BioBalance Corporation

Keeping the GI Tract in Balance

OTCBB:BBAL **www.biobalance.com**

CORPORATE OVERVIEW

BioBalance Corporation is a biopharmaceutical company focused on the development of innovative treatments for gastrointestinal (GI) disorders that are poorly addressed by current therapies. These life-altering disorders include pouchitis, irritable bowel syndrome (IBS), Crohn's disease, ulcerative colitis, *C. difficile* bacterial infections of the GI tract, antibiotic-associated diarrhea and celiac disease.

Breakthrough Lead Product

BioBalance's lead product, PROBACTRIX®, has been clinically proven effective for IBS and other GI disorders, with no known side effects. A patented, non-pathogenic (safe), selected strain of *E.coli* M17, PROBACTRIX displaces pathogenic bacteria in the GI tract, addressing what scientists now believe to be a potential root cause of many GI disorders.

Prescription Drug Approval

BioBalance announced on March 27, 2006 that it received FDA approval to begin **Phase II** clinical trials for pouchitis. Pouchitis is a debilitating complication that can develop following corrective surgical treatment of ulcerative colitis, in which an ileal reservoir, or pouch, is constructed to enable normal bowel movements after removal of the diseased colon. This pouch can become inflamed, leading to debilitating gastrointestinal symptoms including diarrhea, incontinence, bleeding, fever and urgency. The cause of pouchitis is not known, though it is believed to result from an immune response to pathogenic bacteria in the pouch flora. There are no currently approved treatments for pouchitis.

Company Restructuring

The Company is restructuring as a pure pharmaceutical business, divesting its home healthcare operations to focus exclusively on BioBalance. BioBalance has operated as a wholly owned subsidiary of New York Health Care, Inc. (NYHC), with which it merged in January 2003 in a stock exchange agreement. In January 2006, the Company accepted an offer from Revival Home Health Care to purchase the home healthcare business. Due diligence has been completed and the Company expects to execute a definitive agreement in April 2006. When restructuring is completed, the Company plans to change the corporate name to BioBalance Corp.

PROBACTRIX® addresses a potential root cause of gastrointestinal disease—an imbalance between beneficial and pathogenic bacteria in the digestive tract.

Large Market Opportunities

Gastrointestinal diseases represent a large, multi-billion dollar market opportunity, as they are poorly served by current treatments. Among these conditions:

►**Pouchitis** is the most frequent long-term complication following colon surgery for ulcerative colitis. There are no drugs currently approved for this condition. BioBalance is preparing **Phase II** trials to obtain "orphan drug" status for this indication.

►**IBS** is a life-altering chronic disorder affecting up to 40 million Americans, and is the second leading cause of workplace absenteeism after the common cold. The IBS market is estimated at $3-billion in the U.S., with the vast majority spent on over-the-counter products that provide limited symptomatic relief.

►**Crohn's disease** and **ulcerative colitis** affect one million Americans with often debilitating symptoms. Current treatments address inflammation but do not provide a cure.

►***C. difficile* infections** are due to a spore-forming bacteria that can colonize the digestive tract after antibiotic therapy where it can produce toxins that lead to inflammation of the colon and severe diarrhea. The incidence of this infection is increasing rapidly and is further complicated by the emergence of a more virulent, drug-resistant strain.

►**Antibiotic associated diarrhea** can occur in 20-30% of patients treated with broad-spectrum antibiotics, especially among children and can occur several days or weeks after antibiotic therapy is completed. There are 150 million prescriptions for antibiotics in the U.S. annually.

►**Celiac disease** affects up to 3 million Americans. There are no drugs approved to address the GI symptoms often suffered by celiacs despite adherence to a gluten-free diet.

