

## **PuriCore plc**

### **Final Results for the Year Ended 31 December 2008**

#### ***Sales Increase 80.9% and Cashflow Significantly Improved***

MALVERN, PENNSYLVANIA, AND STAFFORD, UK, 28 April 2009 — PuriCore (LSE: PURI), the life sciences 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, announces its Final Results for the year ended 31 December 2008 and the availability of its 2008 annual report on its website. PuriCore also announced today its Interim Management Statement for Q1 2009 (see separate release).

#### **Financial Highlights**

- Revenues up 80.9% to \$33.7 million (2007: \$18.6 million)
  - Food Safety sales up 147% to \$19.4 million (2007: \$7.9 million)
  - Endoscopy sales up 34.9% to \$13.8 million (2007: \$10.3 million)
- Operational cash outflow halved to \$6.6 million (2007: \$14.1 million)
- SG&A expenses down 10% (net of depreciation, amortisation, and non-cash share option expense)

#### **Operational Highlights**

- Sterilox Food Safety Systems installed in more than 2,400 retail stores (with two of the top-five chains implementing full network rollouts)
- Won Food Safety contracts totaling \$35 million including all Safeway's North American stores
- Sterilox Systems used in a quarter of UK NHS endoscopy departments
- More than 4,000 wound therapy patients treated: clinicians report no adverse side effects
- New Sterilox Food Safety System Model 2200 launched
- Completed fundraisings
  - £8.4 million in equity
  - \$9.7 million in debt
- Sterilox Solution found effective against H5N1 avian influenza
- Sterilox System approved for organic food processing by the Organic Materials Review Institute

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

“PuriCore delivered a strong performance in 2008, resulting in record revenues in both the US Food Safety and UK Endoscopy core businesses whilst operating expenses were more than halved. In the current year, we have continued to see increasing revenues and remain focused on improving gross margins whilst leveraging our operating expenses. We believe we are well-positioned to deliver another strong year of revenue growth and achieve profitability for both our core businesses during 2009.”

**2008 Annual Report Availability**

PuriCore’s 2008 annual report and accounts is now available on PuriCore website at [www.puricore.com](http://www.puricore.com), will be posted to shareholders, and will be available for inspection shortly at the UKLA's Document Viewing Facility, which is situated at:

UKLA Document Viewing Facility  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

Additionally, the report can be viewed at PuriCore's UK office (Wolseley House, Dyson Way, Staffordshire Technology Park, Beaconside, Stafford ST18 OGA) shortly before and during the Annual General Meeting scheduled to commence at 11am on 5 June 2009.

***Enquiries:***

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**About PuriCore**

[PuriCore](http://www.puricore.com) plc (LSE: PURI) is a life sciences 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 *M.tuberculosis*, *MRSA*, *E.coli*, Norovirus, H5N1 Avian Influenza, HIV, *Salmonella*, 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 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 2008 financials are audited. All 2009 financials are unaudited.

## **Operating & Financial Review**

### **2008 Business Report**

We are pleased with PuriCore's 2008 performance with record sales, improving margins, and reduced operating expenses. The result of these efforts halved cash outflow from operations for 2008 compared with 2007, achieving a primary goal of the Company for the year.

As communicated in our Interim Report, we increased our focus on the core businesses—US Food Safety and UK Endoscopy—and initiated marketing efforts in therapeutic Wound Care. With this strategy, PuriCore had an excellent year with record revenues and installations of our Systems. At year end, we achieved 80.9% top-line growth (88.5% on a constant currency basis), total revenue of \$33.7 million, and reduced our operating loss to \$15.9 million, in line with market estimates.

Despite very challenging financial markets, we also significantly improved our balance sheet by halving operational cash outflow to \$6.6 million. During the year, PuriCore completed successful fundraisings through a Placing and Open Offer, raising £8.4 million equity (gross), and the issuance of debt, raising \$9.7 million. The Company had \$20.7 million in cash at year end (including restricted cash of \$2.1 million). We reduced expenses in both core businesses and significantly cut corporate costs, with an overall reduction of 10% in total operating expenses (net of depreciation, amortisation and non-cash share expense) compared with the prior year.

