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

Interim results for the six months ended 30 June 2016

8 September 2016 – Deltex Medical Group plc (AIM: DEMG), the global leader in oesophageal Doppler monitoring ("ODM") today announces its results for the six-month period ended 30 June 2016.

Key performance measures (vs. H1 2015)

- US probe revenues up 39% at £0.8m
  - US probe revenues greater than the UK for the first time
  - Platform accounts increased from 17 to 24 in H1; now 27
  - On track to complete platform account programme in H2
  - Strong start to H2 with year-to-date probe growth at 48% by end of August at forecast exchange rates, before benefit of recent currency movement.
- International probe revenues up 12% at £0.7m with total revenues up 19%: strongest growth from larger markets including France and South Korea
- UK probe revenues down 36% at £0.8m: improved performance in July and August
- Operating loss reduced by 20% to £1.7m (2015: £2.1m):
  - Consumables gross margin steady at 70% (2015: 71%) with margin improvement process changes planned to come through from H2
  - Cash costs reduced by £0.3m with benefits of annualised cost savings of over £0.8m net coming through
  - £0.2m reduction from 2015 US market development costs
- Cash available of £0.5m (31 December 2015, £0.6m) with £0.45m additional capital raised in July

Operating Highlights

- US sales development plans on track
  - Platform account development progressing
  - Pipeline expanding both from new leads and within hospital systems with established accounts
- Key developments delivered on plan to address challenging UK market:
  - Enhanced TruFlow probes launched in May
  - Excellent results from major Spanish trial presented in June
  - Superiority of ODM confirmed in results of head-to-head trial presented in July
- Product development and margin improvement plans on track with returns expected from H2

Statutory results

- Revenue broadly flat at £2.7m
- Operating loss reduced by £0.4m, 20%, to £1.7m (2015: £2.1m)

Nigel Keen, Deltex Medical's Chairman, commented:

"Deltex entered the second half of 2016 with growing traction and sales in the US market along with continued growth and momentum in our other export markets. Maintaining these established trends will see the Group return to growth despite the challenging UK domestic market. Moreover, Deltex has already done much of the work to create opportunities both for more rapid growth in the USA and other export markets and to stabilise our UK business.

The growing sales traction, in the US and internationally, together with cost reductions already made, completed investment in margin improvement programmes and well advanced product development plans, mean the Group is making good progress towards its key objective of moving through the operating cash break-even point."

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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 Medical 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 around 700,000 patients have been treated to date using Deltex Medical's single patient disposable probes.

Chairman’s statement

Overview

In the first half of 2016, Deltex has made substantial progress in emphasising its sales focus on the USA and other export markets rather than the challenging UK market. The USA overtook the UK as our largest generator of probe revenues, with other export markets achieving combined probe revenues close to those in the UK. Even with the adverse effect on reported growth caused by the timing of bulk orders from one major account, US probe revenues were ahead of the first half of 2015 by 39% at £848,000. This continues the trend of an increase in US probe revenue growth rate over the last four years. The other overseas markets had a combined growth in probe revenue of 12% at £718,000. The UK continued to perform poorly with probe revenues down 36% at £752,000: while we do not expect the NHS market to become any less challenging in the foreseeable future, we have now put in place the key building blocks for our revised UK market strategy and have been encouraged by improving trends to date in the second half of the year.

Our sales development plan in the USA over the last three years has focused on building a platform of 30 substantial hospitals adopting our products at scale (‘platform accounts’) with a view to enabling us to move towards national roll-out of ODM in the second half of 2016. We have made strong progress and now have secured 27 platform accounts up from 12 a year ago. Furthermore, we have a pipeline of over 25 potential additional platform accounts, in over half of which we have either completed a successful evaluation or already have agreement to complete an evaluation before the end of the year. We are also approaching our other key target milestone in the USA of selling 1,500 or more probes a month. This level of probe sales would be sufficient to cover all our current US staff costs which are £100,000 higher per month than when we started on our expansion plan in 2014.

In the USA, we have now made the initial investment to give us sales coverage on the ground in our key regions; and we expect to be able to substantially service new opportunities from our existing infrastructure.

