



May 22, 2014

ProPhotonix Limited

("ProPhotonix" or "the Company")

AGM statement and Trading Update

Tim Losik, President & CEO of ProPhotonix Limited ("ProPhotonix" or "the Group"), will give the following update at its Annual General Meeting held today:

"The Group's trading performance since the beginning of the year builds on our leadership position within the high growth sectors of the LED and laser markets. Thus far in the first half 2014, we have secured one significant two-year customer contract that is part of the total backlog of \$8.4 million as of May 16th. In addition, several significant prototype products have recently shipped to customers and we await final design modifications for the transition to production units during the second half 2014. We affirm our current expectations of first half revenue in the range of \$7.8 to \$8.2 million. While pleased with the on-going development of the Group's revenue base, we maintain our focus on cost control and efficiency to ensure we achieve a sustainable break-even point for the Company as soon as practicable. To this end, we have initiated actions to lower our costs by approximately \$900,000 and will incur one off charges of \$150,000, taken in H1 2014, associated with these actions."

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About ProPhotonix

ProPhotonix Limited, headquartered in Salem, New Hampshire, is an independent designer and manufacturer of diode-based laser modules and LED systems for industry leading OEMs and medical equipment companies. In addition, the Company distributes premium diodes for Oclaro, Osram, QSI, Panasonic, and Sony. The Company serves a wide range of markets including the machine vision, industrial inspection, security, and medical markets. ProPhotonix has offices and subsidiaries in the U.S., Ireland, U.K., and Europe. For more information about ProPhotonix and its innovative products, visit the Company's web site at www.prophotonix.com

Cautionary Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact, including without limitation, those with respect to ProPhotonix's goals, plans and strategies set forth herein are forward-looking statements. The following important factors and uncertainties, among others, could cause actual results to differ materially from those described in these forward-looking statements: uncertainty that cash balances may not be sufficient to allow ProPhotonix to meet all of its business goals; uncertainty that ProPhotonix's new products will gain market acceptance; the risk that delays and unanticipated expenses in developing new products could delay the commercial release of those products and affect revenue estimates; the risk that one of our competitors could develop and bring to market a technology that is superior to those products that we are currently developing; and ProPhotonix's ability to capitalize on its significant research and development efforts by successfully marketing those products that the Company develops. Forward-looking statements represent management's current expectations and are inherently uncertain. ProPhotonix undertakes no duty to update any of these forward-looking statements. All Company, brand, and product names are trademarks or registered trademarks of their respective holders.