

PuriCore H1 2010 Trading Update

Company Wins Two New Top-10 US Food Safety Customers; Operational Efficiencies Drive Margin Improvement

MALVERN, PENNSYLVANIA, AND STAFFORD, UK, 9 August 2010 — PuriCore (LSE: PURI), the life sciences company focused on developing and commercialising proprietary, green solutions that safely, effectively, and naturally kill infectious pathogens, today announces a trading update covering the six months to 30 June 2010. Interim results for this period are expected to be announced on 31 August.

H1 2010 Financial Highlights (unaudited)

- Q2 sales of \$9.2 million, an increase of 9.3% (7.8% at constant currency) (Q2 2009: \$8.4 million)
 - Food Safety sales of \$3.5 million, a decrease of 33.8% (Q2 2009: \$5.4 million)
 - Endoscopy sales of \$5.6 million, an increase of 87.1% (82.7% at constant currency) (Q2 2009: \$3.0 million)
- H1 sales of \$18.9 million, a decrease of 0.8% (1.4% at constant currency) (H1 2009: \$19.1 million)
 - Food Safety sales of \$7.2 million, a decrease of 43.2% (H1 2009: \$12.6 million)
 - Endoscopy sales of \$11.6 million, an increase of 86.2% (84.5% at constant currency) (H1 2009: \$6.1 million)
- Gross profit margin exceeded 30% for H1 2010 (FY 2009: 25.2%; H1 2009: 25.3%)
- Endoscopy core business cash flow positive for second quarter in a row
- \$12.3 million in cash as at 30 June 2010 (30 June 2009: \$15.8 million)

H1 2010 Operational Highlights

- Initiated Sterilox Food Safety installations in the second largest US supermarket retailer as well as in another top-10 US supermarket
- Launched the next-generation Sterilox Food Safety System Model 2300, providing significant improvements in service reliability and margin improvement
- Secured \$1.8 million in Endoscopy on Demand managed service contracts
- Received new US FDA 510(k) clearances for over-the-counter (OTC) marketing and antimicrobial preservative claims for Vashe Wound Therapy
- Successfully opposed Oculus European wound care patent; no appeal was filed
- Issued £8.0 million in convertible loan notes
- Secured a \$1.8 million debt facility with Republic First Bank to finance Food Safety System lease installations

Business Update

In the first six months of 2010, PuriCore continued to execute on moving the Company to a stronger financial position. Overall, sales were down slightly over H1 2009 to \$18.9 million, which was expected due to the macro economic challenges for the supermarket retail industry as well as there being a higher mix of lease sales versus capital sales in 2010. However, gross profit margin improved significantly in both core businesses, exceeding 30% during the half year for the first time (compared with the same period in 2009 at 25.3% and with FY 2009 at 25.2%) through the Company's successful efforts to improve quality performance, increase field service efficiencies, and reduce product costs. Late in Q2, PuriCore issued £8 million (gross) in convertible loan notes (see [release](#)) and secured \$1.8 million in debt with Republic First Bank to finance Sterilox Food Safety System lease installations. Cash at period end was \$12.3 million.

In PuriCore's North American Food Safety core business, a sales decrease of 43.2% for the half year reflected delays in adoption of Sterilox Food Safety Systems at new accounts due to the negative economic climate of the North American supermarket retail market. Despite these delays, PuriCore initiated implementation of two major Sterilox Food Safety contracts during H1 2010: in late Q2 with the second largest US supermarket retailer with more than 2,400 supermarkets including new and remodeled stores across multiple regions, and earlier in Q1 with another top-10 retailer with approximately 1,200 stores. PuriCore installed approximately 300 Sterilox Food Safety Systems in H1 2010, bringing the total installed base to approximately 4,000 systems as at 30 June 2010. PuriCore's installed base represents 14% of the target North American market of 28,000 stores, whilst these same customers represent approximately 30% of the market. In total, more than 40% of the target market is now either a PuriCore customer or is in a pilot programme with the Company.

