27 April 2017

Deltex Medical Group plc
(“Deltex Medical”, “Deltex” or “the Company”)

Results Summary for the year ended 31 December 2016

Deltex Medical Group plc (AIM:- DEMG), the global leader in oesophageal Doppler monitoring (ODM), today announces its audited results for the year ended 31 December 2016.

Key performance measures

- US probe revenues up 40% to £1.9m (25% growth in local currency)
  - Weaker sterling held back US profitability by £0.1m with reported costs and revenues up £0.3m and £0.2m respectively
  - 28 of 30 target platform accounts at the year-end, target of 30 met in January 2017
  - Primary focus now shifted to probe growth in US platform accounts; redeploying resources to support best growth opportunities
  - Continued strong growth in Q1 2017 together with reduced costs meant that March 2017 was the first month where the contribution from US probe sales covered fixed US sales staff costs
- International probe revenues up 25% at £1.7m
  - 15% increase in volume with an additional net £0.1m revenue growth from currency movements and sales mix
- UK probe revenues down 26% at £1.9m. Trend improving: H1 down 36%, H2 down 17%
  - Down 10% in Q1 2017 with monitor and third party sales meaning that total UK revenues in Q1 2017 are slightly ahead of Q1 2016
- Monitor income down to £0.4m from £0.6m
- Second half operating loss, before non-cash costs, of £0.2m (2015: £1.0m).

Operating Highlights

- New, easier to use, TruVue probes introduced globally
- Excellent results presented from largest ever randomised controlled trial of ODM
- EU R&D grant awarded for pilot project with new Velocity Pressure Loop displays
- Successful field trials completed of additional non-invasive haemodynamic monitoring modality; launch pending

Statutory results

- Revenue flat at £6.3m (2015: £6.4m)
- Gross margins improved to 68% (2015: 63%)
- Operating loss reduced to £2.4m (2015: £3.5m)
- Cash at 31 December 2016 of £0.6m. An additional £0.4m raised in March 2017

Nigel Keen, Chairman of Deltex Medical, commented:

“2016 was a transitional year for Deltex Medical and our progress means we have entered 2017 with considerable confidence. Sales are growing well in the USA and other export markets which resulted in 2016 probe revenues up 40% and 24% respectively. Furthermore, we have seen positive signs of the UK business stabilising.”

“Q1 2017 sales in the USA, including a small number of monitor sales, were over 50% ahead of the equivalent period in 2016 in local currency, those International distributors who order probes monthly are all running ahead of or at the same levels of last year and UK revenues were marginally ahead of 2016. We have continued to make small cost reductions as opportunities present themselves and in addition we have temporarily reduced our US staff costs as we move to deploy our resources closer to the best growth opportunities. Since January 2017, we are now benefiting from the full impact of manufacturing improvements with anticipated savings of over £30,000 a month.”

"We have completed a key phase in our US expansion plan with the attainment of a critical mass of 30 platform accounts. We are focusing our resources on driving increased use of our probes in these accounts whilst continuing to add new platform accounts in the existing territories. March 2017 was the first month where fixed US sales staff costs were covered by the gross margin on that month's probe sales. We are now fully benefiting from investments already made in margin improvement and, with the pending launch of the first of a range of new products, expect to generate additional revenues from investments made in research and development as we move towards our next generation haemodynamic workstation platform."

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Notes for Editors

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

Company goal

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

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

There are over 3,400 monitors installed in hospitals around the world and around 700,000 patients have been treated to date using Deltex Medical's single patient disposable probes.

Chairman's Statement

Deltex Medical's vision

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

Clinical and economic need established

Deltex Medical has built a robust evidence base establishing that there is a clinical and economic need for its core oesophageal Doppler monitoring ('ODM') technology. ODM uses ultrasound to measure blood flows in the central circulation of patients and allows clinicians to use fluids and drugs to optimise the patient's haemodynamic status during the trauma of surgery by protecting their tissues and organs. Clinical trials have shown that optimising haemodynamic status in this way reduces the patient's length of stay in the hospital by reducing post-surgical complications. ODM is increasingly being recognised as a standard of care for intra-operative fluid management ('IOFM') in major surgery and critical care. Advanced haemodynamic management is also now becoming widely accepted as an important new medical modality. Deltex Medical is focused on maximising value from the opportunities presented as advanced haemodynamic management is adopted into routine clinical practice around the world.