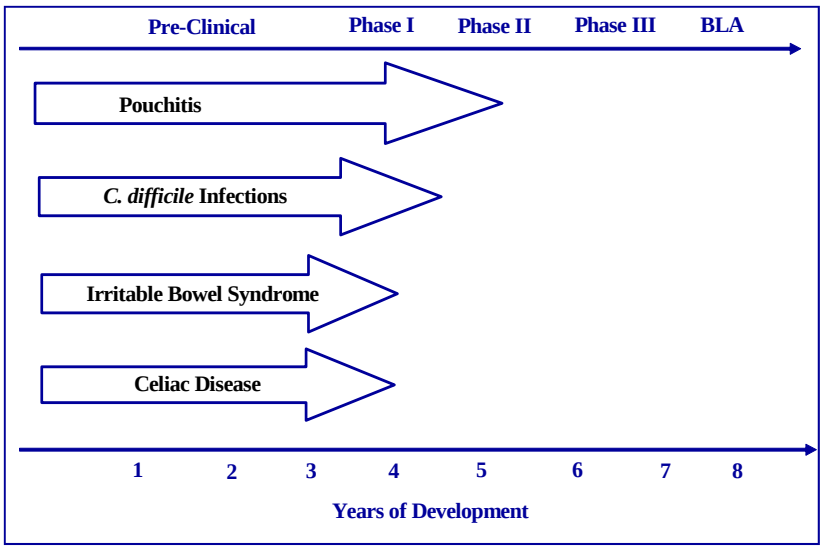
Platform Technology

BioBalance's lead product PROBACTRIX, has demonstrated clinical efficacy and safety in overseas testing and therefore could ultimately receive approval across a wide range of GI disorders. As such, PROBACTRIX should be viewed as a platform technology.

Breakthrough clinical studies independently conducted at Cedars-Sinai Medical Center in California have directly linked the overgrowth of pathogenic bacteria in the GI tract to IBS symptoms. The Company believes these results further validate the strategy behind PROBACTRIX. These studies also found that antibiotics were effective in only half of the patients, and indiscriminately kill both pathogenic and healthy bacteria in the GI tract.

Clinical Proof of Efficacy & Safety

Clinical studies abroad have confirmed that PROBACTRIX quickly and safely relieves GI symptoms in IBS, Crohn's disease and other GI disorders with no side effects. BioBalance recently completed long-term and high-dose safety trials to verify the excellent results found in prior studies and provide safety documentation for the Company's IND applications to FDA.



BioBalance continues to field a number of overseas medical food studies in conditions such as celiac disease and *C. difficile* infections (a potentially deadly infection of the gastrointestinal tract) to confirm the broad usage of the product prior to filing additional IND applications in the U.S. for these indications. The Company is also conducting a randomized, medical food clinical trial in IBS patients at Cornell Weill Medical Center in New York, along with sites in Toronto and Israel.

Business Strategy

BioBalance is pursuing accelerated regulatory approval for the use of PROBACTRIX as a prescription drug by filing Investigational New Drug (IND) applications with European regulatory agencies as well as the U.S. Food and Drug Administration (FDA), which recently approved **Phase II** clinical trials for pouchitis.

Benefits of Prescription Drug Status

While PROBACTRIX has been designated GRAS (Generally Recognized As Safe) by an independent, expert scientific panel and therefore could be sold as an over-the-counter "medical food," the Company is seeking prescription drug approval because prescription drugs:

- Are priced significantly higher than non-prescription drugs;
- Obtain typically 90% gross margins, vs. 60-70% for non-prescription products;
- Are reimbursable by health insurance plans; and
- Hold stronger potential for marketing or licensing agreements with large pharmaceutical companies.

Data compiled by Management also shows that prescription drug companies generate **significantly higher investment market values** than non-prescription companies with similar revenues. *(See chart, page 4.)*

Pursuing Orphan Drug Status

To reduce development costs and shorten time to market, BioBalance is pursuing an "orphan" drug designation for pouchitis. This accelerated approval process is expected to take approximately 4-5 years, about half of the 8 to 10 years for the average prescription drug approval . According to *MedAdNews*, orphan drug sales exceeded $28 billion in 2003 and are projected to reach $44 billion in 2008.

Manufacturing and Marketing

In March 2005, the Company selected Benchmark Biolabs, Inc. as its contract manufacturer of PROBACTRIX for FDA-sanctioned clinical trials. For future marketing partnerships, the company has already generated interest from global pharmaceutical companies looking to bolster their pipelines.

