



Coretec Announces Fourth Quarter 2008, Full Year Results and New Banking Facility

Toronto, Ontario, March 26, 2009 - Coretec Inc. (TSX: CYY) today reported its financial results for the fourth quarter and the year ended December 31, 2008.

Coretec reported sales of \$22.8 million in the quarter ended December 31, 2008, a 20.6% increase over the prior year period revenue of \$18.9 million and an increase of 12.3% from the third quarter of 2008 where revenues were \$20.3 million. Gross profit in the quarter was 14.2% of sales compared to 9.2% in the prior year period and 12.0% in the third quarter of 2008. Net loss for the quarter was \$0.5 million or \$0.03 per share compared to a net loss of \$1.4 million or \$0.07 per share for the same period in 2007 and sequentially, flat from a net loss of \$0.5 million or \$0.03 per share in the third quarter of 2008. Earnings before interest, taxes, depreciation and amortization ("EBITDA") were \$1.3 million, a \$1.1 million increase from the same period in 2007 and sequentially an increase of \$0.6 million from the third quarter of 2008.

During the fourth quarter of 2008 the Company recorded net foreign exchange losses of \$0.1 million primarily as relates to its currency hedging program. Additionally the Company recorded a tax provision of \$0.3 million in the quarter.

For the twelve-month period ended December 31, 2008, the Company reported sales of \$81.0 million, a 5.2% decrease from sales of \$85.4 million in 2007. Gross profit decreased to \$10.0 million or 12.3% of sales compared to \$10.6 million or 12.4% of sales in 2007. The net loss for the year was \$2.3 million or \$0.12 per share compared to a net loss of \$3.2 million or \$0.17 per share in 2007. Foreign exchange losses for 2008 were \$0.2 million as compared with \$0.5 million in 2007. The tax provision for 2008 was \$0.3 million as compared to \$0.1 million in 2007. EBITDA was \$3.3 million for 2008 as compared to \$2.8 million in 2007.

"The US dollar/Canadian dollar exchange rate played havoc with our revenues and costs during 2008. For much of the year our revenues were weighed down by the strong Canadian dollar, excepting in the fourth quarter where they were buoyed by its weakness relative to the US dollar. This volatility made product pricing very challenging throughout the year. It also impacted our hedging strategy, resulting in significant foreign exchange losses on USD forward contracts in Q4 in particular. On a positive note, a number of favourable trends manifested in the second half of 2008 and accelerated towards the end of the year, namely the decline in commodity prices (excepting gold) as well as deflation in other raw materials and indirect costs. The weakness of the Canadian Dollar not only helped our revenues but also our cost structure in the Toronto operations due to the fact that the majority of its costs are denominated in Canadian dollars", said Paul Langston, President and CEO.

"We are obviously concerned about the economic climate and the impact that it will have on PCB demand. According to IPC (the PCB industry association), the industry contracted for the final 8 months of 2008 and especially so in the final quarter. The most recent statistics (January '09 versus January '08) indicate a 20-30% reduction in business activity was realized across the PCB industry in North America. Although there are pockets of relative strength across the

various end markets virtually every major rigid PCB manufacturer in North America is experiencing revenue compression as measured on a constant dollar basis. To combat this we are positioning ourselves to aggressively attack new client opportunities, new end markets and new geographies through the expansion and refinement of our sales organization. Additionally we have continued and will continue to differentiate ourselves by achieving accreditations (NADCAP - National Aerospace and Defense Contractors Accreditation Program; UL) and participating in consortia (DAUG – Defense and Aerospace Users Group) that will allow us to further penetrate key end markets and major consumers”, continued Mr. Langston.

In 2008 our Toronto operations experienced challenges as anticipated, with respect to new process installations at our Sheppard facility and process relocations from our Ellesmere site. During the year we augmented and optimized our facility leadership team which has manifested in improved operational performance while minimizing the disruptions associated with the scheduled platform transfers and consolidation initiative. Our Toronto facility is well on its way in terms of being positioned to gain market share especially with respect to advanced technology requirements and rapid response manufacturing needs. With respect to our US sites we experienced strong operating metrics over the course of the year and are now positioned to take additional market share in the key defense and aerospace end markets. Another bright spot for us in 2008 was our Coretec-Asia business unit which continued to build on existing relationships as well as develop new ones with Asian based PCB fabricators. Our offshore business model is resonating with PCB consumers across most end markets and along with our other services is providing current and prospective clients with a unique “cradle-to-grave” procurement opportunity”, said Mr. Langston.

Mr. Langston added, “In 2009 we will finalize our consolidation in Toronto as well as undertake a series of initiatives that we believe will allow us to further affect cost and performance in Toronto as well as drive revenues and operating effectiveness in our US sites. These include

- implementing new manufacturing and planning systems at our Sheppard facility to drive greater process control as well as optimize capacity utilization;
- consolidating additional processes from our Ellesmere facility into our Sheppard facility throughout the first three quarters of 2009. We have already exited one third of the Ellesmere premises and by June 30 we will have vacated more than half of the 60,000 sq.ft. building. This will reduce our base facility costs by more than \$400,000 per annum and offer significant savings in terms of manpower and logistics;
- installing new equipment at our Denver operation to enable our focus on yield improvement on higher technology products as well as reduce the need to outsource certain processes;
- installing new equipment at our Cleveland operation that will facilitate technology advancement and yield improvement.”

