

HEALTHCARE ENTERPRISE

GROUP PLC



Annual General Meeting Year ended 28 February 2006

27 July 2006

• Overview



- Turnaround team took control
- £3.4 million private placement in Feb/Mar 2006
- Refinancing of HSS
- Sale of minority stakes in two HCEG brand technologies
- Optiscope manufactured prototypes
- Fertiligent trials
- In depth review of Ebiox product range and marketing with a view of maximising shareholder value

• Financials



£ millions	2006	2005
Sales	16.4	15.0
Gross Profit	6.5	7.7
Expenses	11.0	6.8
Op Profit /(Loss)	(4.4)	0.9
Exceptional (net)	(1.8)	(1.1)
Interest	(0.3)	(0.1)
Goodwill	(12.0)	-
Loss for year	(18.6)	(0.3)

• Divisions



FY 2005/06	HSS	BRANDS	CORPORATE	MDS	TOTAL
£000's					
Turnover	15,283	506		612	16,401
Gross profit	5,765	144		612	6,521
Expenses	(7,057)	(1,798)	(1,497)	(610)	(10,962)
Operating loss	(1,292)	(1,654)	(1,497)	2	(4,441)
Exceptional	(1,592)	(185)	(21)	-	(1,798)
Interest	(237)	(4)	(93)	-	(334)
Goodwill write down	(11,253)	(747)	0	-	(12,000)
Exceptional income Ridgecrest			1,671		1,671
Exceptional cost Ridgecrest			(1,671)		(1,671)
Minority interest	0	22	0	-	22
Loss	(14,373)	(2,569)	(1,611)	2	(18,551)

• Balance sheet



At 28 Feb 2006

£000's

	HSS	BRANDS	CORPORATE	TOTAL
Intangible assets	6,690	15,243	-	21,933
Tangible assets	411	66	68	545
Other investments	0	0	1,538	1,538
Stocks	1,945	151	-	2,096
Debtors	2,901	170	110	3,181
Cash	185	64	240	489
Trade creditors	(2,388)	(212)	(420)	(3,020)
Bank debt	(931)	-	(2,500)	(3,431)
Other creditors	(244)	(68)	(1,670)	(1,982)
Deferred shares/warrants			(1,103)	(1,103)
Net assets	8,569	15,414	(3,737)	20,246

Note: Bank debt reduced by £1m March 06 repaid from private placement proceeds

• Structure



HCEG comprises

Staid, predictable,
cash flow
business

Exciting,
development
business

Residual
investments

First aid, occ health,
personal care, hygiene

New medical products
and devices

Ridgecrest
Distrimatch

HSS

Ebiox

Optiscope

Fertiligent

Medilator

• Healthcare Sales & Service Ltd



Location: Healthcare Enterprise House
Warrington

• HSS



Action taken:

- Halted sales slide
- Inventory rebalanced
- Debtors collections improved
- Suppliers being optimised
- Unichem relationship improved

