



Epicore BioNetworks Inc.

NEWS RELEASE

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FOR IMMEDIATE RELEASE

## Epicore BioNetworks Inc. Reports Results for 2010 Quarter One for the period ended 30 September 2009

Despite challenging market and economic conditions, Epicore managed to maintain strong sales revenue but did not equal the Company's record quarter one of last year. Sales at \$0.7 million were the second strongest quarter one in Company history. Last year Epicore distributors bought strongly expecting a good 2009 shrimp season; few expected the worst recession in many years. This year in quarter one Epicore customers were cautiously optimistic but did not maintain inventories at the same high levels as 2008. Epicore sales revenues were 14% lower than prior year. Some highlights were:

- Revenue for the quarter (at \$0.7 million) 14% lower than Q1 last year.
- Gross profit lower than last year's Q1 by 18%.
- Higher year-on-year quarterly operating expenses by 28%.
- Net income 89% lower than Q1 last year.
- Basic and diluted earnings per share decreased by \$0.01.
- Shareholders' equity increased 11% over the prior year's comparative quarter.
- Cash inflow of \$0.06 million significantly higher than last year's Q1 cash outflow of \$0.09 million.

The most severe economic downturn since the Great Depression continues to adversely affect Epicore's business. Aquaculture remains the Company's strongest market sector, producing 97% of total sales. While most Epicore customers adjusted to the economic conditions and reduced inventory levels throughout the year, a few key ones entered quarter one with higher than expected stock of unsold products. Several strong buyers in 2008 have been slow to gear up for 2010. The world shrimp market maintains a cautious approach to 2010. However, USA shrimp imports have been increasing since March.

The Epicore sales team adjusted to changing market conditions and redoubled efforts to add new customers and to explore new applications. One result was a much broader pond sales program in South America and Asia. Our lower cost liquid hatchery feeds marketed under the name EPILITE also sold well to customers under cost pressure.

Gross profit decreased due to the sales revenue decrease and to product mix. Operating expenses increased 28% over prior year. Research and development expenses were \$0.06 million, an increase of over 350% versus prior year. In fiscal 2009, the Company made a major commitment to R&D. With these added resources to the Epicore technical team, the Company should be able to significantly expand its new product development program and improve its manufacturing quality and reliability. Lower gross profit and higher expenses decreased net income by 89%. The Company generated net income of \$0.02 million versus \$0.18 million in prior year quarter one, as summarized below:

	(US\$)	<u>2010</u>	<u>2009</u>
Sales		697,000	808,000
Gross Profit		432,000	524,000
Expenses		399,000	313,000
Other Income (Expense)		(9,000)	(9,000)
Income Taxes		4,000	25,000
Net Income		20,000	177,000

Cash at the end of September was \$0.9 million, a 27% increase compared to prior year and a 7% increase compared to fiscal 2009 quarter four. Lower working capital balances, mainly from decreases in inventory, contributed to the positive cash flow.

With these funds, expected sales revenue and continued control of operating costs, management expects there will be sufficient cash to meet the fiscal year's financial requirements.

The financial statements of the Company have been prepared in accordance with Canadian GAAP. Epicore BioNetworks Inc. is a public corporation with a registered office in Calgary, Alberta, Canada and with shares listed on the TSX Venture Exchange (symbol EBN). [Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.]

### **About Epicore**

Epicore BioNetworks Inc. (TSXV: EBN) is a leading developer, manufacturer and marketer of innovative, environmentally responsible biotechnology products based on the use of natural microbes and enzymes. Epicore's product lines are applicable in aquaculture, agriculture, bioremediation and wastewater treatment, municipal services and cleaning. The cost effectiveness, premium quality and customer service offered by Epicore have attracted a growing and devoted customer base of end customers and distributors in twenty-nine countries worldwide. With a registered office in Calgary, Alberta, Canada, Epicore has its U.S. headquarters in Eastampton, New Jersey and a Latin America office in Ecuador. Visit [www.epicorebionetworks.com](http://www.epicorebionetworks.com) or phone 1-609-267-9118 for more information.

### **Forward Looking Statements**

*This press release contains forward-looking statements that involve significant risks and uncertainties, such as the one about having sufficient cash to meet the fiscal year's financial requirements. This statement is based on the assumption that the Company's sales will continue as expected. The actual results, performance or achievements of the Company might differ materially from the results, performance or achievements of the Company expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, those regarding the development plans of the Company and the expected timing and results of such development. We can provide no assurance that such development will proceed as currently anticipated or that the expected timing or results of such development will be realized. We are subject to various risks, including the uncertainties of product development, markets for our products and regulatory review, our need for additional capital to fund our operations, our reliance on collaborative partners, our history of losses, and other risks inherent in the biotechnology industry.*

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