



LMA INTERNATIONAL N.V.

Company Registration No. 80879

Financial Statements for the Third Quarter and Nine Months ended September 30, 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 September 30,		Nine Months ended September 30,	
	2009	2008	2009	2008
Net sales	\$25,683	\$28,041	\$77,289	\$81,095
Cost of sales (Note (4))	(9,621)	(10,093)	(28,152)	(28,717)
Gross profit	16,062	17,948	49,137	52,378
Operating expenses (Note (1))				
Selling, general and administrative	(12,254)	(13,435)	(38,140)	(40,518)
Research and development	(866)	(293)	(1,899)	(982)
Amortisation of intangible assets	(360)	(323)	(1,079)	(759)
	(13,480)	(14,051)	(41,118)	(42,259)
Total operating income	2,582	3,897	8,019	10,119
Interest income	18	78	45	436
Interest expense	(18)	(23)	(58)	(151)
Other, net (Note (2))	314	(641)	303	444
Other income / (expenses), net	314	(586)	290	729
Net income before income taxes	2,896	3,311	8,309	10,848
Income tax expense (Note (3))	(436)	(251)	(842)	(674)
Net income	\$2,460	\$3,060	\$7,467	\$10,174
Add: Net losses attributable to non-controlling interests (Note(6))	52	136	324	523
Net income (excluding non-cash stock compensation charge) attributable to LMA International N.V.	2,512	3,196	7,791	10,697
Non-cash stock compensation charge (Note (7))	(242)	(321)	(386)	(996)
Net income attributable to LMA International N.V.	\$2,270	\$2,875	\$7,405	\$9,701

Notes:

(U.S. Dollars, in thousands)

- | | | | | |
|---|-------|-------|-------|-------|
| (1) Included in operating expenses above are: | | | | |
| Depreciation and amortisation | 1,063 | 1,148 | 3,098 | 2,883 |
| Allowance for doubtful debts (no bad debts were written off) | - | 265 | 21 | 351 |
| (2) Included in other income above are foreign exchange gains/ (losses) | 233 | (831) | 94 | 88 |
| (3) Included in income tax expenses are adjustments for under or (over) provision of tax in respect of prior years | - | - | - | 232 |
| (4) Included in cost of sales is a provision for component stock (no write-offs for stock obsolescence) | - | 500 | 200 | 1,000 |
| (5) There was no impairment in value of investments during the three and nine months ended September 30, 2009. | | | | |
| (6) Non-controlling interests relates to 37.5% of LMA Urology and 20% of LMA PacMed Pty Ltd ("LMA PacMed"). With the adoption of ASC 810-10-65, 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 | | | | |

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)	September 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$42,457	\$35,635
Trade accounts receivable, less allowance for doubtful debts	15,019	16,640
Amounts due from related parties	7	107
Inventories	12,359	13,887
Deferred tax assets	1,299	1,177
Prepaid expenses	1,495	639
Other current assets	2,436	1,545
Total current assets	75,072	69,630
Non-current assets:		
Deferred tax assets	2,732	2,607
Property, plant and equipment, net	7,038	7,258
Goodwill (Note (8))	20,282	19,496
Other intangible assets	16,539	17,327
Other long-term assets	1	1
Total assets	\$121,664	\$116,319
Liabilities and shareholders' equity		
Current liabilities:		
Trade accounts payable	\$2,007	\$2,095
Accounts due to related parties	2,516	3,506
Other current liabilities	13,758	14,490
Total current liabilities	18,281	20,091
Non-current liabilities:		
Deferred tax liabilities	306	305
Deferred revenue	298	298
Other long-term liabilities	-	51
Total liabilities	18,885	20,745
Commitments and contingencies	-	-
Equity		
LMA International N.V. shareholders' equity:		
Common shares: Issued: 587,774,941	59	59
Additional paid-in capital	53,450	53,064
Treasury shares: 43,694,000 (2008: 39,674,000)	(6,695)	(6,274)
Retained earnings	54,638	47,646
Accumulated other comprehensive income	392	(851)
Total LMA International N.V. shareholders' equity	101,844	93,644
Non-controlling interests (Note (6))	935	1,930
Total equity	102,779	95,574
Total liabilities and equity	\$121,664	\$116,319

(8) The consolidated financial position as at September 30, 2009 includes the assets of Italia Medical Systems ("IMS") which was acquired during the year. The net assets of the Group are subject to restatement once the fair-value exercise on the assets of IMS is completed. Therefore, the goodwill recorded on the acquisition of IMS is computed on a provisional basis and may be subject to adjustment once the initial accounting is completed. The Group do not believe that this will result in any material restatement.

