions.

All in all, market growth within Ambu's business areas is deemed to be about 1-3%, with regional variations. Market growth in Europe is believed to be 0-2%, in the USA approx. 1-3% and in emerging markets approx. 15%.

USA
In the USA, which is Ambu's largest single market, a number of steps have been taken in the past year to strengthen sales and pave the way for future product launches. An internal sales team has been appointed, more salespeople have been taken on, and a number of affiliated clinical specialists will meet the need for closer customer contact and the demand for training which is growing in step with the increasing technical complexity of the products.

The direct sales team primarily handles sales to hospitals, including the general purchasing organisations. At times of economic cutbacks and intensifying competition, building strong relations with relevant customer groups is very important, and much effort has gone into doing so with a view to retaining existing customers and ensuring the best possible basis for accelerating the growth in sales of new products.

Ambu expects many of its existing and new products to appeal to the US healthcare sector as these products have the potential to both improve patient treatment and improve treatment economies. One example is the insourced SmartInfuser™ Pain Pump. The pump is used for improved pain management and meets the wishes of hospitals to be able to discharge surgical patients faster – thereby reducing costs.

Europe

About half of Ambu's products are sold in Europe, and historically this is where Ambu's market position has been strongest.

European sales are organised into five sales regions:

- UK – Great Britain and Ireland
- NEM – The Nordic countries and distributor sales
- Central – Germany, Austria and Switzerland
- West – France and Benelux
- South – Spain, Portugal and Italy.

Market conditions vary considerably from sales region to sales region, and the individual regions are organised to best cater for the local conditions. At the same time, work is going into establishing systems for knowledge sharing and sharing best practice across the regions.

In recent years, Ambu's sales organisation has become both more efficient and more focused. Focus is on forging and strengthening relations with existing and potential customers and on positioning the new products. Ambu is strongly favoured by its direct sales, and efficient sales are decisive for realising the agreed growth targets. With a view to strengthening the foundation for growth, telesales and e-trading will be established in all sales regions within the next year.

In the past year, the sales teams in several regions have been split in two, with one group generating new business and the other servicing existing customers. This division of work works well and will be implemented in all regions. Also, the group of specialists who can help position and sell the new and more complex products is also growing.

Growth initiatives in Europe are primarily directed at winning market share and at the continued cultivation of the Anaesthesia and Cardiology markets. Following the acquisition of Unomedical's electrode business, Ambu is the largest player in the electrode market, which strengthens Ambu's position in relation to customers.

In the coming year, Ambu expects to see a positive effect from the sales activities launched in recent years, and the stronger product portfolio, not least for anaesthetists, is expected to lead to increased growth in revenue. However, the economic developments in several European countries will put a dampener on revenue growth.

GLOBALISING AMBU

It takes a global company to seize the attractive opportunities within the healthcare industry. This is what Ambu is striving to become – among other things by focusing on new growth markets and by intensifying its efforts in the USA.

Asia and emerging markets

Ambu is currently increasing its focus on Asia and the emerging markets, including Brazil, which are deemed to hold considerable growth potential in the coming years.

Ambu works with both direct sales and distributor sales in the emerging markets and in the Asian countries based on the experience which Ambu has gained over a number of years via its production units in China and Malaysia. Ambu has established its own sales units in China and Australia as well as marketing units in India and Brazil. Moreover, Ambu is continuously expanding its distribution network.

The emerging markets are at very different stages of development and are structured very differently. A differentiated approach must therefore be taken to the individual markets, and the experience gained must be constantly evaluated and the strategy adapted accordingly. In the coming year, Ambu will be devoting further resources in this region, especially in the large potential markets in China and India.

Constantly ensuring that the product portfolio matches the requirements of the emerging markets is a special challenge as these requirements are not necessarily the same as in the more mature markets. Ambu is therefore working to tailor its products to these requirements, and it is believed that this will become an important competition parameter. Moreover, an important and ongoing task is having products approved for sale in the individual markets.

Asia and the emerging markets hold considerable growth potential, and the high growth seen in 2011/12 is expected to be maintained in 2012/13.

Efficiency – operations and systems

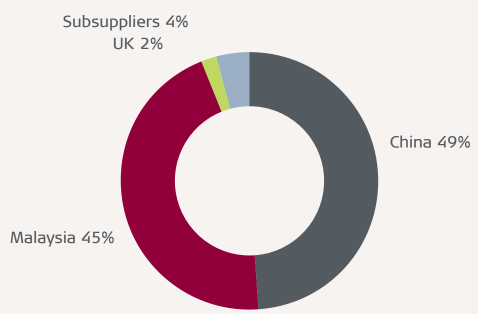
In the past few years, Ambu has established modern, robust and efficient production units. The extensive modernisation has, among other things, included the centralisation of production, the implementation of global systems, the building of competences throughout the organisation and the optimisation of the entire logistics area.

The purpose of overhauling Ambu's production and systems in recent years has been to increase efficiency and scalability – with a view to significantly improving earnings. Production has been reorganised and transferred to Asia. A number of new global systems have been implemented which bind Ambu together via a global infrastructure that promotes transparency and efficiency. In 2011/12, the first step towards optimising Ambu's distribution was taken with the establishment of a distribution centre in Germany.

Lean global operations

The transfer of production to Asia has led to significant competitive advantages. Also, the transfer of production has meant marked changes to the role played by the production units. In addition to production, the two production units in China and Malaysia now share a large part of the responsibility for product innovation, developing technological know-how, regulatory matters and overall planning. Competences are continuously being strengthened at the production units in China and Malaysia.

Distribution of Ambu's production



China is a competence centre for injection moulding and assembly, while Malaysia is a competence centre for electrodes and products based on electronics. In the UK, only electrodes from the acquired electrode business are produced. The number of employees in China is approx. 800, while approx. 600 work in Malaysia and just over 30 in the UK.

In 2011/12, a number of lean activities were implemented both in China and Malaysia with a view to further optimising production. The optimisation comprises, among other things, the running-in of more robots, reducing waste volumes, process optimisation, the commissioning of new production equipment and improvements to materials. These activities have been implemented with satisfactory results.

In the coming year, focus will be on ensuring that the measures introduced in the past three years to optimise production take full effect. Ambu's global operations are expected to realise continued improvements in efficiency.

Since the takeover of the UK factory, production has been continuously optimised. Also, the number of employees has been reduced by 25 to 33. Further optimisations will be introduced in the next period.

Optimising the supply chain

As part of Ambu's GPS Four strategy, a number of new systems and processes have been implemented in recent years. The basic systems are in place, which has resulted in greater transparency and higher efficiency levels throughout the logistics area, including the optimisation of production planning and inventories.

In the past year, the two most important events have been the introduction of a new sales and production planning

GLOBAL INFRASTRUCTURE

Creating a global and profitable company requires a solid business platform linking all processes and countries. This platform has been significantly strengthened in recent years. Today, all our systems are global, paving the way for the more efficient scaling of Ambu in the coming years.

process and the establishment of a new distribution centre in Germany. The aim of these activities is to optimise and reduce global inventories while improving Ambu's customer service and, at the same time, creating opportunities for a profitable expansion of activities in connection with future growth.

The activities aimed at reducing inventories have had a positive effect, but inventory levels at the end of the financial year were impacted by the acquisition of Unomedical's electrode business and the takeover of inventories as part of the transaction.

The coming year will see the launch of a number of activities which will contribute to further streamlining the global supply chain. These activities include:

- Implementing the next phase of the centralisation of inventories in Europe – this is currently being planned.
- Analysing the potential for optimising the existing distribution set-up in the USA and Asia.
- Further developing the sales and production planning process.
- Continuing the inventory optimisation projects which have been launched.
- Strengthening and training the supply chain organisation.

Increased focus on quality and regulatory matters

The ability to produce high-quality products is crucial to Ambu gaining and maintaining a position as a leading business within its business areas. Moreover, the present time is a period of considerable regulatory change, both on account of Ambu's development of more technologically complex products and the globalisation of Ambu's business, and also due to the general introduction of stricter statutory requirements.

The regulatory changes include the following:

- In Europe, the EU directive concerning medical devices is due for revision, while the directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment will be amended and in future apply also to medical devices.
- In the USA, the Food and Drug Administration (FDA) is introducing stricter regulations, for example more inspections of foreign entities and stricter documentation requirements. Moreover, new rules are being introduced for the labelling of medical products.
- The emerging markets are gradually developing their regulations, and in several markets new registrations must be obtained for sales to continue to these markets.

Due to current regulatory developments, Ambu is focusing increasingly on quality control and on developing competences which are relevant for product approval.

Implementation of global systems and standards

Establishing common global systems and standards is an important element in optimising Ambu. The standard systems help increase efficiency in the global organisation and ensure easy access to information and data. All key systems are now global.

The most important group systems are the ERP (Enterprise Resource Planning) system, the CRM (Customer Relations Management) system, the BI (Business Intelligence) system, the HR (Human Resources management) system and the PLM (Product Lifecycle Management) system. The PLM system is helping to increase efficiency in the global development function and ensure easy access to product documentation, while also comprising the global quality control system. These systems are being continuously optimised, and in 2011/12 an e-trading solution was rolled out by Ambu USA. This solution is an integrated part of the ERP system. At the end of 2011/12, the implementation commenced of the ERP system in sales region West, covering France and Benelux; completion is expected in Q1 2012/13.

New distribution centre in Germany

In 2011/12, Ambu decided to move the inventories of finished products located in Denmark to a new distribution centre in Germany, thereby taking the first step towards the establishment of a central European warehouse facility. This will mean better service for our customers in the form of faster deliveries as well as less funds tied up in inventories and more focused sales efforts.

Corporate social responsibility

Running our business responsibly and acting with respect for individual employees and the societies of which we are a part has always been a high priority for Ambu. Ambu is constantly working to strengthen the link between responsible and value-creating corporate behaviour.

Ambu's business is inextricably linked to social responsibility. This is not due solely to the fact that Ambu's vision is to save lives and improve patient care. Working with corporate social responsibility (CSR) also contributes to forging good relations with customers and suppliers, increasing productivity and reducing waste, mitigating non-financial risks and strengthening the company's identity and culture.

Ambu's work with corporate social responsibility is based on the principles of the UN's Global Compact initiative and can be divided into three overall focus areas which are particularly relevant for Ambu's efforts:

- People and community
- Environment and products
- Business ethics.

With reference to the three overall focus areas, a Corporate Guideline has been prepared, setting out nine common guidelines (see below) for Ambu's CSR activities.

The general framework for Ambu's CSR activities is contained in its:

- Code of Conduct
- Code of Conduct for Ambu Suppliers
- Environmental policy.

This section on corporate social responsibility constitutes the statutory account for Ambu's work on CSR in FY 2011/12, cf. Section 99a of the Danish Financial Statements Act.
Read more at www.ambu.com/csr.

People and community

Guidelines

1. We work to promote diversity and non-discrimination in employment.
2. We work for a safe and healthy work environment.
3. We prohibit the use of forced and child labour.
4. We support interaction with educational institutions.

Actions and results in 2011/12

- Ambu continuously works to improve safety in all processes and registers work-related injuries and accidents and follows up on them on a regular basis. In 2011/12, five injuries were registered globally, of which one was serious, but not critical. This represents a fall relative to the previous year, which can, among other things, be ascribed to more training, ongoing supervision and monthly safety inspections.
- In the course of 2011/12, a number of initiatives have been introduced to increase the health of the employees in the Danish organisation – read more in the section 'Organisation and employees'.
- The prohibition on the use of forced and child labour is an integrated part of Ambu's Code of Conduct and also in the code of conduct which must be signed by the company's suppliers.
- Ambu wants to support the education of young people, and consequently devotes continuous efforts to interacting with educational institutions. A number of Ambu employees in Malaysia teach courses under further education programmes within their fields of expertise. Also, Ambu collaborates with students who are writing theses or projects and accepts interns. Among other things, two Danish engineering students have been on internships in China and Malaysia, respectively.

Surroundings and products

Guidelines

5. We focus on reducing Ambu's environmental impact in our work on innovation and in the production and distribution of our products.
6. We use materials efficiently, and strive to optimise packaging and waste handling.
7. We work to reduce energy consumption.

