

HEALTHCARE ENTERPRISE

GROUP PLC



Preliminary results for the twelve months to 28 February 2005

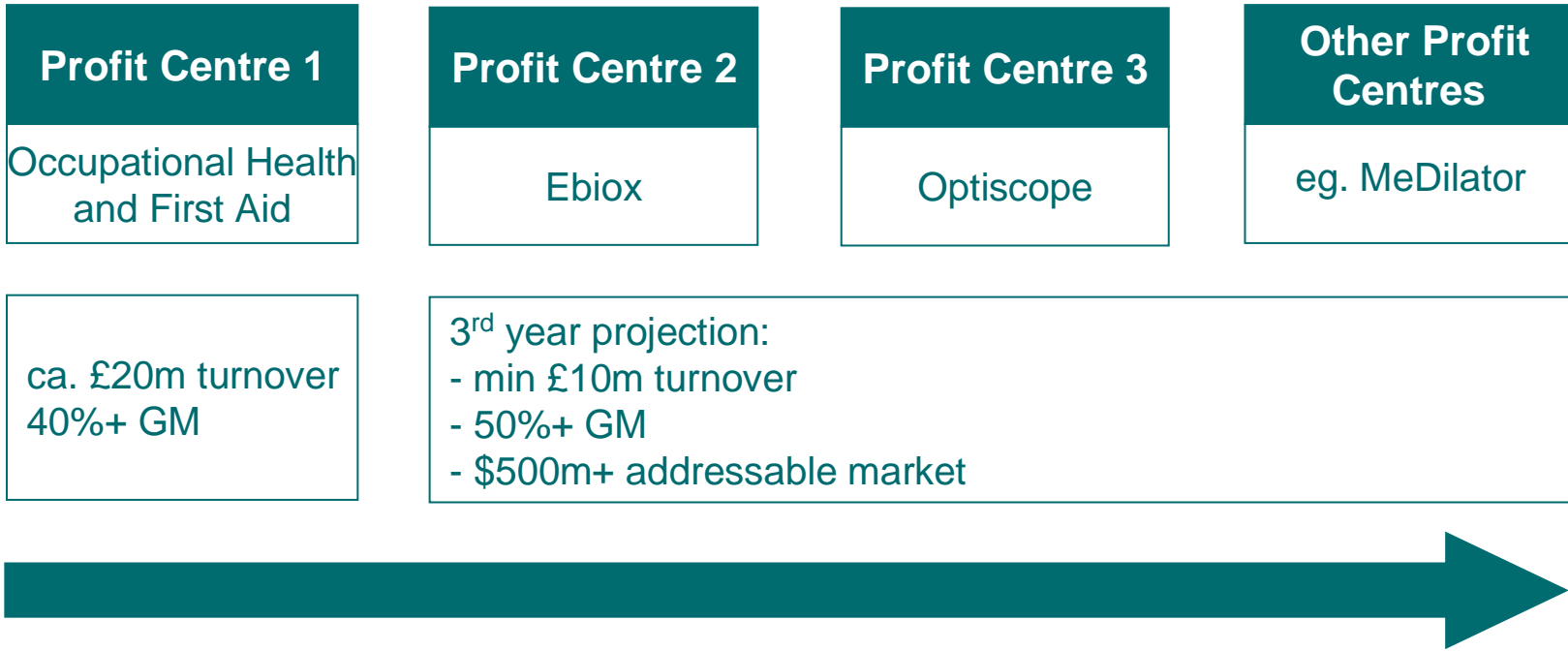
27 May 2005

• Results highlights



- Move into profitability
- The UK's largest occupational health and first aid business established
 - First Aid UK and Crest Medical acquisitions
 - Margin growth through integration, cross selling and cost savings
- Three product platforms
 - **Ebiox** sales contracts and distribution agreements
 - **Optiscope** development and manufacture agreement
 - **MeDilator** acquired
- HCEG Ventures continues to develop new potential

