



LMA International NV

For Immediate Release

LMA ACHIEVES SOLID SALES AND PROFIT GROWTH IN FY2005

Singapore, 9 February 2006 – Mainboard-listed LMA International N.V. (“LMA” or the “Group”), a global leader in the development and marketing of the LMA™ laryngeal mask airway range of supraglottic airway management devices, has announced its unaudited results for the fourth quarter (“4Q”) and the financial year ended December 31, 2005 (“FY2005”).

Summary of LMA’s Financial Performance

(US\$’000)	Three months ended December 31,			Year ended December 31,		
	2005	2004	Change (%)	2005	2004	Change (%)
Net sales	23,273	22,110	5.3	86,314	78,158	10.4
Gross profit	16,413	16,694	(1.7)	64,022	59,749	7.2
Total operating income	7,136	6,307	13.1	28,186	23,842	18.2
Net income before income tax and minority interests	6,969	6,526	6.8	27,294	24,205	12.8
Net income after income tax and minority interests excluding non-recurring charges	6,415	5,889	8.9	24,761	22,413	10.5
Non-recurring charges:						
Stock compensation charge	-	-		(24,160)	-	-
Loyalty cash bonus	-	-		(3,139)	-	-
Net income/ (loss)	6,415	5,889	8.9	(2,538)	22,413	n/m

*Earnings per share before non-recurring items (US cents)	Three months ended December 31,		Year ended December 31,	
	2005	2004 (restated)	2005	2004 (restated)
	1.104	1.014	4.262	3.858

*Net assets per share (US cents)	2005	2004 (restated)
	8.484	1.410

*The earnings per share and net assets per share for FY2004 have been restated to reflect the number of issued shares (580,946,581) after the company’s listing in March 2005.

Financial Highlights

For FY2005, the Group achieved a 10.4% increase in net sales to US\$86.3 million, from US\$78.2 million in FY2004, despite continued intense competition in all major markets. Total operating income grew 18.2% to US\$28.2 million, from US\$23.8 million over the same period. For 4Q FY2005, total operating income rose 13.1% to US\$7.1 million, from US\$6.3 million in 4Q FY2004.

Gross margin was slightly reduced at 74.2% for FY2005 from 76.4% in FY2004, due to a change in the sales mix of products. Net income before income taxes and minority interest grew 12.8% year-on-year, while 4Q FY2005 saw a 6.8% increase over the same period last year. Net income after tax and minority interests but before non-recurring charges was up 10.5% in FY2005.

Due to the one-off non-recurring charges recognised in the first six months of FY2005, LMA recorded a net loss of US\$2.5 million for the year, while for 4Q FY2005, net income increased by 8.9% to US\$6.4 million.

The United States continues to be the Group's largest single market, contributing 63% to its revenue in FY2005. This market recorded a sales growth of 16%, which was aided by a significant increase of 24% in 4Q FY2005 over 4Q FY2004. Growth in other markets was slower, recording a weighted average of 3% increase in FY2005 over FY2004. This was due mainly to a weak performance in Germany where management issues and a highly competitive market environment resulted in a sales decline in FY2005. Excluding Germany, all other markets achieved satisfactory sales increases.

In all markets, growth was largely fueled by a surge in sales of single-use products which accounted for 44% of LMA's total net sales in FY2005 compared with 35% a year ago. In unit terms, sales of single-use products were 56% higher than the same period last year. In 4Q FY2005, sales of single-use units jumped 49% from 4Q FY2004.

LMA Group President John Lim said, "The net loss recorded in FY2005 was entirely due to the one-off non-recurring charges reported in the first half of the year. If these charges, which are largely non-cash in nature, are excluded, net income after tax and minority interests at US\$24.8 million was 10.5% higher than 2004."

Developments in FY2005

During the year, LMA launched several successful marketing campaigns and sales programmes in all major markets.

In the United States, the Group continued to maintain its dominant market leadership by renewing and signing several contracts with major Group Purchasing Organisations ("GPO"). In August, LMA announced a three-year agreement with HealthTrust Purchasing Group, under which the Group will supply its products to 760 hospitals and in October, it renewed a three-year contract with Premier, Inc., which has 1,600 hospitals in its membership. In November, LMA renewed a single-source

agreement with Novation, the GPO of VHA Inc and University Healthcare Consortium, two national healthcare alliances that serve more than 2,500 hospitals and healthcare organisations nationwide. Most recently, in January this year, LMA renewed a three-year agreement with Consorta, Inc. which was converted from a dual source to single source agreement. Consorta, Inc. has more than 400 hospitals in its membership.

Mr Lim said, "In the last year, our markets have been characterised by aggressive competitor price discounting and increased incidences of patent infringement. Despite this, we have been successful in maintaining our dominant global market position and achieved a solid increase in product sales. We have also successfully renewed all our contracts with major US GPOs and in some cases converted these contracts from dual source to sole source agreements. These contracts will continue to provide a strong revenue base for the Group going forward."

The Group initiated several legal cases against Tyco and Ambu for patent infringement of its laryngeal mask in FY2005. In August, LMA won an injunction in The Netherlands against Tyco Healthcare Nederland BV forbidding them to directly or indirectly offer for sale its LaryngoSeal™ laryngeal mask in The Netherlands, France, Italy, Spain, the United Kingdom and Germany. The other legal cases pending against Tyco and Ambu in Germany will be heard by the courts this year.

During the year, LMA increased its investment in Australian distributor LMA Pacific Medical Pty Ltd ("LMA PacMed") from 10% to 30%. LMA PacMed, a privately-owned company based in Melbourne, is distributor of LMA's products in Australia and New Zealand, and manages a sales network that distributes LMA's products in Korea and Taiwan.

"This move is in line with our strategy to further strengthen our direct sales capabilities in key growth markets by investing in outstanding distributors. We will work more closely with them to focus on providing excellent training and support services to the end-users of our products," said Mr Lim.

Looking Ahead

Mr Lim added, "The global trend towards single-use products has been underway for several years now, and we see this continuing in 2006 and beyond. The highly competitive market environment is also expected to continue.

As the market leader in the supraglottic airway management arena, we need to stay ahead of the competition. We expect to commercially launch at least one new innovative product this year which, together with our revolutionary C-Trach device, the strength of our global LMA brand franchise and new distribution opportunities are expected to enable us to maintain our leading market position and ensure continued sales growth. We will continue to pursue opportunities for acquisition of, and investment in, both new products and businesses, and to build up our sales and distribution capabilities. Our management team remains committed to building this global business long term and to delivering sustainable healthy returns to our shareholders."

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About LMA

Incorporated in the Netherlands Antilles in 1998, LMA International N.V. was listed on the Singapore Stock 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.

DBS Bank Limited and Credit Suisse First Boston (Singapore) Limited are the Joint Global Coordinators and Joint Bookrunners for the Initial Public Offering of shares in LMA.