Actions and results in 2011/12

- Ambu's environmental policy was updated in 2011/12. The update looked at specific requirements for the company's value chains.
- Springing from a demand among customers for phthalate-free products, a process is under way to identify and use phthalate-free materials in both existing and newly developed products. In recent years, phthalate-free versions of selected products have been developed. These will be launched in the new financial year. Moreover, efforts are constantly being made to reduce the environmental impact of new products, among other things by considering the choice of materials and their disposal in the initial stages of the development process.
- The use of videoconferencing equipment has been increased to reduce environmental impacts in connection with travelling. Moreover, a new travel policy has been introduced, and a travel management system has been implemented in Denmark. The plan is to roll out the system in the USA and Malaysia in 2012/13. This will contribute to reducing Ambu's overall environmental impact.
- Efforts are continuously being made to reduce waste in Ambu's production processes, and in 2011/12 the introduction of robots, among other things, has created better opportunities for recycling and recirculating waste from production.

Business ethics

Guidelines

8. We are committed to abide by the laws and regulations of the countries in which we operate. In the absence of adequate laws and regulations, we refer to recognised international standards and industry norms.
9. We do not accept bribery or other kinds of corruption.

Actions and results in 2011/12

- Ambu's Code of Conduct was updated in 2011/12.
- A common Code of Conduct has been established for Ambu's existing suppliers, which was distributed to all suppliers in 2010/11. In 2011/12, virtually all suppliers have signed the Code of Conduct, and follow-up action has been taken in relation to those who have not yet signed it.
- All strategic suppliers are visited prior to starting up collaboration. Emphasis is placed, among other things, on the supplier's handling of the environment, human rights and business ethics, and all suppliers must sign the Code of Conduct for Ambu Suppliers.
- Ambu established a whistle-blower hotline in 2011/12, so that employees can report suspected or actual violations of legislation, Ambu's Code of Conduct, internal rules or other significant irregularities. The hotline is monitored by the audit committee to safeguard confidentiality and impartial reporting.

Organisation of CSR work

A CSR unit has been set up to work with corporate social responsibility in Ambu comprising employees from Sales and Marketing, HR, R&D and two Executive Vice Presidents. The CSR unit is responsible for ensuring that Ambu is at the forefront of developments in the CSR area. The CSR unit meets every quarter and on an ad-hoc basis as and when required.

The CSR work is becoming ever more structured and broadly rooted in the global organisation.

Initiatives in 2012/13

In the new financial year, focus will be on the following initiatives, among others:

- Continued efforts to increase the number of phthalate-free products.
- Further efforts to implement and bring about a change in behaviour in relation to Ambu's anti-corruption policy.
- Work on employee commitment; in 2012/13, a global employee satisfaction survey will be conducted, which will form the basis for subsequent activities.
- Efforts will be made globally to increase the number of students and interns from institutions of higher education.

Organisation and employees

The development and integration of the global organisation is an important element in the modernisation and streamlining of Ambu. The establishment of a common management culture, strengthening collaboration across functions, cultures and national borders and the implementation of global systems and procedures are therefore items which are high on Ambu's agenda.

In the past year, focus has been on strengthening the organisation, on leadership and on efficiency. The activities have, among other things, comprised the roll-out of the 'Five Star Leadership' management concept throughout the organisation and the implementation of a global HR system.

Five Star Leadership

The realisation of Ambu's business objectives requires managers who can lead and implement strategies across national borders and cultures. It is therefore important that Ambu's managers act according to the same principles no matter where in the world they work. Ambu has an overall objective of practising professional management based on a management culture that can take the business forward.

The 'Five Star Leadership' management concept was introduced in 2010/11, and the principles of the concept are based on the following five headlines: Authenticity, Inspiration, Empowerment, Customer focus and Business drive.

Five Star Leadership

1. Authenticity
Faith in Ambu's management is established through authentic, reliable and respectful behaviour in relation to Ambu's values and in the personality of the individual.

2. Inspiration
Passion, ambition and an innovative mindset are necessary in order to achieve the best results.

3. Empowerment
Ambu encourages its employees to take responsibility by creating opportunities, delegating responsibility and rewarding good work.

4. Customer focus
It is vital that Ambu understands the needs of its customers and delivers solutions and services that exceed their expectations.

5. Business drive
It is essential to set a clear goal, to have talented employees and to focus on execution and follow-up in order to ensure the best financial performance.

The first phase of the project, which was implemented in 2010/11, concerned the top management, and in the past year, almost 100 managers with HR responsibilities in Ambu's global organisation were introduced to the concept. The programme has comprised an introduction to the 'Five Star Leadership' concept, a personality test and the preparation of an individual development plan aimed at strengthening the leadership skills of individual managers as well as their results.

The 'Five Star Leadership' principles have also become an integrated part of a number of HR processes, for example in connection with

- the recruitment of managers, which involves comparing the individual candidate's profile with a profile based on the 'Five Star Leadership' principles;
- the introduction of new managers to Ambu's management philosophy;
- the measuring of performance, with the individual manager's conduct and results being discussed at the annual status interview with reference to the 'Five Star Leadership' principles;
- the development of management talents, using a 'Five Star' personality test to assess the talents' skills as managers and as a tool to assist them in strengthening their management competences.

One global HR system

'One global company'
The system ensures that information about Ambu's employees is transparent and accessible in one global system.

Link with overall strategy
A direct link is created between Ambu's overall strategy and the individual employee's goals.

Employee performance
An overview is obtained of performance, which helps to ensure that all employees are offered the chance to use their full potential and are motivated to create the best results.

Efficiency
The system streamlines employee processes.

One global HR system

Ambu wants to create an optimum framework for its employees while optimising internal processes, and, as a part of this, the first phase of a global HR system was implemented in Denmark at the end of FY 2011/12. The primary objective of the system is to create a common platform that can support the realisation of Ambu's overall strategy.

The HR system creates a visible link between the overall strategy and the individual employee's goals. The system also provides an overview of the individual employee's performance, which is linked to the annual status interviews and to the annual pay adjustment. A clear link between performance and pay is thus ensured.

The system can also be used proactively in relation to organisation and talent development.

Based on experience from Denmark, the common HR system will be implemented in China and Malaysia at the end of FY 2012/13 and subsequently in the sales units in 2013/14.

Ambu in good shape

Healthy employees are more productive, deliver higher-quality work, have fewer sick days, have more energy and have greater job satisfaction. There are many good reasons for working systematically with health and well-being, and in the course of 2011/12, Ambu in Denmark launched a number of initiatives which offer employees the chance to improve their health. The initiatives included, among other things, offers of health checks, team training, a cycling campaign as well as lectures on nutrition, exercise and 'Strong body – Strong mind'.

High job satisfaction is the aim

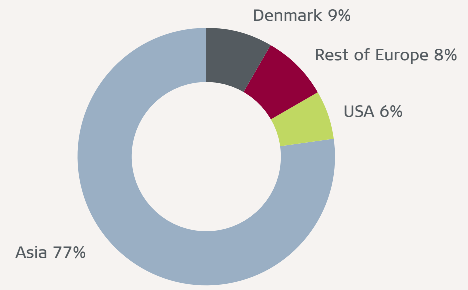
Ambu wants to be an attractive workplace and is working to improve its working conditions, including the psychosocial working environment. Activities are being launched at all locations on an ongoing basis which aim to strengthen the employees' well-being, social interaction, health and safety. The roll-out of the common management principles under the 'Five Star Leadership' programme aims to ensure professional management and a high level of employee satisfaction. Surveys show that the initiatives are having the desired effect. The high level of job satisfaction has a significant impact on Ambu's results and entails, among other things, low absence due to sickness and low employee turnover rates. The employee turnover rate for Ambu's salaried employees was 10% in 2011/12, with redundancies accounting for approx. 6% and natural wastage for 4%.

Customer focus

Customer focus and close customer relations are integral to Ambu's business model. Under the present market conditions, which are characterised by noticeable price pressure in virtually all markets, customer focus is a decisive competition parameter and a prerequisite for retaining customers and creating revenue growth.

Over the next year, a number of initiatives will be launched with the aim of intensifying customer focus throughout the company – and not just in the functions directly targeted at customers. The initiatives will, among other things, focus on creating an understanding of customer needs, market trends, the competition and the factors which are decisive for customer loyalty. The aim is to create a common culture based on customer focus and service.

Employees by geographical region



At the end of 2011/12, Ambu had 1,674 employees relative to 1,663 the year before.

Shareholders and investor relations

The Ambu share

At the end of the financial year, Ambu's share capital consisted of a total of 11,908,080 shares of DKK 10 each, corresponding to a nominal share capital of DKK 119,080,800. The share capital is divided into 1,716,000 Class A shares and 10,192,080 Class B shares.

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

The opening price quoted for the Ambu share at the beginning of the financial year was 138.5, rising to a closing level at the end of the financial year of 148.0, up 6.9%. By comparison, the Health Care index on NASDAQ OMX Copenhagen rose by 51.2% in the same period, while the Mid Cap index increased by 21.0%.

As a result of the change in the share price in the course of 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) at the end of September 2012 totalled DKK 1,762m against DKK 1,649m a year earlier.

In the course of the financial year, a total of 1,082,846 Class B shares were traded via NASDAQ OMX Copenhagen, corresponding to 11% of the total number of Class B shares at the end of the year (2010/11: 17%).

The Ambu share is covered by:

- ABG Sundal Collier
- Danske Market Equities
- Enskilda Securities.

Shareholders

At the beginning of October 2012, the total number of shareholders in Ambu having arranged name registration of their holding was approx. 2,500, who owned a combined 95% of the total share capital.

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

	Share of share capital %	Share of votes %
Inga Kovstrup, Fredericia	10.1	23.2
Dorrit Ragle, Lyngby	8.7	22.6
Tove Hesse, Virum	4.8	11.5
N.P. Louis Hansen Aps, Nivå	15.8	6.9
Hannah Hesse, Frederiksberg	1.3	5.3
Simon Hesse, Virum	1.3	5.3
Chr. Augustinus Fabrikker A/S, Copenhagen	10.3	4.5
ATP, Hillerød	8.5	3.7

As at 30 September 2012, members of Ambu's Board of Directors and Executive Board owned a total of 0.5% of the share capital.

As at 30 September 2012, Ambu held a total of 253,897 treasury shares, corresponding to 2.1% of the share capital.

Dividend

It follows from Ambu's dividend policy that about 30% of the group's profit is generally distributed as annual dividend.

In view of the company's dividend policy, profit performance in 2010/11 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 3.00 per share (2010/11: DKK 2.00 per share), corresponding to 31% of the group's net profit for the year.

Payment of the dividend for FY 2011/12 will be effected automatically via the Danish Securities Centre immediately after the annual general meeting.

Incentive schemes

Ambu's strategy includes establishing incentive schemes for the purpose of promoting value creation in the company, realising 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.

Ambu's incentive schemes currently comprise:

- Share option and warrant programme for the Executive Board and senior employees

- Bonus programme for the Executive Board and senior employees
- Employee shares.

Share option and warrant programmes
Ambu has established four share option and warrant programmes.

Members of Ambu's Executive Board have been allocated 189,000 share options. The first allocation was in FY 2009/10, the second in FY 2010/11, and the third in 2011/12. At the end of the financial year, the total market value of the share options allocated is approx. DKK 11m calculated according to the Black-Scholes model. Read more in note 3.

In 2007, a share option programme was established for senior employees in Ambu. The share option programme comprises 17 employees in the Ambu group. Share options have been allocated in four rounds – the first time in connection with the establishment of the programme in June 2007 and the last time at the end of FY 2008/09. The total number of share options allocated during this period was 977,013, corresponding to 8.2% of Ambu's share capital. At the end of the year, the total market value of the remaining share options is approx. DKK 9m calculated according to the Black-Scholes model. Read more in note 3.

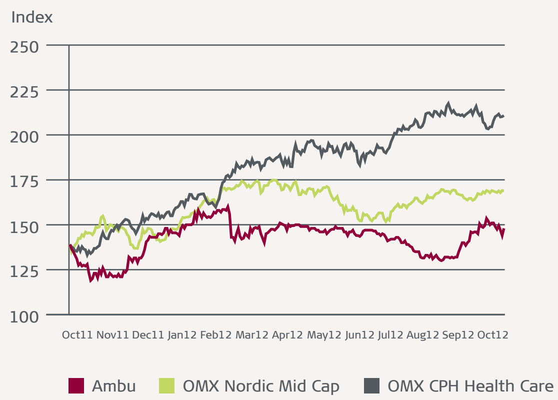
In 2011 and 2012, a warrant programme was established for senior employees in Ambu, but not the Executive Board. The programme for 2011 comprises the right to subscribe 110,000 Class B shares at an exercise price of 160.5. The programme for 2012 comprises the right to subscribe 126,900 Class B shares at an exercise price of 158. At the end of the financial year, the total market value of the warrants allocated is approx. DKK 5.5m according to the Black-Scholes model. Read more in note 3.

The Board of Directors does not participate in option and warrant programmes.

