



SPECTRAL ANNOUNCES FOURTH QUARTER AND FISCAL 2014 RESULTS

TORONTO, Canada – March 25, 2015 – Spectral Medical Inc., (TSX:EDT) (OTCQX: EDTXQ), a Phase III company developing the first treatment for patients with septic shock guided by a companion diagnostic, today announced its financial results for the fourth quarter and for the year ended December 31, 2014.

Financial Review

Revenue for the three months ended December 31, 2014 was \$699,000 compared to \$713,000 for the same three month period last year. Revenue for the year ended December 31, 2014 was \$2,964,000 compared to \$2,672,000 for the prior year, representing an increase of \$292,000, or 11%.

For the quarter ended December 31, 2014, the Company reported operating costs of \$1,155,000 compared to \$2,960,000 for the corresponding period in 2013. Operating costs for the year ended December 31, 2014 amounted to \$13,125,000 compared to \$14,062,000 in 2013. The \$937,000 decrease is almost entirely attributable to lower costs for the EUPHRATES trial, resulting from fewer new sites being initiated into the trial and lower patient enrolment after the implementation of an additional exclusion criterion in April, 2014 that refined patient selection. Apart from clinical trial activities, the Company continues to maintain a low cost operating structure for its base business operations.

Loss for the quarter ended December 31, 2014 was \$1,854,000 (\$0.01 per share) compared to \$3,673,000 (\$0.03 per share) for the same quarter last year. For the year ended December 31, 2014, the Company reported a loss of \$9,492,000, (\$0.06 per share), compared to a loss of \$11,307,000 (\$0.09 per share), for the year ended December 31, 2013.

The Company concluded the 2014 year with cash and cash equivalents of \$10,054,000 compared to \$7,229,000 cash and cash equivalents on hand as of December 31, 2013.

The total number of shares outstanding for the Company was 179,737,241 as at December 31, 2014.

About Spectral

Spectral is a Phase III company seeking U.S. FDA approval for its unique product for the treatment of patients with septic shock, Toraymyxin[®] (PMX⁺). PMX is a therapeutic hemoperfusion device that removes endotoxin, which can cause sepsis, from the bloodstream. Directed by the Company's Endotoxin Activity Assay (EAA[®]), the only FDA cleared diagnostic for the risk of developing sepsis. Spectral's EUPHRATES trial is the world's only active and most innovative Phase III study in the area of septic shock.

PMX has been approved for therapeutic use in Japan and Europe, and has been used safely and effectively on more than 100,000 patients to date. In March 2009, Spectral obtained the exclusive development and commercial rights in the U.S. for PMX, and in November 2010, signed an exclusive distribution agreement for this product in Canada. Approximately 350,000 patients are diagnosed with severe sepsis and septic shock in North America each year, representing a greater than \$3 billion market opportunity for Spectral. Spectral is listed on the Toronto Stock Exchange under the symbol EDT, and on the OTCQX under the symbol EDTXQ. For more information please visit www.spectraldx.com

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.

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Spectral Medical Inc.

(formerly Spectral Diagnostics Inc.)

Statements of Financial Position

(in thousands of Canadian dollars)

	December 31 2014 \$	December 31 2013 \$
Assets		
Current assets		
Cash and cash equivalents	10,054	7,229
Trade and other receivables	583	569
Inventories	166	315
Prepayments	185	289
	10,988	8,402
Non-current assets		
Property and equipment	490	627
Intangible asset	384	409
	874	1,036
Total assets	11,862	9,438
Liabilities		
Current liabilities		
Trade and other payables	2,893	3,636
Deferred revenue	149	106
Total liabilities	3,042	3,742
Equity		
Share capital	46,879	33,957
Contributed surplus	7,849	3,864
Other equity reserves	3,542	7,833
Deficit	(49,450)	(39,958)
Total equity	8,820	5,696
Total liabilities and equity	11,862	9,438

Spectral Medical Inc.

(formerly Spectral Diagnostics Inc.)

Statements of Loss and Comprehensive Loss

For the years ended December 31, 2014 and 2013

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

	2014	2013
	\$	\$
Revenue	2,964	2,672
Expenses		
Changes in inventories of finished goods and work- in- process	310	274
Raw materials and consumables used	444	593
Employee benefits	3,460	3,332
Consulting and professional fees	6,584	7,399
Product development	273	-
Management services	-	275
Regulatory and investor relations	300	250
Travel and entertainment	989	1,191
Depreciation and amortization	205	238
Foreign exchange loss	54	14
Other expenses	506	496
	13,125	14,062
Operating loss	(10,161)	(11,390)
Finance income	60	83
Loss and comprehensive loss before tax	(10,101)	(11,307)
Deferred tax recovery	609	-
Loss and comprehensive loss for the year	(9,492)	(11,307)
Basic and diluted loss per common share	(0.06)	(0.09)
Weighted average number of common shares outstanding	154,540,951	128,265,141

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Statements of Changes in Equity

For the years ended December 31, 2014 and 2013

(in thousands of Canadian dollars)

	Issued capital Number	\$	Contributed surplus \$	Share-based compensation \$	Warrants \$	Deficit \$	Total Equity \$
Balance, January 1, 2013	113,883,394	27,101	3,864	3,117	5,143	(28,651)	10,574
Private placement	18,666,667	5,480	-	-	-	-	5,480
Share options exercised	450,000	242	-	(106)	-	-	136
Warrants exercised	1,462,500	1,134	-	-	(549)	-	585
Loss and comprehensive loss for the year	-	-	-	-	-	(11,307)	(11,307)
Share-based compensation	-	-	-	228	-	-	228
Balance, December 31, 2013	134,462,561	33,957	3,864	3,239	4,594	(39,958)	5,696
Private placement	45,051,186	12,816	-	-	-	-	12,816
Share options exercised	222,500	105	-	(45)	-	-	60
Warrants exercised	994	1	-	-	-	-	1
Warrants expiry, net of tax	-	-	3,985	-	(4,594)	-	(609)
Loss and comprehensive loss for the year	-	-	-	-	-	(9,492)	(9,492)
Share-based compensation	-	-	-	348	-	-	348
Balance, December 31, 2014	179,737,241	46,879	7,849	3,542	-	(49,450)	8,820

Spectral Medical Inc.

(formerly Spectral Diagnostics Inc.)

Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(in thousands of Canadian dollars)

	2014	2013
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Loss and comprehensive loss for the year	(9,492)	(11,307)
Adjustments for:		
Depreciation on property and equipment	180	213
Amortization of intangible asset	25	25
Share-based compensation	348	228
Loss on disposal of property and equipment	1	-
Deferred tax recovery	(609)	-
Changes in items of working capital :		
Trade and other receivables	(14)	21
Inventories	149	(38)
Prepayments	104	(63)
Trade and other payables	(743)	1,723
Deferred revenue	43	7
Net cash used in operating activities	(10,008)	(9,191)
Investing activities		
Property and equipment expenditures	(60)	(343)
Proceeds on disposal of property and equipment	16	-
Redemption of short-term investment	-	15,499
Purchase of short-term investment	-	(10,362)
Net cash (used in) provided by investing activities	(44)	4,794
Financing activities		
Private placement	12,816	5,480
Share options exercised	60	136
Warrants exercised	1	585
Net cash provided by financing activities	12,877	6,201
Increase in cash and cash equivalents	2,825	1,804
Cash and cash equivalents, beginning of year	7,229	5,425
Cash and cash equivalents, end of year	10,054	7,229