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 September 30,		Nine Months ended September 30,	
	2009	2008	2009	2008
Cash flows from operating activities:				
Net income	\$2,270	\$2,875	\$7,405	\$9,701
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortisation	1,063	1,148	3,098	2,883
Provision for doubtful accounts	-	265	21	351
Deferred taxes	-	-	(179)	(131)
Non-controlling interest in net (income)/losses of consolidated subsidiaries	(52)	(136)	(324)	(523)
Non-cash stock compensation charge	242	321	386	996
Changes in operating assets and liabilities:				
Decrease in trade accounts receivables and amounts due from related parties	1,913	2,465	2,278	2,018
(Increase) / decrease in inventories	(293)	823	2,182	(490)
Decrease / (increase) in other assets	305	(5)	(1,632)	1,161
(Decrease) / increase in trade accounts payable and amounts due to related parties	(108)	(1,256)	234	(1,903)
(Decrease) / increase in other current liabilities	(94)	2,248	(1,404)	1,376
Net cash provided by operating activities	5,246	8,748	12,065	15,439
Cash flows from investing activities:				
Purchase of business	(802)	-	(802)	(6,105)
Purchase of subsidiary shares from non-controlling interest	-	-	(1,084)	-
Capital expenditures	(775)	(265)	(1,616)	(843)
Proceeds from sale of equipment	-	-	42	9
Acquisition of other intangible assets	(142)	(248)	(2,018)	(1,967)
Net cash used in investing activities	(1,719)	(513)	(5,478)	(8,906)
Cash flows from financing activities:				
Purchase of Treasury Shares	(55)	(2,518)	(421)	(4,533)
Net cash used in financing activities	(55)	(2,518)	(421)	(4,533)
Effect of exchange rates changes on cash and cash equivalents	64	(331)	656	254
Net increase in cash and cash equivalents	3,536	5,386	6,822	2,254
Cash and cash equivalents at the beginning of the period	38,921	27,495	35,635	30,627
Cash and cash equivalents at the end of the period	\$42,457	\$32,881	\$42,457	\$32,881
Supplemental disclosure of cash flow information				
Cash paid during the period for:				
Interest	\$32	\$2	\$32	\$44
Income taxes	\$223	\$151	\$1,593	\$1,070
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 for a total consideration of \$802,000.				
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	\$-	\$1,504	\$6,105
Cash paid for the acquisition	(802)	-	(802)	(6,105)
Liabilities assumed	\$702	\$-	\$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 interest	Total equity
At January 1, 2009	\$59	\$(6,274)	\$53,064	\$47,646	\$(851)	\$1,930	\$95,574
Net income for the period	-	-	-	5,135	-	(272)	4,863
Foreign currency translation adjustment	-	-	-	-	596	-	596
Total comprehensive income	-	-	-	-	-	-	5,459
Common shares acquired for treasury	-	(366)	-	-	-	-	(366)
Non-cash stock compensation charge	-	-	144	-	-	-	144
Transfer from retained earnings for purchase of subsidiary shares from non-controlling interest	-	-	-	(413)	-	413	-
Purchase of subsidiary shares from non-controlling interest	-	-	-	-	-	(1,084)	(1,084)
At June 30, 2009	59	(6,640)	53,208	52,368	(255)	987	99,727
Net income for the period	-	-	-	2,270	-	(52)	2,218
Foreign currency translation adjustment	-	-	-	-	647	-	647
Total comprehensive income	-	-	-	-	-	-	2,865
Common shares acquired for treasury	-	(55)	-	-	-	-	(55)
Non-cash stock compensation charge	-	-	242	-	-	-	242
At September 30, 2009	\$59	\$(6,695)	\$53,450	\$54,638	\$392	\$935	\$102,779