Bonus programme
Ambu establishes a bonus programme for the Executive Board, senior employees and specialists for one year at a time. The annual cash bonus for the Executive Management Team is based on the fulfilment of the agreed financial targets for the company as a whole, while bonus payments to other senior employees and specialists are based on fulfilling 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
No employee shares were issued in 2011/12.

Development in share price



Share-related ratios

	2007/08	2008/09	2009/10	2010/11	2011/12
Earnings per DKK 10 share [1]	4.24	4.73	7.16	5.92	9.84
Cash flow per DKK 10 share [2]	7.11	9.51	8.31	8.57	13.24
Equity value per share [3]	38	40	47	49	57
Share price at year-end	73	110	136	139	148
Listed price/equity value	1.9	2.7	2.9	2.8	2.6
Dividend per share [4]	1.50	1.50	2.50	2.00	3.00
Pay-out ratio, % [5]	36	32	35	34	31
P/E ratio [6]	17	23	19	23	15

[1] Profit per DKK 10 share: Profit after tax relative to average no. of shares less treasury shares
[2] Cash flow per DKK 10 share: Cash flow from operating activities relative to no. of shares at year-end
[3] Equity value of shares: Total equity relative to no. of shares at year-end
[4] Dividend per share: Dividend relative to no. of shares at year-end
[5] Pay-out ratio: Dividend declared as a percentage of profit for the year
[6] P/E ratio: Listed price/earnings per share
The ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010'.

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 the regular issue of company announcements, investor presentations and individual meetings. The aim is to ensure a fair share price which reflects Ambu's underlying values.

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

Ambu A/S
Baltorpbakken 13
DK-2750 Ballerup

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

The annual general meeting will be held on 13 December 2012 at 4.00 pm at IDA Mødecenter, Kalvebod Brygge 31-33, 1780 Copenhagen V., Denmark.

Board resolutions and proposals to the annual general meeting

Dividend and appropriation of profit
The Board of Directors proposes to the annual general meeting that the consolidated profit for the year, DKK 114.7m, be appropriated as follows:

Dividend of DKK 3.00 per share	35.7
Retained earnings	79.0
Total	114.7

Other proposals
A proposal is 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. Also, it is proposed that the Board of Directors be authorised to increase the share capital by up to 9.9%.

Moreover, a proposal is made for the introduction of an incentive programme in the form of warrants/options for the company's Global Management Team and selected specialists and for an update of the overall guidelines on incentive pay for the Board of Directors and Executive Board.

Financial calendar

2012/13	
13 December 2012	Annual general meeting
19 December 2012	Payment of dividend
5 February 2013	Interim report for Q1 2012/13
2 May 2013	Interim report for Q2 2012/13
22 August 2013	Interim report for Q3 2012/13
30 September 2013	End of FY 2012/13

Announcements to NASDAQ OMX Copenhagen in 2011/12

27 October 2011	Organisational adaptations as part of strategy
18 November 2011	Annual report 2010/11
16 December 2011	Annual general meeting in Ambu A/S
17 January 2012	Ambu strengthens competitiveness with European distribution centre
1 March 2012	Ambu enters agreement to acquire Unomedical's electrode business
30 March 2012	Incentive programme – subscription rights (warrants)
24 April 2012	A-shareholder Dorrit Ragle – shareholding in Ambu A/S
24 April 2012	A-shareholder Tove Hesse – transfer of shares in Ambu A/S
3 May 2012	Interim report for Q2 2011/12
3 May 2012	Correction to company announcement no. 10-2011/12 on transfer of shareholding in Ambu A/S
14 May 2012	Ambu's acquisition of Unomedical's electrode business cleared by UK competition authorities
31 May 2012	Ambu completes acquisition of Unomedical's electrode business
20 June 2012	Ambu signs agreement to launch vScope on the veterinary market
23 August 2012	Interim report for Q3 2011/12
10 September 2012	Ambu Board employee representation

Risk management

Ambu has established policies and procedures which guarantee as efficient management as possible of the identified global risks, and Ambu's management focuses on ensuring satisfactory clarity about the group's risks.

Risk policy and risk-taking

Risk assessment is a natural part of the decision-making processes at Ambu, and efficient risk management is deemed to play an important role in ensuring continued growth. Risk management also contributes to protecting Ambu's business, employees, assets and reputation.

Ambu's activities involve a number of general and specific commercial and financial risks which may have a negative impact on the company's future growth, activities, financial standing and results. Ambu seeks to identify and quantify these risks via internal control and risk management systems, and the risks are hedged and limited to the greatest possible extent.

However, the nature of Ambu's business, including the development of new, innovative products, means that the company undertakes risks on an ongoing basis. The risk management systems are to ensure that only calculated risks are taken, and that these are constantly monitored and managed.

Ambu never compromises on quality and business ethics.

The risks which are deemed to potentially have the largest impact on Ambu's business are described below. The description is not necessarily exhaustive, however, and the risk factors are not ranked in any order of priority.

Commercial risks

Competition and market conditions

In a large number of countries, there is increasing financial and political focus on keeping healthcare costs down, and the global economic situation has reinforced this trend. At the same time, purchases of medico-technical products by hospitals and rescue services are increasingly made via purchasing organisations and via public tenders, and there is a general demand for higher efficiency within the healthcare 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.

Ambu is constantly seeking to adapt its business to respond to these trends, among other things via the following activities:

- As an integrated part of Ambu's product development, the question of how new products can contribute to streamlining hospital routines is considered. This is, among other things, a principal element in the development of single-use products. Through clinical and health economics studies, Ambu is also increasingly working to document the savings and the benefits of using the company's products and to actively use these data in connection with sales activities.
- Ambu is constantly seeking to position its products in a manner which ensures that price is not the determining sales parameter.
- Over the past few years, Ambu has upgraded its competences within sales to purchasing organisations. In the USA, competences have been established within this area over many years, as a very large proportion of purchases by hospitals are made via purchasing organisations. In Europe, the proportion of purchases made via purchasing organisations is growing, and Ambu is increasingly tailoring and targeting its sales activities at this customer group.
- In 2010/11, Ambu moved its remaining Danish production to Malaysia, and all production, except for the electrode production in the UK which was acquired in 2011/12, takes place in China and Malaysia. This reduces production costs and improves Ambu's competitiveness. There is ongoing focus on optimising production and on identifying the most expedient locations and structures for producing Ambu's products, including partnerships.

Product development

Ambu's ability to realise its strategic targets depends on its ability to develop unique, high-quality products sufficiently fast, while at the same time obtaining differentiated prices.

The innovation organisation has been strengthened and streamlined as part of Ambu's strategy. In recent years, innovation departments have been established in China and Malaysia, so development takes place in both Denmark and Asia. This ensures faster and cheaper development than previously.

Ambu takes a targeted approach to improving its existing products and developing new products and to generally strengthening the company's ability to innovate, for example by forging an ever closer link between business intelligence and development. Thus, considerable investments are continuously being made in product development and the marketing of new products, and the success of these products in the market is a prerequisite for meeting the agreed targets.

Ability to attract and retain employees

In order to develop innovative products and ensure satisfactory financial results, it is necessary to attract and develop the right employees globally. So far, Ambu has been able to attract the employees it wants. 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 its employees.

Trade marks, branding and patents

The company logo and name create coherence between the company and its products and make the company easily recognisable to customers and stakeholders. The Ambu name is included in all product names, and the active branding of products is intended to help prevent plagiarism. A branding strategy and a branding manual have been prepared to ensure the continual updating of Ambu's brand and 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, opinions often differ on 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 will increase the risk of patent violation 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 projects.

Production and quality

Operating disturbances or stoppages at Ambu's production units may have a negative impact on production, which could affect the company's ability to deliver. To minimise these risks, the production units are inspected on a regular basis by both internal and external assessors, and a number of measures have been introduced, including fire protection, improvements to the working environment and building up minimum inventories.

Most of Ambu's production plants are located in 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, and Ambu's QA organisation is strengthened on a continuing basis. Ambu lives up to FDA and CE requirements, for which reason the company considers these standards on a regular basis.

IT security

Ambu has a special IT emergency support system and has established special procedures for handling any IT breakdowns. The emergency support system includes, among other things, automatic fault reporting, the conclusion of service level agreements for all business-critical systems and the use of external data hosting, while redundancy has been established for the most important business systems.

Insurance

The company's insurance policy lays down the overall framework for the extent and management of the company's 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.

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 seeks to hedge financial risks to the greatest possible extent. For this purpose, Ambu uses natural hedging, 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 associated with 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.

Corporate governance

The Ambu management attaches importance to exercising high corporate governance standards and seeks at all times to develop and tailor these standards to reflect changing statutory requirements, Ambu's development and stakeholder expectations.

The recommendations of NASDAQ OMX Copenhagen regarding corporate governance, current stock exchange rules, administrative requirements, best practice in the area and internal rules constitute the framework for Ambu's corporate governance.

The recommendations of NASDAQ OMX Copenhagen are followed with very few exceptions.

Shareholders

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.

The 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 Class A shares have informed Ambu that a Shareholders' Agreement was signed on 26 May 1987. The contents of this agreement are outlined in Ambu's Prospectus from 1992.

In 2011/12, the Board of Directors again discussed the existing ownership structure with the holders of Class A shares. 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 to create a sound framework for the implementation of the company's strategy, thereby safeguarding the interests of all shareholders; moreover, the ownership structure does not restrict the planned activities in any way.

The shareholders own the company and exercise their right to make decisions concerning Ambu at the general meetings which see the adoption of the annual report together with any amendments to the Articles of Association, the election of members to the Board of Directors and the appointment of auditors. The notice convening the general meeting is published and sent out to all registered shareholders no later than three weeks and no sooner than five weeks prior to the date of the meeting. All shareholders are entitled to attend and vote at the general meeting in accordance with the Articles of Association. Shareholders may also issue a proxy to the Board of Directors or to other representatives in respect of each item on the agenda, and voting by post is also possible. The general meetings provide 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 general meeting.

All documents relating to general meetings are published on Ambu's website within three weeks of the general meeting in question.

The company's Articles of Association contain no limitations on ownership or voting rights.

The company's Articles of Association contain no special rules with regard to amending its Articles of Association, and thus the provisions of the Danish Companies Act (*Selskabsloven*) apply only in this regard.

Board of Directors

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.

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.

According to Ambu's Articles of Association, the Board of Directors must have four to eight members elected by the annual general meeting. To this are added board members elected in pursuance of the provisions of Danish legislation on employee directors. The Board currently has eight members, of whom six have been elected by the annual general meeting and two by the group's employees. Board members elected by the annual general meeting sit for a term of one year and may be re-elected. 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 42 of the annual report.

Nine board meetings were held in 2011/12, and members were unable to attend the meetings on five occasions. The Executive Management Team attends the meetings of the Board of Directors, which ensures that the Board of Directors is well informed about the company's operations.

The age limits for new appointments and re-elections are 65 and 70, respectively.

Four of the six board members elected by the general meeting are considered to be independent, while two board members are not independent as per NASDAQ OMX Copenhagen's recommendations. Chairman N. E. Nielsen and John Stær have been members of the Board of Directors for more than 12 years.

Management committees

An audit committee has been set up consisting of two members of the Board of Directors, John Stær (Chairman) and Mikael Worning. In addition to these two members, the President & CEO, the CFO and the auditor appointed 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 monitors all accounting and reporting processes, the auditing of the company's financial reporting and the work and independence of external auditors. The audit committee held two meetings in 2011/12.

Furthermore, a nomination and remuneration committee has been set up. Ambu has thus decided to set up a joint committee and not two separate committees as this is deemed to be more efficient given Ambu's size and complexity. The members of this committee are N. E. Nielsen (Chairman), Jens Bager and Jesper Funding Andersen. The nomination and remuneration committee held four meetings in 2011/12.

Executive Board and Executive Management Team

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

Ambu's Executive Management Team consists of the President & CEO and two members who are Executive Vice Presidents. An additional member will join the Executive Management Team as of mid-November 2012.

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 which is approved by the annual general meeting in connection with the adoption of the annual report. In FY 2011/12, remuneration to the Board of Directors totalled DKK 2,220,000. The basic remuneration comprises DKK 500,000 for the Chairman, DKK 350,000 for the Vice-Chairman and DKK 200,000 for each of the other Board members. In addition, each member of the audit committee is paid a fee of DKK 25,000, and each member of the nomination and remuneration committee receives DKK 40,000.

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 2011/12, the emoluments for the Executive Board (one person) consisted of a basic pay, including the usual benefits such as a company car and telephone, share option scheme and cash bonus scheme. The remuneration to the Executive Board totalled DKK 6.1m in 2011/12.