The emerging market for advanced haemodynamic management is seeking solutions in a broadening range of clinical conditions and settings and Deltex Medical's product development strategy is focused on providing a haemodynamic workstation which will take the form of a multi-modal monitoring platform, allowing clinicians to choose from a single supplier the inputs, parameters and treatment strategies most appropriate to the individual patient's circumstances. Our plan is to add selected new technologies to our existing platform which will allow us both to enhance clinical utility and to establish revenue streams from the new modalities while concurrently working to integrate them into the new monitoring platform which we are developing.

All our new monitors incorporate Pulse Pressure Waveform Analysis ('PPWA') as well as ODM. We have recently completed successful field trials of a third, entirely non-invasive, modality based on electrical impedance and expect to release this in the UK and a small number of international distributor markets on the CardioQ-ODM+ platform in the first half of 2017. Adding this technology means we will be offering the three best established modern advanced haemodynamic monitoring technologies on our monitor platform allowing us to target wider groups of patients and clinicians. In addition, we are testing prototype non-invasive suprasternal Doppler probes and assessing a number of approaches to non-invasive blood pressure monitoring with the intention of adding these new modalities to our platform once they have been verified.

The Board believes that our haemodynamic workstation offers considerable advantages to clinicians. This approach provides high quality versions of all the main technologies currently available together with the Company's proprietary ODM technology. ODM is demonstrably superior to all other technologies for patient outcomes in higher risk clinical situations.

Export led return to growth in second half

Continuing growth in export markets meant that Group revenues, excluding clinical research based barter sales, returned to growth in the second half of 2016. Consumable revenues in the second half were 14% ahead of the equivalent period in 2015.

Probe sales outside the UK of £3.8m in 2016 comprised 66% of total probe revenues, with probe revenues from our key target US market (£1.87m) surpassing those from the UK (£1.86m) for the first time.

Compared to last year, US probe revenues were up £0.5m (40%) and International probe revenues increased by £0.3m (25%) with both benefiting from the weaker pound in the second half of the year. UK probe revenues, by contrast, were £0.6m (26%) lower than in 2015, the third successive year of reductions because of the NHS responding to its financial challenges by concentrating on reducing its spend on variable costs. Following disappointing UK ODM sales in the first half of 2016 which were £0.4m (36%) lower than the first half of 2015, underlying UK probe performance improved in the second half of the year (17% lower than 2015) following the introduction of enhanced TruVue probes in May and the presentation of important new clinical trials in June and July. UK sales have continued to stabilise to date in 2017 (10% lower than 2016).

The Board believes that these trends, combined with the planned introduction of additional revenue streams from new advanced haemodynamic monitoring products, means there is potential for the UK business to return to growth before the end of 2017.

France remains our largest export market by volume and we saw continued growth in sales to our French distributor who purchased 13,450 probes (2015: 12,300), around 45% (2015: 48%) of the total International probe sales. Markets such as France, Peru, Scandinavia and South Korea, where the use of our products is the most developed, contributed the largest growth in our International distributor business. In addition, we continue to develop other markets. Our progress in Canada and Spain, where we sell direct, has been slower than we had hoped due to both elongated procurement pathways and local clinical barriers. However, both retain the potential to develop into substantial markets over time. Until this happens, we are focusing our resources on markets likely to generate more rapid returns.

Revenues from the sale of monitors remain under pressure due to severe restrictions on capital budgets in many healthcare systems and our policy is to place monitors on loan to hospitals where the investment is justified by potential returns from high margin probe sales. Monitor revenues, including clinical research based barter income of £0.2m in 2015, were £0.2m lower than in 2015 at £0.4m. A small number of monitor orders originally expected in 2016 have been received in the first quarter of 2017 with the result that the 2017 year to date monitor revenues by the end of March 2017 were already approaching 60% of the 2016 full year total.

Overall Group revenues were broadly flat at £6.3m (2015: £6.4m including £0.2m of clinical research based barter sales).

