PROPHOTONIX LIMITED REPORTS 2010 SECOND QUARTER FINANCIAL RESULTS

Sales Increase 41%, Gross Profits Up 106% and EBITDA Neutral Before One-Time Charge

Q2 2010 Financial Highlights:

- Revenue $3.7 million vs. $2.6 million in Q2 2009, a 41% increase year over year;
- Revenue up 5% sequentially vs. Q1 of 2010;
- LED Revenues up 112.6% vs. Q2 of 2009 and up 34.7% sequentially;
- Gross Profits in Q2 up 106% vs. Q2 2009, and up 22% vs. Q1 2010;
- Gross margin 39.8% vs. 27.2% in Q2 2009 and 34.2% in Q1 2010;
- EBITDA break-even (before London Stock Exchange – AIM Market admission costs) vs. $0.6 million loss in Q2 2009; EBITDA loss was $0.5 million including one-time costs;
- Order bookings $3.2 million, ending backlog $6.5 million;
- Percentage Revenue by Market Sectors: industrial 74%; medical 19%; and defense 7%;
- Percentage Revenue by Geography: 56% Europe, 34% North America and 10% Rest of World.

Q2 2010 Business Highlights:

- Bookings in Q2 up 10% vs. Q2 2009;
- Historical customers ordering at higher rates;
- Backlog improved 43% vs. Q2 2009;
- Increased orders from solar, medical, optical character recognition (OCR), food inspection and semiconductor industries;
- Significant increase in the sales of standard LED product (COBRA) to the linescan inspection markets;
- Proposed admission of all outstanding shares to the London Stock Exchange's AIM Market progressing.

Salem, N.H. — August 19, 2010 — ProPhotonix Limited, formerly StockerYale, Inc. (Pink Sheet OTC: STKR), a designer and manufacturer of LED arrays and light engines, produces laser modules and distributes laser diodes for industrial OEMs, medical and defense markets, today announced its financial results for the second quarter ended June 30, 2010. Results are reported from continuing operations and exclude discontinued operations, unless otherwise stated.

Second Quarter 2010 Financial Results

Total revenue for the second quarter of 2010 of $3.7 million increased 41% (up 45%, adjusting for currency) from the second quarter of 2009. The increase in sales was due to a $0.9 million increase in the LED segment (up $1.0 million excluding the impact of foreign currency exchange), and a $0.1 million increase in the Photonic Products segment.

Gross profit was $1.5 million for the three months ended June 30, 2010, a 106% increase compared to the second quarter of 2009. During the three months ended June 30, 2010, gross margin was 40% compared with 27% in the second quarter of 2009, mainly due to increased volumes, mix of products and improved productivity in our LED segment.

Operating expenses totaled $2.2 million for the second quarter of 2010, an increase of 44% as compared to the second quarter of 2009. The 2010 operating expenses include one-time costs of approximately $511,000 related to the efforts to admit the Company's shares to the London Stock Exchange's AIM Market and a favorable impact of approximately $46,000 in foreign currency exchange rates versus the second quarter of 2009. Non-cash amortization of intangible assets decreased to $96,000 versus $187,000 for the second quarter of 2009. Sales and marketing expenses increased by approximately $97,000, or 26%, as the Company increased advertising and added marketing and product management personnel. Research and development expenses were 56% higher at $203,000 due to hiring engineering resources in the Company's LED business. General and administrative expenses, excluding one-time charges, were flat to the second quarter of 2009, despite an increase of $45,000 related to non-cash stock based compensation expenses. EBITDA loss was $504,000 for the quarter compared to a loss of $600,000 for the second quarter of 2009. Excluding one-time AIM Admission expenses, adjusted EBITDA was $7,000, a significant improvement over both the prior year and the $244,000 loss in for the first quarter 2010, adjusted for the one-time facilities cost expense. Net loss from continuing operations, excluding the one-time fees relating to AIM, were $0.4 million, or $0.01 per share. Net loss including discontinued operations was $1.0 million or $0.02 per share. This compares to net loss of $0.7 million or $0.02 per share for the second quarter of 2009.

Outlook

"Since the business was refocused last year, we have seen significant improvement in both our LED and laser business units," stated Mark W. Blodgett, Chairman and CEO. "During the second quarter, the Company made significant progress on all fronts including sales growth, profitability, and product marketing and development. We are pleased to achieve EBITDA neutrality in the second quarter. This achievement was led by the sales growth and profitability of our LED operation. We were particularly pleased with the overall improvement in gross margin to 40%, which demonstrates both continued cost management and the positive operating leverage associated with our business model," added Blodgett.

