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For Immediate Release

LMS ANNOUNCES SECOND QUARTER RESULTS

Montreal, Quebec, November 12, 2004 – 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 second quarter of fiscal 2005. All amounts are in Canadian dollars.

Revenue for the quarter totaled $76,339 versus $28,686 the year previous. The loss for the second quarter of fiscal 2005, inclusive of special charges, was $2,275,272 ($0.16 per share) versus a loss of $1,371,856 ($0.44 per share) in 2004. The increased loss is primarily attributable to the addition of employees and consultants in the development, sales and marketing departments resulting in an increase of $400,000, additional administrative expenses related to being a public company in the amount of $70,000 and a special charge of $357,443 in connection with the registration of the Company with the Securities and Exchange Commission in the United States and listing fees for the American Stock Exchange.

Cash, cash equivalents and marketable securities held to maturity totaled $10,874,684 versus $1,481,123 at year-end 2004. The increase relates to the completion of the private placement, the reverse takeover transaction and the exercise of warrants, which generated gross proceeds of $13,581,563. Interest income totaled $63,284 versus an interest expense of $9,680 last year. The total number of shares outstanding at the end of the first quarter totaled 14.9 million compared to 9.2 million the year previous.

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

Highlights

- Signing of sales agreements with leading U.S. and Canadian based hospitals for the installation of our products during the second half of the current fiscal year.

- McKesson Information Solutions assumed responsibility for the sales and marketing of our products to McKesson customers under its Horizon Clinicals™ private label.

- CALM™ Patterns, an advanced obstetrical tool that uses the power of the computer to provide objective, real-time detection, classification and labelling of fetal heart rate patterns in the assessment of fetal distress, received marketing clearance from Health Canada.

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

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- 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. The registration statement is currently under review with the United States Securities and Exchange Commission.

- Filing of an application for the listing of the Company's shares on the American Stock Exchange.

- The exercise of 155,482 warrants generating cash of $503,131. Subsequent to September 30th, an additional 1,245,000 warrants were exercised generating cash of $4,021,350.

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

	September 30, 2004 $	March 31, 2004 $
		[Note 1]
ASSETS		
Current assets		
Cash and cash equivalents	**10,824,684**	1,431,123
Short-term investments	**50,000**	50,000
Accounts receivable	**389,304**	207,377
Research and development tax credits receivable	**933,699**	1,210,326
Prepaid expenses	**190,269**	755,359
Total current assets	**12,387,956**	3,654,185
Property, plant and equipment	**430,989**	343,973
Patents	**40,272**	42,006
	12,859,217	4,040,164
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**1,116,142**	1,053,356
Deferred revenue	**578,271**	482,518
Current portion of long-term debt	**24,229**	39,981
Total current liabilities	**1,718,642**	1,575,855
Long-term debt	**54,783**	54,782
	1,773,425	1,630,637
Shareholders' equity		
Capital stock *[notes 1 and 2]*	**41,137,244**	21,755,681
Contributed surplus *[note 1]*	**200,700**	–
Warrants *[note 2]*	**933,800**	1,078,500
Other contributed surplus-options *[note 2]*	**70,000**	–
Unsecured convertible debentures *[note 1]*	–	5,800,000
Deficit *[note 2]*	**(31,255,952)**	(26,224,654)
Total shareholders' equity	**11,085,792**	2,409,527
	12,859,217	4,040,164

