

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services Act 1986.**

This document, which comprises a supplementary prospectus, has been drawn up in accordance with the Public Offers of Securities Regulations 1995 ("POS Regulations"). A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with regulation 10(3) of the POS Regulations. This document is supplemental to, and should be read in conjunction with, the preliminary prospectus of Deltex Medical Group plc dated 8 October 2001 ("Prospectus"). Words and expressions defined in the Prospectus have the same meanings when used in this document, unless the context requires otherwise.

Application has been made to the London Stock Exchange for the Ordinary Shares, both issued and to be issued, to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). It is emphasised that no application is being made for admission of these securities to the Official List. Although the Ordinary Shares are currently admitted to listing on Nasdaq Europe, such admission to listing will be withdrawn immediately upon the Ordinary Shares being admitted to trading on AIM. The Ordinary Shares are not dealt on any other recognised investment exchange and no application is being made for the Ordinary Shares to be admitted to any such exchange.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not Officially Listed.**

**A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.**

**London Stock Exchange plc has not itself examined or approved the contents of this document.**

The rules of AIM are less demanding than those of the Official List. Prospective investors should read the whole text of this document and of the Prospectus and should be aware that investment in Deltex Medical Group plc is speculative and involves a degree of risk. It is expected that dealings in the Ordinary Shares will commence on AIM on 8 November 2001.

To the best of the knowledge and belief of the Directors of Deltex Medical Group plc (whose names appear on page 3 of the Prospectus and who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All the Directors accept responsibility accordingly.



## Deltex Medical Group plc

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

**Admission to AIM  
and  
Placing of 20,000,000 new Ordinary Shares at 25p  
and  
Withdrawal of listing on Nasdaq Europe  
Nominated Adviser and Broker  
Beeson Gregory Limited**

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In connection with the Placing, Beeson Gregory may over-allot or effect transactions that stabilise or maintain the market price of the Ordinary Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the London Stock Exchange or otherwise. Such stabilisation, if commenced, may be discontinued at any time. In connection with the Placing, the Company has granted to Beeson Gregory an option, exercisable upon notice by Beeson Gregory for 30 days after the date of Admission, to acquire up to 3,000,000 new Ordinary Shares at the Placing Price.

The Ordinary Shares of Deltex Medical Group plc now being placed will, following issue, rank *pari passu* in all respects with the existing issued ordinary share capital of the Company including the right to receive all dividends after the date of this document or other distributions hereafter declared or paid on the Ordinary Shares of Deltex Medical Group plc.

Beeson Gregory, which is regulated by The Securities and Futures Authority Limited, is acting exclusively for Deltex Medical Group plc in relation to the Placing and the proposed admission of the Ordinary Shares to trading on AIM. Its responsibilities as Deltex Medical Group plc's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to Deltex Medical Group plc or to any Director or to any other person in respect of his decision to acquire shares in Deltex Medical Group plc in reliance on any part of this document. No representation or warranty, express or implied, is made by Beeson Gregory as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Beeson Gregory will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document or for advising any person other than Deltex Medical Group plc in respect of the Placing or any acquisition of Ordinary Shares. Beeson Gregory has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Beeson Gregory for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which Deltex Medical Group plc and the Directors are solely responsible.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Beeson Gregory Limited, The Registry, Royal Mint Court, London, EC3N 4LB for the period from the date of this document until the date which is one month from the date of Admission.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, nor under the securities laws of any state of the US nor under any securities laws of Canada, Australia or Japan nor has a prospectus in relation to the Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission and, accordingly, subject to certain exceptions, the Ordinary Shares may not be offered, sold or delivered directly or indirectly in or into the US, Canada, Australia or Japan.

