



LMA INTERNATIONAL N.V.

Company Registration No. 80879

Financial Statements for the Fourth Quarter and Full Year ended December 31, 2008

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,	
	2008	2007	2008	2007
Net sales	\$27,355	\$25,337	\$108,450	\$99,616
Cost of sales (Note (4))	(12,169)	(10,330)	(40,886)	(34,342)
Gross profit	15,186	15,007	67,564	65,274
Operating expenses (Note (1))				
Selling, general and administrative	(14,684)	(12,701)	(55,202)	(47,492)
Urology restructuring charge	(1,051)	-	(1,051)	-
Research and development	(611)	(46)	(1,593)	(1,231)
Amortisation of intangible assets	(395)	(409)	(1,154)	(745)
	(16,741)	(13,156)	(59,000)	(49,468)
Total operating (loss) / income	(1,555)	1,851	8,564	15,806
Interest income	98	276	534	1,063
Interest expense	(16)	(3)	(167)	(64)
Other, net (Note (2))	(178)	670	266	874
Other (expenses) / income, net	(96)	943	633	1,873
Net (loss) / income before income taxes and minority interests	(1,651)	2,794	9,197	17,679
Income tax expense (Note (3))	163	(75)	(511)	(2,100)
Minority interests (Note (6))	952	139	1,475	(80)
Net (loss) / income excluding non-cash stock compensation charge and non-cash U.K. tax charge	\$(536)	\$2,858	\$10,161	\$15,499
Non-cash stock compensation charge (Note (7))	(319)	(350)	(1,315)	(1,508)
Non-cash U.K. tax charge (Note (8))	-	-	-	(1,275)
Net (loss) / income	\$(855)	\$2,508	\$8,846	\$12,716

Notes:

(U.S. Dollars, in thousands)

- | | | | | |
|--|-------|-------|-------|-------|
| (1) Included in operating expenses above are: | | | | |
| Depreciation and amortisation | 1,067 | 1,099 | 3,950 | 3,400 |
| Allowance for doubtful debts (no bad debts were written off) | 1,100 | 367 | 1,451 | 367 |
| (2) Included in other income above are foreign exchange (losses) / gains | (410) | 656 | (322) | 829 |
| (3) Included in income tax expenses are adjustments for under or (over) provision of tax in respect of prior years (see also Note (8)) | - | - | 232 | - |
| (4) Included in cost of sales is a provision for stock obsolescence | 1,500 | - | 2,500 | - |
| (5) There was no impairment in value of investments during the three months and year ended December 31, 2008. | | | | |
| (6) Minority interests relates to our joint venture interest in LMA Urology and 20% of LMA PacMed Pty Ltd ("LMA PacMed") and includes the share of the Urology restructuring charge. | | | | |
| (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 granted a long-term incentive plan to its new Chief Executive on his joining in October 2008. This plan includes conditional share awards which will vest on the Company's share price attaining certain pre-set levels. The Company has not yet completed a fair market valuation of the scheme but does not consider that there would be a material charge in 2008 due to the short duration of service to date.

- (8) In 2007, the Company booked a non-cash corporation tax charge of US\$1.28 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, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$35,635	\$30,627
Trade accounts receivable, less allowance for doubtful debts	16,640	17,408
Amounts due from related parties	107	1,124
Inventories	13,887	16,879
Deferred tax assets	1,177	1,233
Prepaid expenses	639	1,054
Other current assets	1,545	3,142
Total current assets	69,630	71,467
Non-current assets:		
Deferred tax assets	2,607	1,142
Property, plant and equipment, net	7,258	6,607
Goodwill	19,496	15,750
Other intangible assets	17,327	15,864
Other long-term assets	1	9
Total assets	\$116,319	\$110,839
Liabilities and shareholders' equity		
Current liabilities:		
Trade accounts payable	\$2,095	\$3,133
Amounts due to related parties	3,506	1,825
Other current liabilities	14,490	11,177
Total current liabilities	20,091	16,135
Non-current liabilities:		
Deferred tax liabilities	305	458
Deferred revenue	298	397
Other long-term liabilities	51	87
Total liabilities	20,745	17,077
Minority interests (Note (6))	1,930	3,609
Commitments and contingencies		
Shareholders' equity		
Common shares: Issued: 587,774,941	59	59
Additional paid-in capital	53,064	51,749
Treasury shares: 39,674,000 (2007: 5,005,000)	(6,274)	(1,461)
	46,849	50,347
Retained earnings	47,646	38,800
Accumulated other comprehensive income	(851)	1,006
Total shareholders' equity	93,644	90,153
Total liabilities, minority interests and shareholders' equity	\$116,319	\$110,839

