

ProPhotonix Limited  
("ProPhotonix" or "the Company")

## **PROPHOTONIX ANNOUNCES PLACEMENT OF 23,250,000 NEW COMMON SHARES TO RAISE £3.255 MILLION (\$5.1 MILLION)**

ProPhotonix Limited, (London Stock Exchange - AIM: PPIX and PPIR, OTC: STKR.PK), a designer and manufacturer of LED light engines and laser diodes modules with operations in Ireland and the U.K, today announces the completion of a conditional placing of 23,250,000 new common shares of \$0.001 each ("Common Shares" or "Placing Shares") with institutional and other investors.

The Company, through its broker Brewin Dolphin Limited ("Brewin Dolphin"), has received commitments to subscribe for 23,250,000 Placing Shares at 14p (\$0.22) per Placing Share, raising approximately £3.255 million (\$5.1 million) before expenses. The Placing is, *inter alia*, conditional on admission of the Placing Shares to trading on AIM ("Admission").

ProPhotonix's CEO, Mark W. Blodgett, said: "We are very pleased with the high level of demand for shares in the placing and welcome significant new institutional investors to the share register. The monies raised will assist the Company in capitalising on the opportunities available in our chosen markets through the application of our proprietary technology and expertise in relation to LED-based lighting applications and in developing our laser module business. Proceeds will be used to strengthen product management for the medical equipment market and expand the Company's direct sales force in the U.S., Ireland, U.K. and Germany. In addition, we intend to make additional R&D investments for both the medical equipment and industrial illumination markets where our compact, high performance LED solutions are uniquely suited," added Blodgett.

### **Background to the Fundraising**

Following the Company's admission to AIM in December 2010, the Company's current strategy is to build on its strong track record of developing and manufacturing products for the technically demanding machine vision market. The Company has recently expanded into the medical equipment and homeland security markets and intends to develop and market a high power LED light engine product line for the industrial illumination market. In addition, ProPhotonix will continue to build its core skills in engineering, sales and product management, as well as supply chain management.

### **The Placing**

The Company, through its broker Brewin Dolphin, has received commitments to subscribe for 23,250,000 Placing Shares at 14p per Placing Share, raising approximately £3.255 million before expenses. The Placing is, *inter alia*, conditional on admission of the Placing Shares to trading on AIM ('Admission').

The Placing Shares comprise 1,071,429 Placing Shares which have been allotted at a board meeting held on 12 July to a venture capital trust (the "VCT Placing Shares"), and 22,178,571 Placing Shares which have been allotted at a separate board meeting held on 12 July to institutional and other investors (the "Non-VCT Placing Shares").

Application will be made for the VCT Placing Shares and the Non-VCT Placing Shares to be admitted to trading on AIM and it is expected that Admission will occur, and dealings in the VCT Placing Shares

will commence, on 18 July 2011 and that Admission will occur, and dealings in the Non-VCT Placing Shares will commence, on 19 July 2011.

Following completion of the Placing, the Placing Shares will represent approximately 30.6% of the enlarged issued share capital of the Company, which will then comprise 76,060,174 Common Shares. The Placing Shares will, when issued, rank *pari passu* in all respects with the existing issued Common Shares.

The Placing Shares will trade with ISIN USU743121068 under the ticker PPIR and are Regulation S restricted under US securities laws and therefore trade outside CREST.

### **Directors' Dealings**

Tim Steel, Non Executive Director, has subscribed under the Placing for 400,000 Placing Shares at the placing price of 14p per Placing Share. Following the Placing he will be interested in a total of 803,000 Common Shares, representing 1.06% of the enlarged issued share capital.

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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 Opnext, Sanyo & Sony. The Company serves a wide range of markets including the machine vision, industrial inspection, defense, sensors, and medical markets. ProPhotonix has offices and subsidiaries in the U.S., Ireland, and Europe. For more information about ProPhotonix and its innovative products, visit the Company's web site at [www.prophotonix.com](http://www.prophotonix.com).

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