Pro-forma results
For the six-month period ended 30 June 2016

	Half year 2016 £’000	Half year 2015 £’000	Full year 2015 £’000
Consumable revenues			
Probes	2,318	2,428	5,230
Other	146	102	259
Total consumable revenue	**2,464**	**2,530**	**5,489**
Cost of sales- consumable	(743)	(736)	(1,634)
Gross profit consumables	**1,721**	**1,794**	**3,855**
Monitor and sundry income			
Sundry income/(expense)*	12	25	(6)
Net monitor income less costs**	(2)	(46)	(15)
	10	**(21)**	**(21)**
Cash costs	(3,176)	(3,478)	(6,716)
Loss before non-cash and US market development	(1,445)	(1,705)	(2,882)
Non- cash costs	(278)	(273)	(253)
Loss before US market development costs	**(1,723)**	**(1,978)**	**(3,135)**
US market development costs	-	(168)	(351)
Operating loss	**(1,723)**	**(2,146)**	**(3,486)**

* Included in Sundry income/(expense) are 3rd party revenues of £20k (2015: £19k).

** Net monitor income less costs comprises:	Half year 2015 £'000	Half year 2015 £'000	Full year 2015 £'000
Revenue from monitors sold	130	92	400
Maintenance revenue	37	37	70
Cost of sales – monitors	(92)	(37)	(284)
Amortisation costs of placed monitors	(77)	(138)	(201)
Total	**(2)**	**(46)**	**(15)**

Trading results

Consumable revenues were £66,000 (3%) behind 2015 at £2,464,000. Increases in ODM probe revenues of £240,000 (39%) from USA and £77,000 (12%) from International were offset by a £427,000 (36%) decrease from UK probes with third party consumable sales in the UK generating an additional £45,000 (44% increase) of revenue compared to 2015.

Gross profit on consumables was 70% (2015: 71%). During the period we completed the transition to manufacturing only the new TruFlow probes with a reconfigured probe tip that allows the probe to be focused more rapidly and that gives enhanced signal retention. In the year to date we have made considerable progress with probe tip manufacturing process redesign and, following successful market feedback, we have started to generate manufacturing efficiencies which we expect to benefit the second half and to feed into long term sustainable margin improvement.

Net monitor and sundry income contributed £10,000 of net income (2015: net cost of £21,000) driven primarily by a £38,000 increase in monitor revenues to £130,000.

Cash costs were £302,000 (9%) lower than in H1 2015, with additional cash cost savings coming from the end of the specific US market development costs previously shown separately (2015: £168,000): all US market development costs are now included within cash costs. The Company expects the full effect of H1 cost savings to come through in monthly run-rates in the second half.

The operating loss was £423,000 (20%) lower than in H1 2015 at £1,723,000 after flat non-cash costs of £278,000 (2014: £273,000). The Company expects further improvements in profitability to come through in the second half as a result of ongoing momentum in US and other export markets, greater impact of cost reductions, margin improvement and increasing returns from investment made in recent years in R&D.

Cash available at 30 June 2016 was £518,000 before the Company raised an additional £450,000 of equity capital in July. The Company consumed £1,530,000 of cash in operating activities during the first half. This total included substantial working capital timing movements and the rate of cash consumption is expected to reduce considerably over the second half of the year due to sales timings, expansion of our US platform account programme, the flow through of cost reductions and the reversal of a number of working capital positions.

During the period the Company refinanced a £1m convertible loan note that was due to expire in February with £1,125,000 of new convertible loans and raised an additional £1,940,000 after expenses in new equity capital.

Markets

USA

Our objective in our key market in the US over the last three years has been to establish a platform of 30 accounts that are implementing the use of ODM at scale: normally this involves the hospital having a medium to long term goal of using at least 100 probes a month. We have made strong progress towards this goal and currently have 27 platform accounts with a pipeline of over 25 more. The Company's strategic focus is therefore now shifting, in line with our long term planning, towards rolling out our products nationally.

US probe revenues were up 39% on the first half of 2015. This growth rate was held back, as previously indicated, by a large bulk order of 900 probes in the June 2015 comparative from a major account which has since returned to regular smaller orders. Solid sales progress through July and August has resulted in the year to date growth rate by the end of August to be around 50% at budgeted exchange rates before an additional boost following the fall in the value of sterling against the dollar in late June.

UK

UK ODM sales continued to disappoint with probe revenues at £752,000 (2015: £1,179,000) 36% lower than in the first half of 2015. This £427,000 reduction was the primary driver behind an overall decline in UK sales of £430,000 with small declines in monitor related revenue offset by c40% growth in revenues from third party products.

