11 October 2016

LIDCO GROUP PLC
("LiDCO", "Group" or the "Company")

Half-year Report
Interim Results for the six months ended 31 July 2016

LiDCO (AIM: LID), the hemodynamic monitoring company, announces its unaudited Interim Results for the six months ended 31 July 2016.

Financial Highlights

- LiDCO product revenues up 10% to £3.03m (2015: £2.76m)
- Total product revenues (including 3rd party products) up 5% to £3.77m (2015: £3.60m)
- USA revenues up 37% to £0.68m (2015: £0.49m)
- Loss before tax* £309,000 (2015: £525,000)
- Loss per share 0.19p (2015: 0.36p)
- Net cash inflow of £498,000 (2015: net cash outflow £124,000). Cash balances at 31 July 2016 of £2.09m (31 January 2016: £1.59m)
- Company remains debt free and well-funded

* *before share based payments and 2015 exceptional item*

Operational Highlights

- Global disposables (excluding 3rd party products) units up 9% to 27,154 (2015: 24,970) with 92 monitors (2015: 65) sold or placed in H1
- Exports increased to 43% (2015: 38%) of sales of LiDCO products
- UK disposables units up 13% to 16,590 (2015: 14,660), remaining clear market leader in the home market
- Revenues outside of the two direct markets grew 13% to £0.63m (2015: £0.56m) led by re-commencement of monitor and disposable sales to Japan
- LiDCO*unity* monitor launched enabling seamless continuous hemodynamic monitoring across the clinical pathway
- Regulatory approval for LiDCO*rapid*^{v2} for commercial sale in China
- Launch of LiDCO*rapid*^{v2} with non-invasive technology in Japan
- Master distribution agreement signed for Sub Sahara Africa and new distributor contracts signed for Canada, Saudi Arabia and Singapore
- Further independent evidence supporting clinical use of LiDCO hemodynamic monitoring technology to improve patient outcomes and improve clinical care
- Appointment of Phil Cooper to the Board, as a Non-Executive Director

Commenting on the results Matt Sassone, Chief Executive Officer, said: *"Our performance in H1 is in line with expectations as we execute on our strategy. We remain focused on building on our solid platform in the UK whilst we pursue additional growth from our substantial US opportunities and other distributor markets."*

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CHIEF EXECUTIVE OFFICER'S REVIEW

During my first year as CEO I set out LiDCO's plans to drive international expansion whilst maintaining our market leading position in our home market. This set of results and the actions put in place during the period show us starting to deliver on those plans to fully realise the opportunities for LiDCO technology globally.

With the challenging environment of the NHS, I am very pleased with our results in the UK which provide us with a solid base from which to expand. We have seen the capital buying process lengthen but the fundamental flow of recurring disposable revenue grew. This enables us to make further investments in our commercial activities abroad.

The USA is the largest and fastest growing market for hemodynamic monitoring as a result of increased adoption of Enhanced Recovery After Surgery ('ERAS') and Perioperative Surgical Home ('PSH') programmes. This has been reflected in our results, a 37% revenue growth versus the comparative period. As part of our investment programme we have added to our US commercial team and plan to continue to do so in order to exploit this substantial opportunity.

Outside of our direct markets of the UK and US we continue to prioritise opportunities as we seek to build sustainable repeatable businesses. The rate of adoption of hemodynamic monitoring varies greatly across the world, and our aim is to build a number one or two position in target countries.

We continue to build on a foundation of strong technology and product development. So far this year we have seen a number of independent clinical trials published reporting improved patient outcomes when using LiDCO technology in cardiac, caesarian, oncology, abdominal and orthopaedic surgery and have launched the LiDCO*unity* monitor offering non-invasive, minimally invasive and calibrated solutions with one disposable.

Financial Results

Overall revenues were up £170,000 to £3.77m (2015: £3.60m) with LiDCO product revenues up 10% to £3.03m (2015: £2.76m).

