25 April 2019

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

Results for the year ended 31 December 2018

Deltex Medical Group plc (AIM: DEMG), the global leader in oesophageal doppler monitoring, today announces its audited results for the year ended 31 December 2018.

Key financial information

- 2018 full year revenues: £5.0m (2017: £5.9m)
- 2018 operating loss (pre-exceptional costs and other gain): £(0.9)m (2017: £(1.9)m)
- H2 2018 operating profit (pre-exceptional costs): £0.1m (H2 2017: loss £(0.9)m)
- Q4 2018 operating profit (pre-exceptional costs): £0.4m (Q4 2017: loss £(0.2)m)
- Q4 2018 cash generation: £0.2m (Q4 2017: cash used: £(0.3)m)
- cash at 31 December 2018: £0.6m (2017: £0.2m)

Key operating information

- increasing interest in haemodynamic monitoring from the market, due to heightened focus on patient safety
- implementation of new strategy started in June 2018:
    - targeting profit and cash generation, over top-line revenue growth
    - lower operating costs associated with re-sized business, including substantially smaller US and UK direct sales teams
    - currently establishing a sustainable platform allowing growth to be targeted from the re-sized business
    - once a robust platform is in place, the business will start to strategically target growth
- lower year-on-year revenues attributable, in large part, to substantially reduced expenditure on sales and marketing in H2 2018

Nigel Keen, Chairman of Deltex Medical, said:

"I am delighted to see the profitability and cash generation in the fourth quarter of 2018, which helps to validate Deltex Medical's new strategy.

"The Group continued to generate cash in the first quarter of 2019."

"The focus on patient safety, from both regulators and patient advocacy groups, is increasing which is helping to create interest in Deltex Medical's TrueVue System."

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Notes for Editors

Deltex Medical manufactures and markets haemodynamic monitoring technologies. Deltex Medical's proprietary oesophageal doppler monitoring ("ODM") (TrueVue Doppler) measures blood flow velocity 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 blood flow and measures such changes in 'real time'. Deltex Medical is the only company in the enhanced haemodynamic space to have built a robust and credible evidence base demonstrating both the clinical and economic benefits of its core technology, TrueVue Doppler. This technology has been proven in a wide range of clinical trials to reduce complications suffered by patients after surgery and consequently save hospitals the costs of treating those complications.

Deltex Medical's TrueVue System on the CardioQ-ODM+ monitor platform now provides clinicians with two further advanced haemodynamic monitoring technologies. TrueVue Impedance is an entirely non-invasive monitoring technology which transmits low magnitude, high frequency electrical signals through the thorax and measures the changes to this signal when the heart pumps blood. TrueVue PressureWave uses the 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 part of the anaesthesia protocol for surgical patients. 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 as well as the 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 and the USA, and through distribution arrangements in approximately 40 other countries.

Chairman’s statement

Group overview
Clinicians and healthcare systems throughout the world are increasingly recognising the benefits of monitoring and optimising a patient's haemodynamic status when anesthetised during surgery or when sedated in the intensive care unit.

Deltex Medical developed the 'global gold standard' for haemodynamic monitoring with its oesophageal Doppler technology, which is marketed as TrueVue Doppler and often generically referred to by clinicians as ‘ODM’. This technology has been shown to improve patient outcomes by enhancing patient safety, reducing avoidable complications and lowering attributable healthcare costs. This is important as there is substantial pressure on healthcare systems around the world, and particularly in the USA, to improve patient outcomes and patient safety, whilst reducing the costs of care.

Deltex Medical's multi-modal TrueVue System, which comprises two complementary haemodynamic monitoring technologies alongside the oesophageal Doppler, gives clinicians a single platform which allows them to choose the monitoring modality most appropriate for a patient's condition or procedure.

The Group’s ongoing product development programme will expand and augment the TrueVue System, adding further modalities onto this platform.

Changes during 2018
There were major changes at Deltex Medical in 2018.