Following a review of our UK market strategy we have re-organised and re-focused our UK sales and marketing operations to re-emphasise the unique clinical value of ODM and concentrate our support on clinicians who are empowered to optimise their patients' outcomes through the use of our products. Our plans for the second half of this year are predicated on three key developments which are all in place:

1. Launch in May of our new TruFlow probes which are easier and quicker to focus as well as retaining their focus better. The TruFlow probes have been well received and are proving a catalyst for clinicians to re-appraise their use of ODM in both surgery and intensive care.

2. The presentation early in June of results of the largest ever randomised controlled trial using ODM in surgery in a multi-centre trial sponsored by the Spanish Government. The results were excellent and have proven a timely reminder of the huge clinical and economic gains available from wide-scale use of ODM.

3. The presentation in July of the results from a major UK hospital of the first substantial trial to compare the benefits to ODM during surgery to another competitor technology which is widely used in the UK. The study confirmed significantly better outcomes from the use of ODM. This result is in line with the Company's expectations based on substantial bodies of previous clinical evidence.

While it is too early to assess the longer term impact of these developments and our revised approach to the UK market, particularly given the NHS's current financial challenges, trading improved somewhat in both July and August to bring the cumulative decline compared to 2015 back below 30% from the 36% recorded over the first half.

International

International probe revenues were 12% ahead at £718,000 (H1 2015: £641,000) on a 13% increase in volumes. Probe sales to France, our largest export market by volume, were up 9% by volume, and we received a strong flow of orders from a number of territories including Scandinavia, Peru and South Korea. H1 2015 included £50,000 of probe sales to Turkey where subsequent progress has been encouraging: the timing of further significant orders is dependent on the Turkish Government confirming its decision in principle to reimburse hospitals for the use of ODM. In Spain, a programme to roll-out national clinical guidelines favouring ODM is scheduled to start later this year.

The Company is well positioned to benefit from clinical movements to implement modern surgical enhanced recovery programmes across a number of markets.

Outlook

Deltex entered the second half of 2016 with growing traction and sales in the US market along with continued growth and momentum in our other export markets. Maintaining these established trends will see the Group return to growth despite the challenging UK domestic market. Moreover, Deltex has already done much of the work to create opportunities both for more rapid growth in the USA and other export markets and to stabilise our UK business.

The growing sales traction, in the US and internationally, together with cost reductions already made, completed investment in margin improvement programmes and well advanced product development plans, mean the Group is making good progress towards its key objective of moving through the operating cash break-even point.

DELTEX MEDICAL GROUP PLC CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income
for the six-month period ended 30 June

	Half year 2016 Probes £'000	**Half year 2016 Other £'000**	**Half year 2016 Total £'000**	Half year 2015 Probes £'000	Half year 2015 Other £'000	Half year 2015 Total £'000	Full year 2015 Probes £'000	Full year 2015 Other £'000	Full year 2015 Total £'000
Total revenue	**2,318**	**372**	**2,690**	2,428	308	2,736	5,230	1,175	6,405
Total cost of sales	**(650)**	**(309)**	**(959)**	(664)	(293)	(957)	(1,490)	(925)	(2,395)
Gross profit	**1,668**	**63**	**1,731**	1,764	15	1,779	3,760	250	4,010
Administrative expenses			**(1,175)**			(1,283)			(2,500)
Sales and distribution costs			**(1,971)**			(1,958)			(4,036)
Research and development and Quality and regulatory			**(308)**			(364)			(609)
US market development costs			**-**			(168)			(198)
Exceptional costs			**-**			(152)			(153)
Total costs			**(3,454)**			(3,925)			(7,496)
Operating loss before US market development costs and exceptional items			**(1,723)**			(1,826)			(3,135)
US market development costs			**-**			(168)			(198)
Exceptional costs			**-**			(152)			(153)
Operating loss*			**(1,723)**			(2,146)			(3,486)
Finance income			1			-			1
Finance costs			(73)			(53)			(110)
Loss before taxation			**(1,795)**			(2,199)			(3,595)
Tax credit on loss			**85**			47			135
Loss for the period			**(1,710)**			(2,152)			(3,460)
Other comprehensive income									
Items that may be subsequently reclassified to profit or loss:									
Net translation differences on overseas subsidiaries			**122**			(25)			32
Other comprehensive expense for the period, net of tax			**122**			(25)			32
Total comprehensive loss for the period			**(1,588)**			(2,177)			(3,428)
Total comprehensive loss for the period attributable to:									
Owners of the Parent			**(1,586)**			(2,130)			(3,347)
Non-controlling interests			**(2)**			(47)			(81)
			(1,588)			(2,177)			(3,428)
Loss per share basic and diluted			**(0.7p)**			(1.0p)			(1.6p)

