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Stock exchange release no. 6-2005/06

Further corrections: Typing error on page 2 " Financial highlights and key figures"

Report for Q1 2005/06 (1 October – 31 December 2005)

Sales of the newer products are increasing according to plan, and three new products are due to be launched in Q2 2005/06. In Q1 2005/06, revenue was DKK 158m, up 8% relative to the same period in 2004/05, while EBITA was DKK 8m. The outlook as regards sales and profit for the year remains unchanged, but may be affected by the situation in the Muslim countries. During Q1 2005/06, Ambu completed the construction of a new factory in Malaysia – the factory was completed on time and is now in full operation.

- Revenue for Q1 was DKK 157.9m against DKK 146.2m in Q1 2004/05 – up 8% when measured in Danish kroner and 5% at unchanged exchange rates relative to the same period last year.
- Sales within the strategically most important business areas – Respiratory Care, Cardiology and Neurology – increased by 8% in Q1 2005/06 at unchanged exchange rates relative to the same period last year.
- Sales of the Ambu Laryngeal Mask and the other newer products increased in line with expectations during Q1.
- The operating profit before goodwill amortisation (EBITA) was DKK 9m in Q1 against DKK 8m for the same period last year.
- The profit before tax for Q1 was DKK 7m against DKK 6m for the same period last year.
- The free cash flow in Q1 2005/06 was negative to an amount of DKK -8m against DKK -11m in the same period last year.
- The outlook for the year is revenue in the region of DKK 720m and an operating profit (EBITA) of approx. DKK 90m. The profit before tax is expected to be in the region of DKK 80m, while cash flow is expected to be positive. Due to the conflict between Denmark and the Muslim countries, there may be a certain risk that revenue will fall by up to DKK 10m.

N.E. Nielsen
Chairman of the Board

K.E. Birk
President & CEO

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Financial highlights and key figures

DKKm		Q1 2005/06	Q1 2004/05	FY 2004/05
Highlights	Revenue	158	146	654
	Gross profit	80	75	341
	Capacity costs	(72)	(67)	(273)
	Operating profit before goodwill amortisation (EBITA)	9	8	68
	Operating profit (EBIT)	9	6	61
	Net financials	(2)	(1)	(8)
	Profit before tax (PBT)	7	6	53
	Profit for the period	4	4	38
	Total assets at year-end	680	605	658
	Equity at year-end	357	318	349
	Share capital	118	59	118
	Investments in fixed assets and acquisitions	17	7	58
	Depreciation and amortisation, fixed assets	10	10	45
	Cash flows, operating activities	10	18	40
	Free cash flow	(8)	11	(15)
	Average no. of employees	1,294	1,072	1,280
Key figures	EBITA margin, %	5.7	5.8	10.4
	EBIT margin, %	5.7	4.4	9.3
	Return on assets, %	5.3	4.2	9.2
	Return on equity, %	4.5	5.3	11.3
	Equity ratio, %	53	53	53
	Profit per DKK 10 share *)	0	0	3
	Cash flow per DKK 10 share *)	1	2	3
	Book value of shares *)	30	27	30
	Share price at year-end *)	111	113	106
	Listed price/book value	3.7	4.2	3.6
	P/E ratio (PE)	82	78	33
	CAPEX, %	10.8	4.8	8.9
	ROIC, %	4.5	4.8	9.2

**) The comparative figures are adjusted for bonus share issue in Q2 2004/05*

The Q1 financials are not audited.

The company will apply the international accounting standards, IFRS, as the basis for its financial reporting as of FY 2005/06. The quarterly report has therefore been prepared in accordance with the IFRS standards. Following the transition to the IFRS principles, the straight-line amortisation of goodwill has been replaced by an impairment test. Goodwill amortisation for Q1 2004/05 was DKK 2m, whereas the figure for Q1 2005/06 is DKK 0m. The comparative figures have not been restated.

The only outstanding issue is the calculation of pension obligations which is being prepared. The pension obligations are not expected to have any significant impact on the profit, balance sheet total and equity.

The key figures 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 to 30 September.

Developments in Q1 2005/06

The combination of intensive sales efforts, the continuous launch of new products and continued growth in Ambu's markets has resulted in a continued increase in sales of newer products. Sales within the hospital segment are seeing considerable growth in several countries.

