ANNUAL REPORT
2009 | 2010

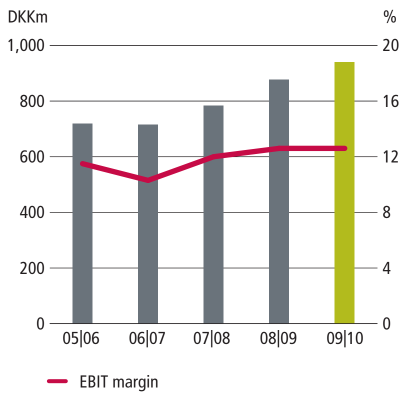
Ideas that work for life

CONTENTS

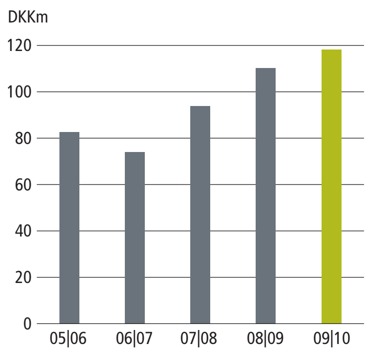
HIGHLIGHTS

- On 1 October 2009, Ambu presented its new business strategy, GPS Four. The purpose of the strategy is to increase revenue substantially, to launch significantly more new product platforms and products and to optimise production. These improvements are intended to push the EBIT margin towards 15% in 2013.
- As part of the strategy, a large number of activities were implemented in 2009/10, and the most important milestones for the first year in the strategy period have been achieved. Both revenue and earnings are up following the launch of several new products, more focused sales activities and the streamlining of production.
- Revenue and earnings are higher relative to 2008/09, and also exceed the outlook announced at the beginning of the financial year.
- Revenue for 2009/10 totalled DKK 940m, corresponding to a 7% increase relative to the previous financial year. In local currencies, growth also totalled 7%. Growth was satisfactory relative to the market growth.
- The growth is generated by a broad range of products and markets. The strongest growth was seen in the USA and in southern Europe.
- The EBIT margin was 12.6% or DKK 118m before special items, up 7% relative to 2008/09. The improved EBIT margin is primarily attributable to higher revenue and improved cost-effectiveness. After special items – in the form of legal fees of DKK 2m – EBIT was DKK 116m against DKK 76m in 2008/09, when results were negatively affected by extraordinary costs. The development in exchange rates has had a negative effect on EBIT of approx. DKK 5m.
- Profit before tax of DKK 116m against DKK 74m in 2008/09.
- The net profit for the year totalled DKK 84m against DKK 56m in 2008/09, corresponding to a 50% increase.
- Free cash flow before acquisitions amounted to DKK 31m against DKK 58m the year before, and is lower than expected. The lower cash flow can be ascribed partly to the building-up of inventories in connection with the transfer of electrode production to Malaysia as well as the building-up of inventories in connection with the launch of Ambu aScope, and partly to changed VAT payment terms in Denmark.
- The Board of Directors proposes that a dividend be declared of DKK 2.50 per share for FY 2009/10, amounting to 35% of the profit for the year.
- In FY 2010/11, consolidated revenue is expected to increase to about DKK 1,000m, corresponding to an increase of approx. 6% when reported in local currencies. The outlook is based on an average USD exchange rate of 540 and a GBP exchange rate of 875.
- The outlook for 2010/11 is of an EBIT margin of just above 13.5% (before special items). Profit before tax is expected to be in the region of 13% of revenue, corresponding to DKK 130m.
- In 2010/11, a free cash flow of DKK 60-70m is expected, with investments before acquisitions amounting to approx. 7% of revenue.

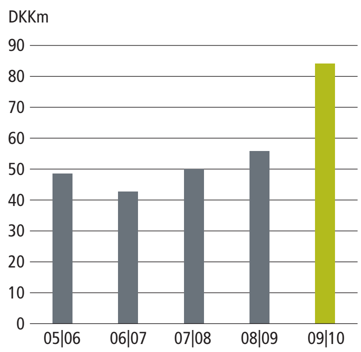
Revenue and EBIT margin before special items



EBIT before special items



Net profit for the year



FINANCIAL HIGHLIGHTS

DKKm	2005/06	2006/07	2007/08	2008/09	2009/10
Key figures					
Revenue	716	715	784	877	940
EBITDA before special items [1]	126	115	138	167	179
Operating profit (EBIT) before special items	83	74	94	110	118
Operating profit (EBIT)	83	69	86	76	116
Net financials	(12)	(15)	(18)	(3)	0
Profit before tax (PBT)	70	54	68	74	116
Net profit for the year	48	43	50	56	84
Total assets at year-end	678	681	732	782	876
Equity at year-end	391	418	452	480	562
Share capital	118	119	119	119	119
Investments in non-current assets and acquisitions	47	56	49	96	68
Depreciation, amortisation and impairment losses on non-current assets	44	41	45	56	61
Cash flows from operating activities	99	90	84	113	99
Free cash flow	61	33	36	18	31
Average no. of employees	1,221	1,216	1,397	1,608	1,728
Ratios					
EBITDA margin before special items, % [2]	17.7	16.1	17.6	19.0	19.0
EBIT margin before special items, % [3]	11.5	10.3	12.0	12.6	12.6
Return on assets, % [4]	12.2	10.8	12.8	14.1	13.5
Return on equity, % [5]	12.9	10.6	11.5	12.0	16.1
Equity ratio, % [6]	58	61	62	61	64
Earnings per DKK 10 share [7]	4.12	3.62	4.24	4.73	7.16
Equity value per share [8]	33	35	38	40	47
Share price at year-end	96	87	73	110	136
CAPEX, % [9]	6.5	7.8	6.2	10.9	7.2
ROIC, % [10]	10.4	9.1	11.4	13.4	13.2
NIBD/EBITDA [11]	1.2	1.2	0.9	0.7	0.6

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

The ratios have been calculated in accordance with The Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010'.
For share-related figures, see p. 23.

GPS FOUR CREATES RESULTS

Ambu has concluded the first year of the GPS Four strategy period which runs until 2013. Our targets for the year were ambitious and have generally been achieved. The year was characterised by a number of significant structural changes in Ambu. Most have been implemented, and more are well under way.

A number of new and differentiated products have been launched in the past year, which will contribute to strengthening our current and future position with customers. At the same time, we have all in all taken on more employees at our development departments in Denmark, Malaysia and China. We believe that with well-run development departments in Denmark and through being close to our factories in Asia, our development of products and platforms will be faster, cheaper and more focused.

We are convinced that proximity to customers is a significant factor for Ambu's success. Ambu has a primary sales organisation involved in direct sales to approx. 20,000 customers, mainly hospitals and rescue services. We believe that this way of organising sales will guarantee Ambu the best position within our selected segments.

In the course of the year, we have further strengthened our sales organisations in both the USA and Europe, and this largely explains why we have been able to continue to win market share and strengthen our position in the main markets. We are pleased that the growth has not been achieved by lowering the prices of our products, but is the result of a more effective approach to marketing and more direct customer visits. The US market is the largest market for medicotechnical products in the world and is therefore very important for Ambu. Our strategy and investments in the US market are generating the desired results. With double-digit growth rates, Ambu's position has been strengthened significantly, and a solid basis for further growth has been created.

Despite a declining market growth in the European markets, Ambu has seen positive development in most of them. The creation of larger sales regions last year is bearing fruit. This has paved the way for the more efficient use of our sales resources and support functions. The growth achieved by Ambu in Europe in the past year is significantly higher than the market growth.

The High Five plan will lead to an even stronger focus and sets out five overall objectives for the coming year:

1. Through steady and focused sales efforts, Ambu will continue to win market share, generating revenue of approx. DKK 1bn in 2010/11
2. Ambu will see the results of increased focus on innovation, and the target is for more than 10% of revenue for 2010/11 to be generated by new products and platforms launched since 1 October 2009
3. Through streamlining the organisation in general and achieving more critical mass, Ambu will further improve its EBIT margin to just over 13.5%
4. With most of production taking place in Asia, Ambu will be able to cut costs, thereby providing a basis for improving earnings
5. As a result of GPS Four, Ambu will be able to exploit the potential inherent in being global, and targeted management programmes will be implemented. Moreover, Ambu will take the first step towards implementing a global HR system, which is to optimise the performance of our most important asset, our employees.

At the same time, we will continue to focus on finding suitable candidates for acquisition.

A precondition for the continued strengthening of Ambu's position is improved efficiency, both in our corporate functions, in production and in Ambu's IT infrastructure. Targeted efforts have been made to ensure the more efficient use of our internal resources through stronger focusing of our activities. This has resulted in a more robust and dynamic organisation – and greater coherence between the corporate functions and the sales and production companies abroad.

In the first year of the GPS Four strategy period, we decided to move all electrode production from Ølstykke in Denmark to new production facilities in Malaysia. This was a major decision and one which entails a very different way of structuring Ambu's production units. The transfer commenced in October 2009, and the results of phase one, which has been completed, are in line with expectations. The next phase is well under way and is ahead of schedule. We expect the transfer of production to be completed in the course of 2011. For Ambu, the significance of this is not just more competitive production units within one of our main product areas, i.e. electrodes; it also means that we can use local production as a springboard for a further strengthening of our development activities and general Lean programmes. Siting all production in low-cost areas makes it possible to continue strengthening both earnings and revenue as a result of offering more competitive products.

In the course of the financial year, we have also made significant investments in the further development of our IT systems. With the implementation of the Movex ERP system in our US subsidiary, we are optimising integration between Ambu's corporate systems and our largest sales company, Ambu Inc. Focusing on improved handling of inventories, delivery, customer support and daily operations, the aim is for Ambu Inc. to create further growth at relatively reduced cost levels. Moreover, it has been important for Ambu to strengthen electronic documentation and the global quality system. For this purpose, we decided to launch a large-scale project, which is known in-house as Agile. Agile is a product lifecycle management system which significantly improves Ambu's scope for developing, documenting and streamlining its processes and procedures globally.

With the implementation of these projects and several other projects in progress, Ambu is well-positioned and ready for year two of our GPS Four plan. It starts with the drawing-up of a specific plan, known internally as High Five.

With the GPS Four strategy, Ambu has achieved greater focus, direction and momentum, and we will be targeted in our efforts to fulfil our ambitions for year two where the High Five plan will ensure the right energy, focus and execution.

Lars Marcher
President & CEO

INNOVATION – PRODUCTS AND PRODUCT DEVELOPMENT

In the past year, Ambu has launched a number of new products, while at the same time building a strong pipeline. In so doing, an important step has been taken towards fulfilling the goal of 30% of revenue being generated by new product platforms, new product families and insourced products in 2013.

In 2009/10, development activities have taken place within the framework defined in connection with the launch of the GPS Four strategy at the end of the last financial year. According to GPS Four, Ambu will, among other things:

- Strengthen and streamline its development organisation, including the building of a global development organisation.
- Place greater emphasis on developing new product platforms rather than developing new members of existing product families. Examples of product platforms are the laryngeal mask platform and the aScope platform.
- Build a strong pipeline.
- Insource selected products and technologies which can strengthen Ambu's product range.

The aim is to increase organic growth by developing new product platforms which will strengthen Ambu's market position.

Ambu is experiencing naturally intensifying competition within its business areas; at the same time, the markets for Ambu's products are generally mature markets characterised by relatively low growth. In such markets, only genuinely new products, strengthened sales efforts or markedly improved operating conditions can create the desired competitive advantages and opportunities for growth and improved earnings. According to Ambu's strategy, 30% of revenue in 2013 will be generated by new product platforms, new product families and insourced products launched after 1 October 2009.

As part of realising the development strategy, focus in the past year has been on the following elements:

- Continuous streamlining of processes and procedures with a view to ensuring a faster and more efficient development process. A joint product lifecycle management (PLM) system is being implemented, and the system will, among other things, provide electronic access to shared documentation and ensure that all development units work on the same platform and enjoy the same level of access to information of relevance to the development process.
- Improved management of the identification and selection of new products and platform projects.
- Efficient risk management, for example ensuring the right balance between risk and return, minimising the risks attaching to individual projects and swiftly stopping unattractive projects.
- Strengthening competences and ongoing streamlining of the organisation.

The management believes that Ambu has, in the past year, reached the milestones agreed for the first year of the GPS Four strategy period. The result is focusing and streamlining of the development activities – and not least the launch of several new products and the building of a strong pipeline.

Global development organisation taking shape

In the past financial year, Ambu has continued the work to establish a global development organisation with activities in Denmark, China and Malaysia.

In 2009/10, development activities in Denmark concentrated on developing new product platforms, while at the same time strengthening competences, among other things within electronics, a field which is believed to be gaining importance in connection with the development of single-use products.

In future, the development organisations in China and Malaysia will assume responsibility for further developing the products which are being produced in these two countries. Also, they will be working with the Danish development organisation on new platform projects.

The development function in China has become fully staffed and fully functional in the past year. The development organisation in Malaysia is still in the making, but has started the first projects. The Malaysian development unit is expected to become fully functional in the course of the next year, after which time the planned organisation of the development activities can be fully implemented.

New products in 2009/10

Airway Management


Ambu aScope®


Laryngeal mask

Ambu aScope®
The single-use videoscope, Ambu aScope, was released for sale in October 2009. Ambu aScope – a new and innovative product – combines single-use plastics technology with the use of advanced new single-use electronics. Ambu aScope is used by anaesthetists to visualise the airways of patients being anaesthetised.

Initially, the product was launched for sale to a small number of hospitals in the five big European markets with a view to monitoring their experience with the scope as closely as possible.

Sales of Ambu aScope to a broader circle of hospitals commenced around the new year 2009/10. Feedback from doctors is positive, both due to the functionality of the product and because the aScope helps to improve work routines at hospitals. Ambu aScope will help hospitals eliminate the risk of cross-infection in connection with surgical procedures, reduce costs and finally optimise work routines.

FDA approval for sale in the US market was obtained in June 2010, and sales to this market have subsequently commenced.

Concurrently with the gradual launch of the aScope in more markets, the product is being continuously updated and further developed. For example, in August 2010 a new version was introduced which is designed especially for training anaesthetists in the use of videoscopes. Ambu aScope is a new type of product in the market, and using it therefore usually requires specific training. For training use, Ambu has consequently launched a non-sterile version of the aScope – Ambu aScope Trainer. Ambu has found that many hospitals are unwilling to use multiple-use scopes for training purposes as the cost of repairing any damage caused to multiple-use scopes can be quite high.

Several patent applications are pending in respect of Ambu aScope, and these applications will result in patents and thereby a high level of product protection.

Sales of the aScope are in line with expectations.

Laryngeal mask for intubation
This version of the laryngeal mask makes it possible to insert an endotracheal tube (to maintain unobstructed airways during surgery) through the mask. The mask can be used as a standard laryngeal mask, with the extra feature simply improving safety for anaesthetists.

The laryngeal mask was launched in early summer 2010 and is helping to strengthen Ambu's position within Airway Management.

Patient Monitoring & Diagnostics


Inoject needles

Inoject needles
These needles are used by neurophysiologists treating muscular ticks in the face and neck region and are combined needles for measuring EMG (electrical signal) and botox injections.

The needles are of a high quality and feature a special coating (patented process) which, among other things, ensures easier and less painful insertion. Ambu believes that the improved product may lead to market leadership within this particular niche.

The new needles were launched in early 2010 and have been extremely well received by customers.

ECG electrodes

ECG electrode for premature infants
Using electrodes on premature infants presents certain challenges as it is difficult to ensure effective adhesion of the electrodes and reliable signals due to the very high humidity levels in incubators. Ambu has developed a new and improved adhesive which is used on the new ECG electrode for premature infants.

The electrode was launched around the new year 2009/10 and has been positively received by the market.

