

PuriCore plc

Pre-Close Trading Update for Year Ended 31 December 2010

MALVERN, PENNSYLVANIA, AND STAFFORD, UK, 2 February 2011 – [PuriCore](#) (LSE: PURI), the water-based clean technology company delivering proprietary, green solutions that safely, effectively, and naturally kill infectious pathogens, announces its pre-close trading update for the year ended 31 December 2010. Audited results for this period are expected to be announced in late April 2011.

Full-Year and Q4 2010 Financial Results (unaudited)

- Full year 2010 sales increased 1.3% to \$40.6 million (2009: \$40.0 million)
 - Food Safety revenue declined 35.5% to \$14.9 million
 - Endoscopy revenue increased 53.4% to \$25.3 million
- Q4 sales of \$10.4 million 0.4% below the same period in 2009 (\$10.4 million)
 - Food Safety revenue decreased 36.1% to \$3.0 million
 - Endoscopy revenue grew 28.6% to \$7.3 million
- Gross profit margins for the 12 months ended 31 December 2010 increased to 32.9% (2009: 25.2%)
- Operating income anticipated to be in line with consensus market estimates
 - First full year of EBITDA profitability of endoscopy business
- Cash of \$5.1 million at period end

2010 Operational Highlights

Food Safety

- Installed approximately 600 Food Safety Systems, including more than 220 Sterilox Systems in the second largest US supermarket retailer, during the year
- Revenue impacted by overall economics of the US sector and a shift in the mix from capital to lease sales
- Very strong improvement in gross margins reflecting, in part, improved reliability from the introduction of the new Food Safety System
- Secured two additional top-10 US supermarket customers and received initial order from number-one supermarket retailer in Canada
- Launched the next-generation Sterilox Food Safety System Model 2300, providing significant improvements in service reliability and margin improvement
- Launched the new FloraFresh System, based upon new technology, to US supermarkets for their floral departments

Endoscopy

- Sold a record number of 44 ISIS pass-through automated endoscope reprocessors (AERs), doubling the volume compared with 2009
- Launched the new combined ISIS AER-Sterilox System and installed first system in Q4
- Received approximately 47% of all H1 2010 NHS Supply Chain orders for endoscopy equipment
- Secured \$1.8 million in Endoscopy on Demand multi-year managed service contracts

Wound Care

- Received new US FDA 510(k) clearances for over-the-counter (OTC) marketing and antimicrobial preservative claims for prescription Vashe Wound Therapy
- Launched bottled form of Vashe Wound Therapy, providing a convenient treatment option to wound care clinics and their patients for in-clinic and home use in the US
- Very positive response to wound care product in major peer-reviewed journal article and five clinical poster presentations at medical conferences
- Successfully opposed Oculus wound care patent in European Patent Office

Successful Fundraising

- Issued £8.0 million in convertible loan notes
- Secured \$2.8 million in two debt facilities with Republic Bank to finance Food Safety System installations

Post-Period Events

- 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
- Issued a £2.1 million damages claim against Misonix, Inc., the seller of Labcaire Systems Limited business ("Labcaire"), for breaches of warranty in relation to the Labcaire acquisition in August 2009

Company Results

Overall Company Performance

PuriCore continued its drive towards establishing a strong and sustainable financial position through top- and bottom-line improvements.

Revenues for the fourth quarter of 2010 of \$10.4 million were slightly below (0.4%) the same period in 2009 and for the full year, sales of \$40.6 million represented a slight increase compared with the prior year (2009: \$40.0 million).

Gross profit margin for the 12 months ended 31 December 2010 increased significantly over the previous year to 32.9% (2009: 25.2%), driven by a continued improvement 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. The Company anticipates its operating income will be in line with consensus market estimates when it announces audited results in late April.

During the year, PuriCore successfully put in place key financing arrangements, including the issue of £8 million (gross) in convertible loan notes in June as well a total of \$2.8 million (\$1.8 million in April and an additional \$1.0 million in December for use in 2011) with Republic Bank to finance Sterilox Food Safety System installations, together further improving the financial resources and stability of the Company going forward. Cash at period end was \$5.1 million (including restricted cash).

Food Safety

For the full year, sales were \$14.9 million (2009: \$23.1 million), including Systems for the number-two US supermarket retailer, two additional top-10 US retailers, and the number-one Canadian supermarket retailer. During the fourth quarter, the Food Safety business achieved \$3.0 million in revenue (Q4 2009: \$4.6 million).

The total revenue and the resulting top-line growth of Sterilox Systems were lower than we had expected. This was due to the weakness of the North American supermarket sector and a change to the mix between lease and capital sales. However, the division's gross margins improved significantly due to improvements in service quality and System reliability.

