Deltex Medical Group plc
("Deltex Medical", "Deltex" or "the Company")

Results Summary for the year ended 31 December 2015

12 April 2016 – Deltex Medical Group plc, the global leader in oesophageal Doppler monitoring (ODM), today announces its audited results for the year ended 31 December 2015.

Highlights

- US revenues up 41% at £1.5m
  - US probe revenues up 33% to £1.3m (23% in local currency)
  - Number of US platform accounts increased from six to 17 in 2015 with three more added to date in 2016
  - Further step-up in growth in Q1 2016 with US probe revenues up >50%
- International probe revenues up 27% at £1.4m; 41% volume increase with adverse euro movement: continued growth in Q1 2016
- UK revenues down £1m with probe sales reduced by 21% (£0.7m): continued falls in Q1 2016 (c.20% on an underlying basis)
- Compared to Q4 2015, cash costs reduced by over £100,000 a month to date in 2016 before additional US costs to support expansion of circa £30,000 a month

Statutory results

- Revenue flat at £6.4m (2014: £6.5m)
- Gross margins at 63% (2014: 70%) reflecting investment in long term improvements
- Operating loss £3.5m (2014: £3.0m)
- Cash of £0.6m: £3.0m (after expenses) raised in Q1 2016 to repay £1m convertible loan and provide additional working capital

Nigel Keen, Chairman of Deltex Medical, commented:

"Deltex made significant progress in 2015 despite continuing difficulties in the UK. Total export sales were approximately 20% ahead with over 40% growth in the USA, which has become our key territory for development. Whilst trading in the UK will continue to be challenging, we expect this overseas success to drive overall group growth going forward.

We are focused on increasing the number of US platform accounts, with the consequent probe revenue run-rate, and on improving margins, reducing overheads and adding incremental revenue streams in the business as a whole. Successful implementation of these key tasks will deliver the operating cash required for us to continue to grow our business from our own internally generated resources."

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Notes for Editors

Deltex Medical manufactures and markets haemodynamic monitoring technologies. Deltex Medical's ODM is the only technology to measure continuously blood flow in the central circulation in real time. Minimally invasive, easy to set up and quick to focus, the technology generates a low-frequency ultrasound signal, which is highly sensitive to changes in flow and measures them immediately. Deltex has been the only company in the enhanced haemodynamic space to build a robust and credible evidence base proving the clinical and economic benefits of its core technology, ODM. Randomised, controlled trials using Doppler have demonstrated that early fluid management intervention will reduce post-operative complications, reduce intensive care admissions, and reduce the length of hospital stay.

Company goal
ODM is increasingly recognised as a standard of care for patients undergoing major surgery and in critical care. The broader clinical area of haemodynamic management of which ODM is a core constituent is also now becoming widely accepted as an important major new medical modality. Consequently, the Company's focus is on maximising value from the opportunities presented as enhanced haemodynamic management is adopted into routine clinical practice around the world.

The Company is currently in the implementation phase of achieving this goal in a number of territories worldwide, operating directly in the UK, USA, Spain and Canada and through distribution arrangements in a further 30 countries.

There are over 3,200 monitors installed in hospitals around the world and over 650,000 patients have been treated to date using Deltex Medical's single patient disposable probes.

Chairman's Statement

Deltex Medical's Vision

Deltex Medical's goal is to build a major business that generates substantial returns for its shareholders by providing medical technologies which help doctors deliver better outcomes for their patients while lowering the costs of care.

Clinical and economic need established

Deltex has established that there is a clinical and economic need for our oesophageal Doppler monitoring ('ODM') technology. ODM uses ultrasound to measure blood flows in the central circulation of patients and allows doctors to fine tune the circulation at times of potential crisis and is increasingly being recognised as a standard of care for patients undergoing major surgery and for critically ill patients. Advanced haemodynamic management is also now becoming widely accepted as an important new medical modality. Deltex is focused on maximising value from the opportunities presented as advanced haemodynamic management is adopted into routine clinical practice around the world.

Deltex is the only advanced haemodynamic management company to have built a robust evidence base proving the clinical and economic benefits of its core technology. ODM is becoming adopted widely in high risk surgery and we have established strong positions for ODM in those markets which are more developed for advanced haemodynamic management.

