



LMA INTERNATIONAL N.V.
Company Registration No. 80879

Financial Statements for the Three Months ended March 31, 2007
(In accordance with U.S. Generally Accepted Accounting Principles)

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS.

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

Group Consolidated Statement of Operations:

(U.S. Dollars, in thousands)	Three months ended March 31,	
	2007	2006
Net sales	\$23,570	\$20,451
Cost of sales	(7,947)	(5,673)
Gross profit	15,623	14,778
Operating expenses (Note (1))		
Selling, general and administrative	(11,230)	(9,225)
Research and development	(215)	(415)
Amortisation of intangible assets	(59)	(14)
	(11,504)	(9,654)
Total operating income	4,119	5,124
Interest income	252	179
Interest expense	(15)	(102)
Other, net (Note (2))	44	(19)
Other income / (expenses), net	281	58
Net income before income taxes, minority interests and share of net earnings of associate	4,400	5,182
Income tax expense	(567)	(597)
Minority interests (Note (6))	91	92
Share of net earnings of associate (Note (7))	-	(27)
Net income excluding non-cash stock compensation charge	\$3,924	\$4,650
Non-cash stock compensation charge (Note (8))	(435)	(314)
Net income	\$3,489	\$4,336

Notes:

(U.S. Dollars, in thousands)		
(1)	Included in operating expenses above are:	
	Depreciation and amortisation	669 510
	Allowance for doubtful debts	- -
	Profit on sale of properties, plant and equipment	- -
(2)	Included in other income above are foreign exchange gains / (losses)	16 13
(3)	Included in income tax expenses are adjustments for under or (over) provision of tax in respect of prior years	- -
(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 three months ended March 31, 2007.	
(6)	Minority interests relates to our joint venture interest in LMA Urology and 20% of LMA PacMed Pty Ltd ("LMA PacMed").	
(7)	In 2006, share of net earnings of associate reflected our share of profits of LMA PacMed. Under Generally Accepted Accounting Principles, we were required to make an adjustment to eliminate unrealised profit on our 30% share of our associate's inventory of laryngeal masks in 2006. This adjustment was netted off against share of net earnings of associate. In 2007, we purchased a further 50% of LMA PacMed and therefore the results of LMA PacMed have been consolidated in 2007.	

- (8) Under the Company's Executive Share Option Plan, we issued share options to certain of our directors and employees during 2005. Under current U.S. GAAP, we are required to treat the fair value of these share awards as a compensation expense from 2006 onwards. The Company uses the Black-Scholes valuation model for calculating the fair value of these options and has determined that it will adopt the modified prospective method, as permitted under U.S. GAAP. The accounting treatment for these options has no impact on our cash flow, net assets or distributable reserves.

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 U.S. GAAP, the Company does not present a balance sheet)

(U.S. Dollars, in thousands)	March 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$24,487	\$28,153
Trade accounts receivable, less allowance for doubtful accounts	15,786	13,376
Amounts due from related parties	515	2,228
Inventories	13,595	11,428
Deferred tax assets	863	770
Prepaid expenses	1,264	1,043
Other current assets	2,810	3,120
Total current assets	59,320	60,118
Non-current assets:		
Deferred tax assets	168	167
Property, plant and equipment, net	6,995	6,918
Investments	-	5,327
Goodwill (Note 9))	19,430	5,915
Other intangible assets	4,961	6,848
Other long-term assets	9	31
Total assets	\$90,883	\$85,324
Liabilities and shareholders' equity		
Current liabilities:		
Trade accounts payable	\$3,273	\$2,461
Accounts due to related parties	1,925	2,928
Other current liabilities	6,222	7,099
Purchase consideration to be settled in new shares	2,405	-
Total current liabilities	13,825	12,488
Non-current liabilities:		
Other long-term liabilities	104	107
Total liabilities	13,929	12,595
Minority interests (Note 6))	(435)	(706)
Commitments and contingencies	-	-
Shareholders' equity		
Common shares: Issued: 580,946,581	58	58
Additional paid-in capital	46,937	46,502
	46,995	46,560
Retained earnings	29,573	26,084
Accumulated other comprehensive income	821	791
Total shareholders' equity	77,389	73,435
Total liabilities, minority interests and shareholders' equity	\$90,883	\$85,324

- (9) The consolidated financial position as at March 31, 2007 includes the assets and liabilities of LMA PacMed. The net assets of the Group are subject to restatement once the fair-value exercise on the assets of LMA PacMed is completed. Therefore, the goodwill recorded on the acquisition of the additional 50% interest in LMA PacMed is computed on a provisional basis and may be subject to adjustment once the initial accounting is completed. The Group do not believe that this will result in any material restatement.