In February 2018, the Group successfully raised approximately £2m. This fund-raising strengthened the Group’s financial position and enabled the Board to consider new ways to develop the business.

In April 2018, the results from the FEDORA study were published in the British Journal of Anaesthesia. This study showed that the use of the Group’s TrueVue Doppler technology significantly reduces postoperative complications and length of hospital stay, adding to an already extensive evidence base for the Company's ODM technology.

In June 2018, the Board adopted a new strategy.

The new strategy
There are a number of elements to the new strategy which include:

- targeting profit and cash generation, rather than pursuing top-line revenue growth;
- focussing on selling the TrueVue System principally to existing customers, thereby allowing the size of the sales teams in the USA and the UK to be substantially slimmed down;
- adjusting the operating costs of the Group taking into account the smaller sales teams and the focus on profit and cash generation;
- stabilising the business, following the major changes to the Group, to establish a strong and sustainable commercial platform; and
- using the more robust platform to create growth through more focussed selling and leveraging the complete suite of TrueVue technologies.

The first stage of the implementation of the new strategy has been completed. Andy Mears was appointed Chief Executive, the business has been re-sized to a more appropriate level and there has been a substantial reduction in Deltex Medical’s operating costs. There are encouraging signs, that can be seen in the Q4 year-on-year financial data below, that the first stage of the new strategy has been successful.

This has allowed us to establish a strengthening platform for the Group with a focus on ongoing cash generation and profitability.

Having re-based the business we can begin to drive growth once more in the business from this new baseline.

Financial results
Revenues for the year were £5.0m (2017: £5.9m) with the 15% reduction in revenues reflecting, in large part, the 41% (£1.5m) reduction in expenditure on sales and marketing across the year.

There were a number of exceptional costs, totalling some £0.3m (2017: £nil), associated with the implementation of the new strategy and the resultant reduction in operating costs. The operating loss for the year excluding exceptional costs and other gain was £0.9m (2017: £1.9m).

Q4 comparative financial information
The Board believes that the financial impact of the change in strategy can be seen in the year-on-year comparison of the Q4 results which are summarised in the table below:

	Unaudited management information		
	Quarter 4 2018 £'000	**Quarter 4 2017 £'000**	**Difference £'000**
Revenues	1,603	1,924	(321)
Adjusted gross margin[1]	1,244	1,555	(311)
Adjusted gross margin %	*78%*	*81%*	
Overheads (excluding exceptional costs[2])	(822)	(1,711)	889
Operating profit/(loss)	**422**	**(156)**	**578**
Cash generated/(used)	**178**	**(267)**	**445**

1. Excludes depreciation of £41,000 (Q4 2017: £100,000)
2. Q4 2018 exceptional costs were £22,000 (Q4 2017: £Nil)

The Q4 2018 operating profit (excluding exceptional costs) was c.£0.4m compared with a Q4 2017 operating loss of £0.2m, representing a £0.6m improvement in the period.

In Q4 2018, the Group generated c. £0.2m of cash compared with c. £0.3m of cash usage in Q4 2017.

Historically, December has always been the month with the highest revenues in the year so the Q4 results are not representative of the underlying full-year trading performance of the Group *per se*. However, the Board believes that the significant year-on-year improvement in the Q4 financial performance shows that the new strategy is beginning to work. The financial performance of the Group so far in 2019 is in line with market expectations and the Group continued to generate cash in the first quarter.

Employees
As part of the implementation of the new strategy we made the decision to reduce employee numbers substantially, a process which is always unpleasant and unsettling. However, the Group continues to employ a significant number of talented individuals across a range of disciplines in the UK and overseas, who are working hard to make Deltex Medical successful. I would like to thank all the Group's employees for their hard work throughout this year of change.

Prospects
The new strategy is being successfully implemented. The Group has a significantly lower cost-base, has cash on the balance sheet, is showing improving profitability and is starting to generate cash.

The next stage requires the Group to secure and make sustainable this strong base for the business which allows us to target growth from the re-sized business without substantially increasing the cost base.

