

THIS CIRCULAR AND THE ACCOMPANYING FORM OF APPLICATION AND FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this circular and/or as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares in Deltex before the date that the Existing Ordinary Shares are marked "ex-entitlement" to the Open Offer by the London Stock Exchange, please immediately forward this circular, together with the accompanying Application Form and Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares you should retain this circular and the accompanying Application Form and Form of Proxy and should immediately contact your stockbroker, bank or other agent through whom the sale or transfer was effected.

This circular and any accompanying documents should not be sent or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities law or regulations including, but not limited to, any Restricted Jurisdiction.

The total consideration under the Open Offer shall be less than €5 million (or an equivalent amount) in aggregate and the Placing Shares shall only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under Section 102B of FSMA. Therefore, in accordance with Section 85 and Schedule 11A of FSMA, this circular is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this circular has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom, pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. In addition, this circular does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.

DELTEX MEDICAL GROUP PLC

(Incorporated in England and Wales with registered number 3902895)

Placing of 27,875,000 New Ordinary Shares at a price of 4 pence per share

Issue of Loan Notes to raise £1.125 million

Open Offer of up to 18,750,000 New Ordinary Shares at a price of 4 pence per share

and

Notice of General Meeting

ARDEN PARTNERS PLC

Nominated Adviser and Joint Broker

ZEUS CAPITAL LIMITED

Joint Broker

This circular should be read as a whole. Your attention is drawn in particular to the letter from the Chairman of the Company which is set out in Part I of this circular and, in particular, to paragraph 20 which contains the unanimous recommendation from the Directors that Shareholders vote in favour of the Resolution to be proposed at the General Meeting referred to below.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 22 February 2016. The procedure for acceptance and payment is set out in Part II of this circular and, where relevant, in the Application Form.

Notice of a General Meeting of Deltex to be held at 10.00 a.m. on 25 February 2016 at the offices of Laytons at 2 More London Riverside, London SE1 2AP is set out at the end of this circular. A Form of Proxy for use at this General Meeting is enclosed. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to the Company's UK Registrars, Capita Asset Services, PXS, 34 Beckenham Road, BR3 4TU as soon as possible but in any event so as to arrive not later than 10.00 a.m. on 23 February 2016 together with any power of attorney or other authority (or a notarially certified copy thereof) under which it is signed. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Arden, which is authorised by the FCA, is acting exclusively for the Company and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this circular) as a client in relation to the Placing or the Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or any other matter referred to herein. Its responsibilities as the Company's nominated adviser and joint broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and the Company and not to any other person in respect of his decision to acquire New Ordinary Shares in reliance on any part of this circular. Arden has not authorised the contents of, or any part of, this circular and no liability whatsoever is accepted by Arden nor does it make any representation or warranty, express or implied, for the accuracy of any information or opinion contained in this circular or for the omission of any information. Arden

expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this circular.

Zeus, which is authorised by the FCA, is acting exclusively for the Company and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this circular) as a client in relation to the Placing or the Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or any other matter referred to herein. Its responsibilities as the Company's joint broker under the AIM Rules for Companies are owed to the London Stock Exchange and the Company and not to any other person in respect of his decision to acquire New Ordinary Shares in reliance on any part of this circular. Zeus has not authorised the contents of, or any part of, this circular and no liability whatsoever is accepted by Zeus nor does it make any representation or warranty, express or implied, for the accuracy of any information or opinion contained in this circular or for the omission of any information. Zeus expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this circular.

The Existing Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares to be issued pursuant to the Placing and the Open Offer will commence at 8.00 a.m. on 26 February 2016.

This circular does not constitute a prospectus or a prospectus equivalent document. This circular cannot be relied on for any investment contract or decision. No person has been authorised to give any information or make any representation and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, Arden or Zeus. In particular, the content of the Company's website does not form part of this circular and Shareholders and prospective shareholders should not rely on it.

Qualifying non-CREST Shareholders will find an Application Form accompanying this circular. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement at 8 a.m. on 9 February 2016. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked "ex-entitlement".

If the Open Offer Entitlements are for any reason not enabled by 9 February 2016 (or such later time as the Company may decide), an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this circular and the Open Offer. Applications for Excess Shares pursuant to the Excess Application Facility may be made by the Qualifying Shareholder provided that their Open Offer Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this circular.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

Whether or not you intend to be present at the General Meeting, please complete the Form of Proxy enclosed with this circular in accordance with the instructions printed on the Form of Proxy and return it to Capita Asset Services, PXS, 34 Beckenham Road, BR3 4TU by no later than 10.00 a.m. on 23 February 2016 in order to be valid. Completion and return of the Form of Proxy will not preclude you from attending and voting at the General Meeting should you so wish.

Copies of this circular are available free of charge from Deltex Medical Group plc, Terminus Road, Chichester, West Sussex, PO19 8TX.

Notice to Overseas Shareholders

None of this circular and/or the accompanying documents should be distributed, forwarded, or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the Restricted Jurisdictions. In addition, the transfer of Open Offer Entitlements or Excess Open Offer Entitlements through CREST, in jurisdictions other than the UK, including the Restricted Jurisdictions, may be restricted by law and therefore persons into whose possession this circular comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

This circular does not constitute, and may not be used for the purposes of, any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for New Ordinary Shares to or by anyone in any jurisdiction in which such offer, invitation or solicitation is unlawful or to any person to whom it is unlawful to make such offer or invitation or undertake such solicitation.

This circular and the Application Form do not constitute an offer of the New Ordinary Shares to any person with a registered address, or who is resident or located, in any of the Restricted Jurisdictions. This circular and the Application Form are not being sent to Shareholders with registered addresses in the Restricted Jurisdictions.

None of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements has been or will be registered under the US Securities Act or under the applicable state securities laws of the United States or under the applicable securities laws of Australia, Canada, Japan, New Zealand, Russia or the Republic of South Africa. Subject to certain exceptions, the New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements may not be offered, sold, taken up, delivered or transferred in or into the any of the Restricted Jurisdictions. In particular, none of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements may be, directly or indirectly, offered, sold, taken up, delivered, renounced or transferred in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of any of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements in the United States.

Neither the SEC nor any state securities commission or other US regulatory authority has approved or disapproved of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements or endorsed the merits of the Capital Raising or the adequacy or accuracy of this circular. Any representation to the contrary is a criminal offence in the United States.

In addition, subject to certain exceptions, Application Forms are not being posted to and no Open Offer Entitlements or the Excess Open Offer Entitlements will be credited to a stock account of any person in any of the Restricted Jurisdictions. The attention of Overseas Shareholders and other recipients of this circular who are residents or citizens of any country other than the United Kingdom is drawn to the section entitled “Overseas Shareholders” at section 7 of Part II of this circular. This circular and the New Ordinary Shares may not be redistributed or forwarded directly or indirectly into any Restricted Jurisdiction.

Forward-looking statements

This circular contains statements that are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “could”, “envisages”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should”, “will” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this circular and include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Company or developments in the industry in which the Group operates may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this document.

The forward-looking statements contained in this document speak only as at the date of this document. The Company undertakes no obligation to update or revise publicly the forward-looking statements contained in this document to reflect any change in expectations or to reflect events or circumstances occurring or arising after the date of this document, except as required in order to comply with its legal and regulatory obligations (including under the AIM Rules for Companies).

