



LMA INTERNATIONAL N.V.

Company Registration No. 80879

Financial Statements for the Fourth Quarter and Year ended December 31, 2009

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,	
	2009	2008	2009	2008
Net sales	\$30,345	\$27,355	\$107,634	\$108,450
Cost of sales (Note (4))	(11,835)	(12,169)	(39,987)	(40,886)
Gross profit	18,510	15,186	67,647	67,564
Operating expenses (Note (1))				
Selling, general and administrative	(13,136)	(14,684)	(51,276)	(55,202)
Urology restructuring charge	-	(1,051)	-	(1,051)
Research and development	(1,441)	(611)	(3,340)	(1,593)
Amortisation of intangible assets	(551)	(395)	(1,630)	(1,154)
	(15,128)	(16,741)	(56,246)	(59,000)
Total operating income/(loss)	3,382	(1,555)	11,401	8,564
Interest income	21	98	66	534
Interest expense	(17)	(16)	(75)	(167)
Other, net (Note (2))	(99)	(178)	204	266
Other (expenses)/income, net	(95)	(96)	195	633
Net income/(loss) before income taxes	3,287	(1,651)	11,596	9,197
Income tax expense (Note (3))	(1,211)	163	(2,053)	(511)
Net income/(loss)	\$2,076	\$(1,488)	\$9,543	\$8,686
Net (profits)/losses attributable to non-controlling interests (Note(5))	(81)	952	243	1,475
Net income/(loss) (excluding non-cash charges) attributable to LMA International N.V.	1,995	(536)	9,786	10,161
Exceptional items (non-cash) (Note (6))	(11,718)	-	(11,718)	-
Non-cash stock compensation charge (Note (7))	(244)	(319)	(630)	(1,315)
Net (loss)/income attributable to LMA International N.V.	\$(9,967)	\$(855)	\$(2,562)	\$8,846

Notes:

(U.S. Dollars, in thousands)

(1) Included in operating expenses above are:

Depreciation and amortisation	1,654	1,067	4,752	3,950
Allowance for doubtful debts (no bad debts were written off)	90	1,100	90	1,451

(2) Included in other income above are foreign exchange gains/(losses)

	211	(410)	(97)	(322)
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(3) Included in income tax expenses are adjustments for under or (over) provision of tax in respect of prior years

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(4) Included in cost of sales is a provision for component stock (no write-offs for stock obsolescence)

	-	1,500	-	2,500
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(5) Non-controlling interests relates to 37.5% of LMA Urology, 20% of LMA PacMed Pty Ltd and 20% of LMA NZ Limited. Including the exceptional charge for LMA Urology, non-controlling interests would have been \$2,775,000 and \$3,099,000 for the three months and year ended December 31, 2009, respectively.

(6) Non-cash impairment charges on goodwill, other intangible assets and deferred taxation write-downs. See Section 8 for further explanation.

- (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 whose options under the Executive and Shadow Share Option Plans have now been cancelled. These long-term incentive plans include conditional share awards which will vest on the Company's share price attaining certain pre-set levels. The Company uses a simulation valuation model for calculating the fair market value of these awards.

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, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$43,565	\$35,635
Trade accounts receivable, less allowance for doubtful debts	18,416	16,640
Amounts due from related parties	29	107
Inventories	12,254	13,887
Deferred tax assets	1,637	1,177
Prepaid expenses	968	639
Other current assets	1,567	1,545
Total current assets	78,436	69,630
Non-current assets:		
Deferred tax assets	1,640	2,607
Property, plant and equipment, net	7,613	7,258
Goodwill	13,998	19,496
Other intangible assets	8,029	17,327
Other long-term assets	-	1
Total assets	\$109,716	\$116,319
Liabilities and shareholders' equity		
Current liabilities:		
Trade accounts payable	\$2,261	\$2,095
Accounts due to related parties	2,362	3,506
Other current liabilities	14,716	14,490
Total current liabilities	19,339	20,091
Non-current liabilities:		
Deferred tax liabilities	153	305
Deferred revenue	199	298
Other long-term liabilities	-	51
Total liabilities	19,691	20,745
Equity		
LMA International N.V. shareholders' equity:		
Common shares: Issued: 587,774,941	59	59
Additional paid-in capital	53,694	53,064
Treasury shares: 47,227,000 (2008: 39,674,000)	(7,235)	(6,274)
Retained earnings	44,671	47,646
Accumulated other comprehensive income	676	(851)
Total LMA International N.V. shareholders' equity	91,865	93,644
Non-controlling interests (Note (5) above)	(1,840)	1,930
Total equity	90,025	95,574
Total liabilities and equity	\$109,716	\$116,319

