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

Interim results for the six months ended 30 June 2015

16 September 2015 – 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 2015.

Key performance measures **(vs. H1 2014)**

- US probe revenues up 28%: platform programme on track
    - Platform programme accounts increased from six to 11 in H1; now 12
    - All US probe growth came from nine platform programme accounts added since Q4 2013 with average probe selling price increasing
    - Pipeline in place to hit milestone of 30 platform programme accounts by mid-2016
- International probe revenues up 20%: strongest growth from larger markets including France
- UK probe revenues in first two months of H2 marginally ahead of 2014 after 23% fall in H1
- Loss before non-cash costs and US market development project of £1.7m (2014: £0.6m) after:
    - £0.7m planned investment in sales development costs re US expansion
    - £0.3m planned spend on operational improvements: with over £0.1m in unabsorbed production costs reducing gross margin
    - £0.2m exceptional costs
- Cash available of £1.3m (31 December 2014, £2.9m): planned returns starting to come through more strongly from investments made in US expansion and UK operational improvements
- UK cost reductions made in H1 of £1.0m on annualised basis

Operating Highlights

- Focus shifted to growing export markets from challenging UK market
- US sales development plans on track
    - Sales team doubled and territories increased from three to seven
    - Evaluations completed successfully for nine more by end of H1
    - To date circa 15 more evaluations scheduled to be completed in H2
    - E-learning and simulator programmes increasing efficiency of training support
    - Leading hospitals reporting excellent results from ODM introduction
    - US market development project near completion: major fluid variation study imminent
- Product development and operational improvement plans on track with returns expected from H2
- Successful introduction of third party products in UK in H1 with expansion potential in H2; new product releases and marketing initiatives planned for H2

Statutory results

- Revenue down £0.3m to £2.7m (2014: £3.0m)
- Operating loss of £2.1m (2014: operating loss of £1.5m) after planned £1.0m investments in US sales development and operational improvements, exceptional costs of £0.2m.

Nigel Keen, Deltex Medical's Chairman, commented:

"Deltex Medical has entered the second half of the year with an increased focus on export markets, particularly the USA, where we are experiencing a growth in sales enquiries ahead of our initial forecasts. We are building a strong pipeline of US accounts that we expect to contribute to more rapid growth in sales and we are on track with our plans to build a strong platform for medium term national rollout in the USA.

Traction for our products is growing in other international markets as acceptance of the need for optimal intra-operative fluid management is broadening beyond the UK where, in response to more challenging UK market conditions, we are taking steps to maximise the cash in-flows we generate from our UK sales operation."

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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 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 is 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 reduces post-operative complications, reduces intensive care admissions, and reduces the length of hospital stay.

During 2013, the Company launched the CardioQ-ODM+ monitor that offers clinicians both of the two best-established technologies, Deltex Medical's ODM technology as well as Pulse Pressure Waveform Analysis ('PPWA') in one monitor. This allows clinicians to have unique real time insights into each of flow, pressure and resistance, the three pillars of haemodynamics.

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 600,000 patients have been treated to date using Deltex Medical's single patient disposable probes.

Chairman's statement

Overview

In the first half of the year Deltex continued to make good progress in shifting our focus to the USA and other export markets and away from the challenging UK domestic market. We delivered another step-up in the rate of US growth with revenues from probes up 28% and underpinned a 19% increase in International probe revenues with growth coming from distributor sales in our two largest export markets of France and Peru. In the UK surgical probe revenues were down 23%, partially offset by the first revenues from new products.

In the USA we have seen continuing rapid growth in interest from clinicians in both ODM and the surgical enhanced recovery programmes of which precise fluid management is a fundamental pillar. As the market opportunity evolves, our US activity is shifting from market development to sales development. The costs of the market development projects we started in 2013, including our research partnership with Premier Inc will have been substantially met by the end of the third quarter of 2015: the publication of the major study of variation in US fluid management practice is imminent and expected to have a positive impact over the next two years; compelling stories of the patient benefits and cost savings available from implementing ODM in leading US hospitals such as Brigham and Women's in Boston and Duke University in North Carolina are helping hospitals move more rapidly towards implementing enhanced recovery programmes.