## Share capital immediately following the Placing<sup>(1)</sup>

Authorised			Issued		
Number		Amount	Number		Amount
658,754,621	Ordinary 10p	£65,875,462.10	35,693,931	Ordinary 10p	£3,569,393.10
15,693,931	Deferred 90p	£14,124,537.90	15,693,931	Deferred 90p	£14,124,537.90
		<u>£80,000,000</u>			<u>£17,693,931</u>

## Placing statistics<sup>(1)</sup>

Placing Price	25p
Number of Ordinary Shares in issue immediately prior to the Placing	15,693,931
Number of Placing Shares	20,000,000
Number of Ordinary Shares in issue immediately following the Placing	35,693,931
Proceeds of the Placing receivable by the Company, net of expenses <sup>(2)</sup>	£4,150,000

### Notes:

(1) The Share Capital immediately following the Placing and the Placing Statistics have been calculated on the basis that the Over Allotment and Offer Option is not exercised and no other warrants or options are exercised prior to Admission

(2) Not including stamp duty or SDRT

## Expected timetable of principal events

Event	Date
Withdrawal of listing on Nasdaq Europe	Closure of the market on 7 November 2001
Ordinary Shares admitted to trading on AIM and dealings commence	8 November 2001
Definitive share certificates dispatched and CREST accounts credited	8 November 2001

# Introduction

This document, which constitutes a supplementary prospectus relating to Deltex Medical Group plc, updates and supplements certain information set out in, and should be read in conjunction with, the Prospectus to reflect the announcement made by the Company on 1 November 2001. Information was previously included in the Prospectus on the basis that the Placing Price was to be determined by negotiations between Beeson Gregory and the Company following the close of the book-building process for the Placing. The book-building process closed on 30 October 2001 and the Placing Price was set on 31 October 2001. On 1 November 2001 Beeson Gregory, the Company and the Directors entered into the Placing Agreement and the Company conditionally allotted 20,000,000 Placing Shares pursuant to the Placing. This document sets out additional information concerning the Placing and certain other matters.

Terms used in the Prospectus have the same meaning when used in this document except where otherwise defined herein and/or where the context requires otherwise. Any statement contained in the Prospectus shall be deemed to be modified or superseded to the extent that a statement contained in this document modifies or supersedes such statement.

## Supplemental information

### 1. The Placing

- (a) The Placing Price for the issue of the Placing Shares has been set at 25p per Ordinary Share. Pursuant to the Placing, the Company will issue, conditionally upon Admission, 20,000,000 Placing Shares.
- (b) The Company has granted Beeson Gregory an over allotment and offer option ("Over Allotment and Offer Option") which is exercisable up to 30 days following Admission to acquire up to 3,000,000 Ordinary Shares (of which 2,000,000 Ordinary Shares are to cover over-allotments made in connection with the Placing) to be issued by the Company. Any Ordinary Shares issued pursuant to the Over Allotment and Offer Option are to be issued on the same terms and conditions as the Placing Shares. The Over Allotment and Offer Option replaces the Over Allotment Option described in the Prospectus and all references to the Over Allotment Option should be construed as references to the Over Allotment and Offer Option.

You should note that, contrary to as stated in the Prospectus, the Selling Shareholder is not now participating in the Over Allotment and Offer Option and that, therefore, the Over Allotment and Offer Option is in respect of new Ordinary Shares only and does not include any existing Ordinary Shares. The Selling Shareholder will not now be one of the Locked Shareholders.

- (c) The authorised and issued and fully paid share capital of the Company immediately following the Placing will be:

Authorised			Issued		
Number		Amount	Number		Amount
658,754,621	Ordinary 10p	£65,875,462.10	35,693,931	Ordinary 10p	£3,569,393.10
15,693,931	Deferred 90p	£14,124,537.90	15,693,931	Deferred 90p	£14,124,537.90
		<u>£80,000,000</u>			<u>£17,693,931</u>

The above statistics have been calculated on the basis that the Over Allotment and Offer Option is not exercised and no other warrants or options are exercised prior to Admission.