Diversity

Ambu wants to promote diversity in the company, including ensuring equal opportunities for both genders, and this forms part of Ambu's Code of Conduct.

When recruiting new managers, emphasis is placed on identifying candidates of both genders and creating equal terms. However, recruitment is primarily based on ensuring the right skills and competences in the organisation. Ambu's Global Management Team consisting of the Executive Board and the group of Vice Presidents, Regional Vice Presidents Sales etc. is composed of approx. 85% men and approx. 15% women.

In connection with the recommendation of new board members, a careful assessment is made of the knowledge and professional experience which is required with a view to ensuring 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 their age, background, gender etc., thereby being able to provide a competent and versatile contribution to the work of Ambu's Board of Directors.

All members of the Board of Directors elected by Ambu's general meeting are currently men, while the two members of the Board of Directors elected by the employees are women.

Ambu has not so far seen a need to define specific objectives for the company's diversity, but this will be considered during the coming financial year.

Whistle-blowing scheme

Ambu established a whistle-blower hotline in 2011/12, so that employees can report suspected or actual violations of laws, Ambu's Code of Conduct, internal rules or other significant irregularities. The hotline is monitored by the audit committee to safeguard confidentiality and impartial reporting. Up until the adoption of the annual report by the Board of Directors, no reports have been made to the hotline.

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 audit 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 audit committee reports to the entire Board of Directors. The Executive Board is responsible for maintaining, at all times, an effective control environment and 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 and in 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 accounting policies and financial reporting procedures can be seen in the 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 controls.

A risk management project was previously implemented, the purpose being to identify the most important operational risks and risks relating to human resources. Activities were subsequently completed to reduce or eliminate the most important potential risks. The risk overview is updated annually, and action plans are drawn up to minimise risks within the most important risk areas.

Market risks, financial risks and risks within human resources and other areas are assessed on the basis of the size of the risk in the short as well as the long term. Risks are regularly discussed by the Board of Directors.

Checks

The purpose of the checks is to prevent, uncover 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.

In a sales-driven organisation like Ambu, the management focuses on ensuring proper and correct accruals and that no special discount or credit structure is established for the purpose of bringing forward revenue in a non-acceptable manner. This is monitored and checked by the finance function, the Executive Board as well as the auditors.

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 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, 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, are available on Ambu's intranet for relevant employees.

Monitoring

Ambu uses 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 complied with 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.

Statutory report

This section constitutes Ambu's statutory report on corporate governance for FY 2011/12, see section 107 b of the Danish Financial Statements Act. At www.ambu.com under 'Investor Relations', 'Corporate Governance', www.ambu.com/corp/investor_relations/corporate_governance, a detailed description can be seen of the views of the Board of Directors on the recommendations regarding corporate governance published by the Committee on Corporate Governance.

Board of Directors, Executive Board and Executive Management Team

Board of Directors

N. E. Nielsen, born 1948
Attorney-at-law
Chairman of the Board
Member of the Board since 1999,
re-elected in 2011

Chairman of the board of:
Charles Christensen A/S
Danica-Elektronik A/S
Gammelrand Holding A/S
InterMail A/S
MK af 2010 A/S
Pele Holding A/S
P.O.A. Ejendomme A/S
Torm A/S

Special competences:
General management, among other things as chairman of listed companies with an international outlook and corporate law issues.

Jens Bager, born 1959
President and CEO of ALK-Abelló A/S
Vice-Chairman of the Board
Member of the Board since 2010,
re-elected in 2011

Board member of:
Odin Equity Partners

Special competences:
General management with focus on international sales and marketing as well as acquisitions within the ingredients industry and pharmaceuticals.

Jesper Funding Andersen, born 1966
CEO of Origio A/S
Member of the Board since 2011

Chairman of the board of:
Ellipse A/S

Board member of:
Various companies in the Origio group
DDD Holding A/S

Special competences:
General management with extensive experience within medico-technical companies operating internationally as well as within the acquisition and divestment of companies.

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

Allan Søgaard Larsen, born 1956
CEO of Falck A/S
Member of the Board since 2011

Chairman of the board of:
Various companies in the Falck group

Board member of:
PensionDanmark Holding A/S

Member of the Central Board of:
The Confederation of Danish Industry

Special competences:
General management and special experience within the development and operation of international business activities in the cross field between the public and the private sectors.

Ingeborg Højer Riis, born 1965
Supply Chain Planner
Member of the Board since 2012
Elected by the employees

John Stær, born 1951
President and CEO of Satair A/S
Member of the Board since 1998,
re-elected in 2011

Board member of:
Several companies in the Satair group
DLH A/S

Special competences:
General management, including management of international activities, the acquisition and divestment of companies and financial management.

Mikael Worning, born 1962
Executive Vice President of Oticon A/S
Member of the Board since 2010,
re-elected in 2011

Board member of:
Various companies in the William Demant group

Special competences:
General management experience with focus on international sales and marketing of medico-technical products and management of international sales organisations.

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 of the Ambu group

Executive Management Team

Lars Marcher
President & CEO

Anders Arvai
Executive Vice President, CFO

Bjarne Nørgaard Sørensen
Executive Vice President, Global Operations

Shareholdings of the Board of Directors and the Executive Board

	No. of shares as at 30 September 2012	Sold in 2011/12	Acquired in 2011/12
Board of Directors			
N. E. Nielsen	6,640	0	0
Jens Bager	20,000	0	0
Jesper Funding Andersen	5,500	0	5,500
Anne-Marie Jensen	992	0	0
Allan Søgaard Larsen	10,000	0	10,000
Ingeborg Højer Riis	1,349	0	0
John Stær	700	0	0
Mikael Worning	2,070	0	2,070
Executive Board			
Lars Marcher	6,508	0	2,300

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 2011 to 30 September 2012.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU. The annual report has moreover been prepared in accordance with additional Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the group's and the company's assets, liabilities and financial position as at 30 September 2012 and of the results of the group's and the company's operations and cash flows for the financial year 1 October 2011 to 30 September 2012.

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

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

Ballerup, 15 November 2012

Executive Board	Board of Directors		
Lars Marcher President & CEO	N. E. Nielsen Chairman	Jens Bager Vice-Chairman	Jesper Funding Andersen
	Anne-Marie Jensen	Allan Søgaard Larsen	Ingeborg Højer Riis
	John Stær	Mikael Worning	

Independent auditor's report

To the shareholders of Ambu A/S

Auditor's report on the consolidated financial statements and the financial statements

We have audited the consolidated financial statements and the financial statements of Ambu A/S for the financial year 1 October 2011 to 30 September 2012, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including significant accounting policies for both the group and the company. The consolidated financial statements and the financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the financial statements

The management is responsible for the preparation and fair presentation of consolidated financial statements and financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. Furthermore, the management is responsible for maintaining such internal control as the management deems necessary for the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements pursuant to Danish audit legislation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements and the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the financial statements. The audit procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement in the consolidated financial statements and the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements and the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements and the financial statements.

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 qualifications.

Opinion

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the company's assets and liabilities and financial position as at 30 September 2012 as well as of the results of their activities and cash flows for the financial year 1 October 2011 to 30 September 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the management's review

We have read the management's review pursuant to the Danish Financial Statements Act. We have not performed procedures additional to the audit of the consolidated financial statements and the financial statements. Against this background, we believe that the information provided in the management's review is in accordance with the consolidated financial statements and the financial statements.

Copenhagen, 15 November 2012

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Torben Jensen State-Authorised Public Accountant	Martin Lunden State-Authorised Public Accountant

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Income statement 1 October - 30 September

DKK '000

	Note	Group 2011/12	Group 2010/11	Parent company 2011/12	Parent company 2010/11
Revenue	2	1,045,457	982,812	778,783	677,373
Production costs	3, 12	(469,750)	(436,837)	(529,215)	(437,323)
Gross profit		575,707	545,975	249,567	240,050
Selling costs	3	(238,007)	(216,182)	(52,810)	(47,549)
Development costs	3	(22,892)	(26,265)	(23,030)	(25,904)
Management and administration	3, 4	(154,563)	(152,679)	(83,568)	(89,957)
Other operating expenses	3, 21	(3,485)	(6,536)	(2,300)	(5,718)
Operating profit (EBIT) before special items		156,760	144,313	87,858	70,922
Special items	25	(6,093)	(32,979)	(4,565)	(32,979)
Operating profit (EBIT)		150,667	111,334	83,293	37,943
Financial income	5	4,245	370	9,452	20,224
Financial expenses	6	(5,144)	(13,640)	(5,052)	(5,328)
Profit before tax (PBT)		149,768	98,064	87,693	52,839
Tax	7	(35,054)	(28,851)	(23,674)	(10,095)
NET PROFIT FOR THE YEAR		114,713	69,213	64,019	42,744
Distribution of profit					
Proposed dividend for the year		35,724	23,816	35,724	23,816
Retained earnings		78,989	45,397	28,295	18,928
		114,713	69,213	64,019	42,744
Earnings per share in DKK	11				
Earnings per share (EPS)		9.84	5.92		
Diluted earnings per share (EPS-D)		9.58	5.83		

Statement of comprehensive income 1 October - 30 September

DKK '000

	Group 2011/12	Group 2010/11	Parent company 2011/12	Parent company 2010/11
Net profit for the year	114,713	69,213	64,019	42,744
Translation adjustment in foreign subsidiaries	15,705	5,674	1,602	320
Tax on translation adjustment in foreign subsidiaries	0	(1,403)	0	(1,403)
Adjustment to fair value for the period				
Disposals included in net financials	613	(524)	613	(524)
Additions concerning hedging instruments	(4,338)	(2,687)	(4,338)	(2,687)
Tax on hedging transactions	931	803	931	803
Comprehensive income	127,624	71,075	62,827	39,253

Balance sheet as at 30 September

DKK '000

Assets	Note	Group 30.09.2012	Group 30.09.2011	Parent company 30.09.2012	Parent company 30.09.2011
Non-current assets					
Intangible assets	9, 26				
Completed development projects		26,254	38,612	26,254	38,612
Rights		20,401	18,104	19,181	16,607
Goodwill		147,140	146,196	144,261	143,317
Development projects in progress		34,373	18,281	34,373	18,281
		228,168	221,193	224,069	216,817
Property, plant and equipment	10, 26				
Land and buildings		64,852	64,112	24,185	27,103
Plant and machinery		77,904	69,922	885	935
Other plant, fixtures and fittings, tools and equipment		27,993	26,297	19,417	19,523
Prepayments and plant under construction		5,600	18,535	1,858	2,280
		176,349	178,866	46,345	49,841
Other non-current assets					
Shares in subsidiaries	8	-	-	66,005	65,996
Receivables from subsidiaries		-	-	5,023	5,022
Deferred tax asset	14	3,175	3,026	0	0
		3,175	3,026	71,028	71,018
Total non-current assets		407,692	403,085	341,442	337,676
Current assets					
Inventories					
Inventories	12	250,570	208,098	52,835	48,020
Receivables	13				
Trade receivables		251,373	237,365	47,965	36,858
Receivables from subsidiaries		-	-	307,336	279,162
Other receivables		18,054	12,824	2,797	1,710
Income tax receivable	15	2,916	2,055	0	0
		272,343	252,244	358,098	317,730
Cash		34,903	25,729	0	0
Total current assets		557,816	486,071	410,933	365,750
TOTAL ASSETS		965,508	889,156	752,375	703,426

Balance sheet as at 30 September

DKK '000

Equity and liabilities		Group		Parent company	
	Note	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Equity					
Share capital		119,081	119,081	119,081	119,081
Share premium		8,897	8,897	8,897	8,897
Reserve for hedging transactions		(7,011)	(4,216)	(7,011)	(4,217)
Reserve for foreign currency translation adjustments		15,834	1,731	0	0
Proposed dividend		35,724	23,816	35,724	23,816
Retained earnings		505,580	430,547	249,785	226,630
Total equity	11	**678,105**	**579,857**	**406,476**	**374,208**
Liabilities					
Non-current liabilities					
Credit institutions	16	17,266	29,546	17,266	29,546
Provision for deferred tax	14	25,843	25,104	27,358	25,514
Current liabilities					
Current portion of non-current liabilities	16	13,295	14,199	13,295	14,199
Bank debt		61,119	86,598	57,363	76,883
Trade payables		57,310	48,084	15,064	13,897
Payables to subsidiaries		0	0	152,224	110,286
Income tax	15	20,611	10,496	18,616	8,907
Other payables		91,959	95,273	44,713	49,986
Total liabilities		**287,403**	**309,300**	**345,899**	**329,218**
TOTAL EQUITY AND LIABILITIES		965,508	889,156	752,375	703,426

