



## **Preliminary Results for Year Ended 31 December 2006** *Strong Revenue Growth as Installed Base Nearly Trebles*

**MALVERN, PENNSYLVANIA, AND STAFFORD, UK, 16 April 2007** — PuriCore (LSE: PURI), the life sciences company focused on the development and commercialisation of its novel, safe antimicrobial technology, today announces its inaugural annual results for the year ended 31 December 2006.

### ***Financial Highlights***

- Floated on the LSE in June, raising \$54.9 million (gross)
- Revenue up 24% to \$15.9 million (2005: \$12.8 million)
- Year-end cash of \$43 million (including restricted cash of \$5.3 million) (2005: \$953,000)
- Future lease revenue under contract at year end of \$15.8 million
- R&D investment increased by 29% to \$2.1 million (2005: \$1.6 million)
- Sales and marketing spend increased by 43% to \$6.2 million (2005: \$4.4 million)
- 2006 net loss of \$17.8 million (\$15.4 million excluding the effect of share based payment expenses for the issuance of share options to employees and directors)

### ***Operational Highlights***

- Year-end installed base of Sterilox Systems up 187%
- Supermarket installed base up 269% to approximately 1,400 systems
- Nearly 90% of all supermarket installations are leased
- Global Sterilox Endoscopy installed base up 20% to approximately 220 systems
- 100% customer retention of Sterilox Endoscopy customers with expiring leases

### ***Recent Developments***

- Signed exclusive distribution agreement with Minntech Corporation to expand Sterilox Endoscopy UK product portfolio
- Entered a marketing partnership with BHT Hygienetechnik to enhance Sterilox Endoscopy UK product portfolio
- Received US FDA 510(k) clearance for the Sterilox Endoscopy System

### ***Greg Bosch, Chief Executive Officer of PuriCore, said:***

“Following the successful flotation, PuriCore has focused on establishing a solid position in its primary markets. We are now poised to leverage our strengths both operationally and technically to lead in our core markets and to expand into new strategic geographies and markets. The Company is well-positioned to capitalize on these opportunities and to deliver future growth for our shareholders.”

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**About PuriCore**

[PuriCore](#) (London Stock Exchange: PURI) is a life sciences company focused on developing and commercializing proprietary products that safely, effectively, and naturally kill contagious pathogens. PuriCore's technology provides a solution to a broad range of markets that depend upon controlling contamination, including food safety, medical device disinfection, wound management, and hospitality. The Company's proprietary technology mimics the human body's production of the natural antimicrobial hypochlorous acid, which is highly effective in killing bacteria, viruses, and fungal spores. Deploying hypochlorous acid solutions as soaks, sprays, mists, and in other forms, PuriCore's technology is designed to limit the spread of infectious disease, including major public health threats of *M. tuberculosis*, *MRSA*, *E.coli*, norovirus, avian influenza, HIV, polio virus, *Helicobacter pylori*, and *Legionella*. PuriCore is headquartered in Malvern, Pennsylvania, with offices in Stafford, UK.

To receive additional information on PuriCore, please visit our web site at [www.puricore.com](http://www.puricore.com), which does not form part of this press release.

## **Chairman and CEO Review**

We consider 2006 a breakthrough year for PuriCore. We completed a major transformation from private to public company and achieved major market penetration. Revenues increased 24%, and the installed base of Sterilox Systems in the Food Safety and Endoscopy businesses grew strongly, increasing 187% from 561 Systems in 2005 to 1,608 Systems.

Growth in the Sterilox Food Safety business was particularly robust in 2006. By year end, PuriCore had an installed base of approximately 1,400 Sterilox Food Safety Systems in US retail supermarkets, in line with market expectations. In 2006, more than 1,000 Sterilox Food Safety Systems were installed (307 installations in 2005). Of these, 939 were under long-term lease agreements and 72 were capital sales.

In the Endoscopy business, the UK NHS budget constraints impacted growth. Nonetheless, the installed base of Sterilox Endoscopy Systems increased 20%, and PuriCore retained 100% of its customers with expiring rental contracts.

