



Chief Executive Officer Letter

Dear Shareholders,

I'm pleased to announce that the Company achieved revenue of \$2.4 million for the three months ended March 31, 2015 compared to revenue of \$1.1 million for the same period in the prior year representing an increase of 131% when compared to the same period in the prior year. This revenue increase was due to contribution to revenue from our expanding portfolio of digital imaging products in combination with VELscope and VELscope consumable sales.

The investment in our Atlanta based imaging sales, marketing and support platform over the past year is starting to generate anticipated returns through increasing customer base and related sales. We are now focusing our energies on growing revenues while optimizing our cost structure. We are also increasing operating efficiencies by introducing new imaging products and services to further leverage the investment made to date. Our recently announced launch of the RIOSensor and LED Dental Imaging Cloud software as a service is a good example of how we are executing to increase product diversification. I am also happy to report that we recently implemented Companywide initiatives to reduce and streamline our operating cost structure and increase operational efficiency while focusing on the achievement of our revenue guidance range of \$15 – 16 million for the fiscal year ending 2015.

Significant Events

Product Highlights

- On April 30, 2015, the Company announced the launch of a new cloud-based imaging solution. The LED Imaging Software service streamlines the process of syncing imaging data between workstations and multiple locations, such as large group practices. The web-based system is accessible 24 hours per day, 7 days per week from any location, allowing practitioners real-time, remote access to clinical imaging data for their entire patient database.
- On March 12, 2015, the Company announced the introduction of the RIOSensor Intraoral Radiography System from RAY Co., Ltd. RIOSensor images enhance the clinician's ability to improve radiographic diagnosis. The sensor officially premiered at the 150th Annual Chicago Midwinter Meeting.

Business Highlights

- On April 21, 2015, the Company announced that it will be serving as a strategic partner in the Oral Cancer Foundation's "Be Part of the Change" program, seeking to promote the importance of routine comprehensive oral screenings and early detection in the fight against oral cancer.
- On April 15, 2015, the Company announced a pilot program for oral cancer screenings at various London Drug pharmacies in the lower mainland of B.C. This program was well received by the local community and has been endorsed by the BC Oral Cancer Prevention Program.
- On April 9, 2015, the Company announced an agreement with OrthoSynetics which designates LED Dental as the preferred imaging technology supplier for their orthodontic practices. OrthoSynetics provides administrative, marketing and financial services for 350 orthodontic practices across the United States.
- On March 17, 2015, the Company announced the funding of an \$8,000 gift to the University of British Columbia to support a research project titled "Prevention Strategies in Early Detection and Diagnosis of Oral Cancer in Vietnam". This gift will fund the travel costs to Vietnam for two research trainers to deliver training for various levels of health professionals. Oral cancer is one of the most common cancers in Vietnam, more than six times higher than for patients in the US and Canada.

- David Gane, CEO, and Lamar Roberts, President, presented a corporate update at the Bloom Burton & Co. Healthcare Investor Conference on Tuesday, May 5th at the Sheraton Centre Toronto Hotel and are scheduled to present at the LD Micro Invitational on June 1-3, 2015 at the Luxe Sunset Hotel in Los Angeles, CA and also at the Equities.com Small-Cap Stars Spring Conference June 10 at Convene Times Square in New York, NY.

Financial Highlights

- Net revenues for the three months ended March 31, 2015 were \$2.4 million which represents an increase of 131% over the prior year period with the increase in revenues is due launching the new dental imaging product line.
- Gross margin was 30% in the first quarter of fiscal 2015 relative to 50% in the prior year with the decrease due to a change in product mix for the third party imaging products sold by the Company in conjunction with its proprietary VELscope product offering.
- EBITDA¹ was negative \$1,281,370 for the three months ended March 31, 2015 compared to EBITDA of negative \$1,005,363 for the three months ended March 31, 2014. The Company incurred an increased negative EBITDA for the three months ended March 31, 2015 primarily due to investments in sales and marketing initiatives to support our product diversification strategy, new product launches and marketing activities which has resulted in an increase to our customer sales pipeline.
- On February 25, 2015, the Company announced completion of a non-brokered Private Placement. The gross proceeds for this placement were approximately \$2.65 million CDN. Each unit was priced at CDN \$0.25 comprised of one common share and one warrant which entitle the holder to acquire one common share at an exercise price of US \$0.25 for a period of 24 months.

The first quarter is seasonally one of low sales activity for capital equipment purchases in the North American dental market. This has been factored into our plan and we are on track to achieve our annual guidance of \$15 – 16 million for fiscal 2015. We have set the stage for a breakout year for the Company in 2015 as we leverage our sales and marketing infrastructure while optimizing our cost structure. We have demonstrated to the market our ability to attract world class technology partners and have proven that our dedicated and experienced team of imaging specialists can execute and grow in this exciting and vibrant market opportunity.

Thank you for your interest in our Company, our products and our services.

Sincerely,

Dr. David Gane
Chief Executive Officer
May 30, 2015

Please refer to the risk factors and forward-looking statements included in the Company's Management's Discussion & Analysis for the year ended December 31, 2014 and for the three months ended March 31, 2015, respectively, filed by the Company on Sedar.

¹EBITDA or Earnings before Interest, Taxes Depreciation and Amortization is a non-IFRS measure that does not have a standardized meaning and may not be comparable to a similar measure disclosed by other issuers. This measure does not have a comparable GAAP measure. EBITDA referenced here relates to net loss and comprehensive loss and excludes interest, income taxes, depreciation, amortization, finder's warrants issuance costs, stock-based compensation, deferred share unit compensation, mark to market adjustments on Canadian dollar denominated warrants, foreign exchange gain or loss and other income. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the cash operating loss of the business.