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,	
	2009	2008	2009	2008
Cash flows from operating activities:				
Net (loss)/income	\$(9,967)	\$(855)	\$(2,562)	\$8,846
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:				
Depreciation and amortisation	1,654	1,067	4,752	3,950
Provision for doubtful debt	90	1,100	90	1,451
Deferred taxes	83	(1,000)	(96)	(1,131)
Non-controlling interest in net profits/(losses) of consolidated subsidiaries	81	(952)	(243)	(1,475)
Non-cash stock compensation charge	244	319	630	1,315
Non-cash exceptional items	11,718	-	11,718	-
Changes in operating assets and liabilities:				
(Increase) in trade accounts receivable and amounts due from related parties	(3,273)	(2,433)	(974)	(415)
Decrease in inventories	129	3,489	2,311	2,999
Decrease/(increase) in other assets	1,371	(14)	(261)	1,147
Increase/(decrease) in trade accounts payable and amounts due to related parties	37	865	271	(1,038)
Increase/(decrease) in other current liabilities	731	2,787	(673)	4,163
Net cash provided by operating activities	2,898	4,373	14,963	19,812
Cash flows from investing activities:				
Purchase of business	-	-	(802)	(6,105)
Purchase of subsidiary shares from non-controlling interests	-	-	(1,084)	-
Capital expenditures	(1,342)	(762)	(2,958)	(1,605)
Proceeds from sale of equipment	62	19	104	28
Acquisition of other intangible assets	(123)	(354)	(2,141)	(2,321)
Net cash used in investing activities	(1,403)	(1,097)	(6,881)	(10,003)
Cash flows from financing activities:				
Purchase of Treasury shares	(540)	(280)	(961)	(4,813)
Net cash used in financing activities	(540)	(280)	(961)	(4,813)
Effect of exchange rates changes on cash and cash equivalents	153	(242)	809	12
Net increase in cash and cash equivalents	1,108	2,754	7,930	5,008
Cash and cash equivalents at the beginning of the period	42,457	32,881	35,635	30,627
Cash and cash equivalents at the end of the period	\$43,565	\$35,635	\$43,565	\$35,635

Supplemental disclosure of cash flow information

Cash paid during the period for:

Interest	\$-	\$1	\$32	\$45
Income taxes	\$675	\$338	\$2,272	\$1,754

Supplemental schedule of non-cash investing and financing activities

In 2008, the Company purchased the Pain Care® business of Breg, Inc for a total consideration of \$6.1 million.

In 2009, the Company purchased Italia Medical Systems Srl for a total consideration of \$0.8 million.

In conjunction with these acquisitions, full liabilities assumed on the acquisitions and consolidation were as follows:

Fair value of assets acquired (including intangible assets)	\$-	\$-	\$1,504	\$6,105
Cash paid for the acquisition	-	-	(802)	(6,105)
Liabilities assumed	\$-	\$-	\$702	\$-

