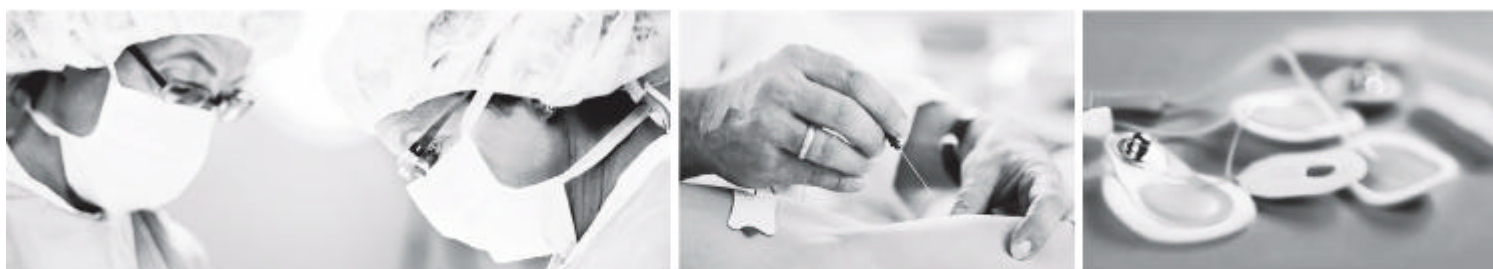


## Report for Q2 2006/07 (1 January - 31 March 2007)

In Q2, Ambu continued the implementation of a number of the activities aimed at ensuring the fulfilment of the targets set out in Strategy 2008. These included focused sales activities in several markets, streamlining of electrode production at the factory in Ølstykke, Denmark, and an improved purchasing function. The growth in revenue saw an increase in Q2 of 10% measured in local currencies. The operating profit (EBIT) was DKK 25.4m, up 17% on the same period last year. Ambu's expectations for FY 2006/07 remain unchanged except for the effect of the development in USD. At the current USD exchange rate, Ambu still expects revenue in the region of DKK 750m and an operating profit in the region of DKK 97m in 2006/07 before adjustment for the one-time effect of the employee share scheme offered.

- Revenue in Q2 was DKK 194.7m against DKK 181.6m in Q2 2005/06, corresponding to an increase of 7% or 10% measured in local currencies. In the period 1 October 2006 - 31 March 2007, revenue rose by 6% (8% measured in local currencies) to DKK 358.3m.
- Revenue within the strategic business areas – Respiratory Care, Cardiology and Neurology – rose by 9% in Q2 (11% measured in local currencies).
- The operating profit (EBIT) was DKK 25.4m in Q2 against DKK 21.7m in the same period last year – up 17%. In the period 1 October 2006 - 31 March 2007, EBIT rose by 15% to DKK 34.7m against DKK 30.3m in the same period last year.
- The profit before tax was DKK 23.0m in Q2 against DKK 20.1m in the same period last year – up 14%. In the period 1 October 2006 - 31 March 2007, the profit before tax rose by 7% to DKK 28.4m against DKK 26.6m last year.
- In the period 1 October 2006 - 31 March 2007, the available cash flow was DKK -7.1m against DKK 15.5m in the same period last year. The primary reason for the lower available cash flow is increased investments and a higher level of receivables.
- The outlook for FY 2006/07 (1 October 2006 - 30 September 2007) as a whole remains unchanged except for the effect of the development in USD. At the current USD rate, Ambu expects revenue in the region of DKK 750m and an operating profit (EBIT) in the region of DKK 97m before adjustment for the one-time effect of the employee share scheme. Furthermore, an available cash flow in the region of DKK 60m is expected.

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### **Conference call**

Conference call and webcast ([www.cse.dk](http://www.cse.dk)) concerning this release will be held in Danish on 11 May 2007 at 1 pm Danish time. To participate, please call tel. +45 70 26 50 40 five minutes before the start of the conference. The conference will subsequently be made available on the Ambu website.

