



Epicore BioNetworks Inc.

NEWS RELEASE

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FOR IMMEDIATE RELEASE

## Epicore BioNetworks Inc. Reports Record Results for 2010 Quarter Three for the period ended 31 March 2010

Considering the state of the world economy a year ago, it is not surprising that the Company did better in Q3 of fiscal 2010 than in prior year Q3. However, our 69% increase exceeded all expectations and set a record Q3 with our first quarterly sales above \$1.0 million. Q3 sales revenue was achieved on top of a record Q2, reflecting the sustained efforts of our excellent sales and marketing team and underscoring the value that Epicore's product quality offers to customers. Q3 revenue was \$1.1 million, an 11% increase over Q2 and 69% over Q3 last year. Quarterly gross profit grew 63% over prior year because of the sales increase. Operating expenses increased M\$70 or 18% over prior year Q3 due to spending on improved science resources and from increased marketing and sales travel costs to develop new sales. Despite the extra spending, Q3 net income increased M\$175 over prior year to M\$180 which was \$0.01 per share. Some highlights were:

- Revenue for the quarter at M\$1,103 is 69% higher than Q3 last year.
- Gross profit (at M\$667) 63% higher than Q3 last year.
- Quarterly operating expenses (at M\$459) 18% higher than Q3 last year.
- Net income (at M\$180) significantly higher than Q3 last year.
- Basic and diluted earnings per share (at \$0.01) for the quarter increased slightly over last year.
- Shareholders' equity (at M\$2,723) increased 19% over the prior year Q3.
- Cash inflow of M\$63, which is 39% less than last year's Q3 cash inflow.

Aquaculture remains the Company's strongest market sector, producing 99% of Q3 sales. The 2009 shrimp season was very weak in most world shrimp growing areas. The extra stock some customers carried over to the start of the 2010 season hurt Q2 sales. With rare exceptions this carryover was consumed by Q3. Shrimp demand increased with a recovering world economy and Epicore customers returned to normal buying patterns. The Epicore sales and marketing team worked hard last year to develop new customers and additional applications for existing products and to introduce the new products being developed by the R&D team. Sales from these efforts contributed to the Q3 recovery. The Q3 sales surge was broad based with contributions from Latin America and Asia and from well established customers and new ones.

The significant increase in sales revenue for the quarter over prior year resulted in an increase in gross profit of 63%. Gross margin was slightly lower in Q3 (60% vs. 63%) than in the prior year as a result of sales mix. Operating expenses at M\$459 increased by M\$70 or 18% in Q3 this fiscal year as compared to prior year Q3. Research and development expenses were M\$68, an increase of 175% over prior year, reflecting the Company's major commitment to R&D. With these added resources, the Company should be able to significantly expand its new product development program and improve its manufacturing quality and reliability. Expenses included a significant write off of stale dry feeds that did not move during the slower than expected 2009 season. Sales and marketing expenses increased as a result of the higher sales and increased travel and personnel to seek new customers. Additional spending was done for employee training and education to prepare for the IFRS conversion.

The Company's net income of M\$180 this quarter is M\$175 higher than last year's Q3 and reflects higher revenue (69%) and higher gross profit (63%) partially offset by higher operating expenses (18%), mainly from increased R&D spending. For the year to date net income of M\$344 is M\$42 (14%) higher than last year. Earnings per basic and diluted common share (EPS) remained relatively unchanged for both the quarter and year to date at \$0.01. Q3 financial results are summarized below:

	(US\$)	<u>2010</u>	<u>2009</u>
Sales		1,103,000	654,000
Gross Profit		667,000	409,000
Expenses		459,000	389,000
Other Income (Expense)		(9,000)	(9,000)
Income Taxes		19,000	5,000
Net Income		180,000	6,000

Epicore's cash balance at the end of the quarter was \$1.0 million, an increase over last year's Q3 balance of M\$668. Despite working capital increases as a result of higher sales revenues that consumed M\$113 of cash in Q3, cash flow was a positive M\$63 versus a positive M\$102 last year. Year-to-date cash flow was a positive M\$201.

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 over two dozen countries worldwide. With a registered office in Calgary, Alberta, Canada, Epicore has its U.S. headquarters in Eastampton, New Jersey and a Latin American office in Ecuador. Phone 1-609-3267-9118 or visit [www.epicorebionetworks.com](http://www.epicorebionetworks.com) for more information.

### **Forward Looking Statements**

*This press release contains forward-looking statements that involve significant risks and uncertainties. Readers should not put undue reliance on forward-looking statements. The statement about having sufficient cash to meet the fiscal year's financial requirements is based on the assumption that the Company's sales will continue as expected. The statement that the Company should be able to expand its new product development program and improve its manufacturing quality and reliability is based on an assumption of technical success. Such forward-looking statements include, without limitation, those regarding the development plans of the Company and the expected timing and results of such development. 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. 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, risk that we will not have the ability to retain key scientific and managerial personnel, 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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