Emergency Care

Silicone ventilation bags

Wireless AmbuMan

Updated silicone ventilation bag programme
Ambu launched an update of its multiple-use silicone ventilation bags in the first half of 2009/10. As a result of the update, all ventilation bags now feature a uniform design and offer improved user functionality.

Wireless AmbuMan
In autumn 2009, Ambu launched a new wireless training manikin. The new manikin is regarded as an extremely competitive product and is the only wireless product in the market. The manikin can be used to create very realistic training situations, and the feedback from professional paramedics in a number of countries is positive.

Developments in sales are satisfactory.

Pipeline

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

Sited in the USA and Denmark, the Search function plays a decisive role in connection with identifying new product possibilities. The ability to investigate and understand new customer needs and identify new technological possibilities and to convert this understanding into new and innovative products is decisive for Ambu's ability to strengthen its market position. Focused and structured efforts are therefore being made to identify possible new products, application methods and technologies. Identification is, among other things, based on the following general trends:

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

Ambu is believed to have a good pipeline, which can contribute to ensuring that the company achieves its ambition of generating 30% of revenue in 2013 from new products launched after 1 October 2009.

MARKETS AND SALES

Ambu's revenue was up 7% in 2009/10 when reported in local currencies, which is higher than market growth. This is a satisfactory development under the present market conditions. Ambu continues to see strong potential for growth within its three business areas and has strengthened its position through the recruitment of more salespeople, increased efficiency in the global sales organisation and marketing of an increasingly strong product portfolio.

The past year has seen considerable changes within sales as part of the GPS Four strategy. The new and larger sales regions are now fully operational, and have entailed a number of clear advantages. Specific results can be seen, for example, in considerable growth in the USA, in the successful launch of the aScope and in increasing market share for the laryngeal mask products. Growth has been achieved in all regions and in all markets.

Market development

The global demand for single-use medico-technical products is increasing, and this trend is expected to continue in the coming years. Market growth is spurred primarily by the ageing population, a proliferation in lifestyle diseases, the introduction of new technologies and improved diagnoses and treatments as well as the establishment of health care systems in, for example, Eastern Europe and Asia. The US health care reform is regarded as an opportunity for Ambu as it will allow more patients access to hospitals and clinics, thereby boosting the use of the products from within Ambu's business areas.

Markets after economic and financial crisis

In the past financial year, the world economy has emerged from the economic crisis. However, there are significant differences in developments from region to region, and this is also evident in Ambu's markets. In all regions, the crisis has led to intensified cost-consciousness among Ambu's customers and thus an increase in demand for products which can contribute to more efficient and less costly processes at hospitals. This also means that demand for Ambu's single-use products is increasing, while the demand for multiple-use products is generally declining.

In Europe, the crisis has brought significant challenges for public-sector budgets in several countries, especially in southern Europe. This is resulting in general budget cuts at hospitals, reduced investment budgets and price pressure. However, Ambu has succeeded in generating growth in southern Europe in excess of market growth.

In the USA, activity levels at hospitals and in the rescue services remain below pre-crisis levels, but Ambu is reporting strong growth and a stronger positioning in the USA – among other things thanks to a strengthening of the sales force, focus on three business areas and the launch of new products.

Ambu's markets in Asia have not been impacted by the crisis, and market growth remains high.

All in all, market growth within Ambu's business areas is deemed to be about 3%, with regional variations.

Market growth in Europe is believed to be 0-3%, in the USA 3-5% and in emerging markets 5-7%.

Competitive situation

Ambu's business areas have generally been characterised by intensifying competition in recent years. Market players are focusing on winning market share, and price competition is therefore intense.

In the opinion of Ambu, the ability to innovate and the ability to adapt to the needs and requirements of the individual markets are crucial for being able to exploit the opportunities which arise, not least in the USA as a result of the health care reform, and in Asia in step with the general expansion of the health sector in the region. As customers are becoming increasingly cost-conscious, innovation will also typically mean that Ambu must be able to offer new solutions at lower prices.

Cost-consciousness among customers also means that the sales process has changed in recent years. Previously, focus was primarily on the products, but today Ambu typically has to present a complete business case to the customer in the sales situation where there is a strong focus on economy, in particular. At the same time, Ambu must to an ever greater extent be able to highlight the services which are offered over and above products at competitive prices. Consequently, the sales process now more often involves selling solutions comprising several of Ambu's complementary products rather than just individual products, which was previously the case.

Market structure
The market structure of the European markets is not witnessing major changes, but health budgets are under considerable pressure, which is resulting in strong focus on streamlining and optimising the purchasing of hospital articles. Ambu is expected to continue its positive development in Europe despite intensifying competition for the health budgets.

In the USA, changing market conditions are expected as a result of the health care reform, which will probably be fully implemented in 2018. As a result of the adoption of the health care reform, access to health care will in the longer term be extended to significantly greater numbers of Americans, and the demand for health care is expected to rise. At the same time, the entire financing, purchasing etc. structure is expected to change. More patients mean a bigger market for Ambu's products, but at the same time fiercer competition and a stronger focus on savings and improvements in efficiency in the treatment of patients. Ambu believes that the health care reform will lead to new opportunities for companies offering innovative and competitively priced single-use products which can contribute to streamlining work routines at hospitals. Ambu is also expecting greater focus on diagnostics with a view to ensuring faster and more effective treatment. It is believed that these developments will benefit Ambu.

In Asia and certain other emerging markets, the prospect is of major structural changes in step with the expansion of the health care sector in these markets. At the same time, the demand for better treatments is increasing among the well-to-do part of the population. Ambu is actively seeking a position from which it will be possible to make the most of these market opportunities.

Technological developments
Technological advances are constantly being made within Ambu's business areas, and the need for treatment is being met by ever better and more effective products. One trend is the incorporation of electronics in single-use products. This is made possible, among other things, by the ever lower pricing of electronic components. The newly developed Ambu aScope is an example of a single-use product with built-in electronics, and the market for these products is expected to grow significantly in the coming years. Other trends concern the development of products based on mobile communication (so-called telemedical products) and wireless products, and products enabling visualisation of various functions via cameras.

Developments in business areas

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

In 2009/10, Ambu's consolidated revenue increased to DKK 940m, up 7% when reported in both Danish kroner and local currencies.

Ambu focuses primarily on developing and selling products within three business areas:

- Airway Management
- Patient Monitoring & Diagnostics
- Emergency Care

Airway Management
Ambu's Airway Management products primarily include laryngeal masks, face masks for artificial ventilation and scopes. The target groups for these products are hospitals and ambulance services.

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

Ambu is an important player within Airway Management 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 products and the upgrading of existing products.

Ambu has in recent years strengthened its position within anaesthesia, and focus has been intensified even further, among other things with the launch of Ambu aScope. The launch of the aScope has been the most important initiative on the sales side in the past year. Ambu aScope is a new and exciting type of product in comparison with Ambu's existing products. Consequently, considerable resources have been allocated to ensuring efficient sales of the product. The process has also entailed the introduction and training of customers. It naturally takes some time for such product types to penetrate the market, and the effective positioning of the product calls for changes to the usual work and purchasing routines as well as the gradual transition from multiple-use to single-use scopes. All in all, sales of Ambu aScope have been in line with expectations, and the sales experience gained so far will be used to strengthen sales further.

Double-digit growth rates were realised in sales of laryngeal masks in both the USA and Europe in 2009/10, and the products launched in recent years are also contributing to growth. However, competition within laryngeal masks is intensifying in step with the emergence of new suppliers on the market and the maturing of the market.

In 2009/10, revenue within Airway Management increased by 16% when measured both in Danish kroner and in local currencies. The strongest growth was seen in laryngeal masks and ventilation bags.

Patient Monitoring & Diagnostics
The Patient Monitoring & Diagnostics products comprise single-use elec-

Ambu's three business areas

Airway Management

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

Users
Hospitals and ambulance services

Patient Monitoring & Diagnostics

Products
Single-use electrodes for neurological and cardiological examinations

Users
Hospitals, clinics, ambulance services and sleep laboratories

Emergency Care

Products
Ventilation bags, neck collars and manikins for first-aid training

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

trodes for neurological and cardiological examinations. The target groups for these products are hospitals, clinics, ambulance services and sleep labs.

Market growth within Ambu's ECG electrodes is deemed to be approx. 3%, and within electrodes for neurological examinations and sleep lab studies, it is deemed to be approx. 5-8%. Neurology/Sleep is thus an important area for Ambu's future growth. The market is attractive, with regard to both size and potential. In the past year, strong double-digit growth figures have been posted within Neurology/Sleep in all sales regions. However, due to the effects of the economic crisis, Ambu's sales of electrodes for sleep studies have been slightly lower than expected at the time of acquiring these activities. In the long term, sales are expected to develop as anticipated.

Ambu enjoys a strong position in Europe within quality electrodes for cardiological examinations, while the market structure in the USA means that in this market Ambu primarily sells electrodes for diagnostic examinations and outpatient treatment, for example to hospital ambulance services. A number of activities have been initiated in recent years with a view to boosting growth and improving Ambu's competitive edge within single-use electrodes for cardiological examinations where competition is fierce, among other things due to an increasing supply of cheap standard products and the purchasing organisations' growing influence on the purchasing process. The transfer of electrode production from Denmark to Malaysia is one step towards strengthening Ambu's competitive edge within this product area. At the same time, new competitive and improved products have been launched, which are expected to contribute to future growth.

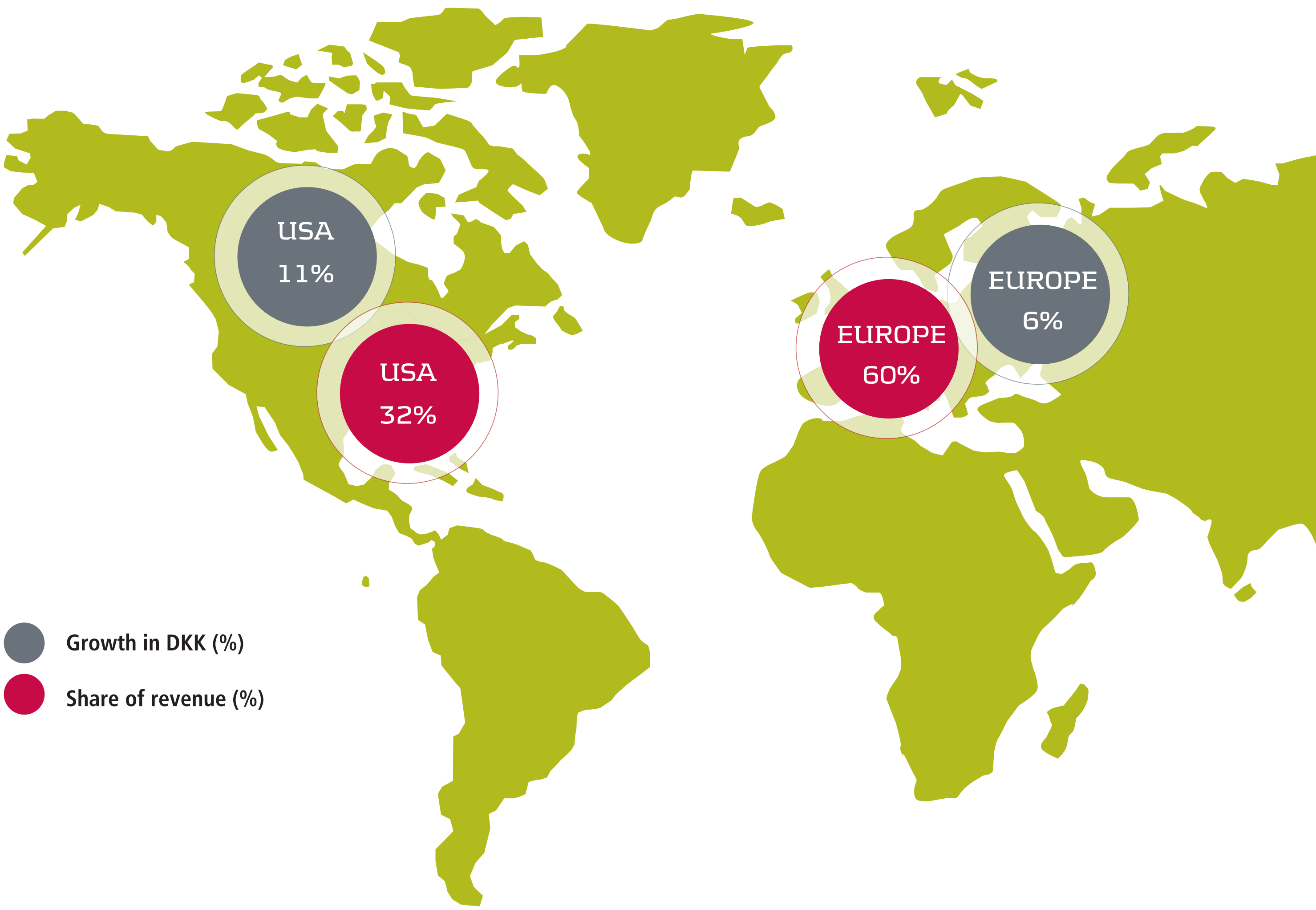
Also, a project has been initiated aimed at increasing contribution margins via focus on sales prices within Patient Monitoring & Diagnostics. The project is progressing according to plan and has resulted in increasing margins on selected products in all main markets.

In the past year, revenue within Patient Monitoring & Diagnostics has grown by 10%, and by 9% when measured in local currencies. The rate of growth is thus increasing thanks to intensified and more focused sales efforts. The USA has achieved double-digit growth rates, while several European sales units are reporting growth in excess of market growth.

Emergency Care
The Emergency Care products comprise ventilation bags, neck collars and manikins for first-aid training.

In 2009/10, revenue within Emergency Care was unchanged relative to the year before. However, growth was seen in sales of single-use ventilation bags in the USA and immobilisation products in general. Sales of first-aid training manikins and multiple-use ventilation bags are still to some extent negatively impacted by the economic situation.

Ambu's markets: Growth in Danish kroner (%)



Developments in individual markets

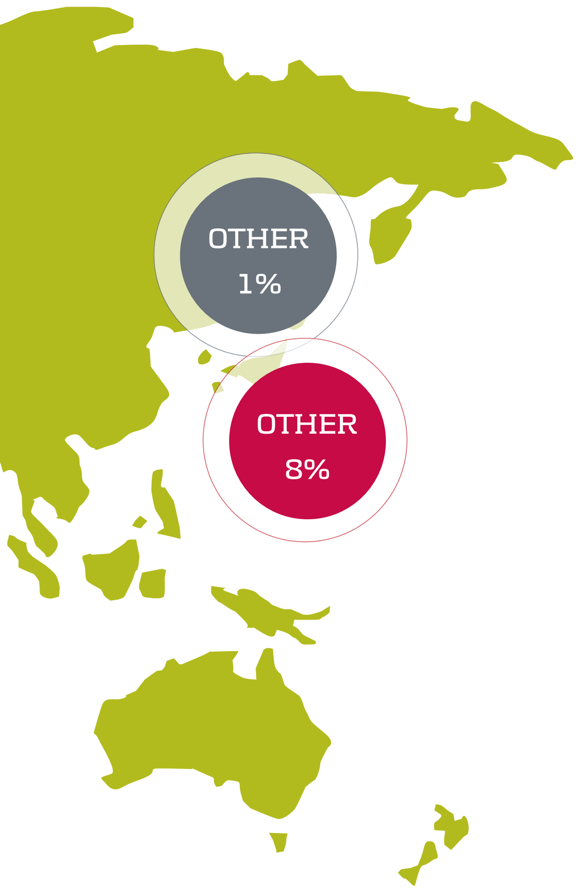
Ambu's main markets have so far been Europe and the USA, and they will continue to be so in the coming years. However, Ambu has at the same time decided to increase its focus on the markets in Asia, the Middle East, Africa and South America, which are deemed to hold considerable growth potential in the coming years, in step with the development of the health care systems in these regions.

