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For Immediate Release

LMS ANNOUNCES THIRD QUARTER RESULTS

Montreal, Quebec, February 11, 2005 - LMS Medical Systems (TSX: LMZ), a healthcare technology company and developer of the CALM™ system (Computer Assisted Labor Management) today reported results of operations for the third quarter of fiscal 2005. All amounts are in Canadian dollars.

Revenue for the quarter ended December 31, 2004, increased by $646,000 to $678,000 from $32,000 for the third quarter ended December 31, 2003. Year to date revenue increased by $896,000 to $986,000 from $90,000 in 2003. The loss for the third quarter of fiscal 2005, inclusive of special charges, was $2,275,000 ($0.15 per share) versus a loss of $1,260,000 ($0.35 per share) in fiscal 2004. The increased loss is primarily attributable to increases in development, sales & marketing, administrative expenses and special charges. Development expenses increased primarily due to increased staffing to meet development milestones. This resulted in a total increase, net of investment tax credits, of $638,000. Spending in sales & market development increased by $302,000 due to increased activities and new employees. Administrative expenses increased by $516,000 due to expenses associated with being a public company, stock option expense of $210,000 for the quarter ($280,000 year to date) and additional office, general and rental expenses related to increased Company staffing. In addition, in connection with the registration of the Company with the Toronto Stock Exchange and the Securities & Exchange Commission in the United States and listing fees for the American Stock Exchange, special charges of $43,000 were incurred during the current quarter ($614,000 year to date).

Cash, cash equivalents and short-term investments held to maturity, as at December 31, 2004 totaled $11,940,000 versus $1,481,000 at March 31, 2004. The increase is due to the completion of the private placement, the reverse takeover transaction and the exercise of warrants, which generated gross proceeds of $16,798,000. The total number of shares outstanding at the end of the third quarter 2004 totaled 15.8 million compared to 9.2 million the previous year.

An expanded Management's Discussion and Analysis for the third quarter, and previous periods, is accessible on the LMS website at www.lmsmedical.com

Highlights

- Record quarterly revenue of $678,000;

- Installation of our products at US and Canadian hospitals include but are not limited to the University of Maryland Medical Center in Baltimore, Maryland and Sacré-Coeur Hospital in Montreal, Canada.

- CALM™ Patterns, a Class II medical device for U.S. regulatory purposes, is currently completing its review by the United States Food and Drug Administration.

- McKesson Provider Technologies installed their initial clients having assumed distribution responsibilities to McKesson customers earlier in the fall under its private label agreement with LMS.

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- Completion of the registration process with the United States Securities and Exchange Commission, on Form 20-F under the Securities Exchange Act of 1934, establishing the Company as a U.S. reporting issuer.
- The Company's shares will begin trading mid-February 2005 on the American Stock Exchange under the symbol LMZ.
- The exercise of 1,292,569 warrants generating cash of $4,175,000.

ABOUT LMS:
LMS is a leader in the application of advanced mathematical modeling and neural networks for medical use. The LMS CALM™ Decision Support Suite provides physicians, nursing staff, risk managers and hospital administrators with clinical information systems and decision support tools designed to improve outcomes and patient care for mothers and their infants during labor and delivery.

INTERIM CONSOLIDATED BALANCE SHEETS

As at [Unaudited]

	December 31, 2004 $	March 31, 2004 $ [note 1]
ASSETS		
Current assets		
Cash and cash equivalents	11,889,914	1,431,123
Short-term investments	50,000	50,000
Accounts receivable	1,223,563	207,377
Investment tax credits receivable	1,097,927	1,210,326
Prepaid expenses	391,132	755,359
Total current assets	14,652,536	3,654,185
Property, plant and equipment	485,481	343,973
Patents	39,405	42,006
	15,177,422	4,040,164
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	741,005	1,053,356
Deferred revenues	742,619	482,518
Current portion of obligations under capital leases	22,077	39,981
Total current liabilities	1,505,701	1,575,855
Long-term portion obligations under capital leases	81,795	54,782
	1,587,496	1,630,637
Shareholders' equity		
Capital stock [notes 1 and 2]	45,312,242	21,755,681
Shares to be issued under the bonus plan [note 2]	450,000	–
Contributed surplus [note 1]	714,824	–
Warrants [note 2]	419,676	1,078,500
Share Option Plan [note 2]	280,000	–
Unsecured convertible debentures [note 1]	–	5,800,000
Deficit [note 2]	(33,586,816)	(26,224,654)
Total shareholders' equity	13,589,926	2,409,527
	15,177,422	4,040,164

