

HEALTHCARE ENTERPRISE

G R O U P P L C

STRATEGY AND ACQUISITIONS

OCTOBER 2003

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• Agenda

- Healthcare Enterprise Group management
- Strategy
- Acquisitions
- Summary



• Management team

• **Stuart Bruck, Executive Chairman**

- 25 years in healthcare industry
- Co-founder London & Pacific Healthcare Development in 1998
- CEO Barbican Healthcare PLC (1997 - 1999)
- Directed development of AHI Healthcare Systems, Inc. (1992 - 1997)
- Development executive for listed US healthcare companies

• **Lyndon Gaborit, Finance Director**

- Chartered accountant with over 15 years M&A experience
- CEO Infoshare Europe (1999 - 2001)
- M&A advisor to ConAgra Foods Inc (1991 - 1997)
- MD strategy and acquisitions Elders IXL (1988 - 1990)



• Management team

• Michael Low, CEO USA (based in the US)

- 20 years healthcare industry
- Co-founder London & Pacific Healthcare Development in 1998
- AHI Healthcare Systems, Inc. strategic development
- Co-founder of Medical Development & Technology Inc. (1990 - 1993)
- National Medical Enterprises, Inc. international hospital acquisition

• Gordon Wood, CEO Europe (based in Liverpool)

- Established manufacturing facility in Asia / healthcare product development in Israel
- Medical Products division managing director Intercare PLC which MBO'd
- Established Veterinary Service business sold to Lloyds Chemists plc in 1993
- Hoechst and ICI / Wellcome



• Non Executive Directors

• Nick Brigstocke

- Formerly Chairman UK Equity Capital Markets CSFB

• Mark Tompkins

- Non-executive director of Sodexo and BioProjects International PLC and formerly non executive director of Apria Healthcare Group (USA)

