



LMA INTERNATIONAL N.V.
Company Registration No. 80879

Full Year Financial Statement and Dividend Announcement
(In accordance with US Generally Accepted Accounting Principles)

PART I – INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

1. (a) **An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Audited Consolidated Statement of Operations for the full years ended December 31, 2004 and 2003:

(U.S. Dollars, in thousands)	2004	2003
Net sales	\$78,158	\$62,940
Cost of sales	(18,409)	(12,770)
Gross profit	59,749	50,170
Operating expenses		
Selling, general and administrative	(34,965)	(29,994)
Research and development	(910)	(943)
Amortization of intangible assets.	(32)	(99)
	(35,907)	(31,036)
Total operating income	23,842	19,134
Interest income	58	31
Interest expense	(301)	(153)
Other, net	606	751
Other income, net	363	629
Income before income taxes and minority interests	24,205	19,763
Income tax expense	(1,670)	(967)
Minority interests	(122)	(186)
Net income	\$22,413	\$18,610

Notes:

(U.S. Dollars, in thousands)	2004	2003
(1) Included in operating expenses above are:		
Depreciation and amortisation	1,298	1,022
Allowance for doubtful debts	239	103
Profit on sale of properties, plant and equipment	33	(24)
(2) Included in other income above is foreign exchange gains	323	633
(3) Included in income tax expenses are adjustments for under or (over)provision of tax in respect of prior years	61	(148)

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- (4) No bad debts were written off, neither were there any write-offs for stock obsolescence.
(5) There was no impairment in value of investments during the financial year.
(6) There were no exceptional items or extraordinary items during the financial year.

1 (b) (i) A balance sheet for the group, together with a comparative statement as at the end of the immediately preceding financial year. (Under US GAAP the Company does not present a balance sheet)

(U.S. Dollars, in thousands)	2004	2003
Assets		
Current assets:		
Cash and cash equivalents	10,744	11,959
Trade accounts receivable, less allowance for doubtful accounts	11,575	7,062
Related party receivables	3,584	3,735
Advances to related parties	1,404	1,404
Inventories	6,980	4,331
Deferred income taxes	723	609
Prepaid expenses	621	449
Other current assets	1,182	1,156
Total current assets	36,813	30,705
Deferred tax assets	21	18
Property, plant and equipment, net	5,911	4,056
Patents and other intangible assets, net	897	740
Goodwill	3,031	3,031
Other long-term assets	4	4
Total assets	46,677	38,554
Liabilities and shareholders' equity		
Current liabilities:		
Bank borrowings	-	-
Trade accounts payable	977	1,156
Accounts payable to related parties	7,993	2,848
Subordinated note payable to VSA	3,500	3,500
Advances from related parties	15,480	17,064
Dividends payable	3,452	4,722
Other current liabilities	6,694	5,957
Total current liabilities	38,096	35,247
Line of credit	-	-
Deferred income taxes	34	22
Other long-term liabilities	4	55
Total liabilities	38,134	35,324
Minority interests	337	105
Commitments and contingencies	-	-
Shareholders' equity		
Common shares US\$1.00 par value		
Authorized: 30,000		
Issued: 6,000	6	6
Additional paid-in capital	1,340	1,138
	1,346	1,144
Retained earnings	6,085	1,291
Accumulated other comprehensive income	775	690
Total shareholders' equity	8,206	3,125
Total liabilities, minority interests and shareholders' equity	46,677	38,554

On 18th March 2005 the Company successfully listed on the Singapore Stock Exchange. As part of the listing the Company's issued shares were increased to 580,946,581 shares. Of these shares, 31,000,485 shares were newly issued and generated \$15.3m of cash for the Group.

1 (b) (ii) Aggregate amount of group's borrowings and debt securities.

	At December 31, 2004		At December 31, 2003	
	Secured	Unsecured	Secured	Unsecured
Repayable within one year	3,500	15,480	3,500	17,064
Repayable after one year	-	-	-	-

In February 1998, LMA North America ("LMANA"), a subsidiary within the group, entered into an agreement with Venner Capital SA ("VSA") to borrow up to \$3,500,000. Borrowings under this facility are collateralized by all LMANA's assets. LMANA currently accrues interest at the short-term quarterly Applicable Federal Rate ("AFR") published as of the date the interest becomes due and payable (1.67% at December 31, 2004). The loan was originally due February 1999, but automatically renews each year as long as LMANA is not in default and if LMANA and VSA agree to the renewal. On January 31, 2004, the loan was automatically renewed until January 31, 2005. On January 15, 1999, VSA agreed to subordinate its note in connection with LMANA, entering into a revolving line of credit agreement with a bank.

