

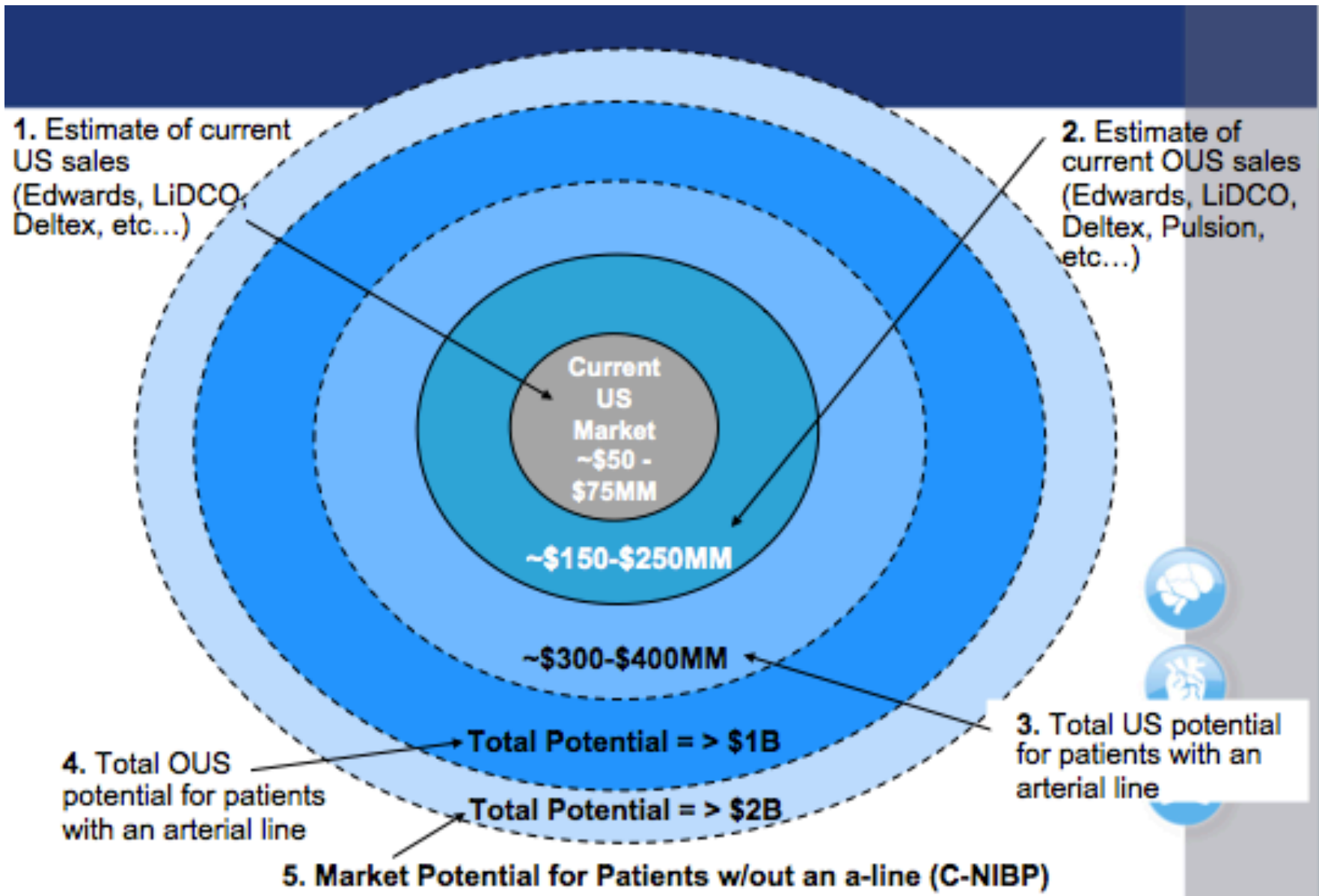
Interim Results Presentation

Six months to 31 July 2012

23 October 2012



Worldwide market opportunity



Progress during the period

- Total revenue increased by 4% to £3.35m (2011: £3.21m)
- Product sales (excluding non recurring license fees) were up £0.5m, an increase of 20%
- Total revenue in the UK increased by 49% to £2.38m (£1.60m) with LiDCO product revenue up 16%
- Gross profit margins excluding third party products up from 75% to 80%
- Operating loss £0.29m (2011: £0.24m)
- Gross cash balance of £1.00m
- Loss per share 0.18p (2011: 0.14p)

