



LMA International NV

For Immediate Release

LMA REPORTS STRONG SALES GROWTH IN SECOND QUARTER

Highlights

- **Net Sales:** up 13.3% in Q2 and 6.5% in 1H FY2006 over FY2005; up 19.2% over Q1 FY2006
- **Gross Profit:** up 7.7% in Q2 FY2006 over Q2 FY2005; up 19% over Q1 FY2006
- **Net Income:** up 18.7% in Q2 FY2006 over Q2 FY2005; up 72.3% over Q1 FY2006
- **Sales of single-use devices:** net sales up 25.2% in Q2 and 20.4% in 1H FY2006 over FY2005; 48.4% increase in number of units sold in Q2 FY2006, up 30.6% over Q1 FY2006
- **Improved performance over Q1 FY2006**

Singapore, 3 August 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 second quarter (“Q2”) and the first six months (“1H”) of the financial year ending December 31, 2006 (“FY2006”).

Summary

(US\$'000)	Three months ended June 30,			Six months ended June 30,		
	2006	2005	Change (%)	2006	2005	Change (%)
Net sales	24,368	21,501	13.3	44,819	42,078	6.5
Gross profit	17,589	16,325	7.7	32,367	32,159	0.6
Operating expenses:						
Selling, general and administrative	(9,643)	(8,485)		(18,868)	(16,981)	
Research and development	(379)	(334)		(794)	(545)	
Amortisation of intangible assets	(14)	(3)		(28)	(12)	
Total operating income	7,553	7,503	0.7	12,677	14,621	(13.3)
Net income before income tax, minority interests and share of net earnings of associate	8,204	7,008	17.1	13,386	13,868	(3.5)
Income tax expense	(741)	(711)		(1,338)	(1,383)	
Minority interests	218	-		310	(25)	
Share of net earnings of associate	195	-		168	-	
Net income excluding non-recurring charges and stock compensation charge	7,876	6,297	25.1	12,526	12,460	0.5
Non-recurring charges and stock compensation charge:						
Stock compensation charge	(404)	-		(718)	-	
Non-recurring stock compensation charge	-	-		-	(24,160)	
One-off loyalty bonus (net of tax credit)	-	-		-	(3,139)	
Net income/ (loss)	7,472	6,297	18.7	11,808	(14,839)	nm

Earnings per Share (EPS)

(US\$'000 except share and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
Net Income attributable to shareholders excluding one-off charges and stock compensation charge	\$7,876	\$6,297	\$12,526	\$12,460
Number of shares	580,946,581	580,946,581	580,946,581	580,946,581
Basic and diluted EPS before non recurring items (in U.S. cents)	1.356	1.084	2.156	2.145

Net Assets per Share

(US\$'000, except per share amounts)	June 30, 2006	December 31, 2005
Net assets of the Group	\$61,872	\$49,288
Net assets per share (in U.S. cents)	10.650	8.484

Segmental Review – Geographic and Product Sales (percentage)

US\$'000	Three months ended June 30,				Six months ended June 30,			
	2006		2005		2006		2005	
United States	14,373	59%	12,970	61%	27,157	61%	25,725	61%
Rest of the World ("ROW")	9,995	41%	8,531	39%	17,662	39%	16,353	39%
Total net sales	24,368	100%	21,501	100%	44,819	100%	42,078	100%
Reusable devices	11,627	48%	11,913	55%	21,740	49%	23,842	57%
Single-use devices	11,416	47%	9,119	43%	20,927	47%	17,375	41%
Other	1,325	5%	469	2%	2,152	4%	861	2%
Total	24,368	100%	21,501	100%	44,819	100%	42,078	100%

Segmental Review – Product Sales (by number of units) and Unit Cost

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
Reusable units sold	68,639	66,648	124,684	132,897
Single-use units sold	1,293,787	871,717	2,284,791	1,649,879
Total units sold	1,362,426	938,365	2,409,475	1,782,776
Average revenue per unit of reusable units (US\$)	169.39	178.75	174.36	179.40
Average revenue per unit of single-use units (US\$)	8.82	10.46	9.16	10.53

Financial Highlights

Group net sales increased by 13% in Q2 FY2006 to US\$24.4 million, up from US\$21.5 million in Q2 FY2005. Net sales for Q2 FY2006 also increased by 19% or US\$3.9 million over Q1 FY2006. For 1H FY2006, net sales grew 6.5%, due to the weaker performance reported in Q1 FY2006. Sales of LMA CTrach™ contributed US\$1.0 million in Q2 FY2006 up from US\$0.5 million in Q1 FY2006.

Unit sales of single-use devices grew 48% in Q2 FY2006 over Q2 FY2005 and 31% over Q1 FY2006. For 1H FY2006, the increase in sales of single-use devices was 38% over 1H FY2005. Although sales of reusable units in 1H FY2006 were 6% lower than 1H FY2005, this was 3% higher in Q2 FY2006 than Q1 FY2006 due to strong sales of LMA Classic™.

In the United States, net sales increased by 11% in Q2 FY2006 compared to the corresponding period in FY2005, and by 12% over Q1 FY2006, largely driven by sales of single-use devices and sales of LMA CTrach™. In ROW, sales were adversely impacted by a prolonged hospital and surgeon strike in Germany, but still recorded an increase of 17% over Q2 FY2005, boosted by sales from other regions and 30% over Q1 FY2006.

The Group reported a 8% increase in gross profit to US\$17.6 million in Q2 FY2006 from US\$16.3 million in Q2 FY2005, and a 19% increase or US\$2.8 million over Q1 FY2006. Gross margin declined from 75.9% in Q2 FY2005 to 72.2% in Q2 FY2006 in line with the change in product sales mix and increasing sales of single-use devices, but was comparable to the 72.3% recorded in Q1 FY2006.

Selling, general and administrative expenses, including US\$0.4 million for LMA Urology, increased by 14% to US\$9.6 million in Q2 FY2006 up from US\$8.5 million in Q2 FY2005. However, if the expenses for LMA Urology were excluded, SG&A expenses would have increased by only 8.5% and represents 38.0% of Group net sales, compared to 39.5% in Q2 FY2005. SG&A expenses continued to be efficiently managed.

Net income excluding non-recurring and stock compensation charges increased by 25% to US\$7.9 million in Q2 FY2006 from US\$6.3 million in the corresponding period last year aided by a weaker US dollar against the Sterling and Euro and a US\$0.2 million contribution from LMA PacMed Pty Ltd.

Commenting on the Group's performance in the second quarter and first six months of FY2006, LMA Group President Mr John Lim said, "Despite the increasingly competitive operating environment, our gross margins have remained stable. The Group has recorded solid sales and net income growth and delivered improved performance over last year and the first quarter of this year. The sales performance of ROW is most encouraging following various initiatives taken to strengthen our sales management and distribution infrastructure in some key international markets. With continuing growth in sales from LMA CTrach™ and the launch of LMA StoneBreaker™, we expect further sales improvements in the second half of this year."

The Group received the CE marking approval for the LMA StoneBreaker™ in Q2, certifying that the device has met the requirements of the European Medical Device Directive 93/42/EEC governing the sale and distribution of such medical devices within the European Union and the European Free Trade Area. The device is expected to be launched commercially in the second half of this year.

Barring unforeseen circumstances, the Group expects sales and profits in FY2006 to exceed those for FY2005.

- Ends -

For media queries, please contact:

Sharon Seetho, Gavin Anderson & Company Singapore, Tel: +65 9009 8495

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.