- (d) Following the determination of the Placing Price and the issued share capital of the Company on Admission, the Company has agreed that insofar as the Company has ongoing authorities under section 80 of the Companies Act 1985 to issue Ordinary Shares in excess of the limits recommended by the Association of British Insurers, it would not seek to rely on such authority prior to the date of the next annual general meeting without the prior consent of Beeson Gregory. Furthermore the Company reserves the right, as part of the funding proposals contained in this document and in the Prospectus, to issue further Ordinary Shares for cash on a non-pre-emptive basis to distributors, customers or strategic or other investors up to a maximum of 10 per cent. of its issued ordinary share capital as at the date of Admission under the authority given to it at the EGM held on 31 October 2001.

## 2. Directors' and other interests in the Company

- (a) The interests of the Directors in the Ordinary Shares of the Company which have been notified by each Director to the Company pursuant to section 324 or section 328 of the Companies Act 1985 and are required to be entered in the register of directors' interests maintained under section 325 of the Companies Act 1985, or the interests of a connected person of a Director which would, if the connected person were a Director, be required to be disclosed as detailed above pursuant to section 324, section 325 or section 328 of the Companies Act 1985, and the existence of which is known to or could with reasonable diligence be ascertained by that Director as at the date of this document and as they will be immediately following the Placing, are as follows:

Name of Director	At present		Following the Placing	
	Number of Ordinary Shares	% of issued share capital	Number of Ordinary Shares	% of issued share capital
Nigel Keen	19,687	0.13	419,687*	1.18
Nigel Keen <sup>1</sup>	589,700	3.76	589,700	1.65
Nigel Keen <sup>2</sup>	1,064,599	6.78	1,064,599	2.98
Edwin Snape <sup>3</sup>	594,211	3.79	594,211	1.66
Peter Smedvig <sup>4</sup>	478,478	3.05	478,478	1.34
Kempton Coady	—	—	40,000*	0.11
Ewan Phillips	—	—	80,000*	0.22
George Flouty	—	—	70,000*	0.20

1 as trustee of the Pauline Thomas Medical Charity

2 as a director of Cygnus Venture Partners Limited which advises certain ordinary shareholders. These shareholders also hold warrants over 454,454 Ordinary Shares

3 a principal of NEGF II L.P. and New England Partners Capital L.P. These shareholders also hold warrants over 10,010 Ordinary Shares

4 as director of Peder Smedvig Capital AS. This shareholder also holds warrants over 265,265 Ordinary Shares

\* the interests of Nigel Keen, Kempton Coady, Ewan Phillips and George Flouty following the Placing reflect their participation as investors in the Placing

The above statistics relating to the share capital of the Company after the Placing have been calculated on the basis that the Over Allotment and Offer Option is not exercised and no other warrants or options are exercised prior to Admission.

- (b) Options have been granted to Directors under the Company's Share Option Schemes as follows:

Name of Director	Number of Ordinary Shares under option	Percentage of present issued share capital	Percentage of issued share capital after the Placing	Exercise price	Exercisable from	Expiry date
Kempton Coady	600,600	3.83	1.68	£1.07	10/1999	10/2007
Kempton Coady	100,000	0.64	0.28	£2.20	03/2003	01/2010
Kempton Coady	50,000	0.32	0.14	£0.25	10/2004	10/2011
Ewan Phillips	100,000	0.64	0.28	£0.25	10/2004	10/2011

The above statistics relating to the share capital of the Company after the Placing have been calculated on the basis that the Over Allotment and Offer Option is not exercised and no other warrants or options are exercised prior to Admission.

The above options include additional options over Ordinary Shares granted to Kempton Coady and Ewan Phillips under the Share Option Schemes on 31 October 2001 at an exercise price per share equal to the Placing Price. In addition, the Company has granted 386,000 additional options over Ordinary Shares to other employees under the Share Option Schemes on 31 October 2001 at an exercise price per share equal to the Placing Price.

