

# MERGENT INDUSTRIAL

NEW LISTING

October 18, 2011



This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL, OTC and OTCUNLISTED Manuals and will be included in the bound 2011 October Monthly News Reports and is published on our Website.

## SPECTRASCIENCE INC

Company Website: [www.spectrascience.com](http://www.spectrascience.com)

**History:** Incorporated in Minnesota on May 4, 1983 as GV Medical, Inc. Present name adopted on Oct. 16, 1992.

On Sept. 13, 2002, Co. ceased its operations.

On Sept. 17, 2002, Co. announced that it has filed for protection from its creditors under Chapter 7 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court in Minneapolis, MN. On Feb. 10, 2003, Co. announced the joint motion of Timothy D. Moratzka, its Chapter 7 Trustee, and GDBA Investments, LLLP to convert its bankruptcy case from Chapter 7 to Chapter 11 and appoint Timothy D. Moratzka as Trustee-In-Possession, as filed on Jan. 15, 2003, was granted by the U.S. Bankruptcy Court.

On July 22, 2004, the bankruptcy court gave final approval to the Plan of Reorganization, and the Plan became effective on Aug. 23, 2004. Co. received funding and commenced operations on Aug. 2, 2004.

On Nov. 6, 2007, Co. acquired 100.0% of the shares of Luma Imaging Corporation from its shareholders in consideration for 11,200,000 restricted shares of Co.'s common stock.

**Business:** SpectraScience is engaged in the development and commercialization of proprietary diagnostic products with the capability to differentiate in real-time between healthy, and pre-cancerous or cancerous tissue. Co. is focused on developing the WavSTAT<sup>3/4</sup> Optical Biopsy System (WavSTAT System) and LUMA<sup>3/4</sup> Cervical Imaging System. The WavSTAT and LUMA Systems are technologies that illuminate tissue in real-time to differentiate between normal and pre-cancerous or cancerous tissue. The WavSTAT is FDA approved for colon cancer detection, while LUMA has received FDA approval as an adjunct to colposcopy.

**Property:** Co. maintains its principal executive office in a leased facility of approximately 5,080 square feet in San Diego, CA. This space also includes Co.'s research and development, manufacturing, quality testing, and warehouse facility.

### Subsidiary

Luma Imaging Corporation

### Officers

Mark D. McWilliams, Chairman  
Michael P. Oliver, President; Chief Executive Officer  
James W. Dorst, Chief Financial Officer

### Directors

Mark D. McWilliams, Chairman  
Michael P. Oliver Sheldon L. Miller, Esq.  
John Pappajohn Stanley J. Pappelbaum,  
M.D.  
Chester E. Sievert, Jr. F. Duwayne Townsen

**Auditors:** McGladrey & Pullen, LLP

**Shareholder Relations:** James W. Dorst, Chief Financial Officer **Tel.:** 858-405-9933

**Annual Meeting:** In July

**No. of Stockholders:** Oct. 12, 2011, 4,000 (approx.)

**No. of Employees:** Oct. 12, 2011, 8

**Address:** 11568 Sorrento Valley Road, Suite 11, San Diego, CA 92121 **Tel.:** 858 847-0200 **Fax:** 858 847-0880 **E-mail:** [jdorst@spectrascience.com](mailto:jdorst@spectrascience.com) **Web:** [www.spectrascience.com](http://www.spectrascience.com)

### Consolidated Income Account, years ended Dec. 31 (in \$):

	2010	2009	2008
Rev	23,650	167,123	60,560
Cost of rev	13,277	110,572	27,130
Gross profit (loss)	10,373	56,551	33,430
Grant inc	359,690		
Research & devel			
exps	2,065,616	2,126,574	2,220,007
Gen & admin exps	1,985,170	2,007,380	2,280,867
Sales & marketing			
exps	417,313	359,409	803,888
Tot oper exps	4,468,099	4,493,363	5,304,762
Oper income (loss)	(4,098,036)	(4,436,812)	(5,271,332)
Other income			
(exp), net	(586)	4,625	126,430
<b>Net income (loss)</b>	<b>(4,098,622)</b>	<b>(4,432,187)</b>	<b>(5,144,902)</b>
Net income (loss)			
to com stkholders	(6,041,872)	(7,123,882)	(5,144,902)
Common shares:			
Weigh avg shares			
outstg - basic	92,446,627	69,780,156	66,344,469
Weigh avg shares			
outstg - diluted	92,446,627	69,780,156	66,344,469
Yr end shares			
outstg	107,994,529	70,142,615	68,613,598
Net earnings (loss)			
per sh - basic	\$(0.07)	\$(0.10)	\$(0.08)
Net earnings (loss)			
per sh - diluted	\$(0.07)	\$(0.10)	\$(0.08)
No of full time			
employees	6	8	10
No of com			
stkholders	850	850	750
No of beneficiary			
stkholders		4,000	
As of March 25, 2009 As of March 26, 2010 As of March 25, 2011 Approximately			