As part of the GPS Four strategy, Ambu's sales companies have been consolidated with a view to achieving critical mass, improving the utilisation of sales resources and realising cost synergies. The new sales regions became fully operational in 2009/10. Functions have been merged, common objectives for our commercial efforts have been defined, sales efforts have accelerated and best practice has been established across the regions. This has, among other things, led to more sales of new products combined with continued focus on sales of existing products, also involving new sales concepts. At the same time, new products can be launched faster and more efficiently. All sales regions and countries have reported growth in excess of market growth.

Efforts in the individual markets are based on a regional and differentiated approach to the markets taking account of local market conditions, the competitive situation and openings in the individual markets.

A substantial share of Ambu's revenue comes from the European markets, and a number of these markets have matured. Focus is therefore on ensuring a very effective approach to the markets and the effective launch of new products. At the same time, focus is also being directed at the opportunities emerging in the markets in Eastern Europe. In 2009/10, greater efficiency was achieved in sales in Europe, and this is expected to produce additional benefits.

The US market is deemed to hold additional potential for attractive growth, and Ambu has over a period of time expanded and strengthened its US sales organisation with a view to exploiting this potential. The successful expansion and penetration of the US market continued in 2009/10, and this development will continue through the continuous launch of solutions which can improve hospital economy, through the acquisition of new products and the development of the already strong re-



lations with the Group Purchasing Organisations (GPOs). The implementation of Ambu's joint ERP system was completed in Q2 2009/10.

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

USA
The USA is Ambu's largest single market. Reported both in Danish kroner and in local currency, revenue increased by 11% in 2009/10. Growth was seen within all business areas, and double-digit growth rates were achieved within Airway Management and Patient Monitoring & Diagnostics, while growth within Emergency Care was lower.

Growth in the USA significantly exceeded market growth, and market share has thus been won, among other things thanks to the expansion of the sales force in 2008/09 and high levels of efficiency in the sales organisation. Market share has been won within GPO contracts for ventilation bags, with satisfactory growth in sales of laryngeal masks and double-digit growth rates within needles and electrodes for neurological examinations and sleep studies.

The US sales force primarily targets customers with considerable potential – including Group Purchasing Organisations (GPOs) – with a view to ensuring increased growth with the existing sales resources. In 2009/10, Ambu strengthened its position with the GPOs and won new contracts.

Europe
In 2009/10, revenue in Europe was up 6%, when reported in both Danish kroner and local currencies. The strongest growth was seen in sales regions South, UK and Central, while parts of sales region West have been more negatively impacted as a substantial share of business is based on sales of Emergency Care products, including training manikins.

Double-digit growth rates were realised within Airway Management, where market share is still being won within laryngeal masks. Strong growth was also recorded within Neurology/Sleep. Within Emergency Care, revenue was negatively impacted by a lower demand for multiple-use products.

In all the European sales regions, sales efforts have been streamlined, with focus being on increasing sales per salesperson. This has, among other things, been achieved through the conversion of resources from administration to sales and improved margins for Cardiology products through selective price increases.

In sales region Central (covering Germany, Switzerland and Austria), revenue was up 6% in 2009/10 when reported in the local currencies.

In sales region West (covering France, the Netherlands and Belgium), revenue was up 2% in 2009/10 when reported in local currency.

In sales region South (covering Italy, Spain, Portugal and South America), revenue was up 8% in 2009/10 when reported in local currencies.

In sales region UK (covering England, Scotland and Ireland), revenue was up 7% in 2009/10 when reported in local currencies.

In sales region NEM (covering the Scandinavian markets and emerging markets, including European countries where Ambu does not have direct sales and Asia and the Middle East), revenue was up 3% in 2009/10 when reported in local currencies.

Rest of the world
Sales to the rest of the world have been on a par with last year. A significant share of this market is tender-based, for which reason sales can fluctuate from year to year.

EFFICIENCY – OPERATIONS AND SYSTEMS

Optimisation, improvements in efficiency and structural changes have topped the agenda in the past year. The most significant projects have been the transfer of production from Denmark to Malaysia, the implementation of IT systems, a strengthening of the supply chain and the forecasting of sales as well as streamlining projects at Ambu's factories in Asia. These projects have been completed with very satisfactory results. Ambu has achieved the targets defined for the past year, reducing production costs, improving efficiency and strengthening the platform from which we will be working in the coming years.

Lean global operations
GPS Four has set new standards for globalisation and streamlining. Focus is on the following areas:

- Moving production to China and Malaysia
- Optimising the entire supply chain
- Optimised purchasing
- Implementation of global systems within Lean, quality management and product documentation

Lean global operations
Up until now, Ambu has had production facilities in Denmark, China and Malaysia, but as part of GPS Four it was decided to move all production activities to China and to the two factories in Malaysia. This means that Ambu will be able to make the most of the cost synergies inherent in the production set-up which has already been established in Asia. China is a competence centre for spray moulding and assembly, while Malaysia is a centre for electrodes and electronic products. Transferring production to Asia is accompanied by a considerable delegation of responsibilities to the local units.

In the course of the past year, most of the production of electrodes in Ølstykke, Denmark, has been phased out and moved to new leased facilities in Malaysia very close to the existing facilities in Penang. The second phase of the transfer of production commenced towards the end of the financial year. The production activities which have been moved, or are in the process of being moved, account for approx. 16% of Ambu's annual revenue. Approx. 85% of Ambu's production now takes place outside Denmark, with just under 50% in China and approx. 30% in Malaysia, while approx. 5% of production is insourced.

The decision to transfer production to Asia is, among other things, explained by the very fierce price competition seen within the market for electrodes. The transfer of production has been the biggest operation for Ambu so far, and it has progressed according to plan following very careful planning. At the end of the financial year, all the machinery which has been moved is in operation, production is running smoothly and at least as efficiently as in Ølstykke, and the quality produced is good. In connection with the transfer of production to Malaysia, the workforce has been increased considerably, and there are now approx. 500 employees in Malaysia.

The number of production employees in Denmark has been reduced to approx. 30. Production in Denmark is expected to cease completely in the course of 2011. The production employees in Denmark who have been made redundant as a result of the transfer of production have been offered training and courses to upgrade their qualifications.

The production premises in Ølstykke have been put on the market, and all the group's activities in Denmark will be moved to Ambu's site in Ballerup in summer 2011.

At the factory in China, further clean-room facilities were established in 2009/10 with a view to expanding production capacity for the laryngeal mask products. In this way, production capacity has been increased considerably to accommodate Ambu's growth ambitions within this area.

Optimising the supply chain
FY 2009/10 saw the implementation of new systems which will ensure greater transparency within the entire logistics area. The targets defined in connection with the new system have been achieved; however, inventories have not been reduced relative to last year, primarily due to the transfer of production which is still in progress. Global inventories are expected to be reduced in future.

For example, a new forecasting system has been implemented to improve sales prognoses and ensure more efficient production planning and inventory management.

At the same time, new management tools have been introduced which allow constant monitoring of selected KPIs (Key Performance Indicators) focusing, among other things, on the company's ability to deliver and precision.

Optimised purchasing

Ambu has in recent years been working systematically to optimise its purchases with a view to achieving further savings. For example, a global purchasing structure has been established, which means that more and more purchases are placed with the local units, that many more calls for tenders are made, and that the company's collaboration with selected suppliers is being developed further.

Following the transfer of the Danish production of electrodes to Malaysia, efforts are currently going into establishing new contracts on local sourcing for the production transferred.

Implementation of global systems

Establishing common global systems and standards is an important element in optimising Ambu. Dedicated efforts have been made in this area in the financial year and will continue in the coming years.

A Lean project has been implemented at the factories in China and Malaysia, which has resulted in improved efficiency in production and also improved output. Also, a set of common principles has been introduced on how to achieve improvements.

Quality assurance and documentation are crucial to obtaining approval of Ambu's products. In the new financial year, a common global quality manual will be implemented along with a set of standardised documentation procedures.

The installation of video conference facilities in all Ambu's companies has greatly enhanced efficiency and also improved collaboration across the global organisation.

Development of business systems in 2009/10

The new logistics forecasting and planning system, which was launched at the end of the last financial year, has contributed to improving efficiency and boosting our ability to deliver, and will in the long term improve inventory turnover.

The implementation of the group's ERP system in Ambu USA during the financial year has progressed as expected and is contributing to improved inventory management, while also enabling the use of simulation tools for assessing forecasts and within other key areas.

The implementation of phase one of a new product lifecycle management system – the PLM system – has been completed, and phase two is in progress. The system will help increase efficiency in the global development function and ensure easy access to product documentation.

FINANCIAL REPORT

The 2009/10 annual report of Ambu A/S is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Income statement

Revenue

Consolidated revenue for 2009/10 was DKK 939.7m, up 7.2% in relation to revenue of DKK 876.9m in 2008/09. Measured at unchanged exchange rates in relation to 2008/09, revenue was up by 6.9%.

Changes in exchange rates had a positive effect on revenue of DKK 2m.

When corrected for exchange rate fluctuations, growth was strongest in the USA, increasing by 11%. Revenue in Europe was up 6%.

Exports accounted for 98% of total revenue. Sales companies handled 90% of sales, the remaining 10% being effected by distributors. As in previous years, the sales companies' revenue is recognised on the basis of the average exchange rates for the year.

Gross profit

Gross profit increased by 10.8% from DKK 460.6m to DKK 510.5m, measured at current exchange rates. The gross profit ratio rose from 52.5% in 2008/09 to 54.3% in 2009/10.

The indirect production costs' share of revenue was reduced by approx. 1 percentage point in 2009/10 compared to the year before. At the same time, the contribution ratio increased by approx. 1 percentage point. The increase in gross profit ratio is primarily explained by the net effects of optimisations in production and purchasing following the current transfer of production.

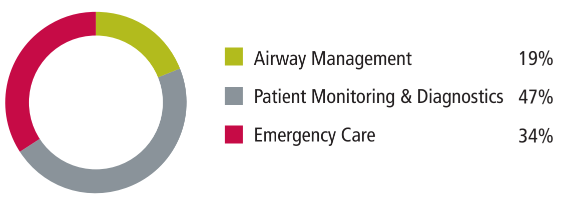
Costs

The group's costs in respect of sales, development, management and administration were DKK 41.0m higher than in 2008/09, up 11.8%. The reason for the increase in costs is higher sales and marketing costs, which increased by DKK 20.5m, while development costs are up DKK 3.5m, and management and administration costs have increased by DKK 17.0m.

The increase in sales and marketing costs is attributable to an increase in sales resources in the sales companies and the establishment of Ambu's own sales company in Australia. Furthermore, more money has been

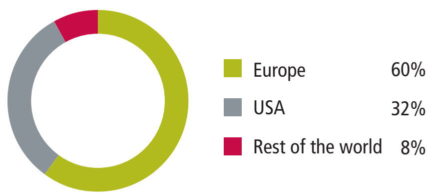
Revenue by business area

DKKm	2009/10	2008/09	Growth in %	Growth in local currencies in %
Airway Management	174.6	150.0	16	16
Patient Monitoring & Diagnostics	440.8	402.6	10	9
Emergency Care	324.3	324.3	0	0
Total	**939.7**	**876.9**	**7**	**7**



Revenue by geographical region

DKKm	2009/10	2008/09	Growth in %	Growth in local currencies in %
USA	298.8	268.7	11	11
Europe	569.3	537.4	6	6
Rest of the world	71.6	70.8	1	(2)
Total	**939.7**	**876.9**	**7**	**7**



spent on the marketing of, especially, new products in 2009/10 and on identifying new product areas. Development costs are up as a result of increasing amortisation and a higher level of development activities in Asia. The increase in management and administration costs is most pronounced in the parent company Ambu A/S. The increase can be ascribed to costs incidental to the transfer of production and redundancy payments, totalling DKK 5m. Moreover, IT costs are up following the implementation of global IT systems, and an increase is also seen in depreciation.

Other operating expenses

Other operating expenses include the accounting effect of the option scheme. In 2009/10, other operating expenses amounted to DKK 4.5m against DKK 3.7m the previous year. The increase is attributable to the allocation of options to senior employees in 2009/10 in accordance with agreements made earlier.

Special items

Special items amount to DKK 2.5m in the form of legal fees in connection with pending patent cases. In 2008/09, legal fees amounted to DKK 24.2m, while DKK 9.8m was spent on non-recurring expenses in connection with organisational changes.

EBITDA and EBIT

The EBITDA margin, defined as the operating profit before depreciation, amortisation and special items in relation to revenue, was 19.0% in 2009/10, which is unchanged relative to 2008/09.

The EBIT margin, defined as the operating profit before special items in relation to revenue, was 12.6% in 2009/10. After special items, the figures were 12.3% in 2009/10 against 8.7% in 2008/09.

EBIT before special items was DKK 118.3m, up DKK 8.0m relative to 2008/09. After special items, EBIT was DKK 115.8m in 2009/10 against DKK 76.3m in 2008/09, up DKK 39.5m. EBIT is affected by net costs of DKK 4.5m in respect of the transfer of production to Malaysia.

The net cost consists of expenses of DKK 10m in connection with the transfer of production completed and in progress, less a DKK 5.5m reduction in the cost price of the products transferred.

Changes in exchange rates compared to last year impacted EBIT negatively by approx. DKK 5m. The relatively significant impact on EBIT from changes in exchange rates is due to the strengthening of the Malaysian currency MYR relative to USD.

Financial expenses

The group's net financial income, which comprises interest and foreign currency translation adjustments, amounted to DKK 0.2m in 2009/10 against expenses of DKK 2.7m the year before. Interest expenses fell by DKK 2.3m in 2009/10 to DKK 5.7m. At the same time, income from foreign currency translation adjustments increased by DKK 1.1m to DKK 5.6m net in 2009/10. Interest income fell by DKK 0.4m relative to 2008/09.

Profit before tax

The profit before tax after special items amounted to DKK 116.1m in 2009/10 against DKK 73.7m in 2008/09, up 57.5%.

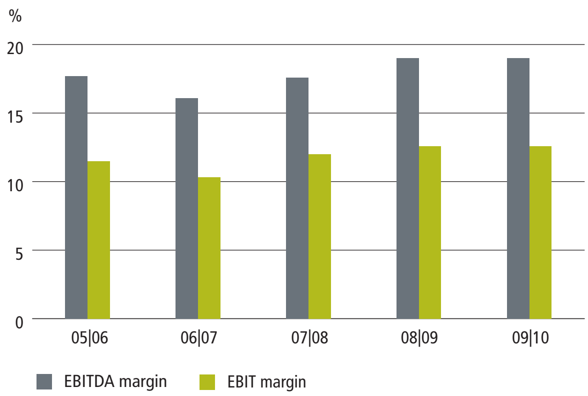
Tax

Tax on profit for the year totalled DKK 32.0m or 27.6% of the profit before tax compared with DKK 17.9m or 24.3% of the profit before tax in 2008/09. The tax rate in 2009/10 is 2.6 percentage points higher than the Danish tax rate of 25%, of which 1.4 percentage points are attributable to a tax adjustment in respect of previous years, and 1.2 percentage points are attributable to a tax adjustment in foreign group enterprises relative to 25%. The operating margin in Ambu's subsidiaries is determined on the basis of the group's transfer pricing policy, which is based on OECD guidelines.

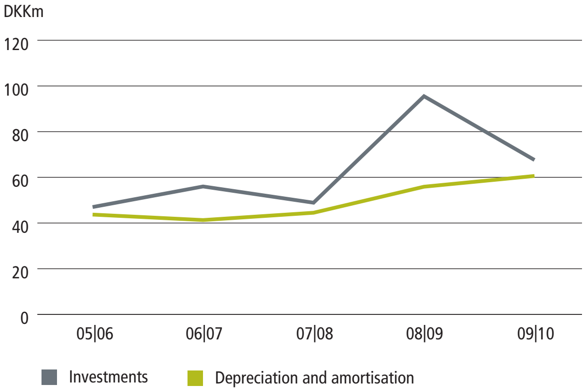
Net profit for the year

Net profit for the year totalled DKK 84.1m against DKK 55.8m the year before, up 50.7%.