Deltex has added a second major haemodynamic management technology to complement and supplement its ODM offering. The CardioQ-ODM+ monitor now offers doctors the two best established technologies: ODM and Pulse Pressure Waveform Analysis ('PPWA').

We are currently evaluating further technologies with potential incremental consumable revenue streams for integration into our monitor platform, including suprasternal Doppler ultrasound, and a second non-invasive technology. It is intended that these new technologies will be primarily launched on our existing platform and then made available with the new monitor platform we are developing. This new platform would be the first purpose built multi-modal haemodynamic 'workstation' and is currently scheduled for initial release in the second half of 2017. These additional technologies will allow Deltex to target wider groups of potential patients and clinicians.

Our product development strategy will enable Deltex to serve the emerging market for advanced haemodynamic management, allowing doctors to choose the inputs, parameters and treatment strategies most appropriate to the individual patient's circumstances. Deltex will offer a clinician the opportunity to procure any of these advanced haemodynamic monitoring solutions from a single supplier.

Financing

Since the year end we have re-financed an existing £1m convertible loan by issue of £1.125m of new convertible loan notes and raised an additional £1.9m after expenses from the issue of new equity. This additional finance of £2.0m after repayment of the loan, allows us to pursue both our US expansion plans and our product development programme, both of which have been progressing satisfactorily.

The Company's cash utilisation has been greater than expected, largely as a result of a decline in our sales in the UK. This decline started in 2014 following unexpected changes to implementation of a Government/NHS plan to roll out ODM fully at pace and scale. While the Company has plans in place to seek to reverse these trends, the Board has taken a conservative view of future UK prospects when reviewing its financing plans going forward.

Export progress offset by adverse UK market performance

Growing clinical acceptance and encouraging traction for our products in the USA, France and other overseas markets during 2015 was offset by a second year of declines in UK ODM sales. This was due to the combined effects of the NHS response to its financial challenges and as the NHS has shifted its focus from realising the proven financial savings available from using medical technologies such as ODM to reducing its spend on variable costs. US sales were up £443,000 (41%), with £332,000 of the growth coming from probe sales. International sales were up £92,000 (5%) in total, with probes sales up £292,000 (27%) despite adverse currency movements impacting our sales to Europe. UK ODM sales were down £952,000 (26%) before a net £315,000 increase in revenues from UK sales of third party products. Overall Group revenues were broadly flat at £6.4m (2014: £6.5m). Operating losses increased by £0.5m to £3.5m (2014: £3.0m). Cash at the end of the year was £0.6m (2014: £2.9m).

UK business: focus on maximising cash returns

In response to the NHS shifting its focus to expenditure reduction, Deltex restructured its UK business in the first half of 2015 to reduce costs and start to build a portfolio of third party products aimed at the anaesthesia and critical care markets. As a result, we were able to mitigate to some extent the loss of £0.9m of high margin ODM sales. Cash generated (defined as revenue after direct costs) from the UK sales operation in 2015 was £0.7m after exceptional costs of £0.2m (2014: cash generated of £1.3m).

In the second half of 2015 the Board undertook a thorough review of its activities in a number of NHS hospitals. This review identified a number of areas of weakness as well as some strengths and its findings have guided our sales, marketing and clinical support plans for 2016. In particular, we are continuing to build on the strong and broad base of clinical support for ODM as a standard of care, to re-emphasise the strength of the ODM evidence base both in terms of patient benefit and technology differentiation and to focus our resources on those hospitals committed to supporting their clinicians to implement our products at scale.

As our home market, the UK is the first to be offered new haemodynamic monitoring products: we have started to roll-out our new wider beam "TruFlow" probes and we have plans to launch new displays, parameters and signal acquisition consumables over the course of 2016, subject to satisfactory completion of trials of these. In addition we are adding two new third party products to our offering and have a pipeline of complementary products under evaluation. We are making promising progress in establishing new, digitally supported, marketing strategies enabling clinicians to comply with their own patient treatment protocols and expect to start to roll these out through supportive clinical networks over the course of 2016.