- (c) Save as set out in paragraphs (a) and (b) of this section 2, following the Placing no Director will have any interest in the share capital of the Company or any of its subsidiaries.

- (d) In so far as is known to the Company the following persons, other than the Directors, are at the date of this document or are expected to, immediately following completion of the Placing, be interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital:

Name	At present		After the Placing	
	Ordinary Shares beneficially held	Percentage of issued share capital	Ordinary Shares beneficially held	Percentage of issued share capital
Travelers Group	801,801	5.11	801,801	2.25
Close Finsbury Life Sciences Investment Trust	750,000	4.78	750,000	2.10
Vendome UK Limited	634,854	4.05	634,854	1.78
New England Partners	594,211	3.79	594,211	1.66
Selmeston Limited	596,206	3.80	596,206	1.67
The Pauline Thomas Medical Charity	589,700	3.76	589,700	1.65
Peder Smedvig Capital AS	478,478	3.05	478,478	1.34
Stanlife Nominees Limited	634,834	4.05	634,834	1.78
The Gerald Kerkut Charitable Trust	595,706	3.80	595,706	1.67

The above statistics relating to the share capital of the Company after the Placing have been calculated on the basis that the Over Allotment and Offer Option is not exercised and no other warrants or options are exercised prior to Admission.

- (e) The Directors are not aware of any person who could directly or indirectly, jointly or severally, exercise control over the Company.

### 3. Placing Agreement

The Placing Agreement was executed on 1 November 2001. Under the Placing Agreement, Beeson Gregory has agreed (conditionally *inter alia* on Admission) to use its reasonable efforts to procure subscribers for the Placing Shares at the Placing Price. The Company has agreed to issue the Placing Shares at the Placing Price. The other terms of the Placing Agreement are described in the Prospectus.

### 4. Recent developments

- (a) The Prospectus stated that Japanese regulatory approval for the Group's products was anticipated later this year. The Company announced on 29 October 2001 that the CardioQ™ cardiac monitor and probe have now received regulatory approval from the Japanese Ministry of Health, Labour and Welfare. The Japanese government approval number is 21300BZY00553000. As a result, the sale and distribution of the CardioQ™ and probes in Japan is now permitted. Based on this, Nihon Kohden Corporation, the Group's exclusive distribution partner in Japan, has already placed an initial large order. Nihon Kohden is Japan's foremost manufacturer and distributor of electronic medical equipment, with around 100 local sales offices in Japan, and will distribute the Group's products through its existing patient monitor sales channel.
- (b) The Prospectus stated that the Company was seeking provisional confirmation from the Inland Revenue that the Company satisfies the requirements of the VCT legislation and that a subscription for Ordinary Shares will, as a result, be a qualifying holding for a VCT. In addition, the Prospectus stated that the Company was seeking provisional confirmation from the Inland Revenue that the Company is a qualifying company under the EIS legislation. Both such provisional confirmations have now been received.
- (c) On 31 October 2001, the EGM was held and the Resolutions were passed.

### 5. General

- (a) The Placing Price of 25p per Ordinary Share represents a premium of 15p over the nominal value of 10p per Ordinary Share following the Capital Reorganisation.
- (b) Save as disclosed in this document, there has been no significant change and no significant new matter has arisen in relation to the Group since publication of the Prospectus.

6. Documents available for inspection or collection

- (a) Copies of the Placing Agreement will be available for inspection at the offices of Clifford Chance Limited Liability Partnership, 200 Aldersgate Street, London, EC1A 4JJ during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the period from the date of this document until the date which is one month from the date of Admission.
- (b) Copies of this document and the Prospectus will be available free of charge during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Beeson Gregory Limited, The Registry, Royal Mint Court, London, EC3N 4LB for the period from the date of this document until the date which is one month from the date of Admission.
- (c) Copies of each of the documents referred to in paragraph 17 of Part V of the Prospectus will also be available for inspection as described in such paragraph until the date which is one month from the date of Admission.

