9 May 2018

Deltex Medical Group plc

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

Results Summary for the year ended 31 December 2017

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 2017.

Statutory results

- Operating loss reduced by £0.4m to £2.0m (2016: £2.4m)
- Group revenues £0.4m lower at £5.9m (2016: £6.3m)
- Gross margins improved to 75% (2016: 68%)
- Cash at 31 December 2017 of £0.2m with a further £2.0m after expenses raised in 2018

Key performance measures

- US pay per use probe revenues up 8% at £1.4m (2016: £1.3m)
- Top two US territories achieved 50% or over pay per use revenue growth
- Revenues from US managed care contracts down 20% at £0.4m (2016: £0.5m) due to one lost account
- International probe revenues flat at £1.6m (2016: £1.6m) with 5% growth from major markets
- UK probe sales down by 26% at £1.4m (2016: £1.9m)
- Monitor revenues flat at £0.4m (2016: £0.4m)
- Consumable gross margin increased to 82% (2016: 74%) generating £0.4m additional margin
- Loss before non-cash costs reduced by 31% to £1.1m (2016: £1.6m)
- Net cash used in operating activities halved to £0.9m (2016: £1.8m); c. £1.0m annualised cost reductions implemented/planned in 2018

Operating Highlights

2017

- 30th US platform account milestone achieved
- TrueVue™ System launched on CardioQ-ODM+ platform
- TrueVue™ Impedance, high-definition impedance cardiography, added to CardioQ-ODM+ platform in UK and select International markets

2018 to date

- Major new US top rated hospital account after rigorous evaluation of TrueVue™ Doppler
- 8-year tender worth at least €4m awarded across Paris hospitals
- FEDORA trial published: TrueVue™ Doppler delivered 75% fewer post-operative complications, including significant reductions in acute kidney injury and healthcare acquired infections
- Three-year contract extension for UK distribution of CASMED cerebral oximetry products
- Global release announced today of unique TrueVue Loops display
- Q1 revenues held back by expected timing differences on monitor sales: year on year growth in all three sales operations in April including UK probe revenues

Nigel Keen, Chairman of Deltex Medical, commented:

"The progress made towards operating cash breakeven and profitability through improved consumable margins and reduced overheads made during 2017 was partially offset by a disappointing second half sales performance.

"Since the end of the year we have put the Group on a significantly more secure financial footing through raising £2.0m additional capital and reducing our cash costs by £1.0m on an annualised basis.

"We have seen a number of new accounts coming on stream in the US market, including a very major one which started using TrueVue™ Doppler as the result of a rigorous and successful evaluation. Our French distributor has been awarded the largest tender which we have seen to date for the use of TrueVue™ Doppler and we have continued to migrate our business towards our multi-modal TrueVue™ System. The TrueVue™ System allows us to refresh our market positioning and through the TrueVue™ System we have the possibility of guiding treatment for greater numbers of patients.

"In the meantime, the largest ever randomised trial of our core TrueVue™ Doppler technology has been published with excellent results and very broad applicability for patients undergoing surgery who need to be protected from expensive, life-shortening complications. This is further compelling evidence that many of these complications are avoided through the use of TrueVue™ Doppler."

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Notes for Editors

Deltex Medical manufactures and markets haemodynamic monitoring technologies. Deltex Medical's proprietary ODM (TrueVue™ Doppler) 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 Group in the enhanced haemodynamic space to build a robust and credible evidence base proving the clinical and economic benefits of its core technology, TrueVue™ Doppler which is proven to reduce complications suffered by patients after surgery and save hospitals the costs of treating those complications.

Deltex Medical's TrueVue™ System on the CardioQ-ODM+ monitor platform also now provides clinicians with two further advanced haemodynamic monitoring technologies. High Definition Impedance Cardiography is an entirely non-invasive monitoring technology which creates an electrical field across the chest and measures the disruption to this field when the heart pumps blood. Pulse Pressure Waveform Analysis uses peripheral blood pressure signal analysis to give doctors information on changes in the circulation and is particularly suited to monitoring lower risk or haemodynamically stable patients.