Sales of the Ambu Laryngeal Mask increased in Q1, continuing the positive trend from Q4 2004/05.Market conditions surrounding the laryngeal mask have thus returned to normal, and Ambu is seeking to make the most of the opportunities offered by a rapidly expanding market driven by the conversion from multiple-use to single-use masks. The Ambu Laryngeal Mask is seen as an innovative product offering excellent properties.

Sales in the USA, which is Ambu's largest market, continue to grow. The quarter saw the continued expansion of the product range sold to the GPOs.

Sales in Europe are on the increase within the three strategically most important business areas, with Respiratory Care seeing the strongest growth. Sales to the German market are increasing again, especially within the hospital segment, despite general stagnation in the market for products for the German health sector.

The situation in the Muslim countries is a source of some concern. Ambu is currently seeing a fall in levels of activity and the number of new orders from these countries. Some hospitals have cancelled their orders. In the short term, there is a risk of a fall in revenue of approx. DKK 10m, while in the longer term there is a risk that Ambu may be precluded from taking part in new tenders. Annual sales in the Muslim countries amount to approx. DKK 15m.

In Q1 2005/06 Ambu completed the construction of a new factory in Malaysia. The factory was completed on time, while the related investments were in line with expectations. The factory covers an area of 4,300 sq.m. The transfer from the old production building in Malaysia and the commencement of production at the new factory have progressed according to plan, and at the end of Q1 the new factory was in full operation. The additional capacity is to be used to meet the expected growth in demand for existing products, including in particular within Neurology, the transfer of production of the remaining needle products from Denmark and for the production of a number of new products.

In Q1, the transfer of production from Denmark to China continued in accordance with the production strategy, and expectations are thus that at least 55% of revenue for 2005/06 will be generated by products manufactured outside Denmark.

In autumn 2005, legal proceedings were instituted against Ambu by the original supplier of the laryngeal mask, LMA. The claim set up against Ambu was for violation of a European patent with respect to a minor product detail. Ambu does not believe that LMA's patent has been violated. Judgement is expected to be delivered in July 2006. The case is not expected to lead to any loss of sales or loss of earnings.

Product development and new products

In Q1, Ambu finished two products within Cardiology as well as a new laryngeal mask product within Respiratory Care. These products will be introduced in Q2.

The products launched at the end of FY 2004/05 have been positively received by the market. The largest product line is the new multiple-use ventilation bags (SPUR II). These products contribute new functionality and are deemed by customers to be of an extremely good quality. The products are expected to make a positive contribution to future growth.

Development in revenue

Revenue for Q1 totalled DKK 157.9m against DKK 146.2m in Q1 2004/05, up 8% and at unchanged exchange rates 5%.

Revenue within the strategic business areas – Respiratory Care, Cardiology and Neurology – was up 11% in Q1 2004/05 and at unchanged exchange rates by 8% relative to the same period last year. This development is satisfactory, but slightly weaker than expected. Revenue within Training and Immobilization fell during the same period.

Revenue within individual business areas

Revenue within Respiratory Care increased in Q1 2005/06 to DKK 58.3m from DKK 50.2m in Q1 2004/05 – corresponding to an increase of 15.9% measured in Danish kroner and 11.2% at unchanged exchange rates. The highest growth was seen in the USA, the UK and Italy.

Revenue within Cardiology increased in Q1 2005/06 to DKK 59.4m from DKK 58.3m in Q1 2004/05 – corresponding to an increase of 2.0% measured in Danish kroner and 0.4% at unchanged exchange rates. Sales in the USA were moderate in Q1 2005/06 due to lower than expected sales to a key distributor. Sales in the USA are expected to increase during the rest of the financial year.

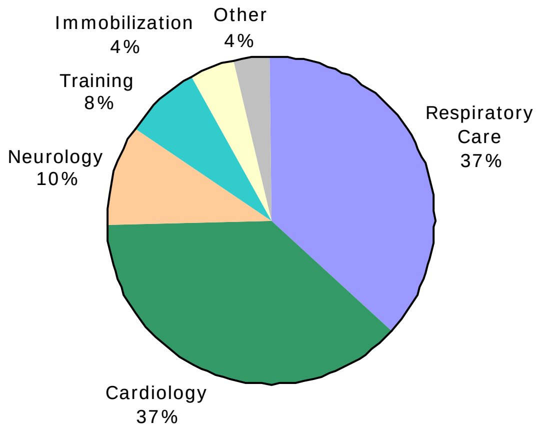
Revenue within Neurology increased in Q1 2005/06 to DKK 15.7m from DKK 11.9m in Q1 2004/05 – corresponding to an increase of 31.6% measured in Danish kroner and 27.7% at unchanged exchange rates.

