

HEALTHCARE ENTERPRISE

G R O U P P L C

Preliminary results presentation

7 June 2004

• Strategy



- **To build a significant international healthcare products and distribution business**
- Growth through acquisitions
- Exploiting synergies
- Substantial consolidation opportunities for the UK and elsewhere
- Commercialise pipeline of innovative new technologies
- Focus: UK, US, Germany

• Directors



Stuart Bruck

Executive Chairman

Gordon Wood

Group Chief Operating Officer

Michael Low

CEO Advisory Services

Lyndon Gaborit

Finance Director

Kenneth Denos

General Counsel

Nicholas Brigstocke

Deputy Chairman

Mark Tompkins

Non Executive Director

• Operations team



Jul 04 Group Sales Director

Sep 04 Operations Director

Lorna Green Director of Marketing

Yechiel Lisner Commercial Manager

Eckart Vierkant Development Manager, Germany

• Operating Highlights



- Creation of a new quoted entity in healthcare sector
- Only four months of trading since transformation
- Active acquisition programme with SAFA/IPS, SafaTec and MDS
- Consolidation vehicle for UK Occupational Health and First Aid market
 - First Aid UK Limited
- Ebiox launch and roll-out begins

• Summary of 03/04 news flow



- Mar 03** Reverse into Interactivity Group
- Nov 03** Acquisition of Safa/IPS and SafaTec [Capital raising]
- Dec 03** Investment by Prestbury Investment Holdings
- Jan 04** Strategic disposal of Portfolio Holdings
- Jan 04** Acquisition of MDS – US Healthcare Advisory Firm and Related Interest
- Jan 04** Increase stake in Ebiox
- Feb 04** Ebiox passes MRSA tests

• Financial Highlights



- Acquisitions performing to expectations
- £10.856 million cash raised in new equity
- £3.5 million raised in debt
- Year end cash in hand of £2.339 million
 - Undrawn credit lines of £ 435K
- Goodwill from acquisitions £14.676 million
- Loss for the financial year of £2.976 million

• Results for 03/04



Year ended 29 th Feb 2004	£000's
Turnover	2,999
Cost of Sales	(1,635)
Gross Profit	1,364 45%
Net operating expenses	(2,077)
Operating profit (loss) before exceptionals	(713)
Loss after goodwill amortisation and exceptional items	(2,976)

• Pro Forma Contribution from Acquisitions



Year ended 29 th Feb 2004	£000's
Turnover	10,053
Cost of Sales	(5,407)
Gross Profit	4,646 46%
Net operating expenses	(3,225)
Operating profit	1,421

Note: Unaudited. Adjusted to eliminate abnormal and non recurring items.
Source: internal management accounts.