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,	
	2008	2007	2008	2007
Cash flows from operating activities:				
Net (loss) / income	\$(855)	\$2,508	\$8,846	\$12,716
Adjustments to reconcile net (loss) / income to net cash provided by operating activities:				
Depreciation and amortisation	1,067	1,099	3,950	3,400
Provision for doubtful accounts	1,100	367	1,451	367
Deferred taxes	(1,000)	(858)	(1,131)	(949)
Minority interest in net (income)/losses of consolidated subsidiaries	(952)	(139)	(1,475)	80
Non-cash stock compensation charge	319	350	1,315	1,508
Non-cash U.K. tax charge	-	-	-	1,275
Changes in operating assets and liabilities:				
(Increase) in trade accounts receivables and amounts due from related parties	(2,433)	(731)	(415)	(1,602)
Decrease / (increase) in inventories	3,489	(532)	2,999	(2,635)
(Increase) / decrease in other assets	(14)	240	1,147	85
Increase / (decrease) in trade accounts payable and amounts due to related parties	865	(2,729)	(1,038)	(2,003)
Increase in other current liabilities	2,787	1,693	4,163	2,736
Net cash provided by operating activities	4,373	1,268	19,812	14,978
Cash flows from investing activities:				
Purchase of investment	-	-	-	(4,909)
Purchase of business	-	-	(6,105)	-
Capital expenditures	(762)	(330)	(1,605)	(2,288)
Proceeds from sale of equipment	19	6	28	6
Acquisition of other intangible assets	(354)	(1,287)	(2,321)	(2,611)
Net cash used in investing activities	(1,097)	(1,611)	(10,003)	(9,802)
Cash flows from financing activities:				
Payment of LMA PacMed pre-acquisition dividends to minority interest	-	-	-	(1,232)
Purchase of Treasury Shares	(280)	(1,461)	(4,813)	(1,461)
Net cash used in financing activities	(280)	(1,461)	(4,813)	(2,693)
Effect of exchange rates changes on cash and cash equivalents	(242)	(93)	12	(9)
Net increase in cash and cash equivalents	2,754	(1,897)	5,008	2,474
Cash and cash equivalents at the beginning of the period	32,881	32,524	30,627	28,153
Cash and cash equivalents at the end of the period	\$35,635	\$30,627	\$35,635	\$30,627
Supplemental disclosure of cash flow information				
Cash paid during the period for:				
Interest	\$1	\$-	\$45	\$69
Income taxes	\$338	\$1,166	\$1,754	\$2,236
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 2007, 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 acquisitions, full liabilities assumed on acquisition and consolidation were as follows:				
Fair value of assets acquired (including intangible assets)	\$-	\$-	\$6,105	\$6,031
Existing investment	-	-	-	(4,759)
Cash paid for the acquisition	-	-	(6,105)	(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, 2008	\$59	\$(1,461)	\$51,749	\$38,800	\$1,006	\$90,153
Net income for the period	-	-	-	9,701	-	9,701
Foreign currency translation adjustment	-	-	-	-	(1,011)	(1,011)
Total comprehensive income						8,690
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)	95,306
Net loss for the period	-	-	-	(855)	-	(855)
Foreign currency translation adjustment	-	-	-	-	(846)	(846)
Total comprehensive income						(1,701)
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)	\$93,644

(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
Stock 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

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 3,166,000 of its Common Shares by way of on-market purchases in Q4 2008 at a share price ranging from S\$0.11 to S\$0.135. The Company holds the shares bought back as treasury shares at cost. A total of 39,674,000 shares are held as treasury shares at the end of the year.

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, 2008	December 31, 2007
Number of issued shares	587,774,941	587,774,941
Less: number of treasury shares	(39,674,000)	(5,005,000)
Number of issued shares excluding treasury shares	548,100,941	582,769,941

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, 2008 have been extracted from the audited financial statements. The figures for the quarter ended December 31, 2008 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, 2008.

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, 2008 and 2007, and the results of their operations and their cash flows for each of the two years in the period then ended December 31, 2007 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 6, 2009

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.