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CAPITAL RAISING STATISTICS

Issue Price	4 pence
ISIN	GB0059337583
Number of Existing Ordinary Shares in issue on the Record Date	219,584,986
Number of New Ordinary Shares to be issued pursuant to: the Placing	27,875,000
the Open Offer ⁽¹⁾	Up to 18,750,000
Basis of the Open Offer	1 New Ordinary Share for every 11.711 Existing Ordinary Shares held by Qualifying Shareholders
Enlarged Ordinary Share Capital following completion of the Placing and Open Offer ⁽¹⁾	Up to 266,209,986
Percentage of the Enlarged Ordinary Share Capital represented by the New Ordinary Shares ⁽¹⁾	17.51%
Gross proceeds of the Placing	£1.115 million
Gross proceeds of the Loan Notes	£1.125 million
Gross proceeds of the Open Offer ⁽¹⁾	Up to £0.75 million
Estimated cash proceeds after expenses of the Placing, the Loan Notes and the Open Offer ⁽²⁾	Between £1.50 million and £1.80 million

Notes:

- (1) Assuming take-up in full of the Open Offer
- (2) The lower amount is assuming that there is no take-up of the Open Offer and the higher amount is assuming full take-up of the Open Offer and full repayment of the Amati Tranche 2

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2016

Record Date for entitlement under the Open Offer	5.00 p.m. on 3 February
Ex-Entitlement Date	8 February
Posting of this circular, the Form of Proxy and, to Qualifying non-CREST shareholders only, the Application Forms	8 February
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	9 February
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 16 February
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 17 February
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 18 February
Latest time and date for receipt of completed Application Forms and payment in full from Qualifying Shareholders under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 22 February
Latest time and date for receipt of Forms of Proxy from Shareholders	10.00 a.m. on 23 February
General Meeting of the Company	10.00 a.m. on 25 February
Expected time of announcement of results of the General Meeting	12.00 midday on 25 February
Admission effective and dealings in the Placing Shares and the Open Offer Shares expected to commence on AIM	8.00 a.m. on 26 February
Expected date for crediting of the Placing Shares and the Open Offer Shares in uncertificated form to CREST stock options	8.00 a.m. on 26 February
Expected date of dispatch of share certificates in respect of the Placing Shares and the Open Offer Shares	4 March

If you have any questions on the procedure for acceptance and payment, you should contact Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent, BR3 4TU, or by telephone on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Please note that Capita Asset Services cannot provide financial advice on the merits of the Capital Raising or as to whether or not you should take up your entitlement.

The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this circular may be adjusted by Deltex in which event details of the new dates will be notified to AIM and, where appropriate, to Shareholders.

All references to time are to the time in London, England.

DEFINITIONS

“2006 Act”	the UK Companies Act 2006
“Admission”	the admission to trading on AIM of the Placing Shares and the Open Offer Shares, which is expected to take place on 26 February 2016
“AIM Rules for Companies”	the AIM rules for Companies, as published and amended from time to time by the London Stock Exchange
“AIM Rules for Nominated Advisers”	the rules for nominated advisers to AIM companies. As published and amended from time to time by the London Stock Exchange
“Amati”	Amati VCT plc
“Amati Loan Note”	the £1,000,000 guaranteed unsecured convertible loan note constituted by the Company by an instrument dated 26 February 2009, amended by a supplemental instrument dated 14 April 2011 and varied on 11 June 2013
“Amati Tranche 2”	the £425,000 outstanding amount of the Amati Loan Note following initial repayment of £575,000 as set out in paragraph 5 of Part I
“Applicant”	a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form under the Open Offer
“Application Form”	the application form which accompanies this circular on which Qualifying non-CREST Shareholders may apply for Open Offer Shares under the Open Offer
“Arden”	Arden Partners plc
“Articles”	the existing articles of association of the Company as at the date of this circular
“Business Day”	any day (other than a Saturday or Sunday) upon which commercial banks are open for business in London, UK
“Capita” or “Capita Asset Services”	a trading name of Capita Registrars Limited
“Capital Raising”	the Placing, the issue of Loan Notes and the Open Offer, taken together
“Company” or “Deltex”	Deltex Medical Group Plc
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertified securities operated by Euroclear UK and Ireland in accordance with the CREST Regulations
“CREST member”	a person who has been admitted by Euroclear UK and Ireland as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST payment”	shall have the meaning given in the CREST manual issued by Euroclear UK and Ireland
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended

“CREST Sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“EIS”	the Enterprise Investment Scheme
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following Admission
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the operator of CREST
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlements
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Open Offer Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this circular
“Excess Open Offer Entitlement”	an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this circular
“Excess Shares”	New Ordinary Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
“Existing Ordinary Shares”	the existing Ordinary Shares
“Form of Proxy”	the form of proxy accompanying this circular
“FCA”	the Financial Conduct Authority of the United Kingdom
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of Shareholders to be held at the offices of Laytons at 2 More London Riverside, London SE1 2AP at 10.00 a.m. on 25 February 2016
“Group”	the Company, together with its subsidiary undertakings
“HMRC”	HM Revenue & Customs
“Independent Directors”	Ewan Phillips and Professor Sir Duncan Nichol
“ISIN”	International Securities Identification Number
“Issue Price”	4 pence per New Ordinary Share
“Laytons”	Laytons Solicitors LLP
“Loan Notes”	the new convertible loan notes due 2019 to be issued at the same time as the New Ordinary Shares
“London Stock Exchange”	London Stock Exchange plc

“Member Account ID”	the identification code or number attached to any member account in CREST
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (as amended)
“New Ordinary Shares”	the Placing Shares and the Open Offer Shares
“Notice of General Meeting”	the notice of General Meeting set out at the end of this circular
“Official List”	the daily official list maintained by the FCA
“Open Offer”	the invitation to Qualifying Shareholders, conditional on passing of the Resolution, to apply to subscribe for New Ordinary Shares at the Issue Price on the terms and subject to the conditions set out in Part II of this circular and, where relevant, in the Application Form
“Open Offer Entitlement”	the entitlement for Shareholders to subscribe for 1 Open Offer Share for each 11.711 Existing Ordinary Shares held as at the Record Date and allocated to Qualifying Shareholders pursuant to the Open Offer
“Open Offer Shares”	the 18,750,000 new Ordinary Shares subject to the Open Offer
“Ordinary Shares”	the ordinary shares of £0.01 each in the capital of the company
“Overseas Shareholder”	a Shareholder who is resident, or who is a citizen of, or who has a registered address in a jurisdiction outside the United Kingdom
“Participant ID”	the Identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Placees”	the persons who have conditionally agreed to subscribe for the Placing Shares
“Placing”	the placing of the Placing Shares at the Issue Price by Arden and Zeus, as described in this circular
“Placing Agreement”	the conditional agreement dated 2 February 2016 between the Company, Arden and Zeus relating to the Placing and the Open Offer
“Placing Shares”	the 27,875,000 new Ordinary Shares which have conditionally been placed firm with institutional and other investors by Arden and Zeus pursuant to the Placing
“Prospectus Rules”	the rules made by the FCA under Part VI of FSMA in relation to transferable securities to the public and admission of transferable securities to trading on a regulated market
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date were held in uncertificated form
“Qualifying non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date were held in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding any Overseas Shareholders who are resident in, or who are citizens of, or who have a registered address in a Restricted Jurisdiction)

“Record Date”	5.00 p.m. on 3 February 2016
“Receiving Agents”	Capita Asset Services
“Registrars”	Capita Asset Services
“Resolution”	the resolution to be put to Shareholders at the General Meeting
“Restricted Jurisdiction”	each and any of the United States of America, Australia, Canada, Japan, New Zealand, Russia, and the Republic of South Africa and any other jurisdiction where extension or availability of the Open Offer would breach any applicable law or regulations
“SEC”	the US Securities Exchange Commission
“Shareholder”	holder of Ordinary Shares
“sterling”, “pounds sterling”, “£”, “pence” or “p”	the lawful currency of the United Kingdom
“Stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
“UK Listing Authority”	the FCA acting in its capacity as the component authority for the purposes of Part VI of FSMA
“US Person”	a US person as defined in Regulation S promulgated under the US Securities Act
“US Securities Act”	the United States Securities Act of 1993 (as amended)
“Zeus”	Zeus Capital Limited

PART I

LETTER FROM THE CHAIRMAN

DELTEX MEDICAL GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3902895)

Nigel Keen (*Non-executive Chairman*)
Ewan Phillips (*Chief Executive*)
Jonathan Shaw (*Group Finance Director*)
Julian Cazalet (*Non-executive Director*)
Prof. Sir Duncan Nichol (*Non-executive Director*)
Christopher Jones (*Non-executive Director*)
Mark Wippell (*Non-executive Director*)

Terminus Road
Chichester
West Sussex
PO19 8TX

8 February 2016

Dear Shareholder,

Issue of Loan Notes, Placing, Open Offer and Notice of General Meeting

1. Introduction

On 3 February 2016, your board announced that it proposed to raise £1.115 million (before expenses) by way of a placing of 27,875,000 Placing Shares at 4 pence per Placing Share with institutional and other shareholders. In addition, the Company announced that up to a maximum of £0.75 million would be raised by way of the Open Offer made to Qualifying Shareholders of up to 18,750,000 Open Offer Shares. The Open Offer is being conducted on the basis of 1 Open Offer Share for each 11.711 Existing Ordinary Shares held as at the Record Date of 3 February 2016.

