31 Dec 2010 Financial Report

28 February 2011

Healthcare Group, Stirling Products Limited (ASX:STI) advises the release of its 31 December 2010 half yearly accounts.

The Company advises that it should be noted that its Intellectual Property (IP) assets have all been written down to zero over the past two years. Although there is no doubt a solid intrinsic and cost value associated with the IP assets, the Board has formed the view that they be treated at nil value until such time as revenues generate from the respective individual IP protected products. Once the IP associated products commence to generate revenues they will each be then respectively valued.

The Company also reports significant non-current liabilities and advises that the majority of this provision has been provided for due to the structured nature of some of the Company's acquisitions, especially that of the controlling interest in the TeleMedCare Group. The acquisitions have provided for certain payments to be deferred and to be ONLY payable through a percentage interest in FUTURE profits derived ONLY from the respective individual assets.

Similarly, the bulk of the Company's outstanding debt on its high-tech Canadian pharmaceutical plant (CAN$2.6 million) is not due and payable until late 2013 with no interest payable. Approximately another CAN$500,000 is being paid at the rate of CAN$25,000 per month.

With regard to the Company's working capital, the Company has experienced a number of setbacks from late last year with a major proposed financing terminated for cause by the Company in November 2010. The timing of replacement capital raising arrangements has been unfortunately affected by the proximity of the Christmas and school holiday period. Never-the-less, the Company and its advisor and lead broker, Novus Capital have commenced the delayed raising and expect it to now close within the next several weeks. The Company is also further considering a Rights Issue, or similar, to Shareholders as has been previously disclosed to the market.

With the Company's key assets positioned to commence significant revenue generation in the coming months, the Company advises that it will be reliant upon successfully completing its capital raisings in order to be in a position to fund all of its business commitments. Whilst this is all in process of being finalised, the Company will be continuing to limit its expenditures within its key business operations.

As referenced above, following some frustrating delays, largely outside the Company's direct control, and a number of disappointments, Stirling Products never-the-less has still achieved its positioning for its planned revenue generation and growth within its key business units that can all be progressed as soon as the capital raising in process is completed.

For further information see: www.stirlingproducts.net or contact:

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