



# LMA INTERNATIONAL N.V.

Company Registration No. 80879

## Financial Statements for the Three Months ended March 31, 2009 (In accordance with U.S. Generally Accepted Accounting Principles)

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS.

- 1 (a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### Group Consolidated Statement of Operations:

(U.S. Dollars, in thousands)	Three months ended March 31,	
	2009	2008
<b>Net sales</b>	\$24,235	\$24,469
Cost of sales (Note (4))	(8,798)	(8,670)
<b>Gross profit</b>	<b>15,437</b>	<b>15,799</b>
Operating expenses (Note (1))		
Selling, general and administrative	(13,111)	(13,243)
Research and development	(343)	(344)
Amortisation of intangible assets	(308)	(218)
	(13,762)	(13,805)
<b>Total operating income</b>	<b>1,675</b>	<b>1,994</b>
Interest income	12	249
Interest expense	(24)	(121)
Other, net (Note (2))	(117)	499
<b>Other income / (expenses), net</b>	<b>(129)</b>	<b>627</b>
<b>Net income before income taxes</b>	<b>1,546</b>	<b>2,621</b>
Income tax expense	(43)	32
<b>Net income</b>	<b>1,503</b>	<b>2,653</b>
Add: Net losses attributable to the non-controlling interests (Note (6))	298	248
<b>Net income (excluding non-cash stock compensation charge) attributable to LMA International N.V.</b>	<b>1,801</b>	<b>2,901</b>
Non-cash stock compensation charge (Note (7))	(303)	(347)
<b>Net income attributable to LMA International N.V.</b>	<b>\$1,498</b>	<b>\$2,554</b>

#### Notes:

(U.S. Dollars, in thousands)		
(1)	Included in operating expenses above are:	
	Depreciation and amortisation	1,015      867
	Allowance for doubtful debts (no bad debts were written off)	-      -
(2)	Included in other income above are foreign exchange (losses)/gains	(269)      380
(3)	Included in income tax expenses are adjustments for under or (over) provision of tax in respect of prior years	-      -
(4)	Included in cost of sales is a provision for component stock (no write-offs for stock obsolescence)	-      -
(5)	There was no impairment in value of investments during the three months ended March 31, 2009.	
(6)	Non-controlling interests relates to our joint venture partner's interest in LMA Urology and 20% of LMA PacMed Pty Ltd ("LMA PacMed"). With the adoption of SFAS 160, the presentation of this, in both the Income Statement and Balance Sheet, has been updated. This change in reporting format has no impact on the reported results of the Company.	
(7)	Share options under the Company's Executive Share Option and Shadow Share Option Plans are issued to certain of our directors and employees. Under accounting rules, we are required to treat the fair value of these share awards as a compensation expense. The Company uses the Black-Scholes valuation model for calculating	

the fair value of these options. The accounting treatment for these options has no impact on our cash flow, net assets or distributable reserves. Additionally, the Company has granted long-term incentive plans to its senior executives. These plans include conditional share awards which will vest on the Company's share price attaining certain pre-set levels. The Company has not yet completed a fair market valuation of the scheme but does not consider that there would be a material charge.

**1 (b)(i) A balance sheet for the group, together with a comparative statement as at the end of the immediately preceding financial year (under U.S. GAAP, the Company does not present a balance sheet)**