Our sales development plan in the USA is focused on building by mid-2016 a platform of 30 hospitals which are using, or are on track to be using, at least 100 probes a month. We are making good progress towards this goal: to date in 2015 we have doubled the number of platform accounts from six to 12. By the end of June we had already completed enough successful clinical evaluations to set us up to achieve our target of 20 platform programme accounts by around the turn of the year; we have sufficient further evaluations scheduled for the second half of the year to complete this phase of our US strategy and move towards national roll-out of ODM in the second half of 2016.

The further decline in surgical probe revenues in the UK is disappointing. The two main drivers behind the reduction in sales are the continuing pressure on NHS finances, leading to continuing de-stocking and postponement of operations, and fall-out from the NHS not having succeeded in its initiative to fully adopt ODM at pace and scale. The Company started to address the resulting changes in local UK market conditions in the first half by reducing costs and introducing third party products with a view to first maintaining then maximising the cash generation of our UK sales operation. The full impact of cost reductions and additional revenue from growing momentum with the CASMED cerebral oximetry range together with new product launches and focused marketing campaigns are expected to start to come through positively in the second half. The Board is focused on reducing the Company's exposure to UK market uncertainties and is in the process of a thorough review of underlying activity in a sample of NHS hospitals with a view to both validating and refining its UK market strategy: this review is in the context of increasing opportunities for growth in export markets as track records of improving patient outcomes and cost reductions are established.

Proforma results

We have refined the presentation below to reflect that we are now selling consumable products other than ODM probes. We continue to show the UK split between surgical and critical care probes in the segmental analysis note but do not believe the distinction to be as useful in growing export markets where probes are not so clearly differentiated between clinical applications and as the CardioQ-ODM+ is suited to full peri-operative monitoring including both surgery and critical care.

Pro-forma results
For the six month period ended 30 June 2015

	Half year 2015 £'000	Half year 2014 £'000	Full year 2014 £'000
Consumable revenues			
Probes	2,428	2,538	5,271
Other	102	-	-
Total consumable revenue	**2,530**	**2,538**	**5,271**
Cost of sales- consumables	(736)	(577)	(1,287)
Gross profit probes	**1,794**	**1,961**	**3,984**
Monitor and sundry income			
Net sundry income	25	36	45
Net monitor income less costs*	(46)	177	517
	(21)	213	562
Cash costs	(3,478)	(2,803)	(6,223)
Loss before non-cash and US market development	(1,705)	(629)	(1,677)
Non- cash costs	(273)	(663)	(872)
Loss before US market development costs	**(1,978)**	**(1,292)**	**(2,549)**
US market development costs	(168)	(229)	(441)
Operating loss	**(2,146)**	**(1,521)**	**(2,990)**

*Net monitor income less costs comprises:	Half year 2015 £'000	Half year 2014 £'000	Full year 2014 £'000
Revenue from monitors sold	92	324	1,055
Maintenance revenue	37	38	78
Cost of sales – monitors	(37)	(71)	(401)
Amortisation costs of placed monitors	(138)	(114)	(215)
Total	**(46)**	**177**	**517**

Trading results

Consumable revenues were flat at £2,530,000. ODM probe revenues were £110,000 (4%) lower with increases of £132,000 (28%) from USA and £102,000 (19%) from International offset by a £344,000 (23%) decrease from UK. £102,000 (2014: £nil) of additional consumables revenues were generated from third party sales.

Gross profit on consumables was £167,000 (77%) lower than in H1 2014 at 71%. This reduction was due to a number of factors including a change in the mix between direct and distributor ODM probe sales, the introduction of third party sales as distributor, the movement in exchange rates and the under absorption of production costs. The cost of building probes has been close to flat and average end user prices continue to increase in the USA as new accounts are brought on stream. Cost of consumables sales includes unabsorbed production labour and overhead of over £150,000, which has led to a reduction of 5% in gross margin as we trained staff in building sub-assemblies that have been brought in-house and reduced probe stocks in anticipation of making design changes to improve both functionality and increase margins.

Cash costs were £675,000 (30%) higher than in H1 2014. Excluding £152,000 of exceptional costs relating to redundancies, cash costs were 24% higher than in H1 2014 and 3% lower than in H2 2014 when we started to increase investment in each of the US market, research and development and a number of operational improvements. The Company expects the full year effect of H1 cost savings to come through in the second half. Furthermore the introduction of online e-learning modules and further deployment of training simulators is reducing the cost of training new customers.