Growth is broadly based, but at country level the highest organic growth was seen in France, Spain, Germany, the USA, the Scandinavian countries and distributor sales.

Revenue within Training fell in Q1 2005/06 by 4.3% to DKK 11.9m (5.3% at unchanged exchange rates). The German market is the most important reason for the fall in sales.

Revenue within Immobilization and the group's other products fell in Q1 2005/06 by 5.2% (9.3% at unchanged exchange rates) to DKK 12.6m. Sales will be at a relatively low level for H1 2005/06, but are expected to increase in the course of H2 2005/06.

Revenue by product group



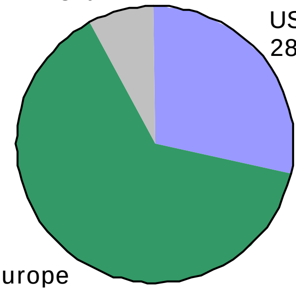
Geographical breakdown of revenue

In the USA, Ambu's largest single market, revenue in Q1 2005/06 totalled DKK 44.6m, corresponding to an increase of 9.6% measured in Danish kroner and 0.3% at unchanged exchange rates relative to Q1 2004/05. Sales to this market account for 28.3% of total revenue. Growth within Respiratory Care was 23.3%, while Neurology saw growth of 13.3%. The other business areas saw a fall in revenue. The fall in revenue is expected to be due to a timing difference, among other things as a result of the very high growth in Q4 2004/05.

Revenue in Europe totalled DKK 100.9m in Q1 2005/06, corresponding to a 7.3% increase relative to Q1 2004/05 (6.6% at unchanged exchange rates). This means that Europe accounts for 64.0% of total revenue.

Revenue in the other markets amounted to DKK 12.3m in Q1, up 8.4% relative to Q1 2004/05 (8.4% at unchanged exchange rates). This means that revenue in the non-European markets accounts for 7.7% of total revenue.

Geographical breakdown of revenue



Comments on the financial statements for Q1 2005/2006

Income statement

Revenue

Consolidated revenue for Q1 2005/06 amounted to DKK 158m against DKK 146m in Q1 2004/05, up 8.2%. At unchanged exchange rates, revenue increased by 6.2%. Exchange rate fluctuations in Q1 resulted in an increase in revenue of DKK 2.5m relative to the same period in FY 2004/05.

Exports accounted for 98% of consolidated revenue.

Gross profit

Gross profit for Q1 2005/06 amounted to DKK 80m against DKK 75m in Q1 2004/05, up 6.7%.

The gross profit ratio is down from 51.4 to 50.6, which is primarily attributable to an increase in depreciation on operating assets in Denmark and higher indirect production costs in Asia on account of a higher level of activity as well as the relocation to a new building in Malaysia. In comparison with the same period last year, our production efficiency and our product mix have seen improvements.

Costs

The group's sales, development, management and administration costs amounted to DKK 72m in Q1 2005/06 against DKK 67m in Q1 2004/05. The most important reason for the increase in costs is the allocation of more sales resources to the sales companies with a view to seizing the current market opportunities, preparing future growth and marketing new products. Furthermore, the move to new premises in the USA and Germany resulted in increased costs, while product development costs also increased.

EBITA and EBIT

The operating profit before goodwill amortisation (EBITA) was DKK 9m in Q1 2005/06 against DKK 8m in Q1 2004/05.

The EBITA margin was 5.5% against 5.8% in the same period in 2004/05.

The operating profit (EBIT) was DKK 9m in Q1 2005/06 against DKK 6m in Q1 2004/05. The increase is primarily attributable to the fact that as from FY 2005/06, the company will be applying the IFRS standards. This means that the amortisation of goodwill in accordance with the straight-line principle has been replaced by an impairment test.

Net financials
Net financials for Q1 amounted to DKK 2m against DKK 1m in the same period in 2004/05. The increase is attributable to lower translation gains relative to the same period in 2004/05 together with increasing interest payments due to investments in buildings in Malaysia as well as machinery and equipment etc.

Profit for the period
The net profit for Q1 2005/06 was DKK 4m, which is unchanged relative to Q1 2004/05.

The operating margin was 4.1% in Q1 2005/06 against 3.9% in the same period of FY 2004/05.

