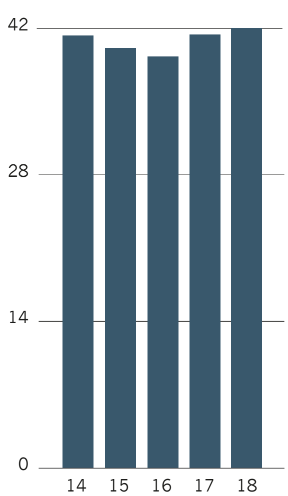
Utah Medical Products, Inc.

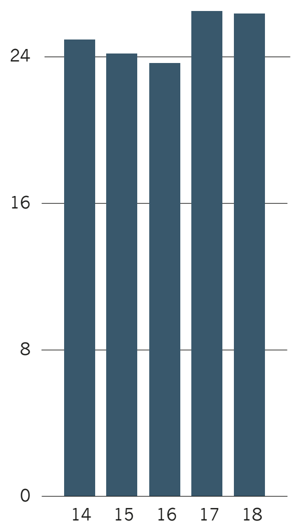
2018
ANNUAL REPORT

UTAH MEDICAL PRODUCTS, INC.

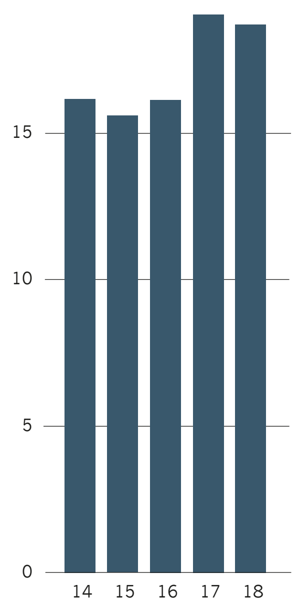
Utah Medical Products, Inc., with particular interest in health care for women and their babies, develops, manufactures and markets a broad range of disposable and reusable specialty medical devices recognized by clinicians in over one hundred countries around the world as the standard for obtaining optimal long term outcomes for their patients.



NET SALES
(millions of dollars)



GROSS PROFITS
(millions of dollars)

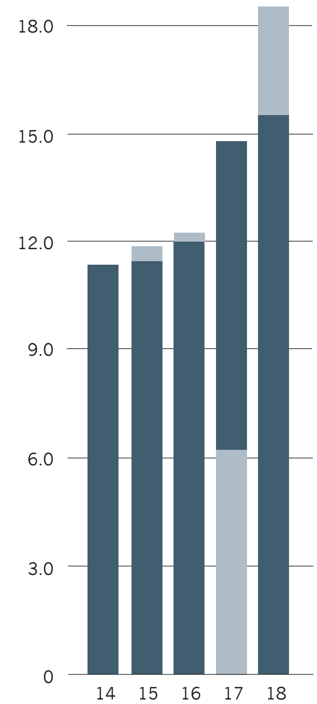


OPERATING PROFITS
(millions of dollars)

5 Year Summary of Operations

(In thousands, except per share amounts)

	2018	2017	2016	2015	2014
Net sales	$41,998	$41,414	$39,298	$40,157	$41,278
Net income – GAAP	18,555	8,505	12,128	11,843	11,378
Net income before REPAT tax & DTL adj's	*15,504*	*14,562*	*12,004*	*11,493*	*11,378*
Total assets	99,768	92,745	76,191	79,175	81,076
Long-term debt	—	—	—	—	973
Stockholders' equity	88,992	78,122	69,243	69,648	64,556
Earnings per common share – GAAP (diluted)	$ 4.95	$ 2.28	$ 3.22	$ 3.14	$ 3.02
Earnings per common share before REPAT tax & DTL adj's (diluted)	*$ 4.14*	*$ 3.90*	*$ 3.19*	*$ 3.05*	*$ 3.02*
Cash dividends per share	$ 1.09	$ 1.07	$ 1.05	$ 1.03	$ 1.01
Weighted average common shares (diluted)	3,749	3,737	3,766	3,772	3,774

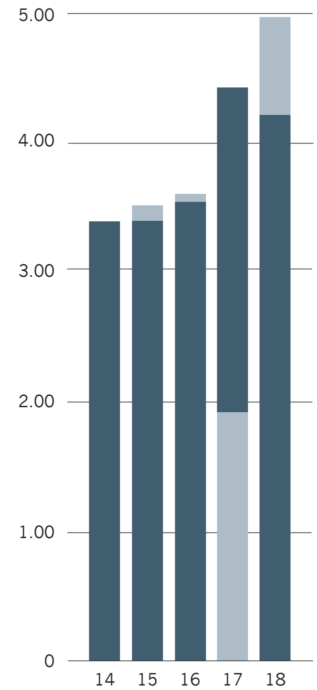


NET INCOME
(millions of dollars)
REPAT tax & Deferred tax adjustment

Quarterly Income Statement Summaries

(In thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2018				
Net sales	$10,887	$10,965	$10,390	$ 9,756
Gross profit	6,922	6,984	6,294	6,106
Net income	4,092	4,308	6,762	3,393
Earnings per share	$ 1.09	$ 1.15	$ 1.80	$ 0.91
2017				
Net sales	$10,259	$10,829	$10,125	$ 10,201
Gross profit	6,535	6,893	6,496	6,470
Net income	3,536	3,870	3,622	(2,522)
Earnings per share	$ 0.95	$ 1.04	$ 0.97	$ (0.67)
2016				
Net sales	$10,301	$10,490	$ 9,655	$ 8,852
Gross profit	6,223	6,252	5,775	5,440
Net income	3,217	3,259	2,935	2,717
Earnings per share	$ 0.85	$ 0.86	$ 0.78	$ 0.73



EARNINGS PER SHARE
(dollars)
REPAT tax & Deferred tax adjustment

Letter from the President

To Our Stockholders

Following a strong growth year in 2017, UTMD experienced a year in 2018 which closely matched 2017, as expected, except for U.S. income tax provision adjustments. Consolidated sales were up 1.4%, but UTMD's overall gross profit margin and operating income margin were squeezed, although still excellent at 62.6% and 44.5% respectively. Earnings before income taxes (EBT) were up 2%, thanks to the non-operating income realized from the sale of an unneeded storage facility in Utah.

Net Income (NI) and Earnings Per Share (EPS) according to U.S. Generally Accepted Accounting Principles (GAAP), were significantly affected, first in 2017 by an over-estimate of the "one-time" income tax on cumulative foreign earnings resulting from the "Tax Cuts and Jobs Act" (TCJA) enacted by Congress in December 2017, and then by a favorable adjustment in 2018 which had to be included as a component of income tax expense from continuing operations. We attempt to explain the tax provision issues more clearly in the Management Discussion & Analysis (MD&A) section of this report and UTMD's 2018 SEC Form 10-K available at http://www.utahmed.com.

Ignoring the income tax provision estimates and adjustments required as a result of the TCJA (except for the new ongoing lower corporate tax rate in U.S.), UTMD's 2018 consolidated non-GAAP NI and EPS were up about 6%. This was higher than EBT growth because the (non-GAAP) impact of the new U.S. corporate tax rate was about three percentage points lower compared to the prior year. Of course, UTMD's combined tax rate also is a function of the distribution of its subsidiaries' taxable income and tax rates.

At the end of 2018, total assets practically reached $100 million, of which cash was $51 million. Intangible assets were 29% of total assets, down from 34% at the end of 2017. EBITDA reached $22.5 million in 2018, up from $22 million in 2017. All of this led to a 2% increase in stock price in 2018 when the major indices were down 4% or more.

On the last day of 2018, UTMD entered into a definitive purchase agreement with CooperSurgical Inc (CSI) to acquire the remaining 4.75 years' exclusive distribution rights for the Filshie Clip System in the U.S. The $21 million price represented the cumulative operating income (OI) that we estimated CSI would have received over the remaining life of the agreement. The main benefit for UTMD is that UTMD now has control of the marketing direct to end users rather than in almost five years from now. Given CSI's apparent conflict of interest after purchasing a competing contraception modality, the Paragard IUD, from TEVA Pharmaceuticals late in 2017, we have the opportunity now to better preserve the business, and possibly grow it. UTMD's sales and gross profits (GP) will immediately go up reflecting the distributor margin. But because the purchase price is an identifiable intangible asset (IIA) which will be amortized on a straight line basis over 4.75 years, adding to G&A

expenses, OI won't rise unless and until UTMD grows the business more than the projected CSI OI. Furthermore, because UTMD also agreed to purchase all of CSI's remaining resaleable Filshie inventory, Femcare UK will not obtain the GP for about six months in 2019 that it would have otherwise received selling Filshie devices to CSI. So, even though UTMD's strategic approach is making acquisitions that are immediately accretive, stockholders should expect that in 2019 the IIA amortization expense may be more than the added incremental OI, leading to lower overall consolidated OI, NI and EPS. We expect that 2020 will confirm that we didn't overpay CSI for this opportunity. Sophisticated investors will recognize that, minus some incremental marketing expenses, 2019 EBITDA should go up similarly to GP, which should grow UTMD's stock price for those who value an enterprise based on a market multiple of EBITDA.

The recent removal from the marketplace and negative publicity regarding ESSURE (a previously competing but dissimilar product) has led us to exhaustively re-examine the entire clinical history of the Filshie Clip System. The review covered a period of more than 30 years including more than 6,000,000 Filshie ligation procedures. An expert clinical review of information gathered from public regulatory databases and published medical studies has confirmed the outstanding safety and effectiveness record of the Filshie Clip System over this entire period. We do realize that getting "tarred with the same brush" in the uninformed arena of social media can be a hazard for a medical device. We have included a more detailed discussion of the side effect issues in the product section of UTMD's 2018 SEC Form 10-K.

Stockholders likely recall that about one-third of UTMD's revenues are invoiced in foreign currencies. In 2018, fluctuation in foreign currency exchange (FX) rates did not have a significant impact on financial performance. This may not be true in 2019, as it appears that the U.S. Dollar is likely to remain much stronger than it averaged in 2018. On the other hand, since a stronger Great Britain pound would benefit UTMD performance, an upside possibility exists if BREXIT turns out not to be as disruptive as many fear.

Under the heading of identifying risk for UTMD stockholders, we note that some of the proposals recently floated in Washington D.C. regarding the government's role in controlling medical care would have a devastating effect on our company and the quality of care for all of the American public. We can only hope that saner heads prevail.

In conclusion, we trust that stockholders appreciated UTMD's continued excellent financial results in 2018. In 2019, UTMD has several challenges that will set the stage for future performance. Thank you for your ownership in UTMD.

Kevin L. Cornwell
Chairman & CEO

Management's Discussion and Analysis

Currency amounts are in thousands except per-share amounts and where noted. Currencies are abbreviated as follows: the U.S. Dollar (USD or $), the Great Britain Pound (GBP or £), the Euro (EUR or €), the Australian Dollar (AUD or A$) and the Canadian Dollar (CAD or C$).

The following comments should be read in conjunction with the accompanying financial statements.

Overview

Excluding a large favorable third quarter (3Q) 2018 adjustment correcting the U.S. repatriation (REPAT) tax on foreign subsidiary cash and cumulative earnings (E&P) recognized in 2017, Utah Medical Products, Inc. (Nasdaq: UTMD) concluded a solid year in 2018 in which it was able to exceed its beginning of year projections. An estimate of the REPAT tax impact of the U.S. "Tax Cuts and Jobs Act" (TCJA), which was enacted in December 2017, was included in 4Q 2017 results according to U.S. Generally Accepted Accounting Principles (GAAP). A correction according to GAAP was included in 3Q 2018 results. In addition, a new Global Intangible Low-Taxed Income (GILTI) tax became applicable for 2018 that resulted from the TCJA, an estimate for which was included in both the 3Q and 4Q 2018 tax provision. All income statement categories of UTMD's operating performance in 2018 and 2017 were unaffected by the REPAT tax except for provision for income taxes, Net Income (NI) and Earnings Per Share (EPS).

Income statement results in 2018 compared to 2017 were as follows:

	2018	2017	Change
Net Sales	**$41,998**	**$41,414**	**+ 1.4%**
Gross Profit (GP)	**26,306**	**26,395**	**(0.3%)**
Operating Income (OI)	**18,697**	**19,011**	**(1.6%)**
Income Before Tax (EBT)	**19,458**	**19,082**	**+ 2.0%**
NI Before REPAT and GILTI taxes	***15,504***	***14,562***	***+ 6.5%***
Net Income (NI) per GAAP	**18,555**	**8,505**	**+118.2%**
EPS Before REPAT Tax and GILTI taxes	***4.136***	***3.897***	***+ 6.1%***
Earnings per Share (EPS) per GAAP	**4.950**	**2.276**	**+117.5%**

The REPAT tax correction booked in 3Q 2018 was $3,230 (lower tax provision), and the estimated GILTI tax booked in 2H 2018 was $179. The estimated REPAT tax booked in the 2017 income statement tax provision according to GAAP was $6,288, offset by a $230 adjustment (lower tax provision) to UTMD's long term deferred tax liability (DTL) as a result of the new combined Federal and Utah State tax rate of 25.95% compared to the 39% rate prior to enactment of the TCJA. In UTMD management's view, comparing GAAP NI and EPS between 2018 and 2017 does not provide stockholders with meaningful insight about UTMD's financial performance.

The associated key 2018 profit margins (profits as a percentage of sales) compared to the 2017 calendar year follow:

	2018	2017
Gross Profit Margin (GPM)	**62.6%**	**63.7%**
Operating Income Margin (OIM)	**44.5%**	**45.9%**
Income Before Tax Margin (EBTM)	**46.3%**	**46.1%**
NIM (non-GAAP, before TCJA taxes)	**36.9%**	**35.2%**

The 2018 EBTM and non-GAAP NIM expansion was due to non-operating income from higher interest rates on higher cash balances, and a gain from a 3Q 2018 sale of an unneeded Utah storage facility. The lower GPM came from higher direct material costs, a portion of which was due to a change in sales mix toward devices with higher direct material content. Although loaded direct labor costs were higher, the labor productivity of UTMD's manufacturing plants remained consistent with the prior year. The lower OIM resulted from the effect of the lower GPM plus 3% (+$224) higher Operating Expenses (OE) with only 1% higher revenues for the year. Although OE as a whole were up $224, both general and administrative (G&A) expenses, excluding the expense from amortizing Femcare Identifiable Intangible Assets (IIA), and product development (R&D) expenses in USD terms were about the same as in the prior year. The G&A expense of amortizing Femcare IIA in USD terms was up $75 (+4%), even though in GBP terms the amortization expense was the same in both years, because of the strength of the GBP compared to the USD in the 1H 2018. Sales and marketing (S&M) expenses were up $164 (+11%) as UTMD added some people.

Excluding the noncash effects of depreciation, amortization of intangible assets, remeasured value of foreign currency bank balances and non-cash stock option expense, 2018 consolidated earnings before taxes and interest expense (EBITDA) were $22,464 compared to $21,979 in 2017. The REPAT tax accrual in 2017 and adjustment in 2018, 2017 DTL adjustment and GILTI tax accrual in 2018 had no effect on this EBITDA metric. All things considered, the primary difference that led to higher EBITDA in 2018 was the net non-operating income (NOI) from sale of an unneeded storage facility in Utah.

GAAP NI in 2018 was $18,555 compared to $8,505 in 2017. Because the REPAT tax and net DTL adjustment were one-time tax events not related to normal operations, and the GILTI tax is new in 2018, UTMD management believes that the presentation of NI and EPS results excluding the estimated REPAT tax in 2017, the 2018 REPAT tax correction, the 2017 favorable adjustment in DTL and the 2018 GILTI tax provision, provides meaningful supplemental information to both management and investors that is more clearly indicative of UTMD's operating results in 2018 compared to 2017.