Expansion programmes on track in US and other overseas markets

Our US expansion programme remains on track. We have trebled our US sales and clinical support team over the last 24 months and now have a degree of critical mass with six of the eight largest areas of the USA by population, covered by our teams. We have started the work necessary to add teams in the remaining two areas, Texas and Florida, once we have developed a pipeline capable of supporting the additional overhead required to service these new territories. Other than these new territories, we believe we can build the US business through the next phase of its growth by layering in additional staff to support demand from the existing territories. The immediate objective for the US business is to increase the probe sales run-rate past a level where it covers the regular monthly field staff costs and we are on track to do that in the coming months.

Despite the progress made in the USA, France remains our largest export market by volume and we saw growth in sales to our French distributor of over 20% on average for the third year in succession.

The spread of clinical acceptance of ODM in particular and advanced haemodynamic management in general, is reflected in the growing numbers of countries publishing clinical guidelines. Countries such as Spain, Turkey, Poland, the Netherlands and South Korea have now published or are developing clinical and/or reimbursement guidelines for fluid management in addition to those already published in the UK and France.

Prospects

Deltex made significant progress in 2015 despite a difficult year in the UK. Total export sales were approximately 20% ahead with over 40% growth in the USA, which has become our key territory for development. Whilst trading in the UK will continue to be challenging, we expect this overseas success to drive overall group growth going forward.

We are focused on increasing the number of US platform accounts, the consequent probe revenue run-rate, and on improving margins, reducing overheads and adding incremental revenue streams in the business as a whole. Successful implementation of these key tasks will deliver the operating cash required for us to continue to grow our business from our own internally generated resources.

N J Keen
Chairman
11 April 2016

Operating Review

Proforma results

	Full year 2015 £'000	Full year 2014 £'000
Consumable revenue		
Probes	**5,230**	5,271
Other	**259**	-
Total consumables revenue	**5,489**	5,271
Cost of sales - consumable	**(1,634)**	(1,287)
Gross profit consumables	**3,855**	3,984
Monitor and sundry income		
Sundry (expense)/income*	**(6)**	45
Net monitor income less costs**	**(15)**	517
	(21)	562
Cash costs	**(6,716)**	(6,223)
Loss before non-cash and US market development and exceptional items	**(2,882)**	(1,677)
Non- cash costs	**(253)**	(872)
Loss before US market development costs and exceptional items	**(3,135)**	(2,549)
US market development costs and exceptional items	**(351)**	(441)
Operating loss	**(3,486)**	(2,990)

*Included in Sundry (expense)/income are 3rd party revenues of £86,000.

	2015 £'000	2014 £'000
****Net monitor income less costs comprises:**		
Revenue from monitors sold	**400**	1,055
Maintenance revenue	**70**	78
Cost of sales – monitors	**(284)**	(401)
Amortisation cost of placed monitors	**(201)**	(215)
Total	**(15)**	517

Proforma results

The Group publishes a pro-forma results statement which enables the reader to better understand the key performance indicators of the Group. This statement has been amended slightly to remove the distinction between surgical and critical care probes due to cross-over in usage in hospitals. This pro-forma presentation does not alter the results for the period. Its objective is to communicate the results of the Company in an easier format.

Consumables revenue in 2015 was £218,000 (4%) ahead of 2014 at £5,489,000. Gross profit on consumables was £129,000 (2%) lower than 2014 at £3,855,000. Gross margin on consumables was 70%, comprising gross margin on probes of 72% (2014: 76%) and gross margin on other (third party) consumables of 36%. Gross margin on probes was lower than in 2014 due to circa £0.2m of unabsorbed overhead as the Company started to implement significant manufacturing process changes, the impacts of which are expected to start to come through in the second half of 2016.

The Company made satisfactory progress with export probe sales which totalled £2,716,000, an increase of £624,000 (30%) over 2014 (£2,092,000), underpinned by a 34% increase in export probe volumes before the adverse effect of sterling's strength against the euro in 2015. Notable increases in probe export revenues came from the USA (£332,000 – 33%), France (£48,000 – 9%, €136,000 -19%) and Peru (£183,000 (2014: £nil)). Export gains were broadly offset by a £665,000 (21%) decline in UK probe sales. The Company started sales of a small number of third party products in the UK in 2015 and generated consumable sales of £259,000 (2014: £nil) at gross margins of 36%. Further growth is expected from products sold in 2015, where progress with the CASMED cerebral oximetry monitor was particularly encouraging, and additional products being introduced in 2016.