The trends in the provision of global healthcare are increasingly to focus on patient safety and the reduction of avoidable complications leading to improved outcomes and lower costs. Advanced haemodynamic monitoring is an important element in meeting these requirements and the Board believes that Deltex Medical is well positioned to capitalise on these trends.

Nigel Keen
Chairman
April 2019

Operating review

Financial results
A number of major structural changes were made to the Group midway through 2018 as part of the implementation of Deltex Medical's new strategy.

Although the improvement in the financial performance of the Group is particularly marked in Q4, (the Group's busiest quarter), the effect of the change in strategy, and the substantially lower operating costs, can also be seen in the second half of 2018. Summary financial information, analysed by H1 and H2, is set out in the table below:

	Unaudited management information					
	H1 2018 £'000	**H1 2017 £'000**	**H2 2018 £'000**	**H2 2017 £'000**	**FY 2018 £'000**	**FY 2017 £'000**
Probe revenues	**2,003**	2,355	**2,032**	2,581	**4,035**	4,936
Other revenues	**372**	499	**548**	435	**920**	934
Total revenues	**2,375**	2,854	**2,580**	3,016	**4,955**	5,870
Adjusted gross profit[1]	**1,700**	2,240	**1,996**	2,380	**3,696**	4,620
Adjusted gross margin %	***72%***	*78%*	***77%***	*79%*	***75%***	*79%*
Administrative expenses[2]	**(942)**	(923)	**(672)**	(988)	**(1,614)**	(1,911)
Sales & distribution costs[2]	**(1,407)**	(1,903)	**(767)**	(1,747)	**(2,174)**	(3,650)
Research, Development, Quality & Regulatory[2]	**(152)**	(136)	**(187)**	(217)	**(339)**	(353)
	(2,501)	(2,962)	**(1,626)**	(2,952)	**(4,127)**	(5,914)
Adjusted EBITDA[3]	**(801)**	(722)	**370**	(572)	**(431)**	(1,294)
Operating profit/(loss)[4]	**(1,066)**	(1,085)	**123**	(853)	**(943)**	(1,938)
Exceptional costs	**(142)**	-	**(145)**	-	**(287)**	-
Other gain	**80**	-	**-**	-	**80**	-

1. Gross profit excluding the depreciation charge relating to machines loaned to customers and production equipment and exceptional costs
2. Excluding exceptional costs and non-cash costs namely depreciation, amortisation, share-based payments, non-executive directors' fees and accumulated absence costs
3. Earnings before interest, depreciation and amortisation, share-based payments and non-executive directors' fees and also excluding exceptional costs
4. Excluding exceptional costs and other gain

The reduction in revenues in H2, as compared to the prior year, reflects the effect of having smaller direct sales teams and associated reduced market coverage. However, the Group had also encountered some loss in revenue momentum in H1 in part due to challenging comparators as well as reductions in investment in sales & marketing.

The improvement in the financial performance of the Group in the second half of 2018 stands out. In particular, sales & distribution costs more than halved from £1.7m (H2 2017) to £0.8m (H2 2018). In addition, the table above shows that in H2 2018 the Group was adjusted EBITDA positive as well as recording an operating profit (excluding exceptional costs) of £0.1m.

The reduction in operating costs is also mirrored by the reduction in employee numbers. At 31 March 2019, the Group employed 50 people whereas at 31 March 2018 the Group employed 77 people, reflecting a 35% reduction in headcount.

The combination of the Q4 performance set out in the Chairman's statement and the H2 data shown in the table above helps give the Board comfort that the Group has taken important steps to develop a more robust platform for the future.

All costs will be kept under close scrutiny in 2019, although as the year progresses we intend to start to invest selectively in sales & marketing in order to help support future growth in revenues and exploit increased interest in the marketplace for our products.

Commercial dynamics

Leveraging the Group's unique TrueVue Doppler
Deltex Medical has built its business model around the use of high-margin disposable probes, which are used in its unique TrueVue System.