*Ambu develops, produces and markets diagnostic and life-supporting devices to hospitals and rescue services. Ambu has five business areas: Respiratory Care, Cardiology, Neurology, Training and Immobilization. The most important business areas are Respiratory Care, Cardiology and Neurology, and the most important products in these areas are ventilation products for artificial respiration and single-use electrodes for ECG recordings and neurophysiological examinations. Ambu's products are sold worldwide. Exports account for 98% of sales, and sales are handled via Ambu's foreign subsidiaries or via distributors. Ambu has approx. 1,210 employees, of whom approx. 300 work in Denmark and 920 abroad.*

## Financial highlights

DKKm	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06	FY 2005/06
<b>Key figures</b>					
Revenue	195	185	358	340	716
Operating profit (EBIT)	25	22	35	30	83
Profit before tax (PBT)	23	20	28	27	70
Group profit	16	14	20	19	48
Total assets, end of year	704	663	704	663	678
Equity, end of year	391	356	391	356	391
Share capital	118	118	118	118	118
Investments in non-current assets and acquisitions	19	8	31	25	47
Depreciation of and impairment losses on non-current assets	10	9	21	19	44
Cash flows from operating	14	30	24	40	99
Available cash flow	(5)	24	(7)	16	61
Average no. of employees	1,224	1,210	1,224	1,210	1,221
<b>Ratios</b>					
EBITDA margin, %	18.2	16.8	15.6	14.4	17.7
EBIT margin, %	12.8	12.2	9.8	9.0	11.5
Return on assets, %	14.2	13.4	9.9	9.2	12.2
Return on equity, %	16.4	16.0	10.2	10.4	12.9
Equity ratio, %	56	54	56	54	58
Profit per DKK 10 share	1	1	2	2	4
Cash flow per DKK 10 share	1	3	2	3	8
Equity value of shares	33	30	33	30	33
Share price, end of year	102	104	102	104	96
Listed price/equity value	3.1	3.4	3.1	3.4	2.9
P/E ratio	19	22	30	33	33
CAPEX, %	9.7	4.4	8.7	7.4	6.5
ROIC, %	12.1	10.9	8.6	7.7	10.4

The figures for Q2 have not been audited.

The company will apply the international accounting standards (IFRS) as the basis for its financial reporting as of FY 2005/06.

The quarterly statement has been prepared in accordance with the same accounting principles as the annual report for 2005/06.

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

The company's financial year is 1 October - 30 September.

## **Developments in Q2 2006/07**

In Q2, Ambu continued its implementation of the activities aimed at ensuring an effective fulfilment of the targets set out in Strategy 2008.

The sales activities have become more focused. An analysis of the customer mix and customer concentration was carried out in the US market, and based on this analysis Ambu's sales activities were reprioritised to focus on a number of large customer groups. In the UK, the sales force has been divided so that the majority focuses on Respiratory Care and Cardiology, while the rest focuses on the remaining three business areas. The aim of the initiatives is to increase the growth in revenue in the US and UK markets. Similar initiatives are being planned in other markets.

As part of the implementation of the new supply chain strategy, purchasing will be improved through the identification of possible alternative suppliers within all major product categories, among other things. The initial results are promising, and Ambu therefore expects that the improvement of the purchasing function will be able to generate cost savings over the next 1-3 years.

As part of the implementation of the production strategy and the optimisation of the Cardiology business area, the production unit in Ølstykke completed a major automatisisation project in H1 designed to reduce labour costs in the Danish production of electrodes. Much of the labour cost reduction has been achieved as planned, and the last part of the reduction is expected to be achieved in Q2 2006/07.

The Movex ERP system is being implemented in the Chinese production unit. The implementation is progressing according to plan and is expected to be completed by the end of Q3 of the current financial year. The ERP system is expected to improve the management and efficiency of the production unit.

## **Product development and new products**

At the end of Q2, Ambu launched a new product within Respiratory Care, a flexible laryngeal mask called AuraFlex. AuraFlex optimises the use of the single-use laryngeal mask in connection with ear, nose and throat operations. The current single-use products for this type of use do not meet the doctor's requirements. In connection with the launch, Ambu has received positive feedback on AuraFlex, and the product is therefore expected to increase the number of situations in which the laryngeal mask can be used. Ear, nose and throat operations potentially make up approx. 10% of the market for laryngeal masks.

The remaining part of the financial year will see the launch of several new products within Respiratory Care as well as an improvement of several of the existing products within Neurology.

## Comments on the financial statements for Q2 2006/07 and for the period 1 October 2006 to 31 March 2007

### Income statement

#### Revenue

Total revenue in Q2 was DKK 194.7m against DKK 181.6m in Q2 2005/06, corresponding to an increase of 7% (10% measured in local currencies). In the period 1 October 2006 - 31 March 2007, revenue rose by 6% (8% measured in local currencies) to DKK 358.3m against DKK 339.5m in the same period last year.

