



LMA INTERNATIONAL N.V.

Company Registration No. 80879

Financial Statements for the Second Quarter and Half Year ended June 30, 2007

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 June 30,		Six Months ended June 30,	
	2007	2006	2007	2006
Net sales	\$27,846	\$24,368	\$51,416	\$44,819
Cost of sales	(8,708)	(6,779)	(16,655)	(12,452)
Gross profit	19,138	17,589	34,761	32,367
Operating expenses (Note (1))				
Selling, general and administrative	(11,925)	(9,643)	(23,155)	(18,868)
Research and development	(388)	(379)	(603)	(794)
Amortisation of intangible assets	(161)	(14)	(220)	(28)
	(12,474)	(10,036)	(23,978)	(19,690)
Total operating income	6,664	7,553	10,783	12,677
Interest income	257	85	509	264
Interest expense	(14)	(2)	(29)	(104)
Other, net (Note (2))	27	568	71	549
Other income / (expenses), net	270	651	551	709
Net income before income taxes, minority interests and share of net earnings of associate	6,934	8,204	11,334	13,386
Income tax expense	(770)	(741)	(1,337)	(1,338)
Minority interests (Note (6))	(231)	218	(140)	310
Share of net earnings of associate (Note (7))	-	195	-	168
Net income excluding non-cash stock compensation charge	\$5,933	\$7,876	\$9,857	\$12,526
Non-cash stock compensation charge (Note (8))	(444)	(404)	(879)	(718)
Net income	\$5,489	\$7,472	\$8,978	\$11,808

Notes:

(U.S. Dollars, in thousands)

- | | | | | |
|--|------|-----|-------|-----|
| (1) Included in operating expenses above are: | | | | |
| Depreciation and amortisation | 827 | 445 | 1,496 | 955 |
| Allowance for doubtful debts | (43) | 28 | (43) | 72 |
| Profit on sale of properties, plant and equipment | - | - | - | - |
| (2) Included in other income above are foreign exchange gains / (losses) | (11) | 609 | 5 | 622 |
| (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 and six months ended June 30, 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 and Compensation Scheme, we granted share options to certain of our directors and employees. 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)	June 30, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$31,822	\$28,153
Trade accounts receivable, less allowance for doubtful accounts	17,537	13,376
Amounts due from related parties	506	2,228
Inventories	12,482	11,428
Deferred tax assets	946	770
Prepaid expenses	1,207	1,043
Other current assets	2,826	3,120
Total current assets	67,326	60,118
Non-current assets:		
Deferred tax assets	90	167
Property, plant and equipment, net	6,904	6,918
Investments	-	5,327
Goodwill (Note (9))	17,939	5,915
Other intangible assets	9,047	6,848
Other long-term assets	9	31
Total assets	\$101,315	\$85,324
Liabilities and shareholders' equity		
Current liabilities:		
Trade accounts payable	\$3,812	\$2,461
Amounts due to related parties	2,388	2,928
Amount due to minority interests	2,162	-
Other current liabilities	7,122	7,099
Purchase consideration to be settled in new shares	2,405	-
Total current liabilities	17,889	12,488
Non-current liabilities:		
Other long-term liabilities	101	107
Total liabilities	17,990	12,595
Minority interests (Note (6))		
	(202)	(706)
Commitments and contingencies	-	-
Shareholders' equity		
Common shares: Issued: 580,946,581	58	58
Additional paid-in capital	47,381	46,502
	47,439	46,560
Retained earnings	35,062	26,084
Accumulated other comprehensive income	1,026	791
Total shareholders' equity	83,527	73,435
Total liabilities, minority interests and shareholders' equity	\$101,315	\$85,324

- (9) The consolidated financial position as at June 30, 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 purchase accounting is completed. The Group does not believe that this will result in any material restatement.

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

None.

