



Chief Executive Officer Letter

Dear Shareholders,

A noteworthy accomplishment this quarter was the acquisition of Apteryx Inc. a profitable, Ohio based imaging software company on February 10th. This transformative event is both additive and accretive to the Company and provides several unique synergies to our core business which we expect will result in a financially stronger and more diversified Company. The integration process is going well. We were fortunate the acquisition took place in Q1, a seasonally slow period for imaging and VELscope sales. The early timing will allow us to benefit from the newly acquired customer base and patented software portfolio over the balance of 2017. Having our own suite of imaging software, including XVWEB, a cloud based imaging software service (SaaS) provides LED with an additional stream of high margin revenue as well as a differentiated product offering and market with which to grow VELscope and imaging device businesses.

LED revenues were relatively flat with 2017 Q1 revenues of \$2.1 million compared to revenues of \$2.2M in the same period in the prior year. Even though we had a boost in revenue from acquiring Apteryx in the quarter, imaging sales were hampered by working capital constraints until the completion of the acquisition and related financing. Blended gross margins improved to 49% in Q1 2017 compared to 25% in Q1 2016 due to the revenue contributions from the new higher margin Apteryx software business. Although revenue was flat compared to the same period last year we believe we are on track to grow the company significantly over the balance of the year with a goal to profitability in 2017.

Fiscal 2017 Quarterly Business Highlights

On February 10, 2017, the Company acquired 100% of the common shares of Apteryx, Inc. ("Apteryx") for aggregate consideration of US 10.25 million. Apteryx is a custom software development company located in Akron, Ohio specializing in medical and dental image processing, data encryption and security, database, data conversion and distributed systems.

The Company closed a series of financings related to the acquisition for gross proceeds of approximately \$14.4 million CDN. The Company completed a private placement of 220,711,540 equity units of the Company (the "Equity Units") for gross proceeds of approximately C\$13.2 million. The Equity Units were priced at C\$0.06 per Equity Unit, each consisting of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable for a period of 24 months into one common share of LED at a price of C\$0.10 per common share.

The Company also issued senior secured debentures with a principal amount of \$1,150,000 CDN maturing 24 months from the closing date. The debenture is attached with a 12% coupon and 2,443,750 common shares of the Company.

Financial Highlights

Net revenue for the three months ended March 31, 2017 was \$2,098,417, which is a decrease 2% from the three months ended March 31, 2016 and a 13% increase in revenues from the three months ended December 31, 2016.

The net loss before tax for the three months ended March 31, 2017 was \$1,087,961 compared to the net loss before taxes for the three months ended March 31, 2016 of \$2,051,827. The increase of operating loss is mainly attributable to lower revenue levels and deferred salary recognition for management.

Cash flow used in operations was \$1,359,341 during the three months ended March 31, 2017 compared to cash flow used in operations of \$684,826 during the three months ended March 31, 2016. There were inflows from financing for the three months ended March 31, 2017 of \$13,612,145 as compared to zero cash inflows from the financing activities for the three months ended March 31, 2016. The cash outflows from investing were attributed to the purchase of Apteryx, Inc.

The Company had cash of \$2,905,410 and Net Working Capital deficit of \$59,400 as of March 31, 2017. Net Working Capital is defined as total current assets less total current liabilities.

With the recent Apteryx acquisition our product portfolio, market opportunity and future potential has been greatly enhanced. Our experienced team is now executing in a vibrant market place and I look forward to providing you with updates on our financial performance over the balance of the as we grow the business.

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

Sincerely,

Dr. David Gane
Chief Executive Officer
May 30, 2017

Please refer to the risk factors and forward-looking statements included in the Company's Management's Discussion & Analysis for the three months ended March 31, 2017 filed by the Company on Sedar.