US expansion programme continues to drive forward

The USA is our key focus market and in January 2017, we passed a key milestone in our expansion plan when we achieved our target of opening our 30th platform programme account, up from 17 in January 2016 and 6 in January 2015. Having achieved this milestone, we are now focusing our resources on supporting the increased use of our probes in these accounts with the goal of replicating our success in the ten largest such accounts which together accounted for over 75% of the underlying US probe run-rate coming into 2017. To expedite this, we are redeploying our resources geographically to best match the current growth potential. We intend to manage and expand our new account pipeline within our established sales territories, primarily in major hospitals but also in smaller hospitals which are members of healthcare systems where we already have a presence.

Reduced losses

Consumable gross margin improved from 70% to 74% over the year as we started to see the benefit of bringing probe tip assembly in-house in the second half of the year as well as the shift in probe revenues from the UK to the higher average selling price in the US market. The H2 2016 consumable gross margin was 78% compared to 68% in H2 2015 and also reflected the impact of exchange rate movements on US Dollar and Euro sales. Since January 2017, all new probe tip manufacture is in-house and this together with the impact of substantial manufacturing process improvements will, we expect, contribute to continued increases in probe margins in 2017.

Cash costs at £6.2m were £0.5m (7%) lower than in 2015. The full year effect of annualised cost reductions came through in the second half before being partially offset by exchange movements affecting primarily our US operating costs. Operating losses for the year reduced by £1.1m (32%) to £2.4m (2015: £3.5m).

Improving operating cash performance

The Group's primary short-term priority remains to get the business past the operating cash breakeven point and we have made considerable progress towards achieving this in 2016 through increased traction in export markets, progress towards stabilising the UK business and significant cost reductions. In the second half, the loss before non-cash costs reduced by over 70% to £0.4m (H2 2015: £1.4m) and total cash consumption in the second half reduced to £0.4m.

Cash at the end of the year was £0.6m (2015: £0.6m). Since the year-end, we have raised an additional £0.4m to give us greater flexibility in managing our working capital balances.

Prospects

2016 was a transitional year for Deltex Medical and our progress means we have entered 2017 with considerable confidence. Sales are growing well in the USA and other export markets which resulted in 2016 probe revenues up 40% and 25% respectively. Furthermore, we have seen positive signs of the UK business stabilising. Q1 2017 sales in the USA, including a small number of monitor sales, were over 50% ahead of the equivalent period in 2016 in local currency, those international distributors who order probes monthly are all running ahead of or at the same levels of last year and UK revenues were marginally ahead of 2016. We have continued to make small cost reductions as opportunities present themselves and in addition we have temporarily reduced our US staff costs as we move to deploy our resources closer to the best growth opportunities. Since January 2017, we are now fully benefiting from the full impact of manufacturing improvements with anticipated savings of over £30,000 a month.

We have completed a key phase in our US expansion plan with the attainment of a critical mass of 30 platform accounts. We are focusing our resources on driving increased use of our probes in these accounts whilst continuing to add new platform accounts in the existing territories. March 2017 was the first month where fixed US sales staff costs were covered by the gross margin on that month's probe sales. We are now benefiting from investments already made in margin improvement and, with the pending launch of the first of a range of new products, expect to generate additional revenues from investments made in research and development as we move towards our next generation haemodynamic workstation platform.

Nigel Keen
Chairman
26 April 2017

Operating Review

Pro-forma results

	Full year 2016 £'000	Full year 2015 £'000
Consumable revenues		
Probes	**5,458**	5,230
Other	**331**	259
Total consumable revenue	**5,789**	5,489
Cost of sales- consumable	**(1,483)**	(1,634)
Gross profit consumables	**4,306**	3,855
Monitor and sundry income		
Sundry income/(expense)*	**(5)**	(6)
Net monitor income less costs**	**28**	(15)
	23	(21)
Cash costs	**(6,176)**	(6,716)
Loss before non-cash and US market development	**(1,847)**	(2,882)
Net non- cash costs ***	**(522)**	(253)
Loss before US market development costs	**(2,369)**	(3,135)
US market development costs	**-**	(351)
Operating loss	**(2,369)**	(3,486)

* Included in Sundry income/(expense) are 3rd party revenues of £44k (2015: £86k).