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

For the three-month and nine-month period ended [Unaudited]

	3 months		9 months	
	December 31, 2004 $	December 31, 2003 $	December 31, 2004 $	December 31, 2003 $
		[note 1]		[note 1]
Software licenses	607,234	-	701,105	-
Hardware	5,720	-	115,775	-
Technical support and other	64,862	31,611	168,732	90,402
Total Revenues	677,816	31,611	985,612	90,402
Operating expenses				
Research and development costs	1,128,279	535,856	2,734,494	1,793,784
Investment Tax Credits	(174,999)	(221,126)	(436,435)	(664,080)
Net research and development expenses	953,280	314,730	2,298,059	1,129,704
Cost of hardware	5,148	-	85,602	-
Other direct costs	76,531	2,951	98,925	2,951
Selling and market development	636,543	335,023	1,697,025	1,219,496
Administrative	966,181	450,474	1,902,691	1,100,070
Customer support	215,314	123,218	568,569	407,499
Quality assurance	40,416	32,445	114,488	112,722
Special charges [note 3]	42,971	-	613,855	-
Technological showcase project	113	13,780	931	79,838
Amortization of property, plant and equipment	43,757	35,414	97,791	121,048
Amortization of patents	868	868	2,601	2,601
Foreign exchange (gain) loss	30,968	(12,645)	23,489	(70,117)
	3,012,090	1,296,258	7,504,026	4,105,812
Operating loss	(2,334,274)	(1,264,647)	(6,518,414)	(4,015,410)
Interest on long-term debt	4,254	21,825	14,372	63,801
Other interest (income) expenses, net	(63,847)	(26,088)	(181,573)	609
Net loss	(2,274,681)	(1,260,384)	(6,351,213)	(4,079,820)
Basic and diluted loss per share [note 4]	(0.15)	(0.35)	(0.42)	(1.08)

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF DEFICIT

For the three-month and nine-month period ended [Unaudited]

	3 months		9 months	
	December 31, 2004 $	December 31, 2003 $	December 31, 2004 $	December 31, 2003 $
		[note 1]		[note 1]
Deficit, beginning of period	(31,255,952)	(22,311,922)	(26,224,654)	(18,865,805)
Net loss	(2,274,681)	(1,260,384)	(6,351,213)	(4,079,820)
Stock dividends on preferred shares	–	(357,780)	–	(907,227)
Accreted interest on convertible debentures	–	(36,364)	–	(113,598)
Shares, options, warrants and unsecured convertible debentures issuance costs [note 2]	(56,183)	(456,676)	(806,133)	(456,676)
Costs related to reverse takeover transaction [note 1]	–	–	(204,816)	–
Deficit, end of period	(33,586,816)	(24,423,126)	(33,586,816)	(24,423,126)

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month and nine-month period ended

[Unaudited]

	3 months		9 months	
	December 31, 2004 $	December 31, 2003 $	December 31, 2004 $	December 31, 2003 $
		[note 1]		[note 1]
OPERATING ACTIVITIES				
Net loss	(2,274,681)	(1,260,384)	(6,351,213)	(4,079,820)
Adjustments for non-cash items:				
Amortization of assets	44,625	36,282	100,392	123,649
Accreted interest on convertible debentures	–	36,364	–	113,598
Shares to be issued under the bonus plan	450,000	–	450,000	
Stock based compensation	210,000	–	280,000	–
Net changes in non-cash operating working capital items	(1,410,140)	(225,228)	(591,810)	797,933
Cash flows related to operating activities	(2,980,196)	(1,412,966)	(6,112,631)	(3,044,640)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(98,249)	(64,538)	(239,299)	(77,387)
Cash flows related to investing activities	(98,249)	(64,538)	(239,299)	(77,387)
FINANCING ACTIVITIES				
Repayment of obligations under capital leases and loan payable	(11,446)	(5,792)	(27,197)	(377,472)
Issuance of obligations under capital leases	36,306	58,743	36,306	58,743
Issuance of long-term debt and convertible debentures	–	931,500	–	931,500
Increase in bank loans	–	500,529	–	500,529
Capital stock and other equity instruments issuance costs [note 2]	(56,183)	–	(806,133)	–
Increase of capital stock resulting from the reverse takeover transaction [note 1]	–	–	958,432	–
Issuance of capital stock	4,174,998	–	16,798,129	1,378,829
Costs related to reverse takeover transaction [note 1]	–	–	(148,816)	–
Cash flows related to financing activities	4,143,675	1,484,980	16,810,721	2,492,129
Net change in cash and cash equivalents	1,065,230	7,476	10,458,791	(629,898)
Cash and cash equivalents, beginning of period	10,824,684	(166,558)	1,431,123	470,816
Cash and cash equivalents, end of period	11,889,914	(159,082)	11,889,914	(159,082)