As part of the Open Offer, the Excess Open Offer Entitlement facility will allow excess applications for new Ordinary Shares over and above Qualifying Shareholders' Open Offer Entitlements to be accepted from such holders to the extent that other Qualifying Shareholders do not take up their full Open Offer Entitlement.

As the allotment and issue of the Placing Shares will exceed the Company's existing authorities to allot shares for cash on a non pre-emptive basis, the General Meeting is being called to seek Shareholders' approval to grant new authorities to enable the Directors, *inter alia*, to complete the Capital Raising.

The New Ordinary Shares to be issued pursuant to the Placing and the Open Offer are to be admitted to trading on AIM, which is expected to take place at 8.00 a.m. on 26 February 2016.

The Placing and the Open Offer are each conditional upon, *inter alia*, the approval by Shareholders of the Resolution which will be sought at the General Meeting to be held at 10.00 a.m. on 25 February 2016. If Shareholder approval of the Resolution is not be given at the General Meeting, the Capital Raising as currently proposed will not proceed.

The purpose of this letter is to explain to Shareholders the background to, and reasons for, the Capital Raising including the Placing and the Open Offer. To enable the Company to implement the Placing and Open Offer, the Company is seeking the approval by Shareholders of the Resolution which is to be put to the General Meeting of the Company to be held at the offices of Laytons at 2 More London Riverside, London SE1 2AP at 10.00 a.m. on 25 February 2016. The Notice convening the General Meeting is set out at the end of this circular and a Form of Proxy is also enclosed for you to complete.

2. Loan Notes

The Company intends to raise £1.125 million by the issue of the Loan Notes. Of these, Imperialise Limited (a company associated with Nigel Keen, non-executive Chairman of the Company), has agreed to subscribe for £500,000 nominal amount of the Loan Notes.

The Loan Notes are unsecured and interest is payable at a fixed rate of 8% per annum. The Loan Notes are repayable in full on the third anniversary of their date of issue although they may be prepaid in whole or in part at the Company's discretion at any time.

The Loan Notes are convertible at any time up until repayment into 18,750,000 ordinary shares at an effective price of 6p, being a premium of 30 per cent. over the share price at close of business on 2 February 2016 and a premium of 50 per cent. over the Issue Price. The Company can also enforce conversion if the ordinary share price is equal to or exceeds 18p for any period of 30 consecutive days. If the Company elects to prepay all or any of the Loan Notes, it will issue to the note holders warrants to subscribe for Ordinary Shares at 6 pence per share (at the rate of 5,000 warrants for every £300 nominal of Loan Notes repaid (and pro rata for any greater or lesser amount repaid)). Such warrants will be exercisable within the same period as corresponds to the conversion rights previously attaching to the Loan Notes prepaid.

The issue of the Loan Notes is conditional on the Placing becoming unconditional.

The Loan Notes will not be admitted to trading on AIM or any other exchange. Following the General Meeting, the Company will have adequate authority to issue the 18,750,000 new ordinary shares resulting from conversion of the Loan Notes. Any New Ordinary Shares arising on conversion will rank *pari passu* with the Ordinary Shares in issue at that time and application for admission to trading on AIM will be made at the appropriate time.

3. Details of the Placing and Open Offer

3.1 *Details of the Placing*

Arden and Zeus have jointly raised £1.115 million (before expenses) for the Company by way of a conditional placing of 27,875,000 Placing Shares at 4 pence per Placing Share with institutional and other shareholders.

The Placing is conditional, among other things, on the issue of the Loan Notes becoming unconditional. See paragraph 3.4 below for further details.

The Placing is also conditional upon, *inter alia*, approval by Shareholders at the General Meeting of the Resolution and Admission.

Further details of the Placing Agreement can be found in paragraph 16 below.

3.2 *Principal terms of the Open Offer*

Subject to the fulfilment of the conditions set out below and in Part II of this circular, Qualifying Shareholders are being given the opportunity to subscribe for the Open Offer Shares at a price of 4 pence per Open Offer Share, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

1 Open Offer Share for every 11.711 Existing Ordinary Shares

Open Offer Entitlements will be rounded down to the nearest whole number of Open Offer Shares.

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

The Open Offer Shares will be allotted and issued following and conditional on, *inter alia*, the passing of the Resolution at the General Meeting.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of approximately £0.75 million for the Company.

The Open Offer Shares will, upon issue, rank *pari passu* with the Placing Shares and the Existing Ordinary Shares.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Open Offer Entitlements.

It should be noted that the Open Offer is not a rights issue. Accordingly, the Application Form is not a document of title and cannot be traded. Any Open Offer Shares not applied for under the Open Offer will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not take up their rights to subscribe under the Open Offer.

3.3 ***Excess Application Facility***

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements.

Qualifying non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4 of Part II of this circular for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Open Offer Shares will be available to satisfy Excess Open Offer Entitlements only and to the extent that applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 9 February 2016. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 9 February 2016. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying non-CREST Shareholders will receive an Application Form with this circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements as soon as possible after 8.00 a.m. on 9 February 2016. Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued and any outstanding Open Offer Entitlements will lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part II of this circular.

For Qualifying non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent, BR3 4TU, UK so as to arrive

as soon as possible and in any event so as to be received no later than 11.00 a.m. on 22 February 2016. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this circular by no later than 11.00 a.m. on 22 February 2016.

3.4 **Conditions and other information relating to the Capital Raising**

The Placing and the Open Offer are conditional, *inter alia*, upon:

- a) the passing of the Resolution (without amendment);
- b) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms;
- c) the Loan Notes subscription having been completed; and
- d) Admission becoming effective by no later than 8.00 a.m. on 26 February 2016 (or such later time and/or date as the Company and Arden may agree following consultation with Zeus (being not later than 14 March 2016)).

Accordingly, if such conditions are not satisfied, or, if applicable, waived, the respective part or parts of the Capital Raising will not proceed. If the Open Offer does not proceed any applications made by Qualifying Shareholders will be rejected and application monies will be returned without payment of interest as soon as practicable.

A summary of the principal terms of the Placing Agreement is set out in paragraph 16 below.

The Capital Raising will result in the issue of 46,625,000 New Ordinary Shares assuming full take up under the Open Offer (representing, in aggregate, approximately 17.51 per cent. of the Enlarged Share Capital assuming full take up under the Open Offer). The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the New Ordinary Shares. No temporary documents of title will be issued.

Following the issue of the New Ordinary Shares pursuant to the Capital Raising (and assuming that the Open Offer is taken up in full), Qualifying Shareholders who take up their full entitlements, excluding any New Ordinary Shares acquired through the Excess Application Facility, in respect of the Open Offer will undergo a dilution of up to 10.47 per cent. to their interests in the Company because of the Placing. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience a more substantial dilution to their interests in the Company because of the Capital Raising.

4. EIS Status

The Directors have received advance assurance from HMRC that it would be able to authorise the Company to issue compliance certificates under section 204(1) of the Income Tax Act 2007 in respect of New Ordinary Shares issued to individuals, following receipt from the Company of a properly completed compliance statement (Form EIS1) within the prescribed time limit stipulated in section 205(4) of the Income Tax Act 2007.

The continuing status of the New Ordinary Shares as qualifying for EIS purposes will be conditional upon the qualifying conditions being and remaining satisfied throughout the relevant period of ownership.

There can be no guarantee that any investment in the Company will remain a qualifying investment for EIS purposes. EIS eligibility is also dependent on a shareholder's own position and not just that of the Company. Accordingly, investors should take their own tax advice in this regard.

Any Shareholder who subscribes for Open Offer Shares and who wishes to seek relief under EIS should contact the Company Secretary, Barry Curtis, at cosec@deltexmedical.com to request the issue of an EIS3 certificate in respect of such Open Offer Shares.

5. Amati Loan Note

The Company announced on 27 January 2016 that it was planning to refinance the Amati Loan Note. To this end, £575,000 of the amount raised from the issue of the Loan Notes will be applied towards a partial repayment of the Amati Loan Note.

To the extent that amounts are raised under the Open Offer and are therefore available for investing into working capital, the Company has agreed to use an additional portion of the sums raised through the Loan Notes' subscription equal to the first £425,000 raised under the Open Offer to repay the balance of the Amati Loan Note.

Amati has agreed with the Company that to the extent that less than £425,000 is raised in the Open Offer, repayment of the Amati Tranche 2 using proceeds raised from the issue of the Loan Notes will be reduced, and it will convert the resulting balance of the Amati Tranche 2 into New Ordinary Shares at the Issue Price.