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Cash flow statement 1 October - 30 September

DKK '000

		Group		Parent company	
	Note	2011/12	2010/11	2011/12	2010/11
Net profit for the year		114,713	69,213	64,019	42,744
Adjustments	A	93,014	105,002	49,754	33,440
Changes in working capital	B	(24,902)	(27,936)	(11,207)	(4,643)
Cash flows from operating activities before net financials		**182,826**	**146,279**	**102,566**	**71,541**
Interest income and similar items		4,245	370	9,452	20,224
Interest expenses and similar items		(5,144)	(13,640)	(5,052)	(5,328)
Cash flows from ordinary activities		**181,927**	**133,009**	**106,967**	**86,437**
Income tax paid		(24,302)	(30,938)	(11,397)	(14,108)
Cash flows from operating activities		**157,625**	**102,071**	**95,570**	**72,329**
Purchase of non-current assets	23	(46,549)	(44,366)	(30,766)	(33,079)
Sale of non-current assets		20	6,370	768	22,005
Acquisitions	26	(30,954)	0	(9)	0
Cash flows from investing activities		**(77,482)**	**(37,996)**	**(30,007)**	**(11,074)**
Free cash flow		**80,142**	**64,075**	**65,563**	**61,255**
Raising/repayment of long-term debt		(13,184)	(14,826)	(12,280)	(14,242)
Changes in short-term bank debt		(25,929)	11,879	(20,424)	12,337
Sale of employee shares		0	2,543	0	2,543
Exercise of options		25,344	39,884	25,344	39,884
Purchase of Ambu A/S shares		(34,862)	(72,621)	(34,862)	(72,621)
Dividend paid		(23,341)	(29,156)	(23,341)	(29,156)
Cash flows from financing activities		**(71,972)**	**(62,297)**	**(65,563)**	**(61,255)**
Changes in cash and cash equivalents		**8,170**	**1,778**	**0**	**0**
Cash and cash equivalents, beginning of year		25,730	23,500	0	0
Translation adjustment of cash and cash equivalents		1,003	452	0	0
Cash and cash equivalents at year-end		**34,903**	**25,730**	**0**	**0**
Note A: Adjustments					
Depreciation and amortisation		53,576	56,345	26,995	32,523
Adjustment, option schemes		3,485	6,536	3,485	5,718
Interest and similar items, net		899	13,270	(4,400)	(14,896)
Tax on profit for the year		35,054	28,851	23,674	10,095
		93,014	**105,002**	**49,754**	**33,440**
Note B: Changes in working capital					
Changes in inventories		(6,182)	(6,079)	(4,815)	19,320
Changes in receivables		(11,690)	(19,193)	(12,194)	3,326
Changes in balances with group companies		0	0	13,763	(12,361)
Changes in trade payables etc.		(7,030)	(2,664)	(7,961)	(14,929)
		(24,902)	**(27,936)**	**(11,207)**	**(4,643)**

Statement of changes in equity

DKK '000

Group

	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity as at 1 October 2010	118,763	4,046	(1,807)	(3,622)	414,526	29,691	561,597
Net profit for the year					69,213		69,213
Translation adjustment in foreign subsidiaries				5,353	320		5,674
Tax on translation adjustment in foreign subsidiaries					(1,403)		(1,403)
Adjustment to fair value for the period							-
Disposals included in net financials			(524)				(524)
Additions concerning hedging instruments			(2,687)				(2,687)
Tax on hedging transactions			803				803
Total comprehensive income	-	-	(2,409)	5,353	68,130	-	71,075
Transactions with the owners, recognised directly in equity							
Capital increase – employee share scheme	318	4,851					5,169
Exercise of options					39,884		39,884
Share options					3,910		3,910
Purchase of treasury shares					(72,621)		(72,621)
Distributed dividend						(29,691)	(29,691)
Dividend, treasury shares					535		535
Proposed dividend					(23,816)	23,816	-
Equity as at 30 September 2011	119,081	8,897	(4,216)	1,731	430,547	23,816	579,857
Net profit for the year					114,713		114,713
Translation adjustment in foreign subsidiaries				14,103	1,602		15,705
Tax on translation adjustment in foreign subsidiaries							-
Adjustment to fair value for the period							-
Disposals included in net financials			613				613
Additions concerning hedging instruments			(4,338)				(4,338)
Tax on hedging transactions			931				931
Total comprehensive income	-	-	(2,795)	14,103	116,315	-	127,623
Transactions with the owners, recognised directly in equity							
Capital increase – employee share scheme							-
Exercise of options					25,344		25,344
Share options					3,485		3,485
Purchase of treasury shares					(34,862)		(34,862)
Distributed dividend						(23,816)	(23,816)
Dividend, treasury shares					475		475
Proposed dividend					(35,724)	35,724	-
Equity as at 30 September 2012	119,081	8,897	(7,011)	15,834	505,580	35,724	678,105

Statement of changes in equity

DKK '000

Parent company

	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity as at 1 October 2010	118,763	4,046	(1,808)	-	237,896	29,691	388,588
Net profit for the year					42,744		42,744
Translation adjustment in foreign subsidiaries					320		320
Tax on translation adjustment in foreign subsidiaries					(1,403)		(1,403)
Adjustment to fair value for the period							-
Disposals included in net financials			(524)				(524)
Additions concerning hedging instruments			(2,687)				(2,687)
Tax on hedging transactions			803				803
Total comprehensive income	-	-	(2,409)	-	41,661	-	39,253
Transactions with the owners, recognised directly in equity							
Capital increase – employee share scheme	318	4,851					5,169
Exercise of options					39,884		39,884
Share options					3,092		3,092
Purchase of treasury shares					(72,621)		(72,621)
Distributed dividend						(29,691)	(29,691)
Dividend, treasury shares					535		535
Proposed dividend					(23,816)	23,816	-
Equity as at 30 September 2011	119,081	8,897	(4,217)	-	226,631	23,816	374,208
Net profit for the year					64,019		64,019
Translation adjustment in foreign subsidiaries					1,602		1,602
Tax on translation adjustment in foreign subsidiaries							-
Adjustment to fair value for the period							-
Disposals included in net financials			613				613
Additions concerning hedging instruments			(4,338)				(4,338)
Tax on hedging transactions			931				931
Total comprehensive income	-	-	(2,794)	-	65,621	-	62,827
Transactions with the owners, recognised directly in equity							
Capital increase – employee share scheme							-
Exercise of options					25,344		25,344
Share options					2,300		2,300
Purchase of treasury shares					(34,862)		(34,862)
Distributed dividend						(23,816)	(23,816)
Dividend, treasury shares					475		475
Proposed dividend					(35,724)	35,724	-
Equity as at 30 September 2012	119,081	8,897	(7,011)	-	249,785	35,724	406,476

Notes

NOTE 1. ACCOUNTING POLICIES

Ambu A/S is a public limited company domiciled in Denmark. The annual report for the period 1 October 2011 - 30 September 2012 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 consolidated financial statements and the financial statements 2011/12 of Ambu A/S are 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 Danish kroner (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

Ambu has implemented all relevant new and updated accounting standards issued by the IASB and effective as of 1 October 2011. 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.

No accounting standards need to be implemented in FY 2012/13 which will have 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 2012/13.

Estimates made by the management

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

Material estimates and assumptions are associated with the recognition of:

- Goodwill
- Development projects

Development costs are recognised under assets when such costs pertain to the development of products which our customers consider to be new products and when such projects are clearly defined and identifiable. Development costs not recognised under assets are recognised in the income statement as incurred. Continuous impairment tests are made in respect of both completed development projects and development projects in progress.

Goodwill and development projects are described in note 9.

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.

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 intercompany income and expenditure, shareholdings, balances and dividends as well as realised and unrealised proceeds from intercompany transactions. 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 at the date of acquisition.

Business combinations

Newly acquired 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 at the date of acquisition. Identifiable intangible assets are recognised, provided that such assets can be recognised separately or originate from a contractual right and the fair value can be measured reliably. Deferred tax on the reassessments made is recognised. The date of acquisition is the date when Ambu obtains actual control over the acquired enterprise.

For business combinations, 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 subject to an annual impairment test. The first impairment test is carried out by the end of the year of acquisition. Upon acquisition, goodwill is attributed to the cash-generating units, which will subsequently form the basis of an impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than DKK are treated as assets and liabilities of the foreign

Notes

NOTE 1. ACCOUNTING POLICIES (CONTINUED)

entity and are translated to the functional currency of such entity using the exchange rate applicable at the transaction date.

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.

Foreign currency translation

For each of the reporting group enterprises, a functional currency is specified. 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 at 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 at 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 in other comprehensive income and presented as a separate reserve for foreign currency translation adjustments under equity.

Foreign currency translation adjustment of balances which are considered to be part of the total net investment in foreign enterprises is recognised directly in equity under a separate reserve for foreign currency translation adjustments 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 value of derivative financial instruments is calculated on the basis of current market data as well as accepted valuation methods.

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

Changes in the part of the fair value of derivative financial instruments classified as and fulfilling the criteria for hedging future cash flows, and which, in an efficient manner, hedge changes in the value of the hedged item, are recognised in other comprehensive income and presented as a separate reserve for hedging transactions under equity 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.

SEGMENT INFORMATION

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.

The company has thus only identified one operating segment and has therefore only shown the activities' geographical distribution.

INCOME STATEMENT

Revenue

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

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

Selling costs

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

Development costs

Development costs comprise salaries and costs which, directly or indirectly, can be attributed to research, product improvements and

Notes

NOTE 1. ACCOUNTING POLICIES (CONTINUED)

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 the administrative staff, office premises and office expenses, as well as amortisation and impairment.

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

Special items
Special items comprise significant amounts concerning affairs which cannot be attributed to normal operations, e.g. legal costs in connection with important patent cases, restructuring costs, transaction costs in connection with company acquisitions and non-recurring costs.

Net financials
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 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 or loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

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

BALANCE SHEET

Intangible assets
Goodwill is, on initial recognition, recognised at cost in the balance sheet as described under 'Business combinations'. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

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

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. Cost comprises salaries and other external expenses, e.g. consultancy fees, travel expenses etc., which are directly 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 acquisition price and any costs directly attributable to the acquisition until the date when the asset is ready for use. 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 when the useful lives of the individual elements differ.

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

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

Buildings	25 years
Building installations	10 years
Technical plant and machinery	2-10 years
Other plant, 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. When the residual value exceeds the carrying amount of the asset, depreciation will no longer take place.

Notes

NOTE 1. ACCOUNTING POLICIES (CONTINUED)

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

Shares in subsidiaries

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

Impairment losses on non-current assets

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

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

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

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

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-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 the basis of which the impairment is made have been changed. Impairments are only reversed in so far as the new carrying amount of the asset does not exceed the carrying amount of the asset after depreciation, had the asset not been impaired.

Inventories

Inventories are measured at the lower of cost calculated according to the FIFO principle and net realisable value. The net realisable value is calculated as the selling price less costs of completion and costs necessary to make the sale.

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

The cost of manufactured goods and work in progress comprises the cost of commodities, consumables, direct labour costs and production overheads in the form of logistics and planning costs, production management as well as expenses for production facilities and equipment etc.

Receivables

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

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

EQUITY

Dividend

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

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

Treasury shares

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

Reserve for foreign currency translation adjustments

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. 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 the group's employees.

Liabilities in respect of defined-contribution plans under which the group pays fixed pension contributions to independent pension providers are recognised in the income statement in the period during which such contributions are earned, and 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 allocation of share options is calculated on the basis of the value of the options allocated. The fair value of the share options at the time of allocation is calculated according to the Black-Scholes model. In the

Notes

NOTE 1. ACCOUNTING POLICIES (CONTINUED)

calculation, the terms and conditions applying to the share options allocated 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 amounts paid on account.

Deferred tax is measured under 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 loss carry-forwards, are recognised under other non-current assets at the expected usable value, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made of deferred tax in relation to eliminations made as regards unrealised intercompany 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 at the time 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

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

Warranty commitments 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

Credit institutions

Debt to credit institutions etc. is recognised at 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.

Deferred income

Deferred income recognised under liabilities comprises payments 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

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

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

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

Cash flows from financing activities

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

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.

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'.

Notes

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NOTE 2. INFORMATION ABOUT THE GEOGRAPHICAL DISTRIBUTION OF THE ACTIVITIES

	Group 2011/12	Group 2010/11
Geographical distribution based on purchasing country		
Europe	585,097	566,011
USA	346,524	316,890
Rest of the world	113,835	99,911
Total revenue	**1,045,457**	**982,812**

Ambu is domiciled in Denmark. In 2011/12, the group's revenue in Denmark totalled DKK 37,272k (2010/11: DKK 39,245k).

