

## SPECTRAL ANNOUNCES FIRST QUARTER 2009 RESULTS

**TORONTO, Canada – May 14, 2009 – Spectral Diagnostics Inc. (TSX:SDI)** a company focused on bringing to market a diagnostic and a therapeutic targeting severe sepsis, today announced its financial results for the first quarter ended March 31, 2009.

"This quarter, we achieved an important milestone by securing the exclusive rights to develop and commercialize Toraymyxin™ for the US market after thorough due diligence into the product and its potential market opportunity," said Dr. Paul Walker, President and CEO of Spectral. "Toraymyxin™ has been used on more than 70,000 patients to date, primarily in Europe and Japan, for the treatment of severe sepsis and has demonstrated a significant reduction in the mortality of patients with severe sepsis compared to standard of care. We believe that, when used together with our proprietary Endotoxin Activity Assay (EAA™), Toraymyxin™ represents a significant medical advance in helping doctors manage a devastating disease. Our next steps will be to obtain an Investigational Device Exemption (IDE) from the US FDA and to initiate a registration trial for Toraymyxin™ in 2009."

### First quarter 2009 highlights:

- Data on the clinical utility of EAA™ and Toraymyxin™ was featured in a key scientific symposium entitled, "The Role of Endotoxin," that included presentations from six thought leaders in the field of sepsis, at the 29th International Symposium on Intensive Care and Emergency Medicine in Brussels, Belgium in March.
- New findings demonstrating the clinical utility of EAA™ were presented at the 13th Annual Critical Care for Endotoxemia Congress. The conference took place in Tokyo, Japan in February.
- A final license and supply agreement was signed with Toray Industries, Inc. for the exclusive development and commercial rights in the U.S. for Toraymyxin™ in March.
- A preliminary meeting was held with the US FDA.

### Financial Review

For the three months ended March 31, 2009, Spectral reported sales of \$842,000, compared to \$664,000 for the corresponding period in 2008. This represents a 27% increase. Sales in all product categories were higher due to improved EAA™ diagnostic sales and the consistency of royalty revenues and reagent sales related to the Company's proprietary Troponin I products.

Operating expenses for the three months ended March 31, 2009 were \$1,043,000, compared to \$976,000 for the corresponding period in 2009, due to the continued maintenance of a low cost operating structure. These expenses included \$100,000 of costs related to the development of the Toraymyxin™ clinical pathway.

For the three months ended March 31, 2009, the Company reported a loss of \$404,000, or (\$0.02) per share, compared to a loss of \$448,000 or (\$0.02) per share for the corresponding period in 2008.

Cash and short term investments as at March 31, 2009 totaled \$4,053,000, compared to \$4,297,000 as at December 31, 2008. Management expects that the Company will maintain a minimum cash and short term investment balance of \$3,000,000 for the rest of 2009.

### **About Spectral Diagnostics**

Spectral is a leader in the battle against sepsis. Spectral's lead product is its Endotoxin Activity Assay (EAA™), the only FDA cleared assay for the measurement of endotoxin. With the growing awareness for the role of endotoxemia in sepsis and the increasing number of therapies being developed to treat endotoxemia, Spectral is well-positioned to promote the adoption of the EAA™, which can be used to identify patients, enable therapeutics and monitor treatment. Spectral is listed on TSX under the symbol SDI.

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### **Forward-looking statement**

*Information in this news release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws. Implicit in this information, particularly in respect of the future outlook of Spectral and anticipated events or results, are assumptions based on beliefs of Spectral's senior management as well as information currently available to it. While these assumptions were considered reasonable by Spectral at the time of preparation, they may prove to be incorrect. Readers are cautioned that actual results are subject to a number of risks and uncertainties, including the availability of funds and resources to pursue R&D projects, the successful and timely completion of clinical studies, the ability of Spectral to take advantage of business opportunities in the biomedical industry, the granting of necessary approvals by regulatory authorities as well as general economic, market and business conditions, and could differ materially from what is currently expected.*

*The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this statement.*

Spectral Diagnostics Inc.

Balance Sheets - unaudited  
As at March 31, 2009 and December 31, 2008

(in thousands of dollars)

	2009	2008
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	16	297
Short-term investments	4,037	4,000
Accounts receivable	908	860
Inventories	204	203
Prepaid expenses	168	42
	5,333	5,402
Property, plant and equipment	449	493
Commercial instruments	133	132
Purchased technology and trademarks	941	1,058
	6,856	7,085
<b>Liabilities</b>		
Current liabilities		
Bank indebtedness	385	-
Accounts payable and accrued liabilities	332	540
Deferred revenue	279	322
Convertible notes payable	2,213	2,172
	3,209	3,034
<b>Shareholders' Equity</b>		
Common shares	2,524	2,524
Other equity	5,716	5,716
Deficit	(4,593)	(4,189)
	3,647	4,051
	6,856	7,085

Spectral Diagnostics Inc.

Statements of Operations, Comprehensive Loss and Deficit - unaudited  
For the three months ended March 31, 2009 and 2008

(in thousands of dollars, except share and per share data)

	2009	2008
	\$	\$
Sales	842	664
Cost of sales	184	200
Gross margin	658	464
Operating expenses		
Selling, general and administrative	891	792
Amortization	164	154
Foreign exchange gain	(32)	(5)
Stock-based compensation	-	21
Research and product development, net of tax credits	20	14
	1,043	976
Loss before the following	(385)	(512)
Interest expense on convertible notes payable	(41)	(41)
Other net interest income	22	105
Loss and comprehensive loss for the period	(404)	(448)
Deficit - Beginning of period	(4,189)	(2,687)
Deficit - End of period	(4,593)	(3,135)
Basic and diluted loss per common share	(0.02)	(0.02)
Weighted average number of common shares outstanding	24,118,424	24,118,424

Spectral Diagnostics Inc.

Statements of Cash Flows - unaudited  
For the three months ended March 31, 2009 and 2008

(in thousands of dollars)

	2009	2008
	\$	\$
Cash provided by (used in)		
Operating activities		
Loss and comprehensive loss for the period	(404)	(448)
Items not affecting cash		
Amortization	164	154
Amortization of commercial instruments included in cost of sales	21	5
Stock-based compensation expense	-	21
Interest on convertible notes payable	41	41
Changes in non-cash working capital	(383)	(167)
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	(561)	(394)
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Investing activities		
Purchase of property, plant and equipment	(3)	(14)
Purchase of commercial instruments	(22)	(22)
Increase in short-term investments	(37)	(103)
Decrease in deferred revenue	(43)	(3)
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	(105)	(142)
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Financing activities		
Bank indebtedness	385	-
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Decrease in cash and cash equivalents during the period	(281)	(536)
Cash and cash equivalents - Beginning of period	297	638
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Cash and cash equivalents - End of period	16	102
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