

LED Medical Diagnostics Reports 2012 First Quarter Results

The Associated Press

(<http://www.VELscope.com>)

LED Medical Diagnostics Inc. (TSX VENTURE: LMD) ("LED" or the "Company") today announced its financial results for the first quarter ended March 31, 2012, 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 ended December 31, 2011 and the three months ended March 31, 2011, also in accordance with IFRS.

The quarter was characterized by continued approval of the VELscope@ Vx enhanced early detection system, growth in trade show activities and a significant increase in incoming calls to the Company's in-house call centre.

"Momentum is building for our VELscope Vx product, the world's leading adjunctive oral cancer screening tool," said Peter Whitehead, CEO and Director, LED Medical Diagnostics. "We have just started penetrating the global dental market, and we now have had 10,000 dentists do one million oral scans, making us by far the leading player and technology available. We expect these numbers to continue to climb, as we receive a growing number of incoming calls to our in-house call centre, complementing our partnership with Henry Schein."

"The VELscope Vx is providing an advantage to dental markets around

the world at a time when business has never been more competitive, and we are excited for continued global penetration, with the VELscope now available in 23 countries. We have just begun to sell in India, a market with enormous upside as the world's leading location for oral cancers."

Business Highlights

Notable developments and achievements in the first quarter included the following:

- VELscope Vx enhanced early detection system has been approved for use by AppleWhite Dental Partners.
- Second Step Laboratory Services launched in the Canadian market, enabling dentists to offer their patients a complete, seamless and timely service in the screening, detection and diagnosis of oral cancer.
- Trade show and internal call centre activity is showing more than 90 per cent growth, with significant increase in incoming calls to the Company's in-house call centre.
- VELscope Vx oral cancer screening system has just been named the "Best New Diagnostic/Imaging Device" by DrBicuspid.com.
- A strategic collaboration with Edelman, the world's largest independent public relations firm, was announced. Edelman will work closely with LED Dental to communicate the key benefits of the VELscope VX and highlight the importance of identifying oral cancer in its earliest stages to increase the chances of survival.

Q1 2012 Comparative Results

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For the three months ended March 31, 2012, the Company reported revenues of \$1.8 million, compared with \$2.0 million in the fourth quarter of 2011 and \$3.1 million a year earlier. The Company reported a loss of \$387,600 this quarter, compared to \$2.4 million in the fourth quarter of 2011 and \$525,671 for the year earlier. Gross margins(1) were 57 per cent in the first quarter compared with 50 per cent in fourth quarter. The Company's margins vary depending on the mix of equipment versus disposables sales for any given period.

Total expenses (excluding other operating expenses)(2) for first quarter were 3 per cent lower than the fourth quarter, but 15 per cent higher than the year earlier. EBITDA(3) for this quarter were (\$352,000) compared to (\$277,000) for the fourth quarter and \$523,000 for the year earlier.

Cash and cash equivalents were \$918,000 with net working capital(4) of \$183,000 this quarter, compared to cash and cash equivalents of \$992,000 with net working capital of \$570,000 in the fourth quarter.

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 evaluating of 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(<http://www.velscope.com>).

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(<http://www.velscope.com>).

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

LED MEDICAL DIAGNOSTICS INC.

Interim Condensed Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at

March 31,

2012 As at

(Unaudited) December 31, 2011

ASSETS

CURRENT

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Cash and cash equivalents \$ 918,344 \$ 992,360

Restricted cash 5,000 25,000

Receivables 110,554 303,800

Inventory 365,017 706,151

Prepayments 110,062 72,942

1,508,977 2,100,253

PROPERTY AND EQUIPMENT 52,827 46,623

PATENTS AND INTELLECTUAL PROPERTY 109,349 115,910

\$ 1,671,153 \$ 2,262,786

LIABILITIES AND SHAREHOLDERS' EQUITY

(DEFICIT)

CURRENT LIABILITIES

Trades payable and accrued

liabilities \$ 1,323,851 \$ 1,422,768

Due to shareholders - 104,544

Current portion of capital lease

obligation 2,612 2,478

1,326,463 1,529,790

CAPITAL LEASE OBLIGATION 9,434 10,140

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1,335,897 1,539,930

SHAREHOLDERS' EQUITY (DEFICIT)

Share capital 24,116,479 24,116,479

Stock-based payments reserve 63,557 63,557

Warrants reserve 282,470 282,470

Deficit (24,127,250) (23,739,650)

335,256 722,856

\$ 1,671,153 \$ 2,262,786

LED MEDICAL DIAGNOSTICS INC.