	Group 30.09.2012		Group 30.09.2011	
	Assets	Investments in property, plant and equipment	Assets	Investments in property, plant and equipment
Europe	595,185	8,941	538,018	12,917
USA	144,488	911	127,752	577
Rest of the world	225,824	14,683	223,386	10,421
	965,497	**24,535**	**889,156**	**23,915**

NOTE 3. STAFF EXPENSES, SHARE-BASED REMUNERATION AND DEPRECIATION/AMORTISATION

	Group		Parent company	
	2011/12	2010/11	2011/12	2010/11
Staff expenses are included in functional costs as follows:				
Production costs	91,032	99,512	22,097	44,365
Selling costs	123,081	115,474	10,868	10,275
Development costs	10,273	12,857	9,626	12,479
Management and administration	106,709	97,200	63,093	61,370
Other operating expenses	3,485	6,536	3,485	5,718
Total staff expenses	**334,580**	**331,579**	**109,149**	**134,207**
Staff expenses comprise:				
Remuneration, Executive Board	5,222	6,617	5,222	6,617
Pension contributions, Executive Board	10	39	10	39
Share options	883	883	883	883
Staff expenses, Executive Board	**6,115**	**7,539**	**6,115**	**7,539**
Wages and salaries	289,447	283,669	90,803	109,269
Pension contributions	9,283	10,659	6,656	7,945
Social security costs	24,913	21,637	1,938	2,197
Share options and warrants	2,602	3,027	1,417	2,209
Employee shares	0	2,626	0	2,626
Remuneration, Board of Directors	2,220	2,422	2,220	2,422
Total staff expenses	**334,580**	**331,579**	**109,149**	**134,207**
Average number of employees	1,683	1,637	144	189
Severance programme, Executive Board	0	0	0	0

Notes

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NOTE 3. STAFF EXPENSES, SHARE-BASED REMUNERATION AND DEPRECIATION/AMORTISATION (CONTINUED)

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

Share option scheme, Executive Board:
At the general meeting in December 2008, it was decided to award share options to the group's Executive Board. The Executive Board has been awarded a total of 189,000 share options, which were allocated successively over a period of three years by one-third each year. The first allocation was made on 1 October 2010 at a price of 83.75. 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 allocation date plus 8% p.a.

Share option scheme, senior employees:
An option scheme comprising 17 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 allocation is subject to the participants acquiring a certain number of Ambu Class B shares at 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 were allocated in four rounds – the first time in connection with the establishment of the scheme 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%. The total number of share options allocated during this period was 977,013, corresponding to 8.2% of Ambu's share capital.

Warrant scheme, senior employees:
Warrant schemes were established in April 2011 and April 2012. The purpose of the warrant schemes 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 warrant schemes and the company's shareholders. The warrant schemes in 2011 and 2012 comprised 49 and 69, respectively, of the group's senior employees in Denmark and abroad. Each warrant entitles the holder to buy one Class B share with a nominal value of DKK 10 at a price of 160.5 under the 2011 scheme and at a price of 158 under the 2012 scheme. The total number of warrants allocated under the 2011 scheme was 110,000, corresponding to 0.9% of Ambu's share capital, and 126,900 under the 2012 scheme, corresponding to 1.1% of Ambu's share capital.

Assumptions at allocation	Volatility	Interest rate	Dividend per share	Exercise price	Fair value at allocation
Warrants, April 2011	30.2%	1.28%	2.00	158.00	DKK 4.1m
Warrants, April 2012	30.3%	2.51%	2.50	160.50	DKK 4.4m

The incentive programmes are accrued and expensed over the vesting period. No particular requirements have to be met by those participating in the programmes, except continued employment and, for senior employees, ownership of a number of Ambu Class B shares.

The vesting period of the incentive programmes is three years, after which the exercise period runs for two years.

Notes

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NOTE 3. STAFF EXPENSES, SHARE-BASED REMUNERATION AND DEPRECIATION/AMORTISATION (CONTINUED)

Share options/warrants in Ambu A/S	No. of options/ warrants	Exercise price per option/ warrant in DKK	No. of options/ warrants which can be exercised	Term to maturity in years	Market value in DKK '000
Executive Board, share options:					
Outstanding balance as at 1 October 2010	63,000	84	0	4	3,519
Additions during the year (no.)	63,000	91	0	5	1,432
Options exercised during the year	0	0	0	0	0
Market value adjustment	-	-	0	0	2,383
Senior employees, share options:					
Outstanding balance as at 1 October 2010	977,013	-	118,149	1	25,476
Matured during the year (no.)	-	-	323,626	-	-
First-portion options exercised during the year	(105,800)	104	(105,800)	1	(3,032)
Second-portion options exercised during the year	(257,894)	112	(257,894)	1	(6,788)
Market value adjustment	-	-	-	-	123
Senior employees, warrants:					
Outstanding balance as at 1 October 2010	0	0	0	0	0
Additions during the year (no.)	110,000	161	0	5	4,449
Options exercised during the year	0	0	0	0	0
Market value adjustment	-	-	0	0	(1,374)
Outstanding balance as at 30 September 2011	**849,319**	**-**	**78,081**	**-**	**26,188**

Share options/warrants in Ambu A/S	No. of options/ warrants	Exercise price per option/ warrant in DKK	No. of options/ warrants which can be exercised	Term to maturity in years	Market value in DKK '000
Executive Board, share options:					
Outstanding balance as at 1 October 2011	126,000	88	0	4	7,334
Additions during the year (no.)	63,000	98	0	5	1,426
Options exercised during the year	0	0	0	0	0
Market value adjustment	-	-	0	0	2,283
Senior employees, share options:					
Outstanding balance as at 1 October 2011	613,319	-	78,081	1	15,779
Matured during the year (no.)	-	-	374,500	-	-
Forfeited	(40,377)	-	(5,458)	-	(988)
First-portion options exercised during the year	(12,349)	104	(12,349)	0	(449)
Second-portion options exercised during the year	(33,225)	112	(33,225)	1	(1,093)
Third-portion options exercised during the year	(168,089)	121	(168,089)	1	(4,147)
Market value adjustment	-	-	-	-	(428)
Senior employees, warrants:					
Outstanding balance as at 1 October 2011	110,000	161	0	4	3,075
Additions during the year (no.)	126,900	158	0	5	4,121
Forfeited	(18,100)	-	-	-	(582)
Options exercised during the year	0	0	0	0	0
Market value adjustment	-	-	0	0	(1,083)
Outstanding balance as at 30 September 2012	**767,079**	**-**	**233,460**	**-**	**25,248**

Notes

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NOTE 3. STAFF EXPENSES, SHARE-BASED REMUNERATION AND DEPRECIATION/AMORTISATION (CONTINUED)

The market value of share options and warrants is calculated according to the Black-Scholes model for the valuation of options/warrants. The valuation of the options and warrants 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 schemes. The expected term to maturity of the schemes is fixed at one year after the end of the vesting period.

The options have been exercised between December 2011 and September 2012, during which period the weighted share price was 148.

The calculation of the market value at the end of the period is based on the following assumptions:

Dividend per share: DKK 2.00
Volatility of between 21% and 29%, depending on the term to maturity of the schemes
Average risk-free interest rate of between -0.3% and 0.4%, depending on the term to maturity of the schemes
Listed price: 148

There are no agreements on special remuneration for the Executive Management Team (EMT) in the event of a change of control.

	Group		Parent company	
Depreciation, amortisation and impairment losses	2011/12	2010/11	2011/12	2010/11
The depreciation, amortisation and impairment of intangible assets and property, plant and equipment are included in functional costs as follows:				
Production costs	26,218	25,592	2,489	4,299
Selling costs	531	498	385	471
Development costs (intangible assets)	13,344	15,596	13,344	15,596
Development costs (property, plant and equipment)	248	140	85	126
Management and administration	13,235	14,519	10,692	12,031
Total depreciation, amortisation and impairment losses	53,576	56,345	26,995	32,523

NOTE 4. FEE TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

	Group	
	2011/12	2010/11
Fee for PWC	1,542	1,307
Other assurance engagements	100	55
Consultancy services	227	313
Other services	611	129
Total fees	2,480	1,804

Notes

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NOTE 5. FINANCIAL INCOME

	Group 2011/12	Group 2010/11	Parent company 2011/12	Parent company 2010/11
Dividend from subsidiaries	-	-	0	19,050
Interest income from loans to subsidiaries	-	-	6,152	1,050
Foreign exchange gains, net	4,031	0	3,283	0
Interest income	214	370	17	124
	4,245	370	9,452	20,224

NOTE 6. FINANCIAL EXPENSES

	Group 2011/12	Group 2010/11	Parent company 2011/12	Parent company 2010/11
Interest expenses on loans from subsidiaries	-	-	0	219
Interest expenses	5,144	4,801	5,052	4,514
Foreign exchange losses, net	0	8,839	0	595
	5,144	13,640	5,052	5,328

NOTE 7. TAX ON PROFIT FOR THE YEAR

	Group 2011/12	Group 2010/11	Parent company 2011/12	Parent company 2010/11
Current tax	34,041	24,370	21,733	11,451
Adjustment, previous years	(1,995)	456	77	797
Deferred tax	3,009	4,026	1,864	(2,153)
Total tax on profit for the year	35,054	28,851	23,674	10,095
Tax on profit for the year comprises:				
Calculated tax on income from ordinary activities before tax	25.0%	25.0%	25.0%	25.0%
Effect of tax rate in foreign subsidiaries	0.8%	2.9%	0.0%	0.0%
Income not subject to tax	-1.0%	0.0%	0.0%	-9.0%
Non-deductible costs	2.3%	1.9%	1.9%	1.6%
Tax adjustment in respect of previous years	-1.3%	0.5%	0.1%	1.5%
Utilisation of non-capitalised tax asset	-2.3%	-0.9%	0.0%	0.0%
Effective tax rate	23.4%	29.4%	27.0%	19.1%

Notes

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NOTE 8. SHARES IN SUBSIDIARIES

	2011/12	2010/11
Acquisition price, beginning of year	65,996	65,996
Additions	9	0
Disposals	0	0
Acquisition price at year-end	66,005	65,996
Carrying amount as at 30 September	66,005	65,996

Subsidiaries Wholly owned	Reg. office	Established/ acquired	Share capital, nominal
Ambu Inc.	USA	1983	USD 250,000
Ambu S.A.R.L	France	1989	EUR 170,245
Ambu Ltd.	UK	1991	GBP 1,000
Ambu 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 (inactive company)	Japan	2000	JPY 20,000,000
Ambu BV	Netherlands	2006	EUR 22,700
Ambu (China) Trading Ltd.	China	2008	USD 70,000
Ambu Australia Pty	Australia	2010	AUD 1
White Sensor Ltd.	UK	2012	GBP 1,000

In addition to the above, Ambu has branches in both Sweden and Finland.

Notes

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NOTE 9. INTANGIBLE ASSETS

	2011/12				
	Completed development projects	Rights	Goodwill	Development projects in progress	Total
Group					
Acquisition price, beginning of year	134,474	26,282	146,196	18,281	325,233
Translation adjustment	0	658	944	0	1,602
Additions during the year	0	4,584	0	17,430	22,014
Disposals during the year	(352)	0	0	0	(352)
Transferred during the year	1,338	0	0	(1,338)	0
Acquisition price at year-end	**135,460**	**31,524**	**147,140**	**34,373**	**348,497**
Amortisation and impairment losses, beginning of year	95,862	8,179	0	0	104,040
Translation adjustment	0	0	0	0	0
Disposals during the year	0	0	0	0	0
Impairment losses for the year	0	0	0	0	0
Amortisation for the year	13,344	2,945	0	0	16,289
Amortisation and impairment losses at year-end	**109,206**	**11,124**	**0**	**0**	**120,329**
Carrying amount at year-end	**26,254**	**20,401**	**147,140**	**34,373**	**228,168**
Amortisation period	5 years	10-20 years	-	-	-
Parent company					
Acquisition price, beginning of year	134,474	23,633	143,317	18,281	319,705
Translation adjustment	0	658	944	0	1,602
Additions during the year	0	4,584	0	17,430	22,014
Disposals during the year	(352)	0	0	0	(352)
Transferred during the year	1,338	0	0	(1,338)	0
Acquisition price at year-end	**135,460**	**28,875**	**144,261**	**34,373**	**342,969**
Amortisation and impairment losses, beginning of year	95,862	7,026	0	0	102,888
Disposals during the year	0	0	0	0	0
Impairment losses for the year	0	0	0	0	0
Amortisation for the year	13,344	2,668	0	0	16,012
Amortisation and impairment losses at year-end	**109,206**	**9,694**	**0**	**0**	**118,900**
Carrying amount at year-end	**26,254**	**19,181**	**144,261**	**34,373**	**224,069**
Amortisation period	5 years	10-20 years	-	-	-

Goodwill in the group of DKK 147m primarily concerns goodwill in connection with the acquisition of the Medicotest group in 2001 and the acquisition of the activities of Sleepmate Inc. in 2008. The Medicotest group and Sleepmate Inc. are integrated into all parts of the Ambu group, which means that the goodwill value relates to Ambu as a whole.