### ***Core Business: US Food Safety***

PuriCore's US Sterilox Food Safety business achieved outstanding growth in 2008 of 147%, primarily driven by placement of Sterilox Food Safety Systems by the major national chains. In the second half of the year, we received a contract for the remaining Safeway North American supermarkets, marking the chain-wide implementation for this top-five US supermarket retailer. Additionally, we received contract extensions totaling \$11.1 million from our largest existing Sterilox Food Safety customers, including a top-five US supermarket. Late in the year, PuriCore launched its next-generation Sterilox Food Safety System Model 2200.

Overall, PuriCore placed more than 820 new Sterilox Systems in 2008. The total installed base of Sterilox Food Safety Systems was approximately 2,400 Systems at year end, representing about 10% of our target US supermarket sites. Further, we have identified additional sales opportunities for a second System within our active customer base, accounting for nearly 18% of the 44,000 total potential installations in our target market. In 2009, we will expand our efforts to gain more traction with regional supermarket chains, and we plan to enter the Canadian market in the second half of the year, adding another 5,000 stores to our target market.

Our Food Safety business will remain focused on the Retail sector as the Foodservice and Hospitality markets will continue to be impacted by the economic challenges facing US hotel and restaurant operators. We will, however, continue to support our established Foodservice distribution partners in several targeted US regions.

***Core Business: UK Endoscopy***

PuriCore's Sterilox Endoscopy business in the UK grew 46% in 2008 on a constant currency basis whilst greatly reducing operating expenses throughout the year. This growth was at its fastest pace ever despite an increasingly challenging economic environment. This performance resulted from higher unit placements as well as from a 25% increase in recurring revenue streams from lease contracts, service agreements, and related consumable products.

Margins in the Endoscopy business were lower than expected due to a higher percentage of distributed products but were in part offset by the lower expense base consciously reduced from late 2007 and throughout 2008.

We estimate that we now have 25% of the UK market for NHS hospital endoscope disinfection units and that 45% of these NHS units utilize at least one of our products.

***New Market: Wound Care***

By mimicking the human body's own immune response to infectious pathogens, the Directors believe that PuriCore's technology has significant commercial potential in therapeutic healthcare applications, including the treatment of chronic and acute wounds. We continued to explore and invest in these therapeutic applications for our core technology with encouraging results in 2008. Following overwhelmingly positive feedback from clinicians in our Wound Care pilot sites, we transitioned from an exclusively clinical development programme to early commercialisation of the Vashe Wound Therapy platform, achieving some initial sales late in the year. At year end, we have treated more than 4,000 patients across 20 clinical sites in the US and initiated targeted marketing programmes.

PuriCore also markets its antimicrobial solutions to Dental practices targeting biofilm remediation and clinically oriented applications for root canal procedures and oral rinses. Revenues from this application remain consistent with prior year and with internal expectations.

**2008 Financial Report**

***Income Statement***

PuriCore achieved excellent sales growth in 2008 with revenues of \$33.7 million, an increase of 80.9% over 2007 (88.5% growth on a constant currency basis). Recurring revenues, which are generated from rental agreements, service contracts, and the sale of consumables, were \$16.8 million and accounted for 50.0% of total revenue for 2008 (2007: \$14.6 million, 78.6% of total revenue). Whilst the proportion of recurring revenue to total revenue decreased largely as a result of the \$11 million capital Food Retail contract awarded in early 2008, the absolute increase in recurring revenue of approximately 21.1% is continuing validation of the Company's focus to grow recurring revenue.

Gross profit margin in 2008 improved 6.5 points over 2007 to 22.3%. We anticipate that sustained margin growth will continue to be achieved through increased volumes yielding a more effective leverage of the field service organisations and both core businesses selling a more profitable mix of product. In the second half of 2008, the Company began to recognise revenue from the first of two lease extensions announced in July. Totalling approximately \$11.1 million, these contracts provide PuriCore with improved gross profit margins as the Company realizes value from continued utilization of these assets.

### ***Operating Expense Controls***

Even as PuriCore achieved an 80.9% increase in sales in 2008, the Company was able to reduce operating costs significantly compared with prior year. The result was 2008 operating expenses (comprising sales & marketing, research & development, and general & administrative expenses) totaling \$23.4 million, 5% below prior year (2007: \$24.6 million). Excluding depreciation, amortisation, and share option compensation charges, operating expenses totaled \$21.1 million, a 10% reduction (2007: \$23.4 million). Most notably, general & administrative expenses in 2008 totaled \$11.9 million compared with \$14.1 million in 2007, a decrease of 16.1% resulting from the Company's growing experience as a public company and prudent cost control.