Net monitor income less costs was £532,000 lower than in 2014 reflecting a 62% fall in monitor revenue to £400,000. In total the Company sold 216 monitors in 2014 and placed a further 195. We were unable to repeat the £260,000 monitor sale to NHS Supply Chain made in 2014 and saw the emphasis in several distributor managed territories switch from monitors to probes as the monitors purchased in 2014 were installed in hospitals. The largest single order for monitors was from our South Korean distributor for 100 monitors at low margin: 75 of these were delivered in 2015 with the balance to be completed in H1 2016.

Cash costs were £493,000 (8%) higher at £6,716,000 reflecting the net effect of increased expenditure on US field team expansion and reductions in UK sales and marketing costs: 2015 cash costs include £153,000 of exceptional costs relating to redundancies. The Company does not expect to report separate US market development costs in future and ongoing costs will be included as cash costs going forward. Since the year end, the Company has completed both the majority of US hiring needed to support its existing six US sales territories and a comprehensive review of its cost base. As a result, it has implemented a series of actions to reduce cash costs by over £100,000 a month before the additional US staff with a monthly cost of circa £30,000 a month. While the Company has raised funds to enable it to add two further US sales territories, it does not intend to hire new staff until the pipelines in each of Texas and Florida are sufficiently developed to accelerate cash contributions from these new territories compared to the previous record of expansion into new territories.

The operating loss was £3,486,000 (2014: £2,990,000).

Total cash at 31 December 2015 was £575,000 (2014: £2,934,000), with the movement in cash representing an average monthly cash burn of circa £200,000 a month. The Company's key priority this year is to get the business past the cash break-even point at the operating level and reverse the historic cash burn.

The Company is making satisfactory progress towards this goal: US probe revenues in the first quarter of 2016 were over 50% ahead of 2015 and are heading towards the circa 1,500 probes a month required to cover current US monthly field staff costs; International revenues were 21% ahead of 2015; UK total revenues were 28% below 2015 partially due to non-repetition of two bulk probe orders; we have made good progress to date with pre-production trials of our new probe tip production process which should allow us to reduce unit costs going forward by bringing sub-contracted processes in-house; we have re-scheduled R&D activity to focus on sequential introduction of new products which are intended to generate incremental marginal revenues off the existing monitor platform and we we have implemented significant cost reductions compared to our Q4 2015 cost base to save over £70,000 a month net of US team expansion.

Statutory results

Revenue as reported in the Consolidated Statement of Comprehensive Income was broadly flat at £6,405,000 (2014: £6,507,000). Increases in revenue from export sales of £535,000 and UK third party sales of £315,000 were offset by a £952,000 reduction in revenues from ODM products in the UK. Gross margins were lower at 63% (2014: 70%) due to unabsorbed overhead relating to time spent on manufacturing efficiency initiatives, low pricing on a major monitor order to Korea and the introduction of lower margin third party sales in the UK. Probe margins were lower at 72% (2014: 76%) but are expected to improve sustainably as US sales grow and the effect of margin improvement initiatives comes through.

Costs including exceptional items of £153,000 were kept under tight control with total charges reduced by 1% at £7,496,000 (2014: £7,536,000). Increased spend in the USA and Canada was offset by savings made in the UK. Overall the operating loss of £3,486,000 was £496,000 higher (2014: £2,990,000).

UK Market

Deltex had a second consecutive disappointing year of declining ODM sales in the UK, following over a decade of solid growth in sales into the Intra-Operative Fluid Management ('IOFM') market which the Company established through the generation of a high quality robust evidence base of improved outcomes for patients after major surgery and consequently reduced costs to the system.

Probe sales were £665,000 (21%) lower in 2015 than 2014 at £2,514,000. Monitor sales were 79% lower at £84,000 with no repeat of a 60 monitor order from NHS Supply Chain late in 2014. The Company undertook a detailed, account by account review of its UK ODM business in the second half of 2015 and is now implementing plans to first stop the decline in sales and then return the business to growth, while continuing to expand the third party sales operation established in 2015. We have refocused our resources to support the considerable numbers of doctors who are both committed to making ODM a standard of care and work in hospitals with C-suite support for implementing cost-saving quality improvement programmes; we are designing marketing programmes aimed at highlighting both the strength of the ODM evidence base and the weakness of that for other IOFM technologies; we are applying lessons learnt from the successful introduction of our e-learning programmes in the USA; and we are moving towards full launch of our new design of probe which allows both faster focusing and substantially enhanced signal retention.