The resulting non-GAAP NI and EPS follow:

	2018	2017	Change
NI (non-GAAP)	**$15,504**	**$14,562**	**+ 6.5%**
EPS (non-GAAP)	**$4.136**	**$3.897**	**+ 6.1%**

Consolidated Balance Sheet

(In thousands)

December 31,	2018	2017
Assets		
Current assets:		
Cash	$ 51,112	$ 39,875
Investments, available-for-sale (notes 4 and 5)	—	80
Accounts and other receivables, net (note 2)	3,956	3,623
Inventories (note 2)	5,412	5,244
Prepaid expenses and other current assets	423	366
Total current assets	60,903	49,188
Property and equipment, net (notes 6 and 12)	10,359	11,621
Goodwill	13,703	14,092
Other intangible assets (note 2)	32,979	34,805
Other intangible assets — accumulated amortization	(18,176)	(16,961)
Other intangible assets — net (note 2)	14,803	17,844
Total assets	$ 99,768	$ 92,745
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 975	$ 934
Accrued expenses (note 2)	4,285	4,346
Total current liabilities	5,260	5,280
Long Term income tax payable (note 9)	2,441	5,785
Deferred tax liability - intangible assets	2,540	3,102
Deferred income taxes (note 9)	535	456
Total liabilities	10,776	14,623
Commitments and contingencies (notes 8 and 14)	—	—
Stockholders' equity:		
Preferred stock, $.01 par value; 5,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $.01 par value; 50,000 shares authorized, issued 3,720 shares in 2018 and 3,721 shares in 2017	37	37
Accumulated other comprehensive income (loss)	(11,290)	(8,341)
Additional paid-in capital	122	809
Retained earnings	100,123	85,617
Total stockholders' equity	88,992	78,122
Total liabilities and stockholders' equity	$ 99,768	$ 92,745

See accompanying notes to financial statements.

In summary, UTMD achieved **$4.14** in "normal" 2018 EPS compared to **$3.90** in 2017 with a 1% increase in sales.

Measures of the Company's liquidity and overall financial condition improved as of the end of 2018 compared to the end of 2017 as the result of continued strong positive cash flow from normal operations. The Company's continued excellent positive cash flow in 2018 allowed it to increase cash dividends paid to stockholders, repurchase 15,000 UTMD shares in the open market and use $0.4 million in cash for maintaining Property, Plant and Equipment (PP&E) in good working order. In addition, UTMD used $447 in cash to pay 19% of its corrected REPAT tax by April 2018 instead of only the 8% due in the first year, based on the initial estimate that was substantially too high.

In spite of the above cash uses, UTMD increased its cash equivalent balances to $51 million at the end of 2018 compared to $40 million at the end of 2017. Current assets increased 24% and total assets increased 8%. Total liabilities decreased $3,847 primarily because of the change in REPAT tax payable. The Company remained without debt. As a result, UTMD's total debt ratio (total liabilities to total assets) was 11% at the end of 2018 compared to 16% at the end of 2017. Stockholders' Equity (SE) increased to $89.0 million from $78.1 million at the end of 2017, despite the 2018 payments of $4,026 in cash dividends to stockholders and use of $1,205 for share repurchases, both of which reduce SE. The return on average SE (ROE) prior to the payment of dividends was 22.2% in 2018 compared to 11.5% in 2017. Based on non-GAAP NI, ROE before dividends in 2018 was 18.6% compared to 19.8% in 2017.

Productivity of Assets and Working Capital Assets

Assets. Year-end 2018 total consolidated assets were $99,768 comprised of $60,903 in current assets, $10,359 in consolidated net PP&E and $28,506 in net intangible assets. This compares to $92,745 total assets at the end of 2017 comprised of $49,188 in current assets, $11,621 in consolidated net PP&E and $31,936 in net intangible assets. Total asset turns (total consolidated sales divided by average total assets for the year) in 2018 were 44%, compared to 49% in 2017. The 2018 increase in assets, primarily cash, was substantially greater than the increase in sales.

Current assets increased $11,715 due to a $11,157 increase in cash and investments, a $332 increase in accounts and other receivables and a $169 increase in year-end inventories. Year-end 2018 and 2017 cash and investment balances were $51,112 and $39,955, representing 51% and 43% of total assets, respectively. Net (after allowance for doubtful accounts) year-end trade accounts receivable (A/R) balances increased $333. This was due to average days in A/R from date of invoice on December 31, 2018 at 36 days based on 4Q 2018 shipments compared to 32 days at the end of 2017 based on 4Q 2017 shipments. The Company believes any older A/R will be collected or are within its reserve balances for uncollectible amounts. Average 2018 consolidated inventory turns were 2.9 compared to 3.1 in 2017 based on the applicable year's cost of goods sold. The Company's cash reserves allowed it to increase inventories to take advantage of quantity discounts from vendors.

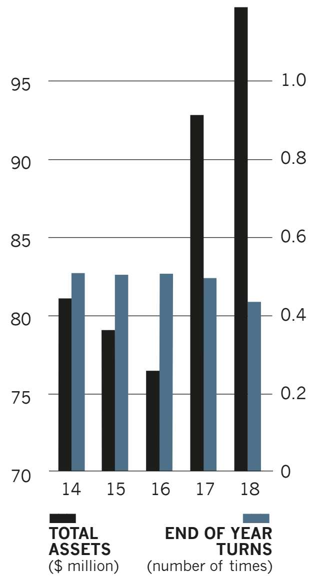
Working capital (current assets minus current liabilities) at year-end 2018 was 27% higher at $55,643 compared to $43,909 at year-end 2017. Consistent with Federal and State rules, 2018 ending current liabilities included only $85 (8%) of the State REPAT tax liability because the 2019 Federal liability had been prepaid in 2018 due to the over-estimate of the total Federal REPAT tax liability. The REPAT tax current liability was $503 at the end of 2017. The end of 2018 working capital significantly exceeds UTMD's needs for normal operations, funding future growth and timely payment of accrued REPAT tax liabilities, in addition to funding the subsequent 1Q 2019 $23 million repurchase of inventory and FILSHIE Clip System distribution rights in the U.S. from CooperSurgical Inc (CSI).

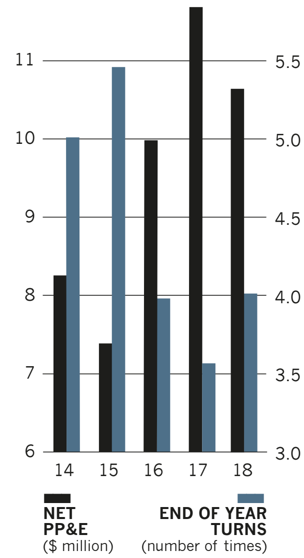
PP&E includes Utah, Ireland and England manufacturing molds, production tooling and equipment, test equipment, and product development laboratory equipment. In addition, PP&E includes computers and software, warehouse equipment, furniture and fixtures, facilities and real estate for all five locations in Utah, Ireland, UK, Canada and Australia, the fungible market value of which increases UTMD's enterprise value relative to most of its industry peers. Manufacturing facilities in Utah, Ireland and the UK are standalone buildings, whereas the distribution facilities in Australia and Canada are part of larger industrial condominiums. Ending 2018 net consolidated PP&E (depreciated book value of all fixed assets) declined $1,262 as a result of the combination of capital expenditures of $402, depreciation of $765 and the effect of foreign currency exchange (FX) rates on year-end foreign subsidiary asset balances.

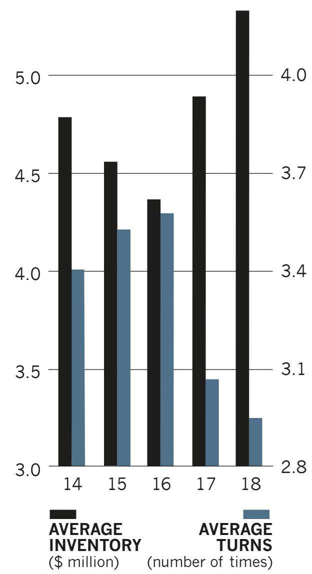
The following end-of-year FX rates in USD applied to assets and liabilities of each applicable foreign subsidiary:

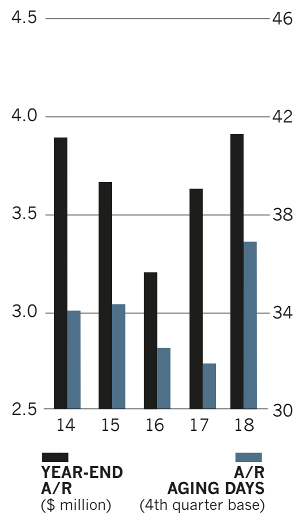
	12-31-18	12-31-17
EUR	1.1456	1.2021
GBP	1.2760	1.3523
AUD	0.7046	0.7815
CAD	0.7329	0.7988

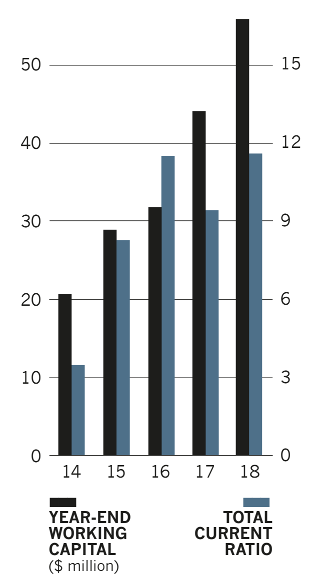
The year-end 2018 net book value (after accumulated depreciation) of consolidated PP&E was 33% of purchase cost. End-of-year PP&E turns (Net Sales divided by Net PP&E) was 4.1 in 2018 compared to 3.6 in 2017 due to the higher 2018 sales, depreciation which exceeded new PP&E purchases and a stronger USD at 2018 year-end. The future

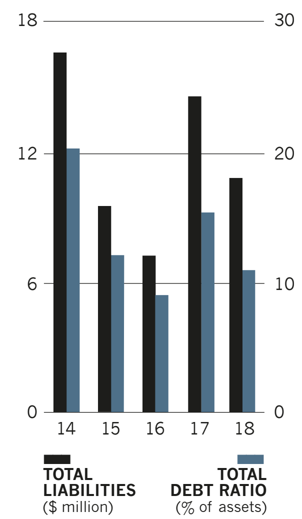












leverage in productivity of fixed assets which will not have to be increased to support new business activity will be a source of future profitability. In 2019, PP&E purchases to support ongoing operations are not expected to exceed depreciation of fixed assets.

Net intangible assets (after accumulated amortization) are comprised of the capitalized costs of obtaining patents and other intellectual property, as well as the value of identifiable intangible assets (IIA) and goodwill resulting from acquisitions. Net intangible assets were $28,506 (29% of total assets) at the end of 2018 compared to $31,936 (34% of total assets) at the end of 2017. Per US GAAP, intangible assets are categorized as either 1) IIA, which are amortized over the estimated useful life of the assets, or 2) goodwill, which is not amortized or expensed until the associated economic value of the acquired asset becomes impaired. The two categories of Femcare intangibles at year-end 2018 were net IIA of $14,734 and goodwill of $6,511. The accumulated amortization of Femcare IIA as of December 31, 2018 since the March 18, 2011 acquisition was $15,992. UTMD's goodwill balance was $13,703 at the end of 2018, 48% of total net intangibles. The goodwill portion of intangible assets resulting from the Femcare acquisition which is not amortized declined $389 due to a weaker GBP at year-end. The GBP FX rate at December 31, 2018 declined 5.6% from December 31, 2017.

Because the products associated with UTMD's acquisitions of Columbia Medical in 1997, Gesco in 1998, Abcorp in 2004 and Femcare in 2011 continue to be viable parts of UTMD's overall business, UTMD does not expect the current goodwill value associated with the four acquisitions to become impaired in 2019. Amortization of IIA was $2,191 in 2018 compared to $2,113 in 2017. The 2018 non-cash amortization expense of Femcare IIA was $2,130 (£1,595) compared to $2,055 (£1,595) in 2017. The USD difference was again due to the change in USD/GBP FX rate. The 2019 non-cash amortization expense of Femcare IIA will again be £1,595, or $2,058 if the USD/GBP average FX rate is 1.29. Looking forward, the 2019 operating expense associated with the amortization of $21,000 IIA resulting from the acquisition of CSI remaining FILSHIE Clip System U.S. distribution rights will be $4,053.

Liabilities. The remaining $2,526 balance of the corrected $3,058 total REPAT tax liability from the TCJA is 83% instead of 92% (after the allowed 8% in the first of eight years' pay out), because the initial Federal payment was based on an initial estimate which was too high. UTMD's only REPAT tax current liability at December 31, 2018 is the $85 due to the State in 2018. The initial $6,288 estimated REPAT tax liability resulting from the TCJA was divided into 8% in current liabilities and 92% in long term liabilities in UTMD's December 31, 2017 balance sheet. The Federal and State REPAT tax payment requirement is 8% of the respective REPAT tax liability per year for the first five years, 15% in the sixth year, 20% in the seventh year and 25% in the eighth year. However, current IRS policy requires that any estimated tax overpayment of regular income taxes during the year, beginning with the estimated payments made in 2017, be applied first to the REPAT tax obligation rather than the ensuing year's normal income taxes, based on some rationale only understood by IRS bureaucrats.

UTMD's $179 estimate of the new 2018 GILTI tax is included in December 31, 2018 current liabilities. A discussion of the GILTI tax was included in UTMD's Form SEC 10-Q dated September 30, 2018.

Year-end 2018 current liabilities were $20 lower than at the end of 2017. Total liabilities were $3,946 lower at the end of 2018 compared to the end of 2017. The resulting 2018 year-end total debt ratio was 11% compared to 16% at the end of 2017.

The year-end 2018 DTL balance created as a result of the fifteen year deferred tax consequence of the amortization of Femcare's IIA was $2,541, down from $3,102 at the end of 2017. The larger decline in this DTL in addition to $2,130 in 2018 amortization of IIA, was due to a 6% weaker GBP compared to the USD at the end of 2018 compared to the end of 2017. In addition to liabilities stated on the balance sheet, UTMD has operating lease and purchase obligations described in Note 8 to the financial statements.

Results of Operations

a) Revenues. Under accounting standards applicable for 2018, the Company believed that revenue should be recognized at the time of shipment as title generally passes to the customer at the time of shipment, or completion of services performed under contract. Revenue recognized by UTMD is based upon documented arrangements and fixed contracts in which the selling price is fixed prior to acceptance and completion of an order. Revenue from product or service sales is generally recognized at the time the product is shipped or service completed and invoiced, and collectibility is reasonably assured. Over 99% of UTMD's revenue is recognized at the time UTMD ships a physical device to a customer's designated location, where the selling price for the item shipped was agreed prior to UTMD's acceptance and completion of the customer order. There are no post-shipment obligations which have been or are expected to be material to financial results.

There are circumstances under which revenue may be recognized when product is not shipped, which have met the criteria of SAB 104: the Company provides engineering services, for example, design and production of manufacturing tooling that may be used in subsequent UTMD manufacturing of custom components for other companies. This revenue is recognized when UTMD's service has been completed according to a fixed contractual agreement.

Beginning on January 1, 2018, the Company adopted ASU 2014-09, a new revenue recognition accounting standard. Management completed an extensive assessment and implementation of the standard, including UTMD's various contracts with customers and associated performance obligations and the Company's conclusions regarding its revenue recognition practices and procedures. Other items like commissions and rights of return were also evaluated by the Company. Management is confident that the Company has properly evaluated the standard's requirements and has arrived at appropriate conclusions in recognizing revenue in accordance with the new standard. Those practices and procedures the Company will use to recognize revenue under the new standard are not significantly different than the methods used previously since UTMD has traditionally recognized revenue upon shipping a physical device to a customer's designated location, which is also when the Company has met its performance obligations under contracts it has with its customers that represent over 99% of its revenue. While the Company's revenue not associated with shipping a physical product is immaterial, management believes the Company's practices in recognizing that revenue is also in accordance with ASU 2014-09.