See accompanying notes

1. DESCRIPTION OF BUSINESS, REVERSE TAKEOVER TRANSACTION AND BASIS OF PRESENTATION

Description of business

LMS Medical Systems Inc.[the "Company"] is incorporated under the *Canada Business Corporations Act*. The Company is an early stage company operating in a single business segment and its principal activities have been devoted to the development of leading-edge technology in care management tools in the labor and delivery setting. The Company is currently pursuing its research and development activities as well as the implementation of its distribution network.

To date the Company has financed its cash requirements primarily from shares issuances, loans payables, convertible debentures, investment tax credits and contract revenues. The success of the Company is dependent on obtaining the necessary regulatory approvals, generating revenue from the licensing of its technology in care management tools or directly from its technology and achieving future profitable operations. It will be necessary for the Company to raise additional funds for the continuing development and marketing of its technology.

In connection with the reverse takeover transaction described below, the Company changed its year-end to March 31 effective in 2004.

Reverse takeover transaction

On April 1, 2004, the Company [formerly Trophy Capital Inc.] acquired substantially all of the shares and unsecured convertible debentures from the shareholders and the debenture holders of LMS Medical Systems Ltd. ["LMS"] in exchange for 2.70727 Common shares of the Company for each share of LMS and 300 Common shares of the Company for each $1,000 of principal amount of the $5.8 million unsecured convertible debentures of LMS. All options granted and warrants issued by LMS were also exchanged at a conversion ratio of 2.70727.

This transaction involving the Company, a non-operating public enterprise with nominal net non-monetary assets as at April 1, 2004, is a capital transaction in substance for LMS. As a result, this transaction is viewed as the issuance of equity by LMS to the extent of the net monetary assets available in the Company. Accordingly, for accounting purposes, the reverse takeover transaction results in the issuance of 406,344 common shares for a consideration of $958,432, which consist of net monetary assets available in the Company at the time of the reverse takeover transaction. The transaction costs of $204,816 of the reverse takeover transaction are recorded within deficit. These costs include the estimated fair value of $56,000 determined based on the Black-Scholes option pricing model, for the grant of 66,666 options by the Company before the finalization of the transaction.

The following assumptions were used to determine the fair value: expected average life of 3.2 years, fair value of $3 per common share, dividend yield of nil, volatility factor of 0.278 and risk-free interest rate of 5%. These options were granted to a financial advisor and prior board members of the non-operating public enterprise in connection with the issuance by the non-operating public enterprise of its capital stock for a gross proceed of $1 million, which was required in order to the reverse takeover transaction to take place. Each option allows the holder to acquire one common share at an exercise price of $3.00 per share. 26,666 of these options are exercisable on or before January 2006 and 40,000 of these options are exercisable on or before January 2008.

As a result, the Company became the legal parent company of LMS. These unaudited interim consolidated financial statements of the Company include the financial results of LMS as at December 31, 2004, and for the three-month and nine-month period ended December 31, 2004 and 2003. Following the reverse takeover transaction, historical financial information presented for comparative purposes by the Company, is that of LMS. The historical shareholder's equity of the Company prior to the reverse takeover transaction was retroactively restated for the number of shares received in the reverse takeover transaction. Earnings per share calculations also give effect to the reverse takeover transaction for all periods presented.