EBITDA and EBIT margin before special items



Investments and depreciation/ amortisation



Balance sheet

At the end of the financial year, the balance sheet total came to DKK 875.9m, up DKK 94.2m compared to the end of the 2008/09 financial year. The most important changes concern an increase in property, plant and equipment of DKK 21.3m, an increase in trade receivables of DKK 23.6m and an increase in inventories of DKK 45.1m.

Non-current assets

Investments in development projects amounted to DKK 18.4m. Development projects amounting to DKK 38.3m were completed in 2009/10.

Amortisation and impairment of intangible assets amounted to DKK 22.3m against DKK 18.5m the year before.

Investments in property, plant and equipment amounted to DKK 49.2m and primarily comprised an expansion of production capacity, production equipment for e.g. newly developed products and the implementation of global IT systems.

Depreciation on property, plant and equipment amounted to DKK 38.9m against DKK 36.3m the year before.

Inventories

Inventories amounted to DKK 201.1m at the end of the financial year, which is DKK 45.1m higher than last year. Reported in unchanged exchange rates, inventories increased by DKK 36.2m. The rise in inventories is primarily attributable to the establishment of extra inventories in connection with the relocation of the Danish production to Asia (approx. DKK 20m). Furthermore, new products like Ambu aScope and generally increased sales contribute to the increasing inventories.

Trade receivables

Consolidated trade receivables totalled DKK 216.6m at year-end, corresponding to an increase of DKK 23.6m compared with year-end 2008/09. Adjusted for the effect of exchange rates, trade receivables increased by DKK 18m. The increase in trade receivables is the result of the growth in revenue as well as high revenue in the last quarter of the financial year.

Other receivables

Other receivables totalled DKK 14.0m at year-end and thus increased by DKK 1.7m relative to 2008/09.

Liquidity

The group's cash and cash equivalents amounted to DKK 23.5m at the end of the financial year, up DKK 6.2m compared to the previous year. To this should be added unutilised non-committed bank credit drawing facilities amounting to DKK 119.6m at the end of the financial year.

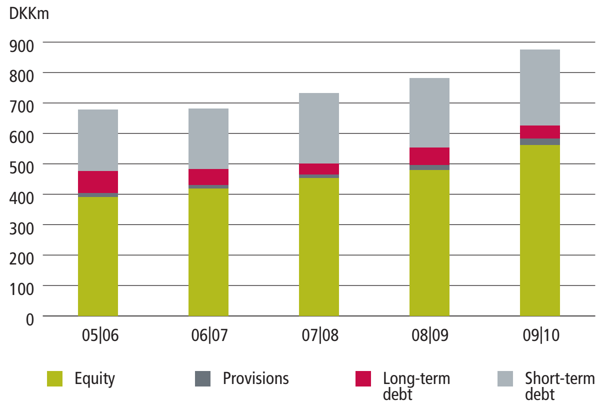
Equity

In 2009/10, equity increased by the profit for the year and the value adjustment of non-settled financial instruments and amounted to DKK 561.6m at the end of the financial year. To the equity are added foreign currency translation adjustments in respect of investments in subsidiaries and adjustments concerning the dividend paid out for 2008/09 and the effect of the option scheme.

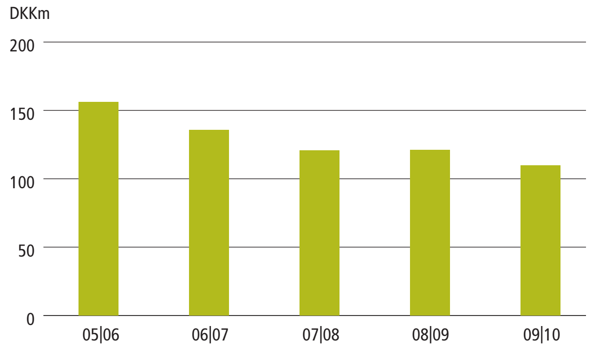
Non-current liabilities

Total non-current liabilities at year-end came to DKK 79.1m, of which DKK 14.4m falls due for payment in the coming financial year, and DKK 20.5m is deferred tax.

Capital structure



Interest-bearing net debt



Current liabilities

Total current liabilities less non-current liabilities came to DKK 235.2m at the end of 2009/10, up DKK 22.8m. The most important changes concern an increase in short-term bank debt of DKK 9.5m, an increase in income tax payable of DKK 10.0m and an increase in other payables of DKK 6.6m. Trade payables fell by DKK 3.3m.

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 the financial year is six years. The lease will be extended in 2010/11 with the investment in the rebuilding of the property initiated due to the transfer of employees from the location in Ølstykke to Ballerup.

Cash flow statement

Cash flows from operating activities amounted to DKK 98.7m in 2009/10 against DKK 113.0m the year before. The change is attributable to improved results and changes in working capital, the latter having had a negative impact on cash flows by DKK 65.1m.

The binding of liquidity in inventories has had a negative impact of DKK 36.2m on cash flows in 2009/10. The increase in inventories is primarily attributable to the relocation of the Danish production to Asia as well as the binding in inventories of new products.

Funds tied up in receivables have increased significantly, primarily due to the increase in activities. The changes in trade payables etc. have had a negative impact on liquidity of DKK 8.4m.

The binding of liquidity in working capital, net as a percentage of revenue, amounted to 30.4% against 24.9% the previous year. Work will go into reducing the funds tied up in working capital in 2010/11, e.g. via a reduction of the buffer inventories established in connection with the transfer of production.

In 2009/10, net investments of DKK 67.6m were made in intangible assets and property, plant and equipment against DKK 95.5m the year before. The figure for 2008/09 included investments of DKK 40.5m for acquisitions.

In 2009/10, free cash flow amounted to DKK 31.0m, which is DKK 13.5m higher than the free cash flow of DKK 17.5m in 2008/09.

Cash flow from financing activities was DKK -25.3m. Net long-term debt was reduced by DKK 11.3m, while short-term debt of DKK 8.5m was arranged, and dividend of DKK 17.8m was paid. Furthermore, treasury shares of DKK 4.7m were acquired.

The total change in liquidity thus amounted to DKK 5.7m, and cash amounted to DKK 23.5m as at 30 September 2009.

Subsequent events

No events of significance for the annual report for 2009/10 have taken place after the end of the financial year on 30 September 2010.

Patent infringement case

Patent case in the USA

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

In 2009, the United States District Court for the Southern District of California ruled that LMA's patent is not violated by Ambu and also invalidated LMA's patent.

LMA lodged an appeal concerning the violation and validity issues with the appeal court in Washington D.C., and in September 2010 the appeal court sent the case back to the District Court for further consideration on the grounds that the District Court ruling was not based on sufficient evidence.

Ambu requested a reassessment of this decision in November 2010, and whether or not this will be granted will be decided in Q1 2011.

Ambu's counterclaim against LMA for misleading advertising and dishonest marketing has been suspended until a decision is delivered in the case concerning the violation and invalidation of the patent.

Patent cases in Europe

In February 2008, the European Patent Office (EPO) decided to invalidate LMA's patent in Europe. LMA lodged an appeal against this decision, and the appeal is expected to be decided in mid-2011.

In October 2009, Oberlandesgericht Düsseldorf also ruled that Ambu's original laryngeal mask products were not in violation of LMA's German utility model patent. Moreover, this ruling denies LMA the right to appeal to the German Supreme Court. The right to appeal can therefore only be granted on the basis of a reasoned request to the German Supreme Court, and if such request is accepted by the Supreme Court. LMA has submitted a request to the Supreme Court, and a decision is expected in early 2011.

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

Costs incidental to patent cases

In 2009/10, legal fees etc. in connection with the patent cases amounted to approx. DKK 2.5m. An arrangement has been made with the lawyers involved which caps the running legal fees and provides for a success fee if the patent case in the USA is decided in Ambu's favour.

OUTLOOK FOR 2010/11

The positive development in sales within Ambu's business areas is expected to continue despite lower market growth. Ambu is seeing intensifying price competition in the individual markets, and this trend is expected to continue in the coming financial years. In the past period, many projects have been implemented by Ambu which aim to ensure growth in revenue and increasing earnings. The process of strengthening and developing the business is continuing, and at the beginning of FY 2010/11 new targets for the next financial year were defined. The targets are described in the section 'GPS Four creates results' and are reflected in the outlook below.

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

1. Innovation

- Further improvements in efficiency and strengthening of efforts aimed at creating new differentiated products.
- Further work on the products in the pipeline and launch of more new products.
- Further strengthening of development functions in Denmark as well as China and Malaysia.
- The continued efficient launch of new products.

It is expected that, in the coming year, Ambu will see the results of increased focus on innovation, and more than 10% of revenue for 2010/11 is expected to be generated by new products and platforms launched since 1 October 2009.

2. Markets and sales

- Continuous streamlining of sales efforts in the individual regions.
- Increasing market penetration in North and South America and developing collaboration with large purchasing organisations.
- Gradual development of activities in Asia.

These initiatives are expected to result in a gain in market share.

3. Efficiency

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

Expectations are that Ambu will be able to increase earnings margins, among other things through focus on efficiency. The transfer of production from Denmark to Malaysia will have a limited impact in 2010/11.

4. Acquisitions

- Ambu will work actively to identify potential product lines for acquisition which supplement the company's product portfolio within the existing product areas, while also searching the market with a view to identifying attractive candidates for acquisition in the form of companies both large and small.

Outlook

	2010/11	Assumptions
Revenue, DKKm Growth, % Growth in local currencies, %	In the region of 1,000 6 5	Launch of new products Growth exceeding market growth Continued intensified sales efforts USD exchange rate: 540 GBP exchange rate: 875
EBIT margin before special items, %	Just over 13.5%	Increase in revenue Reduced cost prices Streamlining Pressure on prices
Profit before tax, DKKm	In the region of 130 (13% of revenue)	Before special items, including legal fees
Investments, % of revenue	Approx. 7	Investments in development, process equipment, expanding production capacity and global IT systems
Free cash flow (exclusive of acquisitions), DKKm	60-70	Reducing working capital in % of revenue by reducing inventories of finished products and trade receivables

The outlook as regards the EBIT margin is sensitive, among other things, to changes in the foreign exchange rates listed below.

Foreign exchange sensitivity

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

DKKm	USD	GBP	CNY	MYR	Total
Revenue	(16)	(4)	0	0	(20)
EBIT	(8)	(3)	5	4	(2)

Forward-looking statements

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

See also the section on risks on page 31.

SHAREHOLDERS AND INVESTOR RELATIONS

The Ambu share

At the end of the financial year, Ambu's share capital consisted of a total of 11,876,298 shares of DKK 10, corresponding to a nominal share capital of DKK 118,762,980. The share capital is divided into 1,716,000 Class A shares and 10,160,298 Class B shares. There were no changes to the share capital in 2009/10.

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

The opening price quoted for the Ambu share was 110, rising to a closing level at the end of the financial year of 135.5, up 21%. By comparison, the HealthCare index and the MidCap index on NASDAQ OMX Copenhagen increased by 21% and 50%, respectively, in the same period, and the SmallCap index declined by 9%.

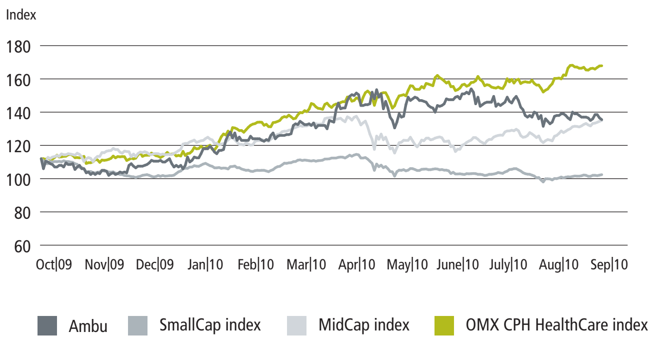
As a result of the share price development in the financial year, Ambu's market capitalisation (defined as the value of both Class A and Class B shares recognised at the price quoted for the Class B share) in late September 2010 totalled DKK 1,609m against DKK 1,306 a year earlier.

In the course of the financial year, a total of 2,182,183 Class B shares were traded via NASDAQ OMX Copenhagen, corresponding to 21% of the total number of Class B shares at the end of the year (2008/09: 13%).

The Ambu share is covered by:

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

Price development



Shareholders

At the beginning of October 2010, the total number of shareholders in Ambu having arranged name registration of their holding was approx. 2,200, who owned a combined 94% of the total share capital.

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

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

	Share of share capital %	Share of votes %
Dorrit Ragle, Lyngby	9.0	22.8
Inga Kovstrup, Fredericia	10.3	23.3
Tove Hesse, Virum	7.4	22.1
N.P. Louis Hansen Aps, Nivå	14.9	6.5
ATP, Hillerød	9.4	4.1
Chr. Augustinus Fabrikker A/S, Copenhagen	8.3	3.6

As at 30 September 2010, members of Ambu's Board of Directors and Executive Board owned a total of 1.0% of the share capital.

As at 30 September 2010, Ambu held a total of 131,560 treasury shares, corresponding to 1.1% of the share capital.

Dividend

It follows from Ambu's dividend policy that in future about 30% of the profit will generally be distributed as dividend.

In view of the dividend policy up until now, the company's profit performance in 2009/10 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 2.50 per share (2008/09: DKK 1.50 per share), corresponding to 35% of the net profit for the year.

Payment of the dividend for FY 2009/10 will be effected automatically via VP Securities immediately after the annual general meeting.

Incentive schemes

Ambu's strategy includes establishing incentive schemes for the purpose of promoting value creation in the company, fulfilling the group strategy and ensuring shared interests among the management, employees and the company's shareholders. The overall incentive pay programme for members of the Board of Directors and the Executive Board was approved by the annual general meeting in December 2008.

Ambu's incentive schemes currently comprise:

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

Share option programme
Members of Ambu's Executive Board have been allocated 189,000 share options which are allocated successively over three years, the first time in FY 2009/10 at a price of 83.75, the second time in FY 2010/11, and the third time in 2011/12. The second and third portions are allocated at the allocation price for the first portion plus 8% a year. The total market value of the share options allocated amounts to approx. DKK 4m according to the Black-Scholes model.

In June 2007, Ambu's Board of Directors decided to establish a share option programme for senior employees in Ambu and its subsidiaries. The share option programme comprises 17 employees in the Ambu group. Share options are allocated in four rounds – the first time in connection with the establishment of the programme in June 2007 (at a price of 104), then at the end of FY 2006/07 (at a price of 112), and the third time at the end of FY 2007/08 (at a price of 121). The last portion was allocated at the end of FY 2008/09 at a price of 131. The number of share options issued in the course of the entire period totalled 977,013, corresponding to 8.2% of Ambu's share capital. The total market value of the share options allocated amounts to approx. DKK 25m according to the Black-Scholes model. The entire share option programme will be accrued and expensed over the seven-year period. No particular requirements have to be met by those participating in the share option programme, except continued employment and ownership of a number of Ambu Class B shares.

In FY 2009/10, the impact of the above programmes on the financial statements is approx. DKK 4.5m against approx. DKK DKK 3.7m in 2008/09. Further details about the share option programme can be seen in Note 3.

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

Bonus programme
Ambu is establishing a bonus programme for the Executive Board and senior employees for one year at a time. The annual cash bonus for the 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 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
Employee shares were most recently subscribed in May 2007. Today, approx. 15% of the group's employees hold shares in Ambu, and approx. 35% of the group's Danish employees hold shares. The Chinese employees did not take part in the employee share option programme due to local Chinese legislation in this area.