(U.S. Dollars, in thousands)	March 31, 2009	December 31, 2008
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$34,390	\$35,635
Trade accounts receivable, less allowance for doubtful debts	15,693	16,640
Amounts due from related parties	157	107
Inventories	13,085	13,887
Deferred tax assets	1,287	1,177
Prepaid expenses	1,412	639
Other current assets	1,584	1,545
<b>Total current assets</b>	<b>67,608</b>	<b>69,630</b>
<b>Non-current assets:</b>		
Deferred tax assets	2,440	2,607
Property, plant and equipment, net	7,012	7,258
Goodwill	19,496	19,496
Other intangible assets	16,996	17,327
Other long-term assets	1	1
<b>Total assets</b>	<b>\$113,553</b>	<b>\$116,319</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities:</b>		
Trade accounts payable	\$1,771	\$2,095
Accounts due to related parties	2,276	3,506
Other current liabilities	12,466	14,490
<b>Total current liabilities</b>	<b>16,513</b>	<b>20,091</b>
<b>Non-current liabilities:</b>		
Deferred tax liabilities	305	305
Deferred revenue	298	298
Other long-term liabilities	39	51
<b>Total liabilities</b>	<b>17,155</b>	<b>20,745</b>
Commitments and contingencies	-	-
<b>Equity</b>		
<b>LMA International N.V. shareholders' equity:</b>		
Common shares: Issued: 587,774,941	59	59
Additional paid-in capital	53,367	53,064
Treasury shares: 40,974,000 (2008: 39,674,000)	(6,377)	(6,274)
Retained earnings	49,144	47,646
Accumulated other comprehensive income	(1,427)	(851)
<b>Total LMA International N.V. shareholders' equity</b>	<b>94,766</b>	<b>93,644</b>
<b>Non-controlling interests</b> (Note (6))	<b>1,632</b>	<b>1,930</b>
<b>Total equity</b>	<b>96,398</b>	<b>95,574</b>
<b>Total liabilities and equity</b>	<b>\$113,553</b>	<b>\$116,319</b>

**1 (b)(ii) Aggregate amount of group's borrowings and debt securities.**

None.

1 (c) **A cash flow statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

(U.S. Dollars, in thousands)	Three months ended March 31,	
	2009	2008
<b>Cash flows from operating activities:</b>		
<b>Net income</b>	\$1,498	\$2,554
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortisation	1,015	867
Deferred taxes	11	(321)
Minority interest in net (income)/losses of consolidated subsidiaries	(298)	(248)
Non-cash stock compensation charge	303	347
<b>Changes in operating assets and liabilities:</b>		
Decrease in trade accounts receivables and amounts due from related parties	193	676
Decrease/(increase) in inventories	456	(1,067)
(Increase)/decrease in other assets	(843)	853
Increase/(decrease) in trade accounts payable and accounts due to related parties	820	(155)
(Decrease) in other current liabilities	(1,944)	(659)
<b>Net cash provided by operating activities</b>	<b>1,211</b>	<b>2,847</b>
<b>Cash flows from investing activities:</b>		
Purchase of business	-	(6,030)
Capital expenditures	(471)	(405)
Proceeds from sale of equipment	38	-
Acquisition of other intangible assets	(1,755)	(225)
<b>Net cash used in investing activities</b>	<b>(2,188)</b>	<b>(6,660)</b>
<b>Cash flows from financing activities:</b>		
Purchase of Treasury Shares	(103)	(529)
<b>Net cash used in financing activities</b>	<b>(103)</b>	<b>(529)</b>
Effect of exchange rates changes on cash and cash equivalents	(165)	165
Net (decrease) / increase in cash and cash equivalents	(1,245)	(4,177)
Cash and cash equivalents at the beginning of the period	35,635	30,627
Cash and cash equivalents at the end of the period	\$34,390	\$26,450
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the period for:		
Interest	\$-	\$35
Income taxes	\$736	\$817
<b>Supplemental schedule of non-cash investing and financing activities</b>		
In 2008, the Company purchased the Pain Care business of Breg, Inc for a total consideration of \$6.1 million. In conjunction with this acquisition, full liabilities assumed on acquisition and consolidated were as follows:		
Fair value of assets acquired (including intangible asset)	\$-	\$6,030
Existing investment	-	-
Cash paid for the acquisition	-	(6,030)
Liabilities assumed	\$-	\$-

- 1 (d)(i) A statement for the group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (under U.S. GAAP, the Company does not present a statement of changes in equity).

