



LMA INTERNATIONAL N.V.

Company Registration No. 80879

Financial Statements for the Fourth Quarter and Full Year ended December 31, 2007

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 December 31,		Year ended December 31,	
	2007	2006	2007	2006
Net sales	\$25,337	\$23,674	\$99,616	\$90,589
Cost of sales	(10,330)	(7,630)	(34,342)	(26,348)
Gross profit	15,007	16,044	65,274	64,241
Operating expenses (Note (1))				
Selling, general and administrative	(12,701)	(10,169)	(47,492)	(38,607)
Research and development	(46)	(315)	(1,231)	(1,512)
Amortisation of intangible assets	(409)	(135)	(745)	(172)
	(13,156)	(10,619)	(49,468)	(40,291)
Total operating income	1,851	5,425	15,806	23,950
Interest income	276	248	1,063	710
Interest expense	(3)	(14)	(64)	(118)
Other, net (Note (2))	670	769	874	1,236
Other income / (expenses), net	943	1,003	1,873	1,828
Net income before income taxes, minority interests and share of net earnings of associate	2,794	6,428	17,679	25,778
Income tax expense	(75)	(668)	(2,100)	(2,608)
Minority interests (Note (6))	139	195	(80)	706
Share of net earnings of associate (Note (7))	-	(38)	-	178
Net income excluding non-cash stock compensation charge and non-cash U.K. tax charge	\$2,858	\$5,917	\$15,499	\$24,054
Non-cash stock compensation charge (Note (8))	(350)	(443)	(1,508)	(1,517)
Non-cash U.K. tax charge (Note (9))	-	-	(1,275)	-
Net income	\$2,508	\$5,474	\$12,716	\$22,537

Notes:

(U.S. Dollars, in thousands)

- | | | | | |
|--|-------|-----|-------|-------|
| (1) Included in operating expenses above are: | | | | |
| Depreciation and amortisation | 1,099 | 794 | 3,400 | 2,313 |
| Allowance for doubtful debts | 367 | 207 | 367 | 207 |
| Profit on sale of properties, plant and equipment | - | - | - | - |
| (2) Included in other income above are foreign exchange gains / (losses) | 656 | 553 | 829 | 1,184 |
| (3) Included in income tax expenses are adjustments for under or (over) provision of tax in respect of prior years (See also Note (9)) | - | - | - | - |
| (4) No bad debts were written off. \$153,000 in write-off for stock obsolescence was made against prior year provisions. \$1.2 million of additional inventory provisions were made. | | | | |
| (5) There was no impairment in value of investments during the three months and year ended December 31, 2007. | | | | |
| (6) Minority interests relates to our joint venture interest in LMA Urology and 20% of LMA PacMed Pty Ltd ("LMA PacMed"). | | | | |
| (7) In 2006, share of net earnings of associate reflected our share of profits of LMA PacMed. Under Generally Accepted Accounting Principles, we were required to make an adjustment to eliminate unrealised profit on our 30% share of our associate's inventory of laryngeal masks in 2006. This adjustment was netted off against share of net earnings | | | | |

of associate. In 2007, we purchased a further 50% of LMA PacMed and therefore the results of LMA PacMed have been consolidated in 2007.

- (8) Under the Company's Executive Share Option Plan and Compensation Scheme, we granted share options to certain of our directors and employees. Under current U.S. GAAP, we are required to treat the fair value of these share awards as a compensation expense from 2006 onwards. The Company uses the Black-Scholes valuation model for calculating the fair value of these options and has determined that it will adopt the modified prospective method, as permitted under U.S. GAAP. The accounting treatment for these options has no impact on our cash flow, net assets or distributable reserves.
- (9) During the third quarter of 2007, the Company booked a non-cash corporation tax charge of US\$1.275 million resulting from the settlement of a tax claim from the U.K. HM Revenue & Customs on a former subsidiary, The Laryngeal Mask Co UK Ltd, by Venner Capital SA ("Venner Capital"). The Company had an indemnity against this liability from Venner Capital, but under Generally Accepted Accounting Standards, the Group was required to book any such taxation liability as a charge through its Consolidated Statement of Operations, even though it was a non-cash item that had no impact on underlying profitability or net assets. Full details of this claim were disclosed in LMA's Offer Circular at the time of its initial public offering, an extract of which was reproduced in the announcement of October 11, 2007.