• Acquisition of First Aid UK



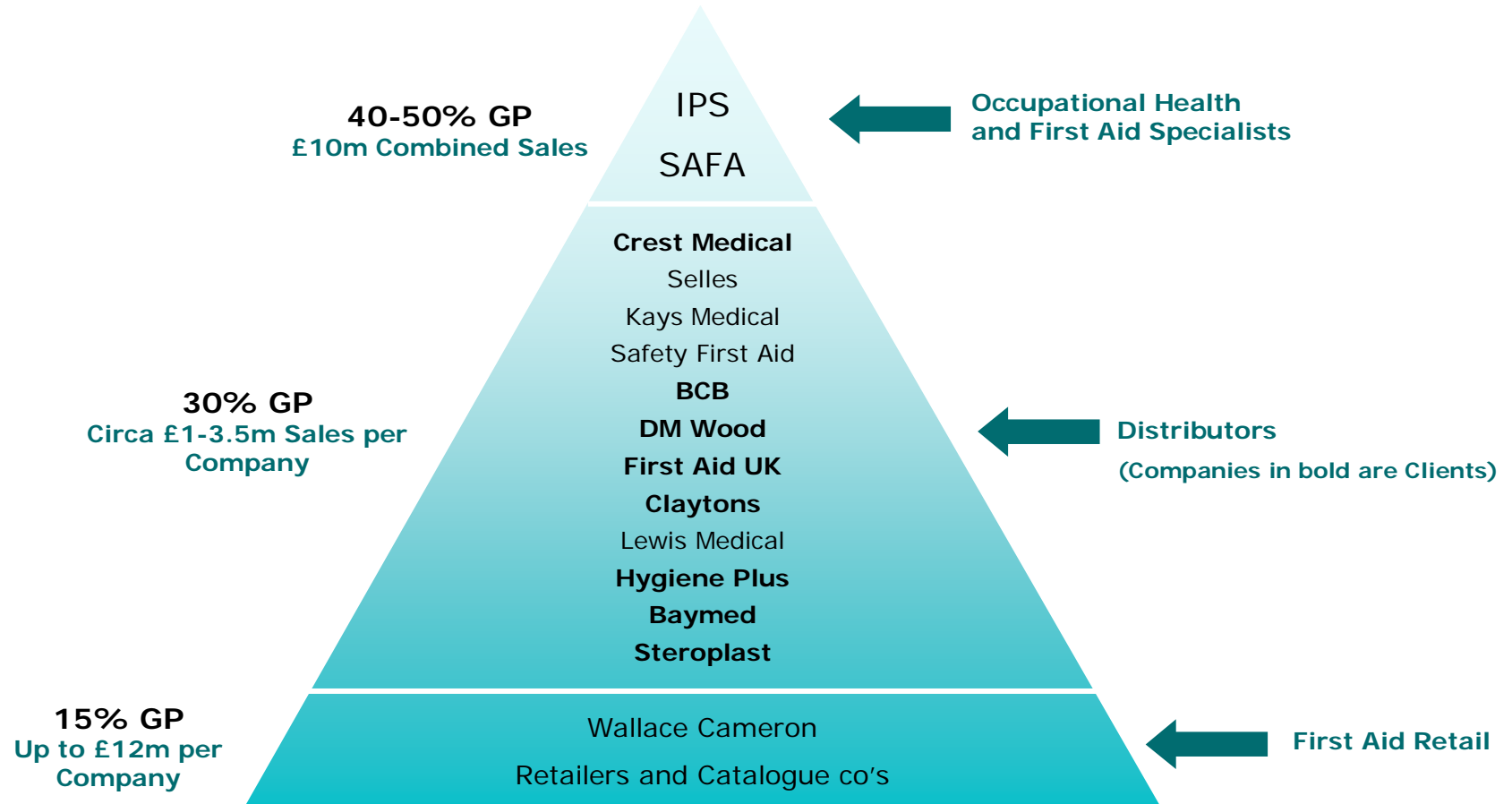
- £2 million cost including £1 million earn out over 2 years
- A previous competitor in the sale of first aid kits and products
 - NHS and local authority customers
 - high street retailers
- Cheshire based
- Andrew Pear joins HCEG as senior manager
- Management and product procurement synergies

• Occupational Health and First Aid

- Occupational healthcare market leaders
- Supply of own label products to third party healthcare companies
- Exclusive manufacturing contracts
- Blue Chip customer base
- Well established, cash positive, profitable businesses



Market Structure and Competition



• SafaTec (UK)

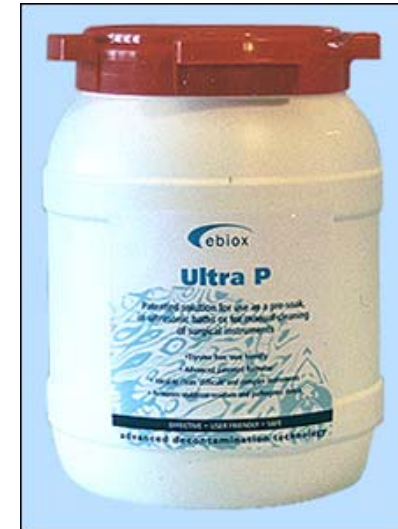


- Proprietary, market leading technologies
- Substantial prospects, high margins
- High market value product pipeline
- Right of refusal on large range of other products being developed
- Interlinked with international incubators
 - Typically first 2 years funding of ca. \$600k
- Concentrated on devices and supplies / non-pharma / non bio-tech