In February 2005, VSA and LMA International NV ("LMANV") entered into a master loan agreement whereby this loan was reassigned such that, LMANA owed LMANV and LMANV assumed the debt to VSA. Accordingly the revolving line of credit with the bank was cancelled.

1 (c) A cash flow statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(U.S. Dollars, in thousands)	2004	2003
Cash flows from operating activities:		
Net income	\$22,413	\$18,610
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,270	1,064
Provision for doubtful accounts	164	13
Loss / (gain) on sale of fixed assets	33	(24)
Deferred taxes	(65)	(250)
Minority interest in net income of consolidated subsidiaries	122	186
Carve-out expenses	102	276
Stock options issued	5	2
Changes in operating assets and liabilities:		
(Increase) in trade accounts receivables and related party receivables	(4,365)	(2,074)
(Increase) in inventories	(2,657)	(262)
Decrease/(increase) in other assets	49	(798)
Increase in trade accounts payable and accounts payable to related parties	4,437	1,264
Increase/(decrease) in other current liabilities	597	2,695
Net cash provided by operating activities	22,105	20,702
Cash flows from investing activities:		
Purchase of Minority Interest	-	(3,096)
Capital expenditures	(4,704)	(1,383)
Proceeds from sale of equipment	328	65
Acquisition of intangible assets	(188)	(148)
Net cash used in investing activities	(4,564)	(4,562)
Cash flows from financing activities:		
Proceeds from exercise of stock options	239	53
Dividends Paid	(18,888)	(25,652)
Proceeds from advances from related parties	(222)	7,505
Repayment of line of credit	-	-
Net cash used in financing activities	(18,871)	(18,094)
Effect of exchange rates changes on cash	115	364
Net (decrease) increase in cash and cash equivalents	(1,215)	(1,590)
Cash and cash equivalents at the beginning of the year	11,959	13,549
Cash and cash equivalents at the end of the year	\$10,744	\$11,959
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	\$62	\$62
Income taxes	\$1,054	\$1,394

Non cash transaction:

Settlement of related party payable with transfer of leasehold property

\$1,301

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1 (d)(i) A statement for the group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Under US GAAP the Company does not present a statement of changes in equity)

(U.S. Dollars, in thousands)	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total Shareholders' equity
At December 31, 2002	6	807	6,212	273	7,298
Net income for the year	-	-	18,610	-	18,610
Foreign currency translation adjustment	-	-	-	417	417
Total comprehensive income	-	-	-	-	19,027
Stock options issued to employees	-	2	-	-	2
Stock options exercised	-	53	-	-	53
Dividends	-	-	(23,531)	-	(23,531)
Carve-out expenses	-	276	-	-	276
At December 31, 2003	6	1,138	1,291	690	3,125
Net income for the year	-	-	22,413	-	22,413
Foreign currency translation adjustment	-	-	-	85	85
Total comprehensive income	-	-	-	-	22,498
Stock options issued to employees	-	5	-	-	5
Gain on sale of stock in subsidiary	-	95	-	-	95
Dividends	-	-	(17,619)	-	(17,619)
Carve-out expenses	-	102	-	-	102
At December 31, 2004	\$6	\$1,340	\$6,085	\$775	\$8,206

1 (d)(ii) Details of any changes in the Company's share capital.

The Company has 6,000 shares in issue, each with a par value of US\$1.00. There were no changes in the Company's share capital during the financial year.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have been audited by Pricewaterhouse Coopers.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

To the Board of Directors and Shareholders of LMA International N.V.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of changes in shareholder's equity and comprehensive income, and of cash flows present fairly, in all material respects, the financial position of LMA International N.V. and its subsidiaries at December 31, 2004, 2003 and 2002, and the results of their operations and their cash flows for each of the three years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made

by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers CI LLP

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year with those adopted for the financial year ended December 31, 2003.