### ***Translating Vision to Reality***

PuriCore's Corporate Vision is to be a global leader in advancing human health through the control of infectious pathogens. This Vision drives our overriding Core Purpose 'to generate life sciences solutions for a safer, healthier world.'

Infectious disease is a major global problem and is a great concern for companies, healthcare providers, governments, and consumers. PuriCore has employed its solid intellectual property and 10 years of knowledge and expertise to develop safe, effective solutions to fight the spread of infectious disease. PuriCore's Sterilox technology was recognised by the leading healthcare market research firm Frost & Sullivan as the recipient of its Technology Innovation Award in late 2005.

Our Sterilox Systems generate hypochlorous acid, the human body's own infection fighter. Hypochlorous acid is produced by human cells to fight invading pathogens. Using water, common salt, and electricity, PuriCore's propriety technology generates Sterilox Solutions—the same hypochlorous acid our bodies naturally produce. The Sterilox Solutions are deadly to dangerous bacteria, viruses, and fungi—all types including *E. coli*, norovirus, avian influenza virus, and *MRSA*—yet completely safe for humans and the environment.

The first six months of 2006 were spent building a foundation for our successful flotation on the London Stock Exchange in June; during the last half of the year, we continued to execute on our business plan and experienced growth in our core markets. PuriCore is now positioned for opportunity—for new market entry and new geographical exploration.

### ***Building Market Positions***

The June flotation strengthened our balance sheet, enabling us to execute our business plan in building the franchises, teams, and processes necessary to establish PuriCore as a leader in the control of infectious pathogens. We are the beneficiaries of a singular core platform technology that allows us to expand into many industries and geographies. This provides us with both opportunities for growth as well as leverage against cyclical market realities.

In 2006, we focused on our core businesses and initiated new market efforts:

**Food Safety:** By year end, PuriCore had garnered approximately 4% of the market for US retail supermarkets. The Company completed a national roll-out for a top-five US supermarket chain and concluded a new, three-year lease agreement calling for the installation of more than 200 further Sterilox Systems, generating cumulative revenue and cash flow totalling approximately \$3.3

million. Of the approximately 1,400 Systems installed at year end, 88% were under long-term lease agreements. Several top-10 US supermarket chains are currently in late-stage trials.

**Endoscopy:** The UK Government's 2006 directive that it will not continue to offset the over-budget expenditures of the NHS resulted in a delay in orders for Sterilox Systems. By year end, however, the Sterilox Endoscopy installed base had increased 20% globally, and the UK pipeline of prospective customers was robust. In addition, PuriCore retained 100% of its Sterilox Endoscopy customers with expiring leases and maintained an estimated 25% marketshare of NHS hospitals that have endoscopy departments.

Since the year end, PuriCore has expanded its presence and product portfolio in the UK through an exclusive distribution agreement with Minntech Corporation and a marketing partnership with BHT Hygienetechnik allowing PuriCore to expand its market penetration strategy into the UK asynchronous and large passthrough AER segments. In addition, PuriCore received US FDA regulatory clearance to market its Sterilox Endoscopy Systems in the US, the largest in the world.

**New Markets:** In 2006, PuriCore initiated efforts in therapeutic applications such as wound management as well as in the hospitality and bio-decontamination markets. PuriCore received US FDA clearance for the VASHE Wound Treatment System, a noninvasive wound-cleansing process, and the Aquatine Endodontic Cleanser. PuriCore focused its initial hospitality efforts on casino resorts in Las Vegas and has installed approximately 20 Sterilox Systems to date.

We spent much of 2006 establishing a stronghold in our primary markets and in positioning PuriCore for opportunity and growth. We established supply-chain processes, communications systems, human-capital tools, and internal systems and procedures, all designed to create an infrastructure able to support sustainable traction in our existing markets and in new geographies and markets.