• Tony Moore

- Co Chairman of Moore Clayton & Co and formerly with Goldman Sachs and BZW

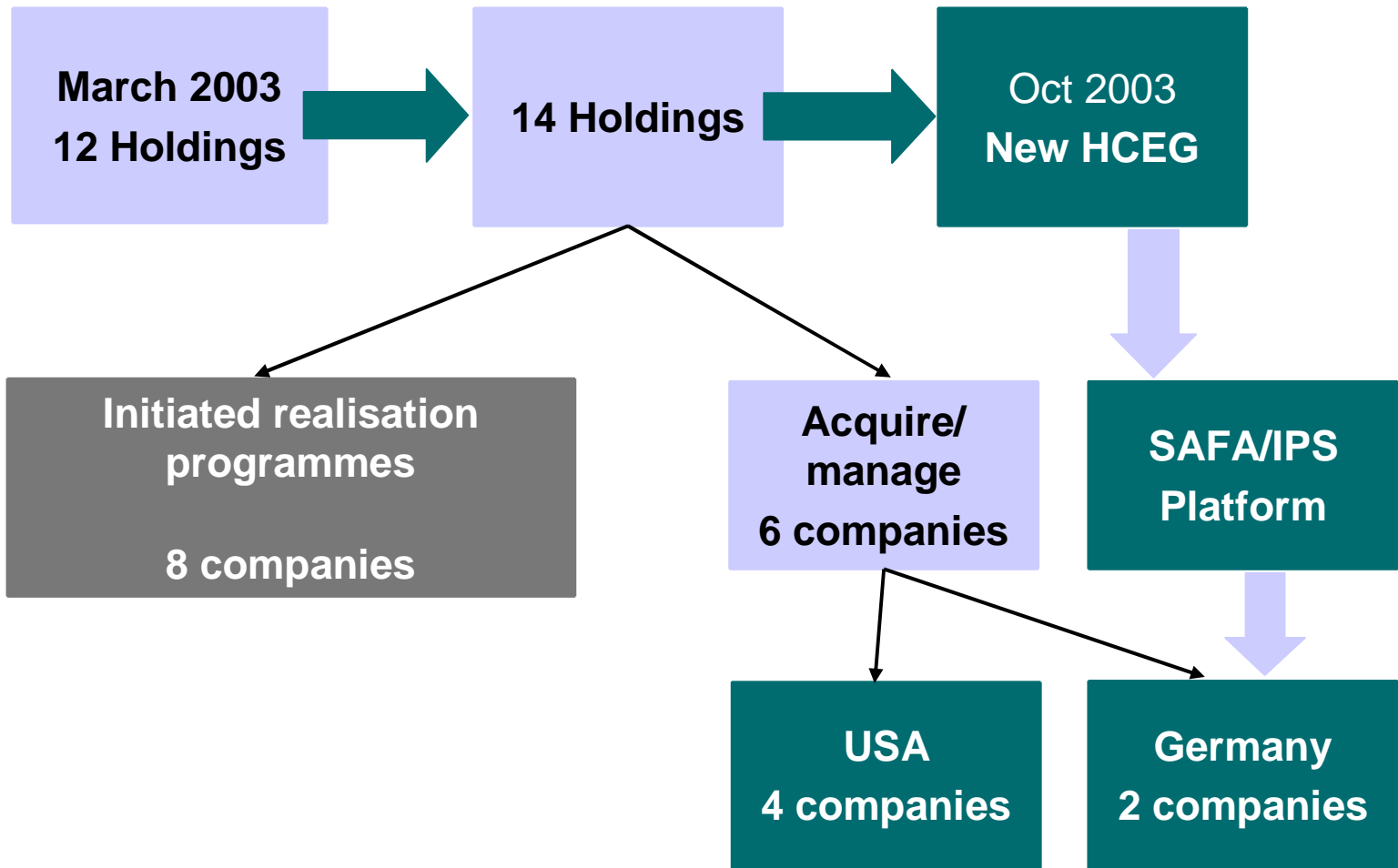


• Strategy

- To develop a substantial healthcare services business
- Focus on both wholesale and consumer markets
- Target markets in UK, continental Europe and US
- Acquisition criteria
 - Healthcare products and services provision
 - Cash generative businesses
 - Growth capability through merger with synergistic businesses
 - Capable of development through access to HCEG's relationships outside the UK and its ability to penetrate new markets
- Potential opportunities: consolidation/target rich environment
 - Occupational/corporate health supply & distribution
 - Private healthcare services



• Evolution



ACQUISITIONS

• Acquisitions - SAFA & IPS

Supply businesses with occupational healthcare products

- Well established, sizeable market
- Platform for further expansion in wholesale and institutional distribution
- Clients include large established companies, govt agencies, first aid professionals and distributors
- Strong UK-based management team
- Profitable distribution of healthcare products from UK



• Acquisitions – SafaTec (UK)

New product pipeline for HCEG

- Ebiox decontamination and disinfection
- Optiscope endoscopic viewing device
- Elisha multifunctional airway device
- Bio-silk enzyme-impregnated wound dressing