There are other companies which provide haemodynamic monitoring solutions. However, only Deltex Medical provides the oesophageal Doppler monitoring technology, which is generally accepted to be the 'global gold standard' for haemodynamic monitoring. Its use is supported by a significant number of scientific studies and Health Technology Assessments. No other company selling haemodynamic monitoring technology has an equivalent body of scientific literature supporting the use of its technology.

Healthcare providers around the world, and particularly in the USA, are under increasing financial and regulatory pressure to ensure that patient safety and outcomes improve, whilst at the same time ensuring that healthcare costs decline. The Group's TrueVue Doppler technology has been shown in a number of clinical trials, including the FEDORA study, to significantly improve patient outcomes and patient safety as well as lowering the length of hospital stay which, in turn, reduces the total costs of treating the patient.

The FEDORA large multi-centre study was a significant publication for Deltex Medical. The previous 20 Randomised Clinical Trials (RCTs) involving the TrueVue Doppler technology were completed on high-risk surgical patients. The Spanish group that conducted the FEDORA study selected low-risk surgical patients to see if the same substantial reduction in complications seen with the earlier RCTs could be reproduced. (In the past clinicians believed that lower-risk patients did not need haemodynamic monitoring - as the patients were typically younger and fitter - and recovered more quickly after surgery.) Importantly, the results of the FEDORA study showed a 75% reduction in complications for these lower-risk patients, including major complications such as Acute Kidney Injury (AKI) and Surgical Site Infections (SSI). It is notable that many hospitals in North America and Europe incur financial penalties for AKIs and SSIs. The FEDORA study builds on the substantial body of evidence in the academic literature which supports the use of Deltex Medical's oesophageal Doppler haemodynamic monitoring to improve patient safety and reduce treatment costs.

The Board believes that, in time, the growing focus on patient safety and the need to reduce avoidable complications will increase demand for Deltex Medical's TrueVue Doppler technology. Moreover, once introduced into a hospital department, there are opportunities to cross-sell other of the Group's haemodynamic monitoring technologies on the TrueVue System into the same hospital.

New product development
The Group's initial and principal technology is a Doppler-based ultrasound oesophageal haemodynamic monitoring. This technology generates highly accurate, real-time data on descending aortic blood flow velocity on anesthetised or sedated patients. However, TrueVue Doppler does not provide a hospital with a complete solution for haemodynamic monitoring as it can be challenging to use on an awake patient where completely non-invasive technologies are preferred.

In 2018, Deltex Medical launched its TrueVue System monitoring platform which comprises three haemodynamic monitoring technologies: (i) its existing oesophageal Doppler ultrasound (TrueVue Doppler); (ii) high-definition Impedance Cardiography (TrueVue Impedance); and (iii) Pulse Pressure Waveform Analysis (TrueVue PressureWave).

The TrueVue System enables the Group to sell its haemodynamic monitoring technologies into a larger addressable market within a given hospital. Deltex Medical is also working on developing a number of new and complementary products designed to augment the TrueVue System platform, as well as designing a next-generation monitor for use with all the Group's haemodynamic monitoring modalities. The Board believes that, once launched, the new monitor will help the sale of the complete suite of TrueVue products and associated technologies.

The TrueVue System is currently available in the UK, continental Europe and a number of other international markets. 510(k) regulatory clearance has now been obtained from the US Food & Drug Administration (FDA) to market the TrueVue System in the USA.

In general, there is a trade-off between the ease-of-use and the precision of the data generated from each monitoring technology. The TrueVue platform enables clinicians to match the appropriate technology to the risk profile of their patients as they move through the hospital. For example, anaesthetised patients undergoing surgery can be treated under the guidance of the extremely precise TrueVue Doppler, whereas lower-risk, awake patients can be monitored using non-invasive TrueVue Impedance or TrueVue PressureWave.

Notwithstanding the importance of updating and extending the Group's technology-based products, as part of its new strategy the Board intends to fund the development of new products using the cash it generates from its trading operations and grants.

