

Report for Q1 2006/07 (1 October - 31 December 2006)

In Q1 Ambu focused on implementing the sales and product development activities which were decided in connection with the review of Strategy 2008 in autumn 2006. In Q1 2006/07 organic growth in revenue amounted to 6% while the operating profit (EBIT) was DKK 9.3m. Sales of the newer products accounted for 23% of revenue in Q1. For FY 2006/07, Ambu still expects revenue in the region of DKK 765m and an operating profit of approx. DKK 100m.

- Revenue in Q1 amounted to DKK 163.7m against DKK 157.8m in Q1 2005/06, corresponding to an increase of 4% or 6% measured in local currencies.
- Operating profit (EBIT) was DKK 9.3m in Q1 against 8.6m in the same period last year.
- Profit before tax was 5.5m in Q1 against DKK 6.6m in the same period last year, the fall being attributable to exchange rate adjustments.
- Free cash flow for Q1 2006/07 was negative at DKK -2.3m against DKK -7.6m in the same period last year.
- Ambu is currently party to three pending court cases concerning a violation of the company LMA's patent in respect of a minor product detail of the laryngeal mask. Ambu is denying all claims of a violation of LMA's patent and will contest the validity of LMA's patent. Sales of Ambu's laryngeal masks have not been negatively affected by these court cases in Q1.
- For FY 2006/07 as a whole (1 October 2006 - 30 September 2007) revenue is still expected to be in the region of DKK 765m with an operating profit (EBIT) in the region of DKK 100m. A free cash flow in the region of DKK 60m is expected.

Ambu A/S
Baltorpbakken 13
DK-2750 Ballerup
CVR: 63 64 49 19

T + 45 72 25 20 00
F + 45 72 25 20 50
www.ambu.com



Contact: K.E. Birk, tel. +45 7225 2000, email keb@ambu.com

Telephone conference

Telephone conference and webcast (www.cse.dk) concerning this release will be held **in Danish** on 7 February 2007 at 1 pm (Danish time) To participate, please telephone five minutes before the start of the conference on tel. +45 70 26 50 40. 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. 310 work in Denmark and 900 abroad.

Highlights and key figures

DKKm	Q1 2006/07	Q1 2005/06	FY 2005/06
Key figures			
Revenue	164	158	716
Operating profit (EBIT)	9	9	83
Profit before tax (PBT)	6	7	70
Profit for the period	4	4	48
Total assets at year-end	675	688	678
Equity at year-end	378	365	391
Share capital	118	118	118
Investments in non-current assets and acquisitions	12	17	47
Depreciation of and impairment losses on non-current assets	11	10	44
Cash flows from operating	10	10	99
Free cash flow	(2)	(8)	61
Average no. of employees	1,213	1,294	1,221
Ratios			
EBITDA margin, %	12.2	11.8	17.7
EBIT margin, %	5.7	5.4	11.5
Return on assets, %	5.5	5.0	12.2
Return on equity, %	4.2	4.8	12.9
Equity ratio, %	56	53	58
Profit per DKK 10 share	0.34	0.37	4.12
Cash flow per DKK 10 share	0.85	0.85	8.37
Equity value of shares	32	31	33
Share price at year-end	109	111.0	96
Listed price/equity value	3.4	3.6	2.9
P/E ratio	80	82	23
CAPEX, %	7.4	10.8	6.5
ROIC, %	4.7	4.2	10.4

The figures for Q1 have not been audited.

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

The quarterly statement has been prepared in accordance with the same principles as the Annual Report for 2005/06.

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

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

Developments in Q1 2006/07

In connection with the review of Ambu's strategy in autumn 2006, it was decided to launch a number of activities, primarily within sales and product development. The implementation of these activities is progressing according to plan. In sales, greater focus has, among other things, been on central customers and on the decentralisation of the overall portfolio management, while the country managers have been given more direct customer responsibility. Within product development, greater focus has, among other things, been on a concentration of resources within the areas in which Ambu enjoys the strongest position, while development processes have been made even more market-oriented, and a more flexible structure has been established across the various development teams. To realise these improvements, a search function has been established, and the product management function has been strengthened.

Total revenue increased by 4% in Q1 2006/07 (6% measured in local currencies). The development in revenue is in line with expectations. Sales of the newer products (defined as products launched after 1 October 2003) accounted for 23% of total sales in Q1.

Sales within Respiratory Care increased by 4% in Q1 measured in local currencies. Sales of laryngeal masks have continued to increase during the quarter and are in line with expectations. The reason for the low organic growth within Respiratory Care in Q1 is primarily a modest increase in sales of Ambu's ventilation bags. However, the renewal of contracts with three of the largest US purchasing organisations, which comprise ventilation bags, is expected to contribute to a positive development in sales of ventilation bags in the coming period. Moreover, the recent addition of a new contract with the largest purchasing organisation in the USA, which comprises laryngeal masks, will contribute to growth within Respiratory Care.