Group goal

Haemodynamic management is now becoming widely accepted as an important major new medical modality. Consequently, the Group's focus is on maximising value from the opportunities presented as enhanced haemodynamic management is adopted into routine clinical practice around the world. The Group aims to provide clinicians with a single platform, a 'haemodynamic workstation', which offers them a range of technologies from simple to sophisticated to be deployed according to the patient's

condition and skill and expertise of the user. Doing this will enable the Group to partner healthcare providers to support modern haemodynamic management across the whole hospital.

The Group 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.

Chairman's Statement

Deltex Medical's vision

Deltex Medical's goal is to build a major business that generates substantial returns for its shareholders. The Group aims to achieve this by providing medical technologies which help doctors assess and manage the haemodynamic status of their patients to minimise or avoid periods of haemodynamic compromise which are known to cause harmful, life-shortening complications.

Clinical and economic need established

Complications after major surgery are common, affecting around one patient in four. Half or more of these complications are attributable to periods of haemodynamic compromise while under anaesthesia and, through use of the Group's products, these periods of haemodynamic compromise are avoidable. Complications are unpleasant for the patients and are expensive to treat; in the USA the hospital costs of treating a patient suffering such a complication is c. $12,000 higher than the costs of treating a patient who avoids any major complication; the equivalent cost to the NHS in the UK is c. £8,000 per patient. Analysis has shown that experiencing a complication after major surgery reduces a patient's average post-operative survival by over seven years.

Deltex Medical's core Oesophageal Doppler Monitoring technology (ODM or TrueVue™ Doppler) uses ultrasound to measure the rate of blood flow from the heart, allowing doctors to optimise patients' haemodynamic status by giving the right amounts of fluid and drugs at the right time. This protective intervention strategy, known as 'haemodynamic optimisation' or 'goal directed haemodynamic therapy', minimises periods of haemodynamic compromise and has been shown to reduce consequent post-operative complications by half or more in patients undergoing major surgery. This approach is good for patients and saves substantial costs through the hospitals not having to treat the complications avoided; these savings are material at both the hospital and the health system level and are many times the costs of using TrueVue™ Doppler.

Market development

To date, the Group's core value proposition has been that pre-emptive haemodynamic optimisation guided by TrueVue™ Doppler of all patients undergoing major surgery reduces complications for a significant minority of patients and saves substantial costs across the population treated. TrueVue™ Doppler's ability to do this has been demonstrated in multiple clinical trials, both controlled and real world, in multiple types of surgery and from reasonably fit and healthy patients through to the very sick and frail. As a result, routine TrueVue™ Doppler guided haemodynamic optimisation has been recommended in a number of countries by clinical opinion leaders, professional bodies and health systems.

Despite these evidence-based recommendations, the adoption to date of both TrueVue™ Doppler and advanced haemodynamic monitoring in general has been slower than anticipated. Many anaesthesia providers have been reluctant to incur additional cost or take on additional work without visibility of the downstream benefits to an individual patient or the ability to triage the interventions specifically to those patients who would actually avoid a harmful complication. The Group believes that the benefits of haemodynamic monitoring are more likely to be realised at scale going forward if the patients most at risk of a dangerous period of haemodynamic compromise whilst under anaesthesia can be identified. These patients can then be monitored and where appropriate therapeutic action can be taken. Deltex Medical is focusing both its product development and marketing efforts towards achieving these goals.

The results of the large multicentre FEDORA study published in the April edition of the British Journal of Anaesthesia have reinforced the value of TrueVue™ Doppler. Total complications after surgery were reduced by 75% and the number of patients suffering one or more complication was halved. The ability to reduce post-operative complications by half or more is a major prize for patients, clinicians and health systems and, as the leading market player with the most effective technology in the space, TrueVueTM Doppler, Deltex Medical is well positioned to prosper from initiatives to eliminate this avoidable harm. In many developed health care systems, there is already considerable patient safety focus on reducing healthcare associated Acute Kidney Injury (AKI) and Surgical Site Infection (SSI); the FEDORA study showed statistically significant reductions in postoperative AKI of over 80% and c. 65% for SSI. In the UK, NICE estimates the annual cost to the NHS in England of SSIs as £700m and of AKIs to be between £434m and £620m.

