

12 December 2011

**SUTHERLAND HEALTH GROUP PLC**

**(“Sutherland Health Group” or “the Company”)**

**PLUS Symbol: SHGP**

**UNAUDITED INTERIM RESULTS**

**CHAIRMAN’S STATEMENT**

The Board of Sutherland Health Group, a national supplier of patient hygiene, sexual health and gynaecology products to customers including the National Health Service (“NHS”), announces today its unaudited Interim Results for the six months to 30<sup>th</sup> September 2011.

**Highlights:**

- 22 products now stocked by Amazon
- New babskin<sup>®</sup> baby range launched via Amazon and NCT, UK's largest charity for parents
- Administration costs reduced by 12.9%
- Distributor appointed in Ireland
- 13 new Wholesale customers
- Placing raising £300,000 before expenses

**FINANCIAL REVIEW**

The first six months of the financial year have been in line with our expectations as it was a period of refocusing our business after the loss of the patient hygiene business in the NHS to Chinese competitors. Our relationship with the NHS however, still remains strong as we continue to supply an increasing range of products, including the new Vision<sup>®</sup> and babskin<sup>®</sup> ranges, to hospitals. We have continued to work hard on building sales outside of the NHS and have been successful in gaining key, new medical and pharmaceutical distributors and wholesalers for our increasing product range, adding 13 new Wholesalers in recent months. The Company has also appointed a new distributor for the Irish market. The supply of 22 of our products to Amazon is a good example of our new reach into markets outside of the NHS and I am pleased to report that sales are increasing month on month via Amazon.

For the six months to 30 September 2011, the Company's turnover was GBP333,238, down 29.4% (2010: GBP471,997) producing a gross profit of GBP168,251, down 36.1% (2010: GBP263,404). Administrative expenses were down 12.9% at GBP181,271 (2010: GBP208,013). The pre-tax loss was GBP42,677 (2010: profit GBP28,847).

## **FUNDING**

During the period the Company announced that it had raised GBP300,000 via the issue of GBP200,000 unsecured convertible loan notes 2015 and the placing of 5,714,285 ordinary shares at a price of 1.75p per share, raising an additional GBP100,000. The funds will be used to continue the development of the Company's brands by supporting the extended range of products' move into the new distribution channels.

## **LOAN NOTE REPAYMENT**

During the period, the Company announced that it had repaid July 2011 loan notes to the value of GBP74,000 and had issued 350,000 new Ordinary Shares to those loan note holders who wished to convert their loan notes into new ordinary shares in the Company. Following this conversion and repayment, the Company has no July 2011 loan notes outstanding. As part of this conversion, Chairman John French converted GBP5,000 of loan notes into 250,000 new ordinary shares. Following this conversion, John French now holds 2.41% of the Company's issued share capital.

## **STRATEGY**

It is our opinion that our strategy of working closely with health professionals to develop products that are required within the NHS is working and new product opportunities are still being presented to us. We have also recognised that there is an opportunity to broaden our distribution into other medical and retail markets and the Company hopes to be in a position to exploit these in the near future.

## **JOHN FRENCH CHAIRMAN**

## **SUTHERLAND HEALTH GROUP PLC UNAUDITED CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE SIX MONTHS TO 30<sup>TH</sup> SEPTEMBER 2011**

**Unaudited   Unaudited   Audited**

|                                      | <b>6 Months</b> | <b>6 Months</b> | <b>Year Ended</b> |
|--------------------------------------|-----------------|-----------------|-------------------|
|                                      | <b>30.09.11</b> | <b>30.09.10</b> | <b>31.03.11</b>   |
|                                      | <b>£</b>        | <b>£</b>        | <b>£</b>          |
| Turnover                             | 333,238         | 471,997         | 734,937           |
| Cost of Sales                        | <u>-164,987</u> | <u>-208,593</u> | <u>-341,504</u>   |
| Gross Profit                         | 168,251         | 263,404         | 393,433           |
| Distribution Costs                   | -16,513         | -21,575         | -37,788           |
| Administration Expenses              | -181,271        | -208,013        | -407,862          |
| Other Operating Income               | <u>5,319</u>    | <u>5,140</u>    | <u>10,464</u>     |
| Operating Profit (Loss)              | -24,214         | 38,956          | -41,753           |
| Net Interest                         | <u>-18,463</u>  | <u>-10,109</u>  | <u>-18,271</u>    |
| Profit (Loss) on Ordinary Activities | -42,677         | 28,847          | -60,024           |
| Tax on Profit on Ordinary Activities | =               | =               | =                 |
| Profit (Loss) for the period         | -42,677         | <u>28,847</u>   | <u>-60,024</u>    |
| Earnings per share                   | (0.061)p        | 0.045p          | (0.10)p           |

There were no recognised gains or losses other than the Profit for the financial period. All amounts relate to continuing operations.