As at 30 September 2012, the management carried out an impairment test of the carrying amount of goodwill. Based on this test, no amortisation 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 2012/13 budget and on growth of 0% in the terminal period (2010/11: 0%). In connection with the discounting, the weighted cost of capital, corresponding to 8.5% after tax, has been applied (2010/11: 8.0%).

The key assumptions for the impairment test are the weighted cost of capital and the EBIT margin.

The management believes that even material changes in these assumptions will not result in an impairment of goodwill.

Notes

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NOTE 9. INTANGIBLE ASSETS (CONTINUED)

	2010/11				
	Completed development projects	Rights	Goodwill	Development projects in progress	Total
Group					
Acquisition price, beginning of year	126,621	26,178	146,007	5,802	304,608
Translation adjustment	0	(15)	189	0	174
Additions during the year	0	119	0	20,332	20,451
Disposals during the year	0	0	0	0	0
Transferred during the year	7,853	0	0	(7,853)	0
Acquisition price at year-end	**134,474**	**26,282**	**146,196**	**18,281**	**325,233**
Amortisation and impairment losses, beginning of year	80,266	5,507	0	0	85,772
Translation adjustment	0	(147)	0	0	(147)
Disposals during the year	0	0	0	0	0
Impairment losses for the year	0	0	0	0	0
Amortisation for the year	15,596	2,819	0	0	18,415
Amortisation and impairment losses at year-end	**95,862**	**8,179**	**0**	**0**	**104,040**
Carrying amount at year-end	**38,612**	**18,104**	**146,196**	**18,281**	**221,193**
Amortisation period	5 years	10-20 years	-	-	-
Parent company					
Acquisition price, beginning of year	126,621	23,501	143,128	5,802	299,052
Translation adjustment	0	132	189	0	321
Additions during the year	0	0	0	20,332	20,332
Disposals during the year	0	0	0	0	0
Transferred during the year	7,853	0	0	(7,853)	0
Acquisition price at year-end	**134,474**	**23,633**	**143,317**	**18,281**	**319,705**
Amortisation and impairment losses, beginning of year	80,266	4,475	0	0	84,741
Disposals during the year	0	0	0	0	0
Impairment losses for the year	0	0	0	0	0
Amortisation for the year	15,596	2,551	0	0	18,147
Amortisation and impairment losses at year-end	**95,862**	**7,026**	**0**	**0**	**102,888**
Carrying amount at year-end	**38,612**	**16,607**	**143,317**	**18,281**	**216,817**
Amortisation period	5 years	10-20 years	-	-	-

Notes

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NOTE 10. PROPERTY, PLANT AND EQUIPMENT

2011/12	Land and buildings	Plant and machinery	Other plant, fixtures and fittings, tools and equipment	Prepayments and plant under construction	Total
Group					
Acquisition price, beginning of year	140,740	205,752	82,001	18,535	447,028
Translation adjustment	4,287	11,901	998	1,244	18,430
Additions during the year	3,192	8,434	11,368	1,541	24,535
Additions from business acquisition	0	1,710	0	0	1,710
Disposals during the year	(190)	(16,299)	(3,259)	(422)	(20,170)
Transferred during the year	1,311	12,863	1,124	(15,298)	0
Acquisition price at year-end	**149,340**	**224,361**	**92,232**	**5,600**	**471,533**
Depreciation and impairment losses, beginning of year	76,628	135,830	55,704	0	268,162
Translation adjustment	1,388	5,922	638	0	7,948
Reversal upon sale	(177)	(14,787)	(2,874)	0	(17,838)
Depreciation for the year	6,649	19,492	10,771	0	36,912
Depreciation and impairment losses at year-end	**84,488**	**146,457**	**64,239**	**0**	**295,184**
Carrying amount at year-end	**64,852**	**77,904**	**27,993**	**5,600**	**176,349**
Of which assets held under finance leases	0	0	139	0	139
Depreciation period	10-25 years	2-10 years	3-5 years	-	-
Parent company					
Acquisition price, beginning of year	81,747	6,105	61,009	2,280	151,141
Additions during the year	73	877	7,802	0	8,752
Disposals during the year	0	(767)	(1,803)	(422)	(2,992)
Transferred during the year	0	0	0	0	0
Reclassification of assets held for sale	0	0	0	0	0
Acquisition price at year-end	**81,820**	**6,215**	**67,008**	**1,858**	**156,901**
Depreciation and impairment losses, beginning of year	54,644	5,170	41,486	0	101,300
Reversal upon sale	0	(112)	(1,615)	0	(1,727)
Depreciation for the year	2,991	272	7,720	0	10,983
Reclassification of assets held for sale	0	0	0	0	0
Depreciation and impairment losses at year-end	**57,635**	**5,330**	**47,591**	**0**	**110,556**
Carrying amount at year-end	**24,185**	**885**	**19,417**	**1,858**	**46,345**
Depreciation period	10-25 years	2-10 years	3-5 years	-	-

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

Notes

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NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2010/11	Land and buildings	Plant and machinery	Other plant, fixtures and fittings, tools and equipment	Prepayments and plant under construction	Total
Group					
Acquisition price, beginning of year	141,027	216,796	76,701	20,571	455,095
Translation adjustment	625	1,890	293	58	2,866
Additions during the year	2,194	11,747	7,794	2,180	23,915
Disposals during the year	(3,106)	(27,507)	(4,235)	0	(34,848)
Transferred during the year	0	2,826	1,448	(4,274)	0
Adjustment, previous years	0	0	0	0	0
Acquisition price at year-end	**140,740**	**205,752**	**82,001**	**18,535**	**447,028**
Depreciation and impairment losses, beginning of year	71,645	137,221	47,367	0	256,233
Translation adjustment	617	1,593	130	0	2,340
Reversal upon sale	(1,666)	(22,304)	(3,850)	0	(27,820)
Depreciation for the year	6,032	19,320	12,057	0	37,409
Adjustment, previous years	0	0	0	0	0
Depreciation and impairment losses at year-end	**76,628**	**135,830**	**55,704**	**0**	**268,162**
Carrying amount at year-end	**64,112**	**69,922**	**26,297**	**18,535**	**178,866**
Of which assets held under finance leases	0	0	307	0	307
Depreciation period	10-25 years	2-10 years	3-5 years	-	-
Parent company					
Acquisition price, beginning of year	84,826	62,050	56,250	1,701	204,827
Additions during the year	0	0	0	12,747	12,747
Disposals during the year	(3,106)	(59,989)	(3,338)	0	(66,433)
Transferred during the year	27	4,044	8,097	(12,168)	0
Acquisition price at year-end	**81,747**	**6,105**	**61,009**	**2,280**	**151,141**
Depreciation and impairment losses, beginning of year	53,196	44,125	35,272	0	132,593
Reversal upon sale	(1,666)	(40,839)	(3,164)	0	(45,669)
Depreciation for the year	3,114	1,884	9,378	0	14,376
Depreciation and impairment losses at year-end	**54,644**	**5,170**	**41,486**	**0**	**101,300**
Carrying amount at year-end	**27,103**	**935**	**19,523**	**2,280**	**49,841**
Depreciation period	10-25 years	2-10 years	3-5 years	-	-

Notes

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NOTE 11. SHARE CAPITAL AND TREASURY SHARES

Class A shares, ten votes per share, 1,716,000 shares of DKK 10 each.
Class B shares, one vote per share, 10,192,080 shares of DKK 10 each.

	Class A shares		Class B shares	
	2011/12	2010/11	2011/12	2010/11
No. of shares issued as at 1 October	1,716,000	1,716,000	10,192,080	10,160,298
Additions	0	0	0	31,782
Disposals	0	0	0	0
No. of shares issued as at 30 September	1,716,000	1,716,000	10,192,080	10,192,080

	No. of shares		Nominal value (DKK '000)		In % of share capital	
Treasury shares – Class B shares	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
1 October	223,938	131,560	2,239	1,316	1.9	1.1
Additions	243,122	456,072	2,431	4,561	2.0	3.8
Disposals	(213,663)	(363,694)	(2,137)	(3,637)	(1.8)	(3.1)
Class B treasury shares as at 30 September	253,397	223,938	2,534	2,239	2.1	1.9

Treasury shares have been purchased to cover the option scheme.

	Group	
Earnings per share	2011/12	2010/11
Net profit for the year	114,713	69,213
Average no. of outstanding Class A and Class B shares	11,654,683	11,684,142
Average no. of diluted Class A and Class B shares	11,978,092	11,878,570
Earnings per DKK 10 share (EPS) in DKK	9.84	5.92
Diluted earnings per DKK 10 share (EPS-D) in DKK	9.58	5.83

Notes

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NOTE 12. INVENTORIES

	Group		Parent company	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Commodities and consumables	74,884	66,195	2,399	2,991
Finished goods	175,686	141,903	50,436	45,029
	250,570	**208,098**	**52,835**	**48,020**
Cost of sales for the year	349,955	314,590	483,059	373,830
Inventory write-down				
Write-down as at 1 October	5,711	5,154	986	1,196
Translation adjustment	(181)	(366)	0	0
Additions	945	1,733	607	600
Disposals	(967)	(810)	(531)	(810)
Write-down as at 30 September	**5,508**	**5,711**	**1,062**	**986**

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

NOTE 13. RECEIVABLES

	Group		Parent company	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Trade receivables	251,373	237,365	47,965	36,858
Receivables from group enterprises	0	0	307,336	279,162
Other receivables	20,970	14,879	2,797	1,710
Total receivables	**272,343**	**252,244**	**358,098**	**317,730**
Write-down as at 1 October	3,235	3,125	1,010	1,010
Translation adjustment	116	9	69	0
Write-downs of receivables for the year	711	101	0	0
Reversal for the year of previous write-downs	0	0	0	0
Write-downs included in the receivables mentioned above as at 30 September	**4,062**	**3,235**	**1,079**	**1,010**

Credit risks

Ambu is exposed to credit risks in respect of receivables and bank deposits. 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.

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. In the event of uncertainty as to a customer's ability or willingness to pay a receivable and where it is deemed that the claim is subject to risk, a write-down is made to hedge such risk. Public-sector customers account for 36% (2010/11: 40%) of the outstanding debtors, which reduces the risk of loss.

Sales of Ambu's products to customers worldwide are settled primarily on open-account terms, either by letter of credit or prepayment from distributors.