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 interests	Total equity
At January 1, 2009	\$59	\$(6,274)	\$53,064	\$47,646	\$(851)	\$1,930	\$95,574
Net income/(loss) for the period	-	-	-	7,405	-	(324)	7,081
Foreign currency translation adjustment	-	-	-	-	1,243	-	1,243
Total comprehensive income							<u>8,324</u>
Common shares acquired for treasury	-	(421)	-	-	-	-	(421)
Non-cash stock compensation charge	-	-	386	-	-	-	386
Transfer from retained earnings for purchase of subsidiary shares from non-controlling interests	-	-	-	(413)	-	413	-
Purchase of subsidiary shares from non-controlling interests	-	-	-	-	-	(1,084)	(1,084)
At September 30, 2009	59	(6,695)	53,450	54,638	392	935	102,779
Net (loss)/income for the period	-	-	-	(9,967)	-	81	(9,886)
Foreign currency translation adjustment	-	-	-	-	284	-	284
Total comprehensive income							<u>(9,602)</u>
Common shares acquired for treasury	-	(540)	-	-	-	-	(540)
Non-cash stock compensation charge	-	-	244	-	-	-	244
Non-controlling share of exceptional items	-	-	-	-	-	(2,856)	(2,856)
At December 31, 2009	\$59	\$(7,235)	\$53,694	\$44,671	\$676	\$(1,840)	\$90,025

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 interests	Total equity
At January 1, 2008	\$59	\$(1,461)	\$51,749	\$38,800	\$1,006	\$3,609	\$93,762
Net income/(loss) for the period	-	-	-	9,701	-	(523)	9,178
Foreign currency translation adjustment	-	-	-	-	(1,011)	-	(1,011)
Total comprehensive income							<u>8,167</u>
Common shares acquired for treasury	-	(4,533)	-	-	-	-	(4,533)
Non-cash stock compensation charge	-	-	996	-	-	-	996
At September 30, 2008	59	(5,994)	52,745	48,501	(5)	3,086	98,392
Net loss for the period	-	-	-	(855)	-	(1,156)	(2,011)
Foreign currency translation adjustment	-	-	-	-	(846)	-	(846)
Total comprehensive income							<u>(2,857)</u>
Common shares acquired for treasury	-	(280)	-	-	-	-	(280)
Non-cash stock compensation charge	-	-	319	-	-	-	319
At December 31, 2008	\$59	\$(6,274)	\$53,064	\$47,646	\$(851)	\$1,930	\$95,574

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 3,533,000 of its Common Shares by way of on-market purchases in Q4 2009 at a share price ranging from S\$0.20 to S\$0.23. The Company holds the shares bought back as treasury shares at cost. A total of 47,227,000 shares are held as at December 31, 2009.

There were no outstanding convertibles as at December 31, 2009 and December 31, 2008.

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, 2009	December 31, 2008
Number of issued shares	587,774,941	587,774,941
Less: number of treasury shares	(47,227,000)	(39,674,000)
Number of issued shares excluding treasury shares	540,547,941	548,100,941

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, 2009 have been extracted from the audited financial statements. The figures for the quarter ended December 31, 2009 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, 2009.

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, 2009 and 2008, and the results of their operations and their cash flows for each of the two years in the period then ended December 31, 2009 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 in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit of the financial statements 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 audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Singapore, February 11, 2010

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.

On July 1, 2009, the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("the Codification") was launched. The Codification is the sole source of authoritative non-governmental GAAP, other than guidance issued by the Securities and Exchange Commission, in the United States of America. The Company's accounting policies were not affected by the launch of the Codification, however, any references to specific pre-Codification accounting standards have been changed in this announcement to the appropriate topics of the Codification. The adoption of the Codification did not have any impact on the Company's financial position, results of operations and cash flows.

Effective January 1, 2009, the Company adopted the guidance relating to business combinations ("ASC 805"). ASC 805 replaces all previous guidance on business combinations. ASC 805 requires 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. ASC 805 applies to all transactions or other events in which an entity obtains control of one or more businesses. ASC 805 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. ASC 805 replaces the previous 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. ASC 805 requires the acquisition-related costs to be recognised separately from the acquisition. The adoption of ASC 805 did not have a material impact on the Company's financial position, results of operations and cash flows.

Effective January 1, 2009, the Company adopted the guidance relating to non-controlling Interests in consolidated financial statements ("ASC 810-10-65"). ASC 810-10-65 amends previous guidance 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. ASC 810-10-65 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 ASC 180-10-65 did 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 (5) under 1(a).