Technology development

TrueVue™ Doppler is demonstrably superior to all other technologies for managing both fluid and drug administration, however, it cannot be used on all patients. It is also a high-end technology requiring the clinician to have a depth of physiological knowledge allowing the development of the requisite skill

to use the technology effectively. The emerging market for advanced haemodynamic monitoring is seeking solutions in a broadening range of clinical conditions and settings and Deltex Medical's product development strategy is directed towards providing a multimodal monitoring platform – the TrueVue™ System. The TrueVue™ System is a haemodynamic monitoring system allowing clinicians using a single platform to choose the inputs, parameters and treatment strategies most appropriate to their individual patient's circumstances. The system is configured to be available wherever required around the hospital.

In most of our markets, we now offer each of the three best established modern advanced haemodynamic monitoring technologies on our TrueVue™ System on the CardioQ-ODM+ monitor platform, allowing us to target wider groups of patients and clinicians. As well as TrueVue™ Doppler, all our new monitors incorporate Pulse Pressure Waveform Analysis (PPWA) from an arterial line and include the option to add entirely non-invasive High Definition Impedance Cardiography (HDICG). We believe that both our HDICG and PPWA solutions are best in class with clear technological advantages over competing variants while offering doctors the security of having TrueVue™ Doppler available in the event that their patient is at risk of becoming haemodynamically compromised and, therefore, needing the precision of the TrueVue™ Doppler data. We are going through regulatory processes in markets outside the UK to introduce HDICG, including a submission to the U.S. Food & Drug Administration (FDA).

Since the year-end, we have launched our unique TrueVue Loops display which, by plotting in real time both direct measurement of blood flow from TrueVue™ Doppler and direct measurement of blood pressure from PPWA, allows doctors, for the first time ever, the opportunity to see their patient's complete haemodynamic picture on a single display, allowing easy identification of therapeutic actions that might be applied to optimise the patient's system.

Trading results

After a stronger first half performance, second half sales were disappointing with weak trends in the UK exacerbated by delays in a number of expected developments across all parts of the business. Overall Group revenues were £0.4m lower than in 2016 at £5.9m (2016: £6.3m), after a £0.5m decline in probe revenues in the UK. US revenues were ahead by £0.1m at £2.0m (2016: £1.9m), International revenues were £0.1m lower at £1.9m (2016: £2.0m) despite growth from our focus larger markets. Sales in the UK continued to decline and were £0.5m behind at £1.9m.

Reduced losses

Consumable gross margin improved from 74% to 82% over the year as a result of bringing probe tip assembly in-house and implementing other manufacturing process improvements. This improvement was worth £0.4m in the year and meant that even though total sales were reduced gross profit on consumables was flat at £4.3m. Net monitor and sundry income were slightly ahead at £0.3m and cash costs were over £0.4m lower at £5.6m (2016: £6.1m). As a result, the loss before non-cash costs was reduced by 31% to £1.1m (2016: £1.6m). On top of the lower cash costs in 2017, which were c. £0.5m lower than 2016 on a constant currency basis, by the end of the year we had reduced annualised cash costs by an additional £0.5m going into 2018. Since then we have put in place a further series of cost reductions expected to total at least £0.5m on an annualised basis and all of which are expected to be effective going into the second half. After non-cash costs of £0.9m (2016: £0.8m), the operating loss was reduced by £0.4m to £1.9m (2016: £2.3m).

Improving operating cash performance

The Group's primary short-term priority is to get the business past the operating cash breakeven point and it made considerable progress towards achieving this in 2017. Net cash used in operating activities was halved to £0.9m from £1.8m in 2016. There was also a significant reduction in net cash used in investing activities from £0.6m to £0.3m. Taken together, operating and investing activities consumed £1.2m less in 2017 that in 2016, equivalent to £0.1m per month. The Board expects the operating cash profile to improve further in 2018 as a result of the additional cost reductions already made or in hand, a return to sales growth of our high margin products and contribution from new products now available to our customers.

Cash at the end of the year was £0.2m (2015: £0.6m). Since the year-end, we have raised an additional £2.0m, after expenses, to enable the Group to move through the operating cash break-even point.

Prospects
The progress made towards operating cash breakeven and profitability through improved consumable margins and reduced overheads made during 2017 was partially offset by a disappointing second half sales performance.