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
At January 1, 2008	\$59	\$(1,461)	\$51,749	\$38,800	\$1,006	\$3,609	\$93,762
Net income for the period	-	-	-	6,826	-	(387)	6,439
Foreign currency translation adjustment	-	-	-	-	386	-	386
Total comprehensive income	-	-	-	-	-	-	6,825
Common shares acquired for treasury	-	(2,015)	-	-	-	-	(2,015)
Non-cash stock compensation charge	-	-	675	-	-	-	675
At June 30, 2008	59	(3,476)	52,424	45,626	1,392	3,222	99,247
Net income for the period	-	-	-	2,875	-	(136)	2,739
Foreign currency translation adjustment	-	-	-	-	(1,397)	-	(1,397)
Total comprehensive income	-	-	-	-	-	-	1,342
Common shares acquired for treasury	-	(2,518)	-	-	-	-	(2,518)
Non-cash stock compensation charge	-	-	321	-	-	-	321
At September 30, 2008	\$59	\$(5,994)	\$52,745	\$48,501	\$(5)	\$3,086	\$98,392

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 504,000 of its Common Shares by way of on-market purchases in Q3 2009 at a share price ranging from S\$0.15 to S\$0.16. The Company holds the shares bought back as treasury shares at cost. A total of 43,694,000 shares are held as at September 30, 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.

	September 30, 2009	December 31, 2008
Number of issued shares	587,774,941	587,774,941
Less: number of treasury shares	(43,694,000)	(39,674,000)
Number of issued shares excluding treasury shares	544,080,941	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 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.

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 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 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 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.S. Dollars, in thousands, except share and per share amounts)	Three months ended September 30,		Nine Months ended September 30,	
	2009	2008	2009	2008
Net income attributable to LMA International N.V. shareholders excluding non-cash stock compensation charge	\$2,512	\$3,196	\$7,791	\$10,697
Weighted average number of shares	544,182,441	558,614,789	546,006,787	572,692,339
Basic and diluted earnings per share before non-cash stock compensation charge (in U.S. cents)	0.462	0.572	1.427	1.868

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)	September 30, 2009	December 31, 2008
Net assets of the Group	\$101,844	\$93,644
Number of shares net of treasury shares	544,080,941	548,100,941
Net assets per share (in U.S. cents)	18.719	17.085

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 September 30,		Nine Months ended September 30,	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000
Anaesthesia Products	24,905	27,121	74,539	78,375
Other Products	687	712	2,033	1,794
Urology	91	208	717	926
Total Group Net Sales	25,683	28,041	77,289	81,095

Anaesthesia Product Sales								
	Three months ended September 30,				Nine Months ended September 30,			
	2009		2008		2009		2008	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
United States	14,549	58%	15,512	57%	43,968	59%	44,938	57%
International	10,356	42%	11,609	43%	30,571	41%	33,437	43%
Total Net Sales	24,905	100%	27,121	100%	74,539	100%	78,375	100%
Reusable devices	6,560	26%	9,451	35%	21,062	28%	27,651	35%
Single-use devices	15,478	62%	13,912	51%	44,878	60%	40,565	52%
Other	2,867	12%	3,758	14%	8,599	12%	10,159	13%
Total	24,905	100%	27,121	100%	74,539	100%	78,375	100%

Laryngeal Masks	Three months ended September 30,		Nine Months ended September 30,	
	2009	2008	2009	2008
Reusable units sold	33,697	53,791	111,905	142,756
Single-use units sold	1,608,654	1,417,877	4,759,464	4,198,351
Total units sold	1,642,351	1,471,668	4,871,369	4,341,107
Average revenue per unit of reusable units (US\$)	194.68	175.72	188.21	193.69
Average revenue per unit of single-use units (US\$)	9.62	9.81	9.43	9.66

Third quarter of 2009 (Q3 2009) compared to third quarter 2008 (Q3 2008)

The general financial and economic environment continues to adversely impact the medical device market: particularly capital equipment budgets and elective surgeries. Distributors are minimising stock holdings to manage cash flows. Within this environment, competitive pricing continues to be aggressive and new entrants are coming into the market. This does not necessarily result in lost business but it does delay sales as hospitals carry out evaluations. Given this environment, **Group Net Sales** for Q3 2009 were down 8% but when measured at 2008 exchange rates, were 6% lower than last year, although after taking into account a large tender order for Iraq in Q3 2008, the decline is reduced to 2%.