The proposals in relation to the Amati Loan Note are conditional upon the Placing and the issue of the Loan Notes becoming unconditional. If the Placing and the issue of the Loan Notes become unconditional, the Company will no longer have any outstanding obligation or debt with Amati under the Amati Loan Note.

6. Use of proceeds

The Company will use the proceeds of the fundraising as follows:

- from the £1,125,000 raised from the subscription of the Loan Notes, £575,000 will be applied to part repay the Amati Loan Note;
- the £1,115,000 raised under the Placing and any amounts raised in the Open Offer will be available for US expansion and working capital (see below);
- to the extent that up to £750,000 is raised from the Open Offer, the Company has agreed to use a portion of the sums raised through the Loan Notes' subscription equal to the first £425,000 in the Open Offer raised to repay Amati Tranche 2 with any balance being applied to fund working capital and to accelerate the strategy outlined in paragraph 9 below.

7. Working capital

The Directors believe that following receipt of the proceeds of the subscription for the Loan Notes and the Placing, the Company will have sufficient working capital to finance its operations for the next 12 months.

As the subscription for the Loan Notes and the Placing are conditional, *inter alia*, upon the passing by Shareholders of the Resolution at the General Meeting, Shareholders should be aware that, if the Resolution is not passed and Admission does not take place neither the proceeds of the Loan Notes' subscriptions nor the Placing will be received by the Company. In addition, the Open Offer will not proceed. In such circumstances, the Company would need urgently to pursue additional or alternative funding sources, including by way of equity or debt, which are unlikely to be available before the redemption date of the Amati Loan Note or at all or, if they are available, may be expensive and/or onerous for the Company.

8. Current trading

As announced on 27 January 2016, sales for the year ended 31 December 2015 at £6.4m are broadly similar to the previous year (2014: £6.5m). The strong growth experienced by the Company in the US and other export markets has been offset by a 21% fall in UK probe revenues and £0.3m fall in UK monitor revenues due to the well publicised and continuing NHS funding issues.

The US market is now the Company's main focus with US probes revenues increasing throughout 2015 by 31% to £1.3m and the addition of 12 new platform programme accounts to date since 1 January 2015. Six of the new platform programme accounts completed in Q4 2015, with minimal impact on full year numbers for 2015. The Directors expect these platform programme accounts to boost the growth trajectory for probe sales in 2016.

9. Strategy

In accelerating its US roll-out programme, the Company will establish two additional US sales territories in the South-West and South-East. Doing this will give the Company a framework of national sales representation across the USA focused on major population centres. The Company has started to develop a pipeline of potential platform programme accounts in the South-West from its existing resources and is planning to do the same in the South-East; the Company intends to hire sales and clinical support staff as soon as a sufficiently well qualified pipeline of accounts is established in each territory.

Over the last 18 months the Company has increased the number of its US platform programme accounts from 4 to 18. The Company remains on track to reach its target of 30 platform accounts by mid 2016 all of which the Directors anticipate should be actively implementing ODM during the third quarter of 2016 and that such a base of accounts actively implementing ODM at scale will give it the platform from which to start a broader roll-out of ODM in the USA. To date, all of the platform programme accounts, together with the vast majority of the Company's pipeline, are located in the Company's established territories: North-East, Mid-Atlantic, Great Lakes, Mid-West, North-West and West Coast. The Company's projections for these territories assume that each can, based on current assessments of US market growth, be expanded over time by layering in additional resources funded out of local cash flows to meet additional demand. Adding sales territories in the South-West and South-East will require additional investment in each territory for approximately 18 to 24 months from inception and allow the Company in due course to expand its US business across the whole country from established bases.

10. Future Prospects

The Directors expect that the additional investment set out above under "Use of Proceeds" should help the Company to start to achieve higher revenue run-rates in the U.S. from the end of 2016 and into the first quarter of 2017. The anticipated positive impact of this will be reflected in 2017.

The Company has plans in place to take action in response to the disappointing performance in the UK market which is largely attributable to the continuing, well publicised, financial and management difficulties in the NHS. The Company plans to introduce a small number of additional third party products into the UK as well as a number of new and enhanced haemodynamic monitoring products first into the UK and then, over time, into export markets. With respect to ODM, the Company plans to emphasise the technology's unique properties as well as its consequent unique evidence base. The Company expects the results of at least two major trials to become public towards the middle of this year which will, reinforce the clinical value of ODM during surgery and highlight its superiority over other, less accurate, haemodynamic monitoring technologies.

Declines in UK revenues over 2014 and 2015 have delayed the Company passing operating cash break-even. The Directors expect to achieve this milestone over the course of 2016 through a combination of increasing returns from investments made in US expansion, product development and further operational improvements together with continuing growth in International sales, careful cost management and steps being taken to stabilise and increase cash generation from the UK market.

11. Related Party Transactions

Nigel Keen, Non-executive Chairman of the Company, intends to subscribe for a total of £500,000 in the Placing, representing 12,500,000 Placing Shares. In addition, Imperialise Limited, a company associated with Nigel Keen, also intends to subscribe for £500,000 of Loan Notes.

Julian Cazalet, Non-executive Director, intends to subscribe for a total of £50,000 in the Placing, representing 1,250,000 Placing Shares.

Mark Wippell, Non-executive Director, intends to subscribe for a total of £25,000 in the Placing, representing 625,000 Placing Shares.

Christopher Jones, Non-executive Director, intends to subscribe for a total of £10,000 in the Placing, representing 250,000 Placing Shares.

Jonathan Shaw, Group Finance Director, intends to subscribe for a total of £5,000 in the Placing, representing 125,000 Placing Shares.

JO Hambro Capital Management Limited, intends to subscribe for a total of £200,000 in the Placing, representing 5,000,000 Placing Shares.

The participation by Nigel Keen, Non-executive Chairman of the Company, in the Placing and the subscription for Loan Notes by Imperialise Limited constitute related party transactions for the purposes of the AIM Rules. The Independent Directors, having consulted with the Company's nominated adviser, Arden, consider that the terms of each of these related party transactions are fair and reasonable insofar as shareholders are concerned.

The participation in the Placing by Julian Cazalet, Christopher Jones and Mark Wippell, Non-executive Directors of the Company, and Jonathan Shaw, Group Finance Director, each constitute a related party transaction for the purposes of the AIM Rules. The Independent Directors, having consulted with the Company's nominated adviser, Arden, consider that the terms of each of these related party transactions are fair and reasonable insofar as shareholders are concerned.

The participation in the Placing by JO Hambro Capital Management Limited, which holds 25,389,696 existing ordinary shares (representing 11.6 per cent of the Company's existing ordinary shares) and is therefore a "substantial shareholder" under the AIM Rules, constitutes a related party transaction for the purposes of the AIM Rules. The Directors, having consulted with the Company's nominated adviser, Arden, consider that the terms of this related party transaction are fair and reasonable insofar as shareholders are concerned.

12. Application for Listing

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares on AIM will commence at 8.00 a.m. on 26 February 2016.

13. General Meeting

A notice convening a General Meeting of the Company, to be held at the offices of Laytons at 2 More London Riverside, London SE1 2AP at 10.00 a.m. on 25 February 2016 is set out at the end of this circular. At the General Meeting a special resolution will be proposed which will enable the Capital Raising to proceed and which will:

- (i) grant authority to the Directors pursuant to section 551 of the 2006 Act to allot Ordinary Shares or to grant rights to subscribe for or convert any security into, Ordinary Shares (the "Section 551 Authority") up to an aggregate nominal amount of £653,750 (being 65,375,000 Ordinary Shares) (the "Authorised Amount"); and
- (ii) to disapply the statutory rights of pre-emption contained in section 561(1) of the 2006 Act (the "Section 561(1) Disapplication") upon exercise of the Section 551 Authority in respect of the allotment for cash of ordinary shares with an aggregate nominal amount up to the Authorised Amount.

Provided that the Section 551 Authority and the Section 561(1) Disapplication shall only be used for the purposes of the allotment and issue of Ordinary Shares pursuant to:

- (a) the Placing and the Open Offer;
- (b) the rights of conversion of the Loan Notes; or
- (c) the grant and exercise of any warrants to be issued upon early repayment of the Loan Notes; or
- (d) upon any conversion of the outstanding balance of the Amati Tranche 2

14. Action to be taken by Shareholders

14.1 *General Meeting*

Shareholders will find accompanying this circular a Form of Proxy for use at the General Meeting. Whether or not Shareholders intend to be present at the General Meeting, they are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Kent, BR3 4TU, UK as soon as possible and, in any event, so as to arrive no later than 10.00 a.m. on 23 February 2016. Completion and return of the Form of Proxy will not affect Shareholders' right to attend and vote in person at the General Meeting if they so wish. Further information regarding the appointment of proxies can be found in the notes to the Notice of General Meeting.