Since the end of the year we have put the Group on a significantly more secure financial footing through raising £2.0m additional capital and reducing our cash costs by £1.0m on an annualised basis.

We have seen a number of new accounts coming on stream in the US market, including a very major one which started using ODM as the result of a rigorous and successful evaluation. Our French distributor has been awarded the largest tender which we have seen to date for the use of ODM and we have continued to migrate our business towards our multi-modal TrueVue™ System on the CardioQ-ODM+ monitor. The TrueVue™ System allows us to refresh our market positioning and through the TrueVue™ System we have the possibility of guiding treatment for greater numbers of patients.

In the meantime, the largest ever randomised trial of our core TrueVue™ Doppler technology has been published with excellent results and very broad applicability for patients undergoing surgery who need to be protected from expensive, life-shortening complications. This is further compelling evidence that many of these complications are avoided through the use of TrueVue™ Doppler.

Nigel Keen
Chairman
9 May 2018

Operating Review

Pro-forma results

	Full year 2017 £'000	Full year 2016 £'000
Consumable revenues		
Probes	**4,936**	5,458
Other	**349**	331
Total consumable revenue	**5,285**	5,789
Cost of sales- consumable	**(973)**	(1,483)
Gross profit consumables	**4,312**	4,306
Monitor and sundry income		
Sundry income / (expense)*	**1**	(5)
Net monitor income less costs	**291**	253
	292	248
Cash costs	**(5,643)**	(6,173)
Loss before non-cash costs	**(1,039)**	(1,619)
Net non- cash costs	**(899)**	(750)
Operating loss	**(1,938)**	(2,369)

* Included in Sundry income/(expense) are 3rd party revenues of £23,000 (2016: £44,000).

Net monitor income less costs comprises:	**Full year 2017 £'000**	Full year 2016 £'000
Revenue from monitors sold	**358**	360
Maintenance revenue	**78**	74
Cost of sales – monitors	**(145)**	(181)
Total	**291**	253

Non- cash costs comprises:	**Full year 2017 £'000**	Full year 2016 £'000
Depreciation of plant and equipment	**(44)**	(57)
Depreciation of loaned monitors	**(221)**	(225)
Amortisation of development costs	**(195)**	(143)
Share-based payments and bonus accruals	**(131)**	(147)
Non-executive directors' fees	**(105)**	(105)
Accumulated absences	**(9)**	(73)
Barter prepayments release	**(194)**	-
Total	**(899)**	(750)

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 2017 was £504,000 (9%) behind 2016 at £5,285,000 (2016: £5,789,000). The decline in consumable revenues was caused by a £511,000 (27%) fall in UK probe sales to £1,354,000 (2016: £1,865,000). US probe revenues were flat overall at £1,872,000 (2016: £1,869,000), comprising a £108,000 fall in revenue from managed care service contracts due to the loss of one major account offset by £111,000 of growth from the majority of accounts not on managed care contracts. International probe sales of £1,710,000 were flat (2016: £1,724,000).

The decline in consumable revenues was offset by margin improvements, primarily as a result of process efficiencies in probe manufacture. Gross profit on consumables was flat at £4,312,000 (2016: £4,306,000). Gross margin on consumables was 82% (2016: 74%).

Monitor and sundry income was £44,000 ahead of 2016 at £292,000 (2016: £248,000) on flat monitor revenues of £358,000 (2016: £360,000). In total, the Group sold 65 monitors in 2017 and placed a further 45 units, predominantly in the US.

Cash costs were £530,000 (9%) lower at £5,643,000 reflecting reduced overheads net of currency movements. Cash costs going into 2018 were reduced by a further c.£500,000 annually towards the end of 2017 and, since the year end, have been reduced by a further annualised amount of c.£500,000 in response to the disappointing outcome to 2017.

The loss before non-cash costs was reduced by £580,000 to £1,039,000 (2016: £1,619,000). The additional cost reductions effective in 2018 are expected to reduce this key performance metric further in 2018 before the planned further positive impact of sales growth.

Non-cash costs were £149,000 higher than in 2016 at £899,000 primarily as a result of barter prepayments release offset by the change in the accumulated absence provision. The operating loss was £1,938,000 (2016: £2,369,000), a reduction of £431,000 (18%).