Net monitor income less costs was a net cost of £46,000, £223,000 behind the net income of £177,000 in H1 2014. The change is primarily due timing differences in International, in particular a one-off single order for £128,000 in early 2014.

US market development costs were £168,000 (H1 2014: £229,000). We expect the majority of the work streams included under this heading to have been substantially completed by the end of the third

quarter of 2015 and that, after the end of 2015, any further costs will be included under operating costs as ongoing marketing costs.

The operating loss was £625,000 (41%) higher than in H1 2014 after non-cash costs of £273,000 (2014: £663,000): the reduction in non-cash costs relates primarily to movements in accruals. The Board decided to push back profitability when the Company raised additional capital in H1 2014 to invest in expanding the US market, new product development and other operational improvements. The Board expects the returns on these investments, which are all progressing satisfactorily, to start to come through more strongly in the second half when sales are traditionally significantly higher than in the first half.

Cash available at 30 June 2015 was £1,310,000, a reduction of £1.6m since 31 December 2014. The rate of cash consumption is expected to reduce substantially over the second half of the year due to sales timings, expansion of our US platform programme, the flow through of cost reductions and the reversal of a number of working capital positions. Borrowings shown under 'current liabilities' have increased by £976,000 to £1,717,000 as a result of the reclassification from longer-term borrowings of a £1m convertible loan note. The loan note has previously been extended by two years and is currently scheduled to mature in the first quarter of 2016. The Company's working capital plans assume repayment of this loan to the extent that it is not converted to equity, however, the Company is also considering a number of options, including proposals received, to refinance this facility and maximise working capital available.

Markets

USA

Our objective for the current phase of developing our US business is to have established by the middle of 2016 30 accounts that are using at least 100 probes a month or are on track to do so. Achieving this will provide a solid platform for rolling out our products nationally from the latter part of 2016 onwards.

We have made good progress towards this goal in the year to date and have doubled the number of 'platform programme' accounts from six to 12, with 11 established by the end of the first half and a twelfth added earlier this month. We completed successful clinical evaluations in nine further accounts in the first half of the year: completion of procurement pathways for these accounts alone would be sufficient to hit our immediate target of 20 platform programme accounts at or around the turn of the year and we are already undertaking or have scheduled for the second half enough further evaluations which should enable us to reach our target of 30. We have been very encouraged by the reception to our new e-learning modules in the USA: used in conjunction with our ODM simulators, we are able to train large numbers of clinicians more quickly and reduce their learning curves with patients. This is enabling us to move more rapidly to increase the number of platform programme major accounts that can be supported by a single dedicated trainer.

In total we sold 730 more probes in the first half than in 2014, with this growth driven entirely by our platform programme accounts. The nine newer such accounts, those added since October 2013, contributed 1,310 of additional probe sales. The two longest established platform programme accounts, which are closer to maturity, produced 470 fewer probe sales on broadly flat consumption: the larger of these two accounts has agreed to move its ordering pattern from occasional bulk orders to regular monthly ones.

Our major US market development project is reaching completion as a stand-alone exercise and we expect the majority of work to have been completed and cost incurred by around the end of the third quarter: remaining activity and cost will be absorbed into core operations from January 2016. This programme has been highly influential in establishing the opportunity for modern enhanced recovery surgical programmes built around precise fluid management. On 9 June 2015, we announced the excellent improvements in outcomes and efficiency from introducing CardioQ-ODM at Brigham & Womens' Hospital, Boston, one of the leading teaching hospitals in the USA. Post-operative cardiac events and wound infections were both reduced by over 80% and both mean and median lengths of stay were reduced by 25%. We expect similar experiences to be reported, including economic analyses, from other prestigious hospitals in the next year or two. We understand that the results of the largest ever 'big data' study into fluid management in the USA has been accepted for publication by a leading medical journal and will be published online shortly: this study is a result of our research collaboration with Premier Inc. It is expected to highlight wide variation in clinical practice across the

USA and have a high impact in raising the profile of fluid management as a priority area for quality improvement and cost savings.