Strong & Growing Patent Protection

BioBalance's core technology is protected by a growing portfolio of patents in the U.S. and key markets overseas.

Company Restructuring

Acquired by New York Health Care, Inc. (NYHC) in January 2003, BioBalance has operated as a wholly owned subsidiary of NYHC. The Company is restructuring to focus exclusively on the business of BioBalance, creating a pure pharmaceutical play that Management believes will significantly increase investor interest in the Company, especially among institutions and hedge funds.

In February 2005, the Company completed a $4.9 million private placement with accredited investors. Sterling Financial Investment Group served as placement agents. Institutional participants included Mellon HBV Alternative Strategies and Little Gem Life Sciences Fund LLC. In May 2005, the Company closed on the sale of its New Jersey home healthcare assets for $3 million.

In August 2005, Management finalized the termination of two former NYHC executives and engaged Capital Growth Financial as the Company's financial services advisor.

In January 2006, the Company accepted an offer for the remainder of its home healthcare business. A definitive agreement is expected to be signed in April 2006. As soon as practicable, the Company will obtain shareholder approval to change the corporate name to BioBalance Corp.

Investment Considerations

- Company's lead product, PROBACTRIX, addresses multi-billion-dollar market opportunities. No current therapies adequately address many of these GI disorders.
- Investigational New Drug (IND) application approved by FDA to begin PROBACTRIX **Phase II** clinical studies as ab "orphan" drug for pouchitis.
- Rx companies receive high investment market valuation compared to non-Rx companies with similar revenue.
- Successful $4.9 million private placement completed with accredited investors.
- Capital Growth Financial engaged as financial advisor.
- Company is completing a restructuring to operate as a pure pharmaceutical play. The definitive agreement should be completed in April 2006.
- Strategy of pursuing prescription drug approval will significantly enhance shareholder value.
- Foreign clinical trials have clearly established the efficacy and safety of PROBACTRIX.
- Intellectual property protected in U.S. and abroad.
- Prescription drug pathway attracts interest from large pharmaceutical companies as potential marketing partners.

Recent Developments

March 27, 2006—BioBalance receives FDA approval to begin **Phase II** clinical trials for the treatment of pouchitis.

February 21. 2006—BioBalance CEO interview with "Meet The CEO™" is made available on www.meetthecео.com.

January 23, 2006—BioBalance launches its new Web site as Company awaits FDA approval to begin clinical trials.

January 17, 2006—BioBalance Corporation announces acceptance of new offer for its home healthcare business.

December 15, 2005—BioBalance announces approval of PROBACTRIX clinical trial for celiac disease.

November 29, 2005—New York Health Care, Inc. reports financial results for Third Quarter 2005.

October 26, 2005—BioBalance announces presentation at Rodman & Renshaw Healthcare Conference in New York.

October 3, 2005—BioBalance announces new management position; Edward A. Lemmo, Ph.D., appointed Vice President of New Product Development.

September 22, 2005—New York Health Care, Inc. announces listing on the OTC Bulletin Board.

August 18, 2005—New York Health Care, Inc. reports financial results for Q2 of 2005; engages Capital Growth Financial as financial services advisor.

August 4, 2005—New York Health Care announces management changes. Termination agreement with Jerry Braun and Jacob Rosenberg effective immediately. Dennis O'Donnell, the Company's CEO, appointed to the additional office of President of the Company.

Other Initiatives

Bacillus Product

BioBalance acquired the global rights to a proprietary technology to expand its product portfolio. The product, consisting of two synergistic Bacillus strains, has undergone extensive laboratory and clinical testing in Russia and the Ukraine. This is the only probiotic culture known to date that is effective against Campylobacter pathogens, the leading bacterial cause of diarrhea in the U.S., as well as rotavirus, the leading viral cause of diarrhea among infants. The Company intends to develop it as a broad-spectrum treatment for enteric diarrhea.

Veterinary Licensing

BioBalance is exploring the licensing of a veterinary formulation of PROBACTRIX as an animal feed additive to replace antibiotics and growth hormones. This has generated significant recent attention as governments and consumer groups have called for the reduction or elimination of unnecessary and potentially toxic additives in farm animals.