- 151 monitors installed in the period (2011: 149) with LiDCO*rapid* representing 75% of installed monitor base
- UK disposables unit sales up 15% overall with surgical disposables up 33%
- Received regulatory and reimbursement approval in Japan for LiDCO*rapid* and associated disposable kits
- NHS Technology Adoption Centre issued Intraoperative Fluid Management Technologies ["IOFMT"] Adoption Pack, which aims to guide the successful implementation of IOFMT across the NHS in England
- The project for monitor integration and parameter convergence is progressing well and LiDCO*rapid* v2 with Unity software is on target for launch in the last quarter of 2012

Post period end

- Nihon Khoden appointed exclusive distributor for LiDCO*rapid* monitor and associated disposable kits in Japan on 3 August 2012
- USA distribution arrangements amended

Income statement

	6 months ended 31 July 2012 £'000	6 months ended 31 July 2011 £'000
Revenue	3,348	3,215
Cost of sales	(1,187)	(955)
Gross profit	2,161	2,260
Administrative expenses	(2,450)	(2,505)
Loss from operations	(289)	(245)
Finance income	1	3
Finance expense	(24)	-
Loss before tax	(312)	(242)
Income tax	(9)	1
Profit/(loss) and total comprehensive income/ (expense)	(321)	(241)
Earnings/(loss) per share (basic and diluted) (p)	(0.18)	(0.14)

Summary cash flow

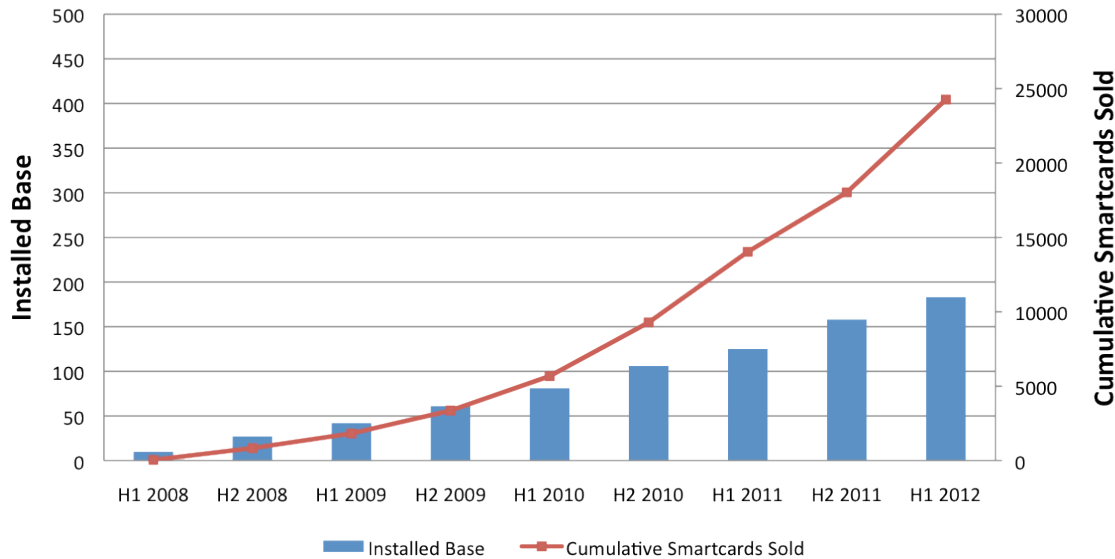
	6 months ended 31 July 2012 £'000	6 months ended 31 July 2011 £'000
Loss before tax	(312)	(242)
<i>Net cash inflow/(outflow) from operating activities</i>	<i>167</i>	<i>(63)</i>
Net cash used in investing activities	(711)	(327)
Net cash outflow before financing	(544)	(390)
Cash flows from financing activities		
Repayment of finance lease	(79)	(5)
Issue of ordinary share capital	13	2
<i>Net cash outflow from financing activities</i>	<i>(66)</i>	<i>(3)</i>
Net decrease in cash and cash equivalents	(610)	(393)
Opening cash and cash equivalents	1,341	1,404
Closing cash and cash equivalents	731	1,011
Cash at bank	1,001	1,122
Overdraft	(270)	(111)
Closing cash and cash equivalents	731	1,011