Gross profit increased 6% overall to £2.52m (2015: £2.37m), although the gross profit margin on LiDCO product sales decreased from 80% to 78%, largely the effect of product mix. Excluding the exceptional costs in the comparative period, administrative costs decreased by 3% to £2.87m (2015: £2.95m) as we managed our expenses to allow re-allocation of resources to commercially focused activities.

Net cash inflow from operating activities in the period was £856,000 (2015: £315,000) resulting from reductions in debtors and the planned reduction in inventory. Regarding product development activities, during the period we continued to invest in the next generation of LiDCO products and continued development of the LiDCO*unity* product for which we obtained registration in March 2016. Total expenditure on product development during the period was £203,000 and expenditure in the second half is expected to be about £250,000 compared with total development costs in the prior year of £419,000. Net cash inflow was £498,000 (2015: net cash outflow £124,000).

Cash balances at 31 July 2016 amounted to £2.09m (31 January 2016: £1.59m). The Company has no borrowings.

Operational Review

Exports increased to 43% (2015: 38%) of sales of LiDCO products and this shift is in line with our stated intention to grow our export sales as a percentage of total sales from our leading position in our home market.

Our strongest growth came from the USA where the adoption of hemodynamic monitoring is gaining significant pace. Our revenues grew 37% driven by strong capital sales as we won new customer business and expanded our commercial reach by signing a distribution agreement with ICU Medical. Royalties from the ICU Medical Cogent monitor are expected in the 2017/18 financial year. However, with an increasingly competitive environment, overall disposable sales declined as we concentrated on increasing sales of monitors to new customer accounts. Excluding the loss of a significant customer smartcard units grew by 2%.. With the market opportunities developing, we have added to our direct sales team this year and plan to continue to do so as well as using strategic relationships to promote the technology. One driver for this investment is the five year purchasing agreement covering 38 hospitals which we signed in 2015. This has begun to contribute to our growth as we convert the individual hospitals to our technology.

Sales in the UK (excluding third party products) were £1.72m (2015: £1.71m). This level performance is attributable to delayed purchases of monitors as we experience elongated capital expenditure approval processes. We expect to realise these delayed sales in the second half of this financial year. Despite this, recurring disposable revenue grew with units up 13% to 16,590 (2015: 14,660), making LiDCO the clear market leader in the UK.

In the UK we saw an anticipated decline of our lower margin third party products sales to £0.75m (2015: £0.84m) largely due to increased pricing pressure.

In the first six months we recommenced sales of monitors to our Japanese partners and continued the trend of disposables sales that LiDCO experienced at the end of last financial year. In-market sales continued to make progress and we recently launched the non-invasive version of our product. However to increase traction in this large mature hemodynamic market we are seeking additional distribution activities.

During the period we signed master distribution agreements with LOK Corporation covering a number of territories across the Sub-Saharan African and Canada. These agreements are a further extension of the Company's approach to global marketing and distribution management. We have also signed new distribution contracts in Saudi Arabia and Singapore, allowing LiDCO to benefit from hemodynamic monitoring being adopted globally.

Sales to distributors whether in Rest of World (ROW) or in Europe were collectively in-line with internal expectations with area fluctuations due to timing. As experienced by many other medical device manufacturers we have been subject to lengthy delays in registering our products in China. However having received clearance earlier this year we have high expectations of this growing market as it starts to adopt hemodynamic monitoring. Significant growth is expected from our distribution markets in the second half of the year.

Further details of the Company's performance, in terms of revenues and unit sales by key geographies, are given in the tables below:

	6 months to July 2016				6 months to July 2015			
	Monitors	**Disposables**	**Other**	**Total**	Monitors	Disposables	Other	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
LiDCO Sales								
UK	**71**	**1,499**	**151**	**1,721**	205	1,342	162	1,709
US	**236**	**437**	**4**	**677**	20	468	5	493
Japan	**31**	**53**	**-**	**84**	8	-	-	8
Europe	**153**	**191**	**6**	**350**	33	240	6	279
Rest of World	**29**	**164**	**3**	**196**	145	123	3	271
	520	**2,344**	**164**	**3,028**	411	2,173	176	2,760
3rd party sales								
UK	**-**	**746**	**-**	**746**	-	843	-	843
Total Sales	**520**	**3,090**	**164**	**3,774**	411	3,016	176	3,603