1. DESCRIPTION OF BUSINESS, REVERSE TAKEOVER TRANSACTION AND BASIS OF PRESENTATION [Cont'd]

Basis of presentation

These unaudited interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles [Canadian GAAP] for interim financial information. Accordingly, they do not include all of the disclosures required by Canadian GAAP for annual financial statements. In the opinion of management all adjustments of a normally recurring nature considered necessary for a fair presentation have been included. Operating results for interim period are not necessarily indicative of the results that may be expected for the full year. These financial statements should be read in conjunction with the audited consolidated financial statements of LMS for the five-month period ended March 31, 2004 and the reverse takeover transaction described above. The accounting policies and methods followed in the preparation of these unaudited interim consolidated financial statements are the same as those in the audited consolidated financial statements of LMS for the five-month period ended March 31, 2004. The consolidated balance sheet as at March 31, 2004 has been derived from the audited consolidated financial statements of LMS at that date but does not include all of the information and footnotes required by Canadian GAAP for complete financial statements.

2. CAPITAL STOCK

Authorized before the reverse takeover transaction [LMS Medical Systems Ltd. "LMS"]

An unlimited number of voting Class A common shares, without par value.

An unlimited number of non-voting Class B common shares, without par value.

An unlimited number of convertible preferred shares, voting, with an annual cumulative dividend of 18%, payable in preferred shares of the same category. Each convertible preferred share and all accumulated but unpaid dividends thereon, whether or not declared, shall be automatically converted into common shares, at a rate of 1 common share for each convertible preferred share, subject to an adjustment of preferred conversion rate clause. The conversion could occur upon the adoption of a resolution by the holders of at least two thirds [66 2/3%] of the then outstanding convertible preferred shares.

Authorized after the reverse takeover transaction [note 1]

An unlimited number of common shares without par value.

Changes in common shares issued and outstanding are summarized as follow:

	Number	$
Common shares		
Balance as at March 31, 2004 as reported in the financial statements of LMS	3,382,536	21,755,681
Conversion ratio [note 1]	2.70727	–
Balance, beginning of period	9,157,434	21,755,681
Issued:		
On reverse takeover [note 1]	406,344	958,432
On conversion of convertible debentures [note 1]	1,740,000	5,800,000
On exercise of options	40,000	120,000
On issuance of common shares for cash	3,000,000	12,000,000
On exercise of warrants	1,448,051	4,678,129
Balance as December 31, 2004	15,791,829	45,312,242

Following the exercise of 40,000 options, the Company issued 40,000 common shares on April 1, 2004 for cash consideration of $120,000.

On April 8, 2004, the Company issued 3,000,000 Common shares at a price of $4 per share for cash consideration of $12,000,000. The net proceeds amounted to $11,250,050, after the estimated share issuance costs of $749,950.

2. CAPITAL STOCK [Cont'd]
During the nine-month period ended December 31, 2004 1,488,051 warrants were exercised for a total proceed of $4,678,129.

Employee Bonus Plan
The Company has adopted an Employee Bonus Plan, which sets out the criteria pursuant to which employees may earn bonuses and which provides that the bonuses will be paid in common shares of the Company. The maximum number of common shares issuable under the plan is 250,000. This plan is subject to regulatory approval. As of December 31, 2004, $450,000 has been accrued as part of shareholders' equity with respect to the plan. Based on the recent share price of the Company of $4.20, the accrued amount would result in an issuance of 107,000 common shares. Upon receipt of regulatory approval, shares will be issued to employees who have earned bonuses.

Warrants
The changes to number of warrants issued by the Company is as follows:

	Number	$
Balance as at March 31, 2004 as reported in the consolidated financial statements of LMS	1,199,488	1,078,500
Conversion ratio [note 1]	2.70727	–
Balance, as at March 31, 2004	3,247,338	1,078,500
Exercise of warrants	(1,448,051)	(692,024)
Issuance of warrants	20,000	33,200
Balance as December 31, 2004	1,819,287	419,676

Each warrant allows its holder to acquire one Class A common share for a cash consideration of $3.23. The warrants expire from July 2004 to March 2009 with an average remaining life of 1.9 years as at December 31, 2004.

In October 2004, the Company issued 20,000 warrants with terms and conditions indicated above. The value used to compute estimated fair value of $33,200 was determined based on the Black-Scholes option-pricing model. The following assumptions were used to determine the fair value: expected average life of 5 years, fair value of $4.85 per common share, dividend yield of nil, volatility factor of 0.278 and risk-free interest rate of 5%.

In prior financial statements, an excess value of $55,600 was incorrectly attributed to the issuance of warrants, which occurred in the five-month period ended March 31, 2004. These interim financial statements have reclassified the difference from warrants to deficit with no impact on total shareholders' equity, net loss and net loss per share.