### ***Outlook***

PuriCore is poised to widen its market position. Our primary directive is to penetrate further and establish leadership positions in our core markets: US Food Safety and UK Endoscopy. Simultaneously, we will begin to expand into new strategic geographies with these core businesses as well as into new markets based on our existing proprietary technology and experience. Looking ahead, we expect to employ the human therapeutic benefits of our Sterilox Solutions. In addition, the increasing proportion of recurring revenues, blended with capital sales, provides PuriCore with a more predictable and sustainable business model to serve better the long-term financial health of the Group.

With the development of PuriCore's internal structure, processes, and systems, we are well-positioned to execute our business plan and to build a global leadership position in the field of infection control. With PuriCore's stronger balance sheet, progress in both of our core markets, and our initiatives in other industry sectors, we look forward to delivering future growth for our shareholders.

Christopher P.J. Wightman  
Chairman

Gregory T. Bosch  
Chief Executive Officer

## **Financial Review**

### ***Revenue***

PuriCore had two primary sources of revenue in 2006: Sterilox Food Safety Systems for US retail supermarkets and Sterilox Endoscopy Systems for the UK NHS. PuriCore recognized revenues in 2006 of \$15.9 million, a 24% growth over 2005 revenues of \$12.8 million. While total Company sales were slightly below market expectations, PuriCore's 2006 results do not adequately reflect the true growth of the business due to the increased proportion of units installed under its recurring-revenue rental model.

Under the rental model, PuriCore places its Sterilox Systems at the customer site, and the customer pays a fixed monthly or quarterly rental fee. Generally, Sterilox Food Safety System leases are for three years, and Sterilox Endoscopy System leases are for five years. By 31 December 2006, \$15.8 million in lease income was contracted but not yet recognized. In 2007, PuriCore expects to recognize approximately \$7.0 million of that income.

### ***Cash***

PuriCore's cash position was very strong at year end. The Company raised \$6 million in a private equity transaction in January 2006. On 30 June, PuriCore was admitted to the Official List of the Financial Services Authority and to trading on the London Stock Exchange, raising a total of \$54.9 million (\$47.4 million net). PuriCore's working capital increased dramatically (to \$37.8 at 31 December 2006 from \$0.3 at 31 December 2005) largely due to the monies raised from the flotation.

In addition, debt financing of \$5.1 million in December 2006 further strengthened PuriCore's cash position, lowered the Company's weighted average cost of capital, and enabled PuriCore to end 2006 with \$43 million in cash and cash equivalents (including restricted cash).

### ***Operating Expenses***

In 2006, PuriCore had three primary areas of operating expense:

PuriCore's investment in research and development increased 29% in 2006 to \$2.1 million (\$1.6 million in 2005). The Company's successful flotation provided additional capital to invest in microbiology, chemistry, and engineering, as well as in new product development.

In 2006, PuriCore increased sales and marketing expenses to \$6.2 million (up 43% from \$4.4 million in 2005). Expenditures were focused on the Sterilox Endoscopy and Food Safety businesses.

PuriCore's general and administrative expenses increased following the flotation. As a publicly traded plc, the Company experienced additional overhead of legal, accounting, and other professional fees. Additionally, the Company recognized \$2.4 million in 2006 (\$1.3 million in 2005) for non-cash stock compensation expense related to the issuance of share options to Employees and Directors of the Company (as determined under IFRS 2).

### ***Financial Outlook***

At year end, PuriCore was well-positioned financially with a strong balance sheet to execute our business plan and achieve our Vision of being a global leader in advancing human health through the control of infectious pathogens.

Keith A. Goldan  
Chief Financial Officer

PuriCore plc  
CONSOLIDATED INCOME STATEMENT  
For the year ended 31 December 2006