Unit sales performance by category in key geographies

Unit sales	6 months to July 2016		6 months to July 2015	
(incl placed monitors)	**Monitors**	**Disposables**	Monitors	Disposables
	Units	**Units**	Units	Units
Surgery Products				
UK	**19**	**11,545**	29	10,750
US	**36**	**3,045**	6	3,285
Japan	**10**	**1,000**	-	-
Europe	**16**	**1,680**	5	2,595
Rest of World	**8**	**2,050**	8	1,075
Surgery total	**89**	**19,320**	48	17,705
ICU Products				
UK	**-**	**5,045**	14	3,910
All other territories	**3**	**2,789**	3	3,355
ICU total	**3**	**7,834**	17	7,265
Total LiDCO products	**92**	**27,154**	65	24,970

Strategic plans going forward

I laid out the strategic plans in the annual report for 2015/16 and these remain fundamentally unchanged. The strength of our business model and future success of this business lies in increasing the recurring sales of our high gross margin disposable products. Increasing the numbers of productive LiDCO-enabled monitors should ultimately increase the amount of disposables used in hospitals.

Our technology satisfies our customers' need for a product that can support their clinical decision-making across the care continuum as aligned with ERAS and PSH protocols. This has been further reinforced by the launch early this year of our LiDCO*unity* product offering non-invasive, minimally invasive and calibrated solutions with one disposable. Maintaining our technology leadership is key and we continue to invest in further product enhancements and expect to enter a cycle of annual product releases moving forward.

As recently announced we continue to see evidence of our products improving patient outcomes in different clinical applications by the independent research published this year and will look for the commercial opportunities arising from these.

Geographical expansion remains the greatest driver of future growth and we continue to focus our efforts on developing sustainable, repeatable businesses outside our core UK market. As the world's largest single market for hemodynamic monitoring, the USA represents a significant opportunity for us. Since late 2012 we have sold directly into USA hospitals via a small direct sales force, and we continue to expand our presence and investigate ways to address the market access challenge.

In the UK we believe that we can continue to increase our market share. Many hospitals use multiple hemodynamic monitoring technologies from a number of suppliers. With our differentiated offering we are well placed to offer a single solution that can enable these users to consolidate to a single supplier for hemodynamic monitoring products. By doing this we aim to help hospitals better manage their financial costs and reduce their clinical risks.

After the USA, Japan is the second largest market for hemodynamic monitoring in the world. Japan is a conservative market and we are working closely with our existing strategic partners as we seek new distributors to drive greater growth for our reimbursed product offering. We recently launched our non-invasive product in Japan and feel that this new offering with a revitalised commercial effort has the potential to improve our sales in this key market.

As part of a more targeted sales approach we have selected markets within Europe, Middle East and Asia where we have identified strong growth opportunities. Outside these key target countries we have started to work with regional distribution management organisations to help support the growing demand for hemodynamic monitoring as it gathers more global interest.

Outlook

LiDCO has had a strong start to the year, aligned to the tactical initiatives that we implemented last year. Traditionally our results are second half weighted and we expect this to be the same this year. We foresee 2016/17 as being a year of sales growth and cash generation allowing us to continue to invest in the business to achieve the growth opportunities that we believe are available with our proven and patented technology.

Matt Sassone
Chief Executive Officer
11 October 2016

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
For the six months ended 31 July 2016