The Group's consolidated financial statements have been prepared in accordance with US GAAP.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	2004	2003
Net Income attributable to shareholders (US\$ 000)	\$22,413	\$18,610
Number of shares	6,000	6,000
Earnings per share (US\$)	\$3,735	\$3,102

7. Net asset value for the group per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year:-

(U.S. Dollars, in thousands)	2004	2003
Net assets of the Group (US\$ 000)	\$8,206	\$3,125
Net assets per share (US\$)	\$1,368	\$521

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The LMA International NV Group designs, develops, markets and distributes medical equipment, principally the LMA™ laryngeal mask airway line of supraglottic airway device products. These 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. We market and distribute our products in over 100 countries through a combination of our direct sales force in United States, Germany and Singapore and a network of 68 independent distributors. Our US and other direct sales reflect higher net prices, as they are direct to end-users, than through our distributors.

Group Net Sales and **Net Income** for the year ended December 31, 2004 were US\$78.2 million and US\$22.4 million, respectively, up 24.2% and 20.4% on the year ended December 31, 2003 (referred to below as 2003). This included an exceptionally strong fourth quarter due to higher than usual orders from distributors for single-use products.

Net sales increased by US\$15.3 million, or 24.2%, to US\$78.2 million for the year ended December 31, 2004 from US\$62.9 million for 2003. Geographically the increase was split approximately evenly between the United States and the Rest of the World. From a product perspective the increase was primarily a result of an increase in unit sales of our single-use devices and an increase in the selling prices of some of our reusable products, as well as the appreciation of foreign currencies against the U.S. dollar. These factors were partially offset by an 18% decline in average revenue per unit on single-use devices, together with a decline in reusable unit sales primarily associated with the conversion to single-use products.

For the year ended December 31, 2004 we derived 63% of our net sales from our reusable products and 35% from our single-use products, compared to 75% and 23%, respectively for 2003.

The following tables sets forth, for the periods indicated, our sales derived from our different product categories in each of our geographic segments, expressed as dollar amounts and as a percentage of total net sales, unit sales of reusable and single-use devices and average revenue per unit for such devices:

	Quarter 4				Year Ended December 31			
	2004		2003		2004		2003	
('000)	US\$		US\$		US\$		US\$	
United States								
Reusable devices	5,788	26%	6,245	37%	24,427	31%	25,788	41%
Single-use devices	6,261	28%	4,285	26%	22,490	29%	13,978	22%
Other	73	1%	(80)	0%	(107)	0%	(36)	0%
Subtotal	12,122	55%	10,450	63%	46,810	60%	39,730	63%
Rest of the World								
Reusable devices	7,381	33%	5,439	33%	24,815	32%	21,703	35%
Single-use devices	1,770	8%	379	2%	4,767	6%	930	1%
Other	837	4%	426	2%	1,766	2%	577	1%
Subtotal	9,988	45%	6,244	37%	31,348	40%	23,210	37%
Total Net Sales	22,110	100%	16,694	100%	78,158	100%	62,940	100%

	Quarter 4		Year Ended December 31	
	2004	2003	2004	2003
	US\$	US\$	US\$	US\$
Reusable units sold				
United States	22,235	22,687	92,917	98,311
ROW	59,310	43,039	195,978	202,820
Total	81,545	65,726	288,895	301,131
Single-use units sold				
United States	510,439	305,737	1,774,528	957,942
ROW	239,215	44,306	581,236	97,964
Total	749,654	350,043	2,355,764	1,055,906
Total Reusable and single-use units sold				
United States	532,674	328,424	1,867,445	1,056,253
ROW	298,525	87,345	777,214	300,784
Total	831,199	415,769	2,644,659	1,357,037
Average revenue per unit of reusable units				
United States	260.26	275.26	262.89	262.31
ROW	124.44	126.37	126.62	107.01
	161.48	177.76	170.45	157.71
Average revenue per unit of single-use units				
United States	12.27	14.02	12.67	14.59
ROW	7.40	8.55	8.20	9.49
	10.71	13.32	11.57	14.12

United States net sales growth was attributable primarily to increased unit sales of the single-use laryngeal masks. Rest of the world net sales growth was attributable primarily to an increase of US\$3.8 million in net sales of single-use products and also an increase of US\$3.1 million in net sales of reusable products arising from increased selling prices as well as the appreciation of foreign currencies against the U.S. dollar.