Developments in exchange rates year to date reduced revenue by DKK 7.8m relative to the same period in 2005/06. The average USD rate was 573 year to date compared to 624 in the same period last year.

#### Revenue within individual business areas

DKKm	Q2 2006/07	Q2 2005/06	Growth in DKK %	Growth in local curren- cies %	YTD 2006/07	YTD 2005/06	Growth in %	Growth in local curren- cies %
Respiratory Care	75.9	70.1	8	12	134.6	128.3	5	8
Cardiology	73.6	67.8	9	9	132.9	127.3	4	5
Neurology	18.2	16.6	10	13	33.5	32.3	4	7
Training	16.0	15.8	1	2	33.0	27.7	19	20
Immobilization and other products	11.0	11.3	-	3	24.3	23.9	2	7
<b>Total</b>	<b>194.7</b>	<b>181.6</b>	<b>7</b>	<b>10</b>	<b>358.3</b>	<b>339.5</b>	<b>6</b>	<b>8</b>

*Within Respiratory Care* growth in revenue in Q2 2006/07 was 12%, and year to date growth was 8%. Growth was seen throughout the entire product range, and there has been a continued increase in sales of laryngeal masks in all important markets. High growth rates were seen in all markets in Q2, except for the US market, due to lower than expected sales to OEM customers.

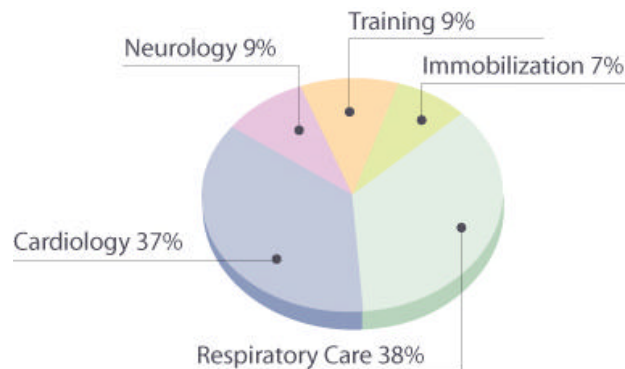
*Within Cardiology* growth in revenue in Q2 2006/07 was at a very satisfactory 9%, and year to date growth was 5%. Revenue showed a satisfactory increase in Spain, the USA, and Italy and within Distributor sales whereas revenue fell by 20% and 2% in France and Germany, respectively. The development in revenue in France was attributable to the loss of one large contract, and for Germany a change in timing.

*Within Neurology* growth in revenue in Q2 2006/07 was 13%, and year to date growth was 7%. Ambu has seen double-digit growth rates in Spain, USA and Italy. For FY 2006/07 as a whole, Neurology is expected to return two-digit growth rates.

*Within Training* growth in revenue in Q2 2006/07 was 2%, while growth year to date was 20%. The highest growth in revenue year to date was realised in France where Ambu won two major tenders as well as making a large delivery to the Red Cross.

*Revenue within Immobilization* increased by 4% in Q2, while sales of other products dropped by 22%. Year to date revenue rose 3% and 16% within Immobilization and other products,

respectively. The increase in revenue within other products is primarily attributable to increasing sales of products for resale.



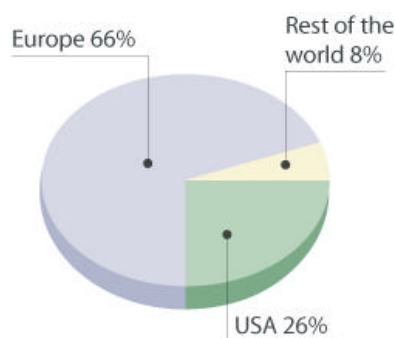
*Revenue by geographical region*

DKK M	Q2 2006/07	Q2 2005/06	Growth in DKK %	Growth in local currencies %	YTD 2006/07	YTD 2005/06	Growth in %	Growth in local currencies %
USA	52.1	55.5	- 6	2	92.9	100.1	- 7	1
Europe	124.6	114.3	9	9	237.2	215.3	10	10
Other	18.0	11.8	53	53	28.2	24.1	17	17
<b>Total</b>	<b>194.7</b>	<b>181.6</b>	<b>7</b>	<b>10</b>	<b>358.3</b>	<b>339.5</b>	<b>6</b>	<b>8</b>

*Total US revenue* rose by 2% in Q2 and by 1% year to date, which is unsatisfactory. However, the outlook for the USA is positive, and growth is expected to increase in Q3 and Q4 2006/07 due to the renewal of contracts with the purchasing organisations Novation, Premier and Magnet. In addition, Ambu expects to see an effect of the refocusing of the sales force.