***Operating loss comprises:**			
Cash loss	**(1,445)**	(1,553)	(2,705)
US market development costs	**-**	(168)	(198)
Exceptional items	**-**	(152)	(153)
Non – cash charges (net)	**(278)**	(273)	(430)
Operating loss	**(1,723)**	(2,146)	(3,486)

Consolidated Balance Sheet
at 30 June 2016

	Note	**Unaudited 30 June 2016 £'000**	Unaudited 30 June 2015 £'000	Audited 31 December 2015 £'000
Assets				
Non – current assets				
Property, plant and equipment		**486**	623	573
Intangible assets		**2,137**	1,858	2,006
Trade and other receivables		**-**	-	-
Total non-current assets		**2,623**	2,481	2,579
Current assets				
Inventories		**922**	1,353	805
Trade and other receivables		**2,077**	2,144	2,621
Current income tax recoverable		**210**	37	125
Cash and cash equivalents		**518**	1,310	575
Total current assets		**3,727**	4,844	4,126
Total assets		**6,350**	7,325	6,705
Liabilities				
Current liabilities				
Borrowings	8	**(563)**	(1,717)	(1,864)
Trade and other payables		**(2,137)**	(2,281)	(2,766)
Total current liabilities		**(2,700)**	(3,998)	(4,630)
Non-current liabilities				
Borrowings	8	**(1,028)**	(34)	(34)
Provisions		**(117)**	(161)	(117)
Total non-current liabilities		**(1,145)**	(195)	(151)
Total liabilities		**(3,845)**	(4,193)	(4,781)
Net assets		**2,505**	3,132	1,924
Equity				
Share capital	9	**2,745**	2,195	2,196
Share premium		**31,922**	30,394	30,394
Capital redemption reserve		**17,476**	17,476	17,476
Other reserves		**4,753**	4,619	4,661
Translation reserve		**148**	(31)	26
Retained deficit		**(54,374)**	(51,392)	(52,666)
Equity attributable to owners of the Parent		**2,670**	3,261	2,087
Non-controlling interests		**(165)**	(129)	(163)
Total equity		**2,505**	3,132	1,924

Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2016

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 2015	**2,130**	**30,323**	**17,476**	**4,318**	**(6)**	**(49,287)**	**4,954**	**(82)**	**4,872**
Comprehensive income									
Loss for the period	-	-	-	-	-	(2,105)	(2,105)	(47)	(2,152)
Other comprehensive income									
Exchange movements taken to reserves	-	-	-	-	(25)	-	(25)	-	(25)
Total comprehensive income for the six-month period	-	-	-	-	(25)	(2,105)	(2,130)	(47)	(2,177)
Shares issued during the period	65	-	-	-	-	-	65	-	65
Premium on shares issued during the period	-	71	-	-	-	-	71	-	71
Credit in respect of service cost settled by award of options	-	-	-	301	-	-	301	-	301
Balance at 30 June 2015	**2,195**	**30,394**	**17,476**	**4,619**	**(31)**	**(51,392)**	**3,261**	**(129)**	**3,132**
Balance at 1 January 2016	**2,196**	**30,394**	**17,476**	**4,661**	**26**	**(52,666)**	**2,087**	**(163)**	**1,924**
Comprehensive income									
Loss for the period	-	-	-	-	-	(1,708)	(1,708)	(2)	(1,710)
Other comprehensive income									
Exchange movements taken to reserves	-	-	-	-	122	-	122	-	122
Total comprehensive income for the six-month period	-	-	-	-	122	(1,708)	(1,586)	(2)	(1,588)
Shares issued during the period	549	-	-	-	-	-	549	-	549
Premium on shares issued during the period	-	1,647	-	-	-	-	1,647	-	1,647
Issue expenses	-	(119)	-	-	-	-	(119)	-	(119)
Equity element of convertible loan note				83	-	-	83	-	83
Credit in respect of service cost settled by award of options	-	-	-	9	-	-	9	-	9
Balance at 30 June 2016	**2,745**	**31,922**	**17,476**	**4,753**	**148**	**(54,374)**	**2,670**	**(165)**	**2,505**

Consolidated Statement of Cash Flows
for the year six-month period ended 30 June 2016