** Net monitor income less costs comprises:	Full year 2016 £'000	Full year 2015 £'000
Revenue from monitors sold	**360**	400
Maintenance revenue	**74**	70
Cost of sales – monitors	**(181)**	(284)
Amortisation costs of placed monitors	**(225)**	(201)
Total	**28**	**(15)**

*** Net non-cash costs in 2015 included £0.2m of clinical research based barter income.

Pro-forma results

The Group publishes a pro-forma results statement which enables the reader to better understand the key performance indicators of the Group. This pro-forma presentation does not alter the total revenue, costs or results for the year. Its objective is to communicate the results of the Group in an easier to understand format.

Consumables revenue in 2016 was £300,000 (5%) ahead of 2015 at £5,789,000 with the second half £366,000 (14%) ahead. Gross profit on consumables was £451,000 (12%) higher than 2015 at £4,306,000. Gross margin on consumables was 74% (2015: 70%). The improvement in gross margin reflects higher average selling prices for probes with a higher proportion of sales in the USA, favourable exchange movements in the second half of 2016 and early returns on bringing probe tip assembly in-house as part of manufacturing process improvements.

The Group made satisfactory progress with export probe sales which totalled £3,593,000, an increase of £877,000 (32%) (2015: £2,716,000). The USA contributed £536,000, 61%, of the total increase in export probe revenues.

Export probe revenue growth exceeded by £228,000 a £649,000 (26%) decline in UK probe sales and thus enabled the Group's probe revenues to return to growth in the second half. Third party revenues, primarily sales of the CASMED cerebral oximetry system in the UK, grew by £40,000 (13%) with reduced second half margins following the rise in US Dollar import prices in the second half. Monitor and other income was £302,000 lower than in 2015 reflecting a £218,000 fall in monitor revenue to £360,000. In total, the Group sold 122 monitors in 2016 and placed a further 98 units.

Cash costs were £540,000 (8%) lower at £6,176,000 reflecting the net effect of increased expenditure on US field team expansion and reductions in other costs of over £100,000 a month. The annualised net savings of c£1m a year were realised in the second half before being offset by the adverse exchange impact on non-sterling costs – notably US operating costs which continued to exceed US revenues.

The operating loss was £2,369,000 (2015: £3,486,000), a reduction of £1,117,000 (32%). The second half operating loss of £646,000 was less than half that in the second half of 2015 (£1,340,000) and included £469,000 of non-cash costs. Total cash at 31 December 2016 was £582,000 (2015: £575,000) after £2,473,000 of net new finance in the year. Cash consumption in the second half was significantly reduced and totalled £386,000. This reduced cash consumption is consistent with the Group's key priority to get the business past the cash break-even point at the operating level. The Group made substantial progress towards achieving this in 2016 and estimates the underlying monthly cash burn at the end of 2016 to have been around £90,000 compared to over £200,000 at the start of the year. Since the year-end, the underlying cash burn has been further reduced by the full effect of the manufacturing process improvements (expected to save over £30,000 a month), certain reductions to the cost base and continuing growth of sales in the USA and major International markets. In addition, the process of redeploying US resources to support the areas with highest potential growth has reduced costs and going forward the Group plans broadly to match new hires to increases in the monthly probe revenue run-rate. The Group going forward expects further progress on reducing the cash burn to come from new product releases starting in the first half of 2017.

Statutory results

Revenue as reported in the Consolidated Statement of Comprehensive Income was broadly flat at £6,331,000 (2015: £6,405,000 including £178,000 of clinical research based barter sales). Increases in revenue from export sales of £795,000 and UK third party sales of £40,000 were largely offset by a £731,000 reduction in revenues from ODM products in the UK. Gross margins were higher at 68% (2015: 63%) with the benefit of higher margin sales in the USA replacing UK probe sales and improved manufacturing efficiency.