For the fourth quarter of 2004 net sales increased by US\$5.4 million, or 32.4%, to US\$22.1 million from US\$16.7 million for the corresponding period in 2003. The increase was primarily a result of an increase in unit sales of our single-use devices. Specifically, quarter four benefited from the shipment of larger than usual orders placed by distributors in the rest of the world. Furthermore, the rest of world achieved an increase in reusable unit sales, compared to 2003. This increase in reusable units sold in a quarter compared to the same quarter for the previous year may not be reflective of on-going trends.

Gross profit increased by US\$9.5 million, or 19.1%, to US\$59.7 million for the year ended December 31, 2004 from US\$50.2 million for 2003. The increase was due primarily to increased single-use unit sales in both the United States and in rest of the world, together with the benefit of increased revenue per unit for reusable products in the rest of the world segment. Gross margin decreased to 76.4% for the year ended December 31, 2004 from 79.7% for 2003 due primarily to a change in the mix of product sales, resulting in a higher proportion of net sales derived from the sale of single-use products which carry lower profit margins compared to reusable products.

Selling, general and administrative expenses increased 16.6% to US\$35.0 million for year ended December 31, 2004 from US\$30.0 million in 2003. The main factors were a US\$2.0 million increase in compensation reflecting an increase in headcount and increases in performance-based sales commissions; a US\$1.3 million increase in travel costs; an increase of US\$0.7 million occupancy costs; and an increase in other costs (such as

insurance, communications costs etc.) as a result of the growth of the business. Selling, general and administrative expenses as a percentage of net sales decreased to 44.7% for 2004 from 47.7% in 2003.

Income tax expense was US\$1.7 million for the year ended December 31, 2004 as compared to US\$1.0 million for 2003. The increase resulted primarily from higher taxable profits in the United States and Jersey, offset in part by a lower charge in other jurisdictions. As a result of the above, the effective tax rate was 6.9% for the year ended December 31, 2004, compared to 4.9% for 2003.

As a result of the foregoing, our **Net Income** increased by 20.4% to US\$22.4 million for the year ended December 31, 2004 from US\$18.6 million for 2003. Net income margin, decreased to 28.7% for the year ended December 31, 2004 from 29.6% for 2003. Net Income for the fourth quarter of US\$5.9 million was up \$1.7 million on the corresponding period in 2003.

Net Assets* amounted to US\$8.2 million at December 31, 2004, some US\$5.1 million higher than December 31, 2003. The net book value of property, plant and equipment increased by US\$1.9 million compared to the previous year, due primarily to the investment in new products, product moulds, information systems and leasehold improvements. Trade accounts receivable increased by US\$4.5 million due primarily to growth in net sales, longer credit terms in rest of world distributors, together with high December net sales. Inventory increased by US\$2.7 million due to increased inventory of single-use devices compared to the previous year due to higher unit volume sales.

The total amount payable as at December 31, 2004 to Venner Capital SA, our previous holding company, (including the subordinated note payable to and advances from Venner) amounted to US\$30.4 million, a US\$2.3 million increase over 2003 due primarily to the increase in supply of Laryngeal Masks from Venner Trading, and the purchase of the LMA CTrach™

Net Cash Provided by Operating Activities was US\$22.1 million for the year ended December 31, 2004, an increase of US\$1.4 million from 2003, with the increase net income partially offset by the increases in trade accounts receivable and inventory. Net cash used in investing activities was US\$4.6 million for the year ended December 31, 2004, broadly similar to the total in 2003, however, the expenditure in 2004 was mainly related to capital expenditure compared to US\$1.4 million in 2003. Expenditure in 2003 included the purchase of the minority interest in our German distributor, for US\$3.1 million.

* Net Assets are measured as Total Assets less Total Liabilities less minority interest

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

We expect that our financial results for the year ending December 31, 2005 will be influenced by the following principal factors:

- Product mix;
- Distribution channel mix;
- The rate at which the laryngeal mask gains acceptance as an alternative to the endotracheal tube;
- Market acceptance of our new products; and
- Changes in the competitive landscape and the entry of new competitors into our market.