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited

For the three-month and six-month period ended	3 months September 30, 2004 $	3 months September 30, 2003 $	6 months September 30, 2004 $	6 months September 30, 2003 $
		[note 1]		*[note 1]*
Revenues				
Software licenses	–	–	**93,871**	–
Hardware	–	–	**110,055**	–
Technical support and other	**76,339**	28,686	**103,870**	58,791
	76,339	28,686	**307,796**	58,791
Operating expenses				
Research and development costs	**914,869**	596,583	**1,606,215**	1,257,928
Less: Tax credits	**(134,201)**	(213,246)	**(261,436)**	(442,954)
	780,668	383,337	**1,344,779**	814,974
Cost of hardware	–	–	**80,454**	–
Other direct costs	**17,859**	–	**22,394**	–
Administrative	**472,775**	331,476	**936,510**	649,596
Selling and market development	**550,543**	371,812	**1,060,482**	884,473
Special charges *[note 3]*	**347,443**	–	**570,884**	–
Customer support	**185,962**	158,914	**353,255**	284,281
Quality assurance	**31,555**	39,914	**74,072**	80,277
Technological showcase project	**118**	37,246	**818**	66,058
Amortization of property, plant and equipment	**26,407**	44,192	**54,034**	85,634
Amortization of patents	**867**	866	**1,733**	1,732
Foreign exchange (gain) loss	**(3,211)**	6,573	**(7,479)**	(57,472)
	2,410,986	1,374,330	**4,491,936**	2,809,553
Operating loss	**(2,334,647)**	(1,345,644)	**(4,184,140)**	(2,750,762)
Interest on long-term debt	**3,909**	16,532	**10,118**	41,976
Other interest (income) expenses, net	**(63,284)**	9,680	**(117,726)**	26,697
Net loss	**(2,275,272)**	(1,371,856)	**(4,076,532)**	(2,819,435)
Basic and diluted loss per share *[note 4]*	**(0.16)**	(0.44)	**(0.28)**	(0.90)

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF DEFICIT

Unaudited

For the three-month and six-month period ended	3 months		6 months	
	September 30, 2004 $	**September 30, 2003 $**	**September 30, 2004 $**	**September 30, 2003 $**
		[note 1]		*[note 1]*
Deficit, beginning of period	**(28,980,680)**	(20,605,642)	**(26,224,654)**	(18,865,805)
Net loss	**(2,275,272)**	(1,371,856)	**(4,076,532)**	(2,819,435)
Stock dividends on preferred shares	–	(299,326)	–	(549,448)
Accreted interest on convertible debentures	–	(35,098)	–	(77,234)
Shares, options, warrants and unsecured convertible debentures issuance costs *[note 2]*	–	–	**(749,950)**	–
Costs related to reverse takeover transaction *[note 1]*	–	–	**(204,816)**	–
Deficit, end of period	**(31,255,952)**	(22,311,922)	**(31,255,952)**	(22,311,922)

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

For the three-month and six-month period ended	3 months		6 months	
	September 30, 2004 $	**September 30, 2003 $**	**September 30, 2004 $**	**September 30, 2003 $**
		[note 1]		*[note 1]*
OPERATING ACTIVITIES				
Net loss	**(2,275,272)**	(1,371,856)	**(4,076,532)**	(2,819,435)
Adjustments for non-cash items:				
Amortization of assets	**27,274**	45,058	**55,767**	87,366
Accreted interest on convertible debentures	–	35,098	–	77,234
Stock based compensation	**70,000**	–	**70,000**	–
Net changes in non-cash operating working capital items	**1,036,215**	(44,416)	**818,330**	1,023,161
Cash flows related to operating activities	**(1,141,783)**	(1,336,116)	**(3,132,435)**	(1,631,674)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(81,476)**	(711)	**(141,050)**	(12,849)
Cash flows related to investing activities	**(81,476)**	(711)	**(141,050)**	(12,849)
FINANCING ACTIVITIES				
Repayment of long-term debt and loan payable	**(8,324)**	(232,865)	**(15,751)**	(371,680)
Capital stock and other equity instruments issuance costs *[note 2]*	–	–	**(749,950)**	–
Increase of capital stock resulting from the reverse takeover transaction *[note 1]*	–	–	**958,432**	–
Issuance of capital stock *[note 2]*	**503,131**	1,363,079	**12,623,131**	1,378,829
Costs related to the reverse takeover transaction *[note 1]*	–	–	**(148,816)**	–
Cash flows related to financing activities	**494,807**	1,130,214	**12,667,046**	1,007,149
Net change in cash and cash equivalents	**(728,452)**	(206,613)	**9,393,561**	(637,374)
Cash and cash equivalents, beginning of period	**11,553,136**	40,055	**1,431,123**	470,816
Cash and cash equivalents, end of period	**10,824,684**	(166,558)	**10,824,684**	(166,558)