Sales & marketing expenses in 2008 totaled \$7.6 million (2007: \$8.0 million), a decrease of 4.8%.

Research & development costs in 2008 increased by 62% to \$3.9 million (2007: \$2.4 million), primarily as amortisation of development costs. Cash expenditures have been reduced, appropriately reflecting the Company being predominantly in a commercialisation phase and focusing its investments in core areas. The Company will continue to balance its investment in engineering, clinical development, chemistry, and microbiology with a focus on projects with near-term revenue and profitability.

### ***Balance Sheet and Cashflow***

As at 31 December 2008, PuriCore had cash equivalents (including restricted cash) of \$20.7 million (compared with \$18.9 million as at 31 December 2007). The completed Placing and Open Offer in late summer raised £8.4 million (£7.3 million net of expenses). Additionally, the Company raised \$9.7 million to increase its working capital through the monetisation of cash flows from certain Food Retail lease contracts.

The Company also reduced inventory by \$2.1 million to \$3.6 million in 2008 (from \$5.7 million at 31 December 2007), resulting from improved supply chain processes and a higher visibility of the sales pipeline that enabled more accurate inventory forecasting.

The result of this focus on improving our net loss and our continued diligent management of the critical balance sheet items was a reduction in cash outflow from operations to \$6.6 million (2007: \$14.1 million).

### ***Outlook: Reducing Operating Expenses and Increasing Shareholder Value***

With a strong current order book and anticipated order flow in both our core markets, we foresee solid top-line organic growth and profitability in our two core businesses in 2009. Operationally, we anticipate improving gross margins and continuing diligent cost controls to reduce further our cash burn rate.

Based on actions taken in both the US and UK, we plan continued operating cost reductions in 2009, leveraging expenses in the business units as well as reducing general and administrative expenses. Already, we have lowered general and administrative expenses by reducing the size of the Board of Directors by three members. These actions also specifically include compensation expenses: the Non-Executive Directors have implemented a 10% fee reduction for themselves for 2009, and employee salaries have been held firm for 2009.

Our entire organisation is committed to delivering value to our shareholders, and we have made it a clear objective to all team members. As such, we recently announced the award of performance-based share options. Vesting of these options is contingent upon two performance conditions to be achieved by 31 December 2011: half of the options will vest if the Company achieves a closing share price of 20p sustained for 90 trading days, and the remaining half will vest upon achieving earnings per share (EPS) of \$0.05 in any given fiscal year.

The Directors firmly believe that the purpose of share options is both to provide an incentive toward exceptional performance and to align individual interests with shareholders. We grant options to both employees as well as Non-Executive Directors, as the Board disagrees with the Combined Code's recommendation against granting stock options to Non-Executive Directors.

**2009 Key Strategies:**

- Achieve cash-flow profitability and extend leadership in core businesses: US Food Safety and UK Endoscopy
- Focus on revenue growth, gross margin improvement, and further reduction of operational costs
- Establish solid traction and a revenue base in our Wound Care segment

**Summary**

We know that the world economy will continue to face serious challenges in 2009. However, we assure shareholders that throughout our organisation, we will continue to strive for excellence in the execution of our business processes to create a profitable, world-class company. We look forward to executing on our 2009 strategies and delivering excellent returns for our shareholders.

Christopher P.J. Wightman

Chairman

**28 April 2009**

Gregory T. Bosch

Chief Executive Officer

**Consolidated Income Statement**  
For the Year Ended 31 December 2008

	2008 \$	2007 \$
<b>CONTINUING OPERATIONS</b>		
<b>Revenue</b>	33717650	18642124
Cost of sales	(26207658)	(15703628)
<b>Gross Profit</b>	7509992	2938496
Sales and marketing expenses	(7614128)	(7997289)
General and administrative expenses	(11871858)	(14148836)
Research and development expenses	(3907489)	(2405930)
<b>Loss before Interest and Tax</b>	(15883483)	(21613559)
Finance costs	(635235)	(1190501)
Finance income	420963	1372962
Net finance income	(214272)	182461
<b>Loss before Taxation</b>	(16097755)	(21431098)
Taxation	305539	116434
<b>Loss for the Year</b>	(15792216)	(21314664)
<b>Attributable to:</b>		
<b>Equity Holders of the Parent</b>	(15892535)	(21314664)
Loss per share	<b>\$/share</b>	<b>\$/share</b>
Continuing operations		
Basic and diluted	(0.09)	(0.14)