As set out in our offer circular, while our net sales and net income have increased year over year during the last four years, we have not historically experienced a consistent seasonal trend in net sales and net income growth, primarily because our pattern of delivery worldwide, primarily to distributors, has not been consistent on a quarterly basis. Accordingly, quarter-to-quarter comparisons of net sales and net income growth are not necessarily indicative of net sales and net income growth for any other quarter or for the full financial year. In particular: earlier placement of orders for single use products and an increase in Rest of World reusable unit sales in quarter four 2004, may reduce the rate of growth in net sales in quarter one, 2005.

Although competition is expected to increase, the company's growth strategies and expected introduction of new products will continue to fuel growth in FY2005.

Additionally, we expect that our financial results for the year ending December 31, 2005 will be materially affected by the following factors as set out in our offering circular:

- Prior to the commencement of the Offering, we issued Shares to certain of our directors, employees and associates as well as issue Shares to option holders and stockholders of LMANA in connection with LMANA reorganization. We currently expect the fair market value to be approximately US\$25 million based on the exchange rate of S\$1.64 = US\$1.00. Under U.S. GAAP, we are required to treat the fair market value of these share awards, together with such excess of fair market value over the exercise prices payable under that plan,

as a compensation expense in the first quarter of the financial year ending December 31, 2005. Although this accounting treatment has no impact on our cash flow, net assets or distributable reserves, it will cause us to record a net loss for the quarter ending March 31, 2005 and may cause us to record a net loss for the financial year ending December 31, 2005.;

- One time loyalty bonus payments in the aggregate of US\$5.6 million (including employment taxes) which will be a charge in the first quarter of 2005.
- Our financial results for the year ending December 31, 2005 may also be affected by a non-cash compensation expense related to our Share Option Plan.

Excluding the material items set out above, which are one-off in nature, and taking into account the principal factors that will influence our performance as listed above, and barring any unforeseen circumstances the Directors believe that the operating performance of the Group over the whole of 2005 should be better than 2004.

11. Dividends

(U.S. Dollars, in thousands)	2004	2003
(a) Final dividend for 2004 - \$2,936.50 per share	\$17,619	
(b) Final dividend for 2003 - \$3,921.83 per share		\$23,531
(c) Tax rate (dividends are tax exempt)	0%	0%

(d) Dividends were collectively declared by the Company and our consolidated subsidiaries and are payable to our then parent company, Venner Capital SA. Total dividends for the year were confirmed by the Group board on October 26, 2004. The Company does not intend to pay cash dividends for the foreseeable future.

(e) The dividend was payable to the private shareholders of the Company as at 31st August 2004 and therefore no notice was required to be given for Registrable transfers.

12. If no dividend has been declared , a statement to that effect.

Not applicable

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. **Segmented revenue and results for business or geographical segments of the group in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	U.S.A.		Rest of World		Total	
	2004	2003	2004	2003	2004	2003
External sales	46,810	39,730	31,348	23,210	78,158	62,940
Intersegment sales	-	-	29,385	21,521	29,385	21,521
Depreciation & amortisation	171	208	938	663	1,109	871
Interest revenue	7	9	51	22	58	31
Interest expense	70	60	94	64	164	124
Segment profit	2,954	1,978	25,318	19,197	28,272	21,175
Income tax expense	1,223	861	365	159	1,588	1,020
Total assets	17,359	14,268	49,024	57,643	66,383	71,911
Capital expenditure	35	238	4,330	798	4,365	1,036
Acquisition of intangibles	-	-	188	148	188	148

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to note 8

15. **A breakdown of sales as follows:**

(U.S. Dollars, in thousands)	2004	2003	Growth
(a) Net sales reported for the first nine months of the year. (Audited)	\$56,048	\$46,246	21.2%
(b) Operating profit after tax before deducting minority interests for the first nine months of the year. (Audited)	16,708	14,564	14.7%
(c) Net sales reported for the last three months of the year. (Unaudited)	22,110	16,694	32.4%
(d) Operating profit after tax before deducting minority interests for the last three months of the year. (Unaudited)	5,827	4,232	37.7%

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year:**

Please refer to note 11 above.

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