• Business model



Healthcare Sales and Service

- Largest UK occupational healthcare and first aid
 - Market is now consolidated
 - 60,000 sq ft Warrington site
 - Ca. 55% market share
 - Largest product portfolio - 5,000+ lines
 - Supply 67 of the FTSE 100 companies
 - Development of new markets: dentistry; primary healthcare



• HCEG Brands – business model



- Higher margin product pipeline
- International distribution
- Focus on completed products and high value markets
 - Proprietary, market leading technologies
 - Concentrated on devices and supplies / non-pharma / non bio-tech
 - Selection criteria support by in-house US market research team



A suite of products based on a range of chemical composites used in different ways to effect the removal of pathogenic organisms, soiling and biofilms from surfaces including hands, surgical instruments, medical devices and any washable surface.

- Product range developed to
 - remove and kill bacteria from surfaces
 - remove blood, tissue and pathogenic organisms from surgical instruments
 - act as a terminal disinfectant for high risk areas
- Effective against a wide range of pathogens including MRSA, Avian Flu, HIV and SARS



• Ebiox product development



- Handrub and handwash
 - EN1500 and EN1499 compliant meeting EU standards
 - Assessed Rapid Review Panel of the Health Protection Agency in the UK
- Multi-surface disinfectant
 - Trionic passes tests to meet regulatory requirements for EU
 - Unlike other products Trionic is safe to use on any washable surface
- Surgical instrument cleaner
 - EPA approved for Neozyme, Ultra P, Ultra L, RDA and SSC
 - Proven more effective than competitors by Hospital Infection Research Laboratory
- New endoscope disinfectant passes efficacy tests
 - Tuberculocidal and sporicidal
- Trials underway for new dental water line disinfectant
 - Already proven effective against legionella and a range of pathogens

Initial sales and distribution contracts



- UK: Vernon Carus – Mar 2004
 - First contract
 - NHS
- US: MMS - Jul 2004
 - First year sales target of \$10m
- Japan and SE Asia: ATA - Jan 2005
 - Initial order of \$1.3m
 - \$5.6m target
- China: Chung Fai – May 2005
 - \$7m initial contract

Potential
market size

£10m
hospitals
and clinics

\$2bn
clean rooms

\$200m
hospitals

\$2bn
healthcare

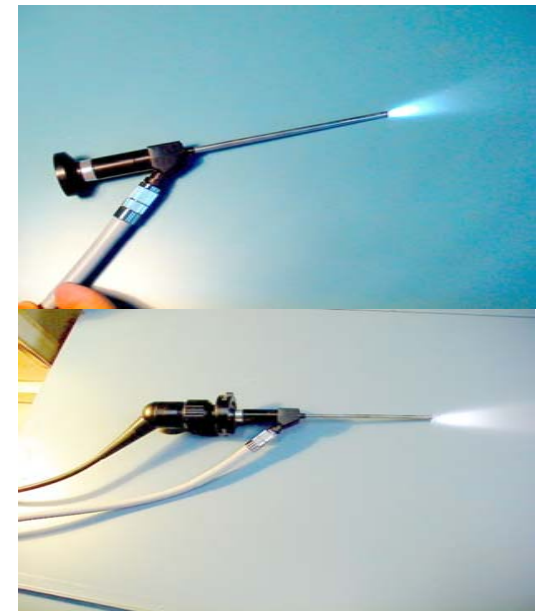




- Patented technology/ high resolution
- Fully disposable
- Low cost
- Clinical advantages – no cross contamination

Versus:

- High cost reusable (\$3,000 per instrument)
- ca 200 usages
- Cleaning and decontamination issues
- Repair issues
- Estimated real cost of ca \$40 per use



• Optiscope - recent activity



- 66.25% controlling interest
- Development agreement with JENOPTIK AG
 - A leading photonics technology company
 - Working prototypes scheduled for May 2005
- Continued marketing activity
 - Focus on \$200m US market
 - International partnerships
 - World market estimated at \$500m