See accompanying notes

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

Description of business

LMS Medical Systems Ltd. [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, 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 its holder to acquire one common share at an exercise price of $3.00 until its maturity in January 2008.

As a result, the Company became the legal parent company of LMS. Following the reverse takeover transaction, historical financial information presented for comparative purposes by the Company, will be 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.

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.

Since the Company changes its year ended from October 31 to March 31 and had no requirement to prepare interim financial information for periods that ended before it became an issuer in Canada, comparative financial information has been prepared base on the monthly interim financial statements of LMS which cover the three-month period and six month period ended September 30, 2003 that were used internally by management.

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	155,482	503,131
Balance, end of period	**14,499,260**	**41,137,244**

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.

During the period, 155,482 warrants were exercised for a total proceed of $503,131.

2. *CAPITAL STOCK [Cont'd]*

Warrants

The changes to number of warrants issued by the Company are 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]*	270,727	–
Balance, beginning of period	3,247,338	1,078,500
Exercise of warrants	(155,482)	(144,700)
Balance end of period	3,091,256	933,800

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 2.1 years as at September 30, 2004.

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, end of period	1,412,272	4.25

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 period ended September 30, 2004, the Company recorded an expense of $70,000 in connection with these options.

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		Six-month period ended	
	September 30, 2004 $	**September 30, 2003 $**	**September 30, 2004 $**	**September 30, 2003 $**
Net loss *[see note 4]*	**(2,275,272)**	(1,706,280)	**(4,076,532)**	(3,446,117)
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)	**(58,698)**	(59,610)
Pro forma net loss	**(2,304,621)**	(1,736,085)	**(4,135,230)**	(3,505,727)
Pro forma basic and diluted loss per share	**(0.16)**	(0.45)	**(0.29)**	(0.91)

3. SPECIAL CHARGES

During the three-month period ended June 30, 2004, the Company incurred professional fees, listing fees and other charges totaling $223,441 in connection with the listing of its shares on the Toronto Stock Exchange ["TSX"] which occurred on April 22, 2004.

The Company has also initiated a process to become of Registrant as foreign private issue with the Securities Exchange Commission ["SEC"] in the United States and has incurred additional special charges during this three-month period in connection with this process.

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		Six-month period ended	
	September 30, 2004 $	**September 30, 2003 $**	**September 30, 2004 $**	**September 30, 2003 $**
Numerator				
Net loss	**(2,275,272)**	(1,371,856)	**(4,076,532)**	(2,819,435)
Stock dividends on preferred shares	–	(299,326)	–	(549,448)
Accreted interest on convertible debenture	–	(35,098)	–	(77,234)
Net loss attributable to common shares – Basic and diluted	**(2,275,272)**	(1,706,280)	**(4,076,532)**	(3,446,117)
Denominator				
Weighted-average number of common shares – Basic and diluted	**14,344,260**	3,844,456	**14,344,260**	3,844,456

5. ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada. As further described in Note 16 to the audited consolidated financial statements of LMS for the five-month period ended March 31, 2004, these accounting principles differ in certain respects from those that would have been followed had these financial statements been prepared in conformity with accounting principles generally accepted in the United States and related rules and regulations adopted by the United States Securities and Exchange Commission.

6. SUBSEQUENT EVENT

Following the end of the period, 1,245,000 warrants were exercised generating additional liquidity for an amount of $ 4,021,000.

7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.