Three principal divisions: the USA, the UK and international
The Group sells directly via its own sales-teams in the USA and the UK; and by using a network of distributors in other overseas markets.

The US market is strategically important to the Group due to its size, higher price-points and the underlying regulatory pressure associated with improving patient safety and reducing avoidable complications.

The UK NHS market remains a challenging customer due, in large part, to the acute financial pressures faced by all NHS hospitals along with the competitive environment. There is little sign of the UK market becoming easier in the short term, although the Board believes that the Group's market share in the UK has stabilised and certain UK-based initiatives are expected to be successful in increasing revenues.

The Group also sells some complementary products manufactured by third-party companies in the UK. One of these companies has recently been purchased by a competitor of Deltex Medical and this may result in the Group refocussing its UK sales resources solely onto its own product range.

Over recent years the Group has built a successful international division via a network of overseas distributors selling into some 40 countries. Although the gross margin associated with these international sales is lower than for direct sales, the associated selling costs are also materially lower. This division has been a steady contributor of cash and profit over recent years. Important international markets for the Group include France, Scandinavia, South Korea and Peru.

Importance of the US healthcare market
In recent years the Group has invested substantially in building a direct sales and marketing subsidiary in the USA. This has been an expensive undertaking and has required significant levels of investment and associated funding.

Hospitals in the US are under significant regulatory pressure to improve patient safety. They are also under commercial pressure from a range of public and private payers to reduce the costs of treating patients. Deltex Medical's TrueVue Doppler technology has been shown in scientific studies to improve patient outcomes and improve patient safety. The data in the scientific literature clearly show that the use of the TrueVue Doppler technology reduces patients' post-operative complications and consequently their length of stay in hospital, leading to substantially lower treatment costs. In the light of the above, the US healthcare market continues to be of high importance to the Group.

Part of Deltex Medical's new strategy was to reduce the costs of the Group's US operation to ensure that it started to contribute profit and cash. This plan has been successfully implemented and over recent months the US subsidiary has contributed positively to the Group's financial results.

Competition: other companies, 'doing nothing' or inaccurate claims of equivalence
Deltex Medical faces competition in a number of areas. For example, the Group has competitors, some of which are substantially larger and have greater financial resources, which market and sell haemodynamic monitoring equipment, although none use oesophageal Doppler as their principal mode of monitoring.

Deltex Medical also faces commercial challenges from hospitals which: (i) do no haemodynamic monitoring as they have not yet been convinced of its benefits, whether clinical or cost-saving; or (ii) have been misinformed that competitors' equipment is "*comparable to ODM, but cheaper and easier to use*". Both of these issues represent selling challenges that the Group is currently working on addressing. The Board is confident that they can be overcome, primarily with the introduction of the TrueVue System which has leading modalities across the range.

Conclusion
The first stage of Deltex Medical's new strategy has been successfully implemented. The Group now has a substantially lower cost-base which enables it to generate, rather than use, cash. Moreover, its direct sales teams are more focussed on driving revenues from existing customers - and it is well advanced in building a strong and sustainable business platform.

The Group's commercial position is also being helped by market trends evolving around the need to reduce avoidable complications for patients, in part driven by regulatory pressures, that should support higher adoption rates of Deltex Medical's TrueVue Doppler technology in the future.

Deltex Medical is also working hard at developing the full range of haemodynamic monitoring modalities on its TrueVue System financed by cash generated from its ongoing operations and grants.

Andy Mears
Chief Executive
April 2019

Consolidated statement of comprehensive income
For the year ended 31 December 2018