Sales within Cardiology increased by 1% in Q1 measured in local currencies as sales in the UK, France and Italy did not develop as expected. Sales are, however, increasing in several countries. A number of activities have been launched to boost growth within Cardiology. The production of electrodes at the plant in Ølstykke is being streamlined with a view to reducing unit costs, and more sales resources are devoted to Cardiology with a view to strengthening Ambu's position, for example among buyers.

Sales within Neurology increased by 1% in Q1 (measured in local currencies). The low growth is primarily attributable to changes in the timing of orders from important distributors. The underlying growth remains good, and Ambu is thus expecting continued high growth in the coming period due to high levels of activity within this area and a good pipeline of potential new customers.

Court case concerning patent violation

Ambu has since autumn 2005 been party to a patent violation 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 judgement 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 violation of its patents in the Netherlands and France. These cases are expected to be concluded within a period of 1-2 years. Ambu is contesting the claims in all three cases that the company's products constitute an infringement of LMA's patent and will also be contesting the validity of it.

The above cases have so far not affected Ambu's sales.

Product development and new products

FY 2006/07 will see the launch of several new products within Respiratory Care as well as an improvement of several of the existing products within Neurology.

The setting up of Ambu's own development facilities in China is progressing according to plan, and the department in China is focusing on the development of variants of the existing products. In the long term, this will increase flexibility, reduce costs and speed up development processes.

Comments on the accounts for Q1 2006/07

Income statement

Revenue

Revenue in Q1 totalled DKK 163.7m against DKK 157.8m in Q1 2005/06, corresponding to an increase of 4% (6% measured in local currencies).

Developments in exchange rates have reduced revenue by DKK 3.3m relative to the same period in 2005/06. The average USD exchange rate in Q1 was 578.

Sales within the strategic business areas – Respiratory Care, Cardiology and Neurology – were unchanged compared to the same period last year, while revenue was up 2% when measured in local currencies. Revenue within Training increased by 44% when measured in local currencies, while revenue within Immobilization and other products increased by 11% when measured in local currencies, corresponding to DKK 1.5m. All in all, revenue developed in line with the outlook for Q1 of the financial year.

Growth within individual business areas

DKKm	Q1 2006/07	Q1 2005/06	Growth in DKK %	Growth in local currencies %
Respiratory Care	58.7	58.2	1	4
Cardiology	59.3	59.4	(0)	1
Neurology	15.3	15.7	(3)	1
Training	17.0	11.9	43	44
Immobilization and other products	13.4	12.6	6	11
Total	163.7	157.8	4	6

Revenue by geographical region

DKKm	Q1 2006/07	Q1 2005/06	Growth in DKK %	Growth in local currencies %
USA	40.9	44.6	(8)	(1)
Europe	112.6	100.9	12	11
Other	10.2	12.3	(17)	(17)
Total	163.7	157.8	4	6

Within Respiratory Care growth in revenue in Q1 2006/07 totalled 4%. There has been a continued increase in sales of laryngeal masks in all important markets. Sales have, for example, been increasing in the UK after three quarters of limited growth. Sales of ventilation bags have been low, while higher growth is expected in the coming period. Spain, France, Germany and the Nordic region have seen satisfactory increases in sales, while sales in the USA have been low following record sales in Q4 2005/06.

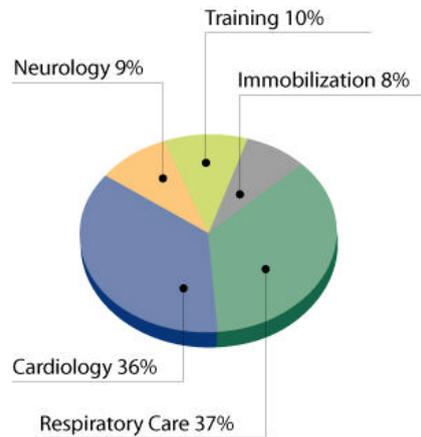
Within Cardiology growth in revenue in Q1 2006/07 totalled 1%. Revenue has grown by more than 5% in Spain, the USA and Germany, while revenue has been falling in the UK and France. The fall in revenue is attributed to intensifying competition in these markets. Growth in revenue for FY 2006/07 as a whole is expected to exceed growth in 2005/06.