### Consolidated Balance Sheet, as of Dec. 31 (in \$):

	2010	2009
Assets:		
Cash & cash equivs	1,764,803	3,408,237
Certif of dep	1,998,974	
Accts receiv		40,271
Raw mater	192,204	175,527
Finished goods	298,929	230,148
Invent	491,133	405,675
Ppd exps & other curr		
assets	69,384	195,568
Tot curr assets	4,324,294	4,049,751
Fixed assets, net	59,082	1,139,839
Patents, net	2,666,417	2,915,984
Tot assets	7,049,793	8,105,574
Liabilities:		
Accts pay	205,266	219,783
Accrued exps	117,569	167,475
Tot curr liabil	322,835	387,258
Tot liabil	322,835	387,258
Conv pfd stk ser B	25,850	250,000
Conv pfd stk ser C	10,000	
Com stk	1,079,945	701,426
Addit paid-in cap	30,380,879	25,511,360

Retain earnings (accum deficit) (24,769,716) (18,744,470)

Tot stkholders equity (deficit) 6,726,958 7,718,316

**Capital Stock: 1. SpectraScience Inc series A convertible preferred; par \$0.01.**

AUTHORIZED — 2,250,000 shs.  
OUTSTANDING — Dec. 31, 2007, 2,000,000 shs; par \$0.01. (Converted in March 2008)

**2. SpectraScience Inc series B convertible preferred; par \$0.01.**

AUTHORIZED — 2,585,000 shs.  
OUTSTANDING — Dec. 31, 2010, 2,585,000 shs; par \$0.01.

**3. SpectraScience Inc series C convertible preferred; par \$0.01.**

AUTHORIZED — 1,000,000 shs.  
OUTSTANDING — Dec. 31, 2010, 1,000,000 shs; par \$0.01.

**4. SpectraScience Inc common; par \$0.01.**

AUTHORIZED — 175,000 shs.  
OUTSTANDING — Dec. 31, 2010, 107,994,529 shs; par \$0.01.

WARRANTS — 25,247,660 shs.

STOCK SPLITS — \$0.05 par shares split 2-for-1 Aug. 1, 1983; and reverse split 1-for-5 July 1994.

VOTING RIGHTS — Entitled to one vote per share with noncumulative voting for election of directors.

OPTIONS — Dec. 31, 2010, outstanding, 14,695,000; available for grant, 1,504,179; reserved for options, 16,199,179.

TRANSFER AGENT — Wells Fargo Shareowner Services, South St. Paul, MN

PRIMARY EXCHANGE — National Bulletin Board (NBB): SCIE

PRICE RANGE —

	2010	2009	2008	2007
High	0.47	1.77	1.05	1.65
Low	0.11	0.15	0.20	0.75

PRIVATE PLACEMENTS — (293,750 shares) privately placed in Mar. 1999 for \$1,175,000 less related costs of \$17,500.

(4,378,333 shares) privately placed in July 2004 for \$525,400.

(12,384,298 shares) privately placed on Aug. 24, 2004 to Spectra Acquisition LLC for \$50,000.

OFFERED — (1,000,000 shares) at \$11.75 a share on Mar. 8, 1989 through Dain Bosworth Inc., Piper, Jaffray & Hopwood, Inc.

(920,000 shares) at \$10.50 a share in Aug. 1986.

(700,000 shares) at \$8.75 a share on Sept. 11, 1985 through Craig-Hallum, Inc., Piper, Jaffray & Hopwood, Inc.

(700,000 shares) at \$5.00 a share on Nov. 13, 1984 through Craig-Hallum, Inc.

RECAPITALIZATION — On Aug. 24, 2004, Co., pursuant to the plan of reorganization, exchanged each share of old common stock with a par value of \$0.25 for three new shares of common stock with a par value of \$0.01 and \$0.24 in cash. Co. issued 11,076,447 shares of new common stock to stockholders who participated generating cash proceeds of \$886,116.

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