

March 29, 2011



## **PLC Systems Reports Fourth Quarter 2010 Results**

### **Adds new distributors for RenalGuard® in Australia, Switzerland and UAE**

FRANKLIN, Mass., March 29, 2011 /PRNewswire/ -- PLC Systems Inc. (OTC Bulletin Board: PLCSF), a company focused on innovative medical device technologies, today reported financial results for the three- and twelve-month periods ended December 31, 2010.

Fourth quarter 2010 total revenues were \$937,000, a 4 % increase from \$901,000 reported in the fourth quarter of 2009. Net income for the fourth quarter of 2010 was \$260,000, or \$0.01 per basic and diluted share, compared to a net loss of \$603,000, or \$0.02 per basic and diluted share, in the fourth quarter of 2009.

Subsequent to year-end, PLC completed the sale of its transmyocardial revascularization (TMR) business to its exclusive U.S. marketing and distribution partner for its TMR products, Novadaq Corp., in a transaction that was announced during the fourth quarter of 2010.

In addition, also subsequent to year-end, PLC announced that it had secured up to \$6 million in convertible secured debt financing from an institutional investor, of which \$4 million was received at the initial closing in February 2011.

Mark R. Tauscher, president and chief executive officer of PLC Systems Inc., stated, "The final quarter of 2010 was a period of significant transition for PLC, with the successful negotiation of the sale of our TMR business to our North American partner, Novadaq. We were also focused on arranging needed financing for our business, in addition to the monies gained via the sale of the TMR business. Despite these distractions, our results for the fourth quarter were slightly improved over the prior year period, with the difference primarily reflecting higher TMR revenues and gross profit realized from a \$188,000 non-refundable customer deposit that was never utilized and retained by PLC as of year end, as well as lower research and development expenses reflecting the favorable impact of a \$244,000 U.S. grant for therapeutic innovation that we announced last quarter. Considering that Novadaq was purchasing the TMR business, we had relatively modest expectations for the number of kits that would be ordered, and on balance, we did see a slight decline in TMR kit revenues, although kit amortization increased by \$125,000."

He added, "As of early 2011, we are now able to focus entirely on the opportunity presented by our RenalGuard® technology. We believe that weakness in RenalGuard's performance during the fourth quarter of 2010 largely reflected distributor concerns about our ability to raise additional financing, that now have been satisfactorily addressed. We also continue to await conclusive scientific data from the Italian investigator-sponsored clinical trials, both MYTHOS and REMEDIAL II. We are greatly encouraged by the scientific evidence disclosed in interim results from these trials, which we believe indicate that RenalGuard is

safe and more effective at combating Contrast-Induced Nephropathy in at-risk patients than the current standard of care. It is our hope that with the efforts to raise financing and sell the TMR business behind us, significant funding for our U.S. clinical trial now available, and continuing positive scientific data from trials in Europe, our distributor network for RenalGuard in Europe and around the world will be re-energized. To that end, we are very pleased to announce today that we have signed additional distributors for Switzerland, Australia and the United Arab Emirates. One of our primary goals this year is to significantly increase sales of our RenalGuard consoles and single use kits as we believe that RenalGuard addresses a large and growing market opportunity. We intend to work diligently towards achieving that goal."

Mr. Tauscher concluded, "As we look to 2011, our overall goals include re-commencing our U.S. clinical trial for RenalGuard, boosting sales and revenues of RenalGuard in countries where it is on the market and continuing to support the various investigator-sponsored clinical trials around the world."

### **New RenalGuard Distributors**

PLC announced today that it has signed new distributors that provide enhanced coverage of more markets worldwide where RenalGuard sales may begin. New Zealand Scientific and Medical Ltd. will begin offering RenalGuard in Australia, as well as in New Zealand. Metropolitan Medical Marketing will begin providing RenalGuard to the United Arab Emirates market. Lastly, Salipharm GmbH has been selected as the exclusive distributor of RenalGuard products in Switzerland.

Mr. Tauscher concluded, "Adding distributors for RenalGuard is critical since they will enable us to accelerate product sales in markets that we do not access today. We're very pleased to have these three new distributors as partners in our effort to expand RenalGuard's visibility and sales in their respective markets."

### **Financial Update**

During the fourth quarter of 2010 PLC shipped 90 single-use RenalGuard disposable sets and two RenalGuard consoles internationally, compared to 250 RenalGuard single-use disposable sets and six consoles that shipped in the fourth quarter of 2009.

A total of 233 disposable TMR kits were shipped during the fourth quarter of 2010 to hospitals worldwide, primarily in the U.S., by Novadaq, compared to 227 disposable TMR kits that were shipped worldwide during the fourth quarter of 2009. No new laser transactions occurred in the fourth quarter of 2010, as compared to one TMR laser transaction during the fourth quarter of 2009.

Disposable TMR kit revenue in the fourth quarter of 2010 increased by \$95,000 compared to the fourth quarter of 2009, primarily due to a higher level of deferred kit revenue amortization recorded. As of December 31, 2010, all deferred TMR kit amortization was recognized, as that quarter marked the end of the amortization period. RenalGuard produced \$38,000 of revenues in the fourth quarter of 2010, compared to \$141,000 in the fourth quarter of 2009, reflecting the lower level of consoles and single use sets shipped in the current year period.