LMA International N.V. Shareholders							
(U.S. Dollars, in thousands)	Common shares	Treasury shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Non-controlling interest	Total Equity
<b>At January 1, 2009</b>	\$59	\$(6,274)	\$53,064	\$47,646	\$(851)	\$1,930	\$95,574
Net income for the period	-	-	-	1,498	-	(298)	1,200
Foreign currency translation adjustment	-	-	-	-	(576)	-	(576)
Total comprehensive income							624
Common shares acquired for treasury	-	(103)	-	-	-	-	(103)
Non-cash stock compensation charge	-	-	303	-	-	-	303
<b>At March 31, 2009</b>	\$59	\$(6,377)	\$53,367	\$49,144	\$(1,427)	\$1,632	\$96,398

LMA International N.V. Shareholders							
(U.S. Dollars, in thousands)	Common shares	Treasury shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Non-controlling interest	Total equity
<b>At January 1, 2008</b>	\$59	\$(1,461)	\$51,749	\$38,800	\$1,006	\$3,609	\$93,762
Net income for the period	-	-	-	2,554	-	(248)	2,306
Foreign currency translation adjustment	-	-	-	-	128	-	128
Total comprehensive income							2,434
Common shares acquired for treasury	-	(530)	-	-	-	-	(530)
Non-cash stock compensation charge	-	-	347	-	-	-	347
<b>At March 31, 2008</b>	\$59	\$(1,991)	\$52,096	\$41,354	\$1,134	\$3,361	\$96,013

- 1 (d)(ii) Details of any changes in the company's share capital.

Pursuant to the Share Purchase Mandate approved by the Shareholders, the Company purchased 1,300,000 of its common shares by way of on-market purchases in Q1 2009 at a share price of S\$0.12. The Company holds the shares bought back as treasury shares at cost. A total of 40,974,000 shares are held as treasury shares as at March 31, 2009.

- 1 (d)(iii) Number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	March 31, 2009	December 31, 2008
Number of issued shares	587,774,941	587,774,941
Less: number of treasury shares	(40,974,000)	(39,674,000)
<b>Number of issued shares excluding treasury shares</b>	<b>546,800,941</b>	<b>548,100,941</b>

- 1 (d)(iv) Statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

None.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year with those adopted for the financial year ended December 31, 2008.

The Group's annual consolidated financial statements have been prepared in accordance with U.S. GAAP.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Effective January 1, 2009, the Company adopted SFAS 141(R), "Business Combinations (revised)" ("SFAS 141(R)"). SFAS 141(R) replaces SFAS 141 "Business Combinations" ("SFAS 141") and retains the fundamental requirements in SFAS 141 that the acquisition method of accounting (the "purchase method") be used for all business combinations and for an acquirer to be identified for each business combination. SFAS 141(R) applies to all transactions or other events in which an entity obtains control of one or more businesses. SFAS 141(R) requires an acquirer to recognise the assets acquired, the liabilities assumed and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS 141(R) replaces SFAS 141's cost-allocation process, which requires the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair values. SFAS 141(R) requires the acquisition-related costs to be recognised separately from the acquisition. The adoption of SFAS 141(R) did not have a material impact on the Company's financial position, results of operations and cash flows as the Company had no acquisitions in the first quarter of 2009.

Effective January 1, 2009, the Company adopted SFAS 160, "Non-controlling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 amends Accounting Research Bulletin 51 "Consolidated Financial Statements" ("ARB 51") to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also changes the way the consolidated income statement is presented by requiring consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the non-controlling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the non-controlling interest. The adoption of SFAS 160 did not have a material impact on the Company's financial position, results of operations and cash flows. Presentation of non-controlling interests has been changed to reflect the new standard as explained in Note (6) under 1(a).