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)	December 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$30,627	\$28,153
Trade accounts receivable, less allowance for doubtful debts	17,408	13,376
Amounts due from related parties	1,124	2,228
Inventories	16,879	11,428
Deferred tax assets	1,233	770
Prepaid expenses	1,054	1,043
Other current assets	3,142	3,120
Total current assets	71,467	60,118
Non-current assets:		
Deferred tax assets	1,142	167
Property, plant and equipment, net	6,607	6,918
Investments	-	5,327
Goodwill	15,750	5,915
Other intangible assets	11,993	6,848
Other long-term assets	9	31
Total assets	\$106,968	\$85,324
Liabilities and shareholders' equity		
Current liabilities:		
Trade accounts payable	\$3,133	\$2,461
Amounts due to related parties	1,825	2,928
Other current liabilities	11,177	7,099
Total current liabilities	16,135	12,488
Non-current liabilities:		
Deferred tax liabilities	458	-
Other long-term liabilities	484	107
Total liabilities	17,077	12,595
Minority interests (Note (6))	(262)	(706)
Commitments and contingencies		-
Shareholders' equity		
Common shares: Issued: 587,774,941 (2006: 580,946,581)	59	58
Additional paid-in capital	51,749	46,502
Treasury shares: 5,005,000 (2006: nil)	(1,461)	-
	50,347	46,560
Retained earnings	38,800	26,084
Accumulated other comprehensive income	1,006	791
Total shareholders' equity	90,153	73,435
Total liabilities, minority interests and shareholders' equity	\$106,968	\$85,324

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 December 31,		Year ended December 31,	
	2007	2006	2007	2006
Cash flows from operating activities:				
Net income	\$2,508	\$5,474	\$12,716	\$22,537
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortisation	1,099	794	3,400	2,313
Provision for doubtful debts	367	207	367	207
Deferred taxes	(858)	(141)	(949)	(245)
Minority interest in net income of consolidated subsidiaries	(139)	(195)	80	(706)
Share of net earnings of associate	-	38	-	(178)
Non-cash stock compensation charge	350	443	1,508	1,517
Non-cash U.K. tax charge	-	-	1,275	-
Changes in operating assets and liabilities net of effects from purchase of additional 50% in LMA PacMed:				
(Increase) in trade accounts receivables and amounts due from related parties	(731)	(2,295)	(1,602)	(1,958)
(Increase) in inventories	(532)	(1,193)	(2,635)	(2,181)
Decrease / (increase) in other assets	240	(138)	85	(862)
(Decrease) / increase in trade accounts payable and amounts due to related parties	(2,729)	387	(2,003)	727
Increase in other current liabilities	1,693	900	2,736	329
Net cash provided by operating activities	1,268	4,281	14,978	21,500
Cash flows from investing activities:				
Purchase of investment	-	(1,913)	(4,909)	(1,913)
Capital expenditures	(330)	4,795	(2,288)	(3,492)
Proceeds from sale of equipment	6	-	6	-
Purchase of intangible assets	(1,287)	(3,795)	(2,611)	(3,795)
Net cash used in investing activities	(1,611)	(913)	(9,802)	(9,200)
Cash flows from financing activities:				
Payment of LMA PacMed pre-acquisition dividends to minority interest	-	-	(1,232)	-
Purchase of Treasury Shares	(1,461)	-	(1,461)	-
Repayment of bank borrowings	-	-	-	(10,000)
Net cash used in financing activities	(1,461)	-	(2,693)	(10,000)
Effect of exchange rates changes on cash and cash equivalents	(93)	27	(9)	160
Net (decrease) / increase in cash and cash equivalents	(1,897)	3,395	2,474	2,460
Cash and cash equivalents at the beginning of the period	32,524	24,758	28,153	25,693
Cash and cash equivalents at the end of the period	\$30,627	\$28,153	\$30,627	\$28,153

Supplemental disclosure of cash flow information

Cash paid during the period for:

Interest	\$-	\$-	\$69	\$157
Income taxes	\$1,166	\$1,032	\$2,236	\$3,206

Supplemental schedule of non-cash investing and financing activities

The Company purchased an additional 50% of LMA PacMed for a total consideration of \$8.3 million (using the share price at the date of acquisition). In conjunction with the acquisition, full liabilities assumed on acquisition and consolidation were as follows:

Fair value of assets acquired (including intangible asset)	\$-	\$-	\$6,031	\$-
Existing investment	-	-	(4,759)	-
Cash paid for the acquisition	-	-	(5,874)	-
Liabilities assumed	\$-	\$-	\$(4,602)	\$-

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).