Investor relations

Ambu strives to maintain a high and uniform level of information to shareholders and other stakeholders. The company wishes to engage in active dialogue with shareholders, analysts, the media and the general public. Communication with stakeholders takes the form of 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 website www.ambu.com is the primary source of information for stakeholders. It is updated regularly and contains up-to-the-minute, relevant information about Ambu's performance, activities and strategy. Enquiries concerning Ambu from shareholders, analysts, investors, stockbrokers and others should be addressed to:

Ambu A/S
Baltorpbakken 13
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

Ambu's annual general meeting will be held on 16 December 2010 at 4 pm at The Black Diamond, Søren Kierkegaards Plads 1, 1016 Copenhagen K, Denmark.

Board resolutions and proposals to the annual general meeting

Dividend and appropriation of profit
The Board of Directors proposes to the annual general meeting that the consolidated profit for the year, DKK 84.1m, be appropriated as follows:

Dividend of DKK 2.50 per share	29.7
Retained earnings	54.4
Total	84.1

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

Moreover, a number of amendments to the Articles of Association will be proposed as a result of the new Danish Companies Act (Selskabsloven) and other modernisations, including a change of the term for which the Board of Directors is elected to one year at the time of the election of new members.

Also, a proposal will be made for the introduction of an incentive programme in the form of warrants for the group's global management team, while a proposal will also be made for the launch of an employee share programme.

Share-related ratios

	2005/06	2006/07	2007/08	2008/09	2009/10
Earnings per DKK 10 share [1]	4.12	3.62	4.24	4.73	7.16
Cash flow per DKK 10 share [2]	8.37	7.54	7.11	9.51	8.31
Equity value per share [3]	33	35	38	40	47
Share price at year-end	96	87	73	110	136
Listed price/equity value	2.9	2.5	1.9	2.7	2.9
Dividend per share [4]	1.50	1.50	1.50	1.50	2.50
Pay-out ratio, % 5)	37	42	36	32	35
P/E ratio (PE) [6]	23	24	17	23	19

1) Earnings per DKK 10 share: Profit after tax in relation to average no. of shares less treasury shares
2) Cash flow per DKK 10 share: Cash flows from operating activities in relation to no. of shares at year-end
3) Equity value of shares: Total equity in relation to no. of shares at year-end
4) Dividend per share: Dividend in relation to no. of shares at year-end
5) Pay-out ratio: Dividend declared as a percentage of profit for the year
6) P/E ratio: Listed price/earnings per share

The key figures have been calculated in accordance with The Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010'.

Financial calendar 2010/11

16	December	2010	Annual general meeting
22	December	2010	Payment of dividend
7	February	2011	Interim report for Q1 2010/11
9	May	2011	Interim report for Q2 2010/11
25	August	2011	Interim report for Q3 2010/11
30	September	2011	End of FY 2010/11

2011/12

23	November	2011	Annual report 2010/11
20	December	2011	Annual general meeting

Announcements to NASDAQ OMX Copenhagen in 2009/10

1	October	2009	New strategy strengthens Ambu's global position
15	October	2009	Ruling in German patent case
25	November	2009	Annual report 2008/09
16	December	2009	Annual general meeting in Ambu A/S
9	February	2010	Interim report for Q1 2009/10
7	April	2010	Chr. Augustinus Fabrikker A/S increases its shareholding in Ambu
16	April	2010	Ambu Board employee representation
20	April	2010	US Food and Drug Administration (FDA) clears Ambu's single-use videoscope Ambu® aScope™
5	May	2010	Interim report for Q2 2009/10
25	August	2010	Interim report for Q3 2009/10
22	September	2010	New ruling in US patent case – United States Court of Appeals remands case back to San Diego District Court
30	September	2010	Ambu Board employee representation
30	September	2010	Financial calendar

CORPORATE SOCIAL RESPONSIBILITY

Ambu has always focused on corporate social responsibility, and Ambu's aim has been to create real value both for the company and for society at large through the company's products and through working with corporate social responsibility. By structuring and ensuring a sense of ownership of these efforts in the organisation, Ambu is working in a targeted fashion to strengthen the link between responsible and value-creating corporate behaviour.

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

Ambu's structured work with business-driven 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

In 2009/10, a CSR unit was set up to work with business-driven corporate social responsibility comprising employees from Sales and Marketing, Finance, HR, Communications, R&D and Operations. The unit reports to the Executive VP for Finance, IT and Business Systems. The CSR unit is responsible for ensuring that Ambu monitors developments in the area and reports to the Executive Board. Once a year, action plans are made for the coming year based on a workshop for the CSR unit and representatives of the other organisational units in Ambu as well as representatives of Ambu's subsidiaries. Moreover, the CSR unit meets every quarter and as required.

With reference to the three overall focus areas, a Corporate Guideline was prepared in 2009/10 setting out nine guidelines for the work on business-driven corporate social responsibility in Ambu. Furthermore, the efforts currently being made within these areas have been mapped, and specific action plans have been made for future activities.

Nine common guidelines for Ambu's corporate social responsibility work

People and community

Guidelines

1. We work to promote diversity, and we do not accept discrimination of employees.
2. We work for a safe and healthy working environment.
3. We ban the use of forced and child labour.
4. We support local education.

Actions and results

- Efforts are being made to increase the safety of all processes, and the number of work-related accidents and injuries is measured.
- Supplier assessments are conducted to ensure that forced and child labour is not used in the supply chain.
- In connection with the transfer of production, Ambu has invested in strengthening the competences of the employees who have been made redundant.

Environment 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 reduce waste.
7. We work to reduce energy consumption.

Actions and results

- Work has gone into the design of packaging and choice of packaging material to reduce environmental impacts in connection with transport.
- Investments have been made in video conference equipment to reduce environmental impacts in connection with travelling.
- Print and copy concepts have been introduced to reduce the number of prints and copies made, and investments have been made in IT solutions and in optimising production equipment with a view to minimising energy consumption.

Business ethics

Guidelines

8. We are obliged to comply with legislation and rules in the countries in which we operate. In cases where no legislation or rules exist, we comply with international standards and industrial norms.
9. We do not accept bribery or any form of corruption.

Actions and results

- All senior employees have signed the company's Code of Conduct, and in Ambu's internal procedures the emphasis is on compliance with legislation and rules.

Further information on Ambu's Corporate Guideline for its work with Corporate Social Responsibility can be found at www.ambu.com.

DEVELOPING ORGANISATION AND EMPLOYEES

Ambu's customers demand a high level of product quality and service, and it is crucial for Ambu to be able to develop and exploit the most recent technological advances and knowledge and for the company's employees to be competent and motivated. By creating and fostering a corporate culture where openness, responsibility and direct communication are high on the agenda, Ambu can live up to customer expectations and realise its business objectives.

Ambu strives to attract, retain and develop employees who are interested in and able to achieve solid results and do their utmost for the company. Therefore, Ambu's employees are motivated in their daily work to develop an inspiring global working environment.

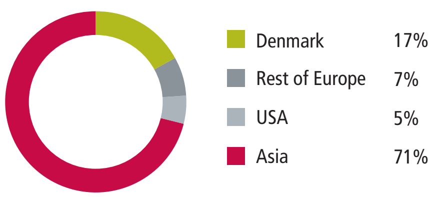
Ambu is characterised by a flat and flexible organisational structure, which allows fast and efficient decision-making and the possibility of adapting the organisation and introducing changes as and when called for.

A global enterprise

Ambu is constantly working to create a global company with a global culture. Focus is therefore on strengthening collaboration across the organisation based on Ambu's shared values. Ambu seeks to support global mobility in a number of areas, and international career paths and opportunities are created with a view to increasing the company's combined global experience and intercultural competences and also to retain key employees.

With a view to strengthening the common corporate culture in Ambu, a number of initiatives were implemented in 2009/10 under the headline 'One Company'. These initiatives include the launch of a global introduction platform on Ambu's intranet, where new employees can easily and quickly find information on, for example, strategy, values, products, organisation, practical issues and history before even starting work. The new site is for independent study and is intended as a supplement to the rest of the introductory programme and aims to ensure that new employees soon find their feet in Ambu and start creating value for the company as quickly as possible. In future, Ambu will further develop the platform to include e-learning for new employees.

Geographical breakdown of employees



Good framework for individual development

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

In step with the globalisation of Ambu, it is important for the company to continuously assess and improve employee performance for Ambu to maintain and strengthen its competitiveness. Consequently, focus is both on creating career opportunities for individual employees and on strengthening Ambu's organisational units. Ambu has introduced a reporting process which provides the management with a continuous overview of the performance of the units in relation to each other and of Ambu as a whole.

At the same time, a number of specific performance targets and success criteria are defined for individual employees to ensure that Ambu meets its business objectives. Employee performance and development is reviewed at the annual appraisal interviews, and employees are assessed and remunerated on the basis of their performance and results.

Professional management

Ambu works constantly to strengthen its managerial competences and the managers' ability to generate results through employee development. The work includes determining what constitutes good management, for example the skills, conduct and attitude which Ambu's managers should generally possess and display.

Manager development in Ambu is based on individual development programmes and a thorough introduction into Ambu's idea of good leadership. The purpose of the programme is to train the individual manager to provide the type of leadership which – through the development of competences and commitment – will help develop and retain talented managers and employees and ensure the fulfilment of the company's business objectives.

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, business development and stakeholder expectations.

In April 2010, the Committee on Corporate Governance published a set of revised Recommendations on Corporate Governance, and NASDAQ OMX Copenhagen implemented these in Rules for issuers of shares at the end of May 2010. The new recommendations are valid for financial years starting after 1 January 2010 or later, and Ambu will in the next financial year consider and incorporate the new recommendations.

The statement below is based on the recommendations in force up until May 2010. Ambu generally complies with these recommendations with the exception of the term for which directors are elected by the general meeting. The Board of Directors proposes that the term is changed to one year.

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

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

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

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

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

The Board of Directors considers on an ongoing basis whether the capital and share capital structure is in line with the best interests of the company and its shareholders.

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

Class A shares are non-negotiable securities and as such are not quoted on NASDAQ OMX Copenhagen. According to Ambu's Articles of Association, a transfer of more than 5% of the total number of Class A shares at a price higher than that quoted for the company's Class B shares by NASDAQ OMX Copenhagen at the time of transfer can take place only if the buyer offers all holders of Class A and Class B shares in the company to buy their shares at the same price. The holders of 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.

The Board of Directors also discussed the existing ownership structure with the holders of Class A shares in 2009/10. Both the holders of Class A shares and the Board of Directors have so far found that the current ownership structure has been and continues to be expedient for all the company's stakeholders as it helps create a sound framework for the implementation of the company's strategy and thereby safeguards the interests of all shareholders. As part of a gradual adaptation of the capital structure, the Board of Directors proposes that the company's share capital be increased through the issue of Class B bonus shares.

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

Duties of the Board of Directors

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

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

In 2009/10, a total of six ordinary meetings of the Board of Directors were held as well as a working meeting where the theme was management evaluation. One of the meetings took place at Ambu's subsidiary Ambu Inc. in the USA. On one occasion, a member was unable to attend the meeting. 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.

An auditing committee has been set up consisting of two members of the Board of Directors, Jørgen Hartzberg (Chairman) and Torben Ladegaard. In addition to these two members, the Chairman of the Board of Directors, the President & CEO, the CFO and the auditor elected by the general meeting attend the committee meetings. The purpose of the committee is to support the work of the Board of Directors in ensuring the quality and integrity of the company's presentation of its financial statements, auditing and financial reporting. At the same time, the committee monitors all accounting and reporting processes, the auditing of the company's financial reporting and the work and independence of external auditors. The auditing committee held two meetings in 2009/10.

Composition of the Board of Directors

According to Ambu's Articles of Association, the Board of Directors shall have four to eight members elected by the annual general meeting. To this will be added board members elected in pursuance of the provisions of Danish legislation on employee directors. The Board currently has eight members, of whom six have been elected by the annual general meeting and two by the group's employees.

In connection with the recommendation of new board members, a careful assessment is made of the knowledge and professional experience which is required to ensure that the board possesses the necessary competences. At the same time, the Board of Directors is working to ensure that its members supplement each other in the best possible way in terms of age, background, gender etc., thereby being able to provide a competent and versatile contribution to the work of Ambu's Board of Directors.

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

Board members elected by the annual general meeting sit for a term of two years and may be re-elected. This is not in line with the recommendations of NASDAQ OMX Copenhagen, and at this year's annual general meeting the

Board of Directors will propose that the term be changed to one year. 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 34 in the annual report.

The members of the Board of Directors elected by the general meeting are deemed to be independent. The Vice-Chairman of the Board of Directors, Bjørn Ragle, is the spouse of Dorrit Ragle who holds 9.0% of the shares and 22.8% of the voting rights in Ambu. The Chairman of the Board of Directors is a partner of the Danish law firm Bech-Bruun, a legal adviser to Ambu. Ambu also uses other legal advisers, and the business relationship between Bech-Bruun and Ambu is not of material importance to either party (total fees in 2009/10 were DKK 0.2m).

Executive Board

The Executive Board is appointed by the Board of Directors, which also lays down the relevant terms of employment. The Executive Board is responsible for the day-to-day management of Ambu, including the development of its activities, operations, earnings and its internal affairs. The Board of Directors assigns powers and responsibilities to the Executive Board in pursuance of the company's Order of Business and the provisions of the Danish Companies Act.

In addition to the Executive Board, which currently consists of one person, Ambu has an Executive Management Team which is responsible for Global Sales and Marketing, Global Operations, Global Innovation and Finance, IT and Business Systems. The four members of the Executive Management Team all operate under the title of Executive Vice President.

Remuneration, Board of Directors and Executive Board

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

Each member of the Board of Directors receives a fixed annual remuneration, and the combined annual remuneration for the Board of Directors is approved by the annual general meeting in connection with the adoption of the annual report. In FY 2009/10, remuneration to the members of the Board of Directors totalled DKK 2,250,000, of which the Chairman received DKK 500,000.

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

The emoluments for the Executive Board are decided by the Board of Directors. The emoluments are fixed so as to reflect market levels and the results achieved. In 2009/10, the emoluments for the Executive Board (one person) consisted of a basic pay, including the usual benefits such as free car and telephone, share option scheme and cash bonus scheme. The emoluments of the Executive Board totalled DKK 7.1m in 2009/10, including a bonus of DKK 2.5m.

The terms of employment of the Executive Board, including remuneration and severance programme, are deemed to be in accordance with the normal standard for positions of this nature and do not entail any special commitments on the part of the company.

Evaluation of Board of Directors and Executive Board

The Board of Directors engages in regular self-evaluations with a view to improving its procedures and work and its collaboration with the Executive Board. The most recent evaluation was conducted in spring 2010 and included an evaluation of the corporate governance structure. The evaluation process has prompted a number of activities aimed at ensuring continued focus on the strategic direction of the company, ensuring the identification of market risks and strengthening the competences of the Board of Directors in general.

The evaluation process is headed by the Chairman of the Board of Directors.

Risk management

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

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

For a detailed description of Ambu's risks, please see page 31 in the annual report. As part of the company's risk management, internal control systems have been set up, and at least once a year the Board of Directors considers these systems with a view to ensuring that they are expedient and adequate and in accordance with best practice within the area.

Audits

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

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

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

The financial statements of all important subsidiaries are audited by the parent company's auditors or their international associates.

RISK MANAGEMENT

The Ambu management focuses on ensuring satisfactory clarity regarding the group's risks and that Ambu has policies and procedures which guarantee as efficient management of the identified risks as possible.

Ambu's activities involve a number of 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 is constantly working to identify these risks and seeks to counteract and minimise them to the widest possible extent insofar as they are risks that can be impacted by the company's own actions. Some of the company's risk factors are described below. The description is, however, not necessarily exhaustive, and the risk factors are not presented in any order of importance.

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

Commercial risks

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

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

The health care sector is impacted by the global crisis and its effects, but in 2009/10 Ambu was only affected by the slowdown in the world economy to a very limited extent and only in a small number of markets. The world economy is expected to pick up in 2010/11. Ambu is monitoring the situation closely, especially with a view to staying abreast of any changes in trading patterns.