Sales of anaesthesia products at US\$24.9 million for Q3 2009 decreased by 8% over sales of US\$27.1 million for Q3 2008, 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.

Net sales of anaesthesia products in the United States at US\$14.5 million for Q3 2009 decreased by 6% from sales of US\$15.5 million for Q3 2008. The U.S. market continues to be highly price competitive and has suffered significant constraints on hospital capital spending resulting in sales of laryngoscopes being down year on year in 2009 and limited sales of the LMA PerfecTemp™ patient warming device.

Net sales of anaesthesia products for International at US\$10.4 million for Q3 2009 decreased by 11% from sales of US\$11.6 million for Q3 2008. When measured at 2008 exchange rates and adjusting for the Iraq order, International sales were 5% up on prior year. Sales at PacMed in Australia/New Zealand and in International East 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 quarter. These supply issues are being addressed with the manufacturers but may continue

into Q4 2009. Such supply issues will be minimised once the Company's own manufacturing facility is in operation by early 2011. Despite these constraints, Group total sales of single-use devices for Q3 2009 increased 11% in revenue terms and 13% in unit terms, compared to Q3 2008 largely driven by sales of the LMA Supreme™.

Sales of LMA StoneBreaker™ were down in the quarter due to timing of placement of minimum orders due for the year from Cook Medical which is expected to be caught up in Q4 2009.

Gross profit for the Group for Q3 2009 at US\$16.1 million decreased by 10.5% or US\$1.8 million from Q3 2008, of which the adverse effect of foreign currency translation of sales accounted for US\$0.7 million. The balance is due to the reduced year on year sales and continuing margin dilution. Gross profit from anaesthesia products as reported at US\$15.6 million for Q3 2009 decreased by US\$1.5 million or 9% over Q3 2008 which includes the full year on year foreign currency translation impact. Gross margin at 62.5% for Q3 2009 was down from 64% for Q3 2008 due to a higher mix of third party distributor devices and the exchange impact of sales in non-U.S. dollars.

Group **Selling, general and administrative expenses** ("SG&A") at US\$12.3 million for Q3 2009 decreased by US\$1.2 million or 9% from US\$13.4 million for Q3 2008. The Company continues with its efforts to reduce operating expenses, whilst maintaining its competitiveness in a tough market place. An overall reduction of US\$0.3 million at 2008 exchange rates is after accounting for increased intellectual property litigation expenses in the quarter of US\$0.8 million. Whilst we have reached agreement on a formula to cap our primary attorney fees in the United States, considerable deposition and expert witness fees were incurred in the quarter. Expenditure to take the case to the next phase is expected to be considerably lower than recent run-rates. In the meantime all expense lines remain under tight scrutiny.

For Q3 2009, SG&A expenses (excluding LMA Urology and Pain Care®) were 46% of net sales, compared to 44.5% for Q3 2008.

As part of maintaining LMA's market competitiveness it continues to vigorously pursue patent infringements by competitors. During Q2 2009, the judge in our case against Ambu in the United States made a partial non-infringement order and in Q3 2009, the court held that LMA's patent was invalid for a lack of written description. The U.S. trial court granted LMA's motion to take an immediate appeal as well as denying Ambu's remaining patent counterclaims as moot and stayed Ambu's false-advertising counterclaims pending LMA's appeal. The dispute is not expected to be finally resolved until late 2010 or early 2011 at the earliest but LMA remains convinced of the merits of its claims and intends to vigorously prosecute its appeal.

Research and development expenditure ("R&D") for Q3 2009 (and YTD 2009) is virtually three times that of the prior year as LMA is increasing its focus on R&D. The expenditure in Q3 2009 primarily related to design and manufacturing cost improvements to the LMA PerfecTemp™ device and development of other products.

Operating income at US\$2.6 million for Q3 2009 was 34% or US\$1.3 million down on Q3 2008 as a result of the above factors. The impact of exchange rate differences accounted for US\$0.4 million, the increase in R&D expenditure accounted for a further US\$0.6 million and increased intellectual property litigation expenditure of US\$0.8 million. Adjusting for these factors, Operating income would have increased by US\$0.5 million despite the lower sales.