At the end of July we received FDA clearance to market our paediatric probes in the USA for the first time together with clearance to use the CardioQ-ODM+ monitors in paediatric patients. The FDA approval was nearly six months later than planned, however, we were able to generate an encouraging pipeline in leading children's hospitals in the intervening period. We have found a clear unmet clinical need which is addressed by our products for precise, responsive and safe haemodynamic monitoring in critically ill children. We plan to open a small number of accounts in the second half of the year, subject to procurement pathways, with considerable opportunity for expansion and growth thereafter.

UK

UK ODM sales were disappointing with surgical probe revenues down 25% compared to H1 2014 and critical care probes down 14.5%. There are a number of factors behind this fall including continued NHS de-stocking, lower NHS elective surgical activity towards the end of its financial year and uncertainty around the UK general election. However it is also clear that the NHS's unsuccessful attempts to implement its December 2011 decision to roll-out out ODM fully at pace and scale have harmed the Company's business, particularly the January 2014 decision to remove the CQUIN pre-qualification mechanism for high impact innovations.

The Company believes that its UK ODM business will return to growth over time driven by clinicians seeking to improve outcomes after major surgery and greater transparency of surgical outcomes. However the resources needed to accelerate such a recovery are likely to generate higher and more rapid returns in a number of export markets which are more conducive to implementing evidence based innovative modalities that significantly improve the lives of patients or save material levels of cost. The Company is therefore focused on maximising cash generation from our profitable UK operation while retaining the benefits of close proximity to customers in our home market.

In January, we restructured our UK field team and reduced total costs by £1m on an annualised basis with full six months of savings anticipated to come through in the second half. We also started to introduce a small number of third party products and have been particularly pleased with the interest we have seen in CASMED's cerebral oximetry systems in both adult and paediatric applications. We have evaluated a number of further products and expect to add at least one more in the second half of this year.

We are testing a number of new initiatives in the UK and expect these to help us start to return ODM to growth over the next six to twelve months with further impetus from rolling-out in the UK the new training models we are developing in the USA. The digital protocol compliance and patient engagement platform we have been developing with leading academic institutions has been tested in a leading UK hospital with excellent results and feedback: this is attracting a lot of interest both in the UK and overseas and should enable significant marketing programmes through clinical networks. From this month we are broadening the clinical evaluation phase in the UK of a new design of probe that is both easier to focus and maintains focus better. Our pending next software upgrade will start to exploit the CardioQ-ODM+'s unique combination of blood flow and blood pressure signals to give doctors new insights into the circulation. We also expect to make progress towards adding new modalities to our enhanced haemodynamic monitoring offer as we progress towards the world's first haemodynamic workstation.

While the Board is optimistic both that our UK business is over the worst of very difficult market circumstances in the UK and that we will benefit from a number of innovations and initiatives, it is also concerned to limit future uncertainty around our UK results. Our UK business remains highly cash generative and maximising cash returns allows investment in expanding our overseas markets. We have therefore set up a detailed review focused on a representative sample of UK accounts to assess underlying activity and clinical priorities. We expect this review to be concluded in the first half of November and to enable us to validate and refine our UK plans and expectations. UK probe sales in the first two months of H2 were slightly ahead of 2014.

International

Probe revenues for sales to International distributors were up 20% at £584,000 (2014: £487,000) underpinned by a 28% increase in unit volumes before the adverse effect on reported revenues of the fall in value of the euro. Distributors have reported increasing interest in and demand for our products

in a number of territories. Probe revenues in France, our largest export market were 31% ahead of H1 2014 and we resumed probe shipments to Peru after progress was disrupted by clinician strike action in 2014.

Probe sales in Canada and Spain, the Company's other direct markets aside from USA and UK, were each modestly ahead of H1 2014 at £39,000 and £18,000 respectively. In June 2015 the Company was awarded a tender for a hospital system in Western Canada that had originally been due to be awarded in December 2014. While the original tender scope envisaged a bulk up-front purchase of monitors together with a year's supply of probes, the eventual contract involves each hospital purchasing individually and to their own timetables: as a result the Company now expects a more even sales profile over the first twelve months of the tender.