In the course of 2009/10, Ambu transferred production from Denmark to Malaysia, and the remainder of the Danish production activities will be transferred to Malaysia in 2010/11, so that by the end of 2011 all production will take place in China and Malaysia. This will reduce production costs and improve the company's ability to respond to future price competition.

Product development
Ambu's ability to realise its strategic targets depends on its ability to develop products sufficiently fast which are unique and of a high quality, while at the same time obtaining differentiated prices. A development department was established in Malaysia in 2009/10, and product development now takes place in Denmark, China and Malaysia. Ambu is working in a targeted way to improve existing products and develop new products and to generally strengthen the company's ability to create innovation. Thus, considerable investments are continuously being made in product development and the marketing of new products, and it is a prerequisite for meeting the agreed targets that these products are successful in the market.

Ability to attract and retain employees
In order to develop innovative products and ensure satisfactory financial results, it is necessary to be able to attract and develop the right employees 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 is focusing on developing individual employees, on continuous career development and on delegating a considerable degree of responsibility to employees.

Trade marks, branding and patents
The company logo and name create coherence between the company and its products and make the company easily recognisable to its customers and stakeholders. The Ambu name is included in all product names, and the active branding of products is intended to help prevent plagiarism. A branding strategy and a branding manual have been prepared to ensure uniform branding by all group companies.

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

Production and quality

There is a risk of operating disturbances or stoppages at Ambu's production facilities, which could affect the company's ability to deliver. A number of activities – including fire protection and building up minimum inventories – are helping to minimise this risk.

Most of Ambu's production is 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. Ambu lives up to the FDA and CE requirements, for which reason the company considers these standards on a regular basis.

Insurance

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

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

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

Environment

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

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

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

The plants in China and Malaysia generally follow the guidelines contained in the environmental legislation to which Danish production units are subject.

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

Financial risks

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

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

Ambu seeks to hedge financial risks to the greatest possible extent. For this purpose, Ambu uses derivative financial instruments, primarily foreign exchange and interest rate swaps as well as forward contracts and currency option contracts to hedge a number of the financial risks attributable to the group's commercial activities. Generally speaking, the least complicated type of hedging is chosen. The group does not engage in speculative transactions.

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

Control and risk management systems

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

Control environment

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

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

Risk assessment

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

Checks

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

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

Information and communication

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

Monitoring

Ambu is using a comprehensive financial management system to monitor the company's results, making it possible to identify and correct any errors and irregularities in the financial reporting at an early stage, including any weaknesses observed in the internal controls, non-compliance with procedures and policies etc. As set out in the company's Corporate Accounting Manual, Ambu applies uniform IFRS rules. The Corporate Accounting Manual comprises accounting and assessment principles as well as reporting instructions and must be 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.

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 2008

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
Satair A/S
SCF Technologies A/S
Torm A/S

Board member of:
Weibel Scientific A/S with all affiliated companies

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

Bjørn Ragle, born 1945
Vice-Chairman of the Board
Member of the Board since 1987, re-elected in 2009

Chairman of the board of:
Kimet Invest A/S

Special competences:
Sales and business development and HR.

Jørgen Hartzberg, born 1950
Member of the Board since 1999, re-elected in 2008

Board member of:
WindowMaster A/S

Special competences:
General management with focus on business development and the acquisition and divestment of companies.

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

Torben Ladegaard, born 1953
Managing Director of FOSS A/S
Member of the Board since 1999, re-elected in 2008

Board member of:
Several FOSS companies

Special competences:
General management in international and high-tech companies with special focus on business and product development and business-to-business marketing and sales.

Anne Blanksø Pedersen, born 1965
Category Manager
Member of the Board since 2009
Elected by the employees

John Stær, born 1951
President and CEO of Satair A/S
Member of the Board since 1998, re-elected in 2009

Board member of:
Several companies in the Satair group

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

Anders Williamsson, born 1954
Managing Director
Member of the Board since 2006, re-elected in 2008

Chairman of the board of:
Aerocrine AB
Jolife AB
Provinsbanken i Helsingborg
Biomain AB
Nano Bridging Molecules S.A.
AAA Teamwork AB
Fade Hook & Draw AB

Board member of:
HTL-Strefa S.A.
Tigran Technologies AB
HIF (Helsingborgs Idrottsförening)

Special competences:
General management and long-standing experience with international life science companies, especially in the US market.

Executive Board

Lars Marcher, born 1962
President & CEO
Joined Ambu in October 2008

Board member of:
Danish American Business Forum (Deputy Chairman)
Confederation of Danish Industry – Committee on International Market Policy
Confederation of Danish Industry – Committee on Health Policy

Chairman of the board of:
Subsidiaries in the Ambu group

Executive Management Team

Lars Marcher
President & CEO

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

Lars Rønn
Executive Vice President, Global Sales and Marketing

Bjarne Nørgaard Sørensen
Executive Vice President, Global Operations

Henrik Wendler
Executive Vice President, Global Innovation

Shareholdings of the Board of Directors and the Executive Board

	No. of shares as at 30 September 2010	Sold in 2009/10	Acquired in 2009/10
Board of Directors			
N.E. Nielsen	6,640	0	0
Bjørn Ragle [1)]	0	0	0
Jørgen Hartzberg	100,620	0	0
Anne-Marie Jensen	906	0	0
Torben Ladegaard	2,700	0	0
Anne Blanksø Pedersen	344	0	0
John Stær	700	0	0
Anders Williamsson	1,000	0	0
Executive Board			
Lars Marcher	3,331	0	3,331

[1)] In 2009/10, Bjørn Ragle transferred 32,500 shares to his spouse Dorrit Ragle.

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 2009 to 30 September 2010.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. We consider the accounting policies used to be appropriate and the accounting estimates reasonable. In our opinion, the financial statements therefore give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30 September 2010 and of the results of the group's and the parent company's operations and cash flows for the financial year 1 October 2009 to 30 September 2010 in accordance with the accounting policies applied.

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

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

Ballerup, 24 November 2010

Executive Board

Lars Marcher
President & CEO

Board of Directors

N.E. Nielsen
Chairman

Bjørn Ragle
Vice-Chairman

Jørgen Hartzberg

Anne-Marie Jensen

Torben Ladegaard

Anne Blanksø-Petersen

John Stær

Anders Williamsson

Independent auditor's report

To the shareholders of Ambu A/S
We have audited the annual report of Ambu A/S for the financial year 1 October 2009 to 30 September 2010, which comprises management's review, management's statement, income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes including significant accounting policies for the group as well as for the parent company.

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

Management's responsibility for the annual report
Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements and the Financial Statements of the parent company in accordance with the above legislation and accounting standards and for the preparation of a management's review that gives a true and fair account in accordance with Danish disclosure requirements for listed companies.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion
Our responsibility is to express an opinion on the annual report based on our audit.

We conducted our audit in accordance with International and Danish Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report is free from material misstatement.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the group's and the parent company's financial position at 30 September 2010 and of the results of the operations and cash flows for the financial year 1 October 2009 to 30 September 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. Moreover, in our opinion, management's review gives a true and fair account in accordance with Danish disclosure requirements for listed companies.

Copenhagen, 24 November 2010

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

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

FINANCIAL STATEMENTS

Note overview

Income statement 1 October – 30 September

DKK '000	Note	Group 2009/10	Group 2008/09	Parent company 2009/10	Parent company 2008/09
Revenue	2	939,688	876,931	697,869	646,317
Production costs	3, 12	(429,201)	(416,342)	(455,472)	(439,556)
Gross profit		**510,487**	**460,589**	**242,397**	**206,761**
Selling costs	3	(204,818)	(184,315)	(48,810)	(40,778)
Development costs	3	(32,817)	(29,286)	(32,817)	(29,286)
Management and administration	3, 4	(149,970)	(133,009)	(83,829)	(69,602)
Other operating expenses	3, 21	(4,541)	(3,654)	(3,398)	(2,511)
Operating profit (EBIT) before special items		**118,341**	**110,325**	**73,543**	**64,584**
Special items	26	(2,517)	(33,971)	(2,517)	(33,971)
Operating profit (EBIT)		**115,824**	**76,354**	**71,026**	**30,613**
Financial income	5	6,912	5,374	4,907	11,753
Financial expenses	6	(6,668)	(8,042)	(5,319)	(7,402)
Profit before tax (PBT)		**116,068**	**73,686**	**70,614**	**34,964**
Tax	7	(32,013)	(17,922)	(14,920)	(7,954)
NET PROFIT FOR THE YEAR		**84,055**	**55,764**	**55,694**	**27,011**
Distribution of profit					
Proposed dividend for the year		29,691	17,814	29,691	17,814
Retained earnings		54,364	37,950	26,003	9,197
		84,055	**55,764**	**55,694**	**27,011**
Earnings per share in DKK	11				
Earnings per share (EPS)		7.16	4.73		
Diluted earnings per share (EPS-D)		7.08	4.73		

	Group 2009/10	Group 2008/09	Parent company 2009/10	Parent company 2008/09
Statement of comprehensive income				
Net profit for the year	84,055	55,764	55,694	27,011
Translation adjustment in foreign subsidiaries	16,049	(11,168)	2,360	(5,170)
Tax on translation adjustment in foreign subsidiaries	(1,292)	1,292	(1,292)	1,292
Adjustment to fair value for the period				
Disposal included in net financials	(645)	328	(645)	328
Addition concerning hedging instruments	2,025	(5,995)	2,025	(5,995)
Tax on hedging transactions	(345)	1,417	(345)	1,417
Comprehensive income	**99,847**	**41,638**	**57,796**	**18,882**

Balance sheet as at 30 September

Assets		Group		Parent company	
DKK '000	Note	30.09.10	30.09.09	30.09.10	30.09.09
Non-current assets					
Intangible assets	9, 25				
Completed development projects		46,355	27,609	46,355	27,609
Rights		20,672	22,325	19,026	20,071
Goodwill		146,007	144,614	143,128	141,735
Development projects in progress		5,802	25,710	5,802	25,710
		218,836	**220,258**	**214,311**	**215,125**
Property, plant and equipment	10, 25				
Land and buildings		69,382	60,011	31,630	32,774
Plant and machinery		79,575	83,088	17,925	40,727
Other fixtures and fittings, tools and equipment		29,334	23,243	20,978	16,635
Prepayments and plant under construction		20,571	11,245	1,701	6,088
		198,862	**177,587**	**72,234**	**96,224**
Other non-current assets					
Shares in subsidiaries	8	-	-	65,996	65,996
Receivables from subsidiaries		-	-	5,022	5,022
Deferred tax asset	14	2,755	2,986	0	0
		2,755	**2,986**	**71,018**	**71,018**
Total non-current assets		**420,453**	**400,831**	**357,563**	**382,367**
Current assets					
Inventories					
Inventories	12	201,088	156,003	67,340	63,745
Receivables	13				
Trade receivables		216,559	192,957	38,950	41,161
Receivables from subsidiaries		-	-	245,013	178,679
Other receivables		13,994	12,261	2,944	2,755
Prepaid income tax	15	277	2,305	0	1,380
		230,830	**207,523**	**286,907**	**223,975**
Cash		23,500	17,308	0	0
Total current assets		**455,418**	**380,834**	**354,247**	**287,720**
TOTAL ASSETS		**875,871**	**781,664**	**711,810**	**670,087**

Balance sheet as at 30 September

Equity and liabilities		Group		Parent company	
DKK '000	Note	30.09.10	30.09.09	30.09.10	30.09.09
Equity					
Share capital		118,763	118,763	118,763	118,763
Share premium		4,046	4,046	4,046	4,046
Reserve for hedging transactions		(1,807)	(2,842)	(1,807)	(2,842)
Reserve for foreign currency translation adjustments		(17,311)	(12,144)	0	0
Proposed dividend		29,690	17,814	29,690	17,814
Retained earnings		428,214	353,985	237,896	212,025
Total equity	11	**561,596**	**479,621**	**388,588**	**349,806**
Liabilities					
Non-current liabilities					
Credit institutions	16	44,149	57,253	43,788	56,893
Provision for deferred tax	14	20,546	16,237	25,886	25,016
Current liabilities					
Current portion of non-current liabilities	16	14,423	16,191	14,423	15,847
Bank debt		74,579	65,036	64,322	51,560
Trade payables		41,259	44,569	23,106	27,268
Amounts owed to subsidiaries		0	0	88,497	84,130
Income tax	15	14,412	4,414	11,948	0
Other payables		104,907	98,343	51,252	59,567
Total liabilities		**314,275**	**302,043**	**323,222**	**320,281**
TOTAL EQUITY AND LIABILITIES		**875,871**	**781,664**	**711,810**	**670,087**

Charges	17
Operating leases	18
Related parties	19
Financial instruments	20
Other operating expenses	21
Contingent liabilities	22
Financing of non-current assets	23
Subsequent events	24
Company acquisitions	25
Special items	26

Cash flow statement 1 October – 30 September

DKK '000	Note	Group 2009/10	Group 2008/09	Parent company 2009/10	Parent company 2008/09
Net profit for the year		84,055	55,764	55,694	27,011
Adjustments	A	96,863	80,122	59,026	43,716
Changes in working capital	B	(65,065)	(5,459)	(81,829)	25,754
Cash flows from operating activities before financial items		**115,853**	**130,427**	**32,891**	**96,481**
Interest income and similar items		6,912	5,100	4,907	11,753
Interest expenses and similar items		(6,668)	(7,768)	(5,319)	(7,402)
Cash flows from ordinary operating activities		**116,097**	**127,759**	**32,479**	**100,832**
Income tax paid		(17,442)	(14,744)	(2,358)	(7,681)
Cash flows from operating activities		**98,655**	**113,015**	**30,121**	**93,151**
Purchase of non-current assets	23	(67,619)	(55,600)	(31,389)	(46,875)
Sale of non-current assets		0	636	25,578	9,800
Acquisitions		0	(40,541)	0	(40,541)
Cash flows from investing activities		**(67,619)**	**(95,505)**	**(5,811)**	**(77,616)**
Free cash flow		**31,036**	**17,510**	**24,310**	**15,535**
Raising/repayment of long-term debt		(11,296)	25,475	(14,529)	25,807
Changes in short-term bank debt		8,546	(23,926)	12,762	(23,528)
Dividend from subsidiaries		0	0	0	0
Purchase of Ambu A/S shares		(4,729)	0	(4,729)	0
Dividend paid		(17,814)	(17,814)	(17,814)	(17,814)
Cash flows from financing activities		**(25,293)**	**(16,265)**	**(24,310)**	**(15,535)**
Changes in cash and cash equivalents		**5,743**	**1,245**	**0**	**0**
Cash and cash equivalents, beginning of year		17,308	16,289	0	0
Foreign currency translation adjustment of cash and cash equivalents		449	(226)	0	0
Cash and cash equivalents, end of year		**23,500**	**17,308**	**0**	**0**
Note A: Adjustments					
Depreciation and amortisation		60,553	55,878	40,296	37,602
Adjustment, option schemes		4,541	3,654	3,398	2,511
Interest and similar items, net		(244)	2,668	412	(4,351)
Tax on profit for the year		32,013	17,922	14,920	7,954
		96,863	**80,122**	**59,026**	**43,716**
Note B: Changes in working capital					
Changes in inventories		(36,179)	1,222	(3,595)	(7,880)
Changes in receivables		(20,500)	(10,967)	2,022	(2,364)
Changes in balances with consolidated companies		0	0	(61,967)	19,775
Changes in trade payables etc.		(8,386)	4,286	(18,289)	16,223
		(65,065)	**(5,459)**	**(81,829)**	**25,754**

Statement of changes in equity

Group

DKK '000	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity as at 1 October 2008	**118,763**	**4,046**	**1,408**	**(6,143)**	**316,124**	**17,814**	**452,012**
Statement of comprehensive income			(4,250)	(11,168)	57,056		41,638
Share options					3,654		3,654
Purchase of treasury shares							-
Distributed dividend						(17,814)	(17,814)
Dividend, treasury shares					131		131
Proposed dividend					(17,814)	17,814	
Equity as at 30 September 2009	**118,763**	**4,046**	**(2,842)**	**(17,311)**	**359,151**	**17,814**	**479,621**
Statement of comprehensive income			1,035		98,812		99,847
Share options					4,541		4,541
Purchase of treasury shares					(4,729)		(4,729)
Distributed dividend						(17,814)	(17,814)
Dividend, treasury shares					131		131
Proposed dividend					(29,691)	29,691	-
Equity as at 30 September 2010	**118,763**	**4,046**	**(1,807)**	**(17,311)**	**428,214**	**29,690**	**561,597**

Parent company

DKK '000	Share capital	Share premium	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity as at 1 October 2008	**118,763**	**4,046**	**1,408**	**-**	**204,065**	**17,814**	**346,096**
Statement of comprehensive income			(4,250)		23,132		18,882
Share options					2,511		2,511
Purchase of treasury shares							-
Distributed dividend						(17,814)	(17,814)
Dividend, treasury shares					131		131
Proposed dividend					(17,814)	17,814	-
Equity as at 30 September 2009	**118,763**	**4,046**	**(2,842)**	**-**	**212,025**	**17,814**	**349,806**
Statement of comprehensive income			1,035		56,761		57,796
Share options					3,398		3,398
Purchase of treasury shares					(4,729)		(4,729)
Distributed dividend						(17,814)	(17,814)
Dividend, treasury shares					131		131
Proposed dividend					(29,691)	29,691	-
Equity as at 30 September 2009	**118,763**	**4,046**	**(1,807)**	**-**	**237,896**	**29,690**	**388,588**

Notes

Note 1. Accounting policies

Ambu A/S is a public limited company domiciled in Denmark. The annual report for the period 1 October 2009 - 30 September 2010 comprises the consolidated financial statements of Ambu A/S and its subsidiaries (the group) as well as separate financial statements of the parent company.

