

## Alegro Health Corp.

TSX VENTURE: **AGO**



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### Alegro Health Corp. Reports Improved First Quarter 2006 Results

TORONTO, ONTARIO--(CCNMatthews - May 30, 2006) - Alegro Health Corp. (TSX VENTURE:AGO), a Canadian health services provider today reported its fiscal 2006 first quarter results. Revenue for the three months ended March 31, 2006 was \$3,457,000 compared to \$1,649,000 recorded for the same period in the prior year. Earnings before interest, taxes depreciation and amortization improved by \$380,000 compared to the same period in the prior year to \$305,000 for the three months ended March 31, 2006. The Company recorded net income of \$151,000 for the three-month period compared to a net loss of \$112,000 for the same period in 2005, an improvement of \$263,000. The improvement in net income was primarily attributable to increased volume in catastrophic injury assessments at the Company's disability management centers and improved results from the Company's surgical unit compared to the prior year.

Revenue at the Company's disability management centers improved by \$356,000 or 27% from the prior year primarily due to increased volume in catastrophic injury assessments compared to the prior year. During April, the Company announced the formation of a Catastrophic Injury Assessment Division in anticipation of further growth in this area. The increased revenue together with continued diligence regarding cost control resulted in an improvement in profit before tax of \$283,000 compared to the same period in the prior year.

The Company's surgical center had revenues of \$610,000 during the quarter compared to \$315,000 in the same period in the prior year, an improvement of \$295,000 or 94%. The increased revenue is related to prostate cancer treatments that the Company commenced during the second quarter of 2005. The positive contribution to operating results from these treatments was the primary factor in the surgical center's increase in profit before tax of \$104,000.

The Company's wholly owned subsidiary, Direct Health Services Inc., that commenced operations in August, 2005, contributed \$1,157,000 in revenue during the quarter. The majority of its revenue related to services provided to the Ontario Workplace Safety and Insurance Board under a Labour Market Re-entry contract that ended in April of 2006. Margins earned under the contract were small and costs associated with the termination of the contract resulted in Direct providing no contribution to net income for the quarter ended March 31, 2006. The Company is expanding Direct's non-WSIB business in Ontario and together with Direct's operations in Eastern Canada, a positive contribution to net income is expected to commence during the second quarter of fiscal 2006.

"Our first quarter results represent the third consecutive quarter of positive net income for Alegro Health. We are pleased that the regulatory changes that were causing industry-wide uncertainty were finally fully implemented during March, 2006. We believe that our new Catastrophic Injury Assessment Division is well positioned to participate in an area that we expect will experience rapid growth as a result of the changes in third-party insurance legislation," said Brenda Rasmussen, President and CEO. "We also anticipate growing revenues at our surgical center as the prostate cancer treatments continue to grow in popularity. We will focus on expanding our disability management and case management businesses as well as assessing suitable acquisition and business development opportunities", Ms. Rasmussen added.

Financial results

Three Months ended March 31,

|                                     | 2006         | 2005         |
|-------------------------------------|--------------|--------------|
| Revenue                             | \$ 3,457,000 | \$ 1,649,000 |
| Direct Costs                        | \$2,970,000  | \$1,535,000  |
| General and Administrative          | \$182,000    | \$189,000    |
| EBITDA                              | \$ 305,000   | \$ (75,000)  |
| Net Income (Loss)                   | \$ 151,000   | \$ (112,000) |
| Earnings (Loss) per Share           | \$ (0.00)    | \$ (0.00)    |
| Weighted Average Shares Outstanding | 25,274,762   | 25,185,306   |

A copy of the Quarterly Report is available through SEDAR ([www.sedar.com](http://www.sedar.com)) and the Company's website ([www.alegrohealth.com](http://www.alegrohealth.com)).

The TSX Venture Exchange has neither approved nor disapproved of the contents of this press release.

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