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	Note	2006 \$	2005 \$
CONTINUING OPERATIONS			
REVENUE	2	<b>15,867,232</b>	12,835,954
Cost of sales		<b>(12,943,478)</b>	(8,961,594)
		<hr/>	<hr/>
GROSS PROFIT		<b>2,923,754</b>	3,874,360
Selling, general and administrative expenses		<b>(18,887,838)</b>	(14,035,941)
Research and development		<b>(2,120,795)</b>	(1,646,277)
		<hr/>	<hr/>
LOSS BEFORE INTEREST AND TAX	2	<b>(18,084,879)</b>	(11,807,858)
Finance costs		<b>(1,261,644)</b>	(1,227,546)
Finance income		<b>1,341,385</b>	119,489
		<hr/>	<hr/>
LOSS BEFORE TAX	1-2	<b>(18,005,138)</b>	(12,915,915)
Income tax income/(expense)		<b>166,160</b>	-
		<hr/>	<hr/>
LOSS FOR THE YEAR		<b>(17,838,978)</b>	(12,915,915)
		<hr/> <hr/>	<hr/> <hr/>
ATTRIBUTABLE TO: EQUITY HOLDERS OF THE PARENT		<b>(17,838,978)</b>	(12,915,915)
		<hr/> <hr/>	<hr/> <hr/>
EARNINGS PER SHARE		<b>\$/share</b>	\$/share
<b>Continuing operations</b>			
Basic and Diluted	3	<b>(0.14)</b>	(0.14)

# PuriCore plc

## CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2006

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	2006 \$	2005 \$
Exchange differences on translation of foreign operations	<b>1,094,179</b>	(130,152)
	<hr/>	<hr/>
NET INCOME/(EXPENSE) RECOGNISED IN EQUITY	<b>1,094,179</b>	(130,152)
Loss for the financial year	<b>(17,838,978)</b>	(12,915,915)
	<hr/>	<hr/>
TOTAL RECOGNISED INCOME AND EXPENSE	<b>(16,744,799)</b>	(13,046,067)
	<hr/> <hr/>	<hr/> <hr/>
TOTAL RECOGNISED INCOME AND EXPENSE IS ATTRIBUTABLE TO:		
Equity holders of the parent	<b>(16,744,799)</b>	(13,046,067)
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PuriCore plc  
CONSOLIDATED BALANCE SHEET  
At 31 December 2006

	2006	2005
	\$	\$
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Intangible assets	<b>5,329,721</b>	4,534,245
Property, plant and equipment	<b>9,323,024</b>	3,649,412
Other loans receivable	-	783,073
Restricted cash	<b>3,033,000</b>	
Other receivables	-	202,270
	<u>                    </u>	<u>                    </u>
<b>TOTAL NON CURRENT ASSETS</b>	<b>17,685,745</b>	9,169,000
	<u>                    </u>	<u>                    </u>
<b>CURRENT ASSETS</b>		
Inventories	<b>3,672,381</b>	3,731,050
Trade and other receivables	<b>6,496,776</b>	2,882,226
Other loans receivable	-	1,775,226
Restricted cash	<b>2,250,000</b>	-
Cash and cash equivalents	<b>37,683,515</b>	952,842
	<u>                    </u>	<u>                    </u>
<b>TOTAL CURRENT ASSETS</b>	<b>50,102,672</b>	9,341,344
	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b>67,788,417</b>	18,510,344
	<u>                    </u>	<u>                    </u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>(6,295,128)</b>	(6,675,808)
Financial liabilities	<b>(5,933,974)</b>	(2,362,641)
Provisions	<b>(91,989)</b>	-
	<u>                    </u>	<u>                    </u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>(12,321,091)</b>	(9,038,449)
	<u>                    </u>	<u>                    </u>
<b>NON CURRENT LIABILITIES</b>		
Financial liabilities	<b>(8,762,225)</b>	(2,881,046)
Provisions	-	(25,752)
	<u>                    </u>	<u>                    </u>
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(8,762,225)</b>	(2,906,798)
	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES</b>	<b>(21,083,316)</b>	(11,945,247)
	<u>                    </u>	<u>                    </u>
<b>NET ASSETS</b>	<b>46,705,101</b>	6,565,097
	<u>                    </u>	<u>                    </u>

PuriCore plc  
CONSOLIDATED BALANCE SHEET  
At 31 December 2006

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	2006	2005
	\$	\$
EQUITY		
Share capital	2,758,718	99,494
Share premium	144,931,003	93,283,890
Other reserves	5,387,301	2,808,835
Retained earnings	(107,490,271)	(89,651,293)
Cumulative translation adjustment	1,118,350	24,171
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<b>46,705,101</b>	6,565,097
TOTAL EQUITY	<b>46,705,101</b>	6,565,097

