10 October 2017

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

Half-year Report
Interim Results for the six months ended 31 July 2017

LiDCO (AIM: LID), the hemodynamic monitoring company, announces its unaudited Interim Results for the six months ended 31 July 2017.

Financial Highlights

- LiDCO revenues (excluding 3rd party products) up 8% to £3.3m (H1 2016: £3.0m)
- Total revenues (including 3rd party products) up 4% to £3.9m (H1 2016: £3.8m)
- UK revenues (excluding 3rd party products) up 14% to £2.0m (H1 2016: £1.7m)
- US revenues up 19% to £0.8m (H1 2016: £0.7m)
- EBITDA loss £0.6m (H1 2016: breakeven) following planned investment in sales and marketing
- Loss per share 0.42p (H1 2016: loss per share 0.19p)
- Net cash outflow of £0.9m (H1 2016: net cash inflow £0.5m). Cash balances at 31 July 2017 of £4.0m (31 January 2017: £4.9m) and debt free
- Company has a strong balance sheet to support its growth strategy

Operational Highlights

- New LiDCO*unity* v2 monitor - regulatory approvals achieved and new monitor launched in US & Europe in July
- 105 monitors sold/placed in period (H1 2016: 92 monitors)
- High Usage Programme (HUP) launched in US in July
- More than doubled commercial presence in North America
- New global (lidco.com) and dedicated US (lidco.us) websites launched
- Appointment of Peter Grant to the Board as Chairman and Jill McGregor as Chief Financial Officer

Post Period End

- First US customer signed for the new High Usage Programme (HUP) business model, multi-year contract signed with one of the world's largest and most respected cancer hospitals

Commenting, Matt Sassone, Chief Executive Officer of LiDCO, said: *"Following the fundraise in December 2016, we have been executing our commercial expansion plans and total revenues for the first six months of the year were in line with the Board's expectations. We have more than doubled our commercial presence in North America, signed our first High Usage customer and gained approval for and launched a completely new monitor platform in multiple key markets. We are encouraged by the progress made as we start to see the positive impact of our investments."*

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

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CHIEF EXECUTIVE OFFICER'S REVIEW

During the period LiDCO has been executing its commercial expansion plans following a successful fundraise at the end of last financial year. These results clearly demonstrate the impact of these actions in the two direct markets of the UK and US. Importantly post period end, the Company announced its first High Usage Programme (HUP) account in the US, achieving a crucial milestone in its strategy execution and the Board sees this as a springboard for accelerated growth in this market.

As previously outlined, LiDCO plans to invest an additional £1.9m this financial year to assist with the strategy of increasing market share in the US, developing other overseas markets and reinforcing its leadership position in the UK.

The US offers the greatest opportunity for LiDCO and remains the largest market for hemodynamic monitoring. Market access has previously been the greatest challenge. However, this has now been addressed with additional sales representation and clinical training resources which has more than doubled the US commercial presence during the period. Prior to these new resources having any material impact two significant customers were converted, demonstrating the strength of LiDCO's product offering.

In the UK, the Company invested further in its direct sales presence to increase its market leading position. Adding additional sales resources in the UK enables LiDCO to access underserved regions and drive greater growth from new and existing customers in its home market. Maintaining a growing platform in the UK underpins the Company's performance as it looks to expand geographically.

Outside of the UK and US a dedicated European distribution manager was appointed to focus on managing relationships with distributors in mainland Europe. LiDCO's strategy is to target specific markets globally where it believes it can achieve a market leading position by working through distribution partners.

The key achievement in the period was the launch of the new monitor platform, LiDCO*unity v2,* which has received very positive customer feedback. The Company believes that this new look monitor will help accelerate market share gain especially as it incorporates LiDCO's highly differentiated High Usage Programme. The Board believes that this new software licensing model will encourage higher patient use, increase technology adoption and provide greater visibility of future revenue.

Supporting the commercial investments, and as part of the additional £1.9m spend, the Company has delivered on a number of promotional activities. These include new global and US websites, brand awareness activities in the Company's target markets and, recently commenced, an extensive promotional campaign in the US.

Financial Results

Overall revenues were up 4% to £3.9m (H1 2016: £3.8m) with LiDCO revenues (excluding 3rd party products) up 8% to £3.3m (H1 2016: £3.0m).

Gross profit increased by 7% to £2.7m (H1 2016: £2.5m) and the gross profit percentage increased by 1.9% to 68.5% (H1 2016: 66.6%), driven by the strength of LiDCO's direct sales and increased average selling prices achieved in the UK.