• Ebiox – Advanced Decontamination Technologies



- Patented decontamination and disinfectant products
- Alcohol-free, safe and user friendly
- Removes the germ laden Biofilm
- Unique action by oxidation
- No resistant strains enables constant use



• Ebiox Products



Current – Medical – in 50 NHS Hospitals and 10 Clinics

- Cleaning of surgical instruments
- Medical device decontamination
- Hard surface cleaning and disinfection
- Hand hygiene products

Future – Medical

- Dental water line
- Endoscopic disinfection
- Additional claims for existing products

• Estimated Opportunity by Market Sector



- Healthcare: \$1 billion+
- Industrial Antimicrobial: \$3 billion
- Water Management: \$5 billion
- Personal Care: \$6 billion
- Household: \$7 billion
- Institutional Cleaning: \$12 billion

Source: Frost & Sullivan, Fredonia Industry Studies 2000-2003

Optiscope

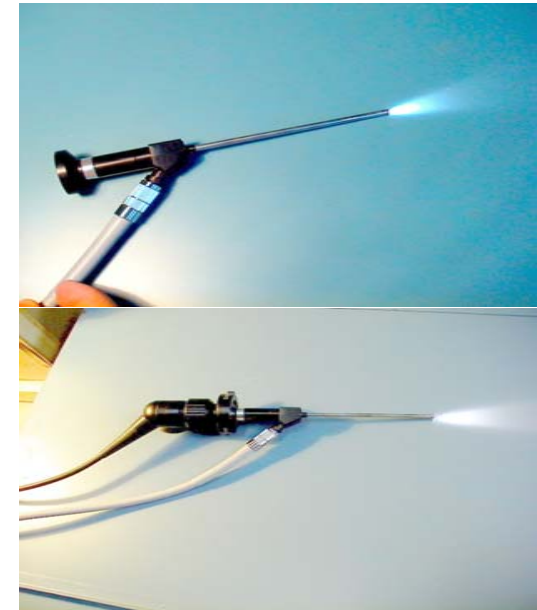


- Disposable
- Patented technology/ high resolution
- No fibre-optics
- Fully disposable
- Low cost - \$3 to produce
- Clinical advantages – no cross contamination

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

Rigid Endoscope Market Size ca. \$165 million



• Progress so far in 04/05



- Corporate branding and exploit synergies of Safa-IPS
- Improved % shareholdings in SafaTec companies
 - Ebiox options to 100%
 - Optiscope options to 62%
- Product development within the SafaTec portfolio
 - Optiscope launch scheduled for end 2005
- Commercialisation of Ebiox
 - EPA approval
 - EbioxVET
 - Ebiox in 50 NHS hospitals and 10 NHS clinics

• Ambitions for 04/05



- Firmly establish HCEG as an international products and distribution company
- Capitalise on the Safa-IPS distribution platform in the UK
- Roll up of the Occ Health / First aid sector in the UK
- Mirror the model in the German and US markets
- Continue market development via Export division
- Provide distribution outlet for 3rd parties
- Roll out of Ebiox in a number of markets
- Capitalisation of the SafaTec portfolio

- Summary of 04/05 news flow so far



- Mar 04** EPA Approval of Ebiox for surgical instruments
- Apr 04** Nigel Wray and investment group increase stake
- Apr 04** Ebiox included in NHS catalogue
- Apr 04** HCEG increases stake in Ebiox to 49%
- May 04** HCEG launches EbioxVET in UK

• Summary



- **Exciting product development opportunities underpinned by profitability**
- Structure in place
- Profitability with reliable cash flow
- Significant synergy savings following integration of occupational healthcare businesses
- Acquisition pipeline
- 2004/05 newsflow to continue