Interim Condensed Consolidated Statements of Operations and Deficit and
Comprehensive Loss

(Unaudited and Expressed in Canadian Dollars)

For the Three Months ended

March 31, March 31,

2012 2011

SALES \$ 1,828,991 3,058,955

COST OF GOODS SOLD 781,602 1,315,599

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1,047,389 1,743,356

EXPENSES

Sales and marketing 884,198 711,651

Research and development 174,161 215,252

Administration 340,813 293,174

Other operating expenses 17,431 22,684

1,416,603 1,242,761

OPERATING INCOME (LOSS) (369,214) 500,595

OTHER INCOME (EXPENSES)

Foreign exchange gain (loss) (20,777) 25,076

Interest income 287 -

Miscellaneous income 2,104 -

(18,386) 25,076

NET INCOME (LOSS) AND COMPREHENSIVE

INCOME (LOSS) FOR THE PERIOD \$ (387,600) \$ 525,671

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INCOME (LOSS) PER SHARE - BASIC \$ (0.01) \$ 0.02

INCOME (LOSS) PER SHARE - FULLY DILUTED \$ (0.01) 0.01

WEIGHTED AVERAGE NUMBER OF SHARES

OUTSTANDING - BASIC 36,335,508 30,048,524

WEIGHTED AVERAGE NUMBER OF SHARES

OUTSTANDING - FULLY DILUTED 36,335,508 36,599,193

LED MEDICAL DIAGNOSTICS INC.

Interim Condensed Consolidated Statements of EBITDA and Loss

(Unaudited and Expressed in Canadian Dollars)

For the Three Months ended

March 31, March 31,

2012 2011

SALES \$ 1,828,991 3,058,955

COST OF GOODS SOLD 781,602 1,315,599

1,047,389 1,743,356

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EXPENSES

Sales and marketing 884,198 711,651

Research and development 174,161 215,252

Administration 340,813 293,174

1,399,172 1,220,077

EBITDA (351,783) 523,279

OTHER INCOME (EXPENSES)

Other operating expenses (17,431) (22,684)

Foreign exchange gain (loss) (20,777) 25,076

Interest income 287 -

Miscellaneous income 2,104 -

(35,817) 2,392

NET INCOME (LOSS) AND COMPREHENSIVE

INCOME (LOSS) FOR THE PERIOD \$ (387,600) \$ 525,671

LED MEDICAL DIAGNOSTICS INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Deficit)

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(Unaudited and Expressed in Canadian Dollars)

Total

Stock-based Share-

Share Payments Warrants holder's

Capital Reserves Reserve Deficit Equity

Balance, January

1, 2012 \$ 24,116,479 \$ 63,557 \$282,470 \$(23,739,650) \$ 722,856

Net

comprehensive

loss for the

period - - - (387,600) (387,600)

Balance, March

31, 2012 \$ 24,116,479 \$ 63,557 \$282,470 \$(24,127,250) \$ 335,256

Balance, January

1, 2011 \$ 19,221,348 \$ 1,550,460 \$120,208 \$(21,702,119) \$ (810,103)

Net

comprehensive

income for the

period - - - 525,671 525,671

Shares issued

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for cash 1,522,460 - - - 1,522,460

Balance, March

31, 2011 \$ 20,743,808 \$ 1,550,460 \$120,208 \$(21,176,448) \$1,238,028

LED MEDICAL DIAGNOSTICS INC.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited and Expressed in Canadian Dollars)

For the Three Months ended

March 31, March 31,

2012 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss) for the period \$ (387,600) \$ 525,671

Adjustments to reconcile net loss to

net cash flows:

Depreciation of equipment 10,870 9,557

Amortization of intangible assets 6,561 13,127

Accrued interest on shareholder

loans 2,586 23,317

(367,583) 571,672

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Working capital adjustments:

Receivables 193,246 (2,432,227)

Inventory 341,134 (334,372)

Prepayments (37,122) 13,112

Trades payable and accrued

liabilities (98,917) 717,307

Income taxes payable - (10,713)

Deferred income - (3,250)

Changes in working capital assets and

liabilities 398,341 (2,050,143)

Cash flows used by operating

activities 30,758 (1,478,471)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment (17,074) (39,563)

Cash flows provided by (used by)

investing activities (17,074) (39,563)

CASH FLOWS FROM FINANCING ACTIVITIES

Issuance of common shares, net of

issuance costs - 1,522,460

Repayment of capital lease

obligation (570) (462)

Restricted cash 20,000 -

Proceeds (Repayment) of shareholder

loans (107,130) (275,000)

Cash flows provided by financing

activities (87,700) 1,246,998

CHANGE IN CASH AND CASH EQUIVALENTS (74,016) (271,036)

CASH AND CASH EQUIVALENTS - BEGINNING

OF PERIOD 992,360 269,010

CASH AND CASH EQUIVALENTS - END OF

PERIOD \$ 918,344 \$ (2,026)

(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 standard meaning and may not be comparable to a similar measure disclosed by other issuers. Total Expenses excludes other operating expenses.

(3) Non-IFRS measure that does not have a standardized meaning and may

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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 and

depreciation. Please refer to the reconciliation of EBITDA to reported

financial results attached to this press release.

(4) 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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