**PuriCore plc**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 31 December 2006**

	<b>2006</b>	2005
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	<b>(17,838,978)</b>	(12,915,915)
<i>Adjustments for:</i>		
Taxation	<b>(166,160)</b>	-
Finance costs	<b>1,151,269</b>	1,227,546
Finance income	<b>(1,341,385)</b>	(119,489)
Depreciation and amortisation	<b>2,995,164</b>	1,328,421
Amortisation of warrant and debt discount and issuance costs	<b>110,375</b>	52,634
Share based payment and warrant issuance expense	<b>2,578,466</b>	1,333,380
Gain on disposal of property, plant and equipment	<b>(31,221)</b>	942,753
	<b><u>(12,542,470)</u></b>	<b><u>(8,150,670)</u></b>
<b>OPERATING LOSS BEFORE MOVEMENT IN WORKING CAPITAL</b>		
Decrease/(increase) in inventories	<b>58,669</b>	(102,411)
Increase in trade and other receivables	<b>(798,196)</b>	(983,625)
Decrease in trade and other payables	<b>(380,680)</b>	(4,963,720)
Increase/(decrease) in provisions	<b>66,237</b>	(142,618)
	<b><u>(13,596,440)</u></b>	<b><u>(14,343,044)</u></b>
<b>CASH GENERATED BY OPERATIONS</b>		
Income tax paid	-	-
	<b><u>(13,596,440)</u></b>	<b><u>(14,343,044)</u></b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b><u>(13,596,440)</u></b>	<b><u>(14,343,044)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(8,067,069)</b>	(2,772,811)
Proceeds from sale of property, plant and equipment	<b>143,382</b>	176,758
Purchase of intangible assets	-	(1,651)
Cash paid for internally generated intangibles	<b>(1,102,626)</b>	(905,506)
	<b><u>(9,026,313)</u></b>	<b><u>(3,503,210)</u></b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		
	<b><u>(9,026,313)</u></b>	<b><u>(3,503,210)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of shares, options and warrants	<b>52,480,096</b>	29,019,407
Proceeds from new loan notes	<b>5,128,367</b>	5,896,050
Proceeds from new bank loans	<b>7,529,081</b>	-
Repayments of borrowings	<b>(3,227,254)</b>	(15,847,161)
Repayments of obligations under finance leases	<b>(69,119)</b>	(30,356)
Interest received	<b>1,341,385</b>	119,489
Decrease in overdraft	<b>(635,356)</b>	-
	<b><u>62,547,200</u></b>	<b><u>19,157,429</u></b>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
	<b><u>62,547,200</u></b>	<b><u>19,157,429</u></b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>39,924,447</b>	1,311,175
Cash and cash equivalents at beginning of year	<b>952,842</b>	-
Effect of foreign exchange rate changes on cash held	<b>2,119,226</b>	(358,333)
	<b><u>42,996,515</u></b>	<b><u>952,842</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		

**PuriCore plc**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 31 December 2006**

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### 1. BASIS OF PREPARATION

PuriCore plc is incorporated in the UK. PuriCore, Inc. is incorporated under the laws of Delaware in the USA. The Group financial statements consolidate those of the PuriCore, Inc. Group and PuriCore plc.

The Group financial statements are authorised for issue by the Board of Directors on 16 April 2007. European Union law (EULAW) (IAS Regulation EC 1606/2002) requires that the financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS). The financial statements have been prepared on the basis of the recognition and measurement requirements of EU-IFRS that are endorsed by the EU and effective at 31 December 2006.

The financial information does not constitute the company's statutory accounts for the years ended 31 December 2006 (but is derived from the 2006 accounts). Statutory accounts for 2006 will be delivered in due course to the registrar of companies. The auditors have reported on these accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 237 (2) or (3) of the Companies Act of 1985.