*Revenue in Europe* rose by 9% in Q2 as a result of considerable growth within the focus areas in Spain, Italy and Germany as well as considerable growth in direct sales in the Nordic region. Moreover, Ambu has seen a satisfactory development in the most important markets within Immobilization and in the newly acquired company in the Netherlands. Year to date revenue rose by 10%.

*Revenue in other markets* increased by 53% in Q2, which is attributable to higher sales in the Middle East, new dealers in South Africa and increased penetration by new products in the South African market as well as increasing sales to the Japanese market.



**Gross profit**

The gross profit was DKK 102m in Q2 2006/07 against DKK 95m in Q2 2005/06.

The gross profit margin was 52 in Q2 2006/07 and is on a par with last year. Sales prices and unit costs are relatively stable.

Year to date the gross profit was DKK 189m against 175m in 2005/06, corresponding to an increase of DKK 14m or 8%. The increase is largely attributable to the higher revenue and to the fact that the gross profit margin year to date is 1 percentage point higher, primarily as a result of an improved product mix.

**Costs**

The group's sales, development, management and administration costs were DKK 76m in Q2 2006/07 against DKK 73m in Q2 2005/06. The most important reason for the increase in costs of DKK 3m is the extraordinary costs for legal assistance, and to a lesser extent a general increase in sales and marketing as well as management and administration activities.

Year to date costs were DKK 154m against DKK 145m in 2005/06, corresponding to an increase of DKK 9m or 6%. The increase is largely attributable to the same circumstances as those mentioned above. The costs are affected by the circumstances mentioned above.

**EBIT**

The operating profit (EBIT) was DKK 25m in Q2 2006/07 against DKK 22m in Q2 2005/06 – an increase in the EBIT margin to 13.1 from 11.9. The reason for the increase is improved cost efficiency, as the gross profit margin was unchanged in Q2.

Year to date EBIT was DKK 34.7m against DKK 30.3m in 2005/06, up DKK 4.4m or 15%. The reason for the increase is that the gross profit rose by DKK 14m and that capacity costs for sales, development, management and administration rose by DKK 9m in the same period.

The changes in foreign exchange rates year to date relative to last year only had a modest effect on EBIT year to date. The changes in foreign exchange rates affected the EBIT margin negatively by approx. 0.2 percentage point.

**Financial items**

Financial items were DKK 2.4m in Q2 against DKK 1.6m in the same period 2005/06. The increase is caused by negative foreign currency translation adjustments. Interest expenses on loans are unchanged relative to Q1 2005/06.

Year to date net financials were DKK 6.3m against DKK 3.7m in 2005/06, up DKK 2.6m. Year to date the reason for the increase is also increasing negative foreign currency translation adjustments.

**Results for the period**

The net profit was DKK 16.1m in Q2 2006/07 against DKK 14.2 million in Q2 2005/06.

Year to date the net profit was DKK 20.0m against DKK 18.5m in 2005/06, up 8%.

## **Balance sheet**

At the end of Q2 2006/07, the balance sheet total was DKK 704m, up DKK 23m relative to the end of 2005/06.

Intangible assets rose by DKK 8m relative to the end of 2005/06 as a result of the takeover of the distribution activities in the Netherlands as well as the capitalisation of development projects. Most of the increase in the balance sheet total is attributable to receivables which rose by DKK 10m. Inventories rose by DKK 8m from DKK 124m to DKK 132m relative to the end of 2005/06. The increase in inventories is largely attributable to an increase in inventories of finished goods, which have been expanded to meet anticipated higher sales in Q3 relative to Q2. At the end of FY 2006/07, inventories are expected to be at a lower level than they were at the end of FY 2005/06.

At the end of Q2 2006/07, investments in non-current assets were DKK 31m, while depreciation of non-current assets was DKK 21m in H1 2006/07. The most significant investments in property, plant and equipment were made in development projects, machinery and equipment, while Ambu has also established its own sales subsidiary in the Netherlands following the acquisition of Ambu's former distributor in the Dutch market.