		2018 £'000	2017 £'000
Total revenue	**3**	**4,955**	5,870
Total cost of sales		**(1,424)**	(1,488)
Gross profit		**3,531**	4,382
Administrative expenses		**(1,721)**	(2,064)
Sales and distribution expenses		**(2,189)**	(3,692)
Research and Development, Quality and Regulatory		**(526)**	(558)
Impairment loss on trade receivables		**(38)**	(6)
Exceptional costs		**(287)**	-
Total costs		**(4,761)**	(6,320)
Operating loss before exceptional costs and other gain		**(943)**	(1,938)
Exceptional costs		**(287)**	-
Other gain		**80**	-
Operating loss		**(1,150)**	(1,938)
Finance income		**-**	-
Finance costs		**(188)**	(163)
Loss before taxation		**(1,338)**	(2,101)
Tax credit on loss		**74**	100
Loss for the year		**(1,264)**	(2,001)
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
Net translation differences on overseas subsidiaries		**2**	(113)
Other comprehensive income/(expense) for the year, net of tax		**2**	(113)
Total comprehensive loss for the period/year		**(1,262)**	(2,114)
Total comprehensive loss for the period/year attributable to:			
Owners of the Parent		**(1,268)**	(2,135)
Non-controlling interests		**6**	21
		(1,262)	(2,114)
Loss per share – basic and diluted		**(0.3p)**	(0.7p)

The Group has initially applied IFRS 9, IFRS 15 and IFRS 16 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated except for the separate presentation of impairment losses on trade receivables in the Consolidated statement of comprehensive income.

Consolidated balance sheet
As at 31 December 2018

	2018 £'000	(As restated) 2017 £'000
Assets		
Non-current assets		
Property, plant and equipment	**587**	274
Intangible assets	**2,528**	2,486
Financial assets at amortised cost	**155**	-
Total non-current assets	**3,270**	2,760
Current assets		
Inventories	**680**	754
Trade receivables	**1,410**	1,618
Financial assets at amortised cost	**245**	378
Other current assets	**190**	54
Current income tax recoverable	**74**	94
Cash and cash equivalents	**580**	219
Total current assets	**3,179**	3,117
Total assets	**6,449**	5,877
Liabilities		
Current liabilities		
Borrowings	**(553)**	(809)
Trade and other payables	**(1,983)**	(2,649)
Total current liabilities	**(2,536)**	(3,458)
Non-current liabilities		
Borrowings	**(1,035)**	(1,004)
Trade and other payables	**(352)**	-
Provisions	**(114)**	(115)
Total non-current liabilities	**(1,501)**	(1,119)
Total liabilities	**(4,037)**	(4,577)
Net assets	**2,412**	1,300
Equity		
Share capital	**4,927**	3,132
Share premium	**33,230**	32,915
Capital redemption reserve	**17,476**	17,476
Other reserve	**953**	4,752
Translation reserve	**149**	147
Convertible loan note reserve	**82**	84
Accumulated losses	**(54,264)**	(57,059)
Equity attributable to owners of the Parent	**2,553**	1,447
Non-controlling interests	**(141)**	(147)
Total equity	**2,412**	1,300

Consolidated statement of changes in equity
for the year ended 31 December 2018

	Share capital	Share premium	Capital redemption reserve	Other reserve	Convertible loan note reserve	Translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2018, as previously reported	3,132	32,915	17,476	4,752	84	147	(57,059)	1,447	(147)	1,300
Effect of new standards	-	-	-	-	-	-	98	98	-	98
Balance at 1 January 2018, as restated	3,132	32,915	17,476	4,752	84	147	(56,961)	1,545	(147)	1,398
Comprehensive income										
Loss for the period	-	-	-	-	-	-	(1,270)	(1,270)	6	(1,264)
Other comprehensive income for the period	-	-	-	-	-	2	-	2	-	2
Total comprehensive income for year	-	-	-	-	-	2	(1,270)	(1,268)	6	(1,262)
Transactions with owners of the Group										
Shares issued during the year	1,787	447	-	-	-	-	-	2,234	-	2,234
Issue expenses	-	(132)	-	-	-	-	-	(132)	-	(132)
Equity-settled share-based payment	-	-	-	166	-	-	-	166	-	166
Transfers	-	-	-	(3,965)	(2)	-	3,967	-	-	-
Share options exercised	8	-	-	-	-	-	-	8	-	8
Balance at 31 December 2018	4,927	33,230	17,476	953	82	149	(54,264)	2,553	(141)	2,412