Statutory results

Revenue as reported in the Consolidated Statement of Comprehensive Income was £5,870,000 (2016: £6,331,000); the reduction in revenue of £461,000 was primarily due to a £511,000 decline in UK probe sales. Probe volumes were down by 5,090 (25%) on 2016 (2016: 20,385). Gross margins were higher at 75% (2016: 68%) as a result of improved manufacturing efficiency. Costs were kept under tight control with total charges reduced by £378,000 (6%) at £6,320,000 (2016: £6,698,000). The operating loss of £1,938,000 was £431,000 lower (2016: £2,369,000).

Total cash at 31 December 2017 was £219,000 (2016: £582,000) after £905,000 of net new equity finance in the year. Net cash used in operating activities of £928,000 was £888,000 (49%) lower than in 2016 (2016: £1,816,000). Net cash used in investing activities of £292,000 was £266,000 (48%) lower than in 2016 (2016: £558,000).

US market

Our strategy in the USA has been to build a platform from which to roll-out TrueVue^{TM} Doppler nationally by developing a small number of prestigious hospital accounts where our products are being embedded into routine usage.

We passed a key milestone in January 2017 when we secured our 30th such ‘platform’ account and are continuing to add further similar accounts. In our best developed territories, where we have a critical mass of platform accounts, we are now looking to generate incremental sales growth by expansion through hospital systems and through local clinical networks. The majority of our US probe business is based on customers ordering probes as required. In a small number of accounts, we operate managed care contracts where the monthly fee is independent of the number of probes ordered and covers supply of monitors and clinical support as well as probes.

In the USA, probe revenues from the majority of accounts which are not on managed care contracts were ahead by £111,000 (8%) at £1,444,000 (2016: £1,333,000). Within this, four of our six sales territories achieved 30% growth between them, with the two best performers delivering over 50% growth. The other two territories, which suffered from periods of unplanned staff absences and

vacancies, saw declines in probe revenues of 32% and 10% respectively. Revenues from US managed care service contracts were down £108,000 (20%) following the loss of revenues to one account as a result of disruption from clinician and management turnover; revenues from the other managed care contracts were marginally ahead.

New business from pipeline development in the USA was slower in 2017 as a result of generally lower hospital activity squeezing budgets. As a result, we saw only modest or no revenue contribution from a number of new accounts which came on stream towards the end of the year or, in the case of a major strategic 'Top 10' hospital, after year end. These new accounts, together with a more evenly distributed sales team, give us greater visibility than previous years on growth in the current year which has got off to a solid start, albeit with a weaker dollar exchange rate. Total US revenues in 2017 were 5% ahead at £2,010,000 after £117,000 (2016: £45,000) of monitor sales, primarily in the first half.

UK Market

Deltex Medical had a fourth consecutive year of declining TrueVue™ Doppler sales in the UK. Probe sales of £1,354,000 were £511,000 (27%) lower than in 2016. Monitor sales were £23,000 higher than in 2016 at £92,000.

Maintenance and carriage revenues were flat at £118,000. Third party revenues from lower margin distributed products were £23,000 ahead of 2016 at £378,000.

The decline in UK probe sales comprised a number of hospitals being unable to repeat previous bulk orders due to lack of available finance, reduced volumes as the NHS increased waiting lists and a continuing downward trend in TrueVue™ Doppler usage. The adverse trend started with the NHS curtailing, without replacement, in January 2014 its programme to implement Intra Operative Fluid Management ('IOFM') at pace and scale. Going into 2018, Deltex has reduced its UK sales costs and changed its UK sales management. The UK home market is where we normally first release new products and we are refocusing our sales and marketing efforts to towards the TrueVue system. This entails greater emphasis on identifying lower risk patients to determine which merit intervention as well as pre-emptively applying haemodynamic optimisation with TrueVue™ Doppler to those at highest risk.

The recent publication of excellent results from the multicentre FEDORA trial in the leading British anaesthesia journal confirms the better outcomes and reduced costs which originally led the NHS to decide to implement TrueVueTM Doppler. In 2018 we are seeking to partner NHS organisations to reduce substantially the patient harm and related costs of avoidable complications arising from periods of haemodynamic compromise during anaesthesia.