Our efforts in Spain over several years have been focused on market development through two strands of work: firstly establishing the benefit of ODM to guide fluid management during surgery through clinical support of a major multi-centre, multi-disciplinary trial of ODM; and secondly through supporting Spanish pioneers of enhanced recovery establish the value of ODM within these modern, evidence-based, surgical pathways. Groups of Spanish clinicians have prepared detailed recommended clinical pathways for over ten types of major surgery and are in the process of building both clinician and system support to roll these out as standard across Spain. These lead clinicians expect the rollout to start before the end of 2015 that is likely create opportunities for accelerated growth. The results of the multi-centre trial have been written up but not yet published, however, we understand that they have been shared with the Spanish authorities and are informing both Spanish clinical guidelines and the plans for enhanced recovery rollout.

Prospects

Deltex has entered the second half of the year with growing traction and sales in the US market where our plans are on track to build by the middle of 2016 a platform of strong hospital accounts for future national rollout. This progress coincides with the growing impact of our successful US market development programme with clinical interest increasing rapidly in each of fluid management, ODM and broader enhanced recovery programmes. Traction and the opportunities for accelerated growth are also growing in other potentially large export markets such as France, Scandinavia, Spain and Peru.

We are thus able to reduce further our reliance on the challenging UK domestic market while continuing to maximise the substantial cash returns we generate from the UK to invest in markets offering higher growth opportunities in both the short and long terms. The Board is undertaking a review of underlying activity in the UK market with a view first to reduce uncertainty over sales prospects and secondly to validate a series of initiatives aimed at returning to a positive growth trend.

DELTEX MEDICAL GROUP PLC CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Half year 2015 Probes £'000	**Half year 2015 Other £'000**	**Half year 2015 Total £'000**	Half year 2014 Probes £'000	Half \year 2014 Other £'000	Half year 2014 Total £'000	Full year 2014 Probes £'000	Full year 2014 Other £'000	Full year 2014 Total £'000
Probe revenue									
Surgical probes	**2,132**	**-**	**2,132**	2,192	-	2,192	4,558	-	4,558
Critical care probes	**296**	**-**	**296**	346	-	346	713	-	713
Other revenue	**-**	**308**	**308**	-	415	415	-	1,236	1,236
Total revenue	**2,428**	**308**	**2,736**	2,538	415	2,953	5,271	1,236	6,507
Total cost of sales	**(664)**	**(293)**	**(957)**	(577)	(202)	(779)	(1,287)	(674)	(1,961)
Gross profit	**1,764**	**15**	**1,779**	1,961	213	2,174	3,984	562	4,546
Administrative expenses			**(1,282)**			(1,202)			(2,463)
Sales and distribution costs			**(1,958)**			(1,994)			(3,938)
Research and development			**(364)**			(270)			(694)
US market development costs			**(168)**			(229)			(441)
Exceptional costs			**(152)**			-			-
Total costs			**(3,925)**			(3,695)			(7,536)
Operating loss before US market development costs and exceptional items			**(1,826)**			(1,292)			(2,549)
US market development costs			**(168)**			(229)			(441)
Exceptional costs			**(152)**			-			-
Operating loss*			**(2,146)**			(1,521)			(2,990)
Finance income			**-**			1			2
Finance costs			**(53)**			(56)			(107)
Loss before taxation			**(2,199)**			(1,576)			(3,095)
Tax credit on loss			**47**			58			144
Loss for the period			**(2,152)**			(1,518)			(2,951)
Other comprehensive income									
Items that may be subsequently reclassified to profit or loss:									
Net translation differences on overseas subsidiaries			**(25)**			(70)			45
Other comprehensive expense for the period, net of tax			**(25)**			(70)			45
Total comprehensive loss for the period			**(2,177)**			(1,588)			(2,906)
Total comprehensive loss for the period attributable to:									
Owners of the Parent			**(2,130)**			(1,602)			(2,816)
Non-controlling interests			**(47)**			14			(90)
			(2,177)			(1,588)			(2,906)
Loss per share basic and diluted			**(1.0p)**			(0.9p)			(1.5p)

***Operating loss comprises:**									
Cash loss			**(1,705)**			(629)			(1,677)
US market development costs			**(168)**			(229)			(441)
Non – cash charges (net)			**(273)**			(663)			(872)
Operating loss			**(2,146)**			(1,521)			(2,990)

