Company Sees 352% Increase in Revenues Over Prior Year

The Associated Press

(http://www.VELscope.com [1])

LED Medical Diagnostics Inc. (TSX VENTURE: LMD) ("LED" or the "Company") today announced its financial results for the fourth quarter and full year ended December 31, 2011, reported in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). The Company's results are presented in comparison to the three months and twelve months ended December 31, 2010, also in accordance with IFRS.

Financial Highlights

-- Revenues for fiscal 2011 reached a record of approximately $7.1 million, a 352% increase over fiscal 2010.

-- Revenues for Q4 2011 were approximately $2.0 million, a 841% increase over Q4 2010.

-- EBITDA improved significantly for fiscal 2011 and Q4 2011 over comparable periods to approximately ($1.5 million) and ($277,000), respectively.

"We expect three pillars to continue to drive growth for LED Medical Diagnostics in 2012 and beyond," said Peter Whitehead, CEO and Director, LED Medical Diagnostics. "The new Velscope@ Vx, which we introduced in early 2011, is already the leading adjunctive cancer screening device in the market; Henry Schein, the world's largest

dental distribution firm, is now the exclusive distributor of the Velscope Vx in key markets around the world; and an increased awareness that oral cancers are rising among non-traditional patients such as non-smokers and otherwise healthy individuals."

"The proliferation of the HPV virus among sexually active people and its direct links to oral cancer is increasing the demand and importance of detecting oral abnormalities early. The Velscope Vx is at the leading edge of this growing opportunity and our strong success in 2011 has set the stage for future growth and market expansion."

Q4 2011 Comparative Results

For the fourth quarter ended December 31, 2011, the Company reported revenues of approximately $2.0 million as compared to approximately $213,000 for the fourth quarter of 2010, an increase 841% over the comparable period. Gross margins(1) were 50% during the three months ended December 31, 2011, which was significantly higher than the three months ended December 31, 2010. The Company's margins vary depending on the mix of equipment versus disposables sales for any given period.

Total operating expenses for the three months ended December 31, 2011 were 2% higher than the three months ended December 31, 2010.

EBITDA(2) for the three months ended December 31, 2011 was approximately ($277,000) compared to approximately ($2.0) million for the three months ended December 31, 2010.

Fiscal 2011 Comparative Results

For the year ended December 31, 2011 the Company reported revenues of

approximately $7.1 million as compared to approximately $1.6 million for the year ended December 31, 2010, an increase of 352% over the comparable period. The increase is attributable to the partnership with industry leader Henry Schein, which has greatly expanded the Company's sales and distribution reach.

Gross margins were 55% during the year ended December 31, 2011 which was significantly higher than the gross margins of 22% for the year ended December 31, 2010. The Company's margins vary depending on the mix of equipment versus disposables sales for any given period.

Total operating expenses for the year ended December 31, 2011 were 39% higher than the year ended December 31, 2010. EBITDA for the year ended December 31, 2011 was approximately ($1.5) million compared to ($3.7) million for the year ended December 31, 2010.

Cash and cash equivalents were approximately $992,000 with net working capital of approximately $570,000 as of December 31, 2011, compared to cash and cash equivalents of approximately $269,000 with net working capital(3) of approximately ($1.0 million) as of December 31, 2010.

Business Highlights

Notable developments and achievements during the fourth quarter included the following:

-- The Company completed its amalgamation with Searchlight Capital Corp. and commenced trading on the TSX Venture Exchange (trading symbol: LMD) on November 24, 2011. As part of this transaction, the Company generated additional funds of approximately $1.1 million excluding related transaction costs.

-- Velscope Vx oral cancer screening system has been approved for use by the dentists affiliated with Heartland Dental Care, which represents over 350 dental practices in 18 states.

The Audit Committee of the Company has reviewed the contents of this news release.

Non-IFRS Measures

The following and preceding discussion of financial results includes reference to Gross Margin, EBITDA and Working Capital, which are all non-IFRS financial measures. The measure of gross margin is provided as management believes this is a good indicator in evaluation the operating performance of the Company. EBITDA is defined as operating loss less depreciation, amortization, stock-based compensation and warrant expense. The measure is provided as a proxy for the cash earnings from the operations of the business as operating loss for the Company includes non-cash amortization and depreciation expense. The measure of working capital is provided as management believes this is a good indicator of the operating liquidity available to the Company.