Sales and Marketing costs increased 47% to £1.9m (H1 2016: £1.3m) due to the planned investment in additional headcount and marketing expenditure. Operational costs which include facilities, systems and logistics increased 5% to £0.6m (H1 2016: £0.6m). Administration expenses increased 16% to £0.8m (H1 2016: £0.7m). Product Development costs increased 34% to £0.4m (H1 2016: £0.3m) due to increased registration costs in rest of world markets. Total costs increased 29% to £3.7m (H1 2016: £2.9m) in line with expectations as the Group invested in the US and UK markets to increase its sales presence and accelerate growth in these important markets.

The EBITDA loss for the period was £0.6m (H1 2016: £0m). Total costs excluding depreciation and share based payments increased 32% to £3.3m (H1 2016: £2.5m).

	Six months ended 31 July 2017 Unaudited £'000	Six months ended 31 July 2016 Unaudited £'000	Year ended 31 January 2017 Audited £'000
(Loss)/profit from operations	**(1,015)**	(356)	98
Depreciation	**406**	355	722
EBITDA	**(609)**	(1)	820

Net cash outflow from operating activities was £0.4m (H1 2016: inflow £0.9m) mainly as a result of the investment in the US noted above. The Company continued to invest in product development launching the LiDCO*unity v2* monitor in July with expenditure in the period being £0.4m (H1 2016: £0.3m). Total expenditure on investing was £0.5m (H1 2016: £0.4m). Net cash outflow for the first half was £0.9m (H1 2016: inflow £0.5m) which was in line with the Board's strategy, post the December 2016 fundraise to invest in greater commercial resources, primarily in the US market.

Sales Performance

In the UK, where the Company enjoys over 50% market share, its market leading position was strengthened with LiDCO product revenues up 14% to £2.0m. The first half performance was boosted by strong capital revenues, with the new LiDCO*unity v2* monitor generating revenues of £0.3m in July, the first month of its commercial release. Feedback on the new monitor has been very positive and a number of monitor orders were received via the new sales channel opened during 2016 when LiDCO products were awarded a NHS Supply Chain Framework Agreement. Recurring revenues declined 4% to £1.6m due to the timing of customer orders and does not reflect a weakening in the underlying business. The Company expects a stronger second half with full year recurring revenues growing over the prior period as LiDCO continues to gain market share.

In the US, revenues were up 19% to £0.8m, with the growth being driven by a large customer win involving the purchase of a number of monitors. The Company is looking to take share in this sizeable and growing market by targeting the highest users of advanced hemodynamic monitoring. Significantly LiDCO has signed its first customer for the recently launched (July 2017) High Usage Programme business model. This multi-year contract commences in September and will start to contribute in the second half of the year with revenue being spread over the anticipated life of the agreement. When annualised this agreement represents a 35% uplift in LiDCO's annual recurring revenues in the United States.

ICU Medical (ICU) has recently announced that it has commenced shipment of Cogent monitors in the US. ICU has a non-exclusive royalty license agreement to use LiDCO's algorithm in their new Cogent hemodynamic monitor. ICU is a large US medical device manufacturer that has an existing invasive-catheter based cardiac output monitoring business which Cogent has been developed to complement. LiDCO expects to recognise revenues from both monitor and disposable revenues in this arrangement in the second half.

In Continental Europe revenues were down 44% to £0.2m with a number of distributors not placing their historical stocking orders at the end of the half. A dedicated distributor manager was recruited towards the end of the period for the region and the Company expects improved performance in the second half as its distributors move to more regular ordering patterns and partners see the impact of the new monitor platform in-market.

In the Rest of World markets revenues grew by 8% to £0.3m driven primarily by Japan, where the Company sees continued strengthening of its in-market sales. LiDCO is working with its distribution partners in the region to gain local registration approvals for its new monitor but the Company doesn't expect this to impact the second half.

As previously announced, in-market sales by the Company's Chinese distributor have been delayed due to the requirement to gain further regulatory approval in China for one of the accessories. LiDCO is supporting its distributor in seeking this regulatory approval and has agreed to extend the schedule of payment terms for existing business. As a result, LiDCO no longer anticipates any significant orders from its Chinese distributor in FY2017-18. Despite this LiDCO remains committed to the Chinese market, and the Board is positive about future prospects in the country and expects normalised sales in FY2018-19.

In the first six months, revenues of lower margin third party products had an anticipated decline to £0.7m (H1 2016: £0.7m) largely due to increased pricing pressure in the UK.