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements" ("SFAS 157"), which is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value and establishes a framework for measuring fair value in accordance with generally accepted accounting principles. SFAS 157 also applies to other accounting pronouncements that require or permit a fair value measure. As defined by SFAS 157, the fair value of an asset or liability would be based on an "exit price" basis rather than an "entry price" basis. Additionally, the fair value should be market-based and not an entity-based measurement. SFAS 157 was adopted by the Company on January 1, 2008. In February 2008, the FASB issued FASB Staff Position 157-2, "Effective Date of SFAS 157", which defers the effective date of SFAS 157 for most non-financial assets and non-financial liabilities, which the Company will adopt in its fiscal year beginning January 1, 2009. The adoption of SFAS 157, for financial assets and liabilities, did not have any material effect on the Company's consolidated financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" ("SFAS 159"), which is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. An entity shall report unrealised gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS 159 was adopted by the Company on January 1, 2008. The Company has not elected to measure any financial assets or financial liabilities at fair value which were not previously required to be measured at fair value. The adoption of SFAS 159 did not have any material effect on the Company's financial position, results of operations or cash flows.

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,	
	2008	2007	2008	2007
Net (loss) / income attributable to shareholders excluding non-cash stock compensation charge and non-cash U.K. tax charge	\$(536)	\$2,858	\$10,161	\$15,499
Weighted average number of shares	549,311,626	585,590,365	566,815,220	582,715,720
Basic and diluted (loss) / earnings per share before non-cash stock compensation charge and non-cash U.K. tax charge (in U.S. cents)	(0.098)	0.488	1.793	2.660

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, 2008	December 31, 2007
Net assets of the Group	\$93,644	\$90,153
Number of shares net of treasury shares	548,100,941	582,769,941
Net assets per share (in U.S. cents)	17.085	15.470

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

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

Group Net Sales	Three months ended December 31,		Year ended December 31,	
	2008	2007	2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000
Anaesthesia Products	26,594	25,188	104,969	97,322
Other Products	709	-	2,503	-
Urology	52	149	978	2,294
Total Group Net Sales	27,355	25,337	108,450	99,616

Anaesthesia Product Sales								
	Three months ended December 31,				Year ended December 31,			
	2008		2007		2008		2007	
	US\$'000		US\$'000		US\$'000		US\$'000	
United States	15,948	60%	15,341	61%	60,886	58%	59,063	61%
International	10,646	40%	9,847	39%	44,083	42%	38,259	39%
Total Net Sales	26,594	100%	25,188	100%	104,969	100%	97,322	100%
Reusable devices	7,606	29%	9,326	37%	35,257	34%	39,559	41%
Single-use devices	15,581	58%	12,544	50%	56,146	53%	47,120	48%
Other	3,407	13%	3,318	13%	13,566	13%	10,643	11%
Total	26,594	100%	25,188	100%	104,969	100%	97,322	100%

Laryngeal Masks	Three months ended December 31,		Year ended December 31,	
	2008	2007	2008	2007
Reusable units sold	41,514	46,573	184,269	199,886
Single-use units sold	1,724,674	1,342,546	5,923,025	4,989,153
Total units sold	1,766,188	1,389,119	6,107,294	5,189,039
Average revenue per unit of reusable units (US\$)	183.22	200.24	191.33	197.91
Average revenue per unit of single-use units (US\$)	9.03	9.34	9.48	9.44

2008 compared to 2007

Group Net Sales for the year ended December 31, 2008 at US\$108.5 million, increased by US\$8.8 million or 9% over the year ended December 31, 2007. Sales of anaesthesia products, which include the LMA PerfecTemp™ patient warming device, amounted to US\$105.0 million, with the balance of US\$3.5 million, being other product sales including LMA StoneBreaker™ and the Pain Care® range of ambulatory infusion pumps. Sales of the LMA Supreme™ made a significant contribution to sales in the year. All major markets saw intense price competition throughout the year.

Net sales of anaesthesia products in the United States at US\$60.9 million for the year ended December 31, 2008 increased by 3% over sales of US\$59.1 million for the year ended December 31, 2007 aided by strong sales of the McGrath® Video Laryngoscope. Sales of the LMA PerfecTemp™ made a positive contribution from Q3 2008.

Net sales of anaesthesia products for International at US\$44.1 million for the year ended December 31, 2008 increased by 15% over sales of US\$38.3 million for the year ended December 31, 2007, boosted by a large tender order for Iraq and strong growth in both the International West and International East markets. LMA Deutschland achieved local currency sales expectations for the year and continues to show progress in a very difficult market.

For the Group, total sales of single-use devices for the full year in 2008 increased some 19%, in both unit and revenue terms, compared to 2007. A significant portion of this increase was generated by the LMA Supreme™.

Sales of LMA StoneBreaker™ to distributors were slow in 2008 as efforts were concentrated on demonstrating and promoting the device to end-users and helping existing distributors to sell down their inventory. Sales in the last quarter of the year were curtailed as the Company progressed its discussion with Cook Medical, a leading global healthcare company, for an exclusive worldwide distribution

arrangement for its LMA StoneBreaker™. This Agreement has now been signed and will have significant benefits for both companies.

