

## Q1 2011 Interim Management Statement

**MALVERN, PENNSYLVANIA, AND STAFFORD, UK, 28 April 2011** – [PuriCore](#) (LSE: PURI), the water-based clean technology company delivering proprietary, green solutions that safely, effectively, and naturally kill infectious pathogens, today issues its Interim Management Statement covering the period 1 January 2011 to 28 April 2011 and also announces the completion of an additional \$4.0 million debt facility.

### Q1 Financial Highlights

*Heads of terms have been signed relating to the sale of PuriCore International Limited (comprising the Endoscopy and Laboratory Clean Air businesses). This sale is currently subject to final contract negotiation, due diligence and shareholder approval. The following financial highlights relate to the full Group (continuing and discontinuing operations) for Q1 2011 unless otherwise noted.*

- Sales of \$11.1 million (Q1 2010: \$9.7 million), a 10.4% increase at constant currency
  - Food Retail sales increased 26.6%
  - Endoscopy sales increased 0.2% (at constant currency)
  - Wound Care sales increased 50.5%
- Group operating loss reduced to \$0.7 million (Q1 2010: \$1.8 million) excluding amortization of capitalized development costs
  - Operating profit generated in Food Retail and Endoscopy businesses
- Gross profit margins for the 3 months increased to 34.7% (Q1 2010: 31.5%)
  - Food Retail gross margins increased to 38.1% (Q1 2010: 23.7%)
- Cash as at 31 March 2011 of \$3.6 million

### Q1 Operational Highlights

- Announced the proposed sale of PuriCore's Endoscopy business, with the transaction anticipated to close in Q2 pending contract negotiation, due diligence, and shareholder approval
- Completed equity placing of 2,272,727 shares raising £1.2 million (£1.2 million net of expenses) to fund working capital needs of the Company
- Continued improvement in Food Safety margins through decreased cost of goods and improved quality performance (Q1 2011: 38.1%; Q1 2010: 23.7%)
- Received initial order from a top-5 US supermarket retailer for 100 FloraFresh Systems, following on from the existing installations for produce applications for a second system in these stores
- Launched a new large-sized bottle of Vashe Wound Therapy for wounds requiring large amounts of the solution
- Issued a £2.1 million damages claim against Misonix for breaches of warranty in relation to the Labcaire acquisition in August 2009

## Business Report

The Company continued its drive towards establishing a strong and sustainable financial position through top- and bottom-line improvements. PuriCore improved sales by more than 10% for the first quarter 2011, including a 26.6% increase in sales for the Food Safety business and a 50.5% increase for the Wound Care business. The Company's operational loss decreased to \$0.7 million (Q1 2010: \$1.8 million), and for the first time, both the Food Retail and Endoscopy businesses were operationally profitable. The Food Safety business achieved operational income of \$0.5 million, and the Endoscopy division (the entity pending sale) achieved operational income of \$0.2 million. Gross profit margins continued to increase, and were 34.7% for the period (Q1 2010: 31.5%). Food Safety margins significantly improved to 38.1% (Q1 2010: 23.7%), driven by reduced cost of goods and improvements in quality performance. In March, PuriCore completed an equity placing of 2,272,727 shares raising £1.2 million (£1.2 million net of expenses) to fund working capital needs of the Company and debt funding. Cash at period end was \$3.6 million.

In 2010, the Directors strategically reviewed the business as a whole and concluded that PuriCore's future prospects would be enhanced by focusing on areas that fully leverage its core platform technology: in the medium term, the core North American Supermarket Retail business, the emerging Wound Care market, and research into applications with significant potential in Agriculture. As such, PuriCore's Endoscopy division, encompassing both PuriCore's core technology and a wide range of other complementary products and services, was considered for sale and is currently in a process of a potential divestiture. Should the transaction conclude, it is anticipated to close in the second quarter as announced last month.

The Food Retail business installed 260 Systems including: an initial order from a top-5 US supermarket retailer for 100 FloraFresh Systems, following on from the existing installations for produce applications for a second system in these stores; the expansion of the Sterilox installed base for a top-five US supermarket retailer in several geographic sectors; and continued Sterilox installations in new and remodeled stores for a top-10 US supermarket retailer.

In the emerging Wound Care business, PuriCore sales increased 50.5% over the first quarter of 2010, primarily due to the availability of the new bottled Vashe Wound Therapy with a 12-month shelf life, providing a convenient packaging option for wound care clinics and allowing for home use by patients. Two bottle sizes are currently available, allowing for a larger product size for customers need a large volume of Vashe Wound Therapy for treatment of burns and other significant wounds. Additional product development for diverse packaging options is underway.

In January 2011, PuriCore served a Particulars of Claim against Misonix, Inc., the seller of the Labcaire business, seeking damages in excess of £2.1 million for breaches of warranty under the Sale and Purchase Agreement in connection with PuriCore's acquisition of Labcaire in August 2009. Whilst the Company remains pleased with the Labcaire acquisition and its integration into PuriCore, it is confident of the merits of its case and will vigorously pursue the matter.

## **New Funding Facility**

PuriCore also announces today the successful completion of a \$4.0 million line of credit facility to fund working capital needs of the Company. At the signing of this facility, 400,000 warrants were issued with a potential further 1 million warrants to be issued based on amounts drawn down under this facility. The warrants are exercisable at a price of 52.8 pence per share for a period of three years.

### ***Chris Wightman, Executive Chairman of PuriCore, said:***

“For the first time, both PuriCore primary businesses were operationally profitable; the result of, significant margin improvement, especially in our Food Safety Division, continued cost control efforts, and sales volume improvements. Quarter-over-quarter, we continue to deliver gross margin improvements, driven by an ongoing improvements in performance of the Food Safety System, a reduction in direct costs, and continued leverage of the Company’s field service operations in both the Food Safety and Endoscopy divisions.

“In our Food Safety Division, our expanded customer base and now diversified product range is driving increasing sales of Sterilox Systems for food safety and floral care in retail supermarkets. As we continue to expand the number of customers using our unique technology and as the installed base grows, we are now seeing the significant improvements in gross margin and leverage of the expense base. The business produced an operating profit for the first time, a significant milestone, and we remain confident that this year we will install a multiple of the number of systems that we installed in 2010.

“The adaptation of our technology for floral care – the new FloraFresh System – has been well received at the first major customer who ordered 100 systems as a second installation of our technology for each store. Not only does this imply an increase in the total market for our products at our customer base, but the technology appears to have exciting applications in the global food chain at a time of rapidly increasing food costs. We will report on these potential new applications as we seek to bring them to market.

“Our emerging Wound Care business has grown rapidly, and we doubled sales in the quarter with the availability of our new bottled Vashe Wound Therapy. Both buying customers and key opinion leaders in this market are very pleased with this new packaging option, its year-long shelf life, and more importantly, the efficacy of this therapy for chronic and acute wounds. We continue to develop new packaging options and will launch those in the coming quarters.”

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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 floral operations, wound care, and potential new applications in Agriculture. 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.

To receive additional information on PuriCore, please visit our website at [www.puricore.com](http://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.

All 2011 financials are unaudited.