Terms of sale are established in advance of UTMD's acceptance of customer orders. In the U.S., Ireland, UK, France and Australia since the beginning of 2017, UTMD has generally accepted orders directly from and shipped directly to end user clinical facilities, as well as third party medical/surgical distributors, under UTMD's Standard Terms and Conditions (T&C) of Sale. About 14% of UTMD's domestic end user sales, excluding Femcare's FILSHIE Clip System sales to its exclusive U.S. distributor, CooperSurgical Inc. (CSI), went through third party med/surg distributors which contract separately with clinical facilities to provide purchasing, storage and scheduled delivery functions for the applicable facility. UTMD's T&C of Sale to end user facilities are substantially the same in the U.S., Canada, Ireland, UK, France and Australia.

UTMD may have separate discounted pricing agreements with a specific clinical facility or group of affiliated facilities based on volume of purchases. Pricing agreements which are documented arrangements with clinical facilities, or groups of affiliated facilities, if applicable, are established in advance of orders accepted or shipments made. For existing customers, past actual shipment volumes typically determine the fixed price by part number for the next agreement period of one year. For new customers, the customer's best estimate of volume is usually accepted by UTMD for determining the ensuing fixed prices for the agreement period. Prices are not adjusted after an order is accepted. For the sake of clarity,

Consolidated Statement of Income and Comprehensive Income

(In thousands except per share amounts)

Years ended December 31,	2018	2017	2016
Sales, net (notes 1, 3, 11 and 13)	$ 41,998	$ 41,414	$ 39,298
Cost of goods sold	15,692	15,019	15,608
Gross profit	26,306	26,395	23,690
Operating expense:			
Sales and marketing	1,708	1,544	1,673
Research and development	454	447	475
General and administrative	5,447	5,393	5,355
Operating income	18,697	19,011	16,187
Other income (expense):			
Dividend and interest income	217	17	12
Gains and (losses) on investments)	32	—	—
Royalty income (note 14)	76	86	91
Other, net	437	(32)	132
Income before provision for income taxes	19,459	19,082	16,422
Provision for income taxes (note 9)	904	10,577	4,294
Net income	$ 18,555	$ 8,505	$ 12,128
Earnings per common share (basic) (note 1):	$ 4.97	$ 2.29	$ 3.23
Earnings per common share (diluted) (note 1):	$ 4.95	$ 2.28	$ 3.22
Other comprehensive income:			
Foreign currency translation net of taxes of $0 in all periods	$ (2,949)	$ 3,893	$ (6,289)
Unrealized gain (loss) on investments net of taxes of $0, $6 and $3	—	10	5
Total comprehensive income	$ 15,606	$ 12,408	$ 5,844

See accompanying notes to financial statements.

the separate pricing agreements with clinical facilities based on volume of purchases disclosure is not inconsistent with UTMD's disclosure above that the selling price is fixed prior to the acceptance of a specific customer order.

UTMD's global consolidated trade sales are comprised of domestic and outside the U.S. (OUS) sales. Domestic sales in 2018 and 2017 included 1) direct domestic sales, sales of finished devices to end-user facilities and med/surg distributors in the U.S.; 2) domestic OEM sales, sales of components or finished products, which may not be medical devices, to other companies for inclusion in their products; and 3) sales of the FILSHIE Clip System by Femcare UK to CSI. OUS sales are export sales from UTMD in the U.S. to customers outside the U.S. invoiced in USD, and all sales from UTMD subsidiaries in Ireland, Canada, Australia and the UK (other than Femcare UK sales to CSI) which may be invoiced in EUR, GBP, CAD, AUD or USD. The term "trade" means sales to customers which are not part of UTMD. Each UTMD entity except Femcare Australia and Femcare Canada also had 2018 intercompany sales of components and/or finished devices to other UTMD entities.

Global consolidated trade sales in 2018 were $41,998 compared to $41,414 in 2017 and $39,298 in 2016. The $584 (+1.4%) higher sales in 2018 were the result of several offsetting factors described below. Total U.S. domestic sales were up $906 (+4.5%) in 2018, at $21,192 compared to $20,286 in 2017. OUS sales were down $322 (1.5%) compared to 2017.

Domestic Sales. U.S. domestic sales in 2018 were $21,192 (50% of total sales) compared to $20,286 (49% of total sales) in 2017. The primary contributors to the 2018 total $906 (+4.5%) higher domestic sales were $968 (+31%) higher sales of components and finished devices used in other companies' products (OEM customers) and $402 (+3.0%) higher direct sales of UTMD finished devices to domestic end-users. The OEM and Direct user sales increases were partially offset by $464 (12.3%) lower sales to CSI, Femcare's US distributor of the FILSHIE Clip System.

Domestic OEM sales in 2018 represented almost 10% of total sales compared to 8% in 2017. UTMD sold components and finished devices to 152 different U.S. companies in 2018 compared to 148 companies in 2017, for use in their product offerings. Sales to UTMD's largest OEM customer, which are expected to continue to grow at a rapid rate in 2019, were up 67%.

Domestic direct (end-user) sales of neonatal products were $4,185 (+3% higher), labor & delivery (L&D) products $3,749 (about the same), pressure monitoring (BPM) products $1,021 (+9% higher) and gynecology/electrosurgery/ urology products excluding the FILSHIE Clip System $4,849 (+4% higher).

On December 31, 2018 UTMD entered into a definitive agreement with CSI to purchase the remaining 4.75 year life of CSI's exclusive U.S. distribution rights for the FILSHIE Clip System in the U.S., with shipments beginning to customers on February 1, 2019. In addition to adding the distributor margin to sales looking forward, UTMD hopes to expand its direct domestic gynecology sales of the FILSHIE Clip System through a direct marketing focus with end users including a conversion to single use applicator kits, approved by the FDA for distribution in the U.S. in late 2016, which UTMD believes is in the best interest of patients.

Outside the U.S. (OUS) Sales. Sales OUS in 2018 were $20,806 (1.5% lower) compared to $21,129 in 2017.

The variance in order pattern of UTMD's China distributor for BPM devices explains 55% of the difference. In 2017, this distributor purchased five shipments at an average $393 each, with two of the shipments in the 2Q 2017. In 2018, this distributor purchased three shipments at an average $416 each, with one in each of the first three quarters and none in 4Q 2018. The order received from this distributor in fixed USD for 2019 returns to four shipments during the year at an average of $419 per shipment, which will add $430 in 2019 sales compared to 2018.

Sixty-seven percent of (USD denominated) 2018 OUS sales were invoiced in foreign currencies compared to 64% in 2017. As a portion of total sales, 33% of UTMD's USD-equivalent sales were invoiced in foreign currencies in both 2018 and 2017. In 2018, the GBP, EUR, AUD and CAD converted sales represented 10%, 12%, 5% and 6% of total 2018 USD sales, respectively. This compares to 10% GBP, 10% EUR, 6% AUD and 7% CAD of total 2017 USD sales. Because a significant portion of UTMD's sales are invoiced in foreign currencies, changes in FX rates can potentially have a material effect on period-to-period USD-denominated sales. FX rates had a varied impact during 2018. UTMD's FX rates for income statement purposes are transaction-weighted averages. The average rates from the applicable foreign currency to USD during 2018 compared to 2017 follow:

	2018	2017	Change
GBP	1.334	1.290	+3.4%
EUR	1.180	1.133	+4.1%
AUD	0.747	0.767	(2.5)%
CAD	0.773	0.769	+0.5%
Sales Weighted Average			+2.2%

FX rates added $306 to 2018 year (as a whole) sales using the same FX rates as in 2017 (constant currency). The USD strengthened considerably later in 2018 compared to the first half of the year.

USD-denominated trade (excludes intercompany) sales of devices to OUS customers by UTMD's Ireland facility (UTMD Ltd) were $5,008 in 2018 compared to $5,224 in 2017. The FX impact added $134 to 2018 sales compared to 2017. Ireland manufactures the BPM devices it sells to UTMD's China distributor, which were $716 lower in 2018 than in 2017 due to the previously described order pattern fluctuation. In constant EUR currency and eliminating sales of BPM devices to its China distributor in both years, 2018 Ireland trade sales experienced 11% growth compared to 2017. In EUR terms, UTMD Ltd 2018 sales including intercompany shipments and China trade sales were 6% higher for the year.

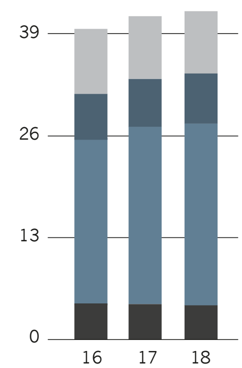
In 2018, UTMD formally renamed its UK subsidiary from Femcare-Nikomed Ltd to Femcare Ltd. USD-denominated 2018 trade sales of devices to domestic UK, domestic France and international distributor customers of Femcare Ltd, excluding intercompany sales and sales to CSI (which are classed domestic sales), were $5,849 (+9%) higher compared to $5,356 in 2017. The FX impact added $209 to 2018 sales compared to 2017. In constant currency, 2018 sales were up 5%. Sales of the FILSHIE Clip System in Europe (including the UK) remained strong. Separately, Femcare Ltd sales to CSI (included in U.S. domestic sales) were $464 (12%) lower in 2018 than in 2017. After depletion of CSI's inventory, the UK trade sales to CSI in 2018 will become intercompany sales to UTMD in Utah in 2019. In GBP terms, total UK subsidiary 2018 sales including intercompany shipments as well as sales to CSI were 6% lower for the year.

USD-denominated sales of devices to end-users in Australia by Femcare's Australia distribution subsidiary (Femcare Australia Pty Ltd) were 14% lower in 2018 compared to 2017. The FX rate impact subtracted $50 from 2018 sales in 2017. AUD denominated sales in 2018 were 12% lower than in 2017.

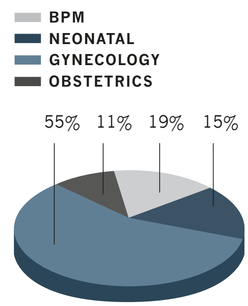
USD-denominated sales of devices to end-users in Canada by UTMD's Canada distribution subsidiary (Utah Medical Products Canada, Inc.) were 12% lower in 2018 compared to 2017. The FX impact added $13 to 2018 sales. CAD denominated sales in 2018 were 13% lower than in 2017.

Looking forward to 2019, there again seem to be several offsetting influences on projected sales which may not be minor. UTMD expects worldwide macroeconomic conditions to weaken, which may affect the demand for discretionary specialty medical devices. A continuing trade war with China could result in significant adverse effects on UTMD's distributors. On the matter of BREXIT, UTMD does not foresee a material impact on its financial results in 2019, despite the politically expressed doomsday concerns. As of this date in early March 2019, the FX rates of the above foreign currencies remain consistent with the 4Q 2018 average rates, i.e. substantially weaker relative to the USD than in 2018 as a whole year. If the current FX rates remain for the balance of 2019, a projected negative $500 impact on same foreign currency sales would wipe out the additional sales obtained from the China distributor. Although it remains uncertain as to whether or not the weaker FILSHIE Clip System sales experienced particularly in 4Q 2018 in Australia, Canada and the U.S. might represent a trend into 2019, or just a fluctuation in end-of-year order pattern, UTMD expects a substantial increase in FILSHIE Clip System sales in the U.S. due to direct sales to end-users beginning in February. Combining the above assumptions with another strong increase in U.S. OEM sales, management currently projects UTMD 2019 USD consolidated revenues may be in the range of 9-10% higher than in 2018.

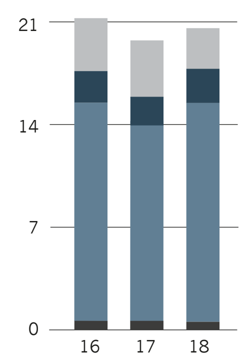
PRODUCT LINE SALES BY SALES CHANNEL



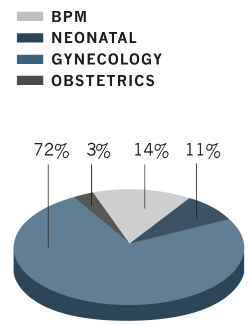
GLOBAL SALES BY PRODUCT LINE
(millions of dollars)



2018 REVENUE BY PRODUCT LINE
(percent of sales)



OUTSIDE THE U.S. SALES BY PRODUCT LINE
(millions of dollars)



2018 OUTSIDE THE U.S. REVENUE BY PRODUCT LINE
(percent of sales)

UTMD groups its sales into four general product categories: 1) obstetrics, comprised of labor and delivery management tools for monitoring fetal and maternal well-being, for reducing risk in performing difficult delivery procedures and for improving clinician and patient safety; 2) gynecology/ electrosurgery/ urology, comprised of tools for gynecological procedures associated primarily with cervical/ uterine disease including

Management's Discussion and Analysis *(continued)*

LETZ, endometrial tissue sampling, transvaginal uterine sonography, diagnostic laparoscopy, surgical contraception and other MIS procedures; specialty excision and incision tools; conservative urinary incontinence therapy devices; and urology surgical procedure devices; 3) neonatal critical care, comprised of devices that provide developmentally-friendly care to the most critically ill babies, including providing vascular access, enteral feeding, administering vital fluids, oxygen therapy while maintaining a neutral thermal environment, providing protection and assisting in specialized applications; and 4) blood pressure monitoring/ accessories/ other, comprised of specialized components as well as molded parts and assemblies sold on an OEM basis to other companies. In these four categories, UTMD's primary revenue contributors enjoy significant brand awareness by clinical users.

Global revenues by product category	2018	%	2017	%	2016	%
Obstetrics	$ 4,447	11	$ 4,499	11	$ 4,532	12
Gynecology/ Electrosurgery/ Urology	23,167	55	23,175	56	20,683	53
Neonatal	6,436	15	6,154	15	6,007	15
Blood Pressure Monitoring and Accessories*	7,948	19	7,586	18	8,076	20
Total:	$41,998	100	$41,414	100	$39,298	100

OUS revenues by product category	2018	%	2017	%	2016	%
Obstetrics	$ 698	3	$ 732	3	$ 658	3
Gynecology/ Electrosurgery/ Urology	15,022	72	14,759	70	12,851	65
Neonatal	2,252	11	2,105	10	1,965	10
Blood Pressure Monitoring and Accessories*	2,834	14	3,533	17	4,335	22
Total:	$20,806	100	$21,129	100	$19,809	100

**includes molded components and finished medical and non-medical devices sold to OEM customers.*

As a summary description of revenues in the above tables:

1. ***Obstetrics.*** Increases in sales of newer devices helped offset declines from competition with older devices.

2. ***The gynecology/ electrosurgery/ urology (ES/Gyn)*** product category includes FILSHIE Clip System sales, which were $464 lower to CSI (U.S. distributor) and $17 higher OUS (despite being $654 lower in Canada and Australia combined). Electrosurgery sales were $371 higher. Urology sales were $45 higher.

3. ***Neonatal intensive care unit (NICU)*** device sales are experiencing consistent growth OUS.

4. ***OUS blood pressure monitoring and accessories (BPM)*** sales in 2018 suffered a loss of $717 compared to 2017 sales of BPM kits to UTMD's China distributor due to a variation in order pattern.

In calendar year 2019, despite an expected negative FX rate impact on foreign currency sales, UTMD expects overall revenues to be in the range of 9–10% higher due to the acquisition of the right to sell FILSHIE Clip System devices directly to U.S. medical facilities and continued growth in domestic OEM product sales.

b) Gross Profit (GP). UTMD's 2018 consolidated GP, the surplus after subtracting costs of manufacturing, which includes purchasing raw materials, forming components, assembling, inspecting, testing, packaging, sterilizing and shipping products, from net revenues, was $26,306 (62.6% of sales) compared to $26,395 (63.7% of sales) in 2017, and $23,690 (60.3% of sales) in 2016.

