

18 September 2008

Healthcare Enterprise Group PLC

Appointment of Adviser, share placing, issue of a convertible loan, disposal of shares in First Aid Holdings Ltd and trading update

Healthcare Enterprise Group Plc ("HCEG", the "Company", or "the "Group") is pleased to announce the appointment of Daniel Stewart & Company Plc as Nominated Adviser and broker to the Company with immediate effect. Trading in the Company's shares, which was suspended on 18th August 2008 pending the appointment of a new nominated adviser, is expected to resume at 8:00 am today, 18 September 2008.

The Company also announces that it has raised £400,000 (before expenses) by the issue of 100,000,000 new ordinary shares at 0.3 pence ("Placing") Application has been made for the admission of the new ordinary shares to trading on AIM, which is expected to be effective on 25 September 2008. The Company has also issued a convertible loan of £100,000, due in six months and convertible subject to shareholder approval at 0.3p per ordinary HCEG share (interest at 12% p.a. will only be payable if the loan is not converted).

John Gunn, a director of the Company, has agreed to subscribe for 16,666,667 Ordinary Shares in the Placing. Following completion of the Placing, he will have an interest in 41,140,581 Ordinary Shares representing approximately 9.37 per cent. of the then issued share capital of the Company. The directors, other than Mr Gunn, consider, having consulted with the Company's Nominated Adviser, that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

The Company has also sold 218,750 shares (9.8 per cent.) in First Aid Holdings Limited ("FAH") for a consideration of £437,500 ("Disposal"), in order to provide working capital for the Group and to settle certain liabilities assumed under the sale agreement of the Group's former wholly owned subsidiary, Crest Medical Limited. The Group retains a 34.3 per cent. shareholding in FAH. FAH and its subsidiaries are engaged in the sale and distribution of first aid and healthcare related products.

Whilst the proceeds of the Placing and the Disposal provide short term working capital for the Group, until the end of 2008, it will need to raise further capital to meet its medium and longer term requirements. The Company is in advanced discussions with a small group of investors, already known to the Company, with a view to raising up to a further £2.25m ("Additional Placing"). These funds, if raised, will be used to finance the medium and long term development of the Company's businesses. This Additional Placing would require the approval of shareholders in General Meeting. Whilst the Directors are confident that the Additional Placing will proceed, there can be no guarantee that it will be successful. Shareholders should note that in the

event the Additional Placing does not proceed, there can be no certainty that the Company will be able to meet its financial commitments (assuming other sources of funding cannot be secured) in the medium to long term. The Company expects to finalise the Additional Placing within the next month and will make further announcements as appropriate.

Proposed executive chairman of Ebiox Limited

The Company is pleased to announce that John Honey (aged 53) has agreed to become Executive Chairman of its Ebiox Limited subsidiary. He has invested £100,000 pursuant to the Placing.

John Honey brings a wealth of experience in the disinfectant and decontamination industry as well as senior management roles in marketing and general management. John previously served as Senior Vice President of Reckitt Benckiser plc, responsible at various times during his 29 year tenure as executive responsible for Reckitt's global cleaning and disinfectant businesses, including Dettol, Lysol and Cilit Bang brands and its worldwide over the counter business which included Boots Healthcare International (which was acquired for £1.9Bn). He retired from Reckitt's in 2007 to pursue private interests.

John's main focus initially will be on overseeing the development and further commercialisation of the Ebiox range of disinfectant and decontamination products, and the appointment of a suitably qualified chief executive for that business. John will also advise on the appropriate marketing strategy for the roll out of Fertiligent's "Evie" brand slow release insemination device.

Mr. Honey intends in due course to join the main board of the Company, at which time a further announcement will be made.

Ebiox

Further progress at Ebiox has been limited by a shortage of working capital and the hardening of supplier payment terms. Customers have been maintained although sales of Ebiox products have been affected. Synergy Healthcare Plc's acquisition of Vernon Carus Limited, Ebiox distributor to the NHS, will require a change in distributor due to product conflicts, and sales under the agreement with Sultan Healthcare Inc. have been below target due to general uncertainties and certain country specific requirements which necessitate additional testing and re-approvals for the 'Solo' branded range.

Ebiox has focused on maintaining supplies to existing customers whilst reviewing the market opportunities and examining potential areas of expansion and market cooperation. Patents, registrations and trademarks have been selectively maintained (including in the USA) to allow the later roll out of the companies' products in different geographical territories. The Company has also reviewed its product offering and will, following the appointment of John Honey as Executive Chairman and other new management appointments, undertake product enhancements and further development which will be funded from the Placing proceeds.

Reproductive Sciences Limited

The Company is pleased to announce good progress in Reproductive Sciences Limited ("RSL"), which owns 19.8 per cent. of Fertiligent Limited, an Israeli company which has developed a slow release insemination device to improve the chance of conception. In previous trials the Fertiligent product recorded a 234% improvement in success rate against IUI (from 6.66% - 15.55%). Further larger studies in 100 patients are commencing in Haifa, Israel in September 2008 and additional trials of the product at The London Bridge Fertility, Gynaecology and Genetics Centre, London Bridge, London, UK are expected to commence later in September 2008. An application for registration of the product with the United States Food and Drug Administration (FDA) is presently underway with approval expected to be secured before the end of 2008.

The Company has advanced \$150,000 to Fertiligent by way of a convertible loan and intends to advance a further \$100,000 under the same convertible loan agreement, payable from the Placing announced above. These funds, which will be used by Fertiligent for product trials and working capital, convert into 9.4% of the equity such that RSL will own 29.2% of Fertiligent with options to increase that holding to 71.7% for the payment of an additional \$1.5 million approximately. The Company is in discussions with Fertiligent in relation to further capital required to commence the marketing of the product internationally. RSL's contribution will be funded from the Additional Placing mentioned above.

Enquiries:

Healthcare Enterprise Group Plc

Tel: + 44 (0)1925 898 200

Lyndon Gaborit, Executive Deputy Chairman

Daniel Stewart & Company Plc

Tel: +44 (0)207 776 6550

Lindsay Mair/Stewart Dick

This information is provided by RNS
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