In the case of non-registered Shareholders who receive these materials through their broker or other intermediary, the Shareholder should complete and send a letter of direction in accordance with the instructions provided by their broker or other intermediary.

In order for the Capital Raising to proceed, Shareholders will need to approve the Resolution set out in the Notice of General Meeting. If the Resolution is not passed, the Capital Raising will not proceed in the form currently envisaged, with the result that the anticipated net proceeds of the Capital Raising will not become available to fund proposed upcoming expenditure and achieve the objectives set by the Board and the Company's business plans and growth prospects may be materially adversely affected as a result.

Accordingly it is important that Shareholders vote in favour of the Resolution, to enable the Capital Raising to proceed.

14.2 *Open Offer*

Qualifying non-CREST Shareholders

If you are a Qualifying non-CREST Shareholder you will have received an Application Form which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your Open Offer Entitlement or both your Open Offer Entitlement and any Excess Open Offer Entitlements), you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 4 of Part II of this circular and on the Application Form itself.

Qualifying CREST Shareholders

If you are a Qualifying CREST Shareholder and do not hold any Ordinary Shares in certificated form, no Application Form accompanies this circular and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer except (subject to certain exceptions) if you are an Overseas Shareholder who has a registered address in, or is a resident in or a citizen of a Restricted Jurisdiction. Applications by Qualifying CREST Shareholders for Excess Open Offer Entitlements in excess of their Open Offer Entitlements should be made in accordance with the procedures set out in section 4 of Part II of this circular, unless you are an Overseas Shareholder in which event, applications should be made in accordance with the procedures set out in section 7 of Part II of this circular.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 22 February 2016. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part II of this circular.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this circular and the Open Offer.

15. Overseas Shareholders

Information for Overseas Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom appears in paragraph 7 of Part II of this circular, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you pay particular attention to that paragraph of this circular.

16. Placing Agreement

Pursuant to the Placing Agreement, dated 2 February 2016, between (1) the Company, (2) Arden and (3) Zeus, Arden and Zeus have agreed as the Company's agents, to use their reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Agreement also contains certain provisions relating to the arrangements for the Open Offer.

The Placing Agreement contains certain warranties and indemnities from the Company in favour of Arden and Zeus and is conditional, *inter alia*, upon:

- a) the passing of the Resolution (without amendment); and
- b) Admission becoming effective not later than 8.00 a.m. on 26 February 2016, or such later time and/or date as the Company and Arden (having consulted with Zeus) may agree being not later than 14 March 2016.

Arden and Zeus may terminate the Placing Agreement prior to Admission in certain circumstances such as *force majeure*, material adverse change or for breach of the warranties in the Placing Agreement.

17. Directors' Participation in the Placing

Certain Directors intend to subscribe or procure subscription for a total of £590,000 in the Placing, representing 14,750,000 New Ordinary Shares.

The interests of the Directors (all of which are beneficial unless otherwise stated) including the interests of any person connected with them (within the meaning of section 252 of the Act) as at the date of this document are as follows:

	<i>As at the date of this document</i>		<i>Following Admission*</i>	
	<i>Number of</i>	<i>Percentage of</i>	<i>Number of</i>	<i>Percentage of</i>
	<i>Ordinary</i>	<i>Existing</i>	<i>Ordinary</i>	<i>Enlarged</i>
	<i>Shares</i>	<i>Ordinary</i>	<i>Shares</i>	<i>Share</i>
		<i>Shares</i>		<i>capital</i>
Nigel John Keen	8,722,524	4.0%	21,222,524	8.0%
Julian Cazalet	4,872,123	2.2%	6,122,123	2.3%
Ewan Alastair Phillips	2,645,189	1.2%	2,645,189	1.0%
Sir Duncan Kirkbridge Nichol	1,256,912	0.6%	1,256,912	0.5%
Mark Wippell	126,247	0.1%	751,247	0.3%
Christopher Jones	–	–	250,000	0.1%
Jonathan David Shaw	–	–	125,000	0.05%

* These numbers and percentages are calculated assuming that the Open Offer Shares are fully taken-up.

18. Adoption of Financial Reporting Standard 101 ("FRS 101") – Reduced Disclosure Framework

Following the publication of FRS100 – Application of Financial Reporting Requirements, by the Financial Reporting Council, Deltex is required to change its accounting framework for its individual financial statements, which is currently UK GAAP, for its financial year ended 31 December 2015.

The Company intends to prepare its individual financial statements in accordance with FRS 101, 'Reduced Disclosure Framework', which allows qualifying entities to adopt International Financial Reporting Standards (IFRS) as endorsed by the European Union but with a reduction in the required level of disclosures for both its financial year ended 31 December 2015 and subsequent financial periods. This will allow the financial results of the Company to be in a comparable format to those of the Company's consolidated financial statements which are unaffected by this change. The Board considers that it is in the best interests of the Group for the Company to adopt FRS 101.

Any Shareholder holding in aggregate 5% or more of the total allotted shares in the Company may serve objections to the use of the disclosure exemptions on Deltex, in writing, to its registered office (Terminus Road, Chichester, West Sussex, PO19 8TX) not later than 29 February 2016.

19. Responsibility

The Company and the Directors accept responsibility for the information contained in this circular. To the best of the knowledge and belief of the Company and the Directors (which has and who have taken all reasonable care to ensure that such is the case) the information contained in this circular for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

20. Directors' Recommendation

The Directors consider the Capital Raising to be in the best interests of the Company and its Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolution proposed at the General Meeting.

Each of the Directors, who are able to vote, has confirmed their intention to vote in favour of the Resolution proposed at the General Meeting in respect of their holdings which in aggregate total 17,622,995 Existing Ordinary Shares, representing 8.0 per cent. of the Existing Share Capital.

Yours faithfully

Nigel Keen

Non-Executive Chairman

PART II

TERMS AND CONDITIONS OF THE OPEN OFFER

To Qualifying Shareholders

1. Introduction

As explained in Part I of this circular, the Company is proposing to issue up to 18,750,000 New Ordinary Shares pursuant to the Open Offer to raise up to £0.75 million, assuming a full take-up. Upon completion of the Open Offer, assuming a full take-up, the Open Offer Shares will represent approximately 7.0 per cent. of the Enlarged Share Capital. Qualifying Shareholders are being offered the opportunity under the Open Offer to acquire Open Offer Shares at the Issue Price, being the same price per share as New Ordinary Shares have been placed under the Placing.

The Placing Shares, which represent approximately 10.5 per cent. of the maximum Enlarged Share Capital, have conditionally been placed firm with institutional and other investors at the Issue Price and are not being offered to Shareholders and do not form part of the Open Offer. A summary of the Placing Agreement is set out in paragraph 16 of Part I of this circular.

The Issue Price of the New Ordinary Shares represents a discount of 13.5 per cent. to the closing price of 4.625 pence per Existing Ordinary Share on 2 February 2016 (being the last Business Day before the announcement of the Capital Raising).

A summary of the arrangements relating to the Open Offer is set out below. This circular and, where relevant, the Application Form contain the formal terms and conditions of the Open Offer.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 22 February 2016. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are further set out below in this Part II.

2. The Open Offer

Subject to the fulfilment of the terms and conditions referred to below and, where relevant, set out in the Application Form, Qualifying Shareholders are hereby invited to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

- (a) 1 Open Offer Share for every 11.711 Existing Ordinary Shares held by Qualifying Shareholders at the Record Date and so in proportion for any other number of Ordinary Shares then held; and
- (b) further Open Offer Shares in excess of their Open Offer Entitlement through the Excess Application Facility (although such Open Offer Shares will only be allotted to the extent that not all Qualifying Shareholders apply for their Open Offer Entitlement in full).

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer. Fractions of Open Offer Shares will not be allotted, each Qualifying Shareholder's entitlement being rounded down to the nearest whole number. The fractional entitlements may be aggregated and sold for the benefit of the Company.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum entitlement which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST and, if they so wish, may apply for Open Offer Shares in excess of their Open Offer Entitlement.

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements. Qualifying non-CREST Shareholders

who wish to apply to subscribe for more than their Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4(ii)(j) below for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Applications for Excess Open Offer Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Any scaling down will be made pro rata to the number of excess shares applied for by Qualifying Shareholders under the Excess Application Facility.