PuriCore has installed more than 4,200 Food Safety Systems including approximately 600 in 2010 in retail outlets of 60 leading US and Canadian supermarket chains as at 31 December 2010. These total existing customers have a combined potential installation base of nearly 10,000 Systems and represent 34% of the target North American market of 28,000 stores. The Company also has sales opportunities with other customers in various stages of negotiations, trials, or discussions, which could represent an additional 41% of the market.

During the year, PuriCore successfully launched two new products for supermarkets: the next-generation Sterilox Food Safety System, which provides significant improvements in service reliability and margin improvement, and the new FloraFresh Floral Quality Care System based upon a new chemical derivation of the core technology more suited to fresh cut floral and living plants. In January 2011, PuriCore received an order for 100 FloraFresh Systems from one of the top-five US supermarket retailers for this second PuriCore System in their stores.

Endoscopy

PuriCore's Endoscopy business was EBITDA profitable for FY 2010, its first full year of profitability, driven by increased volume, improved quality performance, and continued synergies from the Labcaire acquisition.

Labcaire Systems is fully integrated within the Endoscopy business. Quarterly sales increased 28.6% to \$7.3 million (Q4 2009: \$5.7 million) with full year sales increasing 53.4% (55.3% at constant currency) to \$25.3 million (2009: \$16.5 million). The strength of the Endoscopy product and service portfolio and a strong relationship with the NHS, Company's primary customer, was evidenced by PuriCore receiving approximately 47% of all NHS Supply Chain orders for endoscopy equipment in H1 2010.

Market support of the Company's full-service and innovative portfolio is evidenced by record sales of the ISIS pass-through AER with 44 placements (doubling the volume compared with 2009), the receipt of initial purchase orders for a combined ISIS AER and Sterilox System installation, and the securing of \$1.8 million in multi-year Endoscopy on Demand managed service contracts.

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 in the merits of its case and will vigorously pursue the matter. The negative financial impact of this claim was reflected in the Company's 2009 annual accounts.

Wound Care

In the Wound Care business (inclusive of Dental), full-year sales were \$0.4 million, a decrease of 10.5% over the previous year. Whilst the rate of market adoption of Vashe Wound Therapy increased during the year, total sales decreased due to softening dental orders. With the additional US FDA 510(k) clearances for extended shelf-life, an antimicrobial preservative claim, and over-the-counter (consumer) claims, PuriCore initiated a strategy to provide the market with product based upon the new packaging. As an initial offering, PuriCore launched in Q4 its new bottled Vashe Wound Therapy, providing a convenient packaging option for wound care clinics and allowing for home use by patients. PuriCore also continues to expand its key opinion leaders network, with an [article](#) published in the major peer-reviewed journal *Advances in Skin & Wound Care* in August and five posters on various Vashe clinical experiences, including its use in Haiti following the Company's donation of product at the time of the earthquake in January, presented at medical conferences.

Chris Wightman, Executive Chairman of PuriCore, said:

"Whilst overall revenue in 2010 was broadly flat over 2009, this performance masks some significant progress across the Company's business portfolio. The acquisition of Labcaire in 2009, notwithstanding the claim outstanding against Misonix that was provisioned in 2009, has generated the expected synergies and scale to propel our Endoscopy franchise to full-year EBITDA profitability. The enhanced product portfolio together with greater efficiency from service and administration means that we have expectations of significantly increasing profitability from this stand-alone division in 2011 and onwards.

"In our Food Safety Division, revenues were affected by the significant economic downturn in the food retail industry in the USA in 2008 and 2009. Despite this, we won several major accounts during the year, and in 2011 we expect to install a multiple of the number we sold in 2010. With a customer base representing more than a third of all targeted stores in North America, and combined with those in trials and discussions representing a full three-quarters of the target market, we believe that 2011 will be the year that this division proves to have been worth the investment during the past six years.

“Furthermore, the successful introduction of the FloraFresh System, a completely new formulation of our technology for use with fresh cut floral and living plants, at one of the three largest US supermarket chains increases the number of potential installations at each customer store. Even more importantly, this successful application also represents a potentially significant breakthrough in the treatment of plant pathogens for the wider agricultural industry, and we have begun a process to identify the significance of our initial research.

“In our Wound Care business, the introduction of bottled Vashe Wound Therapy with a current shelf life of 10 months is, we believe, a business-changing event. Whilst belief in the efficacy of our product continues to grow, a bottled version has been needed to move the business from concept to widespread adoption. We certainly intend to focus more attention and resources on this very significant opportunity during the coming quarters.”

Enquiries:

Financial Dynamics
Susan Quigley
Ben Brewerton
+44 (0) 20 7831 3113

PuriCore
Chris Wightman
Executive Chairman
+44 (0) 20 7290 3440

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.

All 2010 financials are unaudited.