## Consolidated Statement of Recognised Income and Expense

For the Year Ended 31 December 2008

	2008	2007
	\$	\$
Exchange differences on translation of foreign operations	(3929297)	86124
<b>Net Income Recognised in Equity</b>	(3929297)	86124
Loss for the financial year	(15792216)	(21314664)
<b>Total Recognised Income and Expense</b>	(19721513)	(21228540)
<b>Total Recognised Income and Expense Is Attributable to:</b>		
Equity holders of the parent	(19721513)	(21228540)

**Consolidated Balance Sheet**

At 31 December 2008

	2008	2007
	\$	\$
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Intangible assets	5587558	6042265
Property, plant, and equipment	4421771	8002124
Restricted cash	980607	-
Trade and other receivables	203535	487039
<b>Total Non-Current Assets</b>	<b>11193471</b>	<b>14531428</b>
<b>Current Assets</b>		
Inventories	3627095	5683726
Trade and other receivables	4310887	4689389
Restricted cash	1085489	3033000
Cash and cash equivalents	18584364	15861207
<b>Total Current Assets</b>	<b>27607835</b>	<b>29267322</b>
<b>Total Assets</b>	<b>38801306</b>	<b>43798750</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	(6486069)	(7326745)
Loans and borrowings	(5024778)	(7991371)
Provisions	(93872)	(93870)
<b>Total Current Liabilities</b>	<b>(11604719)</b>	<b>(15411986)</b>
<b>Non-Current Liabilities</b>		
Loans and borrowings	(5012706)	(1549064)
<b>Total Non-Current Liabilities</b>	<b>(5012706)</b>	<b>(1549064)</b>
<b>Total Liabilities</b>	<b>(16617425)</b>	<b>(16961050)</b>
<b>Net Assets</b>	<b>22183881</b>	<b>26837700</b>

**Consolidated Balance Sheet Continued**

At 31 December 2008

	2008	2007
	\$	\$
<b><i>EQUITY</i></b>		
Share capital	3933521	2777795
Share premium	158255171	145455962
Other reserves	7317163	6204404
Retained earnings	(144597151)	(128804935)
Cumulative translation adjustment	(2724824)	1204474
<b>Issued Capital and Reserves Attributable to Equity Holders of the Parent</b>		
	22183881	26837700
<b>Total Equity</b>	<b>22183881</b>	<b>26837700</b>

**Consolidated Cash Flow Statement**  
For the Year Ended 31 December 2008

	2008	2007
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Loss for the year	(15792216)	(21,314, 664)
<i>Adjustments for:</i>		
Taxation	(305539)	(116434)
Finance costs	635235	1190501
Finance income	(420963)	(1372962)
Depreciation, amortisation, and impairment	5611893	4937879
Share based payment expense	1112759	817103
Loss on disposal of property, plant, and equipment	143581	270211
<b>Operating Loss before Movement in Working Capital</b>	(9015250)	(15588366)
Decrease/(increase) in inventories	2056631	(2011345)
Decrease in trade and other receivables	497752	1015595
Decrease/(increase) in trade and other payables	(840678)	1031617
Increase in provisions	2	1881
<b>Cash Absorbed by Operations</b>	(7301543)	(15550618)
Interest received	420963	1372962
Income tax credit received	305539	116434
<b>Net Cash Flow from Operating Activities</b>	(6575041)	(14061222)
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1444715)	(3294420)
Cash paid for internally generated intangibles	(779936)	(1787122)
<b>Net Cash Flow from Investing Activities</b>	(2224651)	(5081542)
<b>Cash Flows from Financing Activities</b>		
Issue of shares, options, and warrants	13954935	544036
Proceeds from new bank loans	9737997	4500000
Repayment of borrowings	(9013862)	(9519069)
Interest paid on borrowings	(470981)	(885748)
Repayments of obligations under finance leases	(50467)	(64246)
Decrease in overdraft	(176617)	(72451)
<b>Net Cash Flow from Financing Activities</b>	13981005	(5497478)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	5181313	(24640242)
Cash and cash equivalents at beginning of year	18894207	42966515
Effect of foreign exchange rate changes on cash held	(3425060)	567934
Cash and cash equivalents	18584364	15861207
Restricted cash	2066096	3033000
<b>Total Cash Held at End of Year</b>	20650460	18894207