## **Cash flows**

Cash flows from operating activities were DKK 14m in Q2 2006/07. Focus is on reducing the funds tied up in inventories and trade receivables. Year to date 2006/07 cash flows from operating activities were DKK 24m. Cash flows from operating activities year to date were negatively affected by an increase in the working capital of DKK 24m. The reason for the increase is a drop in trade payables as well as an increase in inventories and trade receivables.

In Q2 2006/07, the group realised a negative available cash flow of DKK -5m against a positive available cash flow of DKK 24m in Q2 2005/06. The difference is caused by the negative effect of the working capital. At the end of Q2 2006/07, the group realised a negative available cash flow of DKK -7m year to date against a positive available cash flow of DKK 16m in the same period in 2005/06.

## **Employee share scheme**

In March 2007, the Board of Directors decided to exercise its authority to increase the company's share capital by up to a total of 200,000 class B shares of DKK 10 each by issuing employee shares.

According to the terms specified, employees were able to subscribe shares at a price of DKK 55 per share in the period 16-20 April 2007.

Employees are expected to subscribe approx. 90,000 class B shares. A notification on the final outcome of the employee share issue and its effect on the financial statements will be released after the expiry of the payment deadline on 31 May 2007. A subscription of approx. 90,000 shares will have a one-time effect on EBIT in 2006/07 of approx. DKK 5m.



## Court case concerning patent infringement

Ambu has since autumn 2005 been party to a patent infringement case.

In autumn 2005, legal proceedings were thus instituted against Ambu by the company LMA (listed on the Singapore Stock Exchange and registered on the Dutch Antilles) in Germany, the claim set up being that Ambu's laryngeal mask constitutes an infringement of a German patent for the reinforcement of the tip of the laryngeal mask. The patent is not used in LMA's own products.

In August 2006 judgment was passed in the case, and according to the judgment Ambu's laryngeal mask constitutes an infringement of LMA's patent in the German market. Ambu has lodged an appeal against the judgment, and a decision is expected in December 2007. LMA has instituted similar proceedings for infringement of its patents in the Netherlands and France. Ambu is contesting the claims in all three cases that the company's products constitute an infringement of LMA's patent and is contesting the validity of it.

Ambu has not lost any customers because of the court cases. The court cases have, however, resulted in additional costs for patent and legal assistance in the period.

## Outlook

After relatively weak revenue growth in Q1 2006/07, revenue growth in Q2 2006/07 did, as expected, increase and as a whole growth within Respiratory Care, Cardiology and Neurology in H2 2006/07 is expected to be roughly on a par with the growth seen in H1.

On the basis of the sales and development initiatives introduced, the continued transfer of production to Asia and focus on cost efficiency, the targets for FY 2006/07 announced earlier are still expected to be met, except for the effect of the development in USD. At the current USD rate, Ambu expects revenue in the region of DKK 750m and an operating profit (EBIT) in the region of DKK 97m before adjustment for the one-time effect of the employee share scheme. Furthermore, an available cash flow in the region of DKK 60m is expected.

The current outlook is based on an average USD exchange rate of 550 in the remainder of FY 2006/07.

## Forward-looking statements

*The above forward-looking statements, especially those related to future sales and operating profit, are subject to risks and uncertainties, as various factors, many of which are beyond Ambu's control, may cause the actual development to differ materially from the expectations contained in this report. Such factors include changes in health care, in the world economy and in foreign exchange rates.*

## Financial calendar

30 August 2007	Report for Q3 2006/07
28 November 2007	Annual report 2006/07
19 December 2007	General meeting

## **Statement by the Board of Directors and the Executive Board on the interim financial report**

Today, the Board of Directors and the Executive Board of Ambu A/S discussed and approved the interim financial report for the period 1 October 2006 - 31 March 2007.

The interim financial report, which is unaudited, has been presented in accordance with the provisions of IFRS concerning measurement and recognition as well as additional Danish requirements for the financial reporting of listed companies.

We consider the accounting policies applied to be appropriate, and in our opinion the interim financial report provides a true and fair view of the group's assets and liabilities, financial standing as well as of its results and cash flows.