US market

Total reported US revenues in 2015 were 41% ahead of 2014 at £1,518,000. This compares to total reported revenue growth of 18% in 2014, 14% in 2013 and 13% in 2012 and shows the returns starting to come through from our decision to shift investment from the UK to the US market.

Probe revenues increased by 23% in local currency and 33% in sterling to £1,333,000. As previously advised, probe sales to our largest account were lower than in 2014 despite consistent usage as the customer transitioned from discounted bulk orders back to monthly orders:

	Excluding account	Including account
2015 US probe revenue growth in local currency	46% growth	23% growth
2016 Q1 US probe revenue growth in local currency	50% growth	54% growth

Our strategy in the USA is to build a platform for future national roll-out of ODM by developing a small number of prestigious hospital accounts where our products are being embedded broadly and deeply into routine usage across major surgery. Our goal is to have thirty such accounts established by mid-2016 and we are making good progress towards achieving this goal:

- We increased the number of platform accounts from six in January 2015 to 17 by 31 December 2015;
- We had completed sufficient successful clinical evaluations by 31 December 2015 to reach our target and have completed further evaluations in 2016, with more coming through the pipeline;
- We have added a further three platform accounts to date in 2016;
- We are already supporting implementation programmes in three potential additional platform accounts;
- We are in contract/procurement negotiations in a further six potential platform accounts;

- We have ongoing or planned evaluations in four more potential platform accounts which are members of hospital systems with procurement frameworks already in place.

We have invested heavily in the last three years in both developing the US market to a point where acceptance of IOFM is spreading quickly and expanding our US field team. Since the start of 2012, we have increased our US field staff costs by over £100,000 a month and, once we have added sales territories in each of Texas and Florida, planned for later in 2016 depending on pipeline development progress, believe future increased costs can be layered into the existing infrastructure in response to demand rather than in advance of sales growth. Our key probe sales milestone is to get to circa 1,500 probes a month in order to broadly cover the regular monthly US field staff costs. Average monthly probe unit sales grew from 738 in 2014 to 869 in 2015 (from 650 to 933 adjusting for the major account ordering patterns highlighted above).

International markets

Our International business comprising all export markets, excluding the USA, made good progress in a number of areas in 2015. Probe revenues increased by 27% to £1,383,000 (2014: £1,091,000) on a volume increase of 42% with revenues held back by the euro exchange rate. After a year's gap caused by local clinical strikes, our distributor in Peru ordered 4,600 probes (2014: nil). Our French business continued to grow strongly with sales of 12,300 probes to our distributor in the year maintaining France's position as our second largest market by probe volume. The opportunities for ODM continue to increase with new clinical guidelines published, or in development in Turkey, Poland, Spain and the Netherlands, to supplement those already in place in France and the UK. The majority of such guidelines favour ODM on account of its evidence base, although, to date, all stop short of recommending ODM to the exclusion of other IOFM technologies.

Progress with our Canadian joint venture has been steady, although slower than we would have liked, due to the often protracted time delays between clinical evaluations and purchase. There is a good pipeline of potential business which, once it starts to come through in revenues, is expected to be sufficient to support organic growth from locally generated cash.

We have invested substantial sums over several years in supporting clinical leaders in Spain to introduce enhanced recovery after surgery programmes which are driving growth in several markets. Clinical guidelines for 10 surgical disciplines were published in 2015 and are now supported by the key professional bodies and regional and national health administrators, with a view to a national launch and roll-out starting in 2016. Our strategy is to focus on a small number of hospitals at first to build recurring revenue and to review additional investment in the context of cash returns generated from these.

Prospects

2015 was a transitional year for Deltex as the USA became our key focus territory instead of the UK. Strong export growth has diminished our exposure to the NHS market going forward as both clinical acceptance of Intra Operative Fluid Management (IOFM) and ODM and sales traction continue to grow in an increasing number of other countries. This export momentum, combined with operational efficiencies, cost reductions and new incremental revenue streams position us to achieve our immediate priorities of getting past the operating cash breakeven point and completing the platform building phase of our US expansion.