“Over the past two years we have been diligently realigning our balance sheet, with the objective of more effectively matching long term assets with long term financing. In late 2007 we entered into two separate 25 year amortization mortgage facilities with GE Real Estate and Zions Bank for our real estate holdings in Denver and Cleveland respectively. And we recently consummated mortgage and term debt facilities with Business Development Bank of Canada (BDC) for our Toronto real estate and future equipment needs. We have also recently been working on establishing a day to day banking partnership that more effectively meets our current and future needs. We are therefore very pleased to announce that we have just entered into a 3 year, \$10 million revolving credit facility with Wells Fargo Canada. We are excited

about this new business partnership which we believe will meaningfully contribute to the achievement of our strategic goals,” said Mr. Langston.

Coretec will release its Q1 2009 results after the close of trading on May 12, 2009. The Company’s Annual General Meeting will be held the same day at its Corporate headquarters.

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]

As at December 31	2008	2007
	\$	\$
ASSETS		
Current		
Cash	1,130	1,829
Restricted cash	397	-
Mortgage receivable	-	1,050
Accounts receivable	15,538	12,389
Inventories	5,356	4,009
Prepaid expenses	576	688
Income taxes recoverable	182	-
Total current assets	23,179	19,965
Property, plant and equipment, net	32,122	30,250
Other assets	147	756
TOTAL ASSETS	55,448	50,971
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	3,630	4,021
Accounts payable and accrued liabilities	11,882	7,886
Current portion of long-term debt	2,077	1,887
Income taxes payable	219	-
Total current liabilities	17,808	13,794
Long-term debt	10,190	7,479
Total liabilities	27,998	21,273
Shareholders' equity		
Share capital	60,973	61,066
Share capital held by long-term incentive plan	(11)	(100)
Contributed surplus	821	750
Deficit	(34,333)	(32,018)
Total shareholders' equity	27,450	29,698
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	55,448	50,971

Coretec Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS
[in thousands, except for share data - unaudited]

	Three months ended		Year ended	
	December 31		December 31	
	2008	2007	2008	2007
	\$	\$	\$	\$
Sales	22,839	18,888	81,040	85,417
Cost of sales	19,605	17,156	71,088	74,811
Gross profit	3,234	1,732	9,952	10,606
Expenses				
Selling, general and administrative	2,971	2,614	10,990	12,228
Income (loss) from operations	263	(882)	(1,038)	(1,622)
Interest and other expenses	377	305	888	993
Foreign exchange (gain) loss	99	(63)	150	519
Loss (gain) on disposal of equipment	(5)	161	(57)	4
Income (loss) before income taxes	(208)	(1,285)	(2,019)	(3,138)
Provision for income taxes	291	88	296	73
Net income (loss) from operations	(499)	(1,373)	(2,315)	(3,211)
Loss per share:				
From operations basic and diluted	(0.03)	(0.07)	(0.12)	(0.17)

Coretec Inc.
CONSOLIDATED STATEMENTS OF DEFICIT
[in thousands - unaudited]

Year ended December 31	2008	2007
	\$	\$
Deficit, beginning of year	(32,018)	(28,807)
Net income (loss) for the year	(2,315)	(3,211)
Deficit, end of year	(34,333)	(32,018)

Coretec Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
[in thousands - unaudited]

	Three months ended		Year ended	
	December 31		December 31	
	2008	2007	2008	2007
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income (loss) for the period	(499)	(1,373)	(2,315)	(3,211)
Non-cash items				
Depreciation and amortization	1,095	1,224	4,369	4,928
Stock-based compensation	27	6	71	89
Long-term incentive plan compensation	18	(12)	89	18
Unrealized foreign exchange (gain) loss	(475)	68	(358)	1,417
Amortization of deferred finance charge	23	23	84	112
(Gain) loss on disposal of capital assets	(5)	160	(57)	4
	184	96	1,883	3,357
Change in restricted cash	(397)	-	(397)	-
Net change in non-cash working capital balances related to operations	580	700	442	(1,258)
Cash provided by operating activities	367	796	1,928	2,099
FINANCING ACTIVITIES				
Increase in Long-term debt	(122)	1,586	3,568	6,578
Repayments of Long-term debt	(433)	(641)	(1,567)	(3,136)
Increase (decrease) in bank indebtedness	2,344	1,458	(391)	4,021
Issuance (repurchase) of share capital	(93)		(93)	2
Cash provided by financing activities	1,696	2,403	1,517	7,465
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,933)	(2,270)	(6,231)	(9,661)
Proceeds on disposal of property, plant & equipment	145	259	197	259
Repayment of mortgage receivable	-	-	1,050	-
Decrease (increase) in other assets	200	(374)	525	172
Cash used in investing activities	(1,588)	(2,385)	(4,459)	(9,230)
Effect of exchange rate changes on cash	342	(100)	315	(226)
Net increase (decrease) in cash during the period	817	714	(699)	108
Cash, beginning of period	313	1,115	1,829	1,721
Cash, end of period	1,130	1,829	1,130	1,829