Effective January 1, 2009, the Company adopted SFAS 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of SFAS 133" ("SFAS 161"). SFAS 161 requires entities to provide enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" and its related interpretations, and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. The adoption of SFAS 161 did not have a material impact on the Company's financial position, results of operations and cash flows. The Company will reflect required disclosures in its Financial Statements for the year.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<u>Three months ended March 31,</u>	
<u>(U.S. Dollars, in thousands, except share and per share amounts)</u>	<u>2009</u>	<u>2008</u>
Net income attributable to LMA International N.V. shareholders excluding non-cash stock compensation charge	\$1,801	\$2,901
Weighted average number of shares	547,523,163	582,315,326
<b>Earnings per share before non-cash stock compensation charge (in U.S. cents)</b>	<b>0.329</b>	<b>0.498</b>

7. **Net asset value for the group per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

(U.S. Dollars, in thousands, except per share amounts)	March 31, 2009	December 31, 2008
Net assets of the Group	\$94,765	\$93,644
Number of shares net of treasury shares	546,800,941	548,100,941
<b>Net assets per share</b> (in U.S. cents)	<b>17.331</b>	<b>17.085</b>

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The LMA International N.V. Group designs, develops, markets and distributes medical equipment, principally the LMA™ laryngeal mask airway line of supraglottic airway device products. We market and distribute our products in over 100 countries through a combination of our direct sales force in the United States, Germany, Australia, New Zealand and Singapore and a global network of independent distributors.

Group Net Sales	Three months ended December 31,	
	2009	2008
	US\$'000	US\$'000
Anaesthesia Products	23,408	24,082
Other Products	827	387
<b>Total Group Net Sales</b>	<b>24,235</b>	<b>24,469</b>

Anaesthesia Product Sales	Three months ended March 31,			
	2009		2008	
	US\$'000		US\$'000	
United States	14,306	61%	14,116	59%
International	9,102	39%	9,966	41%
<b>Total Net sales</b>	<b>23,408</b>	<b>100%</b>	<b>24,082</b>	<b>100%</b>
Reusable devices	6,954	30%	8,762	36%
Single-use devices	13,879	59%	12,485	52%
Other	2,575	11%	2,835	12%
<b>Total</b>	<b>23,408</b>	<b>100%</b>	<b>24,082</b>	<b>100%</b>

Laryngeal Masks	Three months ended March 31,	
	2009	2008
Reusable units sold	37,656	43,660
Single-use units sold	1,509,090	1,318,985
<b>Total units sold</b>	<b>1,546,746</b>	<b>1,362,645</b>
Average revenue per unit of reusable units (US\$)	<b>184.67</b>	<b>200.69</b>
Average revenue per unit of single-use units (US\$)	<b>9.20</b>	<b>9.47</b>

**First quarter of 2009 (Q1 2009) compared to first quarter of 2008 (Q1 2008).**

**Group Net Sales** for Q1 2009 at US\$24.2 million, decreased by US\$0.2 million or 1% from Q1 2008. However, when measured at 2008 exchange rates, Group Net Sales grew by 3.5%.

Sales of anaesthesia products, which include the LMA PerfecTemp™ patient warming device, amounted to US\$23.4 million (up 2% on Q1 2008 at 2008 exchange rates), with the balance of US\$0.8 million being other product sales including the LMA StoneBreaker™ and the Pain Care® range of ambulatory infusion pumps. During the quarter, most markets experienced the ongoing effects of tight liquidity, with capital budgets taking longer to gain approval and customers generally reducing cash commitments.

Net sales of anaesthesia products in the United States at US\$14.3 million for Q1 2009 increased by 1% over sales of US\$14.1 million for Q1 2008. The U.S. market continues to be highly price competitive.

Net sales of anaesthesia products for International at US\$9.1 million for Q1 2009 decreased by 9% over sales of US\$10.0 million for Q1 2008. LMA Deutschland achieved local currency sales growth for the quarter and continues to show progress despite tough market conditions.