EA Phillips
Chief Executive

11 April 2016

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2015

	2015 Probes £'000	2015 Other £'000	2015 Total £'000	2014 Probes £'000	2014 Other £'000	2014 Total £'000
Probe revenue						
Surgical probes	**4,685**	**-**	**4,685**	4,558	-	4,558
Critical care probes	**585**	**-**	**585**	713	-	713
Other revenue	**-**	**1,175**	**1,175**	-	1,236	1,236
Total revenue	**5,230**	**1,175**	**6,405**	5,271	1,236	6,507
Cost of sales	**(1,470)**	**(925)**	**(2,395)**	(1,287)	(674)	(1,961)
Gross profit	**3,760**	**250**	**4,010**	3,984	562	4,546
Administrative expenses			**(2,500)**			(2,463)
Sales and distribution costs			**(4,036)**			(3,938)
Research and development			**(609)**			(694)
US market development costs			**(198)**			(441)
Exceptional items			**(153)**			-
Total costs			**(7,496)**			(7,536)
Operating loss before costs of US market development costs and exceptional items			**(3,135)**			(2,549)
US market development costs			**(198)**			(441)
Exceptional costs			**(153)**			-
Operating loss*			**(3,486)**			(2,990)
Finance income			**1**			2
Finance costs			**(110)**			(107)
Loss before taxation			**(3,595)**			(3,095)
Tax credit on loss			**135**			144
Loss for the financial year			**(3,460)**			(2,951)
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss						
Exchange differences taken to reserves			**32**			45
Other comprehensive loss for the year, net of tax			**32**			45
Total comprehensive loss for the year			**(3,428)**			(2,906)
Total comprehensive loss for the year attributable to:						
Owners of the parent			**(3,347)**			(2,816)
Non-controlling interest			**(81)**			(90)
			(3,428)			(2,906)
Loss per share basic and diluted			**(1.6p)**			(1.5p)

	2015 Total £'000	2014 Total £'000
***Operating loss is split:**		
Cash loss	**(2,705)**	(1,677)
US market development costs	**(198)**	(441)
Exceptional items	**(153)**	-
Non –cash charges (net)	**(430)**	(872)
Operating loss	**(3,486)**	(2,990)

Consolidated Balance Sheet
at 31 December 2015

	2015	2014
	£'000	£'000
Assets		
Non-current assets		
Property, plant and equipment	**573**	737
Intangible assets	**2,006**	1,745
Trade and other receivables	**-**	5
Total non-current assets	**2,579**	2,487
Current assets		
Inventories	**805**	1,273
Trade and other receivables	**2,621**	2,757
Current income tax recoverable	**125**	140
Cash and cash equivalents	**575**	2,934
Total current assets	**4,126**	7,104
Total assets	**6,705**	9,591
Liabilities		
Current liabilities		
Borrowings	**(1,864)**	(1,109)
Trade and other payables	**(2,766)**	(2,444)
Total current liabilities	**(4,630)**	(3,553)
Non – current liabilities		
Borrowings	**(34)**	(1,050)
Provisions for other liabilities and charges	**(117)**	(116)
Total non – current liabilities	**(151)**	(1,166)
Total liabilities	**(4,781)**	(4,719)
Net assets	**1,924**	4,872
Equity		
Share capital	**2,196**	2,130
Share premium	**30,394**	30,323
Capital redemption reserve	**17,476**	17,476
Other reserves	**4,661**	4,318
Translation reserve	**26**	(6)
Retained deficit	**(52,666)**	(49,287)
Equity attributable to owners of the Parent	**2,087**	4,954
Non-controlling interest	**(163)**	(82)
Total equity	**1,924**	4,872