	Note	**Unaudited Half year to 30 June 2016 £'000**	Unaudited Half year to 30 June 2015 £'000	Audited Full year to 31 December 2015 £'000
Cash flows from operating activities				
Net cash used in operations	6	**(1,492)**	(1,222)	(1,708)
Interest paid		**(38)**	(53)	(130)
Income taxes received		**-**	150	150
Net cash used in operating activities		**(1,530)**	(1,125)	(1,688)
Cash flows from investing activities				
Purchase of property, plant and equipment		**(18)**	(42)	(68)
Capitalised development expenditure		**(256)**	(187)	(408)
Interest received		**1**	-	1
Net cash used in investing activities		**(273)**	(229)	(475)
Cash flows from financing activities				
Issue of ordinary share capital		**2,059**	136	59
Expenses in connection with share issue		**(119)**	-	-
Proceeds from (decrease)/increase in invoice discounting facility		**(313)**	(388)	(226)
Repayment of borrowings	8	**(1,000)**	-	-
Proceeds from borrowings	8	**1,125**	-	-
Repayment of obligations under finance leases		**(19)**	(16)	(34)
Net cash generated from/(used in) financing activities		**1,733**	**(268)**	**(201)**
Net decrease in cash and cash equivalents		**(70)**	(1,622)	(2,364)
Cash and cash equivalents at beginning of the year		**575**	2,934	2,934
Exchange gain/(loss) on cash and cash equivalents		**13**	(2)	5
Cash and cash equivalents at end of the period		**518**	**1,310**	**575**

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

1 Nature of the financial information

Deltex Medical Group plc (the Company) is a company incorporated in England and Wales. The condensed Group half-year financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). They have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, in accordance with IAS 34 'Interim Financial Reporting' and on a going concern basis. These financial statements, which are unaudited, do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015. New standards, amendments to standards or interpretations which were effective in the financial year beginning 1 January 2016 have not required any changes to previously published accounting policies or other changes following their implementation.

These financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The summary of results for the year ended 31 December 2015 is an extract from the published consolidated financial statements of the Group for that period which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for 2015 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

These financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2015, and are expected to be applied in the preparation of the financial statements for the year ending 31 December 2016.

These condensed Group half year financial statements were approved by the Board of Directors and approved for issue on 7 September 2016.

2 Exceptional costs

The exceptional costs reported in the prior period related to re-organisation and redundancy costs.

3 Revenue

Sales	**2016**	**2016**	**2016**	**2016**	**2016**	**2016**	2015	2015	2015	2015	2015	2015
	Probes	**Monitors**	**Probes**	**Monitors**	**Other**	**Total**	Probes	Monitors	Probes	Monitors	Other	Total
	units	**units**	**£'000**	**£'000**	**£'000**	**£'000**	units	units	£'000	£'000	£'000	£'000
Direct markets												
UK*	**8,040**	**5**	**752**	**32**	**222**	**1,006**	13,455	13	1,179	49	208	1,436
USA	**5,785**	**1**	**848**	**10**	**2**	**859**	5,025	-	608	-	(1)	607
Spain	**180**	**-**	**18**	**-**	**-**	**18**	195	-	18	-	-	18
Canada	**165**	**-**	**22**	**-**	**4**	**26**	295	1	39	15	-	54
Distributor markets												
Europe	**9,555**	**3**	**520**	**11**	**8**	**540**	9,300	4	470	18	8	496
Rest of world	**3,780**	**50**	**158**	**77**	**6**	**241**	2,310	4	114	10	1	125
	27,505	**59**	**2,318**	**130**	**242**	**2,690**	30,580	22	2,428	92	216	2,736

4 Results by operating segment

The following analysis is regularly presented to the chief operating decision maker of the business, the Chief Executive Officer on a monthly basis.

Segment results include items directly attributable to a segment as well as those, which can be allocated on a reasonable basis.

The segment results for the six months ended 30 June 2016 are as follows:

	Probes £'000	Other £'000	Total £'000
Revenue from customers	**2,318**	**372**	**2,690**
Reconciliation to result for the year:			
Cost of goods sold			**(959)**
Total costs			**(3,454)**
Operating loss			**(1,723)**
Finance income			**1**
Finance expense			**(73)**
Loss before taxation			**(1,795)**
Tax credit on loss			**85**
Loss for the financial period			**(1,710)**

The segment results for the six months ended 30 June 2015 are as follows:

	Probes £'000	Other £'000	Total £'000
Revenue from customers	2,428	308	2,736
Reconciliation to result for the year:			
Cost of goods sold			(957)
Total costs			(3,925)
Operating loss			(2,146)
Finance expense			(53)
Loss before taxation			(2,199)
Tax credit on loss			47
Loss for the financial period			(2,152)

The segment results for the twelve months ended 31 December 2015 are as follows:

	Probes £'000	Other £'000	Total £'000
Revenue from customers	5,230	1,175	6,405
Reconciliation to result for the year:			
Cost of goods sold			(2,395)
Total costs			(7,496)
Operating loss			(3,486)
Finance income			1
Finance expense			(110)
Loss before taxation			(3,595)
Tax credit on loss			135
Loss for the financial period			(3,460)

5 Dividends

The Directors do not recommend the payment of a dividend (2015: nil).