Probe margins were higher at 77% (2015: 72%) and are expected to continue to improve as North American sales grow and the effect of margin improvement initiatives comes through. Costs were kept under tight control with total charges reduced by 11% at £6,698,000 (2015: £7,496,000). Increased spending on US staff was offset by savings made in overheads. Overall, the operating loss of £2,369,000 was £1,117,000 lower (2015: £3,486,000).

US market

US probe revenues increased by 25% in local currency and 40% in sterling to £1,869,000. The reported volume increase of 1,595 probes (15%) to 12,025 probes is distorted by a few sales incentives in 2015 to accelerate transition to the enhanced performance TruVue probes where additional probes were sold at minimal or no marginal revenue.

Since 2012, our strategy in the USA has been to build a platform for future national roll-out of ODM by developing a small number of prestigious hospital accounts where our products are being embedded broadly and deeply into routine usage across a number of major surgical procedures. Our goal has been to establish a core platform of 30 such accounts and we passed this key milestone in January 2017. In addition, we have built a pipeline of additional accounts and expect to continue to open these going forward but with less resource being absorbed on pipeline development than over the last three years. Around 80% of underlying probe consumption in 2016 came from the ten best established platform accounts.

2017

Since January 2017, we have been focusing on expanding probe consumption in the key platform accounts. To facilitate this, we have redeployed our field staff resources to best reflect the growth opportunities open to us now that the core platform has been established. In the short term, this has reduced our fixed monthly US field staff costs to close to the gross margin on regular monthly probe sales with March 2017 being the first month in which the gross margin on probe revenues has exceeded regular monthly field staff costs. Our plan is to phase recruitment from now on to broadly match US staff costs to revenues and, therefore, bring to an end the heavy investment we have made in building our US team since 2012, which peaked at approximately $150,000 a month.

UK Market

Deltex Medical had a third consecutive disappointing year of declining ODM sales in the UK. Probe sales of £1,865,000 were £649,000 (26%) lower than in 2015. Monitor sales were £15,000 lower than in 2015. Maintenance revenues were £4,000 higher than 2015 at £74,000. Third party revenues from lower margin distributed products were £40,000 ahead of 2015.

Following a review of our UK business in the second half of 2015, we refocused our efforts in the UK market on to the considerable number of doctors who are both committed to making ODM a standard of care and who work in those NHS hospitals with C-suite support for implementing cost-saving quality improvement programmes. Our marketing efforts focused on highlighting the enhanced performance of the TruVue probes which we launched in May, the impressive results presented in June from a major multi-centre randomised controlled trial of ODM use during surgery in Spain and the results presented from a major UK NHS hospital of the first trial comparing ODM to a competing IOFM technology during surgery which confirmed the superior patient outcomes expected from ODM, based on previous trials.

Following disappointing ODM sales in the first half, the second half of 2016 showed a marked improvement in trend in the UK with third quarter probe revenues ahead of the second quarter and the fourth quarter ahead of the third. The 17% decline in probe revenues in H2 compared to 2015 compares to a 36% H1 decline and did not reflect underlying trends because there were no orders in the second half from two of our largest UK customers as they worked their way through probe stocks. Both have ordered probes since the year-end.

Encouragingly, UK sales in the first quarter of 2017 have continued these more positive trends and total UK revenue for the quarter was marginally ahead of 2016. First quarter sales benefited from the largest monitor order since 2014 worth just over £80,000, which we announced on 23 February 2017.

International markets

Our International business comprising all export markets, excluding the USA, made good progress in a number of areas in 2016. Probe revenues increased by 25% on a volume increase of 14%; second half sales benefited from weaker sterling against both the Euro and US Dollar. We sold 13,450 probes to our French distributor, an increase of 9% over 2015, maintaining France as our largest export market by volume. In our other more developed markets, we sold 2,600 probes to Scandinavia (up 55%) and 4,500 probes to Peru (broadly flat with 2015). Other significant volumes were achieved in less developed markets for our products including South Korea where we sold 4,800 probes (up 586%). In these earlier stage markets, there is inherent uncertainty over the time between stocking orders and regular repeat orders pulled by traction in the market. However, we are encouraged by the South Korean government's decision since the year-end to broaden significantly its reimbursement coverage for ODM.