For the Group, total sales of single-use devices for Q1 2009 increased 11%, in revenue terms and 14% in unit terms, compared to Q1 2008. A significant portion of this increase was generated by the LMA Supreme™. The trend towards single-use products continues in all major markets.

Sales of LMA StoneBreaker™ were minimal in the quarter as the preparations for the launch of the product under the Cook brand were completed. The LMA StoneBreaker™ has been exhibited at Urology meetings in the United States and Europe and has been well received.

**Gross profit** for the Group at US\$15.4 million for Q1 2009 decreased by US\$0.4 million or 2% over Q1 2008. Gross profit from anaesthesia products at US\$15.1 million for Q1 2009 decreased by US\$0.5 million or 3% over Q1 2008. Gross margin at 64% for Q1 2009 was down from 65% for Q1 2008 due to a higher mix of third party distributor devices and the exchange impact of sales in non-U.S. dollars partially offset by lower single-use manufacturer prices.

Group **Selling, general and administrative expenses** ("SG&A") at US\$13.1 million for Q1 2009 decreased by US\$0.1 million or 1% from US\$13.2 million for Q1 2008. At 2008 exchange rates, SG&A was 2% higher than the previous year. Excluding expenses for the LMA Urology joint venture and Pain Care®, SG&A decreased by US\$0.5 million or 4% from Q1 2008. The decrease in anaesthesia operating expenses, despite the higher legal costs related to its current patent infringement litigation against Ambu A/S in the United States, which continues to be pursued vigorously in the Courts, was due to general savings.

For Q1 2009, SG&A expenses (excluding LMA Urology and Pain Care®) were 51% of net sales, in line with Q1 2008.

**Operating income** (excluding LMA Urology operating losses) at US\$2.4 million for Q1 2009 was 10% down on Q1 2008 as a result of the above factors and the impact of exchange differences.

**Net income** excluding non-cash stock compensation charge decreased by 38% to US\$1.8 million for Q1 2009 from US\$2.9 million for Q1 2008 as a result of the factors outlined above, as well as a net adverse movement on foreign exchange gains/losses of US\$0.7 million and lower interest income.

The Company continues to have a strong balance sheet with cash balances of US\$34.4 million and no debt at the end of the quarter. **Net assets\*** amounted to US\$94.8 million at March 31, 2009, some US\$1.2 million higher than December 31, 2008 due primarily to cash generated in the quarter.

**Net cash provided by operating activities** was US\$1.2 million for Q1 2009. Net cash used in investing activities totalled US\$2.2 million for the quarter being primarily due to the payment for the acquisition of the product development of the LMA Supreme™ paediatric sizes.

\* Net Assets are measured as Total Assets less Total Liabilities less non-controlling interests.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast was made for the quarter.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The general financial and economic environment continues to impact the medical device industry, as identified in our report on the results for the 2008 financial year, for example through fewer elective surgeries and tight liquidity. However, the LMA Supreme™ continues to be well received by clinicians while the Cook distribution arrangement is expected to significantly improve the performance of the Urology division.

On April 28, 2009, the German Federal Patent Court upheld the validity of the Company's patent – Utility Model DE 299 24738 – following an appeal by Ambu against the earlier decision of the German Patent Office confirming its validity. This decision by the German Court will allow the Company to pursue its damages claim against Ambu for infringing this patent.

**11. Dividends.**

The Company has not declared a dividend.

**12. If no dividend has been declared (recommended), a statement to that effect.**

The Company did not declare any dividends in the first quarter of either year in this statement.

**13. Interested person transactions.**

Details of interested party transactions for the three months ended March 31, 2009 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the <b>three months ended March 31, 2009</b> (excluding transactions less than S\$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Forefront Medical Technology	-	\$3,999,000
Arrow Medical	-	\$125,000
Chelle Medical	-	\$491,000

**14. Confirmation by the Board pursuant to Rule 705(4) of the Listing Manual.**

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the interim financial results for the period ended March 31, 2009 to be false or misleading.