PROBACTRIX Projected Milestones

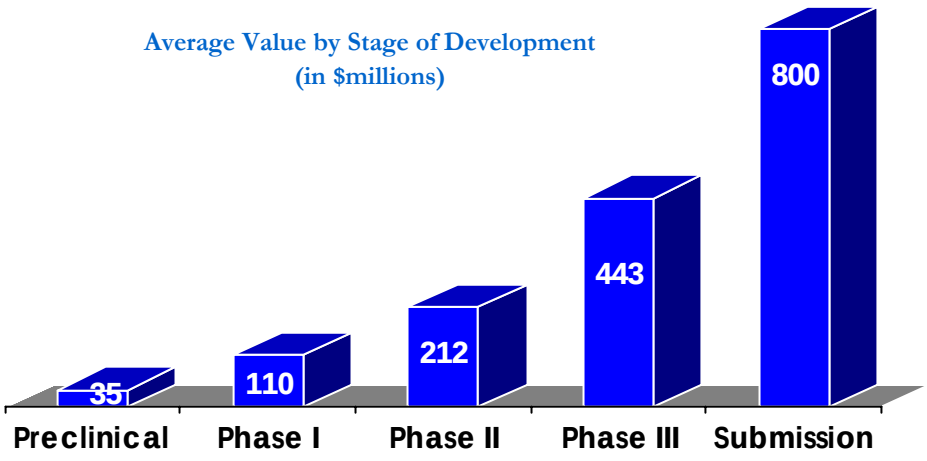
- **March 27, 2006** FDA approval to begin **Phase II** clinical trials for pouchitis.
- IND filing of a second indication for PROBACTRIX anticipated by 4th Quarter 2006.
- Completion of IBS efficacy study and publication expected by year-end 2006.
- IND filing of a third indication for PROBACTRIX anticipated by 3rd Quarter 2007.
- Phase III clinical study anticipated to begin in early 2008.
- Biologics License Application (BLA) filing in 2009, pending favorable results.
- FDA approval as prescription drug expected in 2010 or earlier with fast track approval.

PROBACTRIX Competitive Advantages

- Addresses a potential root cause of GI disorders.
- Proprietary liquid formulation is potentially more effective and safer than other drug treatments.
- Validated by extensive foreign clinical studies across a range of GI disorders.
- No known side effects and does not cause antibiotic resistance.
- Numerous issued and pending patents in U.S. and abroad.

Licensing

BioBalance plans to seek licensing /acquisition offers from large pharmaceutical companies after PROBATRIX successfully completes Phase II testing. Based on the significant increase in value of development stage companies as they move from Phase II into Phase III, management believes this timing will maximize the value of this technology for its shareholders.



Management & Advisors

Dennis M. O'Donnell, R.Ph., M.B.A. *CEO & President, BioBalance Corporation; CEO & President, New York Health Care, Inc.* Mr. O'Donnell has 25 years of experience in the pharmaceutical industry. Previously, he was EVP & General Manager, Solgar division of Wyeth. Prior to Solgar, he was Senior VP of Global Business Development and Strategic Planning for Wyeth, where he identified drugs for potential license or acquisition. Mr. O'Donnell is a Registered Pharmacist with a B.S. in Pharmacy from St. John's University and an MBA in Marketing & Finance from NYU Stern School of Business.

Richard S. Serbin, R.Ph. J.D. *Executive Director of Corporate Development.* Mr. Serbin has more than 25 years of experience in the pharmaceutical industry. He was CEO and a member of the Board of Optigenex Inc., which marketed a line of anti-aging supplements. He began his career at Schering-Plough Corp. as a patent lawyer and as an FDA attorney. Subsequently, he worked at Revlon as Chief FDA Counsel. He then joined Johnson & Johnson Corporation where he practiced FDA law and served on the Boards of Directors of seventeen US and International subsidiaries. He was also VP of Corporate Development at Ortho Pharmaceutical Corp and on its Board. Since leaving J&J, he was the founder or co-founder of 10 health care companies. Several of these companies were sold to major international companies. Mr. Serbin has a B.S. in Pharmacy from Rutgers University, a J.D. degree from Seton Hall Law School and a Masters degree in trade regulations from NYU Graduate School Law School.