Effective January 1, 2009, the Company adopted guidance relating to disclosures about derivative instruments and hedging activities ("ASC 815-10-65"). ASC 815-10-65 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 ASC guidance related to Accounting for Derivative Instruments and Hedging Activities, and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. The adoption of ASC 815-10-65 did not have a material impact on the Company's financial position, results of operations and cash flows. The Company has reflected the 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.S. Dollars, in thousands, except share and per share amounts)	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
Net income/(loss) attributable to LMA International N.V. shareholders excluding non-cash charges	\$1,995	\$(536)	\$9,786	\$10,161
Weighted average number of shares	542,982,506	549,311,626	545,244,503	566,815,220
Basic and diluted earnings/(loss) per share before non-cash charges (in U.S. cents)	0.367	(0.098)	1.795	1.793

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, 2009	December 31, 2008
Net assets of the Group	\$91,865	\$93,644
Number of shares net of treasury shares	540,547,941	548,100,941
Net assets per share (in U.S. cents)	16.995	17.085

Net asset per share reduced year on year due to the non-cash exceptional item. Net tangible assets per share increased to 12.58 cents from 10.72 cents.

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, Italy, Australia, New Zealand and Singapore and a global network of independent distributors.

Group Net Sales	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000
Anaesthesia Products	28,868	26,594	103,408	104,969
Other Products	676	709	2,709	2,503
Urology	801	52	1,517	978
Total Group Net Sales	30,345	27,355	107,634	108,450

Anaesthesia Product Sales								
	Three months ended December 31,				Year ended December 31,			
	2009		2008		2009		2008	
	US\$'000		US\$'000		US\$'000		US\$'000	
United States	15,480	54%	15,948	60%	59,448	57%	60,886	58%
International	13,388	46%	10,646	40%	43,960	43%	44,083	42%
Total Net Sales	28,868	100%	26,594	100%	103,408	100%	104,969	100%
Reusable devices	7,636	26%	7,606	29%	28,698	28%	35,257	34%
Single-use devices	17,882	62%	15,581	58%	62,760	61%	56,146	53%
Other	3,350	12%	3,407	13%	11,950	11%	13,566	13%
Total	28,868	100%	26,594	100%	103,408	100%	104,969	100%

Laryngeal Masks	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
Reusable units sold	37,768	41,514	149,673	184,269
Single-use units sold	1,819,543	1,724,674	6,579,007	5,923,025
Total units sold	1,857,311	1,766,188	6,728,680	6,107,294
Average revenue per unit of reusable units (US\$)	202.20	183.22	191.74	191.33
Average revenue per unit of single-use units (US\$)	9.83	9.03	9.54	9.48

2009 compared to 2008

The general financial and economic environment adversely impacted the medical device market through 2009 with capital equipment budgets and elective surgeries constrained as well as distributors minimising stock holdings to manage cash flows. Within this environment, **Group Net Sales** for the year ended December 31, 2009 were down 1%.

Sales of anaesthesia products at US\$103.4 million for the year ended December 31, 2009 decreased by 1.5% over sales of US\$105.0 million for the year ended December 31, 2008, mainly due to reduced sales of capital products. Other product sales including the LMA StoneBreaker™ and the Pain Care® range of ambulatory infusion pumps amounted to US\$4.2 million.

Net sales of anaesthesia products in the United States at US\$59.4 million for the year ended December 31, 2009 decreased by 2% from sales of US\$60.9 million for the year ended December 31, 2008. The U.S. market continues to be highly price competitive and has suffered significant constraints on hospital capital spending. However, market share has largely been maintained during the year.

Net sales of anaesthesia products for International at US\$44.0 million for the year ended December 31, 2009 remained flat compared to sales for the year ended December 31, 2008. Sales at PacMed in Australia/New Zealand were up over last year at constant currency, driven primarily by sales of LMA Supreme™. However, sales in Germany were broadly flat (at 2008 exchange rates) in a very tough market.

In addition to the impact of adverse market conditions, supply constraints contributed to lower than expected sales for the year, particularly in the second half. These supply issues are being addressed with the manufacturers and are expected to be resolved during the first half of 2010. Such supply issues will be reduced once the Company's own manufacturing facility is in operation in early 2011. Despite these constraints, Group total sales of single-use devices for the year ended December 31, 2009 increased 12% in

revenue terms and 11% in unit terms, compared to the year ended December 31, 2008 largely driven by sales of the LMA Supreme™.