UTMD's 2018 GPM was squeezed by higher labor and direct materials costs, as well as a product mix difference. OEM sales, which grew faster than other sales categories, have inherently lower GPMs than direct end user device sales, because another entity incurs operating expenses (OE) including sales and marketing (S&M) expenses, as well as much of product development (R&D) and general and administrative (G&A) expenses. The combination of higher variable manufacturing costs and change in product mix resulted in a 2018 GPM of 62.6% compared to 63.7% in 2017, which remained above management's overall GPM target of 60%. Utah and Ireland manufacturing operations, despite higher loaded (by benefits and taxes) labor costs, maintained direct labor and manufacturing overhead productivity in 2018 consistent with the prior year. In addition to the product mix GPM dilution, actual raw material price increases and increased freight-in expense from raw material vendors helped dilute the GPM.

Because UTMD's medical devices are differentiated and not subject to GPO agreements or other significant commodity pricing pressures, the Company was able to avoid unit sales price reductions.

UTMD's Ireland subsidiary's (UTMD Ltd's) GP was EUR 3,606 in 2018 compared to EUR 3,234 in 2017 and EUR 3,988 in 2016. The associated GPMs were 49.8% in 2018, 47.5% in 2017 and 49.5% in 2016. The higher GP and GPM in 2018 were due to the 6% higher total sales, including intercompany sales, and a more favorable product mix as sales to UTMD's China distributor, which were substantially lower, are priced at a very low GPM.

Femcare UK GP was GBP 5,010 in 2018 compared to GBP 5,317 in 2017, and GBP 4,138 in 2016. The lower GP in 2018 was due to $464 (12.3%) lower sales of FILSHIE Clip System devices to CSI in the U.S. The 2018 GPM was 71.7% compared to 71.7% in 2017 as well, and 69.4% in 2016.

Femcare Australia and Femcare Canada are purely distribution facilities for UTMD finished devices in their respective countries. Australia GP was AUD 1,526 in 2018 compared to AUD 1,846 in 2017 and AUD 2,049 in 2016. In addition to 11.6% lower AUD sales, GP were further leveraged lower as a weaker AUD raises the AUD cost of finished devices purchased from other UTMD subsidiaries in their fixed currency terms. The respective Femcare Australia GPMs were 58.7% in 2018, 62.7% in 2017 and 65.1% in 2016. Canada GP was CAD 1,999 in 2018 (60.0% of sales) compared to 2,300 (60.2% of sales) in 2017, its first year of operation. The 13% lower GP was due to 13% lower CAD sales.

In the U.S., GP was $13,065 in 2018 compared to $12,497 in 2017 and $12,547 in 2016. GPMs were 54.1% in 2018, 55.0% in 2017 and 54.3% in 2016. The lower 2018 U.S. GPM was the result of higher direct materials costs and higher direct material content of high growth OEM product sales. Otherwise, U.S. direct labor and manufacturing overhead costs as a percentage of sales were consistent with the prior year, primarily because of UTMD's very experienced manufacturing personnel.

A summation of the above 2018 GP of each subsidiary will not yield consolidated total GP because of elimination of profit in inventory of intercompany goods. With a 9–10% projected increase in total consolidated 2019 sales, UTMD expects almost a two percentage point increase in its consolidated 2019 GPM, yielding a 12-13% increase in 2019 consolidated GP compared to 2018. This would be the result of gaining the previous CSI distributor margin on 2019 direct sales of the FILSHIE Clip System in the U.S., offset by projected marginally higher direct material costs and higher labor costs as a result of a Utah employee cost of living adjustment at the beginning of 2019. The increase in consolidated GP will be subdued until the $2,098, approximate 9 months' worth, of CSI repurchased inventory is consumed, as the price of the inventory is the same as the past Femcare sales price to CSI, previously realized in UK GP.

c) Operating Income (OI). OI results from subtracting OE from GP. OI in 2018 was $18,697 (44.5% of sales) compared to $19,011 in 2017 (45.9% of sales), and $16,187 (41.2% of sales) in 2016. The lower 2018 OIM reflected the lower 2018 GPM, and higher OE as planned. The UTMD Ltd (Ireland) OIM in 2018 was 45.9% compared to 42.7% in 2017, and 45.9% in 2016. Femcare UK's 2018 OIM was 38.1% compared to 40.1% in 2017, and 30.3% in 2016. Femcare Australia's 2018 OIM was 45.4% compared to 50.0% in 2017, and 54.3% in 2016. Femcare Canada's 2018 OIM was 49.1% compared to 51.5% in 2017. UTMD U.S. OIM in 2018 was 39.1% compared to 39.8% in 2017, and 38.1% in 2016.

OE include sales and marketing (S&M) expenses, product development (R&D) expenses and general and administrative (G&A) expenses. Consolidated OE were $7,608 (18.1% of sales) in 2018 compared to $7,385 (17.8% of sales) in 2017, and $7,503 (19.1% of sales) in 2016. The following table provides a comparison of OE categories for the last three years.

	2018	2017	2016
S&M expenses excluding the MDET	**$ 1,708**	**$ 1,544**	**$ 1,673**
S&M expenses – U.S. MDET	–	–	–
R&D expenses	**454**	**447**	**475**
G&A expenses:			
a) litigation expense provision	**(8)**	**29**	**54**
b) corporate legal	**32**	**32**	**15**
c) stock option compensation	**64**	**129**	**92**
d) management bonus accrual	**373**	**430**	**445**
e) outside accounting audit/tax	**238**	**196**	**199**
f) intangible asset amortization	**2,191**	**2,113**	**2,223**
g) property & liability insurance premiums	**126**	**155**	**178**
h) all other G&A expenses	**2,431**	**2,309**	**2,149**
G&A expenses – total	**5,447**	**5,393**	**5,355**
Total Consolidated OE:	**$ 7,608**	**$ 7,385**	**$ 7,503**
Consolidated OE % of sales:	**18.1%**	**17.8%**	**19.1%**

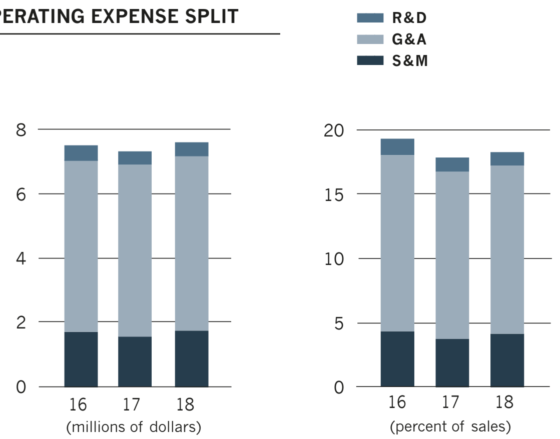
Description of OE Categories

1. S&M expenses: S&M expenses in 2018 were $1,708 (4.1% of 2018 sales) compared to $1,544 (3.7% of sales) in 2017, and $1,673 (4.3% of sales) in 2016. The higher USD S&M expenses were due primarily to UTMD hiring planned additional S&M personnel in the U.S. Although further expanded S&M resources are needed in 2019 to distribute and support the FILSHIE Clip System directly to end user facilities in the U.S., S&M expenses as a percentage of total revenues in 2019 are not expected to increase.

S&M expenses are the costs of communicating UTMD's differences and product advantages, providing training and other customer service in support of the use of UTMD's solutions, attending clinical meetings and medical trade shows, administering customer agreements, advertising, processing orders, shipping, paying commissions to outside independent representatives and, when applicable, paying the MDET in the U.S. In markets where UTMD sells directly to end-users, which in 2018 included the U.S., Ireland, UK, Australia, France and Canada, the largest components of S&M expenses were the cost of employing direct sales representatives, including associated costs of attending trade shows, travel, subsistence and communications; the cost of customer service required to timely process orders; and the distribution costs associated with shipping products to many locations. The theoretical trade-off between higher gross profit margins for selling directly at end user prices is higher S&M expenses as a percent of sales. S&M expenses associated with direct France sales have been effectively absorbed by the UK subsidiary with a minimal increase in S&M resources.

S&M expenses include all customer support costs including training. In general, training is not required for UTMD's products since they are well-established and have been clinically widely used. Written "Instructions For Use" are packaged with all finished devices. Although UTMD does not have any explicit contracts with customers to provide training, it does provide hospital in-service and clinical training as required and reasonably requested.

OPERATING EXPENSE SPLIT



UTMD promises prospective customers that it will provide, at no charge in reasonable quantities, electronic media and other instructional materials developed for the use of its products. UTMD provides customer support from offices in the U.S., Canada, Ireland, UK and Australia by telephone to answer user questions and help troubleshoot any user issues. Occasionally, on a case-by-case basis, UTMD may utilize the services of an independent practitioner to provide educational assistance to clinicians. All in-service and training expenses are routinely expensed as they occur. Except for the consulting services of independent practitioners and occasional use of marketing consultants, all of these services are allocated from fixed S&M overhead costs. Historically, additional consulting costs have been immaterial to financial results, which is also UTMD's expectation for the future.

The Medical Device Excise Tax (MDET), a component of the Patient Protection and Affordable Care Act, (known commonly as Obamacare) was effective between 2013 and 2015. In December 2015, U.S. legislators suspended the MDET for 2016 and 2017, and in January 2018, further suspended it for 2018 and 2019. The excise tax was 2.3% of domestic sales of medical devices listed with the FDA. Medical devices designed for human use were taxed, whether or not they were sold for human use, e.g. veterinarian uses or laboratory use were also taxed. The impact of the tax was felt beyond 2.3%, as costs associated with administering, tracking, collecting and paying the tax were significant.

2. R&D expenses: R&D expenses were $454 (1.1% of sales) in 2018 compared to $447 (1.1% of sales) in 2017, and $475 (1.2% of sales) in 2016. R&D expenses include the costs of investigating clinical needs, developing innovative concepts, testing concepts for viability, validating methods of manufacture, completing any necessary premarketing clinical trials, regulatory documentation and other activities required for design control, responding to customer requests for product enhancements, and assisting manufacturing engineering on an ongoing basis in developing new processes or improving existing processes. Although no new UTMD devices were launched in 2018, R&D played a significant and continuing role in manufacturing process improvements that were needed to support fast growing OEM product sales, in addition to continuing work on new product projects. UTMD does not pre-announce new devices that are being developed. R&D expenses in 2019 as a percentage of 2019 sales are not expected to increase.

3. G&A expenses: G&A expenses in 2018 were $5,447 (13.0% of sales) compared to $5,393 (13.0% of sales) in 2017, and $5,355 (13.6% of sales) in 2016. G&A expenses include the "front office" functional costs of executive management and outside directors, finance and accounting, corporate information systems, human resources, stockholder relations, corporate risk management, corporate governance, protection of intellectual property, amortization of identifiable intangibles and legal costs. The table above helps clarify certain specific categories of G&A expenses of interest to stockholders. Amortization of the 2011 acquired Femcare IIA is part of G&A expenses. Although the IIA GBP amortization expense in 2018 was the same as in 2017, because of the stronger GBP for the year as a whole, the USD 2018 IIA amortization expense was $75 higher than in 2017. The resulting G&A noncash amortization expense of Femcare IIA was 5.1% of total 2018 sales compared to 5.0% of total sales in 2017 and 5.5% of sales in 2016. The Femcare IIA amortization expense will continue until March 2026 (or until the value of any remaining IIA becomes impaired).

The early 2019 $21,000 purchase of CSI exclusive FILSHIE Clip System distribution rights becomes an IIA which will be amortized on a straight line basis over the remaining 4.75 year life of the Femcare distribution agreement with CSI. This new amortization expense included in G&A expenses will be $4,053 in 2019, by itself about 9% of projected 2019 total revenues. The new G&A amortization expense exceeds UTMD's increase in 2019 GP.

In 2019, not including unforeseen litigation expenses or possible acquisition costs, UTMD expects consolidated OE to be about 2.5% higher than in 2018 apart from the new CSI IIA amortization expense. In summary, management projects resulting 2019 consolidated OI to be 4-5% lower than in 2018.

d) Non-operating Income, Non-operating Expense and EBT. NOI includes royalties from licensing UTMD's technology, rent from leasing underutilized property to others, income earned from investing the Company's excess cash and gains or losses from the sale of assets or remeasurement of foreign currency bank account balances into USD, offset by NOE which includes interest on bank loans, bank service fees and excise taxes. The period-to-period remeasured value of EUR cash balances held in the UK and GBP balances held in Ireland generates a gain or loss which is booked at reporting period end as NOI or NOE.

Net NOI (combination of NOE and NOI) was $761 in 2018 compared to $71 in 2017 and $235 in 2016. The primary causes of the $690 higher NOI in 2018 compared to 2017 were a one-time $450 gain from the sales of assets in 2Q 2018 and $201 higher interest received on higher U.S. cash balances. A description of NOE and NOI components follows:

1. Interest Expense. There was no interest expense in 2018, 2017 or 2016. Absent an acquisition or large repurchase of shares that requires new borrowing, UTMD does not expect any interest expense in 2019.

2. Investment of excess cash. Consolidated investment income (including gains and losses on sales of investments) was $248 in 2018 compared to $17 in 2017 and $12 in 2016. Prior to 2018, cash was generally held in non-interest bearing bank accounts because avoiding the bank operating fees which would result from lower balances offset the low interest that could be earned at then current interest rates. UTMD estimates investment income will be lower in 2019 because of the use of $21,000 cash to repurchase the CSI FILSHIE Clip System distribution rights.

3. Royalties. Femcare received a royalty from licensing the use of the FILSHIE Clip System intangibles to CSI as part of its U.S. exclusive distribution agreement. Royalties in 2018 were $76 compared to $86 in 2017 and $91 in 2016. UTMD will not receive a CSI royalty in 2019 because of the purchase of the distribution agreement. Presently, there are no other arrangements under which UTMD is receiving royalties from other parties

4. Gains/ losses from remeasured currency in bank accounts. UTMD recognized 2018 NOI of $13, 2017 NOI of $4 and 2016 NOI of $129 from gains on remeasured foreign currency bank balances. EUR and AUD currency cash balances in the UK, and GBP currency cash bank balances in Ireland, are subject to remeasured currency translation gains/ losses as a result of period to period changes in FX rates. Because of UTMD's subsidiaries' profitability, the subsidiaries may continue to accumulate cash until uses of cash that increase stockholder value are identified. No remeasured currency gains or losses are included in UTMD's projections for 2019.

5. Other NOI/NOE. Income received from renting unused warehouse space in Ireland and parking lot space in Utah for a cell phone tower, offset by bank fees, miscellaneous non-operating expenses and non-MDET excise taxes resulted in a net NOE of $3 in 2018 compared to NOE of $36 in 2017 and NOI of $3 in 2016. UTMD estimates Other NOI/NOE will be nominal in 2019.

Income before Taxes (EBT) results from adding net NOI or subtracting net NOE from OI. Consolidated EBT was $19,458 (46.3% of sales) in 2018 compared to $19,082 (46.1% of sales) in 2017, and $16,422 (41.8% of sales) in 2016. The 2018 EBT of UTMD Ltd. (Ireland) was €3,144 (43.4% of sales), compared to €2,779 (40.8% of sales) in 2017, and €3,489 (43.3% of sales) in 2016. Femcare UK's 2018 EBT was £2,896 (41.5% of sales) compared to £3,155 (42.5% of sales) in 2017 and £2,141 (35.9% of sales) in 2016. Femcare Australia's 2018 EBT was AUD 1,183 (45.5% of sales) compared to AUD 1,473 (50.0% of sales) in 2017 and AUD 1,713 (54.4% of sales) in 2016. Femcare Canada's 2018 EBT was CAD 1,632 (49.0% of sales) compared to 1,906 (49.9% of sales) in 2017.