Further details of the Company's performance, in terms of revenues by key geographies, are given in the table below:

	6 months to July 2017				6 months to July 2016			
	Capital Revenues	**Recurring Revenues**	**Other**	**Total**	Capital Sales	Recurring Revenues	Other	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
LiDCO Revenues								
UK	**380**	**1,553**	**30**	**1,963**	71	1,624	26	1,721
US	**432**	**356**	**17**	**805**	236	437	4	674
Europe	**67**	**125**	**4**	**196**	153	191	6	350
Rest of World	**82**	**221**	**2**	**305**	60	217	3	283
	961	**2,255**	**53**	**3,269**	520	2,469	39	3,028
3rd party Revenues								
UK	**-**	**673**	**-**	**673**	-	746	-	746
Total Revenues	**961**	**2,928**	**53**	**3,942**	520	3,215	39	3,774

Capital revenues include the sales of monitors and other equipment to customers. Recurring revenues include sales of smartcards, sensors, software licenses and service contracts. Japan revenues have now been included within Rest of World.

Strategic plans going forward

LiDCO's strategy is to build shareholder value through the commercialisation of LiDCO monitoring systems and associated high margin repeat revenues. Increasing the numbers of productive LiDCO-enabled monitors should ultimately increase the amount of repeat revenues generated by customers.

Geographical expansion is key to LiDCO's capacity to address the worldwide opportunity for sales of its technology. By enabling the Company to increase its investments in commercial operations, the fundraising in 2016 has provided the means to develop overseas markets, accelerate revenue growth and reinforce LiDCO's leadership position in the UK.

LiDCO aims to maintain its technology leadership and deliver further differentiation of LiDCO's offering. In the first six months, this has been reinforced by the launch of the new LiDCO*unity V2* and High Usage Programme. By introducing this differentiated pricing model in target markets for customers with high annual usage, the Board believes that this will reduce the time taken to close business, encourage higher patient use, increase technology adoption, provide greater forward visibility of revenues and allow the Company to gain greater market share in key target markets.

Excellence in product design, manufacturing and sales and marketing are at the core of LiDCO's values. Patent protection is sought where possible for LiDCO products and their position is supported by a growing body of data showing their clinical and cost-effectiveness.

Outlook

Good progress has been made in executing the Company's commercial expansion strategy, which is expected to bring growth both in the short and medium term. Significantly LiDCO has now won its first US High Usage Programme reference customer, which combined with a more than doubling of LiDCO's commercial presence in the US, positions the Company to take further market share in the world's largest hemodynamic monitoring market.

The Board continues to expect sales growth for the full year to be similar to the growth shown in the first half with strong sales in the core UK and targeted US markets. With the new products and additional sales resources, the Board looks forward to the future with confidence.

Matt Sassone
Chief Executive Officer
10 October 2017

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
For the six months ended 31 July 2017

	Note	**Six months ended 31 July 2017 Unaudited £'000**	Six months ended 31 July 2016 Unaudited £'000	Year ended 31 January 2017 Audited £'000
Revenue	3	**3,942**	3,774	8,212
Cost of sales		**(1,240)**	(1,259)	(2,612)
Gross profit		**2,702**	2,515	5,600
Sales and Marketing		**(1,915)**	(1,304)	(2,483)
Operations		**(614)**	(584)	(1,210)
Administration		**(811)**	(701)	(1,228)
Product Development		**(377)**	(282)	(581)
Total costs		**(3,717)**	(2,871)	(5,502)
(Loss)/profit from operations before share based payment charge		**(971)**	(312)	57
Share based payment charge		**(44)**	(44)	41
(Loss)/profit from operations		**(1,015)**	(356)	98
Finance income		**3**	3	6
Finance expense		**-**	-	(2)
(Loss)/profit before tax		**(1,012)**	(353)	102
Income tax		**(5)**	(10)	85
Loss for the year and total comprehensive (expense)/ income attributable to equity holders of the parent		**(1,017)**	(363)	187
(Loss)/earnings per share (basic and diluted)		**(0.42p)**	(0.19p)	0.09p

CONDENSED CONSOLIDATED BALANCE SHEET
At 31 July 2017

	31 July 2017 Unaudited £'000	31 July 2016 Unaudited £'000	31 January 2017 Audited £'000
Non-current assets			
Property, plant and equipment	**876**	920	809
Intangible assets	**1,986**	1,886	1,958
	2,862	2,806	2,767
Current assets			
Inventory	**1,533**	1,544	1,467
Trade and other receivables	**2,855**	2,073	2,684
Current tax	**-**	-	93
Cash and cash equivalents	**3,983**	2,085	4,901
	8,371	5,702	9,145
Current liabilities			
Trade and other payables	**(1,778)**	(1,334)	(1,504)
Deferred income	**(112)**	(117)	(92)
	(1,890)	(1,451)	(1,596)
Net current assets	**6,481**	4,251	7,549
Total assets less current liabilities	**9,343**	7,057	10,316
Equity attributable to equity holders of the parent			
Share capital	**1,221**	971	1,221
Share premium	**30,342**	27,798	30,342
Merger reserve	**8,513**	8,513	8,513
Retained earnings	**(30,733)**	(30,225)	(29,760)
Total equity	**9,343**	7,057	10,316