Net income excluding non-cash stock compensation charge decreased by 21% to US\$2.5 million for Q3 2009 from US\$3.2 million for Q3 2008 as a result of the factors outlined above and a large swing in foreign exchange movements on balance sheet items.

The Company continues to have a strong balance sheet with cash balances of US\$42.5 million and no debt at the end of the quarter. **Net assets*** amounted to US\$101.8 million at September 30, 2009, some US\$3.1 million higher than June 30, 2009 due primarily to cash generated in the quarter.

Net cash provided by operating activities was US\$5.2 million for Q3 2009. Net cash used in investing activities totalled US\$1.7 million for the quarter being primarily due to the purchase of Italia Medical Systems. During the quarter, 504,000 treasury shares were acquired bringing the total number of shares purchased and cash outlay on treasury shares, since the buyback programme first commenced, to 43,694,000 and US\$6.7 million, respectively. This amounts to 7% of LMA's issued shares.

First nine months of 2009 (YTD 2009) compared to first nine months of 2008 (YTD 2008).

Group Net Sales for YTD 2009 at US\$77.3 million, decreased by US\$3.8 million or 5% from YTD 2008. However, when measured at 2008 exchange rates, Group Net Sales were in line with the previous year. For anaesthesia products, sales in the United States at US\$44.0 million for YTD 2009 decreased by 2% over sales of US\$44.9 million for YTD 2008. International sales at US\$30.6 million for YTD 2009 decreased by 9% over sales of US\$33.4 million for YTD 2008 (which included the Q3 2008 order from Iraq referred to earlier), although were in line with last year at constant exchange rates.

Gross margin at 64% for YTD 2009 was down from 65% for YTD 2008 due to a higher mix of third party distributor devices and the exchange impact of sales in non-U.S. dollars.

Selling, general and administrative expenses, excluding operating expenses of LMA Urology and Pain Care®, decreased by US\$1.7 million or 4.5% over the corresponding period in 2008 although at 2008 exchange rates the decrease was \$0.4 million. The decrease in anaesthesia operating expenses, despite the higher legal costs related to its current patent infringement litigations, was due to general savings.

Operating income was US\$8.0 million for YTD 2009, down 21% or US\$2.1 million on the same period in FY2008. At 2008 exchange rates, the decline is US\$0.5 million.

Net income, excluding the net effect of LMA Urology and the non-cash stock compensation charge was US\$8.0 million for YTD 2009 compared to US\$11.7 million for YTD 2008. YTD 2009 intellectual property costs were up US\$1.4 million year on year.

Net assets* amounted to US\$101.8 million at September 30, 2009, some US\$8.2 million higher than December 31, 2008 due primarily to YTD 2009 cash generation.

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

Other developments

During the quarter, the Company continued its progress on the development of its own manufacturing facility in Northern Malaysia and has to date acquired a four acre site and awarded a design and build contract for the construction of the factory.

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.

LMA anticipates that the general financial and economic environments, which have impacted our performance to date, will continue to impact the medical device market through 2009 and potentially into 2010.

The LMA Supreme™ continues to be well received and steps taken to address the capacity constraint experienced in recent months should allow this innovative device to further expand its sales volume.

As indicated above, the increase in focus on research and development in order to support future business growth and reduce manufacturing cost is expected to increase future R&D cost to about 3% of sales revenue.

As a result of the continued slowdown in the economic environment in our major markets which has adversely impacted our current financial performance, we have commenced a review of the carrying value of the goodwill and intangible assets on our balance sheet. This review will be completed in Q4 2009 and may result in a non-cash "impairment charge" on some of these items.

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 nine and three months ended September 30, 2009 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the nine months ended September 30, 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\$12,573,000
Arrow Medical	US\$165,000	US\$449,000
Chelle Medical	-	US\$1,316,000
Venner Medical Suisse	US\$289,000	-

Name of interested person	Aggregate value of all interested person transactions during the three months ended September 30, 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\$4,648,000
Arrow Medical	US\$165,000	US\$189,000
Chelle Medical	-	US\$422,000
Venner Medical Suisse	US\$183,000	-

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

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 September 30, 2009 to be false or misleading.