	Note	**Six months ended 31 July 2016 Unaudited £'000**	Six months ended 31 July 2015 Unaudited £'000	Year ended 31 January 2016 Audited £'000
Revenue	3	**3,774**	3,603	7,593
Cost of sales		**(1,259)**	(1,229)	(2,455)
Gross profit		**2,515**	2,374	5,138
Administrative expenses		**(2,871)**	(2,945)	(5,555)
Exceptional cost		**-**	(120)	(163)
Total costs		**(2,871)**	(3,065)	(5,718)
Loss from operations before exceptional cost and share based payment charge		**(312)**	(527)	(345)
Exceptional cost		**-**	(120)	(163)
Share based payment charge		**(44)**	(44)	(72)
Loss from operations		**(356)**	(691)	(580)
Finance income		**3**	2	3
Finance expense		**-**	-	(1)
Loss before tax		**(353)**	(689)	(578)
Income tax		**(10)**	(3)	162
Loss for the year and total comprehensive income attributable to equity holders of the parent		**(363)**	(692)	(416)
Loss per share (basic and diluted)		**(0.19p)**	(0.36p)	(0.21p)

CONDENSED CONSOLIDATED BALANCE SHEET
At 31 July 2016

	31 July 2016 Unaudited £'000	31 July 2015 Unaudited £'000	31 January 2016 Audited £'000
Non-current assets			
Property, plant and equipment	**920**	1,081	931
Intangible assets	**1,886**	1,885	1,869
	2,806	2,966	2,800
Current assets			
Inventory	**1,544**	2,076	1,939
Trade and other receivables	**2,073**	2,156	2,480
Current tax	**-**	-	168
Cash and cash equivalents	**2,085**	1,385	1,587
	5,702	5,617	6,174
Current liabilities			
Trade and other payables	**(1,334)**	(1,377)	(1,482)
Deferred income	**(117)**	(134)	(116)
	(1,451)	(1,511)	(1,598)
Net current assets	**4,251**	4,106	4,576
Total assets less current liabilities	**7,057**	7,072	7,376
Equity attributable to equity holders of the parent			
Share capital	**971**	971	971
Share premium	**27,798**	27,798	27,798
Merger reserve	**8,513**	8,513	8,513
Retained earnings	**(30,225)**	(30,210)	(29,906)
Total equity	**7,057**	7,072	7,376

CONDENSED CONSOLIDATED COMPREHENSIVE CASH FLOW STATEMENT
For the six months ended 31 July 2016

	Six months ended 31 July 2016 Unaudited £'000	Six months ended 31 July 2015 Unaudited £'000	Year ended 31 January 2016 Audited £'000
Loss before tax	**(353)**	(689)	(578)
Finance income	**(3)**	(2)	(3)
Finance expense	**-**	-	1
Depreciation and amortisation charges	**355**	343	720
Share based payments	**44**	44	72
Decrease in inventories	**395**	43	180
Decrease in receivables	**407**	661	338
Decrease in payables	**(148)**	(218)	(114)
Increase/(decrease) in deferred income	**1**	13	(5)
Net tax received	**158**	120	117
Net cash inflow from operating activities	**856**	315	728
Cash flows from investing activities			
Purchase of property, plant & equipment	**(130)**	(132)	(163)
Purchase of intangible assets	**(231)**	(309)	(493)
Proceeds on the sale of equipment	**-**	-	4
Finance income	**3**	2	3
Net cash used in investing activities	**(358)**	(439)	(649)
Net cash inflow/(*outflow*) before financing	**498**	(124)	79
Cash flows from financing activities			
Finance expense	**-**	-	(1)
Net cash outflow from financing activities	**-**	-	(1)
Net increase/(decrease) in cash and cash equivalents	**498**	(124)	78
Opening cash and cash equivalents	**1,587**	1,509	1,509
Closing cash and cash equivalents	**2,085**	1,385	1,587

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended 31 July 2016

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 February 2015	971	27,798	8,513	(29,562)	7,720
Share based payment expense	–	–	–	72	72
Transactions with owners	–	–	–	72	72
Loss for the year	–	–	–	(416)	(416)
At 31 January 2016	**971**	**27,798**	**8,513**	**(29,906)**	**7,376**
Share based payment expense	–	–	–	44	44
Transactions with owners	–	–	–	44	44
Loss for the half year	–	–	–	(363)	(363)
At 31 July 2016	**971**	**27,798**	**8,513**	**(30,225)**	**7,057**

NOTES TO THE INTERIM STATEMENT

1. BASIS OF PREPRATION

The Group's interim report for the six months ended 31 July 2016 were authorised for issue by the directors on 11 October 2016. The consolidated interim financial information, which is unaudited, does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. Accordingly, this condensed report is to be read in conjunction with the Annual Report for the year ended 31 January 2016, which has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and any public announcements made by the Group during the interim reporting period.