Sales, General and Administrative costs decreased to \$621,000 in the fourth quarter of

2010, from \$795,000 in the fourth quarter of 2009, reflecting the positive impact of decreased compensation expenses in this year's quarter as a result of 2010 workforce reductions, offset by slightly higher legal expenses associated with the Novadaq transaction. Research & Development expenses were recorded as a credit of \$149,000 in the fourth quarter of 2010, from expenses of \$186,000 in the prior year's fourth quarter, again reflecting the savings in compensation stemming from workforce reductions, combined with the impact of the R&D grant of \$244,000 from the Qualifying Therapeutic Discovery Project Program.

As of December 31, 2010, PLC reported \$1,324,000 in cash and equivalents, a decrease of \$1,000 from the Company's cash position as of September 30, 2010, and a decrease of \$1,362,000 from the \$2,686,000 held as of December 31, 2009. The decreased cash burn in the fourth quarter reflected the favorable impact of the R&D grant and favorable working capital changes in accounts receivable and accounts payable. In February 2011 PLC's cash balance increased as a result of the \$1,000,000 in cash proceeds received from Novadaq for the sale of the TMR business and the \$4,000,000 secured convertible debt financing.

### **Full Year Results**

For 2010, total revenues were \$3,910,000, down 17% from \$4,711,000 in 2009. The net loss for 2010 was \$505,000, or \$0.02 per share, compared to a net loss of \$1,626,000, or \$0.05 per share, in 2009.

### **Sale of TMR Business**

On November 8, 2010, PLC announced that it had signed a definitive agreement to sell substantially all of its TMR assets to Novadaq Technologies for a purchase price of \$1 million in cash, plus the assumption of all obligations under TMR service contracts totaling approximately \$614,000. The transaction was approved by PLC's shareholders at a special meeting of shareholders and closed effective February 1, 2011.

### **February 2011 Financing**

On February 23, 2011, PLC announced that it had completed a financing with an institutional investor that provides the company with up to \$6 million in secured convertible debt financing, of which \$4 million was provided at the initial closing. These funds are intended to enable PLC to resume U.S. clinical trials for its RenalGuard® program. PLC has issued the investor 5% Senior Secured Convertible Notes that mature three years from date of issuance as well as Warrants offering 100% coverage that can be exercised at \$0.15 per share within five years from issuance, subject to certain anti-dilution and other adjustments. In addition, under the terms of the agreement, PLC may secure additional secured convertible debt funding from the investor of up to \$2 million in the aggregate in two separate \$1 million tranches, based upon meeting certain operational milestones including sales and clinical trial objectives.

### **About PLC Systems Inc.**

PLC Systems Inc. is a medical technology company specializing in innovative technologies for the cardiac and vascular markets. Headquartered in Franklin, Massachusetts, PLC today focuses on its newest product, RenalGuard, which is approved for sale in the EU as a general fluid balancing device. Additional company information can be found at

[www.plcmed.com](http://www.plcmed.com).

*This press release contains "forward-looking" statements. For this purpose, any statements contained in this press release that relate to prospective events or developments are deemed to be forward-looking statements. Words such as "believes," "anticipates," "plans," "expects," "will" and similar expressions are intended to identify forward-looking statements. Our statements of our objectives are also forward-looking statements. While we may elect to update forward-looking statements in the future, we specifically disclaim any obligation to do so, even if our estimates change, and you should not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this press release. Actual results could differ materially from those indicated by such forward-looking statements as a result of a variety of important factors, including that we may not receive necessary regulatory approvals to market our RenalGuard product or that such approvals may be withdrawn, the current clinical trials in Italy and the planned future U.S. clinical trial for RenalGuard may not be completed in a timely fashion, if at all, or, if these clinical trials are completed, they may not produce clinically significant or meaningful results, the RenalGuard product may not be commercially accepted, operational changes, competitive developments may affect the market for our products, regulatory approval requirements may affect the market for our products, and additional risk factors described in the "Forward Looking Statements" section of our Annual Report on Form 10-K for the year ended December 31, 2010, a copy of which is being filed with the SEC today.*

*PLC Systems, PLC Medical Systems, PLC, RenalGuard and RenalGuard System are trademarks of PLC Systems Inc.*

*Novadaq is a trademark of Novadaq Technologies, Inc.*

(Financial tables follow)

PLC SYSTEMS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
Revenues:			(Unaudited)	
Product sales	\$ 706	\$ 628	\$ 2,807	\$ 3,452
Service fees	231	273	1,103	1,259
Total revenues	937	901	3,910	4,711
Cost of revenues:				
Product sales	70	395	809	1,454

Service fees	135	128	566	644
Total cost of revenues	205	523	1,375	2,098
Gross profit	732	378	2,535	2,613
Operating expenses:				
Selling, general and administrative	621	795	2,805	3,462
Research and development	(149)	186	333	780
Total operating expenses	472	981	3,138	4,242
Gain on the sale of assets	-	-	(98)	-
Income (loss) from operations	260	(603)	(505)	(1,629)
Other income, net	-	-	-	3
Net income (loss)	\$ 260	\$ (603)	\$ (505)	\$ (1,626)
Basic and diluted earnings (loss) per share	\$0.01	\$ (0.02)	\$ (0.02)	\$ (0.05)
Weighted average shares outstanding:				
Basic and diluted	30,351	30,351	30,351	30,351

#### CONDENSED BALANCE SHEET

(Unaudited)

	December 31, 2010	December 31, 2009
Cash and cash equivalents	\$1,324	\$2,686
Total current assets	3,102	4,787

Total assets	3,315	5,042
Total current liabilities	1,881	2,923
Shareholders' equity	1,434	1,729

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