Forward-Looking Statements

This press release contains statements which, to the extent that they are not recitations of historical fact, may constitute forward-looking information under applicable Canadian securities legislation that involve risks and uncertainties. Such forward-looking statements or information may include financial and other projections as well as statements regarding the Company's future plans, objectives,

performance, revenues, growth, profits, operating expenses or the company's underlying assumptions. The words "may", "would", "could", "will", "likely", "expect," "anticipate," "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this press release are cautioned that such statements or information are only predictions, and that the Corporation's actual future results or performance may be materially different. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: economic conditions; dilution; limited history of profits and operations; operational risk; distributor risks; working capital; potential conflicts of interest; speculative investment; volatility of stock price; intellectual property risks; disruptions in production; reliance on key personnel; seasonality; management's estimates; competitors; regulatory requirements; reliance on few suppliers; reliance on subcontractors; technological milestones; operating cost fluctuations; fluctuations in exchange rates; product liability and medical malpractice claims; access to credit; taxation; potential unknown liabilities; the need to develop, integrate and deploy software solutions to meet its customers' requirements; the possibility of development or deployment difficulties or delays; the dependence on its customers' satisfaction; the timing of entering into significant contracts; its customers' continued commitment to the deployment of the Corporation's solutions; the risks involved in

developing integrated software solutions and integrating them with third-party products and services; the performance of the global economy and growth in software industry sales; market acceptance of the Corporation's products and services; customer and industry analyst perception of the Corporation and its technology vision and future prospects; the success of certain business combinations engaged in by the Corporation or by its competitors;
possible disruptive effects of organizational or personnel changes; technological change, new products and standards; risks related to acquisitions and international expansion; reliance on large customers; concentration of sales; international operations and sales; management of growth and expansion; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Corporation's competition; the Corporation not adequately protecting its intellectual property; risks related to product defects and product liability; currency exchange rate risk; and including, but not limited to, other factors described in the Corporation's reports filed on SEDAR including its Annual Information Form and financial report for the year ended December 31, 2011. This list is not exhaustive of the factors that may affect the Company's forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. All forward-looking statements made in this press release are qualified by this cautionary statement and there can be no assurance

that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

About LED Medical Diagnostics Inc.

LED Medical Diagnostics Inc. was founded in 2003 and is headquartered in Burnaby, British Columbia, Canada. Its wholly-owned subsidiary, LED Dental Inc., is the manufacturer of the Velscope Vx oral cancer screening system. Velscope Vx devices, the first to apply tissue fluorescence visualization technology to the oral cavity, are used to conduct more screenings for oral cancer and other oral diseases than any adjunctive device in the world. For more information, call +1 (604) 434-4614, or visit www.velscope.com [2](http://www.velscope.com [2]).

About the VELscope Vx

The Velscope Vx is a powerful FDA-approved tool used to screen for oral cancer. It saves lives by helping detect early stage oral cancer and pre-cancer and other abnormalities in the mouth such as viral, fungal and bacterial infections. The Velscope Vx is exclusively distributed worldwide through a partnership with Henry Schein, the world's largest dental distribution company. For more information please call +1 (604) 434-4614, or visit www.velscope.com [2](http://www.velscope.com [2]).

Please visit www.sedar.com [3](http://www.sedar.com [3]) for LED Medical Diagnostics Inc.'s complete online annual report. If you require a hard copy please call Investor Relations.

(1) Non-IFRS measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Gross margin referenced here relates to revenues less cost of sales.

(2) Non-IFRS measure that does not have a standardized meaning and may not be comparable to a similar measure disclosed by other issuers. This measure does not have a comparable IFRS measure. EBITDA referenced here relates to operating loss less amortization, depreciation, stock-based compensation and warrant expense. Please refer to the reconciliation of EBITDA to reported financial results attached to this press release.

(3) Non-IFRS measure that does not have a standardized meaning and may not be comparable to a similar measure disclosed by other issuers. This measure does not have a comparable IFRS measure. Working capital is defined as current assets less current liabilities.

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