(U.S. Dollars, in thousands)	Common shares	Treasury shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total Shareholders' equity
At January 1, 2007	\$58	\$-	\$46,502	\$26,084	\$791	\$73,435
Net income for the period	-	-	-	10,208	-	10,208
Foreign currency translation adjustment	-	-	-	-	653	653
Total comprehensive income						10,861
Shares issued	1	-	2,464	-	-	2,465
Non-cash stock compensation charge	-	-	1,158	-	-	1,158
Non-cash U.K. tax charge	-	-	1,275	-	-	1,275
At September 30, 2007	59	-	51,399	36,292	1,444	89,194
Net income for the period	-	-	-	2,508	-	2,508
Foreign currency translation adjustment	-	-	-	-	(438)	(438)
Total comprehensive income						2,070
Common shares acquired for Treasury	-	(1,461)	-	-	-	(1,461)
Non-cash stock compensation charge	-	-	350	-	-	350
At December 31, 2007	\$59	\$(1,461)	\$51,749	\$38,800	\$1,006	\$90,153

(U.S. Dollars, in thousands)	Common shares	Treasury shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total Shareholders' equity
At January 1, 2006	\$58	\$-	\$44,985	\$3,547	\$698	\$49,288
Net income for the period	-	-	-	17,063	-	17,063
Foreign currency translation adjustment	-	-	-	-	28	28
Total comprehensive income						17,091
Non-cash stock compensation charge	-	-	1,074	-	-	1,074
At September 30, 2006	58	-	46,059	20,610	726	67,453
Net income for the period	-	-	-	5,474	-	5,474
Foreign currency translation adjustment	-	-	-	-	65	65
Total comprehensive income						5,539
Non-cash stock compensation charge	-	-	443	-	-	443
At December 31, 2006	\$58	\$-	\$46,502	\$26,084	\$791	\$73,435

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

On August 30, 2007, the Company's issued shares were increased from 580,946,581 shares at US\$0.0001 each to 587,774,941 shares at US\$0.0001 each as a result of a new issue of 6,828,360 shares for the partial consideration on the purchase of the additional 50% share of LMA PacMed Pty Limited which was announced on February 8, 2007.

Pursuant to the Share Purchase Mandate approved by the Shareholders, the Company purchased 5,005,000 of its common shares by way of on-market purchases in Q4 2007 at a share price ranging from S\$0.389 to S\$0.450. The Company holds the shares bought back as treasury shares at cost.

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.

	December 31, 2007	December 31, 2006
Number of issued shares	587,774,941	580,946,581
Less: number of treasury shares	(5,005,000)	-
Number of issued shares excluding treasury shares	582,769,941	580,946,581

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 for the year ended December 31, 2007 have been extracted from the audited financial statements. The figures for the quarter ended December 31, 2007 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).

The following opinion has been extracted from the audited financial statements for the year ended December 31, 2007.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of changes in shareholders' equity and comprehensive income, and of cash flows present fairly, in all material respects, the financial position of LMA International N.V. and its subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the two years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our audit opinion.

PricewaterhouseCoopers
Singapore, 14th February 2008

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 files annual financial statements prepared in accordance with U.S. GAAP. The quarterly financial information is prepared using the same accounting policies as those used in the previous year's annual financial statements and any changes to standards applicable to the current year's annual financial statements.

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, 2007, the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognised in financial statements in accordance with SFAS 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires that the Company determines whether the benefits of its tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, the Company recognises the largest amount of the benefit that is more likely than not of being sustained in its consolidated financial statements. The provisions of FIN 48 also provide guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not

anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for Unrecognised Tax Position have been recorded pursuant to FIN 48. In addition, the Company did not record a cumulative effect adjustment related to the adoption of FIN 48.

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.S. Dollars, in thousands, except share and per share amounts)	Three months ended December 31,		Year ended December 31,	
	2007	2006	2007	2006
Net income attributable to shareholders excluding non-cash stock compensation charge and non-cash U.K. tax charge	\$2,858	\$5,917	\$15,499	\$24,054
Weighted average number of shares	585,590,365	580,946,581	582,715,720	580,946,581
Basic and diluted earnings per share before non-cash stock compensation charge and non-cash U.K tax charge (in U.S. cents)	0.488	1.019	2.660	4.140

7. **Net asset value for the group per ordinary share based on the total number of issued shares excluding treasury shares 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)	December 31, 2007	December 31, 2006
Net assets of the Group	\$90,153	\$73,435
Number of shares net of treasury shares	582,769,941	580,946,581
Net assets per share (in U.S. cents)	15.470	12.641

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.