Balance sheet
At the end of Q1 2005/06, the balance sheet total amounted to DKK 680m, corresponding to an increase of DKK 22m compared with the end of FY 2004/05.

The change is primarily attributable to increases in inventories of DKK 17.1m from DKK 134.5m to DKK 151.6m. Trade receivables fell by DKK 21.5m, while cash and cash equivalents increased by DKK 13.9m. Fixed assets increased by DKK 9.0m.

The increase in inventories is caused by stock-building of DKK 3.3m, primarily in the USA, as well as stock-building by the production companies of DKK 12.5m in anticipation of increases in activity levels. In Q1, work went into improving the management of the group's inventories, partly through a centralisation of stock management, and partly through improving the basis for determining the size of the inventories. These measures are expected to have an impact from Q2 2005/06 onwards.

In Q1, fixed asset investments amounted to DK 17.4m, while depreciation on fixed assets will amount to DKK 9.5m. The most significant investments in property, plant and equipment were made in Asia in connection with the relocation of production and the new production facilities in Malaysia. Furthermore, DKK 4.2m was invested in development projects.

Equity
As at 31 December 2005, equity amounted to DKK 357m against DKK 349m on 30 September 2005.

Change in equity

DKKm	2005/06
Equity as at 1 October 2005	349.1
Exchange rate adjustment in respect of opening equity in foreign companies	1.6
Adjustment of forward exchange contracts	1.5
Profit for the period after tax	4.3
Equity as at 31 December 2005	356.5

Cash flow statement
Cash flows from operating activities amounted to DKK 10m in Q1 2005/06. Cash flows from operating activities in Q1 were negatively affected by an increase in working capital of DKK 5m. The increase is primarily attributable to an increase in inventories of DKK 17.1m. Trade payables fell by DKK 12.5m, while trade receivables fell by DKK 22.8m.

A total of DKK 17m was spent on investing activities in Q1 2005/06.

In 1Q 2005/06 the group realised a negative free cash flow of DKK 7.6m.

Outlook

Revenue in Q1, which is traditionally the weakest quarter of the year, developed in line with expectations. Satisfactory growth was seen within Respiratory Care and Neurology, while revenue within Cardiology was unchanged. The new products being introduced within Cardiology are expected to lead to satisfactory growth within this area for FY 2005/06 as a whole.

The combination of more product launches in the course of the year, increasing sales of the newer products and intensified sales efforts will result in a continued increase in revenue. Revenue for FY 2005/06 as a whole is expected to be in the region of DKK 720m.EBITA for FY 2005/06 is expected to be about DKK 90m, while the profit before tax is expected to be in the region of DKK 80m. Ambu has, however, seen a downturn in activity and in the order flow from the Muslim countries. This may result in a risk of a fall in revenue of up to DKK 10m in FY 2005/06.

A positive free cash flow is still expected for FY 2005/06.

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

18 May 2006	Report for Q2 2005/06
31 August 2006	Report for Q3 2005/06

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. 1,305 employees, of whom 370 work in Denmark and 935 abroad.

Appendix

Income statement

DKKm	Q1 2005/06	Q1 2004/05	FY 2004/05
Revenue	158	146	654
Production costs	78	71	313
Gross profit	**80**	**75**	**341**
Cost of sales	36	35	144
Development costs	6	5	21
Management and administration	30	27	105
Other operating income/expenses			3
Operating profit before amortisation of goodwill (EBITA)	**9**	**8**	**68**
Amortisation of goodwill	-	2	7
Operating profit (EBIT)	**9**	**6**	**61**
Net financials	(2)	(1)	(8)
Profit before tax (PBT)	**7**	**6**	**53**
Tax	2	2	15
Profit for the period	**4**	**4**	**38**

Balance sheet

DKKm	31.12.05	31.12.04	30.09.05
Intangible assets	154	152	152
Property, plant and equipment	185	162	178
Total fixed assets	**339**	**314**	**330**
Inventories	152	103	135
Receivables	165	169	183
Cash and cash equivalents	24	19	10
Total current assets	**341**	**291**	**328**
Total assets	**680**	**605**	**658**
Total equity	**357**	**318**	**349**
Total provisions	**7**	**1**	**7**
Long-term liabilities other than provisions	68	89	73
Short-term liabilities other than provisions	248	197	229
Total liabilities other than provisions	**316**	**286**	**302**
Total liabilities	**680**	**605**	**658**