Consolidated Statement of Changes in Equity
for the year ended 31 December 2015

Group	Share capital £'000	Share premium £'000	Capital redemption £'000	Other Reserve £'000	Translation Reserve £'000	Retained deficit £'000	Total £'000	Non – controlling interest £'000	Total equity £'000
Balance at 1 January 2014	**1,709**	**26,440**	**17,476**	**4,217**	**(51)**	**(46,426)**	**3,365**	**8**	**3,373**
Comprehensive income									
Loss for the year	-	-	-	-	-	(2,861)	(2,861)	(90)	(2,951)
Other comprehensive income									
Exchange movements taken to reserves	-	-	-	-	45	-	45	-	45
Total comprehensive income for the year	-	-	-	-	45	(2,861)	(2,816)	(90)	(2,906)
Shares issued during the year	421	-	-	-	-	-	421	-	421
Premium on shares issued during the year	-	4,145	-	-	-	-	4,145	-	4,145
Issue expenses	-	(262)	-	-	-	-	(262)	-	(262)
Credit in respect of service cost settle by award of options	-	-	-	101	-	-	101	-	101
Balance at 31 December 2014	**2,130**	**30,323**	**17,476**	**4,318**	**(6)**	**(49,287)**	**4,954**	**(82)**	**4,872**
Comprehensive income									
Loss for the year	-	-	-	-	-	(3,379)	(3,379)	(81)	(3,460)
Other comprehensive income									
Exchange movements taken to reserves	-	-	-	-	32	-	32	-	32
Total comprehensive income for the year	-	-	-	-	32	(3,379)	(3,347)	(81)	(3,428)
Shares issued during the year	66	-	-	-	-	-	66	-	66
Premium on shares issued during the year	-	71	-	-	-	-	71	-	71
Credit in respect of service cost settle by award of options	-	-	-	343	-	-	343	-	343
Balance at 31 December 2015	**2,196**	**30,394**	**17,476**	**4,661**	**26**	**(52,666)**	**2,087**	**(163)**	**1,924**

Consolidated Statement of Cash Flows
for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Cash flows used in operating activities			
Net cash used in operations	5	**(1,708)**	(1,821)
Interest paid		**(130)**	(104)
Income taxes received		**150**	122
Net cash used in operating activities		**(1,688)**	(1,803)
Cash flows used in investing activities			
Purchase of property, plant & equipment		**(68)**	(372)
Capitalised development expenditure		**(408)**	(465)
Interest received		**1**	2
Net cash used in investing activities		**(475)**	(835)
Cash flows generated from financing activities			
Issue of ordinary share capital		**59**	4,566
Expenses in connection with share issue		**-**	(262)
Repayment of borrowings		**(226)**	(187)
Repayment of obligations under finance leases		**(34)**	(16)
Net cash (used in)/generated from financing activities		**(201)**	4,101
Net (decrease)/increase in cash and cash equivalents		**(2,364)**	1,463
Cash and cash equivalents at beginning of the year		**2,934**	1,459
Exchange losses on cash and cash equivalents		**5**	12
Cash and cash equivalents at end of the year		**575**	2,934

1 Nature of the financial information

This Results Summary containing condensed financial information for the year ended 31 December 2015 is prepared in accordance with the accounting policies set out in the Annual Report 2015. New standards, amendments to standards or interpretations which were effective in the financial year beginning 1 January 2015 have not had a material effect on the group's financial statements.

This Results Summary does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. The full set of audited financial statements are available online at www.deltexmedical.com and will be sent out to shareholders with the AGM notice in due course. The balance sheet at 31 December 2014 has been derived from the full Group accounts published in the Annual Report 2014, which has been delivered to the Registrar of Companies. The report of the independent auditors for the year ended 31 December 2015 and 2014 respectively was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

2 Alternative financial measures

The Group uses a number of alternative (non-Generally Accepted Accounting Practice (non-GAAP)) financial measures, which are not defined by IFRS. The directors use these measures in order to assess the underlying operational performance of the Group and as such these measures are important and should be considered alongside the IFRS measures. The following non-GAAP measures are referred to in these Financial Statements.

(a) *Proforma results – Chairman's statement*
This presents our progress against key performance indicators: probe sales and margins, cash costs, net income from or cost of increasing the installed base, profit before and after non-cash items and profit before investment in the Premier project.

(b) *Adjusted operating loss beneath the Consolidated Statement of Comprehensive Income*
This is defined as operating loss before non-cash charges, US market development costs and exceptional items charged to the Consolidated Statement of Comprehensive Income. Non-cash costs comprise Share based payments, equity settled costs, clinical trial charges arising from non-cash barter transactions and depreciation and amortisation. A reconciliation of the operating loss to the adjusted operating loss is shown beneath the Consolidated Statement of Comprehensive Income.