**SUTHERLAND HEALTH GROUP PLC**  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
**AT 30<sup>TH</sup> SEPTEMBER 2011**

|                     | <b>Unaudited</b> | <b>Unaudited</b> | <b>Audited</b>  |
|---------------------|------------------|------------------|-----------------|
|                     | <b>30.09.11</b>  | <b>30.09.10</b>  | <b>31.03.11</b> |
|                     | <b>£</b>         | <b>£</b>         | <b>£</b>        |
| <b>FIXED ASSETS</b> |                  |                  |                 |
| Intangibles         | 302,456          | 302,391          | 291,690         |

|                                      |           |                 |                 |
|--------------------------------------|-----------|-----------------|-----------------|
| Tangibles                            | 10,648    | 6,844           | 14,683          |
|                                      | 313,104   | 309,235         | 306,373         |
| CURRENT ASSETS                       |           |                 |                 |
| Stocks                               | 154,260   | 112,591         | 156,868         |
| Debtors                              | 193,484   | 185,315         | 447,595         |
| Cash                                 | 128,966   | <u>25,057</u>   | 13,653          |
|                                      | 476,710   | 322,963         | 618,116         |
| CREDITORS: amounts falling due       |           |                 |                 |
| within one year                      | -315,622  | <u>-179,134</u> | <u>-388,259</u> |
| NET CURRENT ASSETS (LIABILITIES)     | 161,088   | <u>143,829</u>  | 229,857         |
| TOTAL ASSETS LESS CURRENT            |           |                 |                 |
| LIABILITIES                          | 474,192   | 453,064         | 536,230         |
| CREDITORS: amounts falling due after |           |                 |                 |
| more than one year                   | -291,487  | -239,513        | <u>-305,848</u> |
| NET ASSETS                           | 182,705   | 213,551         | 230,382         |
| CAPITAL AND RESERVES                 |           |                 |                 |
| Called up Share Capital              | 139,505   | 127,376         | 138,805         |
| Share Premium                        | 1,125,061 | 1,036,488       | 1,130,761       |
| Other Reserves                       | 111,478   | 111,478         | 111,478         |

|                         |                   |                   |                |
|-------------------------|-------------------|-------------------|----------------|
| Profit and Loss Account | <u>-1,193,339</u> | <u>-1,061,791</u> | 1,150,662      |
| SHAREHOLDERS FUNDS      | 182,705           | <u>213,551</u>    | <u>230,382</u> |

The Directors do not recommend the payment of a dividend for the reported period.

The Final Results has not been audited and the financial information contained in these results has not been agreed with an auditor.

Commenting on today's Interim Results Chairman John French said:

"We are delighted that we continue to broaden our distribution and reach outside of the NHS with our wider portfolio of products including the newly launched babskin range. In the last two months we have seen the Company return to profitable trading as sales climb through our increased network of distribution. We look forward to updating shareholders on further progress and developments in new distribution and sales".

---ENDS---

*The Directors of the Issuer accept responsibility for this announcement*

**Enquiries:**

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**Notes to Editors:**

Sutherland Health Group Plc is a national supplier of patient hygiene, sexual health and diagnostic products to the UK National Health Service (NHS) and other UK customers. Its aim is to supply innovative solutions to current health issues by studying current trends and working alongside leading professionals who also work within the health sector.

The company is committed to developing and marketing high quality brands and products that will benefit health professionals and consumers alike in many areas of health. The Group has established its own brands: Condomania® Condoms; Sutherland® Patient Hygiene and Personal Care; Lubricating Jelly; and Vision® pregnancy and gynaecology diagnostics. These products have already become established within the NHS business.

The Group is ISO and MHRA registered, and at present principally operates within the United Kingdom.

For further information on the Company visit [www.sutherlandhealth.com](http://www.sutherlandhealth.com)