As a side note for clarity of financial results, UTMD's 2018, 2017 and 2016 EBT, as well as all other income statement measures above the EBT line in the Income Statements, were unaffected by the 2017 accrual of the REPAT tax, the reduction in the 2017 end DTL, the 2018 correction in the REPAT tax and the new GILTI tax accrued in 2018, all of which resulted from the TCJA enacted in late 2017. The year-to-year GAAP comparisons of GP, OI and EBT are good indicators of UTMD's operating performance.

Looking forward, based on the projected 4-5% lower OI plus lower NOI in 2019 because of one-time gains in 2018, management expects consolidated EBT to be 7-8% lower than in 2018.

e) Net Income (NI), EPS and ROE. NI is EBT minus income taxes, often called the "bottom line". There were tax law changes enacted in the U.S. in 2017 and in the UK in 2016. The lowering of a future income tax rate results in a reduction in DTL. According to US GAAP, the total effect of tax rate changes on DTL balances is recorded as a component of the income tax provision related to continuing operations in the period in which the law is enacted. The DTL adjustments which lowered the applicable year's consolidated income tax provision were $230 in 2017 and $123 in 2016. There was no DTL adjustment in 2018.

In addition, the U.S. TCJA enacted in December 2017 included a special levy on the cumulative income (E&P) of UTMD's foreign subsidiaries. Foreign cash balances of

Management's Discussion and Analysis *(continued)*

$29 million were taxed at a 15.5% rate, and the remaining E&P at an 8% rate for accrued Federal income tax purposes. The State of Utah followed the Federal government and also levied a REPAT tax on half the E&P at the State of Utah corporate income tax rate of 5%. UTMD's end of 2017 tax provision was increased by an estimated $6,288 to incorporate the total Federal and State REPAT tax according to GAAP, reducing 2017 NI and EPS accordingly. In 3Q 2018, after more IRS information became available and when UTMD's independent tax advisors completed the 2017 income tax return, it became known to the Company that the actual REPAT tax liability was $3,058, resulting in a favorable $3,230 adjustment to UTMD's 3Q 2018 income tax provision. The favorable adjustment was due to the allowance of foreign tax credits by the IRS. Although the REPAT tax is clearly a tax on foreign income, the State of Utah did not follow the IRS and allow foreign tax credits. In addition, the Company became aware of a new and ongoing Global Intangible Low-Taxed Income (GILTI) tax applicable beginning in 2018 that resulted from the TCJA, an estimate for which is included in the 2018 tax provision for the first time. Perversely, because the State of Utah also does not presently allow foreign tax credits when calculating the GILTI tax, the State GILTI tax represents an ongoing substantial tax on foreign income which was conceptually meant to be alleviated by the State REPAT tax of over $1 million. Essentially no GILTI tax will be received by the Federal government due to the deductibility of State GILTI taxes.

Because of the estimated "one-time" REPAT tax in 2017, the DTL adjustment in 2017 resulting from the adoption of lower Federal and State corporate income tax rates, the REPAT tax correction in 2018 and the new GILTI tax in 2018, calculating and comparing period-to-period income tax provisions as a percentage of EBT does not provide meaningful information to stockholders, in UTMD's opinion. Therefore, NI and EPS are presented below both according to GAAP and also prior to recognition of the various tax provisions related to the TCJA.

US GAAP	2018	2017	2016
NI	**$18,555**	**$ 8,505**	**$12,128**
NIM	**44.2%**	**20.5%**	**30.9%**
EPS	**$ 4.950**	**$ 2.276**	**$ 3.220**

NON-GAAP *(excluding TCJA REPAT and GILTI taxes)*	2018	2017	2016
NI	**$15,504**	**$14,562**	**$12,004**
NIM	**36.9%**	**35.2%**	**30.5%**
EPS	**$ 4.136**	**$ 3.897**	**$ 3.188**

Note: *The tax provision adjustments only affected UTMD's income tax provision, NI and EPS, not consolidated revenues (sales), GP, OI or EBT.*

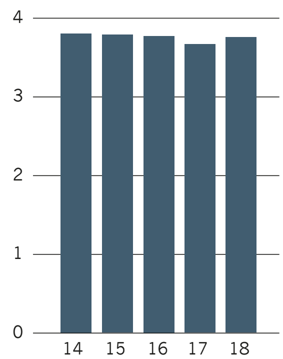
The (non-US GAAP) consolidated combined income tax provision rate for 2018 was 20.3% of EBT compared to 23.7% in 2017, and 26.9% in 2016. The GAAP consolidated income tax provision rate for 2018 was 4.6% compared to 55.4% of EBT in 2017 and 26.2% in 2016. The non-US GAAP difference in rates was due primarily to the tax deduction allowed in the UK and Ireland on the remeasured value of their USD cash balances, as well as the mix of income generated and actual tax provisions in sovereignties with varying tax rates. Both UK and Ireland subsidiaries experienced native currency losses on the value of their large USD cash balances in 2017. These currency translation losses are tax deductions in the applicable foreign jurisdiction, but do not affect UTMD's EBT (USD are USD). But the actual tax (lower) provisions of the OUS subsidiaries do become part of UTMD's consolidated income tax provision.

In general, year to year fluctuations in the combined tax rate will result from variation in EBT contribution from subsidiaries in jurisdictions with different corporate income tax rates. The UK had an income tax rate of 20% in 1Q 2017 and a rate of 19% thereafter through March 2020, compared to a rate of 20% in 2016. The UK also allows a tax deduction for sales of UK patented products which varies from year-to-year based on somewhat complicated rules which are sorted out for UTMD by independent tax accountants. The current UK income tax rate of 19% is scheduled to decline to 17% beginning April 1, 2020. The income tax rate for AUS has been and is planned to remain at 30%. The income tax rate for Canada was and is expected to remain at about 26%. Profits of the Ireland subsidiary are taxed at a 12.5% rate on exported manufactured products, and a 25% rate on rental and other types of income including income from sales of medical devices in Ireland domestically.

The Company believes that investors benefit from referring to the non-GAAP financial measures above in assessing UTMD's performance. The non-GAAP financial measures also facilitate management's internal comparisons for purposes of planning future performance. The non-GAAP financial measures disclosed by UTMD should not be considered a substitute for or superior to financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations to those financial statements should be carefully evaluated.

EPS are NI divided by the number of shares of stock outstanding (diluted to take into consideration stock option awards which are "in the money," i.e., have exercise prices below the applicable period's weighted average market value). Diluted EPS in 2018 per GAAP were $4.950 ($4.136 prior to the REPAT tax correction and GILTI tax provision), compared to $2.276 in 2017 ($3.897 prior to the REPAT tax and DTL adjustment) and $3.220 ($3.188 prior to the DTL adjustment) in 2016. The 2018 non-GAAP results exceeded management's expectations for the year.

The 2018-ending weighted average number of diluted common shares (the number used to calculate diluted EPS) was 3,749 (in thousands), compared to 3,737 shares in 2017 and 3,766 shares in 2016. Dilution for "in the money" unexercised options for the year 2018 was 18 (in thousands) shares compared to 19 shares in 2017 and 15 shares in 2016. Actual outstanding common shares as of December 31, 2018 were 3,720.



DILUTED SHARES OUTSTANDING
(millions of shares)

In summary, after an outstanding year of growth in 2017, UTMD achieved slightly better revenues in 2018, with GP and OI challenged by broadly higher costs. Nevertheless, helped by the gain on sales of assets and a lower combined income tax rate, non-GAAP NI and EPS were up 6%.

UTMD's calendar year 2019 operating plan for conservative reasons excludes additional share repurchases, acquisitions other than the repurchase of CSI distribution rights and potential sales growth from unannounced new products. Incorporating the model described above which projects 7-8% lower EBT, and adding the GILTI tax as it is currently administered by the State of Utah, management estimates 2019 EPS between $3.70 and $3.80.

Return on stockholders' equity (ROE) is the portion of NI retained by UTMD (after payment of dividends) to internally finance its growth, divided by the average accumulated stockholders' equity (ASE) during the applicable time period. ROE includes balance sheet measures as well as income statement measures. Maintaining a high ROE is a key management objective for UTMD in order to grow without diluting its stockholders' interest. ROE is the quotient of NI divided by ASE, but it is the product of NIM, productivity of assets and financial leverage. UTMD's high NIM is the primary factor that continues to drive its ROE. Repurchases of shares and dividends help ROE as the applicable value reduces ASE, the denominator. Because of its magnitude, the REPAT tax estimate in 2017 and correction in 2018 both had a significant impact on the overall ROE ratio, even though the REPAT tax amounts reduce both the numerator and denominator.

UTMD's 2018 ROE was 17% using 2018 GAAP NI and subtracting dividends. In comparison, 2017 ROE was 8% using GAAP NI and subtracting dividends, and 12% in 2016. Before dividends, UTMD's 2018 ROE was 22%, compared to 2017 ROE at 12% and 2016 at 17%. Because of the impact on NI from the over-estimate of the REPAT tax in 2017 and the correction in 2018, stockholders might consider that the average ROE of 17% is more indicative of results in both years.

ASE was $83,557 in 2018, $73,683 in 2017 and $69,445 in 2016. Maintaining a high ROE with the dilutive effect of rapidly growing ASE suggests an excellent increase in stockholder value.

Liquidity and Capital Resources

Cash Flows. Net cash provided by operating activities, including adjustments for depreciation and other non-cash operating expenses, along with changes in working capital and the tax benefit attributable to exercise of employee incentive stock options, totaled $16,834 in 2018 compared to $16,908 in 2017 and $14,528 in 2016. The largest changes in 2018 changes in cash from operating activities compared to 2017 changes (second order derivative) were related to the REPAT tax: a $10,505 increase in GAAP net income, and a $2,727 adjustment reduction to the long term REPAT tax payable instead of the establishment of a $5,785 liability in the prior year. Other contributors included a $426 greater reduction to cash from operating activities as a result of the gain on sale of assets, a $254 greater reduction from higher accounts receivable, a reduction of $558 from lower accrued expenses instead of a $1,027 increase in adjustment to cash from operating activities from higher accrued expenses in 2017, a $332 lower reduction as a result of a smaller change in deferred income taxes, and a $222 lower reduction as a result of a smaller increase in inventories. Other changes were generally consistent with prior year changes relative to effective working capital management and sales activity.

In investing activities, during 2018 UTMD used $402 to purchase new molds and manufacturing equipment to maintain and improve operating capabilities. In 2017, UTMD used $1,597 for capital expenditures including fitting-out the 38,600 square foot facility in the UK that it purchased in late 2016 to replace its leased facility.

In 2018, UTMD received $454 and issued 13,283 shares of stock upon the exercise of employee and director stock options. Employees and directors exercised a total of 15,722 option shares in 2018, with 2,439 shares immediately being retired as a result of optionees trading the shares in payment of the exercise price of the options. Option exercises in 2018 were at an average price of $43.22 per share. The Company received a $49 tax benefit from option exercises in 2018, which is reflected in net income as a result of adopting a new

Consolidated Statement of Stockholders' Equity

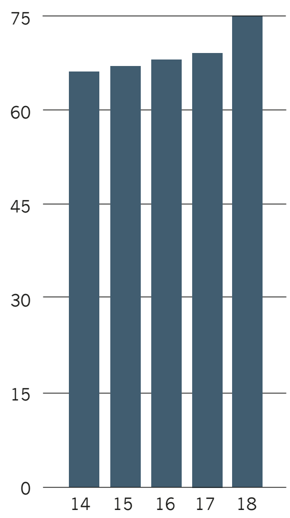
(In thousands)

Years Ended December 31, 2018, 2017 and 2016

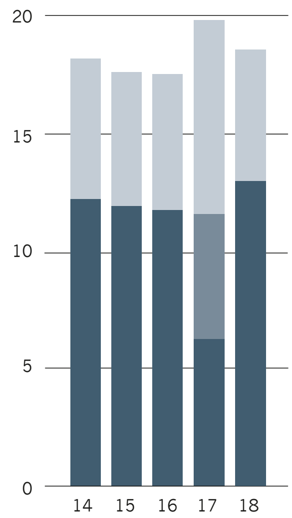
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2015	3,751	$ 38	$ 2,710	$ (5,961)	$ 72,861	$ 69,648
Shares issued upon exercise of employee stock options for cash	13	0	431	—	—	431
Shares received and retired upon exercise of stock options	(1)	(0)	(56)	—	—	(56)
Tax benefit attributable to appreciation of stock options	—	—	50	—	—	50
Stock option compensation expense	—	—	92	—	—	92
Common stock purchased and retired	(50)	(1)	(2,849)	—	—	(2,850)
Foreign currency translation adjustment	—	—	—	(6,289)	—	(6,289)
Unrealized holding gain (loss) from investments, available-for-sale, net of taxes	—	—	—	5	—	5
Common stock dividends	—	—	—	—	(3,916)	(3,916)
Net income	—	—	—	—	12,128	12,128
Balance at December 31, 2016	3,713	$ 37	$ 378	$(12,243)	$ 81,072	$ 69,244
Shares issued upon exercise of employee stock options for cash	9	0	327	—	—	327
Shares received and retired upon exercise of stock options	(0)	(0)	(25)	—	—	(25)
Stock option compensation expense	—	—	129	—	—	129
Common stock purchased and retired	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	3,893	—	3,893
Unrealized holding gain (loss) from investments, available-for-sale, net of taxes	—	—	—	10	—	10
Common stock dividends	—	—	—	—	(3,960)	(3,960)
Net income	—	—	—	—	8,505	8,505
Balance at December 31, 2017	3,721	$ 37	$ 809	$ (8,341)	$ 85,617	$ 78,122
Shares issued upon exercise of employee stock options for cash	16	0	679	—	—	679
Shares received and retired upon exercise of stock options	(2)	(0)	(225)	—	—	(225)
Stock option compensation expense	—	—	64	—	—	64
Common stock purchased and retired	(15)	(0)	(1,205)	—	—	(1,205)
Foreign currency translation adjustment	—	—	—	(2,949)	—	(2,949)
Unrealized holding gain (loss) from investments, available-for-sale, net of taxes	—	—	—	—	—	—
Common stock dividends	—	—	—	—	(4,049)	(4,049)
Net income	—	—	—	—	18,555	18,555
Balance at December 31, 2018	3,720	$ 37	$ 122	$(11,290)	$100,123	$ 88,992

See accompanying notes to financial statements.

Management's Discussion and Analysis *(continued)*



YEAR-END INSTITUTIONAL OWNERSHIP
(percent of total ownership)



RETURN ON EQUITY
(percent)
Dividends paid ■ REPAT Tax

accounting standard in 2017. UTMD repurchased 15,000 shares of its stock in the open market during 2018 at an average cost of $80.35 per share.

In comparison, in 2017 UTMD received $302 and issued 8,302 shares of stock upon the exercise of employee and director stock options. Employees and directors exercised a total of 8,638 option shares in 2017, with 336 shares immediately being retired as a result of optionees trading the shares in payment of the exercise price of the options. Option exercises in 2017 were at an average price of $37.83 per share. The Company received a $38 tax benefit from option exercises in 2017, which is reflected in net income as a result of adopting a new accounting standard in 2017. UTMD did not repurchase any shares of its stock in the open market during 2017. In 2016, UTMD received $376 and issued 11,945 shares of stock upon the exercise of employee and director stock options. Employees and directors exercised a total of 12,806 option shares in 2016, with 861 shares immediately being retired as a result of optionees trading the shares in payment of the exercise price of the options. Option exercises in 2016 were at an average price of $33.68 per share. The Company received a $50 tax benefit from option exercises in 2016. UTMD repurchased 50,000 shares of stock in the open market during 2016 at an average cost of $57.00 per share.