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

(U.S. Dollars, in thousands)	At March 31, 2007		At December 31, 2006	
	Secured	Unsecured	Secured	Unsecured
Repayable within one year	\$-	\$-	\$-	\$-
Repayable after one year	-	-	-	-

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)	Three months ended March 31,	
	2007	2006
Cash flows from operating activities:		
Net income	\$3,489	\$4,336
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortisation	669	510
Deferred taxes	(93)	2
Minority interest in net income of consolidated subsidiaries	(91)	(65)
Non-cash stock-based compensation	435	314
Changes in operating assets and liabilities net of effects from purchase of 50 % of LMA PacMed:		
Decrease in trade accounts receivables and related party receivables	542	2,361
Decrease in inventories	35	95
Decrease / (increase) in other assets	156	(1,632)
(Decrease) / increase in trade accounts payable and accounts due to related parties	(729)	520
(Decrease) in other current liabilities	(1,223)	(830)
Net cash provided by operating activities	3,190	5,611
Cash flows from investing activities:		
Purchase of investment	(4,905)	(1,913)
Capital expenditures	(733)	(361)
Net cash used in investing activities	(5,638)	(2,274)
Cash flows from financing activities:		
Payment of LMA PacMed pre-acquisition dividends	(1,232)	-
Repayment of bank borrowings	-	(10,000)
Net cash used in financing activities	(1,232)	(10,000)
Effect of exchange rates changes on cash and cash equivalents	14	5
Net (decrease) / increase in cash and cash equivalents	(3,666)	(6,658)
Cash and cash equivalents at the beginning of the period	28,153	25,693
Cash and cash equivalents at the end of the period	\$24,487	\$19,035
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	\$29	\$297
Income taxes	\$164	\$67
Supplemental schedule of non-cash investing and financing activities		
The Company purchased 50% of LMA PacMed for a total consideration of \$9.7 million. In conjunction with the acquisition, liabilities were assumed as follows:		
Fair value of assets acquired	\$6,031	\$-
Existing investment	4,759	-
Cash paid for the acquisition	(5,874)	-
Liabilities assumed	\$4,602	\$-

- 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 U.S. 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 January 1, 2007	\$58	\$46,502	\$26,084	\$791	\$73,435
Net income for the period	-	-	3,489	-	3,489
Foreign currency translation adjustment	-	-	-	30	30
Total comprehensive income					3,519
Non-cash stock compensation charge	-	435	-	-	435
At March 31, 2007	\$58	\$46,937	\$29,573	\$821	\$77,389

(U.S. Dollars, in thousands)	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total Shareholders' equity
At January 1, 2006	\$58	\$44,985	\$3,547	\$698	\$49,288
Net income for the period	-	-	4,336	-	4,336
Foreign currency translation adjustment	-	-	-	(7)	(7)
Total comprehensive income					4,329
Non-cash stock compensation charge	-	314	-	-	314
At March 31, 2006	\$58	\$45,299	\$7,883	\$691	\$53,931

Note (1): Shares amounting to 6,828,360 for the partial consideration on the LMA PacMed purchase have not been issued as at March 31, 2007.

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

None.

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

The figures have been not been audited or reviewed.

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

Not applicable.

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, 2006.

The Group's annual consolidated financial statements have been prepared in accordance with U.S. 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.**

(U.S. Dollars, in thousands, except share and per share amounts)	Three months ended March 31,	
	2007	2006
Net income attributable to shareholders excluding non-cash stock compensation charge	\$3,924	\$4,650
Number of shares	580,946,581	580,946,581
Earnings per share before non-cash stock compensation charge (in U.S. cents)	0.675	0.800

See Note (1) under Section 1(d)(i).

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 financial period reported on; and (b) immediately preceding financial year.**

(U.S. Dollars, in thousands, except per share amounts)	March 31, 2007	December 31, 2006
Net assets of the Group	\$77,389	\$73,435
Net assets per share (in U.S. cents)	13.321	12.641

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 N.V. Group designs, develops, markets and distributes medical equipment, principally the LMA™ laryngeal mask airway line of supraglottic airway device products. We market and distribute our products in over 100 countries through a combination of our direct sales force in the United States, Germany and Singapore and a network of 68 independent distributors.

