Press release, October 19, 2007
Biolight International AB (publ)
Corp. reg. no. 556463-9440

Biolight International AB (publ)

Interim report
January 1 – September 30, 2007
(NGM: BIOL)

- **More and more equipment rented for treating injuries in equine sports**
- **The recently completed new share issue was fully subscribed and provided SEK 18,300 thousand before issue expenses**
- **The Company has signed agreement regarding acquisition of a property company while hiving off the medico-technical operations into a new company**
- **Preparation of Norwegian and Finnish launch underway**
- **Sales for the first nine months of the year were SEK 1,084 thousand (1,198).**
- **Sales for the third quarter were SEK 330 thousand (302).**
- **Net operating loss for the first nine months of the year were SEK -8,285 thousand (-8,078).**
- **Net operating loss for the third quarter was SEK -2,712 thousand (-2,235).**
- **Loss per share for the first nine months was SEK -1.91 (-2.44), and SEK -1.91 (-2.44) after full dilution.**

Sales
Sales for the first nine months of the year were SEK 1,084 thousand (1,198). Sales for the third quarter were SEK 330 thousand (302).

The marketing effort begun in 2005 that has resulted in around 30 rental contracts with individual units has, during the spring 2007, increasingly focused on closing commercial contracts with larger organisations offering geriatric care. In June, this led to leasing agreements for a number of instruments with geriatric care organisations in Ängelholm and the Kärra District in Göteborg, Sweden. These have now started generating revenue, and also involve a good opportunity for continued growth in the related districts and municipalities.

Evaluations, similar to the ones preceding the agreements in Ängelholm and Kärra, are presently being carried out in several other places in the country. It is the Company's position that the marketing work ought to accomplish an increased acceptance for the method as a routine step in wound healing, as well as a reduced need for comprehensive user tests and gradually increasing sales that will in turn lead to a quicker, simpler sales process.

The number of customers in the equine sports market has increased in the third quarter 2007 and will generate income as of the fourth quarter. The two distributors responsible for sales in the Swedish and Norwegian markets respectively have implemented a focused marketing effort.

Distribution agreements for the Norwegian and Finnish markets
In June, we signed an agreement with the Norwegian company Partnermed AS. In co-operation with two clinics, we are now carrying out tests aiming at preparing the Biolight launch in the Norwegian market in spring 2008. A similar agreement was signed last August with the Finnish company Steripolar OY for the Finnish wound care market. At the same time there have also been discussions about similar collaborations with a number of players in other European markets.

Clinical study of diabetic wounds in the works
Diabetic wounds carry with them considerable costs for the hospitals and much suffering for the patients. More than 1000 Swedes are forced to undergo amputations each year due to diabetic foot wounds. The total costs involved are estimated at over one billion SEK. A significantly faster healing of diabetic foot wounds ought to obviate a large number of amputations. A clinical study is now expected to be completed in 2008.

The equine sports market
The equine sports markets in Sweden and Norway have been worked by distributors for a bit more than a year now. Through a focused effort and with excellent contacts in the field, these have succeeded in reaching a first generation of users who have first tried and then decided to rent equipment. An IR camera has been used to document how Biolight® reduces the expansion of inflammation loci. Properly done, such IR analysis produces reliable results. This is one of the foremost reasons for this autumn's customer increase in this application area.

Method and products
Biolight® is based on a patented light therapy that assists the body's own healing of inflammatory conditions. The treatment instrument consists of a portable device, the size of a person's palm, equipped with light-emitting diodes. The various treatments are provided through copy- and patent-protected Biolight® Biocards (smart cards) inserted in the treatment equipment.

Faster healing, improved quality of care and reduced costs
The treatment of chronic wounds, such as pressure sores, diabetic foot wounds and venous leg ulcers is both costly and painful. The healing time of these sores varies from one or a few months to many years. Biolight® is a unique method, as it stimulates and speeds up the natural healing process of the body without any registered side effects. Clinical studies show, among other things, that the healing time for pressure sores is reduced by approximately fifty per cent, compared to the best conventional treatment method.

Advantages with Biolight®
- Speeds up healing by about 50%
- Reduces health care costs by 30-40%
- Reduces pain, swelling and bleeding
- Reduces the risk of complications
- Clinically proven effectiveness
- Quick and simple procedure

Financing
The recently completed new share issue of Biolight International AB was fully subscribed. Within the authorisation of the AGM, the Board of Directors of Biolight International AB resolved, on August 16, 2007, to carry out a new share issue of a total maximum of 5,221,736 class B shares with preferential rights for current shareholders. The subscription price was set at SEK 3.50 per share.
The new issue has been fully secured through subscription commitments and issue warranties. Of the 5,221,736 shares issued, 3,919,316 were subscribed using preferential rights and 423,307 without. The remaining 879,113 shares will be distributed among the guarantors. The distribution spread between subscription with and without preferential right and the guarantors may be adjusted somewhat in the final summary calculation.

Through this new issue the share capital in the Company increased by SEK 783,260.40, to a total of

SEK 1,435,977.45. After the new share issue, the number of shares is now 9,573,183 divided into 123,641 class A shares and 9,449,542 class B shares.
The issue provided the Company with about SEK 18.3 million before issue expenses. The recently completed new share issue is intended to provide enough capital to fund the continued marketing introduction in the next 18 months.