International markets

Probe sales to International distributors were flat overall at £1,621,000 (2016: £1,625,000) although probe sales to our four largest distributed markets, France, South Korea, Peru and Scandinavia were cumulatively £1,410,000, up 5% (2016: £1,348,000) and comprised over 85% of total probe sales to distributors. The bulk of the growth in probe sales to these focus export markets in 2017 came from sales to France; since year end our French distributor has been re-awarded a major tender to supply public hospitals in Paris with a value of at least €4.4m (£3.8m) over eight years. The distributor is planning to finance the installation of 70 new monitors to support the tender by reducing its probe stocks which is likely to depress temporarily probe sales to France in 2018.

Although the Group's sales to its South Korean distributor were only marginally ahead of 2016, the distributor reports satisfactory growth in its sales to end users following TrueVue™ Doppler gaining reimbursement in the first half of 2017 and this growth is currently expected to feed through into the Group's sales in 2018.

Sales to Spain and Canada were flat. As a result of substantial procurement delays holding back momentum in Canada we have reduced our direct investment in this market going into 2018. Total International sales were down £88,000 (4%) on 2016 at £1,918,000 (2016: £2,006,000) as a result of a £103,000 decline in monitor sales, with distributors generally averse to risking holding unassigned stocks of monitors.

Year to date trading

Total Q1 2018 revenues were, as expected, lower than Q1 2017 primarily as a consequence of £224,000 of one-off monitor sales in 2017: the Group expects to recover at least half of this timing difference in Q2 underpinned by a c.£100,000 monitor order received from our French distributor to enable it to implement the new Paris hospital system tender. Q1 sales were also held back c. £100,000 due to the combined effect of foreign exchange movements and the timing of an irregular probe order in each of UK and USA in 2017. April sales were unaffected by any such confounding timing effects and showed modest year on year growth in each of USA, UK and International. It is too early to judge if the publication of the FEDORA trial results in April is linked to the pick-up seen in UK probe sales, however, continuation of the current underlying trends would translate into a return to solid growth in Group revenues in the second half of the year.

Ewan Phillips
Chief Executive

9 May 2018

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	2017 Probes £'000	2017 Other £'000	2017 Total £'000	2016 Probes £'000	2016 Other £'000	2016 Total £'000
Total revenue	**3**	**4,936**	**943**	**5,870**	5,458	873	6,331
Cost of sales		**(762)**	**(726)**	**(1,488)**	(1,250)	(752)	(2,002)
Gross profit		**4,174**	**208**	**4,382**	4,208	121	4,329
Administrative expenses				**(2,070)**			(2,197)
Sales and distribution costs				**(3,692)**			(4,037)
Research, development, quality and regulatory				**(558)**			(464)
Total costs				**(6,320)**			(6,698)
Operating loss*				**(1,938)**			(2,369)
Finance income				**-**			1
Finance costs				**(163)**			(150)
Loss before taxation				**(2,101)**			(2,518)
Tax credit on loss				**100**			142
Loss for the financial year				**(2,001)**			(2,376)
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss:							
Exchange differences taken to reserves				**(113)**			234
Other comprehensive expense / (income) for the year, net of tax				**(113)**			234
Total comprehensive loss for the year				**(2,114)**			(2,142)
Total comprehensive loss for the year attributable to:							
Owners of the parent				**(2,135)**			(2,137)
Non-controlling interest				**21**			(5)
				(2,114)			(2,142)
Loss per share - basic and diluted	**6**			**(0.7p)**			(0.9p)

***Operating loss is split:**							
Cash loss				**(1,039)**			(1,619)
Non –cash charges (net)				**(899)**			(750)
Operating loss				**(1,938)**			(2,369)