The comparative figures for the year ended 31 December 2005 are not the company's statutory accounts for that financial year. Those accounts, which were prepared under International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), have been reported on by the Reporting Accountant (KPMG LLP). The report of the Reporting Accountants was (i) unqualified, (ii) did not include a reference to any matters to which the Reporting Accountants drew attention by way of emphasis without qualifying their report and (ii) did not contain a statement under section 237 (2) or (3) of the Companies Act of 1985.

### 2 SEGMENTAL INFORMATION

The Group is managed by type of business. Segmental information is provided having regard to the nature of the goods and services provided and the markets served. The segment identified as "Other" relates to the Company's Global Dental business and certain business development activities not yet generating significant revenues.

2 SEGMENTAL ANALYSIS (continued)

*Primary reporting format – Business Segments*

<b>For the year ended 31 December 2006</b>	Endoscopy	Food	Other	Corporate & unallocated	Total as reported for the Group
	\$	\$	\$	\$	\$
REVENUE	8,902,951	6,477,618	486,663	-	15,867,232
	=====	=====	=====	=====	=====
LOSS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION	(3,303,543)	(442,747)	(649,176)	(10,694,249)	(15,089,715)
Depreciation and amortisation	(233,213)	(2,171,260)	-	(590,691)	(2,995,164)
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LOSS BEFORE INTEREST AND TAX	(3,536,756)	(2,614,007)	(649,176)	(11,284,940)	(18,084,879)
	=====	=====	=====	=====	=====
SEGMENT ASSETS					
Non current assets	1,816,881	7,542,917	46,156	8,279,791	17,685,745
Current assets	4,663,731	2,476,623	349,385	42,612,933	50,102,672
	-----	-----	-----	-----	-----
Total assets	6,480,612	10,019,540	395,541	50,892,724	67,788,417
	=====	=====	=====	=====	=====
SEGMENT LIABILITIES					
Current liabilities	(4,035,610)	(420,845)	(168,562)	(7,696,074)	(12,321,091)
Non current liabilities	-	-	-	(8,762,225)	(8,762,225)
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Total liabilities	(4,035,610)	(420,845)	(168,562)	(16,458,299)	(21,083,316)
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# PuriCore plc

## NOTES

### 2 SEGMENTAL ANALYSIS (continued)

	Endoscopy	Food	Other	Corporate & unallocated	Total as reported for the Group
	\$	\$	\$	\$	\$
<b>OTHER SEGMENT ITEMS</b>					
Capital expenditure: property, plant & equipment	329,273	6,791,863	20,850	1,016,603	8,158,589
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

All business segments shown above are continuing.

<b>For the year ended 31 December 2005</b>	Endoscopy	Food	Other	Corporate & unallocated	Total as reported for the Group
	\$	\$	\$	\$	\$
REVENUE	10,994,419	832,032	1,009,503	-	12,835,954
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
LOSS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION	(2,722,775)	(2,486,385)	(259,749)	(5,010,528)	(10,479,437)
Depreciation and amortisation	(543,525)	(108,748)	(132,914)	(543,234)	(1,328,421)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
LOSS BEFORE INTEREST AND TAX	(3,266,300)	(2,595,133)	(392,663)	(5,553,762)	(11,807,858)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>SEGMENT ASSETS</b>					
Non current assets	605,211	-	-	8,563,789	9,169,000
Current assets	673,521	131,731	112,601	8,423,491	9,341,344
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	1,278,732	131,731	112,601	16,987,280	18,510,344
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>SEGMENT LIABILITIES</b>					
Current liabilities	(3,415,930)	(330,517)	(108,192)	(5,183,810)	(9,038,449)
Non current liabilities	-	-	-	(2,906,798)	(2,906,798)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	(3,415,930)	(330,517)	(108,192)	(8,090,608)	(11,945,247)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>OTHER SEGMENT ITEMS</b>					
Capital expenditure: property, plant & equipment	398,612	2,360,310	7,296	165,822	2,932,040
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

All business segments shown above are continuing.

Intra-Group sales, which are priced on an ‘arms length’ basis, between both segments and regions are not significant. The analysis of EBIT by business includes an allocation, based on their nature, of costs incurred centrally in the United Kingdom and United States of America. Unallocated costs represent corporate expenses.