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Consolidated statement of changes in equity

for the year ended 31 December 2017

	Share capital	Share premium	Capital redemption reserve	Other reserve	Convertible loan note reserve	Translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2017	2,849	32,268	17,476	4,685	84	260	(55,037)	2,585	(168)	2,417
Comprehensive income										
Loss for the year	-	-	-	-	-	-	(2,022)	(2,022)	21	(2,001)
Other comprehensive income for the year	-	-	-	-	-	(113)	-	(113)	-	(113)
Total comprehensive income for the year	-	-	-	-	-	(113)	(2,022)	(2,135)	21	(2,114)
Transactions with owners of the Group										
Shares issued during the year	283	-	-	-	-	-	-	283	-	283
Premium on shares issued during the year	-	694	-	-	-	-	-	694	-	694
Issue expenses	-	(47)	-	-	-	-	-	(47)	-	(47)
Equity-settled share-based payment	-	-	-	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 2018

	2018 £'000	2017 £'000
Cash flows from operating activities		
Loss before taxation	**(1,338)**	(2,101)
Adjustments for:		
Net finance costs	**188**	163
Depreciation of property, plant and equipment	**246**	265
Profit on disposal of loan monitors	**(12)**	-
Amortisation of intangible assets	**173**	195
Modification gain on convertible loan note	**(80)**	-
Share-based payment expense	**166**	91
Effect of exchange rate fluctuations	**(9)**	7
	(666)	(1,380)
Decrease/(increase) in inventories	**38**	(203)
Decrease in trade and other receivables	**52**	404
(Decrease)/increase in trade and other payables	**(694)**	251
(Decrease)/increase in provisions	**(1)**	8
Net cash used in operations	**(1,271)**	(920)
Interest paid	**(141)**	(123)
Income taxes received	**94**	115
Net cash used from operating activities	**(1,318)**	(928)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(18)**	(6)
Proceeds from the sale of loan monitors	**18**	-
Capitalised development expenditure	**(214)**	(286)
Net cash used in investing activities	**(214)**	(292)
Cash flows from financing activities		
Issue of ordinary share capital	**2,216**	952
Expenses in connection with share issue	**(132)**	(47)
Net movement in invoice discount facility	**(171)**	(7)
Repayment of obligations under finance leases	**(36)**	(28)
Net cash generated from financing activities	**1,877**	870
Net increase/(decrease) in cash and cash equivalents	**345**	(350)
Cash and cash equivalents at beginning of the period	**219**	582
Exchange gain/(loss) on cash and cash equivalents	**16**	(13)
Cash and cash equivalents at end of the period	**580**	219

1. Nature of the financial information

This Results Summary containing condensed financial information for the year ended 31 December 2018 should be read in conjunction with the Deltex Medical Group Plc's Annual Report & Accounts 2018 which were in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), with interpretations issued by the International Financial Reporting Interpretations Committee (IFRS IC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, with the exception of fair value accounting for share based payments, and on a going concern basis.

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ('the Act'). The statutory accounts for the year ended 31 December 2017 have been filed with the Registrar of Companies and those for the year ended 31 December 2018 will be filed with the register of companies following the Annual General Meeting. The report of the independent auditor on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 98(2) or (3) of the Act.

2. Accounting policies

The Group's principal accounting policies can be found on pages 48 to 50 of the Group's Annual Report & Accounts 2018. From 1 January 2018, the Group updated its accounting policies to take account of the adoption of IFRS 9, 'Financial Instruments', IFRS 15, 'Revenue from Contracts with Customers', and IFRS 16, 'Leases'. The effect of adopting these accounting standards from 1 January 2018 did not have a material effect on the Group's results. Note 26, on pages 80 to 82 provides a detailed explanation of the effect the adoption of these new accounting standards had. There has been no restatement of financial information prior to the year ended 31 December 2018 because of the transitional provisions applied in each new standard, except for the separate presentation of impairment losses on trade receivables in the Consolidated statement of comprehensive income

Critical accounting policies and key sources of estimation uncertainty

The key judgments made in the preparation of the Annual Report & Accounts 2018 related to the capitalisation of development costs, the recognition of revenue for managed care contracts and the recognition of revenue under bill and hold sale arrangements. Note 1.6, on page 49 and 50, of the Annual Report & Accounts provides more detail.

