



LMA International NV

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LMA REPORTS 9% INCREASE IN NET SALES FOR FY2008

- Group net sales up 9% year-on-year to US\$108.5 million; Q4 group net sales up 8% year-on-year to US\$27.4 million
- Net income for FY2008 declined to US\$8.8 million due to increased expenses during the year including some one-off charges, which led to a net loss in Q4

Singapore, 9 February 2009 – Mainboard-listed LMA International NV (“LMA” or the “Group”), the global leader in the development and marketing of the LMA™ laryngeal mask airway range of supraglottic airway management devices, has announced its audited results for the financial year ended December 31, 2008 (“FY2008”) and its unaudited results for the fourth quarter (“Q4 FY2008”).

The Group recorded net sales of US\$108.5 million for FY2008, a 9% increase over the previous financial year. Increased sales of anaesthesia products, in particular the LMA Supreme™ and McGrath® Video Laryngoscope, together with sales of LMA PerfecTemp™ and the Pain Care® range of ambulatory infusion pumps contributed to this increase.

Sales of anaesthesia products in the United States rose 3% to US\$60.9 million, due to sales of the LMA Supreme™ and increased sales of the McGrath® Video Laryngoscope. International sales of anaesthesia products increased by 15% to US\$44.1 million in FY2008 over FY2007, aided by a large order for Iraq and stronger performances of both the International West and International East divisions.

Group net sales in Q4 FY2008 were 8% higher year-on-year at US\$27.4 million. Sales of anaesthesia products in the United States grew 4% to US\$15.9 million, its highest ever quarterly sales. International sales of anaesthesia products also did well in Q4 FY2008, increasing by 8% to US\$10.6 million over US\$9.9 million recorded for Q4 FY2007.

Total number of single-use units sold grew by 19%, or 933,872 units, in FY2008 over

FY2007, a significant portion of which was generated by the LMA Supreme™.

Gross profit for the Group in FY2008 increased to US\$67.6 million, up 3.5% from US\$65.3 million in the previous financial year. Gross profit for Q4 FY2008 amounted to US\$15.2 million, a 1% increase from US\$15.0 million in Q4 FY2007. Gross profit margin for the year dipped to 62% from 65.5% in the previous financial year, due to the continued market shift in product mix towards lower margin single-use products, a higher mix of third party distributor devices such as the McGrath® Laryngoscope, and a provision of US\$2.5 million (US\$1.5 million in Q4) for stock obsolescence in respect of the LMA CTrach™, sales of which had declined during the year.

Operating expenses for FY2008, including the one-off urology reorganisation charge, rose 19.3% to US\$59.3 million from US\$49.5 million in FY2007. This increase was due to higher anaesthesia sales and marketing expenditure, legal costs relating to the ongoing patent infringement proceedings against Ambu A/S in the United States, an additional provision of US\$0.6 million for doubtful debts arising from the current global financial crisis, and costs for the new Pain Care® business. Selling, general and administrative expenses for the urology division also increased in FY2008 due to a one-off reorganisation expense of US\$1.1 million and an additional US\$0.4 million for the purchase of intellectual property for a complementary device to the LMA StoneBreaker™.

Group net income for FY2008 (excluding non-cash stock compensation charge and non-cash U.K. tax charge) declined by 34% to US\$10.2 million compared to FY2007. This was due primarily to the stock obsolescence provision and increased selling, general and administrative expenses incurred during the year. A net loss of US\$0.5 million was reported for Q4 FY2008 (excluding non-cash items) due to the above mentioned expenses and provisions, much of which was incurred during the quarter.

Building the foundation for future growth

On 6 February 2009, the Group announced its entry into an exclusive sales and distribution agreement with Cook Medical, a global healthcare company based in the United States that is among the world's best-known and most respected names in medical devices and supplies, to distribute the LMA StoneBreaker™ and its product range globally. This agreement is expected to significantly improve the performance of the urology division and will help it achieve a stronger global presence and product penetration.

In October FY2008, the Group announced the appointment of Mr Lawrence Kinet as Chief Executive Officer. Bringing with him more than 30 years of experience in the international health care technology and services sectors, Mr Kinet's appointment is expected to help improve the performance of LMA's businesses globally and build value for shareholders over the longer term.

The Group expects 2009 to be another challenging year. Although the healthcare sector is usually one of the most resilient sectors of the economy, it is also showing signs of the impact of the ongoing global economic crisis, with a decline in the number of elective surgical procedures and tight liquidity.

However, the Group expects its substantial cash reserves and healthy cash flow to provide a strong platform for it to capitalise on new growth opportunities.

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About LMA

Incorporated in the Netherlands Antilles in 1998, LMA listed on the Mainboard of 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, San Diego, California and Melbourne, Australia. DBS Bank and Credit Suisse were the Joint Global Coordinators and Joint Bookrunners for the Initial Public Offering of shares in LMA. For more information, visit www.lmanv.com.