

Surgical Innovations Group plc (AIM: SUN), the designer and manufacturer of creative solutions for minimally invasive surgery ('MIS'), provides the following trading update for the six months ended 30 June 2013.

SI has had a strong first six months of the financial year and continues to trade in line with market expectations for the full year. Revenues for the six months ended 30 June 2013 were 28% ahead of the same period last year at £3.88m (H1 2012: £3.02m) with an adjusted EBITDA for the period of £1.14m (H1 2012: £0.98m), a 16% improvement on the previous period. Profit before tax for the period of £567,000 (H1 2012: £181,000) has more than tripled.

Within the SI Brand business, the YelloPort+plus™ Port access system continued to gain UK market share as a cost effective solution for laparoscopic surgical procedures. Further to the update provided in the AGM Statement on 19 June 2013, two additional UK hospitals have converted to using our Resposable® products, one to the YelloPort+plus™ system and one to using Logi™ Cut scissors. This takes the total number of hospitals converted this year to 25. The UK success of SI Branded products promotes adoption within our targeted export markets, with the US a primary focus for the Company where hospital cost reduction programmes are becoming an ever increasing phenomenon. Both orders and interest to date, led by our newly appointed President of US Sales and Operations, are very encouraging as we expand our Brand exposure in the US.

The OEM business primarily focused on sales of instrumentation and retraction devices, driven by a demand from the existing OEM customer base. Revenues from Industrial applications will benefit from the recently announced development project with our long standing partner, due for completion at the end of 2013.

### **Hip Arthroscopy**

SI are partnering with JRI, a leading UK Orthopaedic company to investigate how early stage osteoarthritis of the hip can be treated using minimally invasive techniques. The collaboration has recently been allocated a £390,000 grant from the TSB Biomedical Catalyst Fund to support the project, which will see SI further translate its access and articulation technologies into hip arthroscopy to enable and deliver new advanced therapeutic treatments.

### **Update on new facility**

In January SI announced that it had formally signed the Regional Growth Fund ("RGF") Final Grant Offer Letter worth £5.05m. SI can now announce that the Board has formally approved the budget for the development of a new facility. The total cost of the building project will be funded through the RGF grant and the remainder by a commercial bank mortgage, with an estimated completion date of July 2015.

Three site locations, all situated on the Eastern side of Leeds, are being assessed for the 58,000sq ft facility which will incorporate a 10,000sq ft Clinical training centre. The Directors believe that a phased move to the new site will not have any impact on short term trading or profitability, but it is expected to bring significant operational efficiencies and the new building

will be planned specifically to optimise SI's production capabilities. The Clinical training centre will act as a catalyst for innovation enabling international surgeons to develop best clinical practice in new areas of MIS, use and critique SI's latest medical device technologies and importantly enable SI to expand its development programme into new areas of MIS. The centre will combine classic training methods of laparoscopic work stations with cadaveric and dissection facilities and a simulated operating room. It is envisaged that SI will develop one of the premier facilities in the UK that will support the growing demand for clinical training both from home and abroad.

The Company will announce its interim results for the six months ended 30 June 2013 on Tuesday, 10 September 2013.