Consolidated Balance Sheet
at 30 June 2015

	Unaudited	Unaudited	Audited
	30 June	30 June	31 December
	2015	2014	2014
	£'000	£'000	£'000
Assets			
Non – current assets			
Intangible assets	**1,858**	1,662	1,745
Property, plant and equipment	**623**	596	737
Trade and other receivables	**-**	-	5
Total non-current assets	**2,481**	2,258	2,487
Current assets			
Inventories	**1,353**	1,229	1,273
Trade and other receivables	**2,144**	2,519	2,757
Current income tax recoverable	**37**	54	140
Cash and cash equivalents	**1,310**	4,219	2,934
Total current assets	**4,844**	8,021	7,104
Total assets	**7,325**	10,279	9,591
Liabilities			
Current liabilities			
Borrowings	**(1,717)**	(741)	(1,109)
Trade and other payables	**(2,281)**	(2,272)	(2,444)
Total current liabilities	**(3,998)**	(3,013)	(3,553)
Non current liabilities			
Borrowings	**(34)**	(1,025)	(1,050)
Provisions	**(161)**	(135)	(116)
Total non-current liabilities	**(195)**	(1,160)	(1,166)
Total liabilities	**(4,193)**	(4,173)	(4,719)
Net assets	**3,132**	6,106	4,872
Equity			
Share capital	**2,195**	2,126	2,130
Share premium	**30,394**	30,284	30,323
Capital redemption reserve	**17,476**	17,476	17,476
Other reserves	**4,619**	4,277	4,318
Translation reserve	**(31)**	(121)	(6)
Retained deficit	**(51,392)**	(47,953)	(49,287)
Equity attributable to owners of the Parent	**3,261**	6,084	4,945
Non-controlling interests	**(129)**	22	(82)
Total equity	**3,132**	6,106	4,872

Consolidated Statement of Changes in Equity
for the six month period ended 30 June 2015

Group	Share Capital	Share premium	Capital redemption	Other reserve	Translation reserve	Retained deficit	Total	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 June 2014	2,126	30,284	17,476	4,277	(121)	(47,958)	6,084	22	6,106
Comprehensive income									
Loss for the period	-	-	-	-	-	(1,329)	(1,329)	(104)	(1,433)
Other comprehensive income									
Exchange movements taken to reserves	-	-	-	-	115	-	115	-	115
Total comprehensive income for the six month period	-	-	-	-	115	(1,329)	(1,214)	(104)	(1,318)
Shares issued during the period	4	-	-	-	-	·	4	-	4
Premium on shares issued during the period	-	39	-	-	-	-	39	-	39
Credit in respect of bonuses settled by award of options	-	-	-	41	-	·	41	-	41
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 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	-	-	-	-	(31)	(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 bonuses 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**

Consolidated Statement of Cash Flows
for the year six month period ended 30 June 2014

	Note	**Unaudited Half year to 30 June 2015 £'000**	Unaudited Half year to 30 June 2014 £'000	Audited Full year to 31 December 2014 £'000
Cash flows from operating activities				
Net cash used in operations	**6**	**(1,222)**	(637)	(1,821)
Interest paid		**(53)**	(51)	(104)
Income taxes received		**150**	122	122
Net cash used in operating activities		**(1,125)**	(566)	(1,803)
Cash flows from investing activities				
Purchase of property, plant and equipment		**(42)**	(152)	(372)
Capitalised development expenditure		**(187)**	(226)	(465)
Interest received		**-**	1	2
Net cash used in investing activities		**(229)**	(377)	(835)
Cash flows from financing activities				
Issue of ordinary share capital		**136**	4,516	4,566
Expenses in connection with share issue		**-**	(255)	(262)
Proceeds from (decrease)/increase in invoice discounting facility		**(388)**	(536)	-
Repayment of borrowings		**-**	-	(187)
Repayment of obligations under finance leases		**(16)**	(7)	(16)
Net cash generated from financing activities		**(268)**	3,718	4,101
Net (decrease)/increase in cash and cash equivalents		**(1,622)**	2,775	1,463
Cash and cash equivalents at beginning of the year		**2,934**	1,459	1,459
Exchange (loss)/gain on cash and cash equivalents		**(2)**	(15)	12
Cash and cash equivalents at end of the period		**1,310**	4,219	2,934

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 2014. New standards, amendments to standards or interpretations which were effective in the financial year beginning 1 January 2015 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 2014 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 2014 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 half-year 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 2014, and are expected to be applied in the preparation of the financial statements for the year ending 31 December 2015.