Gross profit for the Group at US\$67.6 million for the year ended December 31, 2008 increased by US\$2.3 million or 3.5% over the year ended December 31, 2007. Gross profit from anaesthesia products at US\$65.2 million for the year ended December 31, 2008 increased by US\$1.5 million or 2% over the year ended December 31, 2007. Gross margin at 62% for the year ended December 31, 2008, however, was down from 65% for the year ended December 31, 2007 due to the continued market shift in product mix towards lower margin single-use products and a higher mix of third party distributor devices as well as provisions for product obsolescence.

The above mentioned stock obsolescence provision was in respect of the LMA CTrach™, sales of which had declined significantly during the year as its technology was rapidly overtaken by later technologies providing higher standards of visualisation, such as laryngoscopes, another device marketed by the Company. The provision of US\$2.5 million (60% in Quarter 4 alone) for finished goods and components adversely affected gross margin by an absolute 2.3 percentage points. The Company, however, remains committed to the development of new innovative products to ensure its portfolio of products continues to be at the forefront of technology.

Group **Selling, general and administrative expenses** ("SG&A") at US\$56.3 million for the year ended December 31, 2008 increased by US\$8.8 million or 18% from US\$47.5 million for the year ended December 31, 2007. Excluding expenses for the LMA Urology joint venture and Pain Care®, SG&A increased by US\$4.7 million or 11% over the year ended December 31, 2007. The increase in anaesthesia operating expenses includes increases in sales and marketing resources and marketing spend, the high legal costs related to its current patent infringement litigation against Ambu A/S in the United States and a provision of US\$0.6 million for doubtful debts arising from the current global financial crisis.

Operating expenses for LMA Urology also increased substantially for the year ended December 31, 2008. This, however, was due in part to a one-off reorganisation expense of US\$1.1 million resulting from the exclusive worldwide distribution agreement referred to earlier and an additional US\$0.4 million for the purchase of intellectual property for a complementary device to the LMA StoneBreaker™. As this device is not considered fully developed, the Company is required under U.S. GAAP to expense this consideration.

Excluding LMA Urology costs, intellectual property litigation costs and the higher provision for doubtful debts, SG&A for FY2008 will be at 44% of net sales, the same level as in the year ended December 31, 2007.

Operating income (excluding LMA Urology operating losses) at US\$13.2 million for the year ended December 31, 2008 was 22% down on the year ended December 31, 2007 as a result of the factors outlined above. However, if adjusted for the stock obsolescence provision and the additional bad debt provision the decrease reduces to 4%.

Income tax expense was US\$0.5 million for the year ended December 31, 2008 compared to US\$2.1 million for the year ended December 31, 2007 due to lower profits in the United States, losses in Urology and a prior year tax credit in the International group.

Foreign exchange movements relate primarily to accounts receivable balances.

Net income excluding non-cash stock compensation charge and non-cash U.K. tax charge decreased by 34% to US\$10.2 million for the year ended December 31, 2008 from US\$15.5 million for the year ended December 31, 2007 as a result of the factors outlined above.

The Company ended the year with a strong balance sheet with cash balances of US\$35.6 million and no debt. **Net assets*** amounted to US\$93.6 million at December 31, 2008, compared to US\$90.2 at December 31, 2007 and Net Tangible Assets increased to US\$58.8 million or 11 cents per share.

Net cash provided by operating activities was US\$19.8 million for the year ended December 31, 2008 boosted by cash collection of Accounts Receivables balances and reduced inventory. Net cash used in investing activities totalled US\$10.0 million for the year including the acquisition of the PainCare® business in Q1 2008. During the year, US\$4.8 million was spent on acquiring 34,669,000 treasury shares bringing the total cash outlay on treasury shares, since the buyback programme first commenced, to US\$6.3 million.

Fourth quarter of 2008 (Q4 2008) compared to fourth quarter of 2007 (Q4 2007)

Group Net Sales for Q4 2008 at US\$27.4 million, increased by US\$2.0 million or 8% over Q4 2007 despite adverse foreign exchange movements on the translation of non-U.S. denominated entities. United States sales grew by 4% to record their highest ever quarterly sales at US\$15.9 million, boosted by sales of the Pain Care® range of ambulatory infusion pumps and sales of the LMA PerfecTemp™. International sales at US\$10.6 million for Q4 2008 increased by 8% over sales of US\$9.9 million for Q4 2007.

The sales mix by product continued to reflect the on-going switch from reusable to single-use devices and an increased proportion of sales of non-LMA owned products. This mix change was a primary cause for the

gross margin for anaesthesia products to decline from 60% in Q4 2007 to 56% in Q4 2008. This dilution was accentuated by additional stock obsolescence provisions in the quarter.