The following tables set forth, for the periods indicated, our sales of airway products for each of our two geographic markets, expressed in U.S. dollars and as a percentage of total net sales, as well as total sales by units, of reusable and of single-use products, together with global average revenue per unit for such devices:

	Three months ended December 31,				Year ended December 31,			
	2007		2006		2007		2006	
	US\$'000		US\$'000		US\$'000		US\$'000	
United States	15,341	61%	14,508	62%	59,063	61%	55,742	62%
International	9,847	39%	8,740	38%	38,259	39%	34,355	38%
Total net sales	25,188	100%	23,248	100%	97,322	100%	90,097	100%
Reusable devices	9,326	37%	10,505	45%	39,559	41%	42,238	47%
Single-use devices	12,544	50%	11,110	48%	47,120	48%	42,993	48%
Other	3,318	13%	1,633	7%	10,643	11%	4,866	5%
Total	25,188	100%	23,248	100%	97,322	100%	90,097	100%

	Three months ended December 31,		Year ended December 31,		
	2007	2006	2007	2006	
Reusable units sold		46,573	63,542	199,886	247,202
Single-use units sold		1,342,546	1,262,150	4,989,153	4,780,467
Total units sold		1,389,119	1,325,692	5,189,039	5,027,669
Average revenue per unit of reusable units (US\$)		200.24	165.32	197.91	170.86
Average revenue per unit of single-use units (US\$)		9.34	8.80	9.44	8.99

Full Year Net Income

Group Net Income for the year ended December 31, 2007 at US\$15.5 million (excluding non-cash stock compensation charge and non-cash U.K. tax charge) was down 36% on the Net Income for the year ended December 31, 2006, but slightly better than the 40% decline given in the Group's guidance announced in October 2007.

2007 compared to 2006

Group Net Sales for the year ended December 31, 2007 at US\$99.6 million, increased by US\$9.0 million or 10% over the year ended December 31, 2006, attributed entirely to the consolidation of LMA PacMed Pty Ltd ("LMA PacMed") and sales of the LMA StoneBreaker™ device. Sales of airway products amounted to US\$97.3 million, with the balance of US\$2.3 million being sales of the LMA StoneBreaker™ device.

Net sales of airway products in the United States at US\$59.1 million for the year ended December 31, 2007 increased by 6% over sales of US\$55.7 million for the year ended December 31, 2006. The increase was largely driven by sales of McGrath® Video Laryngoscope, which was introduced at the beginning of the year.

Net sales of Laryngeal Masks for International at US\$38.2 million for the year ended December 31, 2007 increased by 11% over sales of US\$34.4 million for the year ended December 31, 2006 with the benefit of the consolidation of LMA PacMed offsetting the decline in Net sales in the International West division (comprising Europe, Middle East, Africa and Latin America) and the German market. All markets continued to experience aggressive price-led competition during the year.

As advised in the Company's guidance announcement in October 2007, sales to distributors in its International West Sales division in the second half were significantly reduced due to actions taken by the Company to restore regular product pricing and distributor ordering patterns following an independent review of its sales and pricing activities in this division. The Company believes that these objectives have been largely achieved in most markets by the end of the year. Germany continued to be the most price-competitive market during the year and Net sales of airway products declined by 7% over the previous year.

LMA PacMed performed well during the year despite competition from lower priced Chinese copycat devices. Net sales also grew in Japan.

Gross profit from airway devices remained flat at US\$63.7 million for the year ended December 31, 2007 compared to the year ended December 31, 2006. Gross margin at 65.4% for the year ended December 31, 2007 was down from 70.9% for the year ended December 31, 2006. In conjunction with the realignment of sales activities in the International West division outlined above, the Group also carried out a review of inventory levels and ageing of certain single-use products (excluding LMA Unique™ and LMA Supreme™) and made additional stock provisions totalling US\$1.2 million. Stripping out the one-off provision the gross margin for the year would have been 66.7%, a reduction of 4.2 percentage points. The main factor in the decline is the continued switch to single-use devices from reusable devices and a higher percentage of non-LMA products distributed on behalf of third parties, such as laryngoscopes, in the total product mix. This was compounded by the dilutive effect of the consolidation of LMA PacMed in the first half of the year where no margin accrued to LMA for the bulk of the sales made by LMA PacMed in that period as these sales were from inventory sold to LMA PacMed (and the profit recognised by LMA) in the year ended 31 December 2006 when LMA PacMed was a 30% associate.

