

LMS ANNOUNCES SECOND QUARTER RESULTS

For Immediate Release

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 was 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.
- 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.

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Statements in this press release and any other statements, managements' future expectations, beliefs, goals, plans or prospects constitute forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking statements made pursuant to the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Without limiting the foregoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking statements. You are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause actual results, future circumstances, or events to differ materially from those projected in the forward-looking statements. These risks include, but are not limited to, those associated with the success of research and development programs, the regulatory approval process, competition, securing and maintaining corporate alliances, market acceptance of the Company's products, the availability of government and insurance reimbursements for the Company's products, the strength of intellectual property, financing capability, the potential dilutive effects of and financing, reliance on subcontractors and key personnel and other risks detailed from time-to-time in the Company's public disclosure documents or other filings with the Canadian and U.S. securities commissions or other securities regulatory bodies. The forward-looking statements are made as of the date hereof, and the Company disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.