UTMD did not borrow in any of the three years 2016-2018. Cash dividends paid to stockholders were $4,026 in 2018 compared to $2,955 in 2017 and $3,916 in 2016. The $1,005 cash dividend declared for 4Q 2017 was paid in early January 2018, a change from the dividend declared in 4Q 2016, which was paid in late December 2016.

Management believes that future income from operations and effective management of working capital will provide the liquidity needed to finance internal growth plans. In an uncertain economic environment, UTMD's cash balances allow management to operate with the long-term best interest of stockholders in mind. Planned 2019 capital expenditures for ongoing operations are expected to be less than depreciation of current PP&E.

Management plans to utilize cash not needed to support normal operations in one or a combination of the following: 1) in general, to continue to invest at opportune times in ways that will enhance future profitability; 2) to make additional investments in new technology and/or processes; and/or 3) to acquire a product line or company that will augment revenue and EPS growth and better utilize UTMD's existing infrastructure. If there are no better strategic uses for UTMD's cash, the Company will continue to return cash to stockholders in the form of dividends and share repurchases when the stock appears undervalued.

Management's Outlook

UTMD is small, but its employees are experienced and remain diligent in their work. UTMD's passion is in providing differentiated clinical solutions that will help improve the effectiveness of medical procedures and reduce health risks, particularly for women and their babies.

The safety, reliability and performance of UTMD's medical devices are high and represent significant clinical benefits while providing minimum total cost of care. UTMD will continue to leverage its reputation as a device innovator which will responsively take on challenges to work with clinicians who use its specialty devices. In doing so, UTMD will continue to differentiate itself, especially from commodity-oriented competitors. In 2019, UTMD plans to

1) *exploit distribution and manufacturing synergies by further integrating capabilities and resources in its multinational operations;*

2) *focus on effectively direct marketing the benefits of the FILSHIE Clip System in the U.S.;*

3) *introduce additional products helpful to clinicians through internal new product development;*

4) *continue to achieve excellent overall financial operating performance;*

5) *utilize positive cash generation to continue providing cash dividends to stockholders and make open market share repurchases if/when the UTMD share price seems undervalued; and*

6) *be vigilant for accretive acquisition opportunities which may be brought about by difficult burdens on small, innovative companies.*

Consolidated Statement of Cash Flow

(In thousands)

Years Ended December 31,	2018	2017	2016
Cash flows from operating activities:			
Net income	$ 18,555	$ 8,505	$ 12,128
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	765	660	610
Amortization	2,191	2,113	2,223
Gain on investments	(32)	—	—
Provision for (recovery of) losses on accounts receivable	20	4	—
Loss/(Gain) on disposal of assets	(410)	17	5
Deferred income taxes	(326)	(658)	(484)
Stock-based compensation expense	64	129	92
Tax benefit attributable to exercise of stock options	49	—	—
(Increase) decrease in:			
Accounts receivable	(496)	(242)	295
Other receivables	0	2	897
Inventories	(244)	(467)	(360)
Prepaid expenses and other current assets	(68)	24	23
Increase (decrease) in:			
Accounts payable	52	9	286
Accrued expenses	(558)	1,027	(1,187)
Long-term repatriation tax payable	(2,728)	5,785	—
Net cash provided by operating activities	16,834	16,908	14,528
Cash flows from investing activities:			
Capital expenditures for:			
Property and equipment	(402)	(1,597)	(3,293)
Intangible assets	—	—	(9)
Proceeds from sale of investments	74	—	—
Proceeds from sale of property and equipment	862	—	—
Net cash provided by (used in) investing activities	534	(1,597)	(3,302)
Cash flows from financing activities:			
Proceeds from issuance of common stock — options	454	302	376
Common stock purchased and retired	(1,205)	—	(2,850)
Tax benefit attributable to exercise of stock options	—	—	50
Dividends paid	(4,026)	(2,955)	(3,916)
Net cash (used in) financing activities	(4,777)	(2,653)	(6,340)
Effect of exchange rate changes on cash	(1,354)	921	(1,868)
Net increase in cash and cash equivalents	11,237	13,579	3,018
Cash at beginning of year	39,875	26,296	23,278
Cash at end of year	$ 51,112	$ 39,875	$ 26,296
Supplemental Disclosure of Cash Flow Information.			
Cash paid during the year for:			
Income taxes	$ 4,851	$ 5,151	$ 4,846
Interest	—	—	—

See accompanying notes to financial statements.

Management's Discussion and Analysis *(continued)*

The Company has a fundamental focus to do an excellent job in meeting clinicians' and patients' needs, while providing stockholders with excellent returns. In 2018, the value of UTMD's stock increased 2%, ending the year at $83.08/ share, while $1.085 in dividends/ share were paid. In comparison, the DJIA, S&P 500 and NASDAQ indices were down 4% or more in 2018.

Taking a longer term view, as of the end of 2018 from the end of 1998, UTMD's share price increased 1,166%, representing a 13.5% annually compounded share price increase over the twenty year time span. If additional returns to stockholders from cash dividends are added, stockholder value increased 1,385% over the twenty-year time span, representing 14.4% annually compounded growth in value. In comparison to UTMD's 1,166% increase in stock value over the same twenty years, the NASDAQ Composite Index was up 203%, the S&P 500 Index was up 104% and the DJIA was up 154%.

Combining share price appreciation as a result of a long term profitable financial performance and a capital allocation strategy that includes opportunistic share repurchases with steadily growing quarterly cash dividends paid to stockholders since 2004, longer term UTMD stockholders have experienced excellent returns. Management is committed to continue that performance.

Off Balance Sheet Arrangements. None

Contractual Obligations. The following is a summary of UTMD's significant contractual obligations and commitments as of December 31, 2018:

Contractual Obligations and Commitments	TOTAL	2019	2020-2021	2022-2023	2024-& thereafter
Long-term debt obligations	$ —	$ —	$ —	$ —	$ —
Operating lease obligations	613	61	117	91	$ 344
Purchase obligations	1,637	1,632	5	—	—
Total	$2,250	$1,693	$ 122	$ 91	$ 344

Critical Accounting Policies and Estimates. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the reported amounts of revenues and expenses during the reporting period.

Management bases its estimates and judgments on historical experience, current economic and industry conditions and on various other factors that are believed to be reasonable under the circumstances. This forms the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Management has identified the following as the Company's most critical accounting policies which require significant judgment and estimates. Although management believes its estimates are reasonable, actual results may differ from these estimates under different assumptions or conditions.

- Allowance for doubtful accounts: The majority of the Company's receivables are with healthcare facilities and medical device distributors. Although the Company has historically not had significant write-offs of bad debt, the possibility exists, particularly with foreign distributors where collection efforts can be difficult or in the event of widespread hospital bankruptcies.
- Inventory valuation reserves: The Company strives to maintain inventory to 1) meet its customers' needs and 2) optimize manufacturing lot sizes while 3) not tying-up an unnecessary amount of the Company's capital increasing the possibility of, among other things, obsolescence. The Company believes its method of reviewing actual and projected demand for its existing inventory allows it to arrive at a fair inventory valuation reserve. While the Company has historically not had significant inventory write-offs, the possibility exists that one or more of its products may become unexpectedly obsolete for which a reserve has not previously been created. The Company's historical write-offs have not been materially different from its estimates.

Accounting Policy Changes. The Company's management has evaluated the recently issued accounting pronouncements through the filing date of these financial statements and has determined that the application of these pronouncements will not have a material impact on the Company's financial position and results of operations.

Notes to Consolidated Financial Statements

(December 31, 2018, 2017 and 2016 — Currency amounts are in thousands except per share amounts, and where noted.)

Note 1. Summary of Significant Accounting Policies

Organization. Utah Medical Products, Inc. with headquarters in Midvale, Utah and its wholly-owned operating subsidiaries, Femcare Limited located in Romsey, Hampshire, England, Femcare Australia Pty Ltd located in Castle Hill, NSW, Australia, Utah Medical Products Canada, Inc. (dba Femcare Canada) located in Mississauga, Ontario, Canada and Utah Medical Products Ltd., which operates a manufacturing facility in Athlone, Ireland, (in the aggregate, the Company) are in the primary business of developing, manufacturing and globally distributing specialized medical devices for the healthcare industry. The Company's broad range of products includes those used in critical care areas and the labor and delivery departments of hospitals, as well as outpatient clinics and physicians' offices. Products are sold directly to end user facilities in the U.S., Ireland, UK, Canada, France and Australia, and through third party distributors in other outside the U.S. (OUS) markets. Domestically, until February 1, 2019, Femcare had an exclusive U.S. distribution relationship with CooperSurgical, Inc. (CSI) for the FILSHIE Clip System. UTMD also sells subcontract manufactured components and finished products to over 150 companies in the U.S. for their medical and non-medical products.

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, management believes it has considered and disclosed all relevant information in making its estimates that materially affect reported performance and current values.

Principles of Consolidation. The consolidated financial statements include those of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents. For purposes of the consolidated statement of cash flows, the Company considers cash on deposit and short-term investments with original maturities of three months or less to be cash and cash equivalents.

Investments. The Company classifies its investments as "available-for-sale." Securities classified as "available-for-sale" are carried in the financial statements at fair value. Realized gains and losses, determined using the specific identification method, are included in operations; unrealized holding gains and losses are reported as a separate component of accumulated other comprehensive income. Declines in fair value below cost that are other than temporary are included in operations. As of December 31, 2018 the Company held no investments other than short maturity money market funds which are part of cash and cash equivalents.

Concentration of Credit Risk. The primary concentration of credit risk consists of trade receivables. In the normal course of business, the Company provides credit terms to its customers. Accordingly, the Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses which, when realized, have been within the range of management's expectations as reflected by its reserves.

The Company's customer base consists of hospitals, medical device distributors, physician practices and others directly related to healthcare providers, as well as other manufacturing companies. Although the Company is affected by the well-being of the global healthcare industry, management does not believe significant trade receivable credit risk exists at December 31, 2018 except under an extreme global financial crisis.

The Company maintains its cash in bank deposit accounts in addition to Fidelity Investment money market accounts. The Company has not experienced any losses in such accounts and believes it is not exposed to a significant credit risk on cash and cash equivalent balances.

Accounts Receivable. Accounts receivable are amounts due on product sales and are unsecured. Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest although a late charge may be applied to such receivables that are past the due date. Accounts receivable are periodically evaluated for collectibility based on past credit history of customers and current market conditions. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risk in the account balance and current economic conditions (see note 2).

Inventories. In 2017, the Company adopted Accounting Standard Update (ASU) 2015-11, "Inventory-Simplifying the Measurement of Inventory," which changed how inventory is valued. Finished products, work-in-process, raw materials and supplies inventories are stated at the lower of cost and net realizable value (NRV) computed on a first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The adoption of ASU 2015-11 did not have an impact on the Company's financial statements (see note 2).

Property and Equipment. Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over estimated useful lives as follows:

Building and improvements	**15-40 years**
Furniture, equipment and tooling	**3-10 years**

Long-Lived Assets. The Company evaluates its long-lived assets in accordance with Accounting Standards Codification (ASC) 360, "Accounting for the Impairment of Long-Lived Assets." Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets and is recorded in the period in which the determination was made.

Intangible Assets. Costs associated with the acquisition of patents, trademarks, trade names, customer relationships, regulatory approvals & product certifications, license rights and non-compete agreements are capitalized, and are being amortized using the straight-line method over periods ranging from 5 to 20 years. UTMD's goodwill is tested for impairment annually, in the fourth quarter of each year, in accordance with ASC 350. UTMD also performs impairment tests contemporaneously, if circumstances change that would more than likely reduce the fair value of goodwill below its net book value. If UTMD determines that its goodwill is impaired, a second step is completed to measure the amount of the impairment loss. UTMD does not expect its goodwill to become impaired in the foreseeable future. Estimated future amortization expenses on intangible assets held as of December 31, 2018, using the 2018 year-end 1.2760 USD/GBP and .7046 USD/AUD currency exchange rates, is about $2,047 in 2019 and 2020, and $2,041 in 2021 and 2022 (see note 2).

As a subsequent event, $21,000 in intangible assets were acquired from CSI on February 1, 2019. The future amortization expenses on those assets are estimated to be $4,053 in 2019, and $4,421 per year in 2020-2022 (see note 8).

Stock-Based Compensation At December 31, 2018, the Company has stock-based employee compensation plans, which are described more fully in note 10. The Company accounts for stock compensation under ASC 718, Share-Based Payment. This statement requires the Company to recognize compensation cost based on the grant date fair value of options granted to employees and directors. In 2018, the Company recognized $64 in stock-based compensation cost compared to $129 in 2017 and $92 in 2016.

Revenue Recognition. The Company recognizes revenue at the time of product shipment as UTMD meets its contractual performance obligations to the customer at the time of shipment. Revenue recognized by UTMD is based upon the consideration to which UTMD is entitled from its customers as a result of shipping a physical product, in accordance with the documented arrangements and fixed contracts in which the selling price was fixed prior to the Company's acceptance of an order. Revenue from service sales, which are immaterial to UTMD, is generally recognized when the service is completed and invoiced. As demonstrated by decades of experience in successful and consistent collections, there is very minor and insignificant uncertainty regarding the collectability of invoiced amounts reasonably within the terms of the Company's contracts. There are circumstances under which insignificant revenue may be recognized when product is not shipped, which meet the criteria of ASU 2014-09: the Company provides engineering services, for example, design and production of manufacturing tooling that may be used in subsequent UTMD manufacturing of custom components for other companies. This revenue is recognized when UTMD's performance obligations have been completed according to a fixed contractual agreement. UTMD includes handling fees charged to customers in revenues.

Income Taxes. The Company accounts for income taxes under ASC 740, "Accounting for Income Taxes," whereby deferred taxes are computed under the asset and liability method.

In November 2015, the FASB released ASU 2015-17, Income Taxes (Topic 740): Balance Sheet classification of Deferred Taxes. ASU 2015-17 requires that all deferred income taxes are classified as noncurrent in a classified statement of financial position. The Company adopted ASU 2015-17 retrospectively effective January 1, 2017.

On December 22, 2017 the U.S. Tax Cuts and Jobs Act of 2017 (TCJA) was signed into law. As a result of the TCJA, the U.S. statutory tax rate was lowered from 35% to 21% effective January 1, 2018, among other changes. ASC 740 requires companies to recognize the effect of tax law changes in the period of enactment; therefore, UTMD was required to revalue its deferred tax assets and liabilities at December 31, 2017 at the new rate.

The TCJA contains a deemed repatriation transition tax (REPAT tax) on accumulated earnings and profits of the Company's non-U.S. subsidiaries that have not been subject to U.S. tax. The Company has elected to pay its net REPAT tax over eight years.

On December 22, 2017, the SEC issued SAB 118 which provided guidance on accounting for the impact of the TCJA. SAB 118 provides a measurement period of up to one year from enactment for a company to complete its tax accounting under ASC 740. Once a company was able to make a reasonable estimate and record a provisional amount for effects of the TCJA, it was required to do so.

During the fourth quarter of 2017, the Company recorded a provisional tax charge for the REPAT tax of $6,288 and a provisional tax credit of $230 for the re-measurement of its U.S. deferred tax balances. Both provisional tax amounts were the Company's reasonable estimate of the impact of the TCJA based on its understanding and available guidance. During the third quarter of 2018, after more IRS information became available and when UTMD's independent tax advisors completed the 2017 income tax return, the Company recognized a benefit of $3,230 from adjustments to the provisional amount recorded for the REPAT tax at December 31, 2017 and included this adjustment as a component of income tax expense from continuing operations.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, in Utah, in the United Kingdom, in Australia, in Ireland and in Canada.

Notes to Consolidated Financial Statements *(continued)*

The Company recognizes interest accrued related to unrecognized tax benefits in interest expenses and any related penalties in income taxes. The Company did not recognize any tax-related interest expense or have any tax penalties in any of the three years 2016 through 2018.