"As part of the sale of the Company's North American operations last October, senior management and the Board have refocused the business strategy of the Company. The strategy is to significantly grow the LED business over the coming several years by leveraging the Company's strengths, including its expertise in designing high intensity and energy efficient LED devices, for new markets such as medical and general illumination. Various estimates indicate that the market for LEDs in general illumination today represents less than 3% penetration of the $100 billion general illumination market. As such, significant opportunities exist for the Company to leverage both its technology and manufacturing capability in the LED market. With that in mind we are doubling our LED product manufacturing capacity by the end of the fourth quarter 2010. We intend to also make further investments in our laser module business unit to continue the growth in this market space.

"Since the Company now effectively operates in Ireland and the UK, the Board decided to seek admission on AIM, which is the London Stock Exchange's international market for smaller growing companies. The Company will seek admission of all outstanding common shares on AIM," stated Blodgett.

About ProPhotonix Limited (Formerly StockerYale, Inc.):

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. 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 their innovative products, visit the Company's web site at www.prophotonix.com

Safe Harbor 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.

Investor Relations Contact:

ProPhotonix
Mark W. Blodgett, CEO
Tel: +1 (603) 893-8778
IRInfo@ProPhotonix.com

Hansard Communications
Kirsty Corcoran/John Bick
Tel: +44 (0) 20 7245 1100
ProPhotonix@hansardcomms.com

Use of Non-GAAP Financial Measures

The Company provides non-GAAP financial measures, such as EBITDA, to complement its consolidated financial statements presented in accordance with GAAP. Non-GAAP financial measures do not have any standardized definition and, therefore, are unlikely to be comparable to similar measures presented by other reporting companies. These non-GAAP financial measures are intended to supplement the user's overall understanding of the Company's current financial and operating performance and its prospects for the future. Specifically, the Company believes the non-GAAP results provide useful information to both management and investors by identifying certain expenses, gains and losses that, when excluded from the GAAP results, may provide additional understanding of the Company's core operating results or business performance, which management uses to evaluate financial performance for purposes of planning for future periods. However, these non-GAAP financial measures are not intended to supersede or replace the Company's GAAP results.

The Company uses EBITDA (earnings before interest, taxes, depreciation, amortization, and stock-based compensation) as a non-GAAP financial measure in this press release. A reconciliation of EBITDA to net income / (loss) for the second quarter ended 2010 is as follows:

	Three Months Ended (in thousands) June 30,	
	2010	**2009**
Net Loss	(983)	(718)
(Income)/loss from discontinued operations	108	215
Plus:		
Interest and other (income) / expense (net)	(103)	(1,410)
Depreciation	123	137
Intangible asset amortization	96	187
Stock based compensation	162	117
Taxes	(1)	164
Amortization of Debt Discount & Financing Costs	94	708
EBITDA loss	(504)	(600)
One-time charges – AIM Admission costs	511	-
Adjusted EBITDA gain / (loss)	7	(600)

Consolidated Statements of Operations
($ In thousands except share and per share data)

	Three Months Ended June 30, 2010	2009
Net Sales	$3,665	$2,599
Cost of Sales	2,208	1,893
Gross Profit	1,457	706
Research & Development Expenses	203	130
Selling, General & Administrative Expenses	2,043	1,430
Amortization of Intangible Assets	96	187
Operating Loss	(885)	(1,041)
Other Income, net	235	1,448
Amortization of debt discount and financing costs	(94)	(708)
Interest Expense	(132)	(38)
Loss before taxes from Continuing Operations	(876)	(339)
Tax Provision / (benefit)	(1)	164
Net Loss from Continuing Operations	(875)	(503)
Loss from Discontinued Operations	(108)	(215)
Net Loss	$ (983)	$ (718)
Loss Per Share		
Loss from Continuing Operations	($0.02)	($0.01)
Income/(Loss) from Discontinued Operations	($0.00)	($0.01)
Net loss per share	($0.02)	($0.02)
Weighted Average Shares Outstanding	44,190,092	43,693,400

Consolidated Balance Sheet
(Unaudited)
($ in Thousands)

	June 30, 2010	December 31, 2009
Assets		
Cash	$1,663	$4,478
Other Current Assets	3,812	3,258
Property, Plant & Equipment, Net	3,613	3,835
Other Assets	1,470	1,805
	$10,558	**$13,376**
Liabilities & Stockholders Equity (Deficit)		
Total Current Liabilities	$6,696	$7,123
Long Term Debt	2,673	3,281
Long Term Lease and Other Liabilities	3,327	3,287
Stockholders Equity (deficit)	(2,138)	(315)
Total Liabilities & Stockholders Equity	**$10,558**	**$13,376**