



LMA International NV

For Immediate Release

LMA REPORTS CONTINUED STRONG SALES GROWTH IN FIRST QUARTER 2005

Singapore, 12 May 2005 - Recently-listed LMA International N.V. ("LMA" or the "Group"), a global leader in the development and marketing of the LMA™ laryngeal mask airway line of supraglottic airway device products, has announced its unaudited results for the first quarter ("1Q") of the financial year ending December 31, 2005 ("FY2005").

Summary of LMA's financial performance

(US\$'000)	1QFY2005	1QFY2004	Change (%)
Net sales	20,577	17,939	14.7
Gross profit	15,834	14,270	11.0
Total operating income	7,118	5,828	22.1
Net income before income tax and minority interests	6,860	6,001	14.3
Income tax expense	(672)	(211)	
Minority interests	(25)	(4)	
Net income after income tax and minority interests excluding non-recurring charges	6,163	5,786	6.5
Non-recurring charges:			
Stock compensation charge	(24,160)	-	-
Loyalty cash bonus	(3,139)	-	-
Net income	(21,136)	5,786	
Earnings per share	US\$0.01064 (S\$0.01766)		
Net assets per share	US\$0.05253 (SG\$0.0872)		

Financial and operating review

In the first quarter of FY2005, LMA recorded a 14.7% increase in net sales over the same period in the last financial year. This was achieved despite an extremely strong fourth quarter in FY2004 and an increasingly competitive operating environment. Growth was attributable mainly to a rise in sales of single-use devices and continued market demand for its products.

The total number of reusable and single-use products sold in the United States and Rest of World rose 78.4% driven by a 93.4% increase in sales of single-use products. Overall, 58% of net sales was

derived from reusable products and 40% from single-use products in 1QFY2005, compared to 69% and 29% respectively for 1QFY2004.

Gross margins in the first quarter FY2005 declined as expected to 76.9% from 79.5% in first quarter FY2004, as a result of an increased mix of single-use products which carry lower profit margins compared to reusable devices. However, as a result of a solid sales performance, gross profit for 1QFY2005 grew by 11% over the corresponding period in FY2004.

Net income before income tax and minority interest (excluding non-recurring charges) increased by 14.3% to US\$6.9 million from US\$6.0 million in 1QFY2004. After increased income tax of US\$0.7 million due primarily to a higher proportion of profits in the United States and a higher tax charge in Jersey, as well as minority interests, net income was US\$6.2 million, up 6.5% from US\$5.8 million in 1QFY2004.

Non-recurring charges

As set out in the offer circular for the Group's initial public offering, LMA incurred total non-recurring charges of US\$27.3 million, made up of a non-cash stock compensation charge of US\$24.2 million on shares issued to certain directors, employees and associates, as well as option holders and stockholders of LMA North America, Inc prior to the initial public offering, and a loyalty cash bonus of US\$3.1 million payable to employees of LMA North America, Inc. As a result, LMA has reported a net loss of US\$21.1 million in the first quarter 2005.

Commenting on the non-recurring stock compensation charge, John Lim, Group President of LMA, said: "This has no impact on the business, cash flow, net assets or distributable reserves of the Group. In fact, our business has continued to deliver healthy returns to shareholders and we expect this to continue for the rest of the year. We are confident that we will be able to maintain our position as the leading player in the global arena of advanced anaesthesia airway management devices."

Outlook for FY2005

The Group expects continued positive sales growth of its products, backed by the global trend towards single-use airway management devices and its long-term customer relationships across its markets. The Group continues to focus on the main drivers for its business: geographic expansion and strengthening of the sales and distribution channel; increasing penetration of the endotracheal tube market; converting current reusable business to single-use devices and adding new products to the portfolio. With its strong brand and market leadership position, and leveraging on its extensive distribution network, the Group anticipates continued business growth.

Group Chief Operating Officer, Paul Molloy said: "We expect to be able to report good progress along these fronts in 2005 and are confident of maintaining our substantial lead over competitive firms."

Barring unforeseen circumstances, the Group's operating performance for FY2005 is expected to be better than FY2004.

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About LMA

Incorporated in the Netherlands Antilles in 1998, LMA designs, develops, markets and distributes medical equipment, principally the LMA™ laryngeal mask airway line of supraglottic airway device products, which are airway management devices 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™ airway device was approved by the FDA for use in the United States in 1991, LMA's growth has been driven by innovative new 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.

The Group markets and distributes its products in over 100 countries through a combination of direct sales forces in the United States, Germany and Singapore and a network of 68 independent distributors. LMA is a global company with an office in Jersey, Channel Islands, R&D and QA functions located in Singapore and a sales office in San Diego, California.

DBS Bank Ltd and Credit Suisse First Boston (Singapore) Limited were the Joint Global Co-ordinators and Joint Bookrunners for the initial public offering of common shares in LMA.

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