Ballerup, 11 May 2007

### **Executive Board**

K. E. Birk  
President and CEO

### **Board of Directors**

N. E. Nielsen, (chair-  
man)

Bjørn Ragle

Jørgen Hartzberg

Anne-Marie Jensen

Torben Ladegaard

Hanne-Merete Lassen

Kirsten Therkildsen  
Søndersted-Olsen

John Stær

Anders Williamsson

## Income statement

DKKm	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06	FY 2005/06
Revenue	194.6	181.6	358.3	339.5	715.9
Production costs	(92.8)	(86.3)	(169.7)	(164.3)	(348.5)
<b>Gross profit</b>	<b>101.8</b>	<b>94.7</b>	<b>188.6</b>	<b>175.2</b>	<b>367.4</b>
Cost of sales	(38.6)	(36.9)	(76.8)	(73.5)	(147.4)
Development costs	(5.3)	(6.8)	(13.4)	(12.6)	(27.2)
Management and administration	(32.5)	(27.8)	(63.7)	(57.3)	(108.6)
Other operating expenses	-	(1.5)	-	(1.5)	(1.5)
<b>Operating profit (EBIT)</b>	<b>25.4</b>	<b>21.7</b>	<b>34.7</b>	<b>30.3</b>	<b>82.7</b>
%	13.1	11.9	9.7	8.9	11.6
Net financials	(2.4)	(1.6)	(6.3)	(3.7)	(12.4)
<b>Profit before tax (PBT)</b>	<b>23.0</b>	<b>20.1</b>	<b>28.4</b>	<b>26.6</b>	<b>70.3</b>
Tax	(6.9)	(5.9)	(8.4)	(8.1)	(21.9)
<b>Profit for the period</b>	<b>16.1</b>	<b>14.2</b>	<b>20.0</b>	<b>18.5</b>	<b>48.4</b>
<b>Profit per share in DKK</b>					
Earnings per share (EPS)	1.37	1.20	1.70	1.57	4.12
Diluted earnings per share (EPS-D)	1.37	1.20	1.70	1.57	4.12

## Balance sheet

DKKm	31.03.07	31.03.06	30.09.06
Intangible assets	174.9	164.7	167.2
Property, plant and equipment	177.9	179.0	177.6
Other non-current assets	-	-	2.6
<b>Total non-current assets</b>	<b>352.8</b>	<b>343.7</b>	<b>347.4</b>
Inventories	132.0	143.0	124.4
Receivables	201.2	168.0	190.8
Cash and cash equivalents	17.7	16.0	15.1
<b>Total current assets</b>	<b>350.9</b>	<b>327.0</b>	<b>330.3</b>
<b>Total assets</b>	<b>703.7</b>	<b>670.7</b>	<b>677.7</b>
Share capital	117.9	117.9	117.9
Reserves and retained earnings	272.6	246.5	273.2
<b>Total equity</b>	<b>390.5</b>	<b>364.4</b>	<b>391.1</b>
Non-current liabilities	67.4	88.0	85.9
Current liabilities	245.8	218.3	200.7
<b>Total liabilities</b>	<b>313.2</b>	<b>306.3</b>	<b>286.6</b>
<b>Total equity and liabilities</b>	<b>703.7</b>	<b>670.7</b>	<b>677.7</b>

## Statement of changes in equity

DKKm	31.03.07	31.03.06	
		6	30.09.06
Equity as at 1 October	391,1	357,5	357,5
Foreign currency translation adjustment, foreign subsidiaries	(4,0)	(0,6)	(4,3)
Value adjustments, forward exchange contracts	1,0	0,7	1,2
Distributed dividend	(17,7)	(11,7)	(11,7)
Profit for the period	20,0	18,5	48,4
<b>Equity</b>	<b>390,5</b>	<b>364,4</b>	<b>391,1</b>

## Cash flow statement

DKKm	31.03.07	31.03.06	
		6	30.09.06
Net profit for the year	11,7	13,5	48,4
Adjustments of depreciation and amortisation etc.	36,1	31,3	57,8
Changes in working capital	(23,7)	(4,8)	(7,5)
<b>Cash flows from operating activities</b>	<b>24,1</b>	<b>40,0</b>	<b>98,7</b>
Investments, net	31,2	24,5	37,9
<b>Available cash flow</b>	<b>(7,1)</b>	<b>15,5</b>	<b>60,8</b>
<b>Cash flows from financing activities</b>	<b>9,7</b>	<b>(9,3)</b>	<b>(55,5)</b>
<b>Changes in cash and cash equivalents</b>	<b>2,6</b>	<b>6,2</b>	<b>5,3</b>
Cash and cash equivalents, beginning of year	15,1	9,8	9,8
<b>Cash and cash equivalents, end of year</b>	<b>17,7</b>	<b>16,0</b>	<b>15,1</b>