Legal Costs. The Company has been involved in lawsuits which are an expected consequence of its operations and in the ordinary course of business. The Company maintains a reserve for legal costs which are probable and estimated based on previous experience and known risk. The reserve for legal costs at December 31, 2018 and 2017 was $149 and $182, respectively (see note 2).

Earnings per Share. The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each year.

The computation of earnings per common share assuming dilution is based on the weighted average number of shares outstanding during the year plus the weighted average common stock equivalents which would arise from the exercise of stock options outstanding using the treasury stock method and the average market price per share during the year.

The shares (in thousands) used in the computation of the Company's basic and diluted earnings per share are reconciled as follows:

	2018	2017	2016
Weighted average number of shares outstanding – basic	3,730	3,718	3,751
Dilutive effect of stock options	18	19	15
Weighted average number of shares outstanding, assuming dilution	3,748	3,737	3,766

Presentation of Sales and Similar Taxes. Sales tax on revenue-producing transactions is recorded as a liability when the sale occurs. UTMD is not required to withhold sales tax on OUS sales, and at least 90% of domestic 2018 sales were to customers who are tax exempt or who are in jurisdictions where UTMD is not required to withhold sales tax.

Translation of Foreign Currencies. Assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at the applicable exchange rates at year-end. Net gains or losses resulting from the translation of the Company's assets and liabilities are reflected as a separate component of stockholders' equity. A negative translation impact on stockholders' equity reflects a current relative U.S. Dollar value higher than at the point in time that assets were actually acquired in a foreign currency. A positive translation impact would result from a U.S. dollar weaker in value than at the point in time foreign assets were acquired. Year-end translation gains or losses of non-functional currency bank account balances, e.g. EUR and AUD balances held by the UK subsidiary, are recognized as non-operating income or expense, as applicable.

Income and expense items are translated at the weighted average rate of exchange (based on when transactions actually occurred) during the year.

Note 2. Detail of Certain Balance Sheet Accounts

December 31,	2018	2017
Accounts and other receivables:		
Accounts receivable	$ 4,064	$ 3,713
Income tax receivable	–	–
Accrued interest and other	13	14
Less allowance for doubtful accounts	(121)	(104)
Total accounts and other receivables	$ 3,956	$ 3,623
Inventories:		
Finished products	$ 1,615	$ 1,313
Work-in-process	1,103	1,270
Raw materials	2,694	2,661
Total inventories	$ 5,412	$ 5,244
Goodwill:		
Balance before effect of foreign exchange	$14,092	$13,487
Effect of foreign exchange	(389)	605
Additions as a result of acquisitions	–	–
Subtractions as a result of impairment	–	–
Total Goodwill	$13,703	$14,092
Other identifiable intangible assets:		
Patents	$ 2,136	$ 2,183
Non-compete agreements	128	135
Trademark & trade names	9,375	9,921
Customer relationships	9,123	9,669
Regulatory approvals & product certifications	12,217	12,897
Total other identifiable intangible assets	32,979	34,805
Accumulated amortization	(18,176)	(16,961)
Other identifiable intangible assets, net	$14,803	$17,844
Accrued expenses:		
Income taxes payable	$ 845	$ 1,259
Payroll and payroll taxes	1,099	1,199
Reserve for litigation costs	149	182
Other	2,192	1,706
Total accrued expenses	$ 4,285	$ 4,346

Note 3. Quarterly Results of Operations (unaudited)

	UNAUDITED QUARTERLY DATA FOR 2018			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Net sales	$10,887	$10,965	$10,390	$ 9,756
Gross profit	6,922	6,984	6,294	6,106
Net income (loss)	4,092	4,308	6,762	3,393
Earnings (loss) per common share (diluted)	1.09	1.15	1.80	.91

UNAUDITED QUARTERLY DATA FOR 2017	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Net sales	$10,259	$10,829	$10,125	$10,201
Gross profits	6,535	6,893	6,496	6,470
Net income (loss)	3,536	3,870	3,622	(2,522)
Earnings (loss) per common share (diluted)	.95	1.04	.97	(.67)

Note 4. Investments

The Company's investments, classified as available-for-sale consist of the following:

December 31,	2018	2017
Investments, at cost	$ —	$ 42
Equity securities:		
Unrealized holding gains	—	38
Unrealized holding (losses)	—	—
Investments, at fair value	$ —	$ 80

During 2017, UTMD did not have any proceeds from the sale of available-for-sale securities. In 2018, UTMD sold shares of Citigroup and received proceeds of $74 resulting in a realized gain of $32.

Note 5. Fair Value Measurements and Financial Instruments

The Company follows a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company uses the following valuation techniques to measure fair value for its assets and liabilities:

Level 1 — Quoted market prices in active markets for identical assets or liabilities;

Level 2 — Significant other observable inputs (e.g. quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs);

Level 3 — Unobservable inputs for the asset or liability, which are valued based on management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following table provides financial assets carried at fair value measured as of December 31 for the past two years:

	Level 1		Levels 2 & 3		Total	
	2018	2017	2018	2017	2018	2017
Equities	$ —	$ 80	—	—	$ —	$ 80
Total	$ —	$ 80	—	—	$ —	$ 80

None of the Company's financial instruments, which are current assets and liabilities that could be readily traded, are held for trading purposes. Detail on investments is provided in note 4 above. The Company estimates that the fair value of all financial instruments at December 31, 2018 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying consolidated balance sheets.

Note 6. Property and Equipment

Property and equipment consists of the following:

December 31,	2018	2017
Land	$ 1,653	$ 1,339
Buildings and improvements	13,752	15,350
Furniture, equipment and tooling	16,003	15,696
Construction-in-progress	141	13
Total	31,549	32,398
Accumulated depreciation	(21,190)	(20,777)
Property and equipment, net	$ 10,359	$ 11,621

Included in the Company's consolidated balance sheet are the assets of its manufacturing and administrative facilities in Utah, Canada, England, Australia and Ireland. Property and equipment, by geographic area, are as follows:

December 31, 2018	U.S. & Canada	England & Australia	Ireland	Total
Land	$ 621	$ 639	$ 393	$ 1,653
Buildings and improvements	6,348	3,205	4,199	13,752
Furniture, equipment and tooling	14,104	765	1,134	16,003
Construction-in-progress	141	—	—	141
Total	21,214	4,609	5,726	31,549
Accumulated depreciation	(17,475)	(531)	(3,184)	(21,190)
Property and equipment, net	$ 3,739	$ 4,078	$ 2,542	$10,359

December 31, 2017	U.S & Canada	England & Australia	Ireland	Total
Land	$ 926	$ —	$ 413	$ 1,339
Buildings and improvements	6,583	4,361	4,406	15,350
Furniture, equipment and tooling	14,124	427	1,145	15,696
Construction-in-progress	10	3	—	13
Total	21,643	4,791	5,964	32,398
Accumulated depreciation	(17,270)	(346)	(3,161)	(20,777)
Property and equipment, net	$ 4,373	$ 4,445	$ 2,803	$11,621

Note 7. Long-term Debt

None in 2017 and 2018.

Note 8. Commitments and Contingencies

Operating Leases. The Company has a lease agreement for land adjoining its Utah facility for a term of forty years commencing on September 1, 1991. On September 1, 2001 and subsequent to each fifth lease year, the basic rental was and will be adjusted for published changes in a price index. The Company also leases an automobile for an employee in Ireland, and prior to late 2017, leased its UK facility. Rent expense charged to operations under these operating lease agreements was approximately $59, $160 and $175 for the years ended December 31, 2018, 2017 and 2016, respectively.

Future minimum lease payments under its lease obligations as of December 31, 2018 were as follows:

Years ending December 31:	Amount
2019	$ 61
2020	61
2021	61
2022	46
2023	45
Thereafter	344
Total future minimum lease payments	**$ 618**

Purchase Obligations. On December 31, 2018, the Company entered into a definitive agreement with CSI to purchase CSI's remaining 4.75 years of exclusive U.S. distribution rights for Femcare's FILSHIE Clip System for $21 million, along with approximately $2 million in CSI resaleable inventory. The closing date occurred on February 1, 2019.

In addition, the Company has obligations to purchase raw materials for use in its manufacturing operations. The Company has the right to make changes in, among other things, purchase quantities, delivery schedules and order acceptance.

Product Liability. The Company is self-insured for product liability risk. "Product liability" is an insurance industry term for the cost of legal defense and possible damages awarded as a result of use of a company's product during a procedure which results in an injury of a patient. The Company maintains a reserve for product liability litigation and damages consistent with its previous long-term experience. Actual product liability litigation costs and damages during the last three reporting years have been immaterial, which is consistent with the Company's overall history.

The Company absorbs the costs of clinical training and trouble-shooting in its on-going operating expenses.

Warranty Reserve. The Company's published warranty is: "UTMD warrants its products to conform in all material respects to all published product specifications in effect on the date of shipment, and to be free from defects in material and workmanship for a period of thirty (30) days for supplies, or twenty-four (24) months for equipment, from date of shipment. During the warranty period UTMD shall, at its option, replace any products shown to UTMD's reasonable satisfaction to be defective at no expense to the Purchaser or refund the purchase price."

UTMD maintains a warranty reserve to provide for estimated costs which are likely to occur. The amount of this reserve is adjusted, as required, to reflect its actual experience. Based on its analysis of historical warranty claims and its estimate that existing warranty obligations are immaterial, no warranty reserve was made at December 31, 2018 or December 31, 2017.

Litigation. The Company has been involved in lawsuits which are an expected consequence of its operations and in the ordinary course of business. Presently, there is no litigation or threatened litigation for which the Company believes the outcome may be material to its financial results. The Company applies its accounting policy to accrue legal costs that can be reasonably estimated.

Note 9. Income Taxes

Deferred tax assets (liabilities) consist of the following temporary differences:

Years ended December 31,	2018	2017	2016
Inventory write-downs and differences due to UNICAP	$ 60	$ 56	$ 98
Allowance for doubtful accounts	18	16	25
Accrued liabilities and reserves	62	89	147
Other – foreign	—	4	(23)
Depreciation and amortization	(3,216)	(3,789)	(4,277)
Unrealized investment gains	—	66	105
Deferred income taxes, net	**$ (3,076)**	**$ (3,558)**	**$ (3,925)**

The components of income tax expense are as follows:

Years ended December 31,	2018	2017	2016
Current	$ 1,386	$ 10,944	$ 5,467
Deferred	(482)	(367)	(1,173)
Total	**$ 904**	**$ 10,577**	**$ 4,294**

Income tax expense differed from amounts computed by applying the statutory federal rate to pretax income as follows:

Years ended December 31,	2018	2017	2016
Federal income tax expense at the statutory rate	$ 2,127	$ 3,086	$ 2,998
State income taxes	365	299	291
Foreign income taxes (blended rate)	1,607	1,444	1,270
ETI, manufacturing deduction and tax credits	(146)	(303)	(287)
Deemed repatriation transition tax	(3,230)	6,288	—
Effective federal rate change	—	(230)	—
US Taxes on foreign income	179	—	—
Other	2	(7)	22
Total	**$ 904**	**$10,577**	**$ 4,294**

The domestic and foreign components of income before income tax expense were as follows:

Years ended December 31,	2018	2017	2016
Domestic	$10,130	$ 9,124	$ 8,688
Foreign	9,329	9,958	7,734
Total	$19,459	$19,082	$16,422

Note 10. Options

The Company has stock option plans which authorize the grant of stock options to eligible employees, directors and other individuals to purchase up to an aggregate of 307 thousand shares of common stock, of which 61 thousand are outstanding as of December 31, 2018. All options granted under the plans are granted at current market value at the date of grant, and may be exercised between six months and ten years following the date of grant. The plans are intended to advance the interest of the Company by attracting and ensuring retention of competent directors, employees and executive personnel, and to provide incentives to those individuals to devote their utmost efforts to the advancement of stockholder value. Changes in stock options were as follows:

	Shares (000's)	Price Range Per Share	
2018			
Granted	22	$74.76	$74.76
Expired or canceled	—	—	—
Exercised	16	24.00	58.50
Total outstanding at December 31	61	24.00	74.64
Total exercisable at December 31	31	24.00	58.50
2017			
Granted	—	$ —	$ —
Expired or canceled	12	49.18	58.50
Exercised	9	24.00	49.18
Total outstanding at December 31	54	24.00	58.50
Total exercisable at December 31	39	24.00	58.50
2016			
Granted	28	$ 58.50	$58.50
Expired or canceled	3	49.18	49.18
Exercised	13	24.00	49.18
Total outstanding at December 31	75	24.00	58.50
Total exercisable at December 31	36	24.00	50.72

For the years ended December 31, 2018, 2017 and 2016, the Company reduced current income taxes payable by $49, $38 and $50, respectively, for the income tax benefit attributable to sale by optionees of common stock received upon the exercise of stock options.

Stock-Based Compensation. In 2018, the Company recognized $64 in equity compensation cost, compared to $129 in 2017 and $92 in 2016.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Years ended December 31,	2018	2017	2016
Expected dividend amount per quarter	$ .2875	$ —	$ .2775
Expected stock price volatility	27.5%	—	28.0%
Risk-free interest rate	2.57%	—	1.30%
Expected life of options	4.9 years	—	4.7 years

The per share weighted average fair value of options granted during 2018 is $15.77 and for 2016 it was $12.15. No options were granted in 2017.

All UTMD options vest over a four-year service period. At December 31, 2018 there was $353 total unrecognized compensation expense related to non-vested stock options under the plans. A $76 portion of the cost is expected to be recognized over the next 1.75 years, and the remaining $277 recognized over the next 4 years. Expected dividend amounts were estimated based on the actual cash dividend rate at the time the options were granted and an estimate of future dividends based on past dividend rate changes as well as management's expectations of future dividend rates over the expected holding period of the options. Expected volatility is based on UTMD's historical volatility over recent periods of time and trends in that volatility, giving weight to more recent periods. Risk free interest rates were estimated based on actual U.S. Treasury Securities Interest rates as reported by the Federal Reserve Bank for periods of time equivalent to the holding periods estimated for the options on the dates the options were granted. Expected term of options were estimated based on historical holding periods for similar options previously granted by UTMD to employees and directors.

The following table summarizes information about stock options outstanding at December 31, 2018:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Actual Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$24.00 – 49.18	23,925	3.89	$39.03	23,925	$39.03
58.50 – 74.64	37,093	9.13	68.23	7,521	58.44
$24.00 – 74.64	61,018	7.08	$56.78	31,446	$43.67

	2018	2017	2016
Intrinsic Value of Stock Options Exercised	$ 812	$ 270	$ 372
Intrinsic Value of Stock Options Outstanding	1,605		

Note 11. Geographic Sales Information

The Company had sales in the following geographic areas based on the customer's country of domicile:

	2018	2017	2016
United States	$21,192	$20,286	$19,488
Europe	9,160	8,519	7,989
Other	11,646	12,609	11,821

Note 12. Long-lived Assets by Geographic Area

The Company's long-lived assets by geographic area were as follows:

	2018	2017	2016
United States	$10,309	$10,866	$11,151
England	24,892	28,604	26,710
Ireland	2,543	2,803	2,614
Australia	447	525	513
Canada	676	759	729

Note 13. Revenues by Product Category and Geographic Region

Global revenues by product category:

Product Category	2018	2017	2016
Obstetrics	$ 4,447	$ 4,499	$ 4,532
Gynecology/Electrosurgery/Urology	23,167	23,175	20,683
Neonatal	6,436	6,154	6,007
Blood Pressure Monitoring and Accessories	7,948	7,586	8,076
Total:	$41,998	$ 41,414	$ 39,298

OUS revenues by product category:

Product Category	2018	2017	2016
Obstetrics	$ 698	$ 732	$ 658
Gynecology/Electrosurgery/Urology	15,022	14,759	12,851
Neonatal	2,252	2,105	1,965
Blood Pressure Monitoring and Accessories	2,834	3,533	4,335
Total:	$20,806	$ 21,129	$ 19,809

Note 14. Product Sale and Purchase Commitments

The Company has had license agreements for the rights to develop and market certain products or technologies owned by unrelated parties. The confidential terms of such agreements are unique and varied, depending on many factors relating to the value and stage of development of the technology licensed. Royalties on future product sales are a normal component of such agreements and are included in the Company's cost of goods sold on an ongoing basis.