Within Neurology growth in revenue in Q1 2006/07 totalled 1%. All markets have realised two-digit growth rates with the exception of the Nordic region and Germany, where revenue has been falling. The most important reason for the fall in revenue is a decrease in sales to certain key customers following the high sales figures for the preceding quarter. This trend is not expected to continue. For FY 2006/07 as a whole, Neurology is expected to return two-digit growth figures.

Revenue within Training increased by 44% in Q1 2006/07. Two-digit growth rates have been realised in all markets with the exception of Spain and the Nordic region. The highest growth

in revenue has been realised in France where Ambu won two major tenders as well as making a large delivery to the Red Cross.

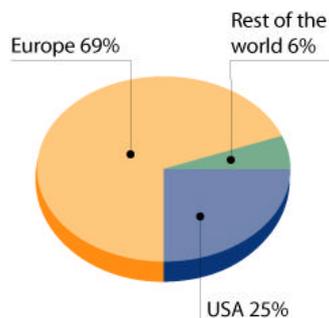
Revenue within Immobilization increased by 2% in Q1 after high sales to the USA in Q4 2005/06, while sales of the other products increased by 24%. The increase in revenue within the other products is primarily attributable to increasing sales of products for resale.



Total revenue in the USA fell by 1% in Q1 after record sales in Q4 2005/06. The outlook in the USA is positive – among other things following the renewal of a three-year contract with the purchasing organisations Novation, Premier and Magnet comprising ventilation bags and the formation of a three-year contract for laryngeal masks with the largest purchasing organisation in the USA, Novation.

Revenue in Europe was up by 11% in Q1 as a result of considerable growth within the focus areas in Spain and Germany as well as a satisfactory development in sales within Training in France, Germany and the newly acquired company in the Netherlands.

Revenue in the other markets fell by 17% in Q1, which is attributable to a change in the timing of sales to certain key distributors. The underlying business is seeing positive development. For example, Ambu has again won the largest tender for ventilation bags in the Middle East. The contract runs for three years.



Gross profit

Gross profit was DKK 87 million for Q1 2006/07 against DKK 80 million for Q1 2005/06.

The gross profit margin of 53 in Q1 2006/07 is 2 percentage points higher than for the same period last year. 0.5 point is attributable to an improved sales mix and higher sales prices, 1 point to lower production costs and 0.5 point to lower production overheads.

Costs

In Q1 2006/07 the group's sales, development, management and administration costs totalled DKK 77m against DKK 72m in Q1 2005/06. The most important reason for the DKK 5m increase in costs is an increase in product development costs of DKK 2m. The rest of the increase is attributable to higher levels of activity as well as general price and pay increases within sales and marketing, management and administration.

EBIT

The operating profits (EBIT) for Q1 2006/07 was DKK 9.3m against DKK 8.6m in Q1 2005/06 – an increase in the EBIT margin from 5.4 to 5.7. The increase is attributable to the increasing gross profit margin.

Net financials

Profit before tax for Q1 was DKK 3.9 million against DKK 2.0m in the same period last year, which is due to negative exchange rate adjustments. Interest expenses on loans are unchanged relative to Q1 2005/06.

Results for the period

The net profit for Q1 2006/07 was DKK 4.0m against DKK 4.4 million for Q1 2005/06.

Balance sheet

At the end of Q1 2006/07, the balance sheet total amounted to DKK 675m, corresponding to a fall of DKK 3m relative to the end of FY 2005/06.

The change is primarily attributable to a fall in receivables. Inventories increased by DKK 13m from DKK 124m to DKK 137m relative to the end of FY 2005/06. The increase in inventories is largely attributable to an increase in inventories of finished goods, which have been boosted with a view to being able to meet the expected higher demand in Q2 relative to Q1. 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.

In Q1 2006/07 capital expenditure amounted to DKK 12m, while depreciation and amortisation of non-current assets totalled DKK 11m. The most significant investments in property, plant and equipment were made in development projects and in machinery and equipment, while Ambu has also established its own sales subsidiary in the Netherlands following the takeover of Ambu's former distributors in the Dutch market.

Cash flow statement

Cash flows from operating activities totalled DKK 9.8m in Q1 2006/07. Focus is on reducing the level of funds tied up in inventories and trade receivables. In the period from 1 October 2006 to 31 December 2006, cash flows from operating activities were negatively affected by an increase in the working capital of DKK 4m. The increase is attributable to a fall in trade payables and an increase in inventories, whereas trade receivables have fallen.

A total of DKK 12m was allocated to investing activities in Q1 2006/07.

In Q1 2006/07 the group realised a negative free cash flow of DKK -2.3m against a negative free cash flow of DKK 7.6m in the same period in FY 2005/06.