Consolidated Balance Sheet

as at 31 December 2017

	2017	2016
	£'000	£'000
Assets		
Non-current assets		
Property, plant and equipment	**274**	431
Intangible assets	**2,486**	2,396
Total non-current assets	**2,760**	2,827
Current assets		
Inventories	**754**	760
Trade and other receivables	**2,050**	2,499
Current income tax recoverable	**94**	107
Cash and cash equivalents	**219**	582
Total current assets	**3,117**	3,948
Total assets	**5,877**	6,775
Liabilities		
Current liabilities		
Borrowings	**(813)**	(858)
Trade and other payables	**(2,645)**	(2,414)
Total current liabilities	**(3,458)**	(3,272)
Non – current liabilities		
Borrowings	**(1,004)**	(967)
Provisions for liabilities	**(115)**	(119)
Total non – current liabilities	**(1,119)**	(1,086)
Total liabilities	**(4,577)**	(4,358)
Net assets	**1,300**	2,417
Equity		
Share capital	**3,132**	2,849
Share premium account	**32,915**	32,268
Capital redemption reserve	**17,476**	17,476
Other reserves	**4,752**	4,685
Translation reserve	**147**	260
Convertible loan note reserve	**84**	84
Accumulated losses	**(57,059)**	(55,037)
Equity attributable to owners of the Parent	**1,447**	2,585
Non-controlling interest	**(147)**	(168)
Total equity	**1,300**	2,417

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

	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 2016	2,196	30,394	17,476	4,661	-	26	(52,666)	2,087	(163)	1,924
Comprehensive expense										
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 / (expense) 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**
Comprehensive expense										
Loss for the year	-	-	-	-	-	-	(2,022)	(2,022)	21	(2,001)
Other comprehensive income										
Exchange movements taken to reserves	-	-	-	-	-	(113)	-	(113)	-	(113)
Total comprehensive loss for the year	-	-	-	-	-	(113)	(2,022)	(2,022)	21	(2,114)
Shares issued during the year	283	-	-			-		283		283
Premium on shares issued during the year	-	694	-	-	-	-	-	694	-	694
Issue expenses	-	(47)	-		-	-	-	(47)	-	(47)
Credit in respect of service cost settled by award of options	-	-	-	67	-	-	-	67	-	67
Balance at 31 December 2017	**3,132**	**32,915**	**17,476**	**4,752**	**84**	**147**	**(57,059)**	**1,447**	**(147)**	**1,300**

Consolidated Statement of Cash Flows
for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Cash flows used in operating activities			
Net cash used in operations	5	**(920)**	(1,880)
Interest paid		**(123)**	(96)
Income taxes received		**115**	160
Net cash used in operating activities		**(928)**	(1,816)
Cash flows used in investing activities			
Purchase of property, plant & equipment		**(6)**	(26)
Capitalised development expenditure		**(286)**	(533)
Interest received		**-**	1
Net cash used in investing activities		**(292)**	(558)
Cash flows generated from financing activities			
Issue of ordinary share capital		**952**	2,508
Expenses in connection with share issue		**(47)**	(118)
Proceeds from (decrease) / increase in invoice discounting facility		**(7)**	(109)
Repayment of borrowings		**-**	(1,000)
Proceeds from borrowings		**-**	1,125
Expenses in connection with new borrowings		**-**	(42)
Repayment of obligations under finance leases		**(28)**	(37)
Net cash generated from financing activities		**870**	2,327
Net decrease in cash and cash equivalents		**(350)**	(47)
Cash and cash equivalents at beginning of the year		**582**	575
Exchange losses on cash and cash equivalents		**(13)**	54
Cash and cash equivalents at end of the year		**219**	582

1. Nature of the financial information

This Results Summary containing condensed financial information for the year ended 31 December 2017 is prepared in accordance with the accounting policies set out in the Annual Report 2016. New standards, amendments to standards or interpretations which were effective in the financial year beginning 1 January 2017 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 2016 has been derived from the full Group accounts published in the Annual Report & Accounts 2016, which has been delivered to the Registrar of Companies. The report of the independent auditors for the year ended 31 December 2017 and 2016 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

