



LMA International NV

11 October 2007

Announcement to the Singapore Exchange

LMA revises guidance on financial performance for FY2007

- **Reduction in sales and profit in Q3 and Q4**

It had been previously announced that LMA International NV ("LMA" or the "Group") expects revenue and net income for the financial year ending December 31, 2007 to exceed that of FY2006.

LMA would now like to announce that due to several developments in the third quarter ("Q3"), the Group's performance for the second half of FY2007 will be adversely impacted. Consequently, although revenue in FY2007 will still show growth over FY2006, net income is expected to decline over the same period.

In Q3, the Group conducted an independent review of the sales performance of its International West Sales Division (covering Europe, Middle East, Africa and Latin America). This review identified inconsistencies in pricing and ordering patterns of its distributors, which adversely affected margins and increased logistics costs. Although LMA has taken steps to restore regular pricing and ordering patterns, this action has resulted in significant reductions in sales to distributors in this Sales Division in Q3 and which is expected to continue into Q4. LMA has also begun the process of restructuring this Division. The above loss of distributor sales in these two quarters and the cost of restructuring will have a significant effect on the Group's revenue and profit performance for FY2007.

In addition, the delayed availability of Size 5 (to complement Sizes 3 & 4) for the newly launched LMA Supreme™ until end of the year, and the consequent deferment of its launch in North America until end of Q4, will also have an impact on revenue and net income for FY2007.

All of the above factors, together with higher than anticipated costs of continued investigation and prosecution of patent infringement, are expected to reduce operating income by approximately 30%. After taking into account the exchange gain generated in FY2006 which is not anticipated to be repeated in FY2007, the impact on net income (before non recurring non-cash and stock option charges) for FY2007 is estimated to be approximately 40%.

LMA also advises that profit for FY2007 will be impacted by a non-cash charge of US\$1.28 million resulting from the settlement of a tax claim from the UK HM Revenue & Customs on a former subsidiary, The Laryngeal Mask Co UK Ltd ("LMC (U.K.)"), by Venner Capital SA ("Venner"). LMA has an indemnity against this liability from Venner, but under US Generally Accepted Accounting Standards, the Group is required to book any such taxation liability as a charge through its Income Statement, even though it is a non-cash item that has no impact on underlying

profitability or net assets. Full details of this claim were disclosed in LMA's Offer Circular at the time of its initial public offering, an extract of which is reproduced below.

Overall, the Group is pleased with its performance in North America where sales teams continue to regain lost customer accounts, and with the performance of its Australian subsidiary LMA PacMed. The availability of the Size 5 LMA Supreme™ at the end of this year, and the completion of the restructuring of the International West Sales division, will provide a stronger platform for growth and contribute positively to the Group's financial performance for FY2008.

- ENDS -

Extract from Page 21 of LMA's Offering Circular for its IPO:

The U.K. Inland Revenue has made certain enquiries of and requested documents and information from LMC (U.K.) in respect of its U.K. corporation tax return for the accounting period from January 1 to December 31, 2002. The precise focus of the Inland Revenue's enquiries is currently unclear, and the Inland Revenue have not to date stated specifically that they consider further U.K. corporation tax to be due from LMC (U.K.) but have implied that more profit should be taxable in the UK. LMC (U.K.) has been advised by PricewaterhouseCoopers that there are currently no grounds to believe that its profits for U.K. corporation tax purposes are not correctly stated in its U.K. corporation tax return for the period stated.

On December [31], 2004, the business of LMC (U.K.) was sold to LMA International Services UK Limited, a newly incorporated indirect subsidiary of LMA N.V. On the same date, the shares in LMC (U.K.) were sold to Venner. If LMC (U.K.) were to fail to discharge its historic U.K. corporation tax liabilities, the Inland Revenue may, in certain circumstances, be able to seek to recover that tax from LMA N.V. or certain of its subsidiaries. Venner has agreed to procure that LMC (U.K.) will discharge any U.K. corporation tax liability it may have and to indemnify LMA N.V. and its subsidiaries in respect of any U.K. corporation tax liability that may be sought to be imposed on any of them as a result of the activities of LMC (U.K.) or any failure by LMC (U.K.) to discharge any U.K. corporation tax liability it may have.

While LMC (U.K.) has been advised that there are currently no grounds to believe that its profits for U.K. corporation tax purposes are not correctly stated in its U.K. corporation tax return for the period stated, if (a) the Inland Revenue were to be ultimately successful in demonstrating that additional U.K. corporation tax liability had arisen and (b) neither LMC (U.K.) nor Venner pays this, LMA N.V. may be required to seek payment from Venner under the indemnity referred to above.

Under U.S. GAAP, if LMC (U.K.) or another member of our group were ultimately to be held liable for additional U.K. corporation tax in respect of the period that LMA (U.K.) is included in the results of our group, LMA N.V. would need to reflect those obligations in its accounts. This would effectively reduce its net income by the amount of such tax due, even if LMC (U.K.) discharged the amount due or Venner made payment to LMA N.V. pursuant to the indemnity referred to above.

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About LMA

Incorporated in the Netherlands Antilles in 1998, LMA was listed on the Singapore Exchange in March 2005. LMA designs, develops, markets and distributes medical equipment, principally the LMA™ laryngeal mask airway range of supraglottic airway management devices. These devices are used by physicians to allow respiration, provide ventilation to, and support the airway of patients undergoing surgical procedures and life-saving interventions. Since its first product, the LMA-Classic™, was approved by the FDA for use in the United States in 1991, LMA's growth has been driven by the development of innovative products, geographic expansion, and increased customer awareness of the LMA™ laryngeal mask airway as an alternative airway management device. LMA has established a leading position in this growing market.

LMA has an office in Jersey, Channel Islands, and subsidiaries in Singapore, Bonn, Germany and San Diego, California. Through its 50 percent joint venture in LMA Urology Limited, the Group has a subsidiary in Switzerland to design, manufacture and distribute the LMA StoneBreaker™. DBS Bank and Credit Suisse were the Joint Global Coordinators and Joint Bookrunners for the Initial Public Offering of shares in LMA.