Any monies paid for applications in excess of their Open Offer Entitlements which are not so satisfied will be returned to the Applicant (at the Applicant's risk) without interest within 14 days by way of cheque or CREST payment, as appropriate. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.

Not all Shareholders will be Qualifying Shareholders. Overseas Shareholders who are located in, or who are citizens of, or have a registered address in certain overseas jurisdictions (including, without limitation, any Restricted Jurisdiction) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including without limitation a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this circular into a jurisdiction other than the United Kingdom is drawn to paragraph 7 below.

If you have received an Application Form with this circular, please refer to paragraph 4(i) and paragraphs 5 to 8 of this Part II.

If you hold your Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to paragraph 4(ii) and paragraphs 5 to 8 of this Part II and also to the CREST Manual for further information on the CREST procedures referred to below.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission of the Open Offer Shares will become effective and that dealings for normal settlement in the Open Offer Shares on AIM will commence at 8.00 a.m. on 26 February 2016.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares; all of such shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to and enabled for settlement in, CREST at 8.00 a.m. on 9 February 2016. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying non-CREST Shareholders will have received an Application Form with this circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 9 February 2016.

The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

The Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, entitlements to Open Offer Shares will neither be tradeable nor sold in the market and in the event that any Open Offer Shares not applied for are sold or placed in the market, this will be for the benefit of the Company and not the Qualifying Shareholders who do not apply under the Open Offer.

Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this circular, including in particular the important information set out in the letter from the Chairman in Part I of this circular, as well as this Part II of this circular. The Open Offer is not underwritten.

3. Conditions and further terms of the Open Offer

The Open Offer is conditional, *inter alia*, upon:

- (i) the passing of the Resolution without amendment; and
- (ii) the Placing Agreement becoming unconditional in all respects and not being terminated in accordance with its terms.
- (iii) Admission becoming effective by not later than 8.00 a.m. on 26 February 2016 (or such later time and/or date as Arden, Zeus and the Company may agree, (not being later than 14 March 2016)).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Open Offer will not proceed.

Further details of the Placing Agreement are set out in paragraph 16 of Part I of this circular. Further terms of the Open Offer are set out in this Part II and in the Application Form.

4. Procedure for application and payment

Save as provided in paragraph 7 of this Part II in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have an Application Form in respect of your entitlement under the Open Offer, including the Excess Application Facility, or you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date and who take up Open Offer Shares under their entitlement will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposit into CREST is set out in paragraph 4(ii)(f) of this Part II.

CREST sponsored members should refer to their CREST Sponsor, as only their CREST Sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess

CREST Open Offer Entitlements in CREST should refer to the CREST manual for further information on the CREST procedures referred to below.

If for any reason it becomes necessary to adjust the expected timetable as set out in this circular the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

(i) ***If you have an Application Form in respect of your entitlement under the Open Offer***

(a) *General*

Each Qualifying non-CREST Shareholder will have received an Application Form accompanying this circular. The Application Form shows the number of Existing Ordinary Shares registered in the relevant Qualifying non-CREST Shareholder's name at the close of business on the Record Date. It also shows the number of Open Offer Shares for which such relevant Qualifying non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out in paragraph 2 of this Part II, above. Qualifying non-CREST Shareholders may also apply for less than their maximum Open Offer Entitlements.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer.

The Excess Application Facility enables Qualifying Shareholders who have taken up their full Open Offer Entitlement to apply for Open Offer Shares in excess of their Open Offer Entitlement. Applications in excess of the Open Offer Entitlement will only be satisfied to the extent that applications made by other Qualifying Shareholders are less than their full Open Offer Entitlements and may therefore be scaled down at the Company's sole discretion.

Fractions (if any) of Open Offer Shares may be aggregated and sold for the benefit of the Company. The instructions and other terms which are set out in the Application Form constitute part of the terms of the Open Offer.

(b) *Market Claims*

Applications for Open Offer Shares (including under the Excess Application Facility) may only be made on the Application Form and may only be made by the Qualifying Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of existing Ordinary Shares through the market prior to the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by AIM, being 8 February 2016. Application Forms may be split up to 3.00 p.m. on 18 February 2016.

Qualifying non-CREST Shareholders may also apply for Excess Shares in excess of their *pro rata* entitlement to Open Offer Shares by completing Box 3 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their *pro rata* entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 4(ii)(j) of this Part II.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of existing Ordinary Shares prior to 8 February 2016, being the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by AIM, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer (including under the Excess Application Facility) may be a benefit which may be claimed by the transferee from his counterparty pursuant to the rules of the London Stock Exchange. Qualifying Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 11 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be

forwarded to or transmitted in or into any of the Restricted Jurisdictions or to US Persons.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4(ii)(b) below.

A Qualifying non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to the Receiving Agents. However, he or she is strongly encouraged to still complete and return the Form of Proxy to the Registrars.

(c) *Application Procedures*

Applications for Open Offer Shares (including under the Excess Application Facility) by Qualifying non-CREST Shareholders may only be made on the Application Form, which is personal to the Qualifying non-CREST Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below.

Qualifying non-CREST Shareholders may also apply for Excess Shares in excess of their *pro rata* entitlement to Open Offer Shares by completing Boxes 3 and 4 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their *pro rata* entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 4 of this Part II. A Qualifying non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to the Receiving Agents. However, he or she is strongly encouraged to still complete and return the Form of Proxy to the Registrars.

If you are a Qualifying non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer (including any application for any Excess Shares under the Excess Application Facility) you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post or by hand (during normal business hours only) to the Company's UK registrars, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent BR3 4TU, UK so as to arrive no later than 11.00 a.m. on 22 February 2016. A reply paid envelope is enclosed for use by Qualifying non-CREST Shareholders in connection with the Open Offer. Your Application Form will not be valid unless you sign it.

The Application Form represents a right personal to the Qualifying non-CREST Shareholder to apply to subscribe for Open Offer Shares (including under the Excess Application Facility); it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy *bona fide* market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange.

Application Forms may be split up to 3.00 p.m. on 18 February 2016 but only to satisfy such *bona fide* market claims. Qualifying non-CREST Shareholders who have before the 'ex' date sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Open Offer Shares (including under the Excess Application Facility) may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Qualifying non-CREST Shareholders who submit a valid application using the Application Form and accompanying payment will (subject to the terms and conditions set out in this Part II, in the letter from the Chairman of the Company in Part I and in the Application Form)

be allocated the Open Offer Shares applied for in full at the Issue Price (subject to the Company's discretion to accept, reject or scale back any application for any Open Offer Shares).

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying non-CREST Shareholder and such Qualifying non-CREST Shareholder's cheque or a duly endorsed banker's draft is not honoured upon first presentation or such Qualifying non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall arrange (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrar, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying non-CREST Shareholders.

Please note that the Company's UK Registrars cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer. If any Application Form is sent by first class post within the United Kingdom, Qualifying non-CREST Shareholders are recommended to allow at least four Business Days for delivery. The Company may in its absolute discretion elect to accept Application Forms and remittances after 11.00 a.m. on 22 February 2016. The Company may also (in its sole discretion) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged. The Company also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 22 February 2016 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares concerned, and undertaking to lodge the relevant Application Form in due course.

(d) *Payments*

All payments must be in pounds sterling and cheques or duly endorsed banker's drafts should be made payable to "Capita Registrars Ltd re: Deltex Medical Group plc Open Offer Acceptance A/C" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on the personal account of the individual investor to which they have sole or joint title to the funds and must be drawn on an account at a branch or a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques will not be accepted except Building Society cheques or bankers' drafts where the Building Society or bank has confirmed the name of the account holder by stamping and endorsing the Building Society cheque or bankers' draft on the reverse to such effect.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct its UK registrars to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest

will be allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 26 February 2016 or such later time and date as the Company shall agree (being no later than 14 March 2016), the Open Offer will lapse and application monies will be returned by post to Applicants, at the Applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

The Company shall as soon as possible refund any payment received with respect to an application for a number of Open Offer Shares in respect of an Open Offer Entitlement which has been rejected in whole or in part by the Company.