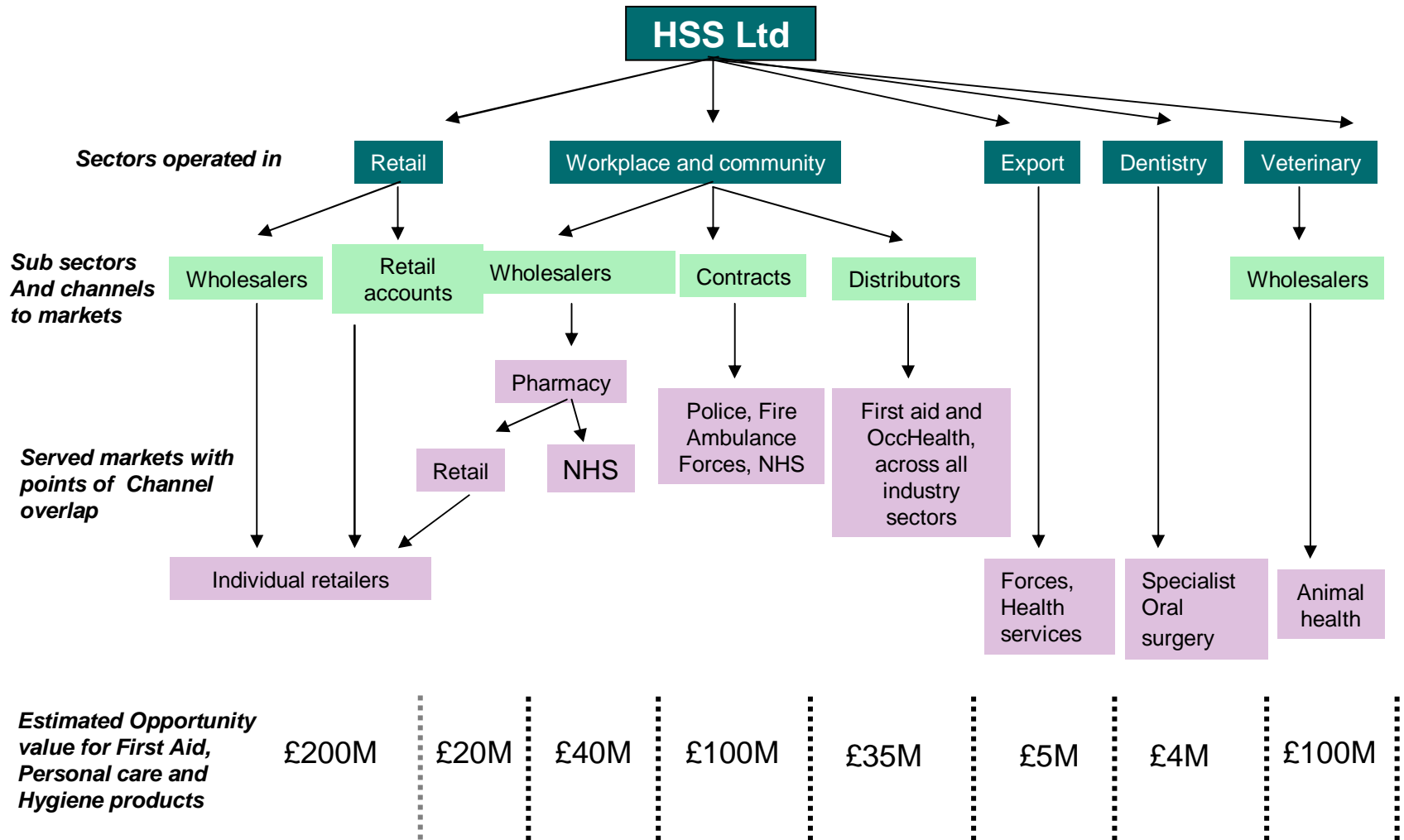
• HSS



Turnaround has entered next phase:

- Downsizing (155 to 136 personnel)
- Expenses reduced
- Operating losses contained
- Rebuilding sales
- Regaining profitability
- Supply lines enhanced

• Served markets £500m



• Ebiox



Advanced Decontamination Technology

Action taken:

- Suspended territorial expansion
- Integrated UK staff into HSS
- Reduced costs
- Refocused sales efforts
- Asian distributor changes



• Ebiox



Advanced Decontamination Technology

Under review:

- FY2006 sales were disappointing (£0.25 million)
- Strategic marketing review in progress
- Ultra range “best of breed”
- US EPA approval before calendar year end
- Investigating best course of optimising shareholder value



• Optiscope



- Patented technology/ high resolution
- Disposable, single use device
- Low cost \$60-\$80 end user price
- No cross contamination
- No reprocessing

Versus:

- High cost reusable (\$3-5,000 per instrument)
- circa 200 usages
- Cleaning and decontamination issues
- Repair issues

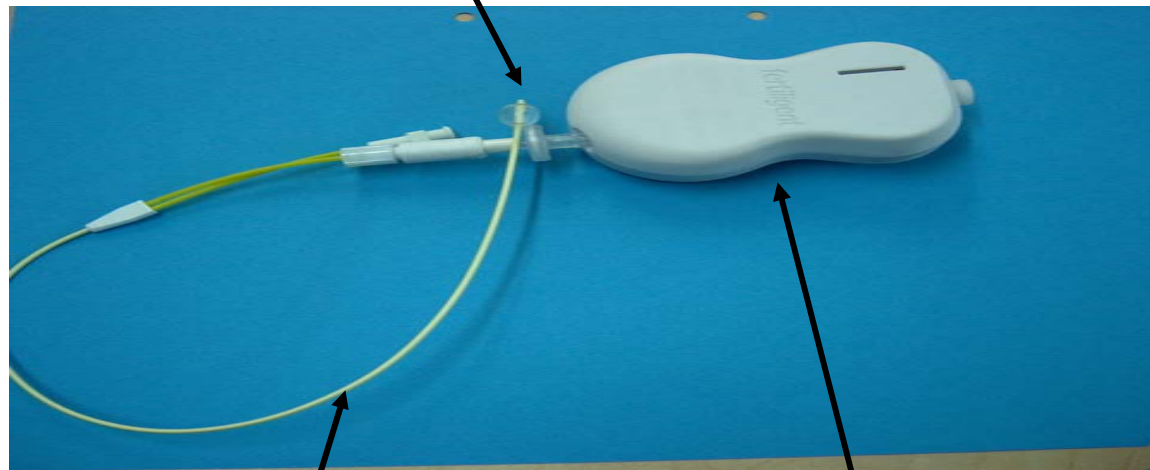


• Fertiligent



Slow release insemination IQI device
(disposable sperm pump + catheter)

Fixating balloon



Catheter

Disposable pump



• Other Investments



Medilator

- Subject to market survey sponsored by industry participant to ascertain its value

Ridgecrest

- Management incentivised by grant of option over non voting preference shares

• Sale of minority stakes



HEL (Optiscope)

- Sold 2.85% (at £10 million valuation for Optiscope)
- Finalising further 4.27% (at £10 million valuation for Optiscope)
- Jenoptik to invest in equipment for mass production

HDS (Fertiligent)

- Negotiating to sell 5% at £3.4 million valuation
- Negotiating with potential distributor

• Summary



- HSS stabilising
- Bank supportive - £1.5 million term loan restructured
- Valuations of Brands being established
- Focus on restoring shareholder value
- Exploring all options to realise value in a reasonable timeframe

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