The following tables set forth, for the periods indicated, our sales of Laryngeal Masks for each of our two geographic markets, expressed in U.S. dollars and as a percentage of total net sales, as well as total sales by units, of reusable and of single-use products, together with global average revenue per unit for such devices:

	Three months ended March 31,			
	2007		2006	
	US\$'000		US\$'000	
United States	14,008	60%	12,784	63%
International	9,213	40%	7,667	37%
Total net sales	23,221	100%	20,451	100%
Reusable devices	10,146	44%	10,113	49%
Single-use devices	11,040	47%	9,511	47%
Other	2,035	9%	827	4%
Total	23,221	100%	20,451	100%

	Three months ended March 31,	
	2007	2006
Reusable units sold	50,654	56,045
Single-use units sold	1,187,979	991,004
Total units sold	1,238,633	1,047,049
Average revenue per unit of reusable units (US\$)	200.30	180.44
Average revenue per unit of single-use units (US\$)	9.29	9.60

First quarter of 2007 (Q1 2007) compared to first quarter of 2006 (Q1 2006).

Group Net Sales for Q1 2007 at US\$23.6 million, increased by US\$3.1 million or 15% over Q1 2006, boosted by the acquisition of a further 50% of LMA PacMed Pty Ltd ("LMA PacMed"). This entity is fully consolidated for the first time in this quarter. Sales of Laryngeal Masks amounted to US\$23.2 million, with the balance of US\$0.4 million being generated from sales of the LMA StoneBreaker™ device. Had LMA PacMed remained an associate, the increase for LMA, based on LMA PacMed's sales, would have been about 9%.

In line with our strategy for the Laryngeal Mask business, Q1 2007 unit sales of single-use devices increased to 1,187,979 or 20% up on the previous year. This together with a US\$0.2 million increase in sales of the LMA CTrach™ and US\$0.4 million sales of the McGrath® Video Laryngoscope (included in "Other" in the table above) were the main factors generating the overall sales increase.

Net Sales of Laryngeal Masks in the United States at US\$14.0 million for Q1 2007 increased by 10% over sales of US\$12.8 million for Q1 2006. The increase was largely driven by sales of single-use devices, together with a positive contribution from the LMA CTrach™ as well as US\$0.4 million of McGrath® Video Laryngoscope sales which have been well received in the market. Aggressive price-led competition continues but we have succeeded in regaining a number of accounts from competitors during the quarter.

Net Sales of Laryngeal Masks for International at US\$9.2 million for Q1 2007 increased by 20% over sales of US\$7.7 for Q1 2006. This was boosted by the acquisition of LMA PacMed during the quarter. Third party distributor sales grew by 6%. Sales in Germany were disappointing in Q1 2007 being slightly down on the same period last year. LMA PacMed performed well in Q1 2007, with a strong sales growth over their sales in Q1 2006.

In terms of product sales, the main contributory factors to sales growth was increased sales of single-use devices and sales of the LMA CTrach™. Aggressive price competition continues to impact on single-use selling prices and, although we continue to maintain a significant price premium to our competitors, this reduces the benefit from increased unit sales. During Q1 2007, the LMA Supreme™, the first and only single-use Laryngeal Mask with a built-in drain tube, was successfully launched in a select number of International markets. The product has been well received and is generating positive feedback from anaesthetists.

Gross profit from Laryngeal Masks at US\$15.4 million for Q1 2007 increased by US\$0.6 million or 4% over Q1 2006. Gross margin at 66% for Q1 2007 was down from 72% for Q1 2006. This partly reflects a change in the market mix, as in previous quarters, with the switch to single-use devices from reusable devices. The other factor affecting the gross margin dilution is the accounting treatment of the inventory purchased as part of the LMA PacMed acquisition. Under Generally Accepted Accounting Principles, we are required to value the acquired inventory at estimated selling prices less costs of selling. This is a one-off, non-cash accounting adjustment. This has the effect of increasing the value of LMA PacMed's inventory and therefore on consolidation consequently reduces our normal profit margin. Additionally no margin has accrued to LMA for sales by LMA PacMed from the bulk of its existing inventory as this had been sold and profit recognised by LMA in previous quarters when LMA PacMed was a 30% associate. The combined effects of these two factors are estimated to account for approximately 5 percentage points in gross margin. Second quarter 2007 gross margin is expected to be similarly affected.

