



LMA International NV

For Immediate Release

LMA REPORTS ROBUST DOUBLE-DIGIT SALES AND PROFIT GROWTH IN SECOND QUARTER

Singapore, 4 August 2005 – 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 (“2Q”) and the first six months (“1H”) of the financial year ending December 31, 2005 (“FY2005”).

Summary of LMA’s Financial Performance

(US\$'000)	Three months ended June 30,			Six months ended June 30,		
	2005	2004	Change (%)	2005	2004	Change (%)
Net sales	21,501	19,080	12.7	42,078	37,019	13.7
Gross profit	16,325	14,614	11.7	32,159	28,884	11.3
Total operating income	7,503	6,151	21.9	14,621	11,979	22.1
Net income before income tax and minority interests	7,008	6,095	14.9	13,868	12,096	14.6
Income tax expense	(711)	(350)		(1,383)	(561)	
Minority interests	-	(133)		(25)	(137)	
Net income after income tax and minority interests excluding non-recurring charges	6,297	5,612	12.2	12,460	11,398	9.3
Non-recurring charges:						
Stock compensation charge	-	-		(24,160)	-	
Loyalty cash bonus	-	-		(3,139)	-	
Net income	6,297	5,612	12.2	(14,839)	11,398	
Earnings per share before non-recurring items (cents)	1.084	0.966		2.145	1.962	
Net assets per share (cents)				6.319	1.413	

Segmental Review

(US\$'000)	Three months ended June 30,				Six months ended June 30,			
	2005		2004		2005		2004	
United States	12,970	61%	11,613	62%	25,725	61%	22,598	61%
Rest of the World	8,531	39%	7,467	38%	16,353	39%	14,421	39%
Total net sales	21,501	100%	19,080	100%	42,078	100%	37,019	100%

(US\$'000)	Three months ended June 30,				Six months ended June 30,			
	2005		2004		2005		2004	
Reusable devices	11,913	55.4%	12,414	65.0%	23,842	56.7%	24,784	66.9%
Single-use devices	9,119	42.4%	6,669	35.0%	17,375	41.3%	11,979	32.4%
Other	469	2.2%	(3)		861	2.0%	256	0.7%
Total	21,501	100%	19,080	100%	42,078	100%	37,019	100%

Total units sold	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Reusable	66,648	72,856	132,897	143,627
Single-use	871,717	567,587	1,649,879	970,005
	938,365	640,443	1,782,776	1,113,632
Average revenue per unit of reusable units (US\$)	178.75	170.40	179.40	172.56
Average revenue per unit of single-use units (US\$)	10.46	11.77	10.53	12.35

Highlights

The Group's net sales for 2Q FY2005 increased by US\$2.4 million, rising 12.7% on 2Q FY2004. This double-digit growth was achieved despite intensified competition in several markets, which was characterised by heavy price discounting and free sampling to hospitals, as well as increasing evidence of patent infringement by competitors. In the last quarter, the Group commenced legal proceedings against patent infringement in Germany and the Netherlands. The lawsuits are currently pending the decision by the patent courts in each jurisdiction. The Group also launched several marketing campaigns and sales programmes which have effectively regained customers and market share.

Sales growth in the United States increased by 11.7% in 2Q FY2005 on 2Q FY2004, while rest of the world ("ROW") achieved an increase of 14.2%. In 1H FY2005, sales in the United States and ROW rose 13.8% and 13.4% respectively over the same period last year.

Across both geographic segments, the strong growth was due to increased sales of single-use products, which now account for 42.4% of total net sales compared with 35.0% in FY2004.

Total number of single-use units sold increased by 304,130 units or 53.6% in 2Q FY2005 over 2Q FY2004. In 1H FY2005, the number of single-use units sold increased by 679,874 units or 70.1% over 1H FY2004.

Gross profit increased by 11.7%, to US\$16.3 million for 2Q FY2005 from US\$14.6 million for 2Q FY2004. For 1H FY2005, gross profit increased by 11.3%, to US\$32.2 million from US\$28.9 million last year.

Gross margin declined to 75.9% for 2Q FY2005 from 76.6% for 2Q FY2004 and to 76.4% in 1H FY2005 from 78.0% in 1H FY2004. This was due primarily to a change in the mix of product sales, resulting in a higher proportion of net sales being derived from the sale of single-use products which carry lower profit margins compared to reusable products.

Net income before tax and minority interests increased by 14.9% and 14.6% in 2Q FY2005 and 1H FY2005 respectively over their corresponding period in 2004. Net income excluding non-recurring charges increased a more modest 12.2% and 9.3% respectively over the same periods, due to a higher effective tax rate.

Net income increased by 12.2% in 2Q FY2005 to US\$6.3 million, aided partly by tight control of operating expenses which increased by only 4.0% over 2Q FY2005.

Commenting on the Group's financial performance in the first six months of FY2005, LMA Group President John Lim, said, "We have seen strong sales growth in the first half of FY2005 despite the increasingly competitive operating environment in the second quarter. We have proactively taken strong measures to safeguard our market share and maintain our leadership position. We have also

initiated legal proceedings to protect our products from patent infringement in our key markets and we will continue to do so as and when these incidents arise.”

The accounting treatment of the non-recurring non-cash stock compensation expense reported in 1H FY2005 has no impact on the business, cash flow, net assets or distributable reserves of the Group. Barring any unforeseen circumstances, the Group expects improved profitability (excluding non-recurring charges) in FY2005 over FY2004, arising from expected continued sales growth of its products, backed by a global trend towards single-use airway management devices and strong customer relationships across its markets.

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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.

LMA's global operating headquarters are based in Jersey, Channel Islands, and its global R&D and QA functions in Singapore. Its US operations are headquartered in San Diego, CA.

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.

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