• MeDilator



- 2.5% and options for controlling stake acquired on 9 May 2005
- Platform for suite of single use, disposable dilatation products
- \$500m estimated market
- CerDilator, the first product due for commercial launch in 2006

CerDilator

- Safe cervical dilatation
- No need for anaesthetic
- Disposable, single use

Versus:

- Stainless steel rods
- General or local anaesthetic
- Risk of tissue damage, perforation and infection

• HCEG Ventures



- Assessment and development of new commercialisation opportunities
- Consultancy and advisory services
- \$2.6m contract with the Empire Group
- Plans to list Cancer Therapeutics Inc. (CTI) on NASDAQ this year

• Financial highlights



- Financial performance in line with expectations
- Exceptional costs to complete HSSL consolidation
- Acquisitions
 - First Aid UK (100%)
 - Crest Medical (100%)
 - Ebiox (increase to 100%)
 - SafaTec (increase to 100%)
 - Optiscope (66.25% controlling interest)
 - MeDilator (minority interest into option to acquire 65% controlling interest)
- Ebiox revenue generating

• Results for twelve months to 28 February 2005



£m's	Year ended 28 Feb 2005	Year ended 29 Feb 2004
Turnover	15.0	3.0
Cost of Sales	(7.3)	(1.6)
Gross Profit	7.7 <i>51%</i>	1.4 <i>47%</i>
Net operating expenses	(6.7)	(2.1)
Profit (loss) before exceptional items / goodwill amortisation	1.0	(0.7)
Exceptional items	(1.3)	(2.1)
Interest and tax	(0.1)	(0.2)
Loss after exceptional items, interest & tax	(0.4)	(3.0)
Basic EPS	(0.27p)	(4.20p)
Adjusted basic EPS	0.75p	(2.76p)

• Exceptional items / amortisation of goodwill



£m's	Year ended 28 Feb 2005	Year ended 29 Feb 2004
Share options (UITF 17 and 25)	(0.1)	(0.9)
Gain on disposal of fixed assets	0.2	-
Reorganisation and integration of HSSL	(1.4)	(0.1)
	(1.3)	1.0
Goodwill amortisation	-	1.1

• Balance sheet



£m's	28 Feb 2005	29 Feb 2004
Intangible assets	33.8	14.7
Tangible assets	0.5	0.9
Investments	0.1	0.5
	34.4	16.1
Current assets		
Stocks	3.0	0.9
Debtors	6.0	2.2
Cash	1.0	2.3
	10.0	5.4
Current liabilities	5.9	4.3
Long term liabilities	4.5	1.5
	34.0	15.7

• Cash flow



£m's	Year ended 28 Feb 2005	Year ended 29 Feb 2004
Net cash from operating activities	(2.9)	(1.3)
Interest	(0.1)	(0.3)
Tax	(0.3)	-
Fixed assets, net	0.4	(0.1)
Acquisitions	(2.1)	(8.7)
Net cash flow before financing	(5.0)	(10.4)
Financing		
Share issues	5.3	10.7
Debt repayment, net	(1.6)	1.9
	3.7	12.6
Decrease in cash	(1.3)	2.2

• Board/management strengthened



- Gordon Wood appointed Group Chief Executive Officer
- John Bradshaw appointed Group Finance Director
- Nigel Wray appointed non-executive Director
- Michael Low appointed as Group Chief Development Officer
- Yuta Ito appointed to manage new branch office in Japan

• Strategy and outlook



- Identifying a high-value suite of product platforms
 - Sizeable potential markets - \$500m
 - 3 year time horizon on revenues / profits
- Rapidly develop the commercial potential of these products
- Maintain the pipeline of new opportunities
- H1 newsflow
 - Contracts with major distributors
 - Potential purchase agreement for a new product platform
 - Acquisition(s)