2 SEGMENTAL ANALYSIS (continued)

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

*Secondary reporting format – Geographical Segments*

	Sales		Segment assets		Capital expenditure	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
<i>Continuing operations</i>						
United Kingdom	<b>8,902,951</b>	10,960,298	<b>3,699,922</b>	6,161,304	<b>780,486</b>	541,650
Americas	<b>6,964,281</b>	1,875,656	<b>64,088,495</b>	12,349,040	<b>7,378,103</b>	2,390,390
	<b>15,867,232</b>	12,835,954	<b>67,788,417</b>	18,510,344	<b>8,158,589</b>	2,932,040

The segment assets in the above table is based on the location of the assets.

**Products and services provided**

PuriCore’s Sterilox Systems electrochemically generate hypochlorous acid solutions for customers on-site and on-demand at a range of concentrations to meet the needs of each application. Requiring only common salt, water, and electricity, these systems are reliable, safe, effective, and user-friendly. Given hypochlorous acid breaks down into salty water over time, Sterilox Systems produce the Solutions onsite for immediate use.

Each Sterilox System includes a combination of proprietary electrolysis cells, software, and control systems within a custom-designed unit. These proprietary control systems ensure that the optimum concentration of hypochlorous acid is produced consistently and reliably within narrow specification tolerances. The Sterilox Solution produced is near neutral pH (between 5 and 7) to maximize the levels that are generally recognised to be substantially more biocidal yet safe. (Below pH 4, the solution is aqueous chlorine; above pH 7.4, the solution is hypochlorite, the chemical in common bleach.) The Sterilox Systems can be remotely monitored and incorporate a series of internal controls to ensure that only effective solution is available for use.

The Sterilox Solution is currently used in the following areas:

UK Endoscopy    Endoscopes are commonly used in many medical procedures such as colonoscopies and bronchoscopies. These endoscopes are designed to be reprocessed between patients’ clinical procedures. Strict regulations govern specific cleaning

processes to ensure adequate safety and quality controls to prevent pathogen transmission and patient protection. These processes include a manual cleaning step, automated washing, disinfection with an approved chemical/sterilant, and final wash with a bacteria free rinse water.

US & UK Dental Water lines used in dental surgeries suffer from the build up of biofilms and other contamination. Sterilox Solutions acts to decontaminate water lines and maintain acceptable water quality levels providing a safer, healthier work environment for patients and staff.

US Food Safety Sterilox is a proven intervention to improve shelf life and home life for fresh products, floral and seafood. The patented technology produces a non-toxic, food safe sanitizer at a fraction of the costs of traditional chemicals while ensuring a safer product for supermarket produce consumers.

The numerical disclosures required under IFRS 8 for PuriCore plc are identical to those given for IAS 14 above.

### 3 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

<i>Earnings</i>	Group	
	2006 \$	2005 \$
Earnings for the purpose of basic and diluted earnings per share	<b>(17,838,978)</b>	(12,915,915)
	=====	=====
<i>Number of shares</i>	Group	
	2006 Number	2005 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b><u>125,665,449</u></b>	<u>94,334,816</u>
<i>Earnings per share</i>	Group	
	2006 \$/share	2005 \$/share
From continuing operations:		
Basic and diluted	<b>(0.14)</b>	(0.14)

Outstanding share options and warrants are excluded as they are anti-dilutive.

4 OPERATING LEASES RECEIVABLE

	Group 2006 \$	2005 \$
Minimum lease payments under operating leases recognised as income in the year	<b>6,904,314</b>	1,249,930

At the balance sheet date the Group has total outstanding receivables under non-cancellable operating leases, which fall due as follows:

	2006 \$	2005 \$
Within one year	<b>6,967,101</b>	1,887,824
In the second to fifth years inclusive	<b>8,775,807</b>	2,743,767
After five years	<b>9,125</b>	6,304
	<b>15,752,033</b>	4,637,895

Operating lease receipts represent rentals receivable from customers for the use of certain property, plant and equipment. Leases have varying terms and renewal rights.