Stock option plan
The changes to number of stock options granted by the Company and their weighted average exercise price are as follows:

	Number	Weighted average exercise price $
Balance as at March 31, 2004 as reported in the consolidated financial statements of LMS	181,706	12.01
Conversion ratio [note 1]	2.70727	
Balance, beginning of period	491,927	4.44
Reverse takeover [note1]	66,666	3.00
Exercised	(40,000)	3.00
Granted	925,465	4.19
Expired	(31,786)	(3.69)
Balance, as at December 31, 2004	1,412,272	4.25

2. CAPITAL STOCK [Cont'd]

At the time of the reverse takeover transaction, the Company created a stock option plan for employees, directors and certain external consultants, which was subject to shareholder approval. This plan was put in place to replace the stock option plan that existed in LMS Medical Systems Ltd. prior to the reverse takeover transaction. Pursuant to the terms of the new plan, the board is authorized to grant to directors, officers, and employees of the Company and its subsidiaries, as well as to other persons who provide ongoing management or consulting services to the Company or its subsidiaries, options to acquire common shares of the Company at such prices as may be fixed at the time of the grant, provided however that the option exercise price shall not be less than the closing sale price of the Company's common shares on the Toronto Stock Exchange on the last trading day prior to the grant of the option. Options granted under the new plan shall be non-assignable and non-transferable, and shall have a maximum term of 10 years.

During the period, the Company granted 925,465 options [including 350,000 options granted at the time of the reverse takeover transaction] to employees, directors and external consultants under this new plan, which was approved at the shareholders annual and special meeting held on September 15, 2004. The fair value of these options using the Black Scholes option pricing model are estimated to be $1,470,000 and the Company will record the related expenses over the remaining vesting period. The assumptions used included: expected life of 4.5 years, fair value of $4.50 per common share, dividend yield of nil, volatility factor of 0.278 and risk-free interest rate of 5%. At the annual and special meetings, the shareholders have also fixed at 2,149,942 the maximum number of options that can be granted under the new stock option plan.

During the three-month and nine-month period ended December 31, 2004, the Company recorded a stock option expense of $210,000 and $280,000 respectively, as part of Administrative expenses in connection with the above grants.

Pro forma disclosure regarding options granted under the LMS stock option plan prior to the reverse takeover transaction is as follows:

	Three-month period ended		Nine-month period ended	
	December 31, 2004 $	December 31, 2003 $	December 31, 2004 $	December 31, 2003 $
Net loss [see note 4]	(2,274,681)	(1,654,528)	(6,351,213)	(5,100,645)
Stock-based compensation costs that would have been included in the determination of net loss if the fair value based method has been applied	(29,349)	(29,805)	(88,047)	(89,415)
Pro forma net loss	(2,304,030)	(1,684,333)	(6,439,260)	(5,190,060)
Pro forma basic and diluted loss per share	(0.15)	(0.36)	(0.42)	(1.10)

3. SPECIAL CHARGES

During the three-month and nine-month period ended December 31, 2004, the Company incurred professional fees, listing fees and other charges totaling $42,971 and $613,855 respectively, in connection with the professional legal and accounting fees, listing fees and other expenses incurred in connection with the listing of common shares on the Toronto Stock Exchange on April 22, 2004 as well as the filing of a registration statement on Form 20-F with the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 to become a registrant under that Act as a foreign private issuer. In January 2005, the United States Securities and Exchange Commission accepted the foreign private issuer registration filed by the Company and the Company initiated the process to obtain a listing on the American Exchange.

4. BASIC AND DILUTED LOSS PER SHARE

The reconciliation of the numerator and denominator for the calculation of loss per share is as follows:

	Three-month period ended		Nine-month period ended	
	December 31, 2004 $	December 31, 2003 $	December 31, 2004 $	December 31, 2003 $
Numerator				
Net loss	(2,274,681)	(1,260,384)	(6,351,213)	(4,079,820)
Stock dividends on preferred shares	–	(357,780)	–	(907,227)
Accreted interest on convertible debentures	–	(36,364)	–	(113,598)
Net loss attributable to common shares - basic and diluted	(2,274,681)	(1,654,528)	(6,351,213)	(5,100,645)
Denominator				
Weighted-average number of common shares - basic and diluted	15,188,926	4,729,953	15,188,926	4,729,953