Sales of LMA StoneBreaker™ were up in the year by US\$0.5 million due to the contractual arrangements with Cook Medical.

Gross profit for the Group for the year ended December 31, 2009 at US\$67.6 million remained flat compared to the year ended December 31, 2008. Gross profit from anaesthesia products at US\$65.4 million for the year ended December 31, 2009 increased by US\$0.2 million over the year ended December 31, 2008. Gross margin at 63% for the year ended December 31, 2009 was up from 62% for the year ended December 31, 2008 (which had been depleted due to some inventory provisions).

Group **Selling, general and administrative expenses** ("SG&A") at US\$51.3 million for the year ended December 31, 2009 decreased by US\$4.0 million or 9% from US\$56.3 million for the year ended December 31, 2008. The Company continues with its efforts to reduce SG&A, whilst maintaining its competitiveness in a tough market place. An overall reduction of US\$3.0 million at 2008 exchange rates was achieved despite an increase of US\$1.1 million in intellectual property litigation expenses. Expenditure for the US appeal is expected to be considerably lower than run-rates for FY2009. In the meantime all expense lines remain under tight scrutiny.

For the year ended December 31, 2009, SG&A expenses (excluding LMA Urology and Pain Care®) were 46% of net sales, the same as for the year ended December 31, 2008.

Research and development expenditure ("R&D") for the year ended December 31, 2009 has increased by 110% over the prior year as LMA is increasing its focus on R&D with expenditure now equating to 3% of Net Sales. The expenditure in the year ended December 31, 2009 primarily related to design and manufacturing cost improvements to the LMA Supreme™, LMA PerfecTemp™ device and development of other products.

Operating income (excluding non-cash charges) at US\$11.4 million for the year ended December 31, 2009 was 33% or US\$2.8 million higher than the year ended December 31, 2008 as a result of the reduced SG&A and elimination of one-off charges in FY2008. At constant currency, Operating Income was US\$3.8 million up on FY 2008.

Income Tax expense for FY2009 (excluding the tax effects of the Exceptional Item) amounted to US\$2.1 million, US\$1.6 million above the previous year, primarily due to provisions for uncertain taxes as required under U.S. GAAP.

Net income before the non-cash charges for the year ended December 31, 2009 was US\$9.8 million compared with US\$10.2 million for the year ended December 31, 2008.

The company recently carried out a strategic review of its business performance and product portfolio. Following this review which resulted in a decision to re-align its business focus, it also conducted a review of the carrying value of goodwill and intangible assets on its balance sheet. The review has resulted in a one-off **Exceptional non-cash charge of US\$11.7 million** for the impairment of goodwill and other non-tangible assets as well as a write-down of related deferred tax assets against its FY2009 profits. The goodwill and intangible assets that are reflected in the exceptional asset impairment charge include the patents and other intellectual property of the LMA StoneBreaker™, the intangible assets and goodwill of the PainCare® business and the goodwill of the LMA Deutschland subsidiary.

The intangible assets of the LMA StoneBreaker™ arose on the purchase of a 50% share of the rights to the product in 2006. As at December 31, 2009 the Company owns 62.5% of LMA Urology Ltd ("Urology") which wholly owns the intellectual property of LMA StoneBreaker™ as well as other patents and intellectual property. In Q1 2009 the company concluded an agreement with Cook Medical for the exclusive global distribution of LMA StoneBreaker™ (as well as a development agreement for other devices). This arrangement has performed in accordance with agreed goals. However, as a result of the change in business strategy it has been decided to divest the Urology business. Consequently the Company considers it prudent to revalue the specific intellectual property of this device, together with a related deferred tax asset, and this has resulted in an exceptional charge of US\$4.8 million. Pending the divestment the Company has continued to invest in the Urology business and it should therefore be noted that it considers the value of the business as a whole significantly higher than the remaining intangible asset value of this individual LMA StoneBreaker™ device.