A. James Forbes, Jr. *Vice President of Finance and CFO.* Mr. Forbes brings over 30 years of broad financial experience in companies ranging from start-ups to Fortune 500 firms. Since 2002, he has been Managing Director of MedYield LLC, offering strategic planning and financial services solutions to pharmaceutical and medical products companies. Prior to MedYield, he was Vice Chairman and CFO at AmeriCares, the international relief organization. Mr. Forbes is a Certified Public Accountant and received his BBA in Accounting from Manhattan College.

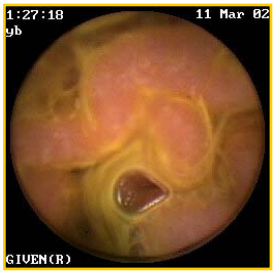
Robert A. Hoerr, M.D., Ph.D. *Vice President of Medical and Regulatory Affairs.* Dr. Hoerr has 20 years of senior regulatory and medical affairs experience. Previously, he was Director of Medical Affairs at Novartis Nutrition (formerly Sandoz), and Chairman & CTO of GalaGen, Inc. Dr. Hoerr is also Past President of the Research-based Dietary Ingredient Association and the Minnesota Biotechnology Association. He is Board Certified in Internal Medicine, holds a B.A. and M.D. from Indiana University, and a Ph.D. in Nutritional Biochemistry and Metabolism from MIT.

Eileen F. Bostwick, Ph.D. *Vice President of Research and Development.* Dr. Bostwick has more than 15 years of regulatory, clinical and research project management experience. Previously, she was Vice President of Research & Development at GalaGen, Inc. and Procor Technologies, a wholly owned subsidiary of Land O'Lakes, and Senior Immunologist at the 3M Company. Dr.

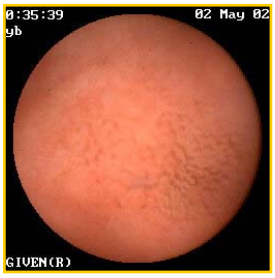
Continued on page 6.

IBD/Proximal Bowel Capsule Endoscopy Pilot Study

Results of open label pilot study in IBS patients (n=18) showed significant clinical results after 8 weeks of therapy. Capsule endoscopy revealed significant pre-treatment inflammation in proximal bowel and significant improvement following PROBACTRIX treatment in 12 patients, with no side effects. *(Study presented in poster session at May 2004 DDW conference.)*



Pre-Treatment



Post-Treatment

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Management & Advisors (cont.)

Bostwick holds B.S. and M.S. degrees from Michigan State University and a Ph.D. from the University of Minnesota.

Edward A. Lemmo, Ph.D. ***Vice President of New Product Development.*** Dr. Lemmo has more than 30 years' experience in product development. Prior to joining BioBalance, he was Vice President of Global Scientific Affairs & Product Development at Wyeth, and previously served as Director of Nutritional Science at GNC. He received his B.S. in Chemistry from St. Francis College and his M.S. and Ph.D. in Nutrition from Rutgers University.

Harold Jacob, M.D. Dr. Jacob maintains a private practice in gastroenterology and previously served as Director of Medical Affairs at GIVN, Co-Chief of Gastroenterology at St. John's Episcopal Hospital in New York, clinical Assistant Professor of Medicine at SUNY Brooklyn and Chief of Gastroenterology, South Nassau Community Hospital, Oceanside, N.Y.

Thomas Q. Garvey, M.D. Dr. Garvey has served in senior executive positions at the FDA, NIH, and National Cancer Institute. He has published numerous articles and abstracts, and has authored numerous New Drug Applications for leading pharmaceutical companies.

I. Scott Bass, J.D. Mr. Bass heads the Food and Drug practice at Sidley Austin Brown & Wood, LLP in Washington D.C. He is a leading authority on FDA practices in the pharmaceutical and functional foods fields.