Outlook

Revenue for Q1, which traditionally is the weakest quarter of the year, developed as expected, and the outlook is for increasing growth within Respiratory Care, Cardiology and Neurology in the rest of FY 2006/07.

On the basis of the sales and development initiatives introduced, the continued transfer of production to Asia and focus on streamlining, the targets for FY 2006/07 announced earlier are still expected to be met. Revenue in the region of DKK 765m is still expected, together with an EBIT of approx. DKK 100m and a positive cash flow in the region of DKK 60m.

These expectations are based on an average USD exchange rate of 600 in FY 2006/07.

Forward-looking statements

Forward-looking statements, especially such as relate to future sales and operating profit, are subject to risks and uncertainties as 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.

Financial calendar

11 May 2007	Report for Q2 2006/07
30 August 2007	Report for Q3 2006/07
28 November 2007	Annual Report 2006/07
19 December 2007	Annual general meeting

Management's statement

On this day, the Board of Directors and the Executive Board have considered and approved the interim report of Ambu A/S for the period 1 October 2006 to 31 December 2006.

The unaudited annual report is presented in accordance with the IFRS standards concerning measurement and recognition as well as additional Danish disclosure requirements for the annual reports of listed companies.

In our opinion, the accounting policies applied are expedient, and the interim report gives a true and fair view of the group's assets and liabilities, financial position, results and cash flows.

Ballerup, 7 February 2007

Executive Board

K.E. Birk
President & CEO

Board of Directors

N.E. Nielsen
Chairman

Bjørn Ragle

Jørgen Hartzberg

Anne-Marie Jensen

Torben Ladegaard

Hanne-Merete Lassen

Kirsten Therkildsen-
Søndersted Olsen

John Stær

Anders Williamsson

Income statement

DKKm	Q1 2006/07	Q1 2005/06	FY 2005/06
Revenue	163.7	157.8	715.9
Production costs	(76.9)	(77.5)	(348.5)
Gross profit	86.8	80.3	367.4
%	53.0	50.9	51.3
Cost of sales	(38.2)	(36.4)	(147.4)
Development costs	(8.1)	(5.8)	(27.2)
Management and administration	(31.2)	(29.5)	(108.6)
Other operating expenses	-	-	(1.5)
Operating profit (EBIT)	9.3	8.6	82.7
%	5.7	5.4	11.6
Net financials	(3.9)	(2.0)	(12.4)
Profit before tax (PBT)	5.5	6.6	70.3
Tax	(1.5)	(2.2)	(21.9)
Profit for the period	4.0	4.4	48.4
Profit per share in DKK			
Earnings per share (EPS)	0.34	0.37	4.12
Diluted earnings per share (EPS-D)	0.34	0.37	4.12

Balance sheet

DKKm	31.12.06	31.12.05	30.09.06
Intangible assets	170.6	161.9	167.2
Property, plant and equipment	173.0	185.0	177.6
Other non-current assets	-	-	2.6
Total non-current assets	343.5	346.9	347.4
Inventories	137.3	152.0	124.4
Receivables	175.0	165.0	190.8
Cash and cash equivalents	19.4	24.0	15.1
Total current assets	331.7	341.0	330.3
Total assets	675.3	687.9	677.7
Share capital	117.9	117.9	117.9
Reserves and retained earnings	259.7	247.0	273.2
Total equity	377.6	364.9	391.1
Long-term liabilities	81.7	75.0	85.9
Short-term liabilities	216.0	248.0	200.7
Total liabilities other than provisions	297.7	323.0	286.6
Total liabilities	675.3	687.9	677.7

Statement of changes in equity

DKKm	31.12.06	31.12.05	30.09.06
Equity as at 1 October	391.1	357.5	357.5
Translation adjustments, foreign subsidiaries	(3.2)	1.6	(4.3)
Value adjustments, forward exchange contracts	(0.2)	1.5	1.2
Distributed dividend	(14.1)	-	(11.7)
Profit for the period	4.0	4.3	48.4
Equity	377.6	364.9	391.1

Cash flow statement

DKKm	31.12.06	31.12.05	30.09.06
Net profit for the year	4.0	4.3	48.4
Adjustments of depreciation and amortisation etc.	10.1	10.5	57.8
Changes in working capital	(4.3)	(5.1)	(7.5)
Cash flows from operating activities	9.8	9.7	98.7
Investments, net	12.1	17.3	37.9
Free cash flow	(2.3)	(7.6)	60.8
Cash flows from financing activities	6.6	21.8	(55.5)
Changes in cash and cash equivalents	4.3	14.2	5.3
Cash and cash equivalents, beginning of year	15.1	9.8	9.8
Cash and cash equivalents, end of year	19.4	24.0	15.1