## **Basis of Preparation**

PuriCore plc (the “Company”) is incorporated in the UK. PuriCore, Inc., is incorporated under the laws of Delaware in the USA.

The Group financial statements are authorised for issue by the Board of Directors on 28 April 2009. 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 (Adopted IFRSs). The financial statements have been prepared on the basis of the recognition and measurement requirements of Adopted IFRSs that are endorsed by the EU and effective at 31 December 2008.

The Company has chosen to present its own results under Adopted IFRSs and by publishing the Company financial statements here with the Group financial statements the Company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes.

The accounting policies set out below have, unless otherwise stated, been applied consistently throughout the year.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 32.

The financial statements are presented in US dollars (USD), rounded to the nearest dollar. The USD has been chosen as the presentational currency as the Group headquarters are located in the US and a significant portion of the Group’s revenue and expenses are denominated in USD.

## **Going Concern**

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate for the reasons set out below.

The Group meets its day-to-day working capital requirements through cash reserves and external funding facilities. At 31 December 2008 cash held was \$20.7 million (including \$2.1 million restricted cash) and a draw down of \$8.9 million had been made against an available line of credit. At 31 March 2009 cash held was \$15.7 million.

Given the research and development and sales and marketing phase of the Group’s life cycle and the continual work to develop further applications of PuriCore’s Systems, the Group has incurred trading losses of \$15.9 million in the current year (2007: losses of \$21.6 million). In addition given the nature of the Group’s operations, future income is dependent on securing additional contracts within the markets in which it currently operates and on developing new applications for PuriCore Systems and penetrating those related markets.

The Board has prepared projected cash flow information for the two years ending 31 December 2010. Given the nature of the business and operating losses incurred to date, management have sensitised these forecasts for a number of stress case scenarios, including a downturn in forecast trading and similar cost structure.

Based on the information above and the projected cash flow information, including the stress case forecasts, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

## Segmental Analysis

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. Under 'other,' we have identified certain business development activities, including Dental and Wound Care, not yet generating significant revenues.

### Primary Reporting Format – Business Segments

For the year ended 31 December 2008	Endoscopy \$	Food Safety \$	Other \$	Corporate & unallocated \$	Total as reported for the Group \$
<b>Revenue</b>	13842186	19413678	461786	-	33717650
<b>Loss Before Interest, Tax, Depreciation, and Amortisation</b>	(1193933)	(522623)	(1004799)	(7550235)	(10271590)
Depreciation and amortisation	(895104)	(3102476)	-	(1614313)	(5611893)
<b>Loss Before Interest and Tax<sup>1</sup></b>	(2089037)	(3625099)	(1004799)	(9164548)	(15883483)
<b>Segment Assets</b>					
Non-current assets	8021422	102014	-	3070035	11193471
Current assets	3303056	4544960	344801	19415019	27607835
<b>Total assets</b>	11324478	4646974	344801	22485053	38801306
<b>Segment Liabilities</b>					
Current liabilities	(4530368)	(5193691)	-	(1880660)	(11604719)
Non-current liabilities	-	(4904851)	-	(107855)	(5012706)
<b>Total liabilities</b>	(4530368)	(10098542)	-	(1988515)	(16617425)
<b>Other Segment Items</b>					
Capital expenditure: property, plant, and equipment	1049775	90281	-	304659	1444715
Capital expenditure: intangible assets	509668	24673	245594	-	779936

All business segments shown above are continuing.