Balance sheet

	31-Jul-12	31-Jul-11	31-Jan-12
	£'000	£'000	£'000
Non-current assets	2,108	1,267	1,830
Current assets			
Inventory	1,771	1,259	1,349
Trade & other receivables	1,981	1,997	2,427
Cash	1,001	1,122	1,553
Total current assets	4,753	4,378	5,329
Current liabilities			
Trade & other payables	(1,391)	(1,066)	(1,210)
Deferred income	(273)	(130)	(266)
Borrowings	(447)	(111)	(388)
Total current liabilities	2,111	1,307	1,864
Net current assets	2,642	3,071	3,465
Long term liabilities	(520)	-	(663)
Net assets	4,230	4,338	4,632

Geographical Markets

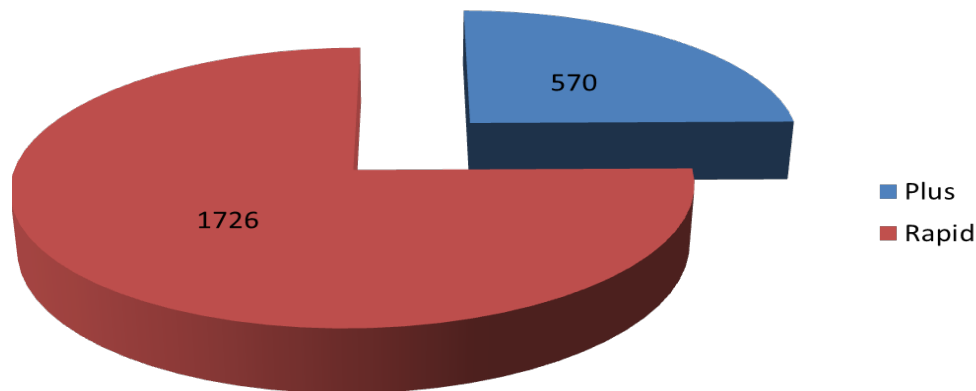
LiDCORapid Cumulative Installed Base and Smartcards Sold UK



Smart cards sold per half year / cumulative monitor base

Average usage per monitor per month 5.7

LiDCO Monitor Installed Base is Now 2,296



LiDCORapid driving growth of installed base

Installed base is rolling 7 year net number of monitors in the market

- Total revenue up 49% to £2,377,000 (2011: £1,595,000)
- Monitor revenue down 14% to £238,000 (2011: £277,000)
- Disposable revenues rose to £3.2m up 78% from £1.8m
 - Sensor and Smartcard sales of £1,267,000 up 24% (2011: £1,024,000)
 - Sensors (6,415) & Smartcards (6,295) units up 2% & 33% respectively
 - Argon disposables £871,000 (2011: £294,000)
- Disposables are 84% of LiDCO revenue
- NHS push starting to drive sales in high-risk surgery market
- New software with depth of anesthesia and a non-invasive blood pressure module expected to be on the market in the UK in our Q4

- Distribution product revenues up 17% £424,000 (2011: £364,000)
- No license fees (2011: fee of £290,000)
- Monitor units 65 (2011: 58)
- LiDCO*plus* product revenues £104,000 (2011:£182,000)
- LiDCO remains the sole hemodynamic monitoring technology used in the US MOnIToR multi-center organ transplantation trial, with 478 patients recruited – trial concluding shortly
- Distribution arrangements changed (see later)

Continental Europe

- Economic headwind continues and distributors destock
- Total revenue down by 40% to £265,000 (2011: £442,000)
- Monitor sales revenue of £43,000 down 72% (2011: £153,000)
- Sensor/Smartcard sales down 23% (2011: 289,000)
- Stronger second half expected and growth next year driven by new product