Progress with our Canadian operation has remained slower than we would have liked due to the often protracted time delays between clinical evaluations and purchase for both monitors and probes. There is a good potential business pipeline which, once it starts converting into revenues, is expected to be sufficient enough to support organic growth from locally generated cash. In the meantime, we are minimising the resource we allocate to Canada in favour of supporting markets with prospects of greater returns.

In Spain, we have invested over several years in supporting clinical leaders to introduce enhanced recovery surgery programmes which are driving growth in several markets. Clinical guidelines for 10 surgical disciplines were published in 2015 and are now supported by the key professional bodies and regional and national health administrators. Our strategy is to focus on a small number of hospitals at first to build recurring revenue and to review additional investment in the context of cash returns generated from these. Progress to date has been slow and we continue to review our ongoing level of investment in this market. We expect the opportunity in Spain to be boosted after publication of the results of the successful multi-centre trial of ODM and understand that the draft paper has been submitted to a peer reviewed medical journal.

Prospects

Deltex Medical made considerable progress in 2016 in reshaping its business for the next stage of its development. We grew well in our export markets and started to see some stability return to the challenging UK market. We reduced costs, launched a significantly improved Doppler probe and increased gross margins. Since the end of the year, we have started to deliver substantial further manufacturing cost savings, passed the key milestone in the USA of opening our 30th platform account and have field tested a major new advanced haemodynamic monitoring modality on our existing monitor platform. These developments, together with a refocusing of our US resources to match the platform account growth opportunities mean that we have made further substantial progress towards our key short term priority of getting the business past the operating cash break-even point.

Ewan Phillips
Chief Executive

26 April 2017

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

	Note	2016 Probes £'000	2016 Other £'000	2016 Total £'000	2015 Probes £'000	2015 Other £'000	2015 Total £'000
Total revenue	3	**5,458**	**873**	**6,331**	5,230	1,175	6,405
Cost of sales		**(1,250)**	**(752)**	**(2,002)**	(1,470)	(925)	(2,395)
Gross profit		**4,208**	**121**	**4,329**	3,760	250	4,010
Administrative expenses				**(2,197)**			(2,500)
Sales and distribution costs				**(4,037)**			(4,036)
Research, development, quality and regulatory				**(464)**			(609)
US market development costs				**-**			(198)
Exceptional items				**-**			(153)
Total costs				**(6,698)**			(7,496)
Operating loss before costs of US market development costs and exceptional items				**(2,369)**			(3,135)
US market development costs				**-**			(198)
Exceptional costs				**-**			(153)
Operating loss*				**(2,369)**			(3,486)
Finance income				**1**			1
Finance costs				**(150)**			(110)
Loss before taxation				**(2,518)**			(3,595)
Tax credit on loss				**142**			135
Loss for the financial year				**(2,376)**			(3,460)
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss							
Exchange differences taken to reserves				**234**			32
Other comprehensive loss for the year, net of tax				**234**			32
Total comprehensive loss for the year				**(2,142)**			(3,428)
Total comprehensive loss for the year attributable to:							
Owners of the parent				**(2,137)**			(3,347)
Non-controlling interest				**(5)**			(81)
				(2,142)			(3,428)
Loss per share - basic and diluted	6			**(0.9p)**			(1.6p)

***Operating loss is split:**		
Cash loss	**(1,622)**	(2,681)
US market development costs	**-**	(198)
Exceptional items	**-**	(153)
Non –cash charges (net)	**(747)**	(454)
Operating loss	**(2,369)**	(3,486)