For the year ended 31 December 2007	Endoscopy \$	Food Safety \$	Other \$	Corporate & unallocated \$	Total as reported for the Group \$
<b>Revenue</b>	10263513	7861836	516775	-	18642124
<b>Loss Before Interest, Tax, Depreciation, and Amortisation</b>	(7054985)	(2802303)	230813	(7049205)	(16675680)
Depreciation and amortisation	(280257)	(2922330)	-	(1735292)	(4937879)
<b>Loss Before Interest and Tax <sup>1</sup></b>	(7335242)	(5724633)	230813	(8784497)	(21613559)
<b>Segment Assets</b>					
Non-current assets	1748996	415396	-	12367036	14531428
Current assets	5435474	8358745	226191	15246912	29267322
<b>Total assets</b>	7184470	8774141	226191	27613948	43798750
<b>Segment Liabilities</b>					
Current liabilities	(4530368)	(3289460)	-	(7592158)	(15411986)
Non-current liabilities	-	(1471006)	-	(78058)	(1549064)
<b>Total liabilities</b>	(4530368)	(4760466)	-	(7670216)	(16961050)
<b>Other Segment Items</b>					
Capital expenditure: property, plant, and equipment	330785	1153968	-	1809667	3294420
Capital expenditure: intangible assets	400531	632482	-	754109	1787122

All business segments shown above are continuing.

1 Loss Before Interest and Tax represents the segment result for purposes of IAS 14. 31 December 2008 and 31 December 2007 loss includes a charge from "Corporate and unallocated" to Food Safety in the amount of \$3.6 million and \$3.3 million, respectively, for General and Administrative services.

Intra-Group sales, which are priced on an 'arm's-length' basis, between both segments and regions are not significant. The analysis of Earnings Before Interest and Taxes 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. 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

	<b>Sales</b>		<b>Segment assets</b>		<b>Capital expenditure</b>	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
<b>Continuing Operations</b>						
United Kingdom	13842186	10263513	11324478	7427549	1248092	1293430
United States	19875464	8378611	27476828	36371201	976559	3788112
	33717650	18642124	38801306	43798750	2224651	5081542

The above analysis is based on the location of the customers.

## **Products and Services Provided**

PuriCore's 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 quickly breaks down into salty water, the Systems produce the Solutions on-site for immediate use.

Each 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 Solution produced is near neutral pH (between 5 and 7) to maximise the levels that are generally recognised to be substantially more biocidal yet safe. The Sterilox Systems can be remotely monitored and incorporate a series of internal controls to ensure that only effective solution is available for use.

PuriCore's products are currently used in the following areas:

**UK Endoscopy**—Endoscopes, which are commonly used in many medical procedures such as colonoscopies and bronchoscopies, must be reprocessed between patient clinical procedures. Strict regulations govern specific cleaning and disinfection 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. Sterilox Solution is a safe and effective method to disinfect these scopes.

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

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

**US Wound Care**—Vashe Wound Therapy is an FDA-cleared medical device for use in debriding, lubricating, and moistening chronic and acute wounds. It is a safe and effective alternative to common wound irrigants that inhibit wound healing.

## Loss Per Share

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

	<i>Group</i> 2008 \$	2007 \$
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share	(15792216)	(21314664)

	<i>Group</i> 2008 Number	2007 Number
<b>Number of Shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	178550685	151901613

	<i>Group</i> 2008 \$/share	2007 \$/share
<b>Loss per Share</b>		
From continuing operations:		
Basic and diluted	(0.09)	(0.14)

The calculation for diluted loss per share is identical to that used for basic loss per share. This is because the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33 'Earnings per share.'

## Operating Lease Rentals

	<b>Group</b> <b>2008</b> \$	<b>2007</b> \$
Minimum lease payments under operating leases recognised as income in the year	9398057	8212653

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

	<b>Group</b> <b>2008</b> \$	<b>2007</b> \$
Within one year	6725149	7471969
In the second to fifth years inclusive	8524148	3557356
After five years	92346	-
	15341643	11029325

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

## Post Balance Sheet Events

The Group granted options over Ordinary Shares in the Company to the Directors and PDMRs under the terms of the PuriCore plc 2006 Executive Omnibus Incentive Plan. The grant was announced 9 February 2009. The options over Ordinary Shares in the Company issued to Directors, PDMRs, and employees will vest upon the achievement of two performance conditions that must be met by 31 December 2011: 50% of the options will vest upon achieving a closing stock price of 20 pence sustained for 90 trading days, and the remaining 50% of the options will vest upon achieving earnings per share of \$0.05 in any fiscal year.