



Coretec Announces First Quarter 2009 Results

First quarter year-over-year revenues increase by 9.2%

Toronto, Ontario, May 12, 2009 - Coretec Inc. (TSX: CYY) today reported its financial results for Q1 2009 ended March 31, 2009. Sales were \$20.2 million, a decrease of \$2.6 million sequentially or 11.4% as compared to sales of \$22.8 million in Q4 2008, and up \$1.7 million or 9.2% from sales of \$18.5 million in Q1 2008.

A net loss of \$0.9 million or \$0.05 loss per share was recorded in Q1 2009, an increase in the net loss of \$0.4 million sequentially as compared to a net loss of \$0.5 million or \$0.03 loss per share in Q4 2008, and an improvement of \$0.1 million as compared to Q1 2008 which had a net loss \$1.0 million or \$0.06 loss per share. Q1 2009 included \$0.1 million of severance costs and \$0.1 million of write-offs as relates to bad debts offset by a gain on disposal of fixed assets of \$0.1 million. In Q4 2008 no corresponding unusual items were recorded while in Q1 2008 there was \$0.2 million of severance expenses.

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the Q1 2009 was \$0.5 million, a decrease of \$0.8 million sequentially or 61.5% as compared to EBITDA of \$1.3 million in Q4 2008 and an increase of \$0.2 million versus EBITDA of \$0.3 million in Q1 2008.

Paul Langston, President and CEO of Coretec Inc. said, "In Q1 2009 the Company experienced a meaningful slowdown in business activity as a result of the overall electronics industry downturn. The book-to-bill ratio for the rigid PCB industry in North America as reported by IPC has been below parity for nine consecutive months indicating a prolonged contraction. The most recent data from IPC as relates to rigid PCB bookings indicates that North American activity is down 40% in March 2009 versus the same period in 2008. This industry-wide compression has not only impacted capacity utilization at our Toronto operations in particular but has also reduced the demand for prototypes as well as quick-turn production thereby impacting the amount of business that has price premiums. Additionally, although our revenues were up year over year the major contributor to this improvement was the US vs. Canadian dollar exchange rate. In fact our revenues on a constant exchange rate basis as well as our panel production levels are off meaningfully in Q1 2009 versus Q1 2008. To combat the overall weakness in business activity we have invested significant energy into new account and new program acquisition activities. We believe that our technology offering and new product development capability will allow us to drive share gains in this market."

Mr. Langston continued, "Our facility consolidation in Toronto is now in its final stages. We are looking forward to the overhead cost savings associated with this consolidation effort as well as the cessation of expenses associated with the transferring and re-commissioning of processes and personnel. Additionally we are aggressively cutting our direct costs and SG&A at all sites to adapt to the current market condition and projections for the global PCB industry for the balance of 2009 which is expected to contract by as much as 25% from 2008 levels."

Coretec is one of the leading designers and fabricators of printed circuit boards for the prototype and quick turnaround production segments of the North American and European markets. Coretec distinguishes itself from its competitors by providing an extensive suite of printed circuit board services including field applications engineering support and education; technology roadmap consulting, CAD layout; rapid response manufacturing for prototypes; quick turn production for small-to-middle volume quantity requirements; and facilitation of higher volume requirements via partnerships in lower cost jurisdictions. The Company is also differentiated by its broad range of PCB technologies.

This news release contains "forward-looking statements" within the meaning of the United States Securities Litigation Reform Act of 1995, and applicable Canadian Securities Legislation. Forward-looking statements include, but are not limited to, statements with respect to financial performance, opportunities, new market for growth and financial position. Generally these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecast", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Please be cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties. Actual results or developments may vary materially from those projected or implied in the forward-looking statements as a result of any number of factors, including currency exchange rate fluctuations; variability of operating results; dependence on certain industries; management of growth and expansion; integration of operations; ability to attract and retain key personnel; nature of sales; product complexity and product defects; international operations; material cost fluctuations and limited availability of raw materials; potential loss of customers; competition; industry contraction and slow economic growth; technological change and process development; environmental liability; need for additional financing; product liability; pricing pressure; ability to reduce costs; and other risks discussed in the section entitled "Risk Factors" in Coretec's Annual Information Form dated March 8, 2007 which can be obtained at www.sedar.com.

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Coretec Inc.

CONSOLIDATED BALANCE SHEETS

[in thousands - unaudited]

	March 31, 2009	December 31, 2008
	\$	\$
ASSETS		
Current		
Cash	670	1,130
Restricted cash	100	397
Accounts receivable	14,944	15,538
Inventories	5,782	5,356
Prepaid expenses	537	576
Income taxes recoverable	182	182
Total current assets	22,215	23,179
Property, plant and equipment, net	31,690	32,122
Other assets	132	147
TOTAL ASSETS	54,037	55,448
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	3,248	3,630
Accounts payable and accrued liabilities	10,349	11,882
Current portion of long-term debt	1,933	2,077
Income taxes payable	219	219
Total current liabilities	15,749	17,808
Long-term debt	11,704	10,190
Total liabilities	27,453	27,998
Shareholders' equity		
Share capital	60,973	60,973
Share capital held by long-term incentive plan	—	(11)
Contributed surplus	847	821
Deficit	(35,236)	(34,333)
Total shareholders' equity	26,584	27,450
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	54,037	55,448

Coretec Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

[in thousands except per share amounts - unaudited]

	Three months ended	
	March 31	
	2009	2008
	\$	\$
Sales	20,205	18,486
Cost of sales	18,220	16,790
Gross profit	1,985	1,696
Expenses		
Selling, general and administrative	2,699	2,579
	2,699	2,579
Loss from operations, before the following:	(714)	(883)
Interest and other expenses, net	236	200
Foreign exchange (gain) loss	64	(2)
(Gain) on disposal of property, plant and equipment net	(130)	(32)
Loss before income taxes	(884)	(1,049)
Income taxes	19	—
Net loss for the period	(903)	(1,049)
Loss per share		
Net loss per share, basic and diluted	(\$0.05)	(\$0.06)

Coretec Inc.

CONSOLIDATED STATEMENTS OF DEFICIT

[in thousands - unaudited]

	Three months ended	
	March 31	
	2009	2008
	\$	\$
Deficit, beginning of period	(34,333)	(32,018)
Net loss for the period	(903)	(1,049)
Deficit, end of period	(35,236)	(33,067)

Coretec Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

[in thousands - unaudited]

	Three months ended March 31	
	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(903)	(1,049)
Non-cash items		
Depreciation and amortization	1,114	1,142
Stock-based compensation	26	23
(Gain) on disposal of property, plant and equipment	(130)	(32)
Unrealized foreign exchange (gain) loss	(1,312)	377
Long-term incentive plan compensation	11	18
Amortization of deferred finance charges	35	5
	(1,159)	484
Change in restricted cash	297	-
Net change in non-cash working capital balances related to operations	183	305
Cash (used) provided in operating activities	(679)	789
FINANCING ACTIVITIES		
Increase in long-term debt	1,716	-
Repayment of long-term debt	(550)	(311)
Decrease in bank indebtedness	(382)	(1,061)
Cash (used) provided in financing activities	784	(1,372)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(552)	(681)
Proceeds on disposal of property, plant and equipment	-	-
Increase in other assets	(20)	(24)
Cash used in investing activities	(572)	(705)
Effect of exchange rate changes on cash	7	44
Net decrease in cash during the period	(460)	(1,244)
Cash, beginning of period	1,130	1,829
Cash, end of period	670	585
Supplemental cash flow information		
Interest paid	236	177