3 Revenue

Sales	**2015 Probes units**	**2015 Monitors units**	**2015 Probes £'000**	**2015 Monitors £'000**	**2015 Other £'000**	**2015 Total £'000**	2014 Probes units	2014 Monitors units	2014 Probes £'000	2014 Monitors £'000	2014 Other £'000	2014 Total £'000
Direct markets												
UK	**28,770**	**21**	**2,514**	**84**	**497***	**3,095**	37,640	87	3,179	404	149	3,732
USA	**10,430**	**9**	**1,333**	**141**	**44**	**1,518**	8,850	5	1,001	72	2	1,075
Spain	**700**	**-**	**65**	**-**	**-**	**65**	270	-	26	-	2	28
Canada	**575**	**4**	**71**	**57**	**3**	**131**	770	2	95	15	-	110
Distributor markets												
Europe	**18,080**	**22**	**893**	**95**	**11**	**999**	15,760	34	843	164	15	1,022
Far East & Latin America	**7,720**	**120**	**354**	**201**	**42***	**597**	2,275	88	127	400	13	540
	66,275	**176**	**5,230**	**578**	**597**	**6,405**	65,565	216	5,271	1,055	181	6,507

* Included in other revenue for UK and Rest of world are 3rd party revenues of £315k (2014:£nil), and £30k (2014:£nil) respectively.

****UK probes sales are split:**

	2015 Units	**2015 £'000**	2014 Units	2014 £'000
Surgical	**23,965**	**1,929**	31,655	2,466
ICU	**4,805**	**585**	5,985	713
	28,770	**2,514**	37,640	3,179

4 Dividends

The directors cannot recommend payment of a dividend (2014: nil).

5 Notes to the Consolidated Statement of Cash flows

	2015 £'000	2014 £'000
Loss before taxation	**(3,595)**	**(3,095)**
Adjustments for:		
Net finance costs	**109**	105
Depreciation of property, plant and equipment	**257**	256
Amortisation of intangible assets	**147**	164
Effect of exchange rate fluctuations on borrowings	**-**	(12)
Exchange (gain)/loss on property, plant and equipment	**-**	(8)
Loss on disposal of property, plant and equipment	**21**	19
Share based payments	**343**	101
Operating cash flows before movement in working capital	**(2,718)**	(2,470)
Decrease/(increase) in inventories	**476**	(295)
Decrease in trade and other receivables	**141**	329
Increase in trade and other payables	**392**	634
Increase/(decrease) in provisions	**1**	(19)
Net cash used in operations	**(1,708)**	(1,821)

6 Loss per share

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares issued during the year. The Group had no dilutive potential ordinary shares in either year, which would serve to increase the loss per ordinary share. Therefore, there is no difference between the loss per ordinary share and the diluted loss per ordinary share.

The loss per share calculation for 2015 is based on the loss of £3,379,000 and weighted average number of shares in issue of 216,742,606. For 2014 the loss per share calculation was based upon the loss of £2,861,000 and weighted average number of shares in issue of 194,514,518.

7 Exceptional items

The exceptional costs reported in the period relate to re-organisation and redundancy costs made in the year.

8 Post balance sheet events

On 26 February 2016 the Company raised £2.67m (before expenses) through a placing of 27,875,000 ordinary shares at 4p per share, an open offer of 10,693,408 ordinary shares at 4p per share, and a subscription raising £1.125 million by way of new convertible loan notes due 2019. The proceeds of the fundraising will be used as follows:

- The Loan Notes have been applied to repay in full the Amati Loan Note, with any balance being applied to fund working capital and to accelerate the US roll-out;
- the Placing and Open Offer will be available for US expansion and working capital

On 10 March 2016 the Company raised a further £0.51m through a placing of 12,900,000 ordinary shares at 4p per share.

9 Distribution of the announcement

Copies of this announcement are sent to shareholders on request and will be available for collection free of charge from the Company's registered office at Terminus Road, Chichester, West Sussex PO19 8TX. Copies of the Report and Accounts for the year ended 31 December 2015 will be sent to shareholders in due course. Both this announcement, Report and Accounts and Results Presentation are available to download from the Company's website free of charge at www.deltexmedical.com.