Further opportunities from Israeli incubator system

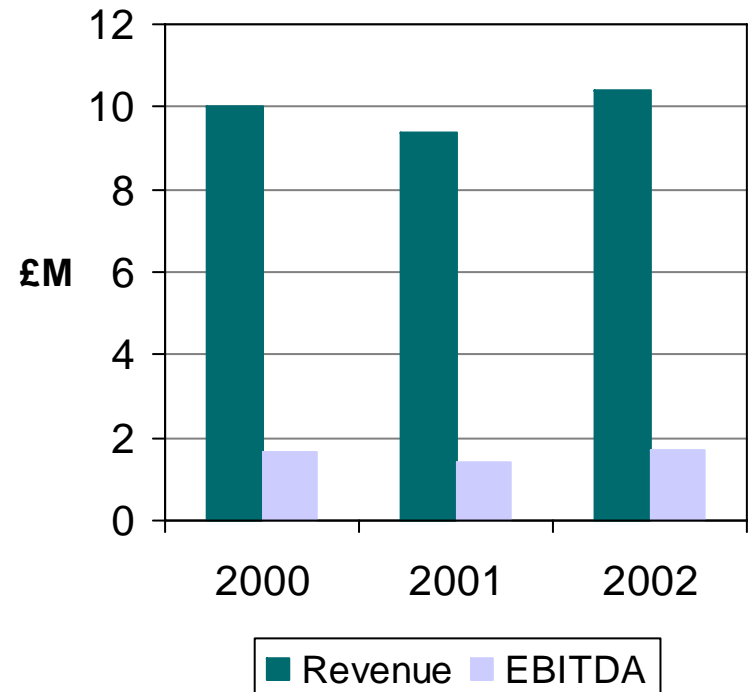


Financials

Pro-Forma SAFA/IPS 2002

NB: different year ends

Revenue	£10.4m
<u>COGS</u>	<u>£ 5.8m</u>
Gross Profit	£ 4.6m
Expenses	£ 3.8m
Consol Adj	£ 0.5m
<u>EBIT</u>	<u>£ 1.4m</u>
<i>EBITDA</i>	<i>£ 1.7m</i>



• Benefits and strategic fit

- Overhead savings by consolidating operations
 - Premises, IT, marketing, staff
- Combined £10m annual sales
 - Cross selling and discount improvement possibilities
- £5m annual cost of sales
 - Margin improvements broader product range
- Positive cash flow anticipated
- Business development opportunities for existing HCEG portfolio



• Transaction funding

- **Transaction size £11.9m**

- £2.5m in shares with tradable warrants
- £9.4m in cash

- **Funded by**

- £10.0m in new equity (minimum) with tradable warrants
- £3.5m in new debt

- Balance to provide working capital



• Capital structure

Pre transaction

- Effective holding by management and staff: 81.2%

Post transaction

- Dilution effect (approx): 46.8%
- Effective holding by management and staff: 38.8%
- New management: 9.1%*
- New institutional shareholders: 37.4%
- Other shareholders: 14.7%

* Increases to 15.5% if earn out achieved



• Summary

- Profitability with reliable cash flow
- Significant synergies following integration
- Platform acquisitions / management teams
- Bolt on acquisitions and organic growth



• Expected key dates

- Announcement day 20 October 2003
- EGM 13 November 2003
- Dealings commence 14 November 2003



APPENDIX – PORTFOLIO

• Ebiox – cleans to molecular level



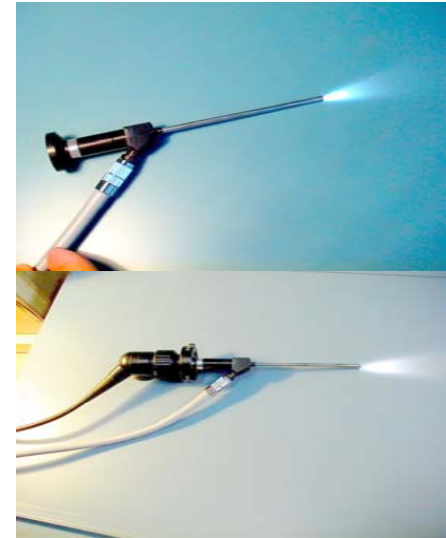
- Patented decontamination and disinfectant products
- Removes the germ laden biofilm and embedded pathogens
- Products included: impregnated wipes, spray and immersion fluid for cleaning of surgical instruments
- Can be used to clean skin, instruments and surfaces
- Purchased by NHS



Optiscope



- Dynamic optical viewing device for rigid endoscopes:
 - Technologically advanced
 - Low cost
 - Interest shown by three global players
 - Optiscope is developing both a flexible reusable device and the first disposable endoscope to market
- The European and US markets are 77% of world market for endoscopes
- In 2001 US endoscope sales were \$4.4bn, projected to increase to \$5.3bn by 2005



• Elisha

- SafaTec has right to acquire 40% interest at \$75,000
- Right to participate in future fund raising
- Multi-functional airway device
- Easy to use format
- Successful clinical trials in Israel
- New generation, anatomically conformed supraglottic airways device



• Bio-silk

- SafaTec UK owns 20%
- Enzyme impregnated wound dressing which:
 - Is designed to prevent formation of scar tissue
 - May reduce scar tissue formation
- Has potential diverse applications including cosmetic surgery and wound closure

