

PURSUIT DYNAMICS PLC

TRADING UPDATE

Pursuit Dynamics plc ("Pursuit" or "the Company") today issues a trading update.

The period since the 2004 year end has been both exciting and rewarding. The Company achieved a number of important milestones, including the launch of its first products, the PDX Sonic range, to the food industry in London, the creation of a European and North American distribution network, the first commercial contracts for its PDX FireMist and PDX Basilisk atomisation technologies, successful brewing trials with an industry leader and successful trials of the PDX technology in oil sands recovery and paper manufacturing.

The PDX Sonic range of products has developed excellent sales traction in the past few months: licensees of the systems now include some of the world's largest food manufacturing and beverage companies including Premier Foods, Coca-Cola Enterprises, Campbells and Geest Foods. Post the year-end Pursuit has signed its first European licence with Versteegen Spices and Sauces BV in Belgium and received its first repeat order in the UK. During the period under review over 60 food companies have witnessed demonstrations of the Sonic system at Pursuit's headquarters in Royston and there are now seven Sonic demonstration systems globally, largely funded by the distribution network, and these are in constant demand. Distributor training and support programmes have been established and sales enquiries are now being received on a regular basis. The Company licensed its first US system in August, ahead of the formal launch to the North American market last week in Chicago. The Company looks forward to being able to report on the results of this shortly. Pursuit is moving towards a sustainable, growing business based on its food and beverage processing applications alone.

In fire suppression, where the Company's technology offers a step change in performance compared to products on the market today, Pursuit has further developed the PDX(R) FireMist system and has begun the process of commercialisation. Further live fire trials in the UK over the past few months have confirmed the initial view that the performance of FireMist offers substantial benefits in the field of fire suppression. In March 2005, the US Department of Defense's Naval Research Laboratory in Washington invited Pursuit to trial the FireMist system aboard ex-USS Shadwell in Mobile Bay, Alabama. However, the widespread disruption caused by Hurricane Katrina has caused the trials to be deferred until early 2006.

In July 2005, Pursuit announced the signing of a one year contract with DARPA, a US government defence research agency, to evaluate its PDX(R) Basilisk decontamination system. The system has a number of applications for disinfection, human and animal healthcare and the defence industry, principally in chemical and biological defence applications. In addition, the Company has been trialling Basilisk with DuPont in a civilian capacity, using two of its proprietary chemicals. The system could be applied in the field of disinfection to protect against the spread of animal and human disease threats such as foot and mouth disease and avian flu.

PDX technology in the brewing industry is progressing well. Trials with a global major brewing company have been ongoing since May 2005. The Company expects to start the commercialisation phase of this aspect of its platform technology in

2006. PDX systems have demonstrated significant potential cost savings during these trials.

A feasibility study during 2005 by Purvin and Gertz Inc, a leading firm of oil industry consultants, identified a number of potential applications for the PDX technology in oil production and refining. In order to pursue potential applications for the technology, the Company formed a subsidiary, Pursuit Resources Limited. The selected partners have a successful track record in the oil industry and Pursuit retains ownership of 80% of the subsidiary. The technology is licensed to the subsidiary for a two-year period during which time the partners are obliged to fund the initial development of Pursuit Resources' business. During the period, Pursuit Resources Ltd used the PDX technology to undertake bitumen separation trials on Canadian oil sands. Separation levels in excess of 90% were achieved, without the use of chemicals. Pursuit is currently engaged in efforts to commercialise this aspect of the technology. In September, Pursuit Resources completed a successful two-week trial sequence with a major oil waste processor in Alberta, Canada, which demonstrated significant potential cost savings over existing technologies.

Revenue and contractual orders to date, including two PDX FireMist trials, total approximately £350,000. Of the total of ten licences and FireMist contracts achieved to date, revenue for only five Sonic licenses was recognised by 30 September. The success of our sales and marketing effort has meant that only the very first units have been priced at a discount to the normal £60,000 unit price.

Turnover in the year to 30 September 2005 is expected to be approximately £90,000 and losses after taxation, reflecting the increased level of activity surrounding the commercial launch of the first products, are expected to have increased to approximately £2.7 million, after charging depreciation and amortisation of approximately £632,000.

Commenting on the outlook, John Heathcote, Chief Executive, said, "We are at a very exciting stage of our development. We have made huge strides over the past year in maturing a number of developmental applications for the PDX technology and we have launched our first commercial products. We're on track to build a viable business based on the PDX applications in the food and beverage industries alone, whilst accelerating the commercialisation of a number of other industry areas. We are confident that our business plan is robust and that the current exploitation of the platform PDX technology will produce significant value for shareholders in the near future."

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For further information on Pursuit Dynamics, please visit [www.pursuitdynamics.com](http://www.pursuitdynamics.com) or contact:

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#### ABOUT PURSUIT DYNAMICS

Pursuit Dynamics plc owns, and is developing, a patent protected platform technology that has the potential to revolutionise manufacturing techniques across numerous industries. Pursuit Dynamics operates as a research and development and licensing company and has already proved the application of its system in the food industry. Other industry applications under development include applications for waste treatment, brewing, fire suppression, decontamination, oil, and pulp and paper. The core technology is based on a

gas-driven supersonic shockwave producing controllable mixing, heating and flow rates. The device, contained in one compact unit, has no moving parts.

The PDX(R) Sonic fluid processing product, which is a highly efficient reactor system for use in the manufacture of prepared foods and beverages, was launched in January 2005 and has been licensed to a number of leading industry players including Campbell Grocery Products Ltd, Premier Foods, Geest Foods Ltd, Verstegen Spices and Sauces B.V. and Greene King plc.

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Pursuit Dynamics is headquartered in Hertfordshire UK and has a US office in Darien, Connecticut. It is quoted on the AIM market of the London Stock Exchange (ticker: PDX) and at the recent share price has a capitalisation of some £100 million.

This information is provided by RNS  
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