

Chief Executive Officer Letter

Dear Shareholders,

Net Revenue for the three months ended June 30, 2016 amounted to \$3,661,490, an increase of 12% from the three months ended June 30, 2015. The company's revenue numbers are showing stronger growth after a softer beginning to 2016 in the first quarter. Some additional highlights in the second quarter were:

- Lowered our cash flow used in operations by 51% to \$1,505,387 during the six months ended June 30, 2016 compared to the six months ended June 30, 2015.
- On May 12, 2016, we announced the launch of the TUXEDO™ Intraoral Sensor, a new high-definition digital radiography system with a five-year, deductible-free warranty program.
- On June 20, 2016, we announced that our wholly owned subsidiary, LED Dental Inc., has signed an exclusive distribution agreement with Biocare Health Supply Ltd. for the sale and distribution of our award-winning VELscope Vx system in China and Hong Kong. LED has fulfilled the initial stocking order of VELscopes which will be deployed to Biocares's key opinion leader network in mainland China.
- We recorded a 10% reduction in our net loss before tax for the three months ended June 30, 2016 compared to the same period ended June 30, 2015.

Our business continues to trend in the right direction as we move towards the end of 2016, which is our period of high seasonality. We anticipate continued revenue growth in 2016 while making cost reductions wherever possible in our move towards profitability. On behalf of the board of directors, our senior leadership and the entire LED staff, I would like to thank our stockholders for their continued faith in our team as we carry our momentum forward into the second half of 2016.

Sincerely,
Dr. David Gane
August 8, 2016