



December 4, 2013

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

Trading Update and Enhanced Financing Package
Announces Expanded Credit Facility

ProPhotonix Limited (London Stock Exchange - AIM: PPIX and PPIR, OTC: STKR), a designer and manufacturer of LED illumination systems, laser diode modules and a laser diode distributor with operations in Ireland and the U.K., provides a 2013 trading update and announces expanded credit facility.

2013 Trading Update

The Company expects continuing improvement in revenue growth in the second half 2013 with full year 2013 revenue expected to be not less than \$15.0 million, a 7.9% growth in revenue over 2012. Second half forecast revenue of \$7.6 million would be 3.7% above first half revenue and 7.3% above 2012 second half revenue. The increase in revenue and first half cost reductions are expected to improve second half EBITDA versus the first half EBITDA loss of \$275,000, net of the non-recurring charges.

Financing

ProPhotonix has entered into an expanded working capital credit facility ("Facility") with Barclays Bank PLC for a two year term, furthering the seven year credit relationship. The Facility is increased from £650,000 (\$1,065,415 at December 3, 2013) to £1,400,000 (\$2,294,740 at December 3, 2013) secured by the accounts receivable of the Company. The ultimate credit availability is dependent upon the value of eligible debtors.

Tim Losik, President and CEO stated, "I am pleased with the revenue growth in 2013 which is driven by improving orders from existing customers and the addition of new customers. Bookings through November 30 were \$16.5 million versus \$13.1 million for the comparable period of 2012, a 25.5% increase. We continue to nurture our existing client relationships and are active in finding new customers for our existing product ranges. We also remain active in developing new products for demanding LED and laser opportunities. Our opportunity pipeline continues to grow as does our optimism. Looking to the future, we are focused on achieving sustained positive EBITDA during 2014 and subsequently sufficient positive EBITDA to support the total cash requirement of ProPhotonix. Our continuing financial improvement is enhanced by the increased Facility provided by Barclays Bank PLC which extends a seven year credit relationship."

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About ProPhotonix

ProPhotonix Limited, headquartered in Salem, New Hampshire, USA, 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. All Company, brand, and product names are trademarks or registered trademarks of their respective holders. ProPhotonix undertakes no duty to update any of these forward-looking statements.