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

	Three months ended June 30,		Six Months ended June 30,	
(U.S. Dollars, in thousands)	2007	2006	2007	2006
Cash flows from operating activities:				
Net income	\$5,489	\$7,472	\$8,978	\$11,808
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortisation	827	445	1,496	955
Deferred taxes	4	(6)	(89)	(4)
Minority interest in net income of consolidated subsidiaries	231	(412)	140	(477)
Non-cash stock-based compensation	444	404	879	718
Changes in operating assets and liabilities net of effects from purchase of 50% of LMA PacMed:				
(Increase) in trade accounts receivables and amounts due from related parties	(1,639)	(3,317)	(1,097)	(956)
Decrease / (increase) in inventories	1,226	(25)	1,261	70
Decrease (increase) in other assets	57	(274)	213	(1,906)
Increase / (decrease) in trade accounts payable and amounts due to related parties	606	(642)	(123)	(122)
Increase / (decrease) in other current liabilities	780	241	(443)	(589)
Net cash provided by operating activities	8,025	3,886	11,215	9,497
Cash flows from investing activities:				
Purchase of investment	-	-	(4,905)	-
Capital expenditures	(495)	(559)	(1,228)	(2,482)
Purchase of intangible assets	(257)	(114)	(257)	(465)
Net cash used in investing activities	(752)	(673)	(6,390)	(2,947)
Cash flows from financing activities:				
Payment of LMA PacMed pre-acquisition dividends to minority interest	-	-	(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	62	126	76	131
Net increase / (decrease) in cash and cash equivalents	7,335	3,339	3,669	(3,319)
Cash and cash equivalents at the beginning of the period	24,487	19,035	28,153	25,693
Cash and cash equivalents at the end of the period	\$31,822	\$22,374	\$31,822	\$22,374
Supplemental disclosure of cash flow information				
Cash paid during the period for:				
Interest	\$23	\$2	\$52	\$157
Income taxes	\$683	\$928	\$847	\$995
Supplemental schedule of non-cash investing and financing activities				
The Company purchased 50% of LMA PacMed for a total consideration of \$8.3 million (using the share price at the date of acquisition). 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
Net income for the period	-	-	5,489	-	5,489
Foreign currency translation adjustment	-	-	-	205	205
Total comprehensive income					5,694
Non-cash stock compensation charge	-	444	-	-	444
At June 30, 2007	\$58	\$47,381	\$35,062	\$1,026	\$83,527

(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
Net income for the period	-	-	7,472	-	7,472
Foreign currency translation adjustment	-	-	-	65	65
Total comprehensive income					7,537
Non-cash stock compensation charge	-	404	-	-	404
At June 30, 2006	\$58	\$45,703	\$15,355	\$756	\$61,872

Note (1): Shares amounting to 6,828,360 for the partial consideration on the LMA PacMed purchase have not been issued as at June 30, 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 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 and 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 June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Net income attributable to shareholders excluding non-cash stock compensation charge	\$5,933	\$7,876	\$9,857	\$12,526
Number of shares	580,946,581	580,946,581	580,946,581	580,946,581
Earnings per share before non-cash stock compensation charge (in U.S. cents)	1.021	1.356	1.697	2.156
Number of shares including shares to be issued for LMA PacMed	587,774,941	587,774,941	587,774,941	587,774,941
Diluted earnings per share, including shares to be issued for LMA PacMed, before non-cash stock compensation charge (in U.S. cents)	1.009	1.340	1.677	2.131

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)	June 30, 2007	December 31, 2006
Net assets of the Group	\$83,527	\$73,435
Number of shares	580,946,581	580,946,581
Net assets per share (in U.S. cents)	14.378	12.641
Number of shares including shares to be issued for LMA PacMed	587,774,941	587,774,941
Net assets per share including shares to be issued to LMA PacMed (in U.S. cents)	14.211	12.494

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, Australia, New Zealand and Singapore and a global network of 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 June 30, 2007		2006		Six months ended June 30, 2007		2006	
	US\$'000		US\$'000		US\$'000		US\$'000	
United States	15,211	57%	14,373	59%	29,219	58%	27,157	61%
International	11,593	43%	9,995	41%	20,806	42%	17,662	39%
Total net sales	26,804	100%	24,368	100%	50,025	100%	44,819	100%
Reusable devices	11,202	42%	11,627	48%	21,348	42%	21,740	49%
Single-use devices	12,605	47%	11,416	47%	23,645	47%	20,927	47%
Other	2,997	11%	1,325	5%	5,032	11%	2,152	4%
Total	26,804	100%	24,368	100%	50,025	100%	44,819	100%

	Three months ended June 30, 2007		2006	
Reusable units sold		60,005	68,639	110,659
Single-use units sold		1,387,892	1,293,787	2,575,871
Total units sold		1,447,897	1,362,426	2,686,530
Average revenue per unit of reusable units (US\$)		186.67	169.39	192.91
Average revenue per unit of single-use units (US\$)		9.08	8.82	9.18

Second quarter of 2007 (Q2 2007) compared to second quarter of 2006 (Q2 2006)

Group Net Sales for Q2 2007 at US\$27.8 million, increased by US\$3.5 million or 14% over Q2 2006, partly boosted by the consolidation of LMA PacMed Pty Ltd ("LMA PacMed"). Sales of Laryngeal Masks amounted to US\$26.8 million, with the balance of US\$1.0 million being generated from sales of the LMA StoneBreaker™ device. This urology product has continued to register increased sales as we expand distribution, including to the United States. Group net sales in Q2 2007 were also US\$4.3 million or 18% higher than Q1 2007.