The integration of Labcaire into PuriCore's UK Endoscopy core business was completed successfully. Sales of the combined businesses increased 86.2% (84.5% at constant currency) for the half year, and the Endoscopy core business was cash flow positive during both Q1 and Q2 for the first time. The strength of the PuriCore Endoscopy portfolio continues to result in increasing sales with the Company's primary customer, the UK National Health Service (NHS). In Q1, PuriCore received approximately half of all NHS supply chain endoscope reprocessor orders. The Company also secured \$1.8 million in new multi-year contracts for its new Endoscopy on Demand managed service offering that provides an endoscopy suite's reprocessing needs on a per-patient or per-procedure cost basis, further evidence of the interest in this model by private hospitals and primary care networks.

PuriCore's Wound Care business continues to gain traction with leading wound care clinics and key opinion leaders including the publication of another recent peer-reviewed journal article in July (available shortly on the Company's website). The Company is advancing its bottled Vashe Wound Therapy product offering to capitalise on its recent FDA 510(k) clearances for over-the-counter (OTC) marketing, antimicrobial preservative claims, and extended shelf-life claims. PuriCore also announced that no appeal has been filed to the decision by the European Patent Office (EPO) to revoke the [Oculus Innovative Sciences](#) (NASDAQ: OCLS) patent relating to wound care on the grounds of insufficiency. The revocation was based on the opposition initiated by PuriCore, and the EPO's decision reaffirms PuriCore's freedom to market Vashe Wound Therapy in Europe.

Outlook

Notwithstanding the better performance in UK Endoscopy, the Company anticipates delivering full-year sales, improvements in operating expense leverage, and gross profit margin across the business as a whole in line with market expectations as the Directors drive the Company to cash flow profitability. PuriCore expects that the Endoscopy core business will continue be cash flow positive and profitable for the full year with a robust sales pipeline and multiple installations scheduled for H2 2010. The Company also anticipates full-year unit installations in the Food Safety business of 700 to 800 Sterilox Systems. Looking ahead, PuriCore also expects further demand for the Endoscopy on Demand managed service given ongoing financial pressures within the UK public sector. Additionally, the Company is on track to launch PuriCore's industry-leading ISIS pass-through automated endoscope reprocessor in combination with the safe and natural Sterilox decontamination chemistry in Q3.

Chris Wightman, Executive Chairman of PuriCore, said:

"With the recent successful fundraising, PuriCore is well positioned to execute its business strategies. The significant improvement in gross margins for both core businesses, whilst still short of our ultimate goal, demonstrates that our unique technology can be scaled to create considerable value. We have built two businesses that have reached significant market share by customer, and these businesses are now in a position to begin to deliver the attractive returns that we have all been anticipating. However, the markets that we operate in are not immune to global economic conditions. In our North American Food Safety division, our customers have suffered significant margin erosion and have reduced spending throughout 2009 and 2010. Despite such challenges, we have continued to gain market share, albeit not at the rate that we would have liked, and are delighted to announce that two more of the largest supermarket chains in North America have adopted our Sterilox System. In the UK Endoscopy business, we began to market our Endoscopy on Demand product in late 2009 as a response to our expectations of cash constraints on our biggest customer, the NHS. The success of this offering so far this year provides us with confidence that we will continue to build market share through both the quality of our products and the flexibility of our sales model."

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About PuriCore

PuriCore plc (LSE: PURI) is a water-based clean technology company focused on developing and commercialising proprietary green solutions that safely, effectively, and naturally kill infectious pathogens without causing harm to human health or the environment. PuriCore's patented, proprietary technology mimics the human body's production of the natural antimicrobial hypochlorous acid, offering a safe and non-hazardous approach to disinfection and sanitisation. The Company's products are used in a broad range of markets that depend upon controlling contamination, including food retail and foodservice, medical device disinfection, and wound care. Hypochlorous acid is proven to be safe, environmentally friendly, and fast acting against a broad range of infectious pathogens, including major public health threats of *C.difficile*, *E.coli*, HIV, Human and Animal Influenza (including H1N1 and H5N1), *Legionella*, *MRSA*, *M.tuberculosis*, Norovirus, and *Salmonella*. PuriCore is headquartered in Malvern, Pennsylvania, with operations in Stafford and Clevedon, UK.

To receive additional information on PuriCore, please visit our website at www.puricore.com, which does not form part of this press release.

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.