



Chief Executive Officer Letter

Dear Shareholders,

I'm pleased to announce that the Company achieved revenue growth of 106% with US\$3.3 million for the three months ended June 30, 2015 compared to revenue of \$1.6 million for the same period in the prior year representing an increase of 34% when compared to the prior quarter. Year to date revenue for the six months ended June 30, 2015 increased by 116% to US\$5.7 million over the prior year. This revenue increase was due to increasing revenue contribution from our expanding portfolio of digital imaging products in combination with relatively consistent VELscope and VELscope consumable sales revenues.

Our blended gross margin on sales for the period ending June 30, 2015 was 31% which increased from 26% in the prior quarter but is lower than the prior year period of 55%. This reduction in gross margin was due to an increase contribution to revenue from sales of third party imaging products with lower gross margins in fiscal 2015.

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 expanding and diversifying our imaging product portfolio, growing revenues, and optimizing our cost structure. We are starting to realize increasing operating efficiencies through the introduction of new imaging products and services to further leverage the investment made to date. Our recently announced launch of LED Dental Imaging Cloud and our agreement with 3shape Trios A/S to sell, install and support the Trios® line of intraoral scanners to the U.S. Orthodontic community 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.

Business Highlights

Notable developments and achievements during the quarter include:

- April 09, 2015 - The Company announced a new agreement with OrthoSynetics, a leading provider of administrative, marketing, and financial services to 350 orthodontic practices across the United States. The agreement designates the Company as the preferred imaging technology supplier for OrthoSynetics.
- April 16, 2015 - The Company announced that it is partnering with London Drugs to provide its VELscope® Vx Enhanced Oral Assessment Systems ("VELscope® Vx System" or "VELscope® Vx") for a pilot program for oral cancer screenings.
- 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.
- April 30, 2015 - The Company announced that it has launched a new cloud-based imaging solution, LED Imaging Cloud. 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 data for their entire patient database. A solution for both 2D and 3D clinical data, LED Imaging Cloud transcends limitations on CBCT storage found in many current cloud imaging solutions on the market.

- June 15, 2015 - The Company announced an agreement that makes LED Medical subsidiary LED Dental the newest provider of 3Shape's 3D intraoral digital impression and desktop scanners.
- June 23, 2015 - The Company announced the launch of the new VELscope® Vx Imaging Adapter & VELscope Photo System Application from subsidiary LED Dental, delivering integration of the VELscope Vx with the Apple iPod touch®* for clinical photographic documentation and secure image sharing oral lesions.
- July 13, 2015 - The Company announced that its VELscope® Vx Enhanced Oral Assessment System has received the Pride Institute's "Best of Class" Technology Award, making 2015 the fifth consecutive year that the VELscope has received this distinction as the market-leading device for adjunctive oral screening.
- July 22, 2015 - The Company announced that it has completed a financing of CDN\$1,100,000 through the issuance of 10% senior secured debentures of the Company each in the amount of CDN\$10,000 (the "Debentures") and maturing after 12 months.
- August 04, 2015 - The Company announced that it has entered into a distribution agreement with 3D printer manufacturer EnvisionTec Inc., becoming a provider of EnvisionTec's 3D printing solutions to dentists, dental specialists and dental laboratories across the United States and Canada.

Financial Highlights

Three Month Comparative Results

The Company reported revenue of US\$3.3 million for the three months ended June 30, 2015 representing an increase of 106% over the same period in the prior year of US\$1.6 million and an increase of 34% over the prior quarter ended March 31, 2015 of US\$2.4 million. The increase in revenue was due to primarily to increased sales in the Company's imaging product offering launched in fiscal 2014.

Gross margin was 31% in the three months ended June 30, 2015 which was lower than the 55% gross margin in the same period in the prior year due to increased revenue contribution from the Company's new imaging product offering but higher than the 26% gross margin in the previous quarter.

EBITDA was (US\$1.1 million) for the three months ended June 30, 2015 compared to EBITDA of (US\$1.4 million) in the same period in the prior year and the prior quarter ended March 31, 2015.

The Company had a net loss of US\$1.2 million in the three months ended June 30, 2015 compared to net income of US\$83,000 in the same period in the prior year and a net loss of US\$1.6 million in the prior quarter.

Six Month Comparative Results

The Company reported revenue growth of 116% with US\$5.7 million during the first six months of fiscal 2015 compared to US\$2.6 million for the six months ended June 30, 2014.

Gross margin was 29% for the six months ended June 30, 2015 compared to gross margin of 53% for the six months ended June 30, 2014. Gross margin decreased over the prior year due to increased revenue contribution attributable from the Company's imaging product offering launched in fiscal 2014.

EBITDA for the six months ended June 30, 2015 was (US\$2.6 million) compared to (US\$2.4 million) for the six months ended June 30, 2014.

The Company had a net loss of US\$2.7 million during the six months ended June 30, 2015 compared to a net loss of US\$2.8 million during the six months ended June 30, 2014.

Financial Position as at June 30, 2015

Working capital as of June 30, 2015 was US\$1.4 million including cash and cash equivalents of US\$1.5 million. This is compared to net working capital of US\$1.5 million as of December 31, 2014 including cash and cash equivalents of US\$2.4 million.

I am proud of our revenue growth to date as well as the growing number of new dentists and dental specialists we have attracted as customers. We remain encouraged by the market response to our best in class high tech /high touch imaging technologies, service and support offerings. We have demonstrated our ability to attract world class technology partners and proving that our dedicated and experienced team of imaging specialists can execute and grow in this exciting and vibrant market opportunity. We look forward to continued growth in 2015 and beyond as we execute on our business plan.

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

Sincerely,

Dr. David Gane
Chief Executive Officer
August 31, 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 June 30, 2015, respectively, filed by the Company on Sedar.