	Probes	Monitors	Probes	2017 Monitors	Third party	Carriage	Other	Total
	units†	units†	£'000	£'000	£'000	£'000	£'000	£'000
Direct markets								
UK	14,430	13	1,272	92	378	17	101	1,860
USA	8,670	7	1,444	117	-	6	15	1,582
Spain	310	-	36	-	-	-	-	36
Canada	405	1	53	15	-	1	5	74
	23,815	**21**	**2,805**	**224**	**378**	**24**	**121**	**3,552**
Managed care contracts								
UK								
Probes shipped	865	-	75	-	-	-	-	75
Probes not shipped	85	-	7	-	-	-	-	7
	950		**82**	**-**	**-**	**-**	**-**	**82**
USA								
Probes shipped	2,055	-	275	-	-	-	-	275
Probes not shipped	1,195	-	153	-	-	-	-	153
	3,250	**-**	**428**	**-**	**-**	**-**	**-**	**428**
Total direct markets	**28,015**	**21**	**3,315**	**224**	**378**	**24**	**121**	**4,062**
Distributor markets								
Rest of Europe	19,220	33	1,125	109	-	2	33	1,269
Rest of the World (excluding USA)	10,470	11	496	25	-	-	18	539
Total distributor markets	**29,690**	**44**	**1,621**	**134**	**-**	**2**	**51**	**1,808**
Total units and revenues	**57,705**	**65**	**4,936**	**358**	**378**	**26**	**172**	**5,870**

	Probes	Monitors	Probes	2016 Monitors	Third party	Carriage	Other	Total
	units†	units†	£'000	£'000	£'000	£'000	£'000	£'000
Direct markets								
UK	19,325	9	1,744	69	355	18	97	2,283
USA	8,660	3	1,333	45	-	4	3	1,385
Spain	420	-	44	-	-	-	-	44
Canada	445	-	55	7	-	-	1	63
	28,850	12	3,176	121	355	22	101	3,775
Managed care contracts								
UK								
Probes shipped	1,060	-	79	-	-	-	-	79
Probes not shipped	465	-	42	-	-	-	-	42
	1,525	-	121	-	-	-	-	121
USA								
Probes shipped	3,365	-	455	-	-	-	-	455
Probes not shipped	635	-	81	-	-	-	-	81
	4,000	-	536	-	-	-	-	536
Total direct markets	34,375	12	3,833	121	355	22	101	4,432
Distributor markets								
Rest of Europe	19,425	29	1,082	91	-	1	13	1,187
Rest of the World (excluding USA)	10,615	81	543	155	-	5	9	712
Total distributor markets	30,040	110	1,625	246	-	6	22	1,899
Total units and revenues	64,415	122	5,458	367	355	28	123	6,331

†Unaudited

4. Dividends

The directors cannot recommend payment of a dividend (2016: nil).

5. Notes to the Consolidated Statement of Cash flows

	2017 £'000	2016 £'000
Loss before taxation	**(2,101)**	(2,518)
Adjustments for:		
Net finance costs	**163**	149
Depreciation of property, plant and equipment	**265**	282
Amortisation of intangible assets	**195**	143
Effect of exchange rate fluctuations	**7**	(30)
Loss on disposal of property, plant and equipment	**-**	23
Share based payments	**91**	25
Operating cash flows before movement in working capital	**(1,380)**	(1,926)
(Increase) / decrease in inventories	**(203)**	53
Decrease in trade and other receivables	**404**	447
Increase / (decrease) in trade and other payables	**251**	(455)
Increase in provisions	**8**	1
Net cash used in operations	**(920)**	(1,880)

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 2017 is based on the loss of £2,022,000 and the weighted average number of shares in issue of 301,117,957. For 2016, the loss per share calculation was based on the loss of £2,371,000 and the weighted average number of shares in issue of 270,435,477. While the Group is loss making, the diluted loss per share and the loss per share are the same.

7. Events after the balance sheet date

On 12 February 2018, the Company raised £2,208,125 before expenses, through subscriptions for 91,490,000 new ordinary shares at 1.25p per share and the placing of 85,160,000 new ordinary shares at the same price.

On the same day, it was agreed that £25,000 (plus accrued interest) of the Convertible Loan Note 2019 may be redeemed. The maturity date of the loan note was also extended to 26 February 2021 and, to fairly reflect the dilution caused by the share issues referred to above, the conversion price was reduced from 6p per share to 4p 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, PO19 8TX. Copies of the Report and Accounts for the year ended 31 December 2017 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 2017 and the Results Presentation are available to download free of charge from the Company's website at www.deltexmedical.com.