Consolidated Balance Sheet

as at 31 December 2016

	2016 £'000	2015 £'000
Assets		
Non-current assets		
Property, plant and equipment	**431**	573
Intangible assets	**2,396**	2,006
Total non-current assets	**2,827**	2,579
Current assets		
Inventories	**760**	805
Trade and other receivables	**2,499**	2,621
Current income tax recoverable	**107**	125
Cash and cash equivalents	**582**	575
Total current assets	**3,948**	4,126
Total assets	**6,775**	6,705
Liabilities		
Current liabilities		
Borrowings	**(858)**	(1,864)
Trade and other payables	**(2,414)**	(2,766)
Total current liabilities	**(3,272)**	(4,630)
Non – current liabilities		
Borrowings	**(967)**	(34)
Provisions for other liabilities and charges	**(119)**	(117)
Total non – current liabilities	**(1,086)**	(151)
Total liabilities	**(4,358)**	(4,781)
Net assets	**2,417**	1,924
Equity		
Share capital	**2,849**	2,196
Share premium account	**32,268**	30,394
Capital redemption reserve	**17,476**	17,476
Other reserves	**4,685**	4,661
Translation reserve	**260**	26
Convertible loan note reserve	**84**	-
Accumulated losses	**(55,037)**	(52,666)
Equity attributable to owners of the Parent	**2,585**	2,087
Non-controlling interest	**(168)**	(163)
Total equity	**2,417**	1,924

Consolidated Statement of Changes in Equity
for the year ended 31 December 2016

	Equity attributable to owners of the Parent									
	Share capital £'000	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other Reserve £'000**	**Convertible loan note reserve £'000**	**Translation Reserve £'000**	**Accumulated losses £'000**	**Total £'000**	**Non – controlling interest £'000**	**Total equity £'000**
Balance at 1 January 2015	2,130	30,323	17,476	4,318	-	(6)	(49,287)	4,954	(82)	4,872
Comprehensive income										
Loss for the year	-	-	-	-	-	-	(3,379)	(3,379)	(81)	(3,460)
Other comprehensive income										
Exchange movements taken to reserves	-	-	-	-	-	32	-	32	-	32
Total comprehensive income for the year	-	-	-	-	-	32	(3,379)	(3,347)	(81)	(3,428)
Shares issued during the year	66	-	-	-	-	-	-	66	-	66
Premium on shares issued during the year	-	71	-	-	-	-	-	71	-	71
Credit in respect of service cost settled by award of options	-	-	-	343	-	-	-	343	-	343
Balance at 31 December 2015	2,196	30,394	17,476	4,661	-	26	(52,666)	2,087	(163)	1,924
Comprehensive income										
Loss for the year	-	-	-	-	-	-	(2,371)	(2,371)	(5)	(2,376)
Other comprehensive income										
Exchange movements taken to reserves	-	-	-	-	-	234	-	234	-	234
Total comprehensive income for the year	-	-	-	-	-	234	(2,371)	(2,137)	(5)	(2,142)
Shares issued during the year	653	-	-			-		653		653
Premium on shares issued during the year	-	1,992	-	-	-	-	-	1,992		1,992
Issue expenses	-	(118)	-		-	-	-	(118)	-	(118)
Equity element of convertible loan note	-	-	-	-	84	-	-	84	-	84
Credit in respect of service cost settled by award of options	-	-	-	24	-	-	-	24		24
Balance at 31 December 2016	**2,849**	**32,268**	**17,476**	**4,685**	**84**	**260**	**(55,037)**	**2,585**	**(168)**	**2,417**

Consolidated Statement of Cash Flows

for the year ended 31 December 2016

	Note	**2016** **£'000**	2015 £'000
Cash flows used in operating activities			
Net cash used in operations	**5**	**(1,880)**	(1,708)
Interest paid		**(96)**	(130)
Income taxes received		**160**	150
Net cash used in operating activities		**(1,816)**	(1,688)
Cash flows used in investing activities			
Purchase of property, plant & equipment		**(26)**	(68)
Capitalised development expenditure		**(533)**	(408)
Interest received		**1**	1
Net cash used in investing activities		**(558)**	(475)
Cash flows generated from financing activities			
Issue of ordinary share capital		**2,508**	59
Expenses in connection with share issue		**(118)**	-
Proceeds from (decrease) / increase in invoice discounting facility		**(109)**	(226)
Repayment of borrowings		**(1,000)**	-
Proceeds from borrowings		**1,125**	-
Expenses in connection with new borrowings		**(42)**	-
Repayment of obligations under finance leases		**(37)**	(34)
Net cash (used in)/generated from financing activities		**2,327**	(201)
Net (decrease)/increase in cash and cash equivalents		**(47)**	(2,364)
Cash and cash equivalents at beginning of the year		**575**	2,934
Exchange losses on cash and cash equivalents		**54**	5
Cash and cash equivalents at end of the year		**582**	575

1. Nature of the financial information

This Results Summary containing condensed financial information for the year ended 31 December 2016 is prepared in accordance with the accounting policies set out in the Annual Report 2015. New standards, amendments to standards or interpretations which were effective in the financial year beginning 1 January 2016 have not had a material effect on the group's financial statements.