The principal estimation uncertainty related to the application of the IFRS 9 expected credit loss model to trade receivable balances, staff advances and other receivables.

Going concern

The Directors have reviewed detailed budgets and cash flow forecasts until 30 June 2020. This review indicates that the Group is expected to continue trading at current levels as a going concern based on increasing net cash inflows from sales over expenditure of the Group. The Directors believe it is appropriate to prepare the financial statements on the going concern basis.

3. Revenue

For the year ended 31 December 2018

	Direct markets				Indirect markets			
	Probes[1]	**Monitors**	**Third Party**	**Other**	**Probes**	**Monitors**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
UK	**1,051**	**5**	**448**	**108**	**-**	**-**	**-**	**1,612**
USA	**1,534**	**17**	**-**	**17**	**-**	**-**	**-**	**1,568**
France	**-**	**-**	**-**	**-**	**799**	**66**	**35**	**900**
Scandinavia	**-**	**-**	**-**		**62**	**-**	**-**	**62**
South Korea	**-**	**-**	**-**	**-**	**258**	**-**	**1**	**259**
Peru	**-**	**-**	**-**	**-**	**116**	**165**	**-**	**281**
Other countries	**49**	**14**	**-**	**-**	**166**	**34**	**10**	**273**
	2,634	**36**	**448**	**125**	**1,401**	**265**	**46**	**4,955**

1. Managed care service revenue is categorised as probe revenue

For the year ended 31 December 2017

	Direct markets				Indirect markets			
	Probes[1]	Monitors	Third Party	Other	Probes	Monitors	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
UK	1,354	92	378	118	-	-	-	1,942
USA	1,872	117	-	21	-	-	-	2,010
France	-	-	-	-	854	75	17	946
Scandinavia	-	-	-	-	101	-	8	109
South Korea	-	-	-	-	200	-	9	209
Peru	-	-	-	-	254	-	1	255
Other countries	89	15	-	6	212	59	18	399
	3,315	224	378	145	1,621	134	53	5,870

1. Managed care service revenue is categorised as probe revenue

The Group's revenue disaggregated between the sale of goods and the provision of services is set out below. All revenues are recognised at a point in time.

	2018	2017*
	£'000	£'000
Sale of goods	**4,882**	5,792
Maintenance income	**73**	78
	4,955	5,870

* As noted, the Group has initially applied IFRS 15 at 1 January 2018. Under the transition provisions selected comparative information has not been restated.

The following table provides information about trade receivables and contract liabilities from contracts with customers. There were no contract assets at either 31 December 2018 or 1 January 2018.

	31 December 2018	1 January 2018*
	£'000	£'000
Trade receivables which are in 'Trade and other receivables'	**1,410**	1,620
Contract liabilities	**(151)**	(116)

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2018:

	2019 £'000	2020 £'000	2021 £'000	**Total £'000**
Revenue expected to be recognised	145	3	3	**151**

4. Dividends

The directors cannot recommend payment of a dividend (2017: nil).

5. Loss per share

The loss per share calculation is based on the loss of £1,270,000 and the weighted average number of shares in issue of 471,460,901. For 2017, the loss per share calculation is based on the loss of £2,022,000 and the weighted average number of shares in issue of 301,117,957. While the Group is loss-making, the diluted loss per share and the loss per share are the same.

6. Events after the balance sheet date

On 5 February 2019, the company issued 8,695,652 new ordinary shares pursuant to the exercise of share options under the Group's EMI share scheme with an exercise price of 1 penny per share. The proceeds received on exercise was £87,000.

7. 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 2018 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 2018 and the Results Presentation are available to download free of charge from the Company's website at www.deltexmedical.com.