

MESSAGE FROM THE MANAGEMENT

A year of consolidation and action

IN CONTINUITY WITH PREVIOUS YEARS, 2006 NONETHELESS STANDS OUT FOR THE EVOLUTION OF THE COMMERCIALIZATION OF THE 125L OZONE STERILIZER. MARKETING BEGAN WITH THE IMPLEMENTATION OF OUR OWN SALES AND MARKETING TEAM, A DIFFICULT ADVENTURE NECESSARY FOR THE SUCCESS OF THE COMPANY.

In early 2006, we hired sales professionals having relevant experience in the commercialization of medical capital equipment – a long and arduous task which was longer than expected, as we were committed to finding and recruiting the very best people. Today, we are confident and convinced that we have put together the right elements to reach our objectives.

In addition to increasing both awareness of the Company, and our sales, this expert team has the mission to gain recognition for our ozone sterilization technology. Mission accomplished – we made several sales in 2006, and the ultraconservative market in which we are active has adopted our technology.

The growing number of endorsements from consistently satisfied users, committed to providing positive references to potential customers, is excellent proof of this acceptance. These referrals are essential to the success of the commercialization of our product.

Introducing a new technology like ours, to the market, is estimated to take between 12 to 18 months, which is long and normal. Nevertheless, our sales and marketing team made many contacts with potential customers during the year and concluded several sales in 2006. The number of potential clients in our pipeline for 2007 is sufficient to reassure us that we will reach the objectives of our business plan.

Another of our objectives for this year was to consolidate relationships with our initial customers – the referral sites and the first buyers – without forgetting new manufacturers who are continually being added to our list of collaborators. We reached our target: today, the hospitals we selected as referral sites all testify to the efficacy of our sterilization process to our potential customers, contributing to our development. For several of our first clients, the acquisition process for more units is already underway.



Our technology is now recognized and accepted, as is demonstrated by the numerous positive reports from our customers. As a result, this year we have decided, with some exceptions, to terminate the strategic phase of referral sites and trial periods for the 125L Ozone Sterilizer.

Our efforts in 2006 were not solely focused in the area of sales. For example, we received the third clearance from [United States Food and Drug Administration](#), attesting that the 125L Ozone Sterilizer is capable of sterilizing a much broader range of lumened instruments with much smaller interior diameters and much longer lengths. Through this major recognition, TSO₃ has redefined industry standards in terms of sterilization capabilities and now stands out even more from the competition.

New medical instrument manufacturers have also been added to our list of collaborators and have endorsed our technology. This adds significant value, because each manufacturer affirms by these endorsements that their instruments can be safely sterilized in the 125L Ozone Sterilizer.

After years of waiting, our ozone sterilization process was finally patented in Europe and the United States, thereby ensuring TSO₃ additional intellectual property protection of 20 years.

All our efforts are oriented to the commercialization of the 125L Ozone Sterilizer – a step that requires patience and perseverance. The testimonials from hospitals and customers, and the receptivity of the market to our product, clearly demonstrate the need for a simple, environmentally-friendly and cost-effective technology like ours. This year of consolidation and action has allowed us to bring together the conditions necessary for our development, – and will leverage our commercial success.

Germain Carrière
Chairman of the Board

Jocelyn Vézina
Chief Executive Officer

ACKNOWLEDGEMENTS

The year 2006 allowed us to realize major advances resulting in a very stimulating outlook. We want to thank all of our employees for their determination and dedication to the Company, giving each day their maximum to make TSO₃ a genuine success.

We thank all our partners in North America and abroad, as well as the referral sites that agreed to testify to the performance of our ozone sterilizer whenever needed, to the benefit of future users.

We also thank the members of our [Board of Directors](#), who put their enormous experience to the benefit of TSO₃, as well as the members of our [scientific committee](#) for their outstanding support.

Thanks as well go to our shareholders, who believe in the immense potential of TSO₃ and are confident with what the future will bring.