CONDENSED CONSOLIDATED COMPREHENSIVE CASH FLOW STATEMENT
For the six months ended 31 July 2017

	Six months ended 31 July 2017 Unaudited £'000	Six months ended 31 July 2016 Unaudited £'000	Year ended 31 January 2017 Audited £'000
(Loss)/profit before tax	**(1,012)**	(353)	102
Finance income	**(3)**	(3)	(6)
Finance expense	**-**	-	2
Depreciation and amortisation charges	**406**	355	722
Share based payments	**44**	44	(41)
(Increase)/decrease in inventories	**(66)**	395	472
(Increase)/decrease in receivables	**(171)**	407	(204)
Increase/(decrease) in payables	**269**	(148)	21
Increase/(decrease) in deferred income	**20**	1	(24)
Net tax received	**93**	158	161
Net cash(outflow)/inflow from operating activities	**(420)**	856	1,205
Cash flows from investing activities			
Purchase of property, plant & equipment	**(235)**	(130)	(168)
Purchase of intangible assets	**(266)**	(231)	(521)
Proceeds on the sale of equipment	**-**	-	-
Finance income	**3**	3	6
Net cash used in investing activities	**(498)**	(358)	(683)
Net cash (*outflow)/inflow* before financing	**(918)**	498	522
Cash flows from financing activities			
Finance expense	**-**	-	(2)
Issue of ordinary share capital (net of costs)	**-**	-	2,794
Net cash inflow from financing activities	**-**	-	2,792
Net (decrease)/increase in cash and cash equivalents	**(918)**	498	3,314
Opening cash and cash equivalents	**4,901**	1,587	1,587
Closing cash and cash equivalents	**3,983**	2,085	4,901

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended 31 July 2017

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 February 2016	971	27,798	8,513	(29,906)	7,376
Issue of share capital (net of costs)	250	2,544	–	–	2,794
Share based payment income	–	–	–	(41)	(41)
Transactions with owners	250	2,544	–	(41)	2,753
Profit for the year	–	–	–	187	187
At 31 January 2017	**1,221**	**30,342**	**8,513**	**(29,760)**	**10,316**
Share based payment expense	–	–	–	44	44
Transactions with owners	–	–	–	44	44
Loss for the half year	–	–	–	(1,017)	(1,017)
At 31 July 2017	**1,221**	**30,342**	**8,513**	**(30,733)**	**9,343**

NOTES TO THE INTERIM STATEMENT

1. BASIS OF PREPRATION

The Group's interim report for the six months ended 31 July 2017 was authorised for issue by the directors on 10 October 2017. 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 2017, 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 2017 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 2017 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 2018, 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 2017.

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 2017. 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

	Six months ended 31 July 2017	Six months ended 31 July 2016	Year ended 31 January 2017
Group revenue	**£'000**	£'000	£'000
UK – LiDCO revenues	1,963	1,721	3,785
UK – third party products	673	746	1,449
US	805	674	1,183
Continental Europe	196	350	738
Rest of World	305	283	1057
Total Revenues	3,942	3,774	8,212

Result			
UK – LiDCO revenues	895	811	2,015
UK – third party products	134	149	240
US	(355)	1	11
Europe	21	126	304
Rest of World	112	155	609
Total	807	1,242	3,179
Unallocated costs	(1,822)	(1,598)	(3,081)
(Loss)/profit from operations	(1,015)	(356)	98

Revenue by type

Capital revenues	961	520	1,249
Recurring revenues	2,255	2,469	5,419
Distributed third party products	673	746	1,449
Other income	53	39	95
Total revenues	3,942	3,774	8,212

Capital revenues include the sales of monitors and other equipment to customers. Recurring revenues include sales of smartcards, sensors, software licenses and service contracts. Japan revenues have now been included within Rest of World.

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 basic earnings per share is based on the earnings or loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of the loss per share for the six months to 31 July 2017 is based on the loss for the period of £1,017,000 and the weighted average number of shares in issue during the period of 244,174,908. The calculation of diluted earnings per share is based on the calculation above adjusted to allow for the issue of shares on the assumed conversion of all dilutive options. Share options are regarded as dilutive when, and only when, their conversion to shares would decrease earnings or increase the loss per share.

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 from today on the Company's website, www.lidco.com.

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