Selling, general and administrative expenses, excluding operating expenses of LMA Urology and Pain Care® in Q4 2008 increased by US\$0.6 million or 5% over Q4 2007 with increased intellectual property litigation costs due to the action initiated against Ambu in the United States, partially offset by controls over other expenditure. As mentioned above, additional provisions for doubtful debts were made in the quarter.

Other income decreased by US\$0.5 million due to foreign exchange movements. **Net loss** excluding the non-cash stock compensation charge and the non-cash U.K. tax charge was US\$0.5 million for Q4 2008 compared with **Net income** of US\$2.9 million in Q4 2007 but was hampered by the adjustments for one-off items shown in the table below.

Net assets* amounted to US\$93.6 million at December 31, 2008, some US\$1.7 million lower than September 30, 2008.

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

** *Net income before non-cash items, e.g. stock compensation charge.*

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.

2009 is expected to be a very challenging year for most business sectors globally as the worst recession in at least half a century continues to take its toll. Although the healthcare industry is usually one of the most resilient sectors of the economy, there is clear evidence that there are downward economic pressures impacting many of areas of healthcare.

Within our core airway management business, the decline in the number of elective surgical procedures, continued intense price competition and tight liquidity are expected to inhibit our growth and gross margins. However, with a strong brand equity, an outstanding device in the LMA Supreme™, full year sales of our patient warming product, the LMA PerfectTemp™ and the just concluded worldwide distribution agreement for the LMA StoneBreaker™, we expect Group revenue to continue to grow.

Our substantial cash reserves and healthy cash flow will allow us to capitalise on new growth opportunities that may become available in this economic recession.

The recent appointment of Lawrence Kinet as the new Group Chief Executive is expected to significantly strengthen our operational leadership and help improve our execution capability.

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, 2008 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the year ended December 31, 2008 (excluding transactions less than S\$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Forefront Medical Technology	-	US\$17,989,000
Arrow Medical	-	US\$1,025,000
Chelle Medical	-	US\$1,720,000
Shearman and Sterling	-	US\$1,162,000
Venner International Services	-	US\$118,000
CB Holdings	US\$557,000	-
Venner Medical (Singapore) Pte Ltd	-	US\$102,000
Venner Capital	-	US\$1,724,000
VicPlas	-	US\$84,000

Name of interested person	Aggregate value of all interested person transactions during the three months ended December 31, 2008 (excluding transactions less than S\$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Forefront Medical Technology	-	US\$4,082,000
Arrow Medical	-	US\$178,000
Chelle Medical	-	US\$423,000
CB Holdings	US\$125,000	-
Venner Capital	-	US\$1,738,000

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.**

	Anaesthesia and Related Products						Urology		TOTAL	
	U.S.A.		International		Total		2008	2007	2008	2007
	2008	2007	2008	2007	2008	2007				
External sales	\$63,389	\$59,063	\$44,083	\$38,259	\$107,472	\$97,322	\$978	\$2,294	\$108,450	\$99,616
Intersegment sales	-	-	32,791	34,921	32,791	34,921	195	747	32,986	35,668
Depreciation & amortisation	977	458	2,398	2,247	3,375	2,705	76	282	3,451	2,987
Interest income	2	3	488	1,035	490	1,038	-	-	490	1,038
Interest expense	-	-	97	3	97	3	-	-	97	3
Segment profit (loss)	1,686	3,583	22,073	13,518	23,759	17,101	(4,502)	(992)	19,257	16,109
Income tax expense	(795)	1,556	(372)	809	(1,167)	2,365	750	(300)	(417)	2,065
Total assets	30,687	24,973	94,661	75,954	125,348	100,927	17,468	6,633	142,816	107,560
Goodwill	5,979	2,793	13,426	12,866	19,405	15,659	91	91	19,496	15,750
Capital expenditure	558	773	872	1,267	1,430	2,040	34	68	1,464	2,108
Acquisition of intangibles	3	-	948	3,798	951	3,798	54	2,193	1,005	5,991

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)	2008	2007	Growth
(a) Net sales reported for the first half year. (Unaudited)	\$53,054	\$51,416	3%
(b) Net income after tax before deducting minority interests for the first half year. (Unaudited and excluding non-cash charges)	7,114	9,997	(29)%
(c) Net sales reported for second half year. (Unaudited)	55,396	48,200	15%
(d) Net income after tax before deducting minority interests for second half year. (Unaudited and excluding non-cash charges)	1,572	5,582	(72)%

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.