Selling, general and administrative expenses (SG&A) increased by 22% to US\$11.2 million for Q1 2007 from US\$9.2 million for Q1 2006. This includes operating expenses incurred by our joint venture, LMA Urology, of US\$0.6 million, which had only just begun operating in the second quarter of last year. Excluding these expenses, SG&A increased by US\$1.6 million or 18%. Also included for the first time are operating expenses of LMA PacMed, which accounts for 7 percentage points of the increase. The underlying increase in operating expenses of 11% reflects our investment in additional manpower and other resources undertaken during the second half of 2006 and our intent to defend infringements of our intellectual property. For Q1 2007, SG&A expenses (excluding LMA Urology) were 46% of net sales, 2% higher than Q1 2006.

Operating income (excluding LMA Urology operating losses) at US\$4.4 million for Q1 2007 was 16% down on Q1 2006. This is adversely impacted by the accounting adjustment referred to earlier and the net losses of LMA Urology (US\$0.3 million).

Income tax expense was US\$0.6 million for Q1 2007 in line with Q1 2006 although this includes the LMA PacMed tax charge of US\$0.2 million. The inclusion of LMA PacMed increases the effective tax rate to 13%.

Net income excluding the net effect of LMA Urology, non-recurring charges and non-cash stock compensation charge decreased by 10.5% to US\$4.2 million for Q1 2007 from US\$4.7 million for Q1 2006. Net income after taking account of LMA Urology, non-recurring charges and non-cash stock compensation charge was US\$3.5 million for Q1 2007 compared to US\$4.3 for Q1 2006. Net income margin was lower than previous quarters due to the accounting for LMA PacMed and increases in operating expenses.

Net assets* amounted to US\$77.4 million at March 31, 2007, some US\$4.0 million higher than December 31, 2006. The Balance Sheet at March 31, 2007 includes the net assets of LMA PacMed amounting to US\$2.2 million.

Net cash provided by operating activities was US\$3.2 million for Q1 2007. Net cash used in investing activities totalled US\$5.6 million for the quarter being primarily the US\$5.8 million cash element of the purchase of LMA PacMed (shown in the cash flow at US\$4.9 million after deduction of the net cash held by LMA PacMed at the end of December 2007).

* 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.

No forecast was made for the quarter.

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.

In 2007, LMA will continue to pursue strategies for growth. Whilst we anticipate the market for Laryngeal Masks to remain highly competitive, LMA remains very positive. We expect the newly launched LMA Supreme™ to provide strong competitive advantage as well as being a key tool for our aim to increase penetration into the ET tube market. During the second quarter, we will continue to add necessary sales management resources to support our sales and distribution growth strategies in both our established and the emerging markets. We will also continue to take strong appropriate actions against competitors who infringe our patents, including pursuing those commenced in 2006. The accounting treatment for the existing LMA PacMed inventory, as explained in Section 8, will continue to adversely impact our margins in the second quarter in 2007, but thereafter, the benefits of this acquisition will be fully reflected in our results.

LMA Urology's StoneBreaker™ device continues to receive very high interest from Urologists. In the second quarter of 2007, we will continue to add to our distribution network and sales resources to continue to roll out this exciting and unique device.

LMA seeks strategic investments. These will include new, innovative or revolutionary products either through acquiring the product rights or existing businesses exploiting such products. Where this is not possible or practical but the products represent good additions to our product range for distribution through our direct sales operations in United States, Germany, Singapore and Australia, we will also pursue these opportunities. Additionally we will look to make other investments in strong performing distributors.

Taking into account the new initiatives, LMA remains very positive on both sales and profit growth for full year 2007.

11. Dividends.

Not applicable.

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

The Company did not declare any dividends in the first quarter of either year in this statement.

13. Interested person transactions.

Details of interested party transactions for the three months ended March 31, 2007 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the three months ended March 31, 2007 (excluding transactions less than S\$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Venner Trading Limited	-	\$1,713,000
Venner Trading Singapore Limited	-	\$2,872,000
VicPlas	-	\$143,000
Shearman & Sterling	-	\$81,000

14. Confirmation by the Board pursuant to Rule 705(4) of the Listing Manual.

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the interim financial results for the period ended March 31, 2007 to be false or misleading.