6 Notes to the Consolidated Statement of Cash Flows

	Unaudited Half year to 30 June 2016 £'000	Unaudited Half year to 30 June 2015 £'000	Audited Full year to 31 December 2015 £'000
Loss before taxation	**(1,795)**	(2,199)	(3,595)
Adjustments for:			
Net finance costs	**72**	53	109
Depreciation of property, plant and equipment	**108**	139	257
Amortisation of intangible assets	**125**	74	147
Effect of exchange rate fluctuations on borrowings	**-**	(12)	-
Exchange (gain)/loss on property, plant and equipment	**-**	7	-
Loss on disposal of property, plant and equipment	**18**	9	21
Share based payments	**112**	301	343
Operating cashflows before movement in working capital	**(1,360)**	(1,628)	(2,718)
(Increase)/Decrease in inventories	**(44)**	(93)	476
Decrease in trade and other receivables	**614**	601	141
(Decrease)/increase in trade and other payables	**(702)**	(147)	392
Increase/(decrease) in provisions	**-**	45	1
Net cash used in operations	**(1,492)**	(1,222)	(1,708)

7 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 six months to 30 June 2016 is based on the loss after tax attributable to owners of the parent of £1,708,000 and weighted average number of shares in issue of 255,776,307. The loss per share calculation for the six months to 30 June 2015 is based on the loss after tax for the period of £2,105,000 and weighted number of shares in issue of 213,865,546.

8 Borrowings

	Unaudited 30 June 2016 £'000	Unaudited 30 June 2015 £'000	Audited 31 December 2015 £'000
Current borrowings:			
Invoice discounting facility	**527**	668	827
Convertible Loan note	**-**	1,020	1,000
Finance leases	**36**	29	37
	563	1,717	1,864
Non-current borrowings:			
Convertible Loan note	**1,010**	-	-
Finance leases	**18**	34	34
	1,028	34	34
Total Borrowings	**1,591**	1,751	1,898

Convertible Loan note

On 26 February 2016, the 2007 convertible loan notes were repaid in full. On the same day, the company issued £1,125,000 unsecured convertible loan notes 2019 (loan notes 2019) which carry a coupon of 8% per annum payable quarterly in arrears. The loan notes are repayable in full on 25 February 2019 or may, at the option of the holder, be converted at any time into ordinary shares of the Company at a conversion price of £0.04 per share. The values of the liability component and the equity conversion element were determined when the loan notes 2019 were issued.

The convertible loan note recognised in the balance sheet is calculated as:

	Liability	**Equity**	**Total**
	£'000	**£'000**	**£'000**
Face value of unsecured convertible loan notes 2019	1,037	88	1,125
Less issue costs	(40)	(4)	(44)
Value at recognition	997	84	1,081
Interest expense	43	-	43
Interest payable	(30)	-	(30)
Value at 30 June 2016	**1,010**	**84**	**1,094**

9 Share capital

	Unaudited	Unaudited	Audited
	30 June 2016	30 June 2015	31 December 2015
	£'000	£'000	£'000
274,470,066 Called up, allotted and fully paid (June 2015: 219,509,986, December 2015: 219,584,986)	**2,745**	2,195	2,196

During the period the Company issued 10,693,408 1p ordinary shares under an open offer, 27,875,000 1p ordinary shares under a placing, and 12,900,000 1p ordinary shares under a private placing.
A total of 3,416,672 1p ordinary shares were issued to certain of the Company's advisors who elected to take shares in lieu of cash payment for their services to the Company. These transactions were all at 4p per share.

10 Events after the interim period

On 14 July 2016, 10,465,116 1p ordinary shares were issued at 4.3p per share for cash consideration pursuant to a share subscription agreement dated 30 June 2016.

11 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. This announcement is available from the Company's website free of charge at www.deltexmedical.com.

12 Cautionary statement

This announcement contains forward looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ materially from those currently anticipated. Nothing in this document should be considered to be a profit forecast.