Contract regarding acquisition of a property portfolio
Biolight has entered into a contract regarding the acquisition of a property portfolio with a simultaneous hiving off of the medico-technical operations into a new company. The implementation is dependent on a favourable decision by the Biolight Extraordinary General Meeting on October 30.

- Biolight acquires a property portfolio through payment of newly issued shares in Biolight. Biolight will change name and become a property company that retains Biolight's stock exchange listing and its loss deduction.
- The current Biolight operations, including the payment from the ongoing new issue, will be transferred to a subsidiary called 'Nya Biolight'. The shares in this company will be distributed to Biolight's current shareholders and the company will continue to run Biolight's current operations. The share in Nya Biolight will initially be traded at NGM Nordic MTF.
- The effect for current Biolight shareholders will be that each one will not only retain their old shares in Biolight, though with other activities, but also receive shares in Nya Biolight where the current Biolight operation will be housed.
- For this transaction and after hiving off Nya Biolight, Biolight is valued at SEK sixteen (16) million. The conversion will be carried out such that half the value, or SEK eight (8) million, is placed in Nya Biolight. The other half, or SEK eight (8) million, representing app. SEK 1.80 per share before the new issue, will devolve on the current Biolight shareholders in the form of shares in the Property company (old Biolight). The exact, final value is naturally dependent on the market valuation of the property portfolio.

Consolidated accounts
The consolidated accounts include the Parent Company and the wholly-owned subsidiary Biolight Patent Holding AB. No intra-group sales have occurred.

Accounting principles
The same accounting principles and methods of valuation as were used in our last annual report have been applied in this interim report. The report presupposes that the Company's capital needs for continued operations are secured during the current fiscal year. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and RR31, Interim Reporting for Groups. From January 2005, Biolight applies the accounting rules implemented by the International Financial Reporting Standards (IFRS, formerly IAS) for the consolidated accounts.

Result, cash flow and liquidity
Sales for the first nine months of the year were SEK 1,084 thousand (1,198). Operating expenses were SEK 9,369 thousand (9,276). The operating loss before depreciation was SEK -7,548 thousand (-6,842). The result of the period showed a loss of SEK -8,290 thousand (-8,085).

Investments during the first six months amounted to SEK 221 thousand (116).

Liquid assets as of September 30, 2007, were SEK 3,721 thousand (1,779). As of December 31, 2006, liquid assets were SEK 5,898 thousand.

Segment report
No individual segment is included here, as there is only one segment in the Company.

Leasing
All leasing agreements are reported as operating leases. The net effect on the consolidated results would be negligible if RR 6:99 was applied.

Other
The Annual General Meeting for the financial year 2006 took place on April 19, 2007.
The Board has decided not to print and distribute the Annual Report for 2006. An electronic version is available and can be ordered from the Company by anyone who desires a copy. The Annual Report is also available at the Company's web site at www.biolight.se .

This interim report has not been subject to audit by the Company's auditors.

Future reports

Full year report for 2007	February 21, 2008

Stockholm, October 19, 2007

Board of Directors, Biolight International AB (publ)

Further information:
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Income statement

Amounts in SEK thousands	*Jan.-Sept.* *2007*	*2006*	*July-Sept.* *2007*	*2006*	*Jan. – Dec.* *2006*
Operating income	1,084	1,198	330	302	1,562
Operating expenses					
Goods for resale	-164	-163	-40	-37	-412
Other external costs	-3,754	-3,854	-1,178	-839	-5,300
Personnel costs	-4,714	-4,023	-1,366	-1,299	-5,525
Depreciation of fixed assets	-737	-1,236	-458	-362	-1,577
Operating loss	**-8,285**	**-8,078**	**-2,712**	**-2,235**	**-11,252**
Net financial items	-5	-7	-1	27	-3
Loss before taxes	**-8,290**	**-8,085**	**-2,713**	**-2,208**	**-11,255**
Taxes	-	-	-	-	-
Net loss for the period	**-8,290**	**-8,085**	**- 2,713**	**-2,208**	**-11,255**
Earnings per share, SEK	-1.91	-2.44	-0.62	-0.67	-3.32
Earnings per share after dilution, SEK	-1.91	-2.44	-0.62	-0.67	-3.32
Average number of shares (thousands), the number adjusted for reverse split	4,351	3,308	4,351	3,308	3,395

Balance sheet

Amounts in SEK thousands	*Sept. 30, 2007*	*Sept. 30, 2006*	*Dec. 31, 2006*
Intangible assets	0	865	565
Tangible assets	398	271	355
Inventories	1,201	1,831	1,578
Other current assets	2,613	1,004	945
Liquid assets	3,721	1,779	5,898
Total assets	**7,933**	**5,750**	**9,341**
Shareholders' equity	3,955	4,238	7,245
Current liabilities	3,978	1,512	2,096
Total shareholders' equity and liabilities	**7,933**	**5,750**	**9,341**

Changes in shareholders' equity

Amounts in SEK thousands	*Jan.-Sept.* 2007	*Jan.-Sept.* 2006	*Jan. – Dec.* 2006
At beginning of year	7,245	12,