

applied **DNA** sciences  
the ultimate reality check



---

## **Applied DNA Sciences Announces Increased Revenues for Third Quarter 2008 Company Provides Business Update**

**STONY BROOK, N.Y., August 15, 2008/Business Wire/** -- Applied DNA Sciences, Inc. (OTC Bulletin Board: APDN) a provider of DNA-based security solutions reported its revenues for the third fiscal quarter of 2008 ending June 30, 2008.

### **Third Quarter Results**

Revenues increased to \$252,691, from \$0 in the same quarter last year. Growth was 21.6% over our second quarter revenues of \$207,737 ending March 31, 2008. Our three synergistic business platforms, SigNature™ DNA, BioMaterial Genotyping™ and BioActive Ingredients™ all contributed to the company's fourth consecutive quarter of continued revenue growth.

"I believe that our third quarter results demonstrate the benefit of our diversified business model," stated Kurt Jensen, APDN Chief Financial Officer. "We remain focused on executing against our business plan and controlling our costs and will continue to do so."

### **Nine Month Results**

Revenue increased to \$583,595 in the first nine months of fiscal 2008 compared to \$0 in the same period last year. "We remain committed to tight fiscal governance as our revenues continue to grow," commented Dr. James Hayward, President and CEO. "We are controlling our costs, while turning around orders in shortened delivery times. We expect to build our business base and increase sales, without expanding operating costs – we want to cross the profitability barrier as quickly as possible."

### **Our Products are Accepted and Our Sales Efforts are Effective – Repeat Orders and New Customers**

Customers are recognizing our quality and service with repeat orders. Supima, the promotional arm of the American Pima cotton growers, has commissioned a new study. Consumer brands have placed third and fourth orders for our BioActive Ingredients™. Our UK security customers are utilizing more SigNature™ DNA markers each month.

New customers have requested samples of our ingredients, and pilot studies are underway for genotyping natural fabrics in Europe. "We intend to keep building on our strong customer relationships which are yielding repeat orders, as we aggressively pursue new account growth," Dr. Hayward continued.

## **Recent Company Highlights:**

- Revenues increased 21.6% from the prior quarter.
- Collaborative prototyping projects including DNA marked tickets completed with international event ticket-printing company.
- New product development projects initiated with luxury goods, wine, and fashion industries.
- Completed Phase I development of new proprietary reader which has demonstrated specificity to the level of a single photon.
- Supima Cotton Feasibility Study completed.
- Cotton FiberTyping™ authentication testing services initiated with select Supima® licensees.
- Additional re-orders of BioActive Ingredients™ to multinational personal care company.
- BioActive Ingredients™ test market launch initiated in select US stores for large, multinational company.
- BioActive ingredients™ sales and product development with new customers.

## **BUSINESS UPDATE**

### **SigNature™ DNA**

SigNature™ DNA has been prototyped and validated in a wide range of inks, threads, paper and other substrates. It has been shown to be very stable and it can be easily integrated with existing manufacturing processes. Unique DNA sequences have been successfully commercialized for the UK security industry resulting in multiple orders to date. APDN is collaborating with PrintColor AG (Switzerland) to develop custom security solutions based on the portfolio of SpectraCrypt security inks. SigNature™ DNA has been utilized in DNA protected labels for Rhodia's Jaguar line of ingredients. SigNature™ DNA has also been successfully added to cotton fiber, textiles and fabric and can be authenticated based on the proprietary, patent-pending methodologies developed from the Supima Cotton project. SigNature™ DNA markers have been validated in thermal transfer ribbons and in laser toner and printer cartridges.

### **BioMaterial GenoTyping™**

BioMaterial GenoTyping™ refers to the development of genetic assays to distinguish between varieties or strains of biomaterials that contain their own source DNA, such as cotton, wool, tobacco, fermented beverages, natural drugs, foods, etc. The seminal feasibility study that was completed for Supima provides a strong platform for continued business development. The two genetic tests (FiberTyping™ and PimaTyping™) provide the Pima Cotton industry with the first authentication tools that can be applied throughout the US and global cotton industry from cotton growers, mills, wholesalers, distributors, manufacturers and retailers through trade groups such as Supima as well as government agencies. A "soft launch" of the FiberTyping™ authentication services is underway with a select retail partner and their suppliers to market test its use for cotton fiber, yarn and fabric and we foresee future applications outside of the cotton market for these services.

### **BioActive Ingredients**

The BioActive Ingredients™ business is based on the biofermentation expertise developed from APDN's work with SigNature™ DNA and BioMaterial Genotyping™. Strengthening this background with chemical formulation, in 2007 APDN began manufacturing BioActive Ingredients™, primarily targeting global personal care. These products have become a steadily growing source of revenues over the past few quarters and we believe there is real potential to

expand beyond the current product line to custom manufacture additional products for existing and new customers. Continued growth in revenues is anticipated from this segment and the company is hopeful that the inroads made in the global personal care industry will open up opportunities to provide APDN's brand protection products and services to these customers as well. We plan to use our experience in molecular genetics to develop proof of our ingredient's efficacy using human skin grown in culture.

### **Our Reputation is Building – Customers Come Calling**

When contrasted against the highly focused and internally-directed sales plans for specific industry verticals, cold inquiries coming from new customers reveal an inflection in the response from the marketplace to our technology offering. New projects evaluated this quarter have included the:

- marking of automobile components and replacement parts,
- protection of a massive retail shoe brand,
- protection of luxury branded items like watches,
- authentication of high value spirits,
- protection of musical instrument brands,
- protection of pharmaceuticals and specialized packaging, and,
- establishment of bioprovenance for certified antique instruments.

While we are optimistic about the prospects for these new projects, we cannot guarantee their role, if any, in future revenues.

### **About APDN**

Applied DNA Sciences markets and sells DNA encrypted and embedded solutions that are forensically authenticated by machine readable devices. These solutions can be easily integrated with a range of inks, threads, varnishes, adhesives as well as thermal ribbon, inkjet and laser ink. Applied DNA Sciences' products can help protect the brands and intellectual property that can easily be eroded by counterfeiting, product diversion and fraud. APDN's common stock is listed on the Over-The-Counter Bulletin Board under the symbol "APDN".

The statements made by APDN may be forward-looking in nature and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements describe APDN's future plans, projections, strategies and expectations, and are based on assumptions and involve a number of risks and uncertainties, many of which are beyond the control of APDN. Actual results could differ materially from those projected due to our short operating history, limited financial resources, limited market acceptance, market competition and various other factors detailed from time to time in APDN's SEC reports and filings, including our Annual Report on Form 10-KSB, filed on January 15, 2008 and our subsequent quarterly reports on Form 10-QSB. APDN undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

SOURCE Applied DNA Sciences, Inc.

/INVESTOR CONTACT: Debbie Bailey, 631-444-8090, fax: 631-444-8848/

MEDIA CONTACT: Deanne Eagle, 212-554-5463

/FCMN Contact: [info@adnas.com](mailto:info@adnas.com) /

/Web site: <http://www.ADNAS.com> /