ROW and Japan

- Product revenues down £39,000 to £178,000 (2011: £217,000)
- No license fees (2011: £125,000)
- Monitor revenues up £40,000, disposables down £79,000 to £20,000
- Japanese regulatory and reimbursement approval obtained for LiDCO*rapid* monitor and disposables – Nihon Kohden appointed
- The Japanese hemodynamic monitoring high-risk surgery market has a potential value of US\$285 million per annum

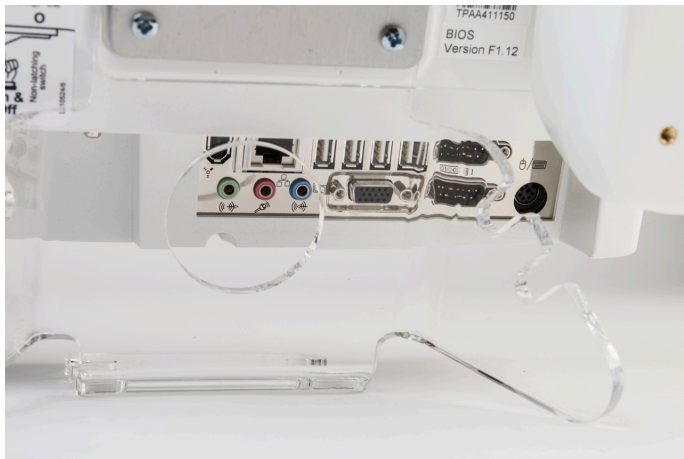
Product development & Partners

LiDCO's new technology platform



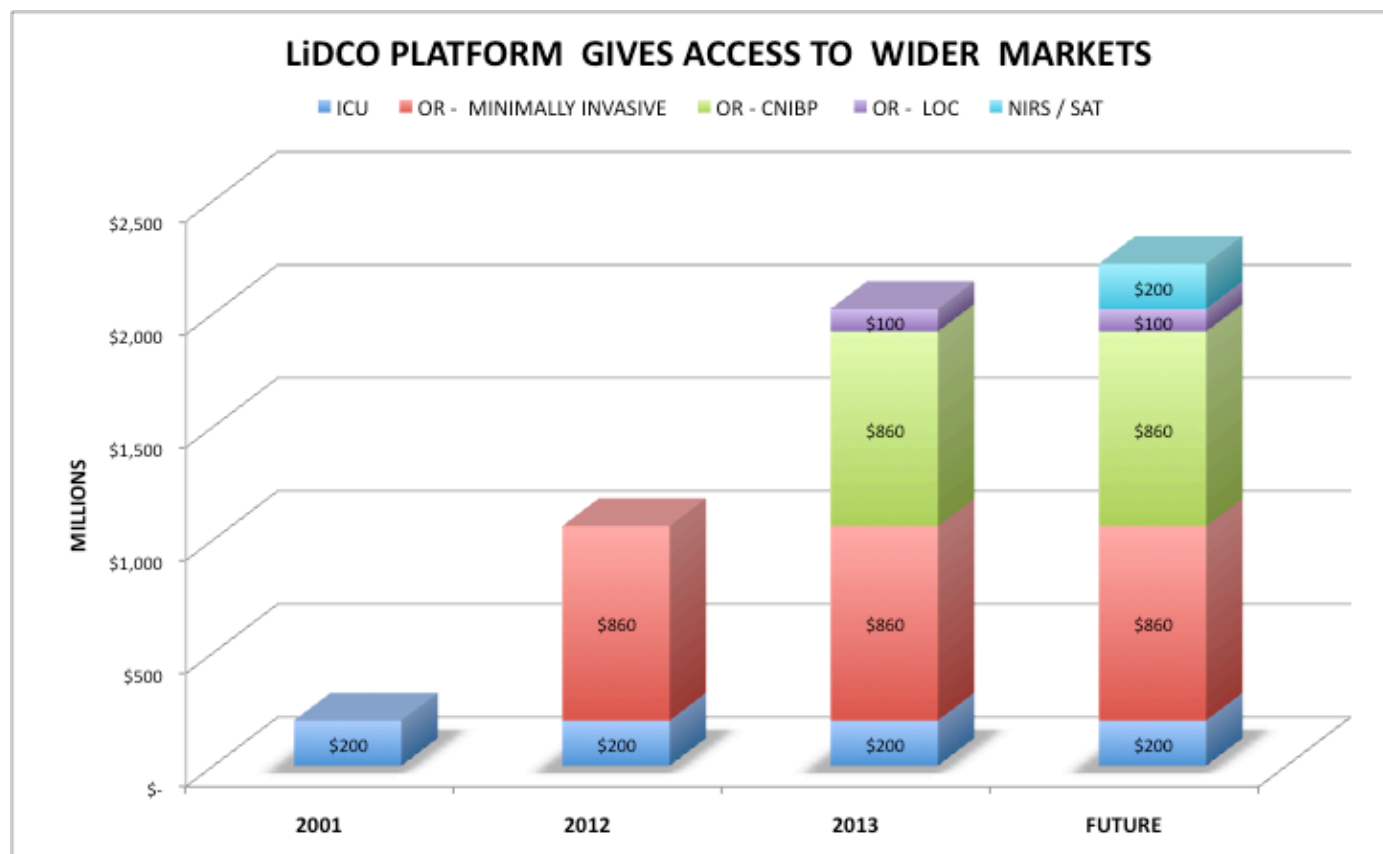
LiDCO*rapid* v2 with Unity Software

LiDCO platform - peri-operative focus



- Continuous arterial line and non-invasive blood pressure
 - Fluid monitoring
 - Blood flow monitoring
- Level of consciousness
- Additional functions can be quickly added via USB modules – possible targets include:
 - Near infra-red spectroscopy
 - Venous saturation
 - Hemoglobin & arterial saturation

Cumulative impact of product development



- Continuous non-invasive blood pressure (CNIBP)
- Level of consciousness (LOC)
- Near infra-red spectroscopy (NIRS)
- Hemoglobin/Arterial saturation
- Venous (mixed & central) saturation (SAT)

- LiDCO has wide ranging peri-operative technology – with a multi-parameter PC platform
 - Upgradable platform monitor, low COGS & long life
- Being a global player requires us to have partners:
 - For distribution
 - To license-in modules: LOC, CNIBP, SAT/Hb, NIRS etc
 - With other mutually beneficial arrangements
 - possible access to existing installed base via swap out
 - taking advantage of either side's direct sales forces & distribution network
- Key markets: UK, Japan & **USA**

What have we learnt in the USA?

UK & USA sales /sales pipeline analysis shows:

- Similar evaluation conversion rates @ circa 43%