Selling, general and administrative expenses ("SG&A") amounted to US\$47.5 million for the year ended December 31, 2007. Excluding expenses for the LMA Urology joint venture and LMA PacMed (which is consolidated for the first time in 2007), SG&A increased by US\$4.4 million or 12% over the year ended December 31, 2006. This increase in operating expenses mainly reflects (1) higher legal costs related to Intellectual Property protection in Europe and the new action initiated during the year against Ambu A/S ("Ambu"), in the US, (2) increased investment in management resources, and (3) one-off costs relating to management restructuring. For the year ended December 31, 2007, SG&A expenses (excluding LMA Urology) were 46% of net sales, 5 percentage points higher than in the year ended December 31, 2006 as a result of the above increases in expenses.

Operating income at US\$15.8 million, including a net operating loss of US\$1.2 million for the LMA Urology division, for the year ended December 31, 2007 was 34% down on the year ended December 31, 2006.

Income tax expense (excluding the non-cash tax charge related to an ex-subsiary but including the LMA PacMed tax charge of US\$0.6 million) was US\$2.1 million for the year ended December 31, 2007 compared to US\$2.6 million for the year ended December 31, 2006. The consolidation of LMA PacMed increased the effective tax rate to 12% from 10% for 2006.

The Company booked a non-cash corporation tax charge of US\$1.275 million resulting from the settlement of a tax claim from the U.K. HM Revenue & Customs on a former subsidiary, The Laryngeal Mask Co UK Ltd by Venner Capital SA ("Venner Capital"). Refer to note 1(a)(9) of the Income Statement.

Net income excluding non-cash stock compensation charge and non-cash U.K. tax charge decreased by 36% to US\$15.5 million for the year ended December 31, 2007 from US\$24.1 million for the year ended December 31, 2006. Net income after taking account both non-cash charges was US\$12.7 million for the year ended December 31, 2007 compared to US\$22.5 million for the year ended December 31, 2006.

Net assets* amounted to US\$90.2 million at December 31, 2007, some US\$16.7 million higher than December 31, 2006 due primarily to cash generated from operations during the year. Inventories increased primarily due to the Group taking over the "buffer stock" previously held by Venner Trading Singapore Pte Ltd following its assumption of the supply chain management activities previously performed by Venner Trading SA and Venner Trading Singapore Pte Ltd, on July 1, 2007.

Net cash provided by operating activities was US\$15.0 million for the year ended December 31, 2007. Net cash used in investing activities totalled US\$9.8 million for the year consisting of the second milestone payment for the purchase of our 50% interest in LMA Urology Ltd, the purchase of an additional 50% interest in LMA PacMed Pty Limited, the purchase of The LMA PerfecTemp™ and regular capital expenditure.

Fourth quarter of 2007 (Q4 2007) compared to fourth quarter of 2006 (Q4 2006).

Group net sales for Q4 2007 were US\$25.3 million, up US\$1.6 million or 7% on Q4 2006 due mainly to the consolidation of LMA PacMed and growth in sales in the United States of 6% compared with the same period last year which offset sales decline in the International West division. Sales in the United States were boosted by strong sales of the McGrath® Video Laryngoscope and traditional end of year sales promotions. Sales in the International West division, although lower than in the same period in the previous year, increased compared to Q3 2007 with pricing restored at higher levels (generating higher product gross margins for this division) and an improved distributor ordering pattern.

The mix of sales by product followed the ongoing pattern experienced throughout the year i.e. the switch from reusable to single-use devices and an increasing proportion of sales of McGrath® Video Laryngoscopes. The combination of this product mix and the promotional activity in United States caused gross margin from airway products for the quarter (excluding the inventory provisions referred to earlier) to fall from 67.7% in Q4 2006 to 64.4% in Q4 2007.

Urology sales in Q4 2007 were low as sales efforts were primarily focused on supporting previously appointed distributors with demonstrations and training to promote increased end-user sales to Urologists from existing inventory.

