



December 19, 2016

ProPhotonix Limited

("ProPhotonix" or the "Company")

### **Trading Update**

#### *Expected revenue and operating income growth*

ProPhotonix Limited (AIM: PPIX, OTC: STKR), a high technology designer and manufacturer of LED illumination systems and laser diode modules, with operations in Ireland and the United Kingdom, today announces that its results for the year ending 31 December 2016 are expected to be ahead of market expectations with revenue forecast to be approximately \$16.0 million and operating income of approximately \$1.3 million.

Tim Losik, CEO of ProPhotonix, stated - "Revenue for the year ending 31 December 2016 is expected to increase by approximately 11% over the 2015 comparable figure and operating income is expected to increase by approximately 65% over the 2015 comparable figure. The revenue growth stems from continuing customer development activity and significant revenue from two customers. Operating income growth comes from improved revenue mix, volume and cost containment.

"We have experienced strong revenue from two customers in 2016 contributing approximately 20% of the total revenue. At present, these two customers are expected to continue contributing strong revenue in the first half of 2017, but we anticipate the run rate to decline during the second half of 2017 as the 2016 run rate is exceptional. There are sufficient new opportunities in our business pipeline which give us reasonable confidence to offset any potential decline from these accounts and to continue to grow our business in 2017."

The Directors expect that the Company's unaudited preliminary results will be released by the end of March 2017 and the final audited results will be published by the end of April 2017.

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Tom Griffiths and David Coaten  
Nominated Adviser and Broker**About ProPhotonix**

ProPhotonix Limited, headquartered in Salem, New Hampshire, is a high technology designer and manufacturer of LED illumination systems and laser diode modules for industry leading OEMs and medical equipment companies. In addition, the Company distributes premium diodes for Ushio (formerly Opnext), 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](http://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.

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