The goodwill and intangible assets of the PainCare® business arose on the acquisition of the business in March 2008. However, the strategic decision to henceforth focus more on the anaesthesia related rather than the orthopaedic related pain business has resulted in an exceptional charge of US\$4.4 million against these assets.

The goodwill for LMA Deutschland arose on the acquisition of this subsidiary in September 2003. Since acquisition the Company's operating and market share performance has not been in line with expectations. As such, the Company considers that the goodwill and associated deferred tax asset of this standalone subsidiary should be written down, resulting in an exceptional impairment charge of US\$4.1 million. The German sales operation, however, continues to make an overall net contribution to the Group as a whole and LMA will continue to support this subsidiary's operation.

The above Exceptional items represent a one-off non-cash charge against the 2009 results and do not impact the net tangible assets of the company.

Excluding the Exceptional items (and other ongoing non-cash charges) the Company would have recorded a net income before tax of US\$11.6 million, US\$2.4 million or 26% higher than FY2008.

The Company continues to have a strong balance sheet with cash balances of US\$43.6 million and no debt at the end of the year. **Net assets*** amounted to US\$91.9 million at December 31, 2009, some US\$1.7 million lower than December 31, 2008 due primarily due to the above Exceptional items, offset by cash generated in the year of US\$8.0 million. Net Tangible Assets increased by US\$9.3 million to US\$68.0 million. Trade receivables increased due to the timing of Q4 2009 sales. Inventory has been reducing through the year due to action to improve stock turns but has also been impacted by the supply constraints referred to above.

Net cash provided by operating activities was US\$15.0 million for the year ended December 31, 2009. Net cash used in investing activities totalled US\$6.9 million for the year being primarily due to the acquisition of the product development of the LMA Supreme™ paediatric sizes, the exercise of a put option to acquire 12.5% of LMA Urology Limited and initial capital expenditure for the Company's manufacturing facility in Malaysia. During the year, 7,553,000 treasury shares were acquired bringing the total number of shares purchased to date to 47,227,000 at a cash outlay of US\$7.2 million. This amounts to 8% of LMA's issued shares.

Fourth quarter of 2009 (Q4 2009) compared to fourth quarter of 2008 (Q4 2008).

Group Net Sales for Q4 2009 at US\$30.4 million, increased by US\$3.0 million or 11% from Q4 2008. At constant currency, Q4 2009 Net sales were 7% above Q4 2008. For anaesthesia products, sales in the United States at US\$15.5 million for Q4 2009 decreased by 3% over sales of US\$16.0 million for Q4 2008. International sales at US\$13.4 million for Q4 2009 increased by 26% over sales of US\$10.6 million for Q4 2008 due to expanding our direct sales network in Italy and a strong performance in Australia and New Zealand.

Gross margin at 61% for Q4 2009 was up from 56% for Q4 2008 due to inventory write-offs in the prior year.

Selling, general and administrative expenses decreased by US\$0.6 million or 5% over the corresponding period in 2008.

Operating income was US\$3.4 million for Q4 2009, compared to operating losses of US\$1.6 million in the same period in 2008. The Q4 2008 loss was caused by some one-off inventory provisions and other charges.

Income Tax expense for Q4 2009 largely reflects the uncertain tax provisions required under U.S. GAAP as referred to above.

Net income, excluding the non-cash charges was US\$2.0 million for Q4 2009 compared to a loss of US\$0.5 million for Q4 2008.

Net income, excluding the net effect of LMA Urology and the non-cash charges was US\$0.8 million for Q4 2009 compared to US\$0.7 million for Q4 2008. Q4 2009 intellectual property costs were down year on year reflecting the reduced activity level in the United States pending preparation of the appeal (see below).

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

Other developments

During the year, the Company decided to set up its own manufacturing facility in Northern Malaysia and has commenced construction on a four acre site.

As part of maintaining LMA's market competitiveness it continues to vigorously pursue patent infringements by competitors. In its case against Ambu in the United States the district court held that the Company's US patent was invalid for lack of written description. The district court granted the Company's motion to take an immediate appeal and postponed the trial, originally scheduled for December 7, 2009, until after the appeal is decided. The appeal is expected to be decided in late 2010. In Germany all patent legal proceedings remain stayed pending the outcome of LMA's appeal for reinstatement of its European distal rib patent by the European Patent Office.