This Results Summary does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. The full set of audited financial statements are available online at www.deltexmedical.com. The balance sheet as at 31 December 2015 has been derived from the full Group accounts published in the Annual Report & Accounts 2015, which has been delivered to the Registrar of Companies. The report of the independent auditors for the year ended 31 December 2016 and 2015 respectively was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

2. Alternative financial measures

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

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

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

3. Revenue

Sales	**2016 Probes units†**	**2016 Monitors units†**	**2016 Probes £'000**	**2016 Monitors £'000**	**2016 Other £'000**	**2016 Total £'000**	2015 Probes units†	2015 Monitors units†	2015 Probes £'000	2015 Monitors £'000	2015 Other £'000	2015 Total £'000
Direct markets												
UK	**20,385**	**9**	**1,865**	**69**	**470**	**2,404**	28,770	21	2,514	84	497*	3,095
USA	**12,025**	**3**	**1,869**	**45**	**7**	**1,921**	10,430	9	1,333	141	44	1,518
Spain	**420**	**-**	**44**	**-**	**-**	**44**	700	-	65	-	-	65
Canada	**445**	**-**	**55**	**-**	**8**	**63**	575	4	71	57	3	131
	33,275	**12**	**3,833**	**114**	**485**	**4,432**	40,475	34	3,983	282	544	4,809
Distributor markets												
Europe	**19,425**	**28**	**1,082**	**91**	**14**	**1,187**	18,080	22	893	95	11	999
Far East & Latin America	**10,615**	**82**	**543**	**155**	**14**	**712**	7,720	120	354	201	42*	597
	30,040	**110**	**1,625**	**246**	**28**	**1,899**	25,800	142	1,247	296	53	1,596
	63,315	**122**	**5,458**	**360**	**513**	**6,331**	66,275	176	5,230	578	597	6,405

†Unaudited
*Included in other revenue for UK and Rest of world are 3rd party revenues of £355,000 (2015: £310,000), and £nil (2015: £30,000) respectively.

4. Dividends

The directors cannot recommend payment of a dividend (2015: nil).

5. Notes to the Consolidated Statement of Cash flows

	2016 **£'000**	2015 £'000
Loss before taxation	**(2,518)**	(3,595)
Adjustments for:		
Net finance costs	**149**	109
Depreciation of property, plant and equipment	**282**	257
Amortisation of intangible assets	**143**	147
Effect of exchange rate fluctuations	**(30)**	-
Loss on disposal of property, plant and equipment	**23**	21
Share based payments	**25**	343
Operating cash flows before movement in working capital	**(1,926)**	(2,718)
Decrease in inventories	**53**	476
Decrease in trade and other receivables	**447**	141
(Decrease) / increase in trade and other payables	**(455)**	392
Increase in provisions	**1**	1
Net cash used in operations	**(1,880)**	(1,708)

6. Loss per share

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

The loss per share calculation for 2016 is based on the loss of £2,371,000 and the weighted average number of shares in issue of 270,435,477. For 2015, the loss per share calculation was based upon the loss of £3,379,000 and the weighted average number of shares in issue of 216,742,606

7. Events after the balance sheet date

On 22 March 2017, the company raised £400,000, before expenses, through subscriptions for 11,034,482 new ordinary shares at 3.625p per share.

8. Distribution of the announcement

Copies of this announcement are sent to shareholders on request and will be available for collection free of charge from the Company's registered office at Terminus Road, Chichester, West Sussex PO19 8TX. Copies of the Report and Accounts for the year ended 31 December 2016 will be sent to shareholders on request apart from those shareholders who have informed the company of their preference to receive such notifications in hardcopy. Both this announcement, the Report & Accounts 2016 and the Results Presentation are available to download free of charge from the Company's website at www.deltexmedical.com.