Selling, general and administrative expenses, excluding operating expenses of LMA Urology and LMA PacMed increased by US\$1.6 million or 17% over the corresponding quarter in 2006 reflecting increased manpower resources, one-off costs of restructuring and significantly increased intellectual property litigation costs due to the action initiated against Ambu in the United States during the quarter. **Other income** decreased by US\$0.3 million. **Net income** excluding the net effect of LMA Urology, non-cash stock compensation charge and non-cash U.K. tax charge was US\$3.0 million for Q4 2007.

* Net Assets are measured as Total Assets less Total Liabilities less minority interest.

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

Actual Net Income results were better than the guidance given in October 2007.

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 Group continues to encounter aggressive competition in its main airway markets. This is expected to continue with the resultant ongoing dilution in gross margin over the short-term. However with the availability of a full range of adult sizes, the Group is excited about the sales prospects for its latest airway product, the LMA Supreme™. Additionally, the Group continues to seek to acquire new and innovative medical devices, such as the recently purchased LMA PerfecTemp™, complemented by exclusive distribution of third party products, for example the McGrath® Video Laryngoscope, through our direct sales operations. These opportunities, together with the ongoing strengthening of our Group management and our sales capability are expected to provide higher sales in 2008.

The Group will also continue to invest in people resources and increased marketing spending and continue defence of its intellectual property. The existing intellectual property litigation in Europe and the United States is expected to continue through 2008 and lead to increased legal costs.

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 during either year in this statement.

13. Interested person transactions.

Details of interested party transactions for the year and three months ended December 31, 2007 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the year ended December 31, 2007 (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)
Venner Trading Limited	-	US\$3,804,000
Venner Trading Singapore Limited	-	US\$8,844,000
Venner Capital SA	US\$319,000	-
Forefront Medical Technology	US\$552,000	US\$9,033,000
Arrow Medical	US\$109,000	US\$725,000
Chelle Medical	-	US\$1,822,000
VicPlas	-	US\$262,000
Shearman and Sterling	-	US\$719,000

Name of interested person	Aggregate value of all interested person transactions during the three months ended December 31, 2007 (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)
Venner Capital SA	US\$319,000	-
Forefront Medical Technology	US\$552,000	US\$5,124,000
Arrow Medical	-	US\$358,000
Chelle Medical	-	US\$982,000
Shearman and Sterling	-	US\$331,000

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT.

14. **Segmented revenue and results for business or geographical segments of the group in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	<u>Airway Management</u>						<u>Urology</u>		<u>TOTAL</u>	
	<u>U.S.A.</u>		<u>International</u>		<u>Total</u>		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>				
External sales	\$59,063	\$55,742	\$38,259	\$34,355	\$97,322	\$90,097	\$2,294	\$492	\$99,616	\$90,589
Intersegment sales	-	-	34,921	28,589	34,921	28,589	747	159	35,668	28,748
Depreciation & amortisation	458	207	2,247	2,068	2,705	2,275	282	38	2,987	2,313
Interest income	3	7	1,035	666	1,038	673	-	-	1,038	673
Interest expense	-	99	3	17	3	116	-	-	3	116
Segment profit (loss)	3,583	5,586	13,518	25,012	17,101	31,598	(992)	(1,411)	16,109	30,187
Income tax expense	1,556	2,270	809	252	2,365	2,522	(300)	-	2,065	2,522
Total assets	24,973	20,632	75,954	82,382	100,927	103,014	6,633	1,350	107,560	104,364
Goodwill	2,793	2,793	12,866	3,031	15,659	5,824	91	91	15,750	5,915
Capital expenditure	773	216	1,267	489	2,040	705	68	368	2,108	1,073
Acquisition of intangibles	-	-	3,798	3,795	3,798	3,795	2,193	-	5,991	3,795

15. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to note 8.

16. **A breakdown of sales and net income as follows:**

(U.S. Dollars, in thousands)	<u>2007</u>	<u>2006</u>	<u>Growth</u>
(a) Net sales reported for the first half year. (Unaudited)	\$51,416	\$44,819	14.7%
(b) Net income after tax before deducting minority interests for the first half year. (Unaudited and excluding non-cash charges)	9,997	12,216	(18.2)%
(c) Net sales reported for second half year. (Unaudited)	48,200	45,770	5.3%
(d) Net income after tax before deducting minority interests for second half year. (Unaudited and excluding non-cash charges)	5,582	11,132	(49.9)%

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Please refer to note 11 above.