In December 2009, at an extraordinary general meeting of the Company, a resolution seeking approval for a general mandate to purchase laryngeal masks from Forefront Medical Technology Pte Ltd, an Interested Person, was not carried. As FMT is currently the sole supplier of the Company's single-use laryngeal mask devices, which account for approximately 60 per cent. of the total revenue of the Company, this will disrupt the Company's business and affect the Company's operations and performance unless a resolution to the issue is found in the near future. To date there has been no impact on trading and the Board is exploring various options to resolve the situation. It believes a solution can be found.

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.

Whilst there appears to be some signs of recovery in some medical device markets, LMA anticipates that market conditions in 2010 will continue to be challenging.

As a result of a strategic review of its product portfolio and business streams LMA has now concluded that its future strategy will be to focus on core airway and anaesthesia products, primarily airway devices including laryngeal masks, laryngoscopes etc. This will be supplemented with other niche medical device activities which can either benefit from the Company's effective operational infrastructure and/or provide potential for broader geographic growth. As a result of these conclusions the Company will be seeking exit opportunities for certain business segments, such as the Urology business, whilst re-aligning its focus on the airway and anaesthesia segments. A significant part of this strategy will be the continued promotion of the LMA Supreme™, which continues to be very well received, as well as continuing the increased investment in research and development in order to support future business growth and reduce manufacturing cost.

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, 2009 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the year ended December 31, 2009 (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) Note(1)
Forefront Medical Technology	US\$184,000	US\$18,215,000
Arrow Medical	US\$226,000	US\$640,000
Chelle Medical	US\$195,000	US\$1,709,000
Venner Medical Suisse	US\$666,000	-

Name of interested person	Aggregate value of all interested person transactions during the three months ended December 31, 2009 (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) ^{Note(1)}
Forefront Medical Technology	US\$127,000	US\$5,642,000
Arrow Medical	-	US\$191,000
Chelle Medical	US\$149,000	US\$393,000
Venner Medical Suisse	US\$377,000	-

(1) Mandated transactions above include contracts entered into under the previous shareholders mandate.

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.**

	Anaesthesia and Related Products						Urology		TOTAL	
	U.S.A.		International		Total		2009	2008	2009	2008
	2009	2008	2009	2008	2009	2008				
External sales	\$62,158	\$63,389	\$43,960	\$44,083	\$106,118	\$107,472	\$1,518	\$978	\$107,634	\$108,450
Intersegment sales	-	-	33,297	32,791	33,297	32,791	(369)	195	32,928	32,986
Depreciation & amortisation	1,161	977	2,986	2,398	4,147	3,375	474	76	4,621	3,451
Interest income	-	2	66	488	66	490	-	-	66	490
Interest expense	-	-	12	97	12	97	-	-	12	97
Segment profit (loss)	(5,747)	1,686	15,063	22,073	9,316	23,759	(7,995)	(4,502)	1,321	19,257
Income tax expense	657	(795)	(2,267)	(372)	(1,610)	(1,167)	(1,050)	750	(2,660)	(417)
Total assets	29,217	30,687	121,479	94,661	150,696	125,348	13,626	17,468	164,322	142,816
Goodwill	2,793	5,979	11,114	13,426	13,907	19,405	91	91	13,998	19,496
Capital expenditure	714	558	2,225	872	2,939	1,430	19	34	2,958	1,464
Acquisition of intangibles	-	3	2,057	948	2,057	951	84	54	2,141	1,005

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)	2009	2008	Growth
(a) Net sales reported for the first half year. (Unaudited)	\$51,606	\$53,054	(3)%
(b) Net income after tax before deducting non-controlling interests for the first half year. (Unaudited and excluding non-cash charges)	5,007	7,114	(30)%
(c) Net sales reported for second half year. (Unaudited)	56,028	55,396	1%
(d) Net income after tax before deducting non-controlling interests for second half year. (Unaudited and excluding non-cash charges)	4,536	1,572	189%

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.