These condensed Group half-year financial statements were approved by the Board of Directors and approved for issue on 16 September 2015.

2 Exceptional costs

The exceptional costs reported in the period relates to reorganisation and redundancy costs made earlier in the year.

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*	**13,455**	**13**	**1,179**	**49**	**208**	**1,436**	18,270	11	1,523	65	68	1,656
USA	**5,025**	**-**	**608**	**-**	**(1)**	**607**	4,295	1	476	14	1	491
Spain	**195**	**-**	**18**	**-**	**-**	**18**	165	-	16	-	2	18
Canada	**295**	**1**	**39**	**15**	**-**	**54**	270	2	36	15	-	51
Distributor markets												
Europe	**9,300**	**4**	**470**	**18**	**8**	**496**	6,960	16	393	92	12	497
Rest of world	**2,310**	**4**	**114**	**10**	**1**	**125**	2,110	17	94	139	7	240
	30,580	**22**	**2,428**	**92**	**216**	**2,736**	32,070	47	2,538	325	90	2,953

*UK probe sales comprise:

	2015 Units	**2015 £'000**	2014 Units	2014 £'000
Surgical	**11,065**	**883**	15,320	1,177
Critical care	**2,390**	**296**	2,950	346
	13,455	**1,179**	18,270	1,523

4 Results by operating segment

The following analysis is presented to the chief operating decision maker of the business, the Chief Executive Officer on a monthly basis, and the basis for presentation to the board of directors.

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 2015 are as follows:

	Probes	**Other**	**Unallocated**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Revenue from customers	**2,428**	**308**	**-**	**2,736**
Segment profit	**1,758**	**15**	**(3,919)**	**(2,146)**
Finance income				**-**
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 six months ended 30 June 2014 are as follows:

	Probes	Other	Unallocated	Total
	£'000	£'000	£'000	£'000
Revenue from customers	2,538	415	-	2,953
Segment profit	1,961	213	(3,695)	(1,521)
Finance income				1
Finance expense				(56)
Loss before taxation				(1,576)
Tax credit on loss				58
Loss for the financial period				(1,518)

The segment results for the twelve months ended 31 December 2014 are as follows:

	Probes	Other	Unallocated	Total
	£'000	£'000	£'000	£'000
Revenue from customers	5,271	1,236	-	6,507
Segment profit	3,984	562	(7,536)	(2,990)
Finance income				2
Finance expense				(107)
Loss before taxation				(3,095)
Tax credit on loss				144
Loss for the financial year				(2,951)

Unallocated costs include those costs that cannot be split between segments, including expenditure on research and development and clinical trials.

5 Dividends

The Directors do not recommend payment of a dividend (2014: nil).

6 Net cash used in operations

	Unaudited Half year to 30 June 2015 £'000	Unaudited Half year to 30 June 2014 £'000	Audited Full year to 31 December 2014 £'000
Loss before taxation	**(2,199)**	(1,576)	(3,095)
Adjustments for:			
Net finance costs	**53**	55	105
Depreciation of property, plant and equipment	**139**	127	256
Amortisation of intangible assets	**74**	66	164
Effect of exchange rate fluctuations on borrowings	**(12)**	(63)	(12)
Exchange (gain)/loss on property, plant and equipment	**7**	6	(8)
Loss on disposal of property, plant and equipment	**9**	8	19
Share based payments	**301**	60	101
Operating cash flow before movement in working capital	**(1,628)**	(1,317)	(2,470)
Increase in inventories	**(93)**	(309)	(295)
Decrease in trade and other receivables	**601**	572	329
(Decrease)/increase in trade and other payables	**(147)**	416	634
Increase/(decrease) in provisions	**45**	1	(19)
Net cash used in operations	**(1,222)**	(637)	(1,821)

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 2015 is based on the loss after tax attributable to owners of the parent of £2,105,000 and weighted average number of shares in issue of 213,865,546. The loss per share calculation for the six months to 30 June 2014 is based on the loss after tax for the period of £1,557,000 and weighted number of shares in issue of 175,659,290.

8 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.

9 Cautionary statement

This announcement contains forward-looking statements that 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.