The statutory accounts for the year ended 31 January 2016 have been reported on by the Group's auditors, received an unqualified audit report and have been filed with the registrar of companies at Companies House. The unaudited condensed interim financial statements for the six months ended 31 July 2016 have been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ending 31 January 2017, which are not expected to be significantly different to those set out in note 1 to the Group's audited financial statements for the year ended 31 January 2016.

The interim report has not been audited but it has been reviewed under the International Standard on Review Engagements (UK and Ireland) 2410 of the Auditing Practices Board.

After review of the Group's operations, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the unaudited condensed interim financial statements.

2. ACCOUNTING POLICIES

The interim financial information has been prepared on the basis of the recognition and measurement requirements of IFRS, which were the accounting policies used in the Report and Accounts for the Group for the year ended 31 January 2016. The accounting policies are unchanged from those used in the last annual accounts.

3. REVENUE AND SEGMENTAL INFORMATION

The Group has one segment - the supply of monitors, disposables and support services associated with the use of the LiDCO's cardiac monitoring equipment. Geographical and product type analysis is used by management to monitor sales activity and is presented below:

Turnover and result by geographical region

Group revenue	**Six months ended 31 July 2016 £'000**	Six months ended 31 July 2015 £'000	Year ended 31 January 2016 £'000
UK – LiDCO products	1,721	1,709	3,584
UK – third party products	746	843	1,635
USA	677	493	1,071
Japan	84	8	35
Continental Europe	350	279	732
Rest of World	196	271	536
	3,774	3,603	7,593

Result			
UK – LiDCO products	811	670	1,691
UK – third party products	149	169	277
USA	4	(18)	91
Japan	57	4	27
Europe	126	123	376
Rest of World	95	99	251
Total	1,242	1,047	2,713
Unallocated costs	(1,598)	(1,738)	(3,293)
Loss from operations	(356)	(691)	(580)

Revenue by type

Monitor sales	520	411	784
Disposables sales	2,344	2,173	4,821
Distributed third party disposables	746	843	1,635
Total product revenue	3,610	3,427	7,240
Other income including service contracts	164	176	353
	3,774	3,603	7,593

The Group can identify trade receivables and trade payables relating to the geographical segments. As noted above, the Group has one segment and other assets and liabilities together with non-sales related overheads are not accounted for on a segment by segment basis. Accordingly, segment assets, liabilities and segment cash flows are not provided.

4. LOSS PER SHARE

The calculation of the loss per share for the six months to 31 July 2016 is based on the loss for the period of £363,000 and the weighted average number of shares in issue during the period of 194,174,908.

5. DISTRIBUTION OF THE INTERIM STATEMENT

Copies of this statement will be available for collection free of charge from the Company's registered office at 16 Orsman Road, London N1 5QJ. An electronic version will be available on the Company's website, www.lidco.com.

The Company presentation will be available from today on the LiDCO website www.lidco.com.

Independent review report to LiDCO Group Plc

Introduction

We have been engaged by the Company to review the financial information in the half-yearly financial report for the six months ended 31 July 2016 which comprises the condensed consolidated comprehensive income statement, condensed consolidated balance sheet, condensed consolidated comprehensive cashflow statement, condensed consolidated statement of changes in shareholders' equity and notes. We have read the other information contained in the half yearly financial report which comprises only the Chief Executive Officer's Review and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1 the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

Our responsibility

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2016 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

Grant Thornton UK LLP
Auditor
London
10 October 2016

The maintenance and integrity of the LiDCO Group Plc website is the responsibility of the directors: the interim review does not involve consideration of these matters and, accordingly, the Company's reporting accountants accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the interim report differ from legislation in other jurisdictions.

- ENDS -