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

Notes

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NOTE 13. RECEIVABLES (CONTINUED)

	Group 30.09.2012	Group 30.09.2011	Parent company 30.09.2012	Parent company 30.09.2011
Trade receivables				
0-30 days	165,404	144,077	44,755	33,493
31-60 days	24,739	24,608	(47)	441
61-90 days	13,810	11,746	(171)	95
91-120 days	9,682	8,484	464	683
121-180 days	17,205	14,906	(527)	(21)
> 180 days	20,533	33,544	3,491	2,167
Value written down as at 30 September	**251,373**	**237,365**	**47,965**	**36,858**

NOTE 14. PROVISION FOR DEFERRED TAX

	Group 30.09.2012	Group 30.09.2011	Parent company 30.09.2012	Parent company 30.09.2011
Deferred tax as at 1 October	22,078	17,791	25,514	25,886
Translation adjustment	51	(81)	0	0
Deferred tax on other comprehensive income	(20)	(111)	(20)	(111)
Deferred tax for the year	3,009	4,026	1,864	(2,153)
Change in respect of previous years	(2,448)	452	0	1,892
Deferred tax as at 30 September	**22,668**	**22,078**	**27,358**	**25,514**
Deferred tax relates to:				
Intangible assets	22,703	19,222	22,058	18,577
Property, plant and equipment	8,172	9,643	5,362	7,011
Current assets	(5,753)	(5,023)	(1)	18
Payables	(2,454)	(1,764)	(61)	(91)
	22,668	**22,078**	**27,358**	**25,514**
Deferred tax comprises:				
Deferred tax asset	**(3,175)**	**(3,026)**	**0**	**0**
Deferred tax	**25,843**	**25,104**	**27,358**	**25,514**
Deferred tax falling due within 12 months	**(8,207)**	**(6,787)**	**(62)**	**(73)**

NOTE 15. INCOME TAX

	Group 30.09.2012	Group 30.09.2011	Parent company 30.09.2012	Parent company 30.09.2011
Income tax payable as at 1 October	8,441	14,135	8,907	11,948
Translation adjustment	61	228	0	0
Paid during the year	(24,302)	(30,938)	(11,397)	(14,108)
Adjustment in respect of previous years	366	1,337	284	308
Tax on other comprehensive income	(911)	(692)	(911)	(692)
Tax on profit for the year	34,041	24,370	21,733	11,451
Net payable/receivable	**17,696**	**8,441**	**18,616**	**8,907**
Classified in the balance sheet as follows:				
Income tax receivable	(2,916)	(2,055)	0	0
Income tax payable	20,611	10,496	18,616	8,907
	17,696	**8,441**	**18,616**	**8,907**

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NOTE 16. CREDIT INSTITUTIONS

Carrying amount:					Group 30.09.2012	Group 30.09.2011	Parent company 30.09.2012	Parent company 30.09.2011
Loan	Maturity	Type	Fixed/floating	Interest rate				
USD	2014	Bank	Floating	3.5%	12,974	20,667	12,974	20,667
EUR	2014	Bank	Fixed	2.9%	4,377	6,563	4,377	6,563
DKK	2015	Bank	Fixed	2.8%	7,235	9,455	7,235	9,455
DKK	2015	Bank	Fixed	6.7%	334	445	334	445
DKK	2018	Bank	Floating	3.5%	5,505	6,305	5,505	6,305
DKK	2013	Finance leases		5.2%	137	310	137	310
EUR	2011	Finance leases		4.3%	0	0	0	0
DKK	2011	Finance leases		4.4%	0	0	0	0
Total credit institutions as at 30 September					**30,561**	**43,745**	**30,561**	**43,745**
Effective rate of interest					**3.3%**	**3.1%**		
Of the total debt, the following falls due:								
			0-1 year		13,295	14,199	13,295	14,199
			1-5 years		16,267	27,584	16,267	27,584
			> 5 years		999	1,962	999	1,962
					30,561	**43,745**	**30,561**	**43,745**
Liabilities relating to assets held under finance leases are thus included in debt to credit institutions:								
			0-1 year		137	173	137	173
			1-5 years		0	137	0	137
			> 5 years		0	0	0	0
Liabilities relating to finance leases as at 30 September					**137**	**310**	**137**	**310**

Finance leases as at 30 September 2012	Group Min. lease payments	Group Interest rate	Group Carrying amount	Parent company Min. lease payments	Parent company Interest rate	Parent company Carrying amount
0-1 year	140	3	137	140	3	137
1-5 years	0	0	0	0	0	0
> 5 years	0	0	0	0	0	0
	140	**3**	**137**	**140**	**3**	**137**
Finance leases as at 30 September 2011	326	15	310	326	15	310

Notes

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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	14,068	17,009	1,021	32,098	30,581	30,561
Bank debt	61,119	0	0	61,119	61,119	61,119
Trade payables	57,310	0	0	57,310	57,310	57,310
Other payables	91,959	0	0	91,959	91,959	91,959
Total financial liabilities	**224,456**	**17,009**	**1,021**	**242,486**	**240,969**	**240,949**
Cash	34,903	0	0	34,903	34,903	34,903
Trade receivables	251,373	0	0	251,373	251,373	251,373
Other receivables	20,969	0	0	20,969	20,969	20,969
Total financial assets	**307,245**	**0**	**0**	**307,245**	**307,245**	**307,245**
Liquidity risks, net 30.09.2012	**(82,789)**	**17,009**	**1,021**	**(64,759)**	**(66,276)**	**(66,296)**
Liquidity risks, net 30.09.2011	(32,604)	29,077	2,042	(1,485)	(4,247)	(4,274)

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

Unutilised credit facilities	Group 30.09.2012	Group 30.09.2011	Parent company 30.09.2012	Parent company 30.09.2011
Unutilised credit maximums	148,511	112,710	94,387	93,906

Interest rate risks

It is group policy to hedge material interest rate risks in respect of the group's loans. Hedging is normally done by concluding 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 2012, 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 30.09.2012	Group 30.09.2011
Net interest-bearing debt	56,777	104,614
Increase/fall in the interest rate level of 1 percentage point – impact on results +/-	447	878
Increase/fall in the interest rate level of 1 percentage point – impact on equity +/-	3,473	4,752

NOTE 17. CHARGES

Mortgage deeds registered to the mortgagor provided as security in respect of payables to credit institutions and secured upon properties in Denmark have been released.

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NOTE 18. OPERATING LEASES

	Group		Parent company	
	2011/12	2010/11	2011/12	2010/11
Operating leases				
Payments due within 0-1 year	19,986	19,662	6,673	7,517
Payments due within 1-5 years	50,252	52,996	26,293	26,306
Payments due after 5 years	95,721	105,043	91,070	98,954
Total operating leases	165,959	177,701	124,036	132,777
Operating leases expensed in the income statement	24,239	20,841	10,070	7,745

Operating leases have been entered into with Danish and foreign lease companies and with an original lease period of up to 15 years, being non-terminable 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 throughout 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, the Executive Management Team (EMT) 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	
	2011/12	2010/11
Sale to subsidiaries	597,438	509,794
Purchase from subsidiaries	412,059	325,734
Purchase of Class B treasury shares from holders of Class A shares	0	13,855

During the year, no transactions, except for intercompany transactions eliminated in the consolidated financial statements and payment of the management's remuneration, have been carried out with the Board of Directors, Executive Board, senior employees, major shareholders or other related parties. During 2010/11, Ambu A/S purchased 85,000 Class B shares from holders of Class A shares at market price.

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 sheet of the parent company. Such transactions are carried out on the same terms as apply to the group's other customers and suppliers. For information on the year's interest on intercompany loans, please refer to notes 5 and 6.

Long-term loans have been granted by the parent company to cover building investments in Malaysia. Furthermore, the parent company has issued a declaration of support to the subsidiary in Malaysia. In 2011/12, short-term loans were granted to the following subsidiaries: White Sensor Ltd, Ambu SL and Ambu Srl. The loans carry market interest.

Guarantees have been provided to banks in respect of the subsidiaries.

	Parent company	
	2011/12	2010/11
Guarantees and security furnished on behalf of subsidiaries	22,418	16,010

Notes

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NOTE 20. FINANCIAL INSTRUMENTS

Approx. 92.5% (2010/11: 90%) of Ambu's revenue is invoiced in foreign currencies, but a large share of the company's production costs are also paid 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 future net cash flow for up to six months. At the end of the financial year, Ambu chose not to hedge GBP, USD and EUR.

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

	Group		Parent company	
Recognised financial instruments	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Loans and receivables				
Trade receivables	251,373	237,365	355,301	316,020
Cash	34,903	25,729	0	0
Other receivables	18,054	12,744	2,797	1,630
Assets stated at fair value in the income statement				
Hedging instruments (level 2)*	0	80	0	80
Carrying amount as at 30 September	**304,330**	**275,918**	**358,098**	**317,730**
Financial liabilities recognised at amortised cost				
Credit institutions	(30,561)	(43,745)	(30,561)	(43,745)
Bank debt	(61,119)	(86,598)	(57,363)	(76,883)
Trade payables	(57,310)	(48,084)	(15,064)	(13,897)
Other payables	(82,611)	(89,573)	(35,365)	(44,286)
Liabilities stated at fair value through other comprehensive income				
Hedging instruments (level 2)*	(9,348)	(5,700)	(9,348)	(5,700)
Carrying amount as at 30 September	**(240,949)**	**(273,700)**	**(147,701)**	**(184,512)**

* Level 1: The fair value of financial instruments traded on the active markets is based on the listed market prices at the balance sheet date. The listed price is used for the group's financial assets as the current purchase price.
Level 2: The fair value of financial instruments which are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation methods.
Level 3: If no observable market data is available, the instrument is included in the last category.

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.

Forward	Payment/	Gross value		Contract value		Fair value	
exchange contracts	maturity	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
Sale of GBP	< 1 year	0	20,616	0	20,696	0	80
		0	**20,616**	**0**	**20,696**	**0**	**80**

Notes

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NOTE 20. FINANCIAL INSTRUMENTS (CONTINUED)

	Contract value		Fair value	
	2011/12	2010/11	2011/12	2010/11
Fair value of financial instruments				
Forward exchange contracts				
GBP translated into DKK '000			0	80
Interest rate swaps				
Interest rate swap, DKK 20,000, floating to fixed rate, maturity 31 December 2015	7,235	9,455	(389)	(448)
Interest rate swap, EUR 2,493, floating to fixed rate, maturity 30 September 2014	4,374	6,549	(168)	(244)
Interest rate swap, EUR 13,450, floating to fixed rate, maturity 31 December 2016	97,529	100,096	(8,789)	(5,008)
Total financial liabilities	**109,138**	**116,100**	**(9,346)**	**(5,620)**

Sensitivity analysis	Foreign exchange risk – impact on revenue and EBIT			
	2011/12		2010/11	
	Revenue	EBIT	Revenue	EBIT
	-5%	-5%	-5%	-5%
USD	-2%	2%	-2%	-6%
GBP	0%	-2%	0%	-2%
MYR	0%	6%	0%	4%
CNY	0%	4%	0%	4%

NOTE 21. OTHER OPERATING EXPENSES

In 2010/11 and 2011/12, other operating expenses comprise the effect of the option and warrant schemes established. For further information, please refer to note 3.

NOTE 22. CONTINGENT LIABILITIES AND OTHER CONTRACTUAL LIABILITIES

Bid and performance bonds totalling DKK 2.2m have been issued in respect of some of Ambu's customers. The bonds expire once delivery is made and approved by the customer.

There are no change of control clauses in relation to the group's most important sources of funding. For information on change of control clauses in the management's contracts, please refer to note 3.

NOTE 23. FINANCING OF NON-CURRENT ASSETS

	Group		Parent company	
	2011/12	2010/11	2011/12	2010/11
Purchase of property, plant and equipment, see note 10	24,535	23,915	8,752	12,747
Purchase of intangible assets, see note 9	22,014	20,451	22,014	20,332
of which assets held under finance leases	0	0	0	0
Amounts paid concerning the purchase of property, plant and equipment	**46,549**	**44,366**	**30,766**	**33,079**
Proceeds from the arrangement of financial liabilities	0	0	0	0
of which lease debt	0	0	0	0
Proceeds from the arrangement of financial payables	**0**	**0**	**0**	**0**

Notes

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NOTE 24. SUBSEQUENT EVENTS

No material events have occurred after the end of the financial year.

NOTE 25. SPECIAL ITEMS

	Group		Parent company	
	2011/12	2010/11	2011/12	2010/11
Legal fees and settlement costs in relation to patent cases	0	31,129	0	31,129
Non-recurring expenses in connection with organisational changes	1,528	1,850	0	1,850
Transaction and integration costs – acquisition	4,565	0	4,565	0
	6,093	32,979	4,565	32,979

NOTE 26. COMPANY ACQUISITIONS

Ambu completed the acquisition of Unomedical's electrode and diathermy business on 31 May 2012. The activities are within electrodes for monitoring. The acquisition sum totalled DKK 30,954k and was paid in cash. The White Sensor business area generated sales of DKK 17,854k for the Ambu group during the period from the acquisition until 30 September 2012.

Assets and liabilities from the acquisition can be stated as follows:

	Carrying amount before the takeover	Final fair value on the date of takeover
Rights and trademarks	0	0
Property, plant and equipment	1,710	1,701
Inventories	27,044	27,053
Other receivables	2,199	2,199
Identifiable net assets	30,954	30,954

Cash flows for company acquisition	
- Cash purchase price	30,954
- Purchase costs	4,565
Cash flows for company acquisition	35,519

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

SALES COMPANIES

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

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

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

China
Ambu (Xiamen) Trading Co. 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

Spain
Firma Ambu S.L.
C/ Alcalá, 261-265
Edf. 2-3º dcha.
ES-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 UK 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. (336938-A)
Lot 69B
Lintang Bayan Lepas 6
Phase IV, 11900 Penang
Tel.: +60 4 252 9000
Fax: +60 4 644 8932

UK
White Sensor Ltd.
Unit 3, Brunel Way
Stroudwater Business Park
Stonehouse, Glos., GL10 3SX
Tel.: +44 1453 827 696
Fax: +44 1453 820 280

Ambu
Ideas that work for life

Baltorpbakken 13
DK-2750 Ballerup

Tel.: +45 72 25 20 00
Fax: +45 72 25 20 50
www.ambu.com