The annual report 2009/10 of Ambu A/S is presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies.

Basis of preparation

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

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

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

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

New accounting regulation

As of FY 2009/10, Ambu has implemented all relevant new and updated accounting standards issued by IASB and effective as of 1 October 2009. The implementation of these new and updated accounting standards has not had any material financial impact 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 2010/11, which will have a material financial effect on the statement of Ambu's results, assets and liabilities or equity in connection with the presentation of the financial statements 2010/11.

Estimates made by the management

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

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

Material estimates and assumptions are associated with the recognition of:

- Goodwill
- Development projects
- Court cases

Goodwill and development projects are described in note 9. Court cases are described on page 19.

Description of accounting policies

Consolidated financial statements

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

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

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

Business combinations

Newly acquired or newly established enterprises are included in the consolidated financial statements as from the date of acquisition. Comparative figures are not restated for newly acquired enterprises. In connection with the acquisition of new enterprises in which Ambu obtains a controlling influence, the purchase method is applied. The identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value on the date of acquisition. Identifiable intangible assets are recognised, provided that such assets can be recognised separately or originate from a contractual right and the fair value can be measured reliably. Deferred tax on the reassessments made is recognised. The date of acquisition is the date when Ambu obtains actual control 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 tested annually for impairment. The first impairment test is carried out by the end of the year of acquisition. Upon acquisition, goodwill is attributed to the cash-generating units, which will subsequently form the basis for an impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than DKK are treated as assets and liabilities of the foreign entity and are translated to the functional currency of such entity using the exchange rate applicable at the transaction date.

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

Foreign currency translation

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

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

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

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

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

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

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

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

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

Income statement

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

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

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

Selling costs

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

Notes

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

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

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

Special items comprise non-recurring and extraordinary costs.

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

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

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

Balance sheet

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

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

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

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

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

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

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

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, wages and salaries. The cost of a total asset is divided into separate elements which are depreciated individually if the useful lives of the individual elements differ.

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

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

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

Land is not depreciated.

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

In connection with changes in the depreciation period or the residual value, the effect of depreciation is recognised 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 and jointly managed enterprises are measured at cost in the financial statements of the parent company. If there is any indication of impairment losses, an impairment test is carried out. If the cost exceeds the recoverable amount, impairment is made to the lower value.

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

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

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

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

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

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

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

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

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

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

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

Equity

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

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

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

Notes

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

Employee contributions

Pension obligations and similar non-current liabilities
The group has entered into defined-contribution plans with a number of its employees.

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

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

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

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

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

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

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

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

Adjustment is made of deferred tax in relation to eliminations made as regards unrealised 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 when the deferred tax is expected to become payable as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

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

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

Financial liabilities

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

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

Other liabilities are measured at amortised cost.

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

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

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

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

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

Cash flow statement

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

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

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

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

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

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

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

Segment information

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.

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 Investment Professionals' 'Recommendations and Financial Ratios 2005'.

Notes

DKK '000	Group 2009/10	Group 2008/09
Note 2. Information about the geographical distribution of the activities		
Geographical distribution		
Europe	569,340	537,351
USA	298,787	268,739
Other markets	71,561	70,841
Total revenue	**939,688**	**876,931**

DKK '000	Group 2009/10 Assets	Group 2009/10 Investments in property, plant and equipment	Group 2008/09 Assets	Group 2008/09 Investments in property, plant and equipment
Europe	542,304	13,624	476,895	22,081
USA	132,902	407	100,137	330
Other markets	200,665	35,155	204,632	18,938
	875,871	**49,186**	**781,664**	**41,349**

DKK '000	Group 2009/10	Group 2008/09	Parent company 2009/10	Parent company 2008/09
Note 3. Staff expenses, share-based remuneration and depreciation/amortisation				
Staff expenses are included in functional costs as follows:				
Production costs	128,219	120,901	79,495	86,213
Selling costs	109,994	112,081	10,884	22,021
Development costs	13,354	16,372	13,354	14,084
Management and administration	89,148	70,410	59,498	39,562
Other operating expenses	4,541	3,654	3,398	2,511
Total staff expenses	**345,256**	**323,418**	**166,629**	**164,391**
Staff expenses comprise:				
Remuneration, Executive Board	6,090	5,272	6,090	5,272
Pension contributions, Executive Board	112	300	112	300
Share options	883	648	883	648
Staff expenses, Executive Board	7,085	6,220	7,085	6,220
Wages and salaries	297,460	279,347	141,589	140,777
Pension contributions	13,055	13,449	10,399	10,791
Social security costs	21,748	19,146	2,791	2,490
Share options	3,658	3,006	2,515	1,863
Remuneration, Board of Directors	2,250	2,250	2,250	2,250
Total staff expenses	**345,256**	**323,418**	**166,629**	**164,391**
Average number of employees	1,728	1,608	284	318

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

DKK ’000

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

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 will be awarded a total of 189,000 share options to be allocated successively over a period of three years by one third each year. The share options will be allocated for the first time on 1 October 2010 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 award date plus 8% p.a.

Option scheme, senior employees:
An option programme 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 granting is subject to the participants acquiring a certain number of Class B shares at the market price. The total maximum value obtainable by the individual participants in the option scheme is an amount corresponding to four years’ salary. Share options are allocated in four rounds – the first time in connection with the establishment of the programme in June 2007 at a price of 104, and then at the end of FY 2006/07, FY 2007/08 and FY 2008/09 subject to an annual price increase of 8%. It is estimated that the total number of share options issued during this period was approx. 977,013, corresponding to approx. 8.2% of Ambu’s share capital.

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

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

Share options in Ambu A/S	Number of options	Exercise price per option in DKK	Number of exercisable options	Term to maturity this year	Market value in DKK ’000
Executive Board:					
Outstanding balance as at 1 October 2009	0	0	0	0	0
Additions during the year (no.)	63,000	84	0	5	1,436
Options exercised during the year	0	0	0	0	0
Market value adjustment	-	-	0	0	2,083
Senior employees:					
Outstanding balance as at 1 October 2009	816,275	115	118,149	3	16,924
Additions during the year (no.)	160,738	131	0	5	3,143
Options exercised during the year	0	0	0	0	0
Market value adjustment	-	-	0	0	5,409
Outstanding balance as at 30 September 2010	**1,040,013**	**-**	**118,149**	**-**	**28,995**
Outstanding balance as at 30 September 2009	816,276	-	0	-	16,924

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

The calculation of the market value at the end of the period is based on the following assumptions:
Dividend per share: DKK 2.50
Volatility: 31.5%
Average risk-free interest rate: 1.49%
Listed price: 135.5

Notes

DKK '000	Group 2009/10	Group 2008/09	Parent company 2009/10	Parent company 2008/09
Note 3. Staff expenses, share-based remuneration and depreciation/amortisation (continued)				
The depreciation, amortisation and impairment losses and write-downs of intangible assets and property, plant and equipment are included in functional costs as follows:				
Depreciation, amortisation, impairment losses and write-downs				
Production costs	27,995	28,241	9,989	12,136
Selling costs	568	590	355	452
Development costs (intangible assets)	19,595	16,256	19,595	16,256
Development costs (property, plant and equipment)	197	253	197	253
Management and administration	12,198	10,538	10,160	8,505
Total depreciation, amortisation, impairment losses and write-downs	**60,553**	**55,878**	**40,296**	**37,602**
Note 4. Fee to auditors appointed by the annual general meeting				
Ordinary audit	1,318	1,112	450	410
Other audit services	88	232	66	191
Tax assistance	482	151	328	25
Other assistance	153	217	153	140
Total fees	**2,041**	**1,712**	**997**	**766**
Note 5. Financial income				
Dividend from subsidiaries	-	-	3,725	3,357
Interest income from loans to subsidiaries	-	-	820	612
Foreign exchange gain, net	6,567	4,588	239	7,465
Interest income	345	786	123	319
	6,912	**5,374**	**4,907**	**11,753**
Note 6. Financial expenses				
Interest expenses on loans from subsidiaries	-	-	150	0
Interest expenses	5,740	8,042	5,170	7,402
Foreign exchange loss, net	928	0	0	0
	6,668	**8,042**	**5,319**	**7,402**

DKK '000	Group 2009/10	Group 2008/09	Parent company 2009/10	Parent company 2008/09
Note 7. Tax on profit for the year				
Current tax	27,444	11,254	14,010	2,358
Adjustment, previous years	1,658	(276)	(563)	(698)
Deferred tax	2,911	6,944	1,473	6,294
Total tax on profit for the year	**32,013**	**17,922**	**14,920**	**7,954**
Tax on profit for the year comprises:				
Tax liability of 25% on profit for the year before tax	29,017	18,422	17,653	8,741
Adjustment, previous years	1,658	(276)	(563)	(698)
Adjustment of calculated tax in foreign group enterprises in relation to 25%	1,570	(810)	20	43
Tax effect of:				
Other non-deductible costs	(232)	586	(1,259)	707
Other non-taxable income	0	0	(931)	(839)
	32,013	**17,922**	**14,920**	**7,954**

	2009/10
Note 8. Shares in subsidiaries	
Acquisition price, beginning of year	65,996
Disposals	0
Additions	0
Acquisition price, end of year	**65,996**
Carrying amount as at 30 September	**65,996**

Shares in subsidiaries

Subsidiaries Wholly owned	Reg. office	Established/ acquired		Share capital nominal
Ambu Inc.	USA	1983	USD	250,000
Ambu S.A.R.L	France	1989	EUR	170,245
Ambu Ltd.	UK	1991	GBP	1,000
Ambu (Deutschland) GmbH	Germany	1992	EUR	51,129
Ambu S.r.l.	Italy	1992	EUR	68,200
Ambu S.L.	Spain	1993	EUR	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	The Netherlands	2006	EUR	22,700
Ambu (China) Trading Ltd.	China	2008	USD	70,000
Ambu Australia Pty	Australia	2010	AUD	1

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

Notes

2009/10

DKK '000

Note 9. Intangible assets

Group	Completed development projects	Rights	Goodwill	Development projects in progress	Total
Acquisition price, beginning of year	88,280	25,104	144,614	25,710	283,708
Foreign currency translation adjustment	0	1,074	1,393	0	2,467
Additions during the year	0	0	0	18,433	18,433
Disposals during the year	0	0	0	0	0
Transferred during the year	38,341	0	0	(38,341)	0
Acquisition price, end of year	**126,621**	**26,178**	**146,007**	**5,802**	**304,608**
Amortisation, impairment losses and write-downs, beginning of year	60,671	2,780	0	0	63,450
Foreign currency translation adjustment	0	0	0	0	0
Disposals during the year	0	0	0	0	0
Impairment losses and write-downs for the year	0	0	0	0	0
Amortisation for the year	19,595	2,727	0	0	22,322
Amortisation, impairment losses and write-downs, end of year	**80,266**	**5,507**	**0**	**0**	**85,772**
Carrying amount, end of year	**46,355**	**20,672**	**146,007**	**5,802**	**218,836**
Amortisation period	5 years	10-20 years	-	-	-

Parent company	Completed development projects	Rights	Goodwill	Development projects in progress	Total
Acquisition price, beginning of year	88,280	22,079	141,735	25,710	277,804
Foreign currency translation adjustment	0	1,075	1,393	0	2,468
Additions during the year	0	347	0	18,433	18,780
Disposals during the year	0	0	0	0	0
Transferred during the year	38,341	0	0	(38,341)	0
Acquisition price, end of year	**126,621**	**23,501**	**143,128**	**5,802**	**299,052**
Amortisation, impairment losses and write-downs, beginning of year	60,671	2,008	0	0	62,679
Disposals during the year	0	0	0	0	0
Impairment losses and write-downs for the year	0	0	0	0	0
Amortisation for the year	19,595	2,467	0	0	22,062
Amortisation, impairment losses and write-downs, end of year	**80,266**	**4,475**	**0**	**0**	**84,741**
Carrying amount, end of year	**46,355**	**19,026**	**143,128**	**5,802**	**214,311**
Amortisation period	5 years	10-20 years	-	-	-

Goodwill in the group of DKK 145m primarily concerns goodwill in connection with the acquisition of the Medicotest group in 2001 and the acquisition of the Sleepmate Inc. activities in 2008. The Medicotest group is integrated into all parts of the Ambu group so the goodwill value relates to Ambu as a whole. The impairment of goodwill is therefore assessed on the basis of the Ambu group's EBIT margin, among other things.

As at 30 September 2010, 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 2010/11 budget, estimated growth for 2011/12 and growth of 0% in the terminal period. In connection with the discounting, the weighted cost of capital, corresponding to 8.7% after tax, has been applied.