In the Laryngeal Mask business, Q2 2007 unit sales of single-use devices continued to show an increase over Q2 in the previous year. This together with an increase in 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\$15.2 million for Q2 2007 increased by 6% over sales of US\$14.4 million for Q2 2006. The increase was largely driven by sales of single-use devices as well as McGrath® Video Laryngoscope sales. During the quarter, despite ongoing aggressive price-led competition, we have continued to regain lost accounts from competitors.

Net sales of Laryngeal Masks for International at US\$11.6 million for Q2 2007 increased by 16% over sales of US\$10.0 million Q2 2006 partly boosted by the consolidation of LMA PacMed. Sales in Germany in Q2 2007 were up 11% on the same period last year.

In terms of product sales, the main contributory factors to sales growth were increased sales of single-use and McGrath® devices. Price competition continues to impact on single-use selling prices, although we continue to maintain a significant price premium to our competitors. The LMA Supreme™, the first and only single-use Laryngeal Mask with a built-in drain tube, continues to be well received by anaesthetists following its launch in selected markets.

Gross profit from Laryngeal Masks at US\$18.3 million for Q2 2007 increased by US\$0.7 million or 4% over Q2 2006. Gross margin at 68% for Q2 2007 was down from 72% for Q2 2006. This partly reflects a change in the market mix, as in previous quarters, with the switch to single-use devices from reusable devices. As explained in Q1 2007, the other factor affecting the gross margin dilution is the accounting treatment of the inventory purchased as part of the LMA PacMed acquisition, together with no margin accruing 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 2006 when LMA PacMed was a 30% associate. This issue will not occur from Q3 onwards.

Selling, general and administrative expenses ("SG&A") amounted to US\$11.9 million for Q2 2007. Excluding expenses for the LMA Urology joint venture and LMA PacMed (which is consolidated from Q1 2007), SG&A increased by US\$1.1 million or 12% over Q2 2006. This increase in operating expenses reflects the increase in additional manpower (primarily in sales) and higher legal costs (related to Intellectual Property protection) incurred in this quarter compared to Q2 2006. For Q2 2007, SG&A expenses (excluding LMA Urology) were 42% of net sales, 4 percentage points higher than in Q2 2006.

Operating income at US\$6.7 million for Q2 2007 was 12% down on Q2 2006. Loss from the LMA Urology business was significantly reduced for this quarter as a result of increased sales.

Income tax expense was US\$0.8 million for Q2 2007 in line with Q2 2006 although this includes the LMA PacMed tax charge of US\$0.2 million. The consolidation of LMA PacMed increases the effective tax rate to 11%.

Net income excluding non-cash stock compensation charge decreased by 25% to US\$5.9 million for Q2 2007 from US\$7.9 million (which included a foreign exchange gain of US\$0.6 million) for Q2 2006. Net income after taking account of non-cash stock compensation charge was US\$5.5 million for Q2 2007 compared to US\$7.5 million for Q2 2006, which was our highest single quarter profit to date.

Net assets* amounted to US\$83.5 million at June 30, 2007, some US\$6.1 million higher than March 31, 2007.

Net cash provided by operating activities was US\$8.0 million for Q2 2007. Net cash used in investing activities totalled US\$0.8 million for the quarter.

First six months of 2007 (YTD 2007) compared to first six months of 2006 (YTD 2006)

Group net sales for YTD 2007 were US\$51.4 million, up US\$6.6 million or 15% on YTD 2006 due mainly to increased sales of single-use devices, the McGrath® Video Laryngoscope and the LMA StoneBreaker™ and the consolidation of LMA PacMed.

Selling, general and administrative expenses, excluding operating expenses of LMA Urology and LMA PacMed, of US\$20.3 million, increased by US\$2.0 million or 11%. **Other income** decreased by US\$0.1 million as there was a significant foreign exchange gain in 2006. **Net income** excluding the net effect of LMA Urology, non-recurring charges and stock compensation charge was US\$10.0 million for YTD 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.

LMA continues to pursue strategies for growth.

However we anticipate the market for Laryngeal Masks to remain highly competitive.

LMA Urology's StoneBreaker™ device continues to receive very high interest from Urologists. We will continue to add to our distribution network and sales resources and expect to achieve significantly improved sales in FY2007 over FY2006.

LMA seeks strategic investments and are currently evaluating several opportunities.

Taking into account the above, LMA remains positive for strong sales 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 second quarter of either year in this statement.

13. Interested person transactions.

Details of interested party transactions for the six and three months ended June 30, 2007 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the six months ended June 30, 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	-	\$3,802,000
Venner Trading Singapore Limited	-	\$6,365,000
VicPlas	-	\$116,000
Shearman and Sterling	-	\$364,000

Name of interested person	Aggregate value of all interested person transactions during the three months ended June 30, 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	-	\$2,038,000
Venner Trading Singapore Limited	-	\$3,497,000
Shearman and Sterling	-	\$283,000

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 June 30, 2007 to be false or misleading.