(e) *Effect of Application*

All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk. By completing and delivering an Application Form, you (as the Applicant(s)):

- (i) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (ii) confirm to the Company that in making the application you are not relying on any information or representation other than that contained in this circular, and you accordingly agree that no person responsible solely or jointly for this circular or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this circular you will be deemed to have notice of all the information concerning the Group and the Ordinary Shares contained within this circular;
- (iii) represent and warrant to the Company that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (iv) represent and warrant to the Company that you are not a citizen or resident of a Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of Open Offer Shares directly or indirectly in, into or within a Restricted Jurisdiction or to a resident of a Restricted Jurisdiction or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;
- (v) acknowledge that the Open Offer Shares may not be sold, transferred or otherwise disposed of, except pursuant to an exemption from the prospectus requirements under Canadian securities laws, to any person in Canada or otherwise into Canada for a period of four months plus one day from the date of Admission;
- (vi) represent and warrant to the Company that you are not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of such person(s) on a non-discretionary basis;
- (vii) represent and warrant to the Company as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in an Restricted

Jurisdiction, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into a Restricted Jurisdiction; (ii) you are not and were not located in a Restricted Jurisdiction at the time you accepted the Application Form or at the time you returned the Application Form; and (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Open Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside a Restricted Jurisdiction at the time he or she instructed you to submit the Application Form;

- (viii) request that the Open Offer Shares to which you will become entitled be issued to you on the terms set out in this circular and the Application Form, subject to the memorandum and Articles;
- (ix) confirm that in making the application you are not relying on and have not relied on the Company, Arden or Zeus or any person affiliated with the Company, Arden or Zeus in connection with any investigation of the accuracy of any information contained in this circular or your investment decision;
- (x) represent and warrant to the Company that you are not and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (xi) represent and warrant to the Company that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (xii) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the “Exchange Information”), and that you are able to obtain or access the Exchange Information without undue difficulty. None of the Company, Arden or Zeus nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and
- (xiii) represent and warrant to the Company that the purchase by you of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Open Offer Shares, save in the discretion of the Company and subject to certain conditions.

You should note that applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form. Shareholders are nevertheless requested to complete and return the enclosed Form of Proxy for use at the General Meeting to be held at the offices of Laytons at 2 More London Riverside, London SE1 2AP at 10.00 a.m. on 25 February 2016.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to the procedure for application for Qualifying non-CREST Shareholders under the Open Offer should be addressed to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent BR3 4TU or by telephone on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(f) *The Excess Application Facility*

The Excess Application Facility enables Qualifying Shareholders who have taken up their Open Offer Entitlement in full to apply for additional Open Offer Shares.

Qualifying non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed the 18,750,000 Open Offer Shares being made available to Qualifying Shareholders as a result of applications made in respect of the Excess Application Facility, resulting in a scaling back of applications, each Qualifying non-CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility and from whom payment in full for such Open Offer Shares has been received in cleared funds will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for under the Excess Application Facility but not allocated to the relevant Qualifying non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(ii) ***If you have Open Offer Entitlements and Excess Open Offer Entitlement credited to your stock account in CREST in respect of your entitlement under the Open Offer***

(a) *General*

Subject as provided in paragraph 7 of this Part II in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Open Offer Shares for which he is entitled to apply under the Open Offer. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility. Further details of Excess Offer Entitlements can be found in paragraph 4(ii)(j) of this Part II.

The CREST stock account to be credited will be an account under the Participant ID and Member Account ID that apply to the Existing Ordinary Shares held on the Record Date by the

Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited on 9 February 2016 or such later time as the Company may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this circular will be adjusted as appropriate and the provisions of this circular applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms. Qualifying CREST Shareholders who wish to apply for some or all of their entitlements to Open Offer Shares (including any applications for Excess CREST Open Offer Entitlements) should refer to the CREST manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please telephone Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If you are a CREST sponsored member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares (including any applications for Excess CREST Open Offer Entitlements) as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

The Open Offer Entitlements and Excess Open Offer Entitlements will have separate ISIN/SEDOL numbers and will constitute separate securities for the purposes of CREST. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *USE Instructions*

Qualifying CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and Excess Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST Sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Capita under the Participant ID and Member Account ID specified below, with a number of Open Offer Entitlements or Excess Open Offer Entitlements corresponding to the number of Open Offer Shares or Excess Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Capita in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares or Excess Shares referred to in (i) above.

(d) *Content of USE Instructions in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to Capita);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00BZCTF156;
- (iii) the Participant ID of the accepting CREST member;
- (iv) the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the Participant ID of Capita, in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the Member Account ID of Capita, in its capacity as CREST receiving agent. This is 28785DEL;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 22 February 2016; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 22 February 2016.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 22 February 2016 in order to be valid is 11.00 a.m. on that day.

(e) *Content of USE Instructions in respect of Excess CREST Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Excess CREST Open Offer Entitlement(s) being delivered to Capita);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BZCTF487;
- (iii) the CREST Participant ID of the accepting CREST member;
- (iv) the CREST Member Account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;

- (v) the Participant ID of Capita in its capacity as a CREST receiving agent, which is 7RA33;
- (vi) the Member Account ID of Capita in its capacity as CREST receiving agent, which is 28785DEL;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be before 11.00 a.m. on 22 February 2016; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 22 February 2016.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to their USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle in order to be valid is 11.00 a.m. on 22 February 2016. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 26 February 2016 or such later time and date as the Company shall agree (being no later than 14 March 2016), the Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. The Open Offer cannot be revoked once all conditions have been satisfied.

(f) *Deposit of Open Offer Entitlements into and withdrawal from CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and Excess Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 22 February 2016.

In particular, having regard to normal processing times in CREST and on the part of Capita Asset Services, the recommended latest time for depositing an Application Form with the

CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 17 February 2016, and the recommended latest time for receipt by Euroclear UK & Ireland of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST is 4.30 p.m. on 16 February 2016, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and Excess Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and Excess Open Offer Entitlements prior to 11.00 a.m. on 22 February 2016.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes on page 3 of the Application Form, and a declaration to the Company from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any of the Restricted Jurisdictions and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) *Validity of Application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 22 February 2016 will constitute a valid application under the Open Offer.

(h) *CREST Procedures and Timings*

CREST members and (where applicable) their CREST Sponsors should note that Euroclear UK & Ireland does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 22 February 2016. In this connection CREST members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *Incorrect or Incomplete Applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Capita Asset Services reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares and/or Excess Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question;
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question (without interest).

(j) *The Excess Application Facility*

Provided that a Qualifying CREST Shareholder chooses to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements. Any such applications will be granted at the absolute discretion of the Company.

Applications for Excess Open Offer Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in section 7 of this Part II in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this circular.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed the number of Open Offer Shares being made available, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for the Excess Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest, and at the Applicant’s sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number, aggregated and may be sold and the proceeds in respect thereof held for the benefit of the Company.

(k) *Effect of Valid Application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Capita’s payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full

the obligation of the CREST member to pay to the Company the amount payable on application);

- (ii) confirm to the Company that in making the application you are not relying on any information or representation other than that contained in this circular, and you accordingly agree that no person responsible solely or jointly for this circular or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this circular you will be deemed to have notice of all the information concerning the Group contained within this circular;
- (iii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this circular and subject to the memorandum and Articles;
- (iv) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (v) represent and warrant to the Company that he is not applying on behalf of any Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company and that he is able to accept the invitation by the Company of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (vi) represent and warrant to the Company that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (vii) acknowledge that the Open Offer Shares may not be sold, transferred or otherwise disposed of, except pursuant to an exemption from the prospectus requirements under Canadian securities laws, to any person in Canada or otherwise into Canada for a period of four months plus one day from the date of Admission;
- (viii) confirm that in making such application he is not relying on any information in relation to the Company other than that contained in publicly available information and agrees that no person responsible solely or jointly for this circular or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that he will be deemed to have had notice of all the information concerning the Group contained within this circular; and
- (ix) represent and warrant to the Company that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (x) represent and warrant to the Company that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

- (xi) confirm that in making the application you are not relying on and have not relied on the Company, Arden or Zeus or any person affiliated with the Company, Arden or Zeus in connection with any investigation of the accuracy of any information contained in this circular or your investment decision;
- (xii) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the “Exchange Information”), and that you are able to obtain or access the Exchange Information without undue difficulty. None of the Company, Arden or Zeus nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and
- (xiii) warrant and represent to the Company that the purchase by you of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

(l) *Company’s discretion as to Rejection and Validity of Applications*

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part II;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which Capita Asset Services receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Capita Asset Services have received actual notice from CRESTCo of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST Sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part

of CREST) or on the part of the facilities and/or systems operated by Registrar in connection with CREST.