- A higher **number of monitors sold/placed per evaluation** in the US compared to UK
- Higher pricing in the US for both monitors and disposables
- Disposable revenue flow of 3x that of the UK per salesman after three years
- Conclusion: Sales metrics are strong for *LiDCOrapid*

Analysis of UK and USA sales metrics

Opportunity analysis UK v US			
		UK	US
Monitor revenue			
Target evaluations per rep pa		20	20
Success rate (PO resulting from an evaluation)		43%	43%
Evaluations won/year		8.6	8.6
Average number of monitors per order		1.7	3.0
Total monitor sold/placed pa		15	26
Monitors sold %		77%	47%
Monitors sold - units		11	12
Average selling price		\$8,525	\$10,000
Capital sales revenue per annum		\$95,969	\$121,260
Disposable revenue			
Monitor installed in each year		15	26
Installed base after 3 years		44	77
Average disposables per monitor per month		6	6
Average disposable selling price		\$105	\$210
Annual disposable revenue in year 3		\$330,003	\$1,170,288
Total revenue in year 3		\$425,972	\$1,291,548
Conversion for comparison @ £1 = \$1.55			

- Acknowledgement that we require partners
- Last year US distributor represented 20% of turnover – target is closer to 50%
- As the USA is LiDCO's largest market opportunity – 1.7m high risk surgery patients per annum
- So we amended arrangements with our exclusive major corporate partner to exploit the strong demand for LiDCO
- Now have direct sales and seeking additional partners
- With partners LiDCO will now agree & monitor suitable sales metrics that are activity based

Summary of major market partners

- **UK**
 - Direct sales & Argon distribution
- **USA**
 - Covidien non-exclusive
 - ICU licensee (royalty stream)
 - LiDCO direct sales
 - Discussions taking place with additional partners
- **Japan**
 - Argon – disposables
 - Nihon Kohden – monitors & market access