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Note 9. Intangible assets (continued)

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

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

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Note 10. Property, plant and equipment

Group	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and plant under construction	Total
Acquisition price, beginning of year	124,781	213,655	62,007	11,245	411,688
Foreign currency translation adjustment	5,545	12,215	972	962	19,694
Additions during the year	8,956	10,360	4,163	25,707	49,186
Disposals during the year	(1,099)	(21,261)	(3,113)	0	(25,473)
Transferred during the year	2,844	1,827	12,672	(17,343)	0
Acquisition price, end of year	**141,027**	**216,796**	**76,701**	**20,571**	**455,095**
Depreciation, impairment losses and write-downs, beginning of year	64,770	130,567	38,764	0	234,101
Foreign currency translation adjustment	1,517	5,493	553	0	7,563
Reversal upon sale	(1,017)	(20,638)	(2,722)	0	(24,377)
Depreciation for the year	6,375	21,799	10,772	0	38,946
Depreciation, impairment losses and write-downs, end of year	**71,645**	**137,221**	**47,367**	**0**	**256,233**
Carrying amount, end of year	**69,382**	**79,575**	**29,334**	**20,571**	**198,862**
Of which assets held under finance leases	1,836	0	1,790	0	0
Depreciation period	10-25 years	2-10 years	3-5 years	-	-

Parent company	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and plant under construction	Total
Acquisition price, beginning of year	82,173	128,229	44,675	6,088	261,165
Additions during the year	0	0	0	12,956	12,956
Disposals during the year	(191)	(68,006)	(1,097)	0	(69,294)
Transferred during the year	2,844	1,827	12,672	(17,343)	0
Acquisition price, end of year	**84,826**	**62,050**	**56,250**	**1,701**	**204,827**
Depreciation, impairment losses and write-downs, beginning of year	49,399	87,502	28,040	0	164,941
Reversal upon sale	(140)	(49,292)	(897)	0	(50,329)
Depreciation for the year	3,937	5,915	8,129	0	17,981
Depreciation, impairment losses and write-downs, end of year	**53,196**	**44,125**	**35,272**	**0**	**132,593**
Carrying amount, end of year	**31,630**	**17,925**	**20,978**	**1,701**	**72,234**
Of which assets held under finance leases	0	0	1,790	0	0
Depreciation period	10-25 years	2-10 years	3-5 years	-	-

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

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Note 10. Property, plant and equipment (continued)

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

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

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Note 11. Share capital and treasury shares

The share capital as at 30 September 2010 comprises:
Class A shares, ten votes per share, 1,716,000 shares of DKK 10 each
Class B shares, one vote per share, 10,160,298 shares of DKK 10 each

Treasury shares – Class B shares	Number of shares		Nominal value (DKK '000)		In % of share capital	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
1 October	87,320	87,320	873	873	0.7	0.7
Additions	44,240	0	442	0	0.4	0
Disposals	0	0	0	0	0	0
Class B treasury shares as at 30 September	**131,560**	**87,320**	**1,316**	**873**	**1.1**	**0.7**

Treasury shares have been purchased to cover the option programme.

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

	Group	
Earnings per share	2009/10	2008/09
Net profit for the year	84,055	55,764
Average number of outstanding Class A and Class B shares	11,744,738	11,788,978
Earnings per DKK 10 share (EPS) in DKK	7.16	4.73
Diluted earnings per DKK 10 share (EPS-D) in DKK	7.08	4.73

	Group		Parent company	
DKK '000	30.09.10	30.09.09	30.09.10	30.09.09
Note 12. Inventories				
Raw materials and consumables	58,019	43,389	9,759	12,172
Work in progress	71	218	64	106
Finished goods	142,998	112,396	57,517	51,467
	201,088	**156,003**	**67,340**	**63,745**
Cost of sales for the year	292,978	282,754	372,865	334,304
Inventory write-down				
Write-down as at 1 October	5,415	5,075	1,115	390
Foreign currency translation adjustment	231	(82)	0	0
Additions	367	1,009	81	725
Disposals	(859)	(587)	0	0
Write-down as at 30 September	**5,154**	**5,415**	**1,196**	**1,115**

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

DKK '000	Group 30.09.10	Group 30.09.09	Parent company 30.09.10	Parent company 30.09.09
Note 13. Receivables				
Trade receivables	216,559	192,957	38,950	41,161
Receivables from group enterprises	0	0	245,013	178,679
Other receivables	14,271	14,566	2,944	4,135
Total receivables	**230,830**	**207,523**	**286,907**	**223,975**
Write-down as at 1 October	2,502	4,780	666	2,450
Foreign currency translation adjustment	58	(40)	0	0
Write-down of receivables for the year	617	286	0	(1,784)
Reversal for the year of previous write-downs	(52)	(2,524)	344	0
Write-down included in the receivables mentioned above as at 30 September	**3,125**	**2,502**	**1,010**	**666**

Credit risks

Ambu is exposed to credit risks in respect of receivables and bank balances. The maximum credit risk corresponds to the carrying amount. Cash is not deemed to be subject to any credit risks as the counterparts are banks with good credit ratings.

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 it is deemed that the claim is subject to risk, a write-down is made to hedge such risk. Public-sector customers account for 41% 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, and partly by letter of credit or prepayment from distributors.

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

Group

	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	> 180	Total
Trade receivables	124,665	30,881	13,990	10,829	13,099	26,083	219,547
Write-downs on receivables							(2,988)
Value written down as at 30 September 2010							**216,559**
Value written down as at 30 September 2009							192,957

Parent company

	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	> 180	Total
Trade receivables	25,737	410	1,975	2,916	2,983	5,939	39,960
Write-downs on receivables							(1,010)
Value written down as at 30 September 2010							**38,950**
Value written down as at 30 September 2009							41,161

Notes

	Group		Parent company	
DKK '000	30.09.10	30.09.09	30.09.10	30.09.09
Note 14. Provision for deferred tax				
Deferred tax as at 1 October	13,251	6,668	25,016	19,274
Foreign currency translation adjustment	178	(7)	0	0
Deferred tax on other comprehensive income	345	0	345	0
Deferred tax for the year	2,911	6,944	1,472	6,294
Change in respect of previous years	1,106	(354)	(947)	(552)
Deferred tax as at 30 September	**17,791**	**13,251**	**25,886**	**25,016**
Deferred tax relates to:				
Intangible assets	6,949	5,773	15,578	16,111
Property, plant and equipment	9,081	6,816	6,452	4,536
Current assets	3,980	2,605	4,102	4,620
Payables	(2,218)	(1,893)	(246)	(251)
Tax losses allowed for carryforward	0	(50)	0	0
	17,791	**13,251**	**25,886**	**25,016**
Deferred tax comprises:				
Deferred tax asset	**(2,755)**	**(2,986)**	**0**	**0**
Deferred tax	**20,546**	**16,237**	**25,886**	**25,016**
Deferred tax falling due within 12 months	1,761	662	3,856	4,369
Note 15. Income tax				
Income tax payable as at 1 October	2,109	8,744	(1,380)	6,798
Foreign currency translation adjustment	177	(492)	0	0
Paid during the year	(17,442)	(14,744)	(2,358)	(7,681)
Adjustment in respect of previous years	(392)	56	(563)	(146)
Tax on other comprehensive income	2,239	(2,709)	2,239	(2,709)
Tax on profit for the year	27,444	11,254	14,010	2,358
Net payable/receivable	**14,135**	**2,109**	**11,948**	**(1,380)**
Classified in the balance sheet as follows:				
Prepaid income tax	(277)	(2,305)	0	(1,380)
Income tax payable	14,412	4,414	11,948	0

DKK '000					Group 30.09.10	Group 30.09.09	Parent company 30.09.10	Parent company 30.09.09
Note 16. Credit institutions								
Carrying amount:								
Loan	Maturity	Type	Fixed/ floating	Interest rate				
USD	2014	Bank	Floating	3.0%	28,666	34,316	28,666	34,316
EUR	2014	Bank	Fixed	2.8%	8,749	10,934	8,749	10,934
DKK	2015	Bank	Fixed	3.1%	11,675	13,895	11,675	13,895
DKK	2015	Bank	Fixed	6.7%	556	667	556	667
DKK	2018	Bank	Floating	3.3%	7,087	7,840	7,087	7,840
EUR	2010	Bank	Fixed	6.6%	0	1,510	0	1,510
EUR	2011	Finance leases		4.3%	360	704	0	0
DKK	2013	Finance leases		5.2%	475	631	475	631
DKK	2011	Finance leases		4.4%	1,004	2,947	1,004	2,947
Total credit institutions as at 30 September					**58,572**	**73,444**	**58,212**	**72,740**
Effective rate of interest					**3.1%**	**3.7%**		
Of the total debt, the following falls due:								
			0-1 year		14,783	16,191	14,423	15,847
			1-5 years		40,338	50,466	40,338	50,106
			> 5 years		3,451	6,787	3,451	6,787
					58,572	**73,444**	**58,212**	**72,740**
Liabilities relating to assets held under finance leases are thus included in debt to credit institutions:								
			0-1 year		1,528	1,936	1,169	1,592
			1-5 years		310	2,345	310	1,986
			> 5 years		0	0	0	0
Liabilities relating to finance leases as at 30 September					**1,839**	**4,281**	**1,479**	**3,578**

Finance leases as at 30 September 2010

	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	1,564	36	1,528	1,203	34	1,169
1-5 years	326	15	310	326	15	310
> 5 years	0	0	0	0	0	0
Balance	**1,890**	**51**	**1,839**	**1,528**	**50**	**1,479**
Balance as at 30 September 2009	4,485	204	4,282	3,747	169	3,578

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

Notes

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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	16,848	43,974	3,696	64,518	58,595	58,572
Bank debt	74,579	0	0	74,579	74,579	74,579
Trade payables	41,259	0	0	41,259	41,259	41,259
Other payables	104,907	0	0	104,907	104,907	104,907
Total financial liabilities	**237,593**	**43,974**	**3,696**	**285,263**	**279,340**	**279,317**
Cash	23,500	0	0	23,500	23,500	23,500
Trade receivables	216,559	0	0	216,559	216,559	216,559
Other receivables	14,271	0	0	14,271	14,271	14,271
Total financial assets	**254,330**	**0**	**0**	**254,330**	**254,330**	**254,330**
Liquidity risks, net 30 September 2010	**(16,737)**	**43,974**	**3,696**	**30,933**	**25,010**	**24,987**
Liquidity risks, net 30 September 2009	4,075	55,369	7,231	66,675	58,921	58,867

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

	Group		Parent company	
	30.09.10	30.09.09	30.09.10	30.09.09
Unutilised credit facilities				
Unutilised credit maximums	119,596	122,219	108,244	115,860

Interest rate risks

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

The group's net interest-bearing debt is calculated as debt to credit institutions and bank debt less cash and cash equivalents. Based on the company's net debt as at 30 September 2010, which partly carries a fixed and partly a floating rate of interest, an increase/fall of 1 percentage point in the general interest rate level will have the following effect on the income statement and equity as far as the development in interest rate swaps is concerned.

	Group 30.09.10	Group 30.09.09	Parent company 30.09.10	Parent company 30.09.09
Net interest-bearing debt	109,651	121,172		
Increase/fall in interest rate level of 1 percentage point – Impact on results +/-	868	899		
Increase/fall in interest rate level of 1 percentage point – Impact on equity +/-	(915)	(1,237)		

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Note 17. Charges

Security has been furnished for debt to credit institutions in the form of mortgages registered to the mortgagor with a nominal value of DKK 25,383k secured upon property in Denmark with a carrying amount of DKK 31,630k.

Note 18. Operating leases

	Group		Parent company	
	2009/10	2008/09	2009/10	2008/09
Operating leases				
Payments due within 0-1 year	14,505	12,985	2,770	2,617
Payments due within 1-5 years	33,212	37,784	7,962	8,390
Payments due after 5 years	76,072	79,343	68,555	70,288
Total operating leases	**123,789**	**130,112**	**79,287**	**81,295**
Operating leases expensed in the income statement	**20,302**	**16,521**	**7,975**	**7,773**

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

Note 19. Related parties

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

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

	Parent company	
	2009/10	2008/09
Sales to subsidiaries	541,719	477,460
Purchase from subsidiaries	274,376	204,946

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

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

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

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

	Parent company	
	2009/10	2008/09
Guarantees and security furnished on behalf of subsidiaries	15,886	14,943

Notes

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Note 20. Financial instruments

Approx. 90% of Ambu's revenue is invoiced in foreign currencies, but a large share of the company's purchases of materials is made in the same foreign currencies. Ambu's most important invoicing currencies are EUR, USD and GBP. Furthermore, a number of net assets are stated in these currencies. Wide fluctuations in the exchange rates of the company's major currencies will nevertheless affect both its financial position and its competitiveness.

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

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

	Group		Parent company	
	30.09.10	30.09.09	30.09.10	30.09.09
Recognised financial instruments				
Loans and receivables				
Trade receivables	216,559	192,957	283,963	219,840
Cash	23,500	17,308	0	0
Other receivables	13,994	12,261	2,944	2,755
Assets stated at fair value through the income statement				
Hedging instruments (level 2)*	524	484	524	484
Carrying amount as at 30 September	**254,577**	**223,010**	**287,431**	**223,079**
Financial liabilities recognised at amortised cost				
Credit institutions	(58,572)	(73,444)	(58,211)	(72,740)
Bank debt	(74,579)	(65,036)	(64,322)	(51,560)
Trade payables	(41,259)	(44,569)	(23,106)	(27,268)
Other payables	(104,907)	(98,343)	(51,252)	(59,567)
Liabilities stated at fair value through the income statement				
Hedging instruments (level 2)*	(2,933)	(4,273)	(2,933)	(4,273)
Carrying amount as at 30 September	**(282,250)**	**(285,665)**	**(199,824)**	**(215,408)**

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 at an active market (e.g. over-the-counter derivatives) is determined using accepted valuation methods.
Level 3: If no observable market data is available, the instrument is included in the last category.

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Note 20. Financial instruments (continued)

Hedging of expected future transactions

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

		Gross value		Contract value		Fair value	
Forward exchange contracts	Payment/maturity	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Sale of GBP	< 1 year	13,883	8,596	14,407	9,080	524	484
		13,883	**8,596**	**14,407**	**9,080**	**524**	**484**

Forward transactions in GBP comprise the expected cash flow for four months after the balance sheet date.

	Principal amount		Fair value	
	2009/10	2008/09	2009/10	2008/09
Fair value of financial instruments				
Forward exchange contracts				
GBP translated into DKK '000			524	484
Interest rate and currency swaps				
DKK/DKK, floating to fixed rate	11,675	13,895	(542)	(274)
EUR/EUR, floating to fixed rate	8,744	10,919	(2,391)	(3,999)
Total financial liabilities	**20,419**	**24,814**	**(2,409)**	**(3,789)**

Sensitivity analysis	**Foreign exchange risk – impact on revenue and EBIT**			
	2009/10		2008/09	
	GBP	USD	GBP	USD
	+/- 5 points	+/- 5 points	+/- 5 points	+/- 5 points
Revenue	0%	2%	0%	2%
EBIT	2%	6%	3%	9%

Interest rate swaps comprise variable interest payments over an average period of three years.

Note 21. Other operating expenses

In 2008/09 and 2009/10, other operating expenses comprise the effect of the option schemes established. For further information, please refer to note 3.

Note 22. Contingent liabilities

The patent cases concerning the laryngeal mask are described on page 19. The cases are not expected to have any significant impact on the company's financial position. In addition to this, Ambu is a party to a small number of court cases in Denmark and abroad.

Bid and performance bonds totalling DKK 3.2m have been issued in respect of a number of Ambu's customers. The bonds expire once delivery is made and approved by the customer.

Notes

DKK '000	Group 2009/10	Group 2008/09	Parent company 2009/10	Parent company 2008/09
Note 23. Financing of non-current assets				
Purchase of property, plant and equipment, cf. note 10	49,186	32,836	12,956	24,114
Purchase of intangible assets, cf. note 9	18,433	63,974	18,433	63,971
Of which assets held under finance leases	0	669	0	669
Amounts paid concerning the purchase of property, plant and equipment	**67,619**	**96,141**	**31,389**	**87,416**
Proceeds from the arrangement of financial liabilities	0	743	0	743
Of which lease debt	0	743	0	743
Proceeds from the arrangement of financial payables	**0**	**0**	**0**	**0**

Note 24. Subsequent events

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

Note 25. Company acquisitions

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

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

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

There were no transactions in 2009/10.

Note 26. Special items

DKK '000	Group 2009/10	Group 2008/09	Parent company 2009/10	Parent company 2008/09
Legal fees in connection with pending patent cases	2,517	24,171	2,517	24,171
Non-recurring expenses in connection with organisational changes	0	9,800	0	9,800
	2,517	**33,971**	**2,517**	**33,971**

AMBU IN BRIEF

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

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

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

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

Ambu has just over 1,700 employees, of whom approx. 300 work in Denmark and 1,400 abroad.

Ambu is listed on NASDAQ OMX Copenhagen.

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