(m) *Issue of Open Offer Shares in CREST*

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 22 February 2016. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of such persons with such persons' Open Offer Entitlements with effect from the next Business Day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

5. Money Laundering Regulations

(i) ***Holders of Application Forms***

It is a term of the Open Offer that, in order to ensure compliance with the Money Laundering Regulations, the Registrar may require verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity").

The verification of identity requirements pursuant to the Regulations will apply to applications with a value of €15,000 (or its pound sterling equivalent) or greater, or to one of a series of linked applications whose aggregate value exceeds that amount, and in the case of such applications verification of the identity of Applicant(s) for Open Offer Shares may be required.

If within a reasonable period of time following a request, for verification of identity, but in any event by 11.00 a.m. on 22 February 2016, the Receiving Agent has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the money payable or paid in respect of the application will be returned (without interest and at the Applicant's risk) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 11.00 a.m. on 22 February 2016), by the person(s) named in Box 1 on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society or a banker's draft, the Applicant should:

- (i) ask the building society or bank to endorse on the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or banker's draft;
- (ii) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please telephone Capita on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open

between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes;

- (iii) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (iv) third party cheques may not be accepted unless covered by (i) above.

In any event, if it appears to the Receiving Agent that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting will be required.

Neither the Receiving Agent nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Qualifying Shareholder undertakes to provide evidence of his identity at the time of lodging the Application Form, or, at the absolute discretion of the Company, at such specified time thereafter as may be required to ensure compliance with the Regulations.

(ii) ***Open Offer Entitlements and Excess Open Offer Entitlements in CREST***

If you hold your Open Offer Entitlements or Excess Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlements (and Excess Open Offer Entitlements) as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of any failure to provide satisfactory evidence.

6. Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty or UK SDRT should be payable on the allotment or issue of Open Offer Shares.

7. Overseas Shareholders

(a) ***General***

The distribution of this circular and the Application Form and the making or acceptance of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer. The comments set out in this paragraph 7 are intended as a general guide

only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

No action has been or will be taken by the Company or any other person, to permit a public offering or distribution of this circular (or any other offering or publicity materials or Application Form(s)) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Application Forms will not be sent to and Open Offer Entitlements and Excess Open Offer Entitlements will not be credited to a stock account in CREST of persons with registered addresses in a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this circular and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements and/or credit of Excess Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements and/or credit of Excess Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this circular and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Neither the Company nor any of its respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this circular and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this circular and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this circular and/or an Application Form and/or transfers Open Offer Entitlements and/or Excess Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part II and specifically the contents of this paragraph 7.

The Company reserves the right, but shall not be obliged, to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery

of the share certificates of Open Offer Shares or, in the case of a credit of an Open Offer Entitlement and/or an Excess Open Offer Entitlement to a stock account in CREST, to a member whose registered address would be in a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraph 7(b) to 7(e) below.

Notwithstanding any other provision of this circular or the Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts. The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of Open Offer Shares is being made by virtue of this circular or the Application Form into any Restricted Jurisdiction. Receipt of this circular and/or an Application Form and/or a credit of an Open Offer Entitlement and/or a credit of Excess Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this circular and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

(b) ***United States***

None of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements has been or will be registered under the US Securities Act or the laws of any state or other jurisdiction of the United States and, therefore, the New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements may not be, directly or indirectly, offered, sold, taken up, delivered, renounced or transferred in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States and, subject to certain exceptions, none of this circular, the Application Forms or the crediting of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for an offer or an invitation to subscribe for any New Ordinary Shares in the United States. Neither this circular nor an Application Form will (unless an address within the United Kingdom for services of notices has been notified to the Company) be sent to, and no Open Offer Entitlements or Excess Open Offer Entitlements will be credited to, a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from, or post-marked in, the United States will be deemed to be invalid and all persons subscribing for New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares outside the United States.

(c) ***Other Restricted Jurisdictions***

Due to restrictions under the securities laws of the other Restricted Jurisdictions and subject to certain exemptions, Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, a Restricted Jurisdiction will not qualify to participate in the

Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, re-sold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this circular or the Application Forms into any Restricted Jurisdiction.

(d) ***Other overseas jurisdictions***

Application Forms will be sent to Qualifying non-CREST Shareholders and an Open Offer Entitlement will be credited to the stock account in CREST of Qualifying CREST Shareholders in other overseas jurisdictions. Qualifying Shareholders in jurisdictions other than any Restricted Jurisdiction may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this circular and, if relevant, the Application Form.

Qualifying Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares in respect of the Open Offer.

(e) ***Representations and warranties relating to Overseas Shareholders***

(i) ***Qualifying non-CREST Shareholders***

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and/or the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction:

- (i) such person is not requesting registration of the relevant Open Offer Shares from within a Restricted Jurisdiction;
- (ii) such person is not a US Person or a resident of any Restricted Jurisdiction or in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it;
- (iii) such person is not acting on a non-discretionary basis on behalf of, a person located within a Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and
- (iv) such person is not subscribing for Open Offer Shares with a view to the offer, sale, re-sale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into a Restricted Jurisdiction or any territory referred to in (ii) above.

The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it:

- (i) appears to the Company or its agents to have been executed, effected or despatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements;

- (ii) provides an address in any Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or
- (iii) purports to exclude the warranty required by this sub-paragraph 7(e)(i).

(ii) *Qualifying CREST Shareholders*

A CREST member who makes a valid application either on its own behalf or on behalf of one of its clients in accordance with the procedures set out in this Part II represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction:

- (i) neither it nor its client is within a Restricted Jurisdiction;
- (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares;
- (iii) it is not accepting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within a Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and
- (iv) neither it nor its client is subscribing for any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into a Restricted Jurisdiction, or any territory referred to in (ii) above.

The Company reserves the right to reject any USE instruction from a Restricted Jurisdiction or any territory referred to in (ii) above or by a CREST participant who is acting on a non-discretionary basis on behalf of a person located within a Restricted Jurisdiction or any territory referred to in (ii) above.

8. Admission, Settlement and Dealings

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Subject to the Placing and the Open Offer becoming unconditional in all respects, it is expected that Admission of the New Ordinary Shares will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 26 February 2016.

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 22 February 2016 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 26 February 2016). On this day, Capita will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this circular, the Company reserves the right to send you an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Capita in connection with CREST.

For Qualifying non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be despatched by post by 4 March

2016. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register. All documents or remittances sent by or to Applicants or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying non-CREST Shareholders are referred to the Application Form.

9. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this circular shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this circular, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

Dated: 8 February 2016

DELTEX MEDICAL GROUP PLC

*(Incorporated and registered in England and Wales under the Companies Act 1985
with registered no. 3902895)*

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Deltex Medical Group plc (the “**Company**”) will be held at the offices of Laytons at 2 More London Riverside, London SE1 2AP at 10.00 a.m. on 25 February 2016 for the purpose of considering and, if thought fit, passing the following special resolution:

Resolution

That the Directors be and they are hereby:

- (i) generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**2006 Act**”) to exercise all powers of the Company to allot and to grant rights to subscribe for, or to convert any security into, shares in the Company (together “**relevant securities**”) up to aggregate nominal amount of £653,750 (representing 65,375,000 Ordinary Shares); and
- (ii) empowered pursuant to section 570 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority conferred by paragraph (i) of this resolution as if section 561(1) of the 2006 Act did not apply to any such allotment.

BUT so that the authorities and powers hereby granted shall be limited to the allotment and issue of Ordinary Shares pursuant to the following (the capitalised terms and expressions set out below being as defined in the circular, dated 8 February 2016, of which this notice forms part):

- (a) the Placing; or
- (b) the Open Offer; or
- (c) the conversion of the Loan Notes; or
- (d) the grant and exercise of warrants granted to holders of the Loan Notes upon any early repayment thereof; or
- (e) the conversion of the amount of the unrepaid Amati Tranche 2.

AND provided that the authorities and powers hereby granted shall be in addition to and not in substitution for all previous authorities granted pursuant to sections 551 and 570 of the 2006 Act and shall expire on 31 March 2016 save that the Company shall be entitled to make offers or agreements before the expiry of such authorities and powers which would or might require relevant securities or equity securities to be allotted after such expiry and the directors shall be entitled to allot relevant securities or equity securities pursuant to any such offer or agreement as if this authority and power had not expired.

By order of the Board of Directors

Barry Curtis
Company Secretary
8 February 2016

Registered Office

Terminus Road
Chichester
West Sussex
PO19 8TX