- NHS IOFMT in England from April 2013
- Japanese launch – reimbursement available at \$420 per use
- LiDCO*rapid* v2 Unity software
 - Increase use in existing LiDCO*rapid* monitor installed base
 - Software / hardware upgrade income stream
 - Expansion of installed base
- License revenue from new distribution arrangements
- Technology royalty stream – starting in 2013

- Solid near-term revenue drivers which anticipates license fees from new US distribution arrangements in second half
- Successfully entered the Japanese market; now have access to the three major world markets – USA, Japan, UK with emerging interest from other territories
- Technology improvements which will continue to drive sales growth
- The NHS push for the adoption of advanced fluid management in surgery should continue growth of domestic sales
- Now more attractive to corporate partners
 - Availability of US market
 - Breadth of product offering and parameter integration
- Combination of innovative technology, growing recognition of the clinical and economic benefits of peri-operative fluid optimization, commercial partnerships and potential to build on these, will drive the Company forward

Appendices

Summary of sales

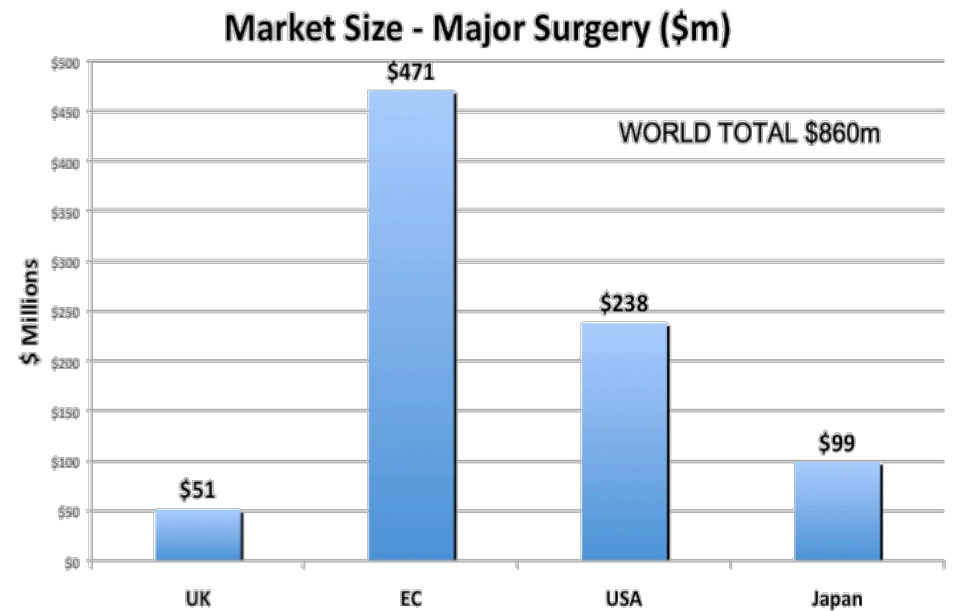
	6 months to 31 July 2012	6 months to 31 July 2011	Increase/ (decrease)	Increase/ (decrease) %
Sales by type (£'000)				
- Monitors	648	774	(126)	(16%)
- Sensors, Smartcards and other recurring revenue	1,829	1,732	97	6%
- Third party products	871	294	577	196%
- License Fees and Other Income	0	415	(415)	
Product income <i>[includes third party products]</i>	3,348	2,800	548	20%
Total Income (+ license fees)	3,348	3,215	133	4%
Sales by Units				
Monitors sold/placed	151	149	2	1%
Sensor, Smartcard and Fee per Use Sales	21,845	22,267	(422)	(2%)
7 Year Installed Base (period end)	2,296	2,059	237	12%

Major surgery market arterial line

5.31 million major surgery procedures globally:

- 0.34m in UK
- 2.56m in Europe
- 1.70m in USA
- 0.68m in Japan

TOTAL SURGERIES	AVG PRICE	MARKET SIZE
5.31M	\$162	\$860M



Reference: Pearse et al., Critical Care 2006, 10:R81 (doi:10.1186/cc4928)