In 2018, 2017 and 2016, UTMD received royalties of $76, $86 and $91, respectively, for the use of intellectual property of FILSHIE Clip System as part of Femcare's exclusive U.S. distribution agreement with CSI.

UTMD had $1,638 in operating lease and purchase commitments as of December 31, 2018. In addition, on December 31, 2018, UTMD entered into a definitive purchase agreement with CSI to purchase the remaining term of CSI's exclusive distribution agreement with Femcare Ltd. for the FILSHIE Clip System in the U.S. for $21,000. As part of this agreement, UTMD will also purchase the remaining CSI inventory for approximately $2,000.

Note 15. Employee Benefit Plans

The Company sponsors a contributory 401(k) savings plan for U.S. employees, and contributory retirement plans for Ireland, UK, Australia and Canada employees. The Company's matching contribution is determined annually by the board of directors. Company contributions were approximately $160, $153 and $151 for the years ended December 31, 2018, 2017 and 2016, respectively.

Note 16. Recent Accounting Pronouncements

In March 2016, new accounting guidance was issued to simplify several aspects of accounting for employee share-based payment (including stock option) transactions, including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. Under the guidance, entities recognize all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement. UTMD adopted this standard on January 1, 2017, which had an insignificant impact on its consolidated financial statements. UTMD made a determination to continue to account for forfeitures by estimating the number of awards that are expected to vest. Because UTMD primarily issues incentive stock options, excess tax benefits and tax deficiencies have historically been minimal.

In May 2014, new accounting guidance (ASU 2014-09) was issued that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. UTMD adopted this new standard on January 1, 2018, using a modified retrospective approach. In accordance with ASU 2014-09, UTMD's revenue recognition is based on its contracts and the performance obligations identified in them. With very insignificant and limited exceptions, the Company's performance obligation is met when it ships a physical product to a customer's designated location. The basis on which UTMD recognizes revenue was updated on January 1, 2018, but it did not result in a change to the process and timing of revenue recognition, because the previous revenue recognition method complies with ASU 2014-09. Therefore, the adoption of ASU 2014-09 did not have an impact on UTMD's financial statements. In accordance with this adoption disaggregated revenue is presented in Note 13.

In February 2016, new accounting guidance was issued which requires recording most leases on the balance sheet. The new lease standard requires disclosure of key information about lease arrangements and aligns many of the underlying principles of this new model with those in the new revenue recognition standard noted above. This guidance becomes effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. UTMD expects to adopt this new standard in the first quarter of 2019. UTMD is still assessing the impact that this standard will have on its consolidated financial statements when it is adopted. The only significant lease the Company anticipates it will have at that time is for a section of the parking lot at its Utah facility (see Note 8).

Note 17. Subsequent Events

The Company evaluated its December 31, 2018 financial statements for subsequent events through the date the financial statements were issued. Except for the purchase of the U.S. exclusive distribution rights for the FILSHIE Clip System from CSI, the Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements. The CSI purchase closed on February 1, 2019, after which CSI will no longer sell the FILSHIE Clip System and UTMD will distribute the FILSHIE Clip System directly to clinical facilities in the U.S. The $21,000 purchase price represents an identifiable intangible asset which will be straight-line amortized and recognized as part of G&A expenses over the 4.75 year remaining life of the prior CSI distribution agreement with Femcare.

FORWARD LOOKING INFORMATION

This report contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by management based on information currently available. When used in this document, the words "anticipate," "believe," "project," "estimate," "expect," "intend" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company respecting future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties stated throughout the document. Although the Company has attempted to identify important factors that could cause the actual results to differ materially, there may be other factors that cause the forward statement not to come true as anticipated, believed, projected, expected, or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those described herein as anticipated, believed, projected, estimated, expected or intended. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results, and the Company assumes no obligation to update or disclose revisions to those estimates.

RISK FACTORS

Legislative healthcare reform in the United States, as embodied in The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (the Acts) added a substantial excise tax (MDET) in 2013-2015 that increased administrative costs and has led to decreased revenues in the U.S.:

The voluminous Acts, administrative rules to enforce the Acts and promised efforts to reform the Acts, make the U.S. medical device marketplace unpredictable, particularly for the thousands of small medical device manufacturers including UTMD that do not have the overhead structure that the larger medical device companies can afford. Fortunately, the U.S. Congress suspended the MDET for the years of 2016-2019. To the extent that the Acts will in the future continue to place additional burdens on small medical device companies in the form of the excise tax on medical device sales, additional oversight of marketing and sales activities and new reporting requirements, the result is likely to continue to be negative for UTMD's ability to effectively compete and support continued investments in new product development and marketing of specialty devices in the U.S.

Increasing regulatory burdens including premarketing approval delays may result in significant loss of revenue, unpredictable costs and loss of management focus on helping the Company proactively conform with requirements and thrive:

The Company's experience in 2001-2005, when the FDA improperly sought to shut it down, highlights the ongoing risk of being subject to a regulatory environment which can be arbitrary and capricious. The risks associated with such a circumstance relate not only to the substantial costs of litigation in millions of dollars, but also loss of business, the diversion of attention of key employees for an extended period of time, including new product development and routine quality control management activities, and a tremendous psychological and emotional toll on dedicated and diligent employees.

Since the FDA reserves to itself the interpretation of which vague industry standards comprise law at any point in time, it is impossible for any medical device manufacturer to ever be confident that it is operating within the Agency's version of the law. The unconstitutional result is that all companies, including UTMD, are considered guilty prior to proving their innocence.

Premarketing submission administrative burdens and substantial increases in “user fees” increase product development costs and result in delays to revenues from new or improved devices. It recently took two and a half years to gain FDA approval of the use of a clearly safer single use Filshie Clip applicator, which had been in use for over seven years OUS, in lieu of a reused applicator approved in the U.S. since 1996, made of substantially equivalent materials for the same intended use applying the same implanted clip.

The growth of Group Purchasing Organizations (GPOs) adds non-productive costs, typically weakens the Company’s marketing and sales efforts and may result in lower revenues:

GPOs, theoretically acting as bargaining agents for member hospitals, but actually collecting revenues from the companies that they are negotiating with, have made a concerted effort to turn medical devices that convey special patient safety advantages and better health outcomes, like UTMD’s, into undifferentiated commodities. GPOs have been granted an antitrust exemption by the U.S. Congress. Otherwise, their business model based on “kickbacks” would be a violation of law. These bureaucratic entities do not recognize or understand the overall cost of care as it relates to safety and effectiveness of devices, and they create a substantial administrative burden that is primarily related to collection of their administrative fees.

The Company’s business strategy may not be successful in the future:

As the level of complexity and uncertainty in the medical device industry increases, evidenced, for example, by the unpredictable regulatory environment, the Company’s views of the future and product/ market strategy may not yield financial results consistent with the past.

As the healthcare industry becomes increasingly bureaucratic it puts smaller companies like UTMD at a competitive disadvantage:

An aging population is placing greater burdens on healthcare systems, particularly hospitals. The length of time and number of administrative steps required in adopting new products for use in hospitals has grown substantially in recent years. Smaller companies like UTMD typically do not have the administrative resources to deal with broad new administrative requirements, resulting in either loss of revenue or increased costs. As UTMD introduces new products it believes are safer and more effective, it may find itself excluded from certain clinical users because of the existence of long term supply agreements for preexisting products, particularly from competitors which offer hospitals a broader range of products and services. Restrictions used by hospital administrators to limit clinician involvement in device purchasing decisions makes communicating UTMD’s clinical advantages much more difficult.

A product liability lawsuit could result in significant legal expenses and a large award against the Company:

UTMD’s devices are frequently used in inherently risky situations to help physicians achieve a more positive outcome than what might otherwise be the case. In any lawsuit where an individual plaintiff suffers permanent physical injury, the possibility of a large award for damages exists whether or not a causal relationship exists.

The Company’s reliance on third party distributors in some markets may result in less predictable revenues:

UTMD’s distributors have varying expertise in marketing and selling specialty medical devices. They also sell other devices that may result in less focus on the Company’s products. In some countries, notably China, Pakistan and India not subject to similarly rigorous standards, a distributor of UTMD’s products may eventually become a competitor with a cheaper but lower quality version of UTMD’s devices.

The loss of one or more key employees could negatively affect UTMD performance:

In a small company with limited resources, the distraction or loss of key personnel at any point in time may be disruptive to performance. The Company’s benefits programs are key to recruiting and retaining talented employees. An increase in UTMD’s employee healthcare plan costs, for example, may cause the Company to have to reduce coverages which in turn represents a risk to retaining key employees.

Fluctuations in foreign currencies relative to the USD can result in significant differences in period to period financial results:

Since a significant portion of UTMD’s sales are invoiced in foreign currencies and consolidated financial results are reported in USD terms, a stronger USD can have negative revenue effects. Conversely, a weaker USD would increase foreign subsidiary operating costs in USD terms. For the portion of sales to foreign entities made in fixed USD terms, a stronger USD makes the devices more expensive and weakens demand. For the portion invoiced in a foreign currency, not only USD-denominated sales are reduced, but also gross profits may be reduced because finished distributed products and/or U.S. made raw materials and components are likely being purchased in fixed USD.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Utah Medical Products, Inc.
Midvale, Utah

Opinion on the Financial Statements and Internal Control over Financial Reporting
We have audited the accompanying balance sheet of Utah Medical Products, Inc. (the Company) as of December 31, 2018, and the related statements of income, comprehensive income, stockholders' equity, and cash flows for the year ended December 31, 2018, and the related notes (collectively referred to as the financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control—Integrated Framework (2013) issued by COSO.

Basis for Opinion
The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We did not audit portions of the consolidated financial statements and we did not examine the effectiveness of internal control over financial reporting for portions of Femcare Group Limited, a wholly owned subsidiary. The portions not audited by us include assets of $38,787,000 as of December 31, 2018 and total revenues of $11,286,000 for the year ended December 31, 2018. Those portions of the consolidated financial statements and the effectiveness of internal control over financial reporting were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for Femcare Group Limited and the effectiveness of Femcare Group Limited's internal control over financial reporting, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Haynie & Company

HAYNIE & COMPANY

We have served as Utah Medical Products, Inc.'s auditor since 2018.

Salt Lake City, Utah
March 14, 2019

Management's Report On Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company's internal control over financial reporting includes those policies and procedures that

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013).

Based on its assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2018.

The Company's independent registered public accounting firm, Haynie & Company, has audited the Company's internal control over financial reporting as of December 31, 2018, and its report is shown on the previous page.

Kevin L. Cornwell
Chief Executive Officer

Brian L. Koopman
Principal Financial Officer

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kevin L. Cornwell
Chairman and CEO

James H. Beeson, Ph.D., M.D., FACOG
Retired, Maternal-Fetal Medicine Physician

Ernst G. Hoyer
Retired, General Manager
Petersen Precision Engineering Co.

Barbara A. Payne, Ph.D.
Retired Consultant

Paul O. Richins
Retired Company Officer

OFFICERS

Kevin L. Cornwell
President and Secretary

Marcena H. Clawson
Vice President, Corporate Sales

Brian L. Koopman
Principal Financial Officer

Ben D. Shirley
Vice President,
Product Development and Quality Assurance

The Company has a Code of Ethics for applicable executive officers and outside directors and a Code of Conduct which applies to all employees. Both are available at *www.utahmed.com.*

INVESTOR INFORMATION

Corporate Headquarters
Utah Medical Products, Inc.
7043 South 300 West
Midvale, Utah 84047

Foreign Operations
Utah Medical Products Ltd.
Athlone Business & Technology Park
Dublin Road
Athlone, County Westmeath, N37 XK74, Ireland

Femcare Limited
32 Premier Way
Romsey, Hampshire SO51 9DQ
United Kingdom

Femcare Australia Pty Ltd
Unit 12, 5 Gladstone Rd
Castle Hill, NSW 2154
Australia

Femcare Canada
6355 Kennedy Road #15
Mississauga, ON L5T 2L5
Canada

Transfer Agent
Computershare
250 Royall Street
Canton, Mass 02021

Financial Auditors
Haynie & Co.
Salt Lake City, Utah

Corporate Counsel
Michael Best & Friedrich LLP
Salt Lake City, Utah

CORPORATE STOCK

The Company's common stock trades on the Nasdaq Global Market (symbol: UTMD). The following table sets forth the high and low sales price information as reported by Nasdaq for the periods indicated.

UTMD
Nasdaq Listed

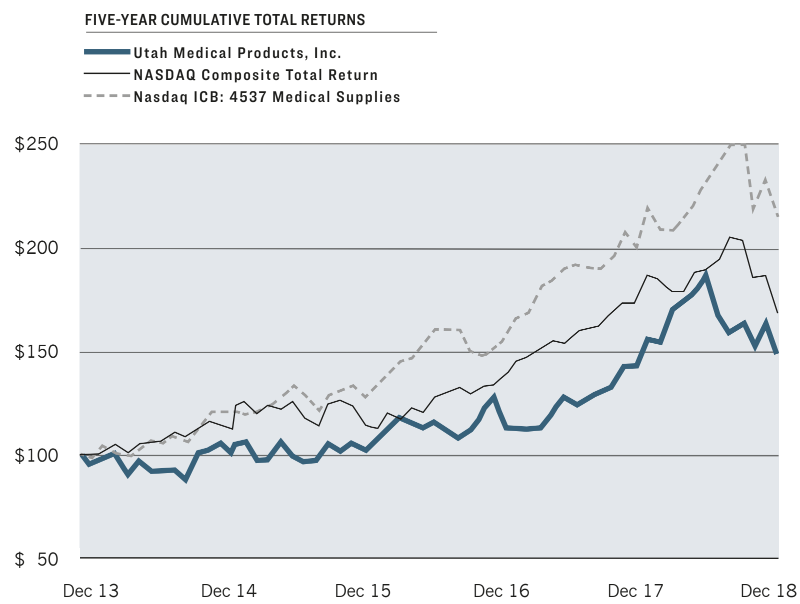
	2018		2017	
	High	Low	High	Low
1st Quarter	$101.45	$78.95	$73.00	$58.50
2nd Quarter	117.65	94.00	73.05	59.50
3rd Quarter	115.15	85.40	75.45	68.10
4th Quarter	99.95	73.98	85.00	73.05

For stockholder information contact: Investor Relations, (801) 566-1200.
Website: *www.utahmed.com,* e-mail: *info@utahmed.com*

STOCK PERFORMANCE CHART

The following chart compares what an investor's five-year cumulative total return (assuming reinvestment of dividends) would have been assuming initial $100 investments on December 31, 2013, for the Company's Common Stock and the two indicated indices. The Company's Common Stock trades on the Nasdaq Global Market.

Cumulative stockholder return data respecting the Nasdaq Composite Total Return are included as the comparable broad market index. The peer group index, ICB: 4537 Medical Supplies, is comprised of Nasdaq Stocks in the Medical Supplies subsector of medical device industry stocks traded on Nasdaq, of which UTMD belongs.



December 31	2013	2014	2015	2016	2017	2018
Utah Medical Products, Inc.	100.0	105.9	105.1	128.2	142.8	147.0
NASDAQ Composite Total Return	100.0	114.8	122.7	133.6	173.2	168.3
Nasdaq ICB: 4537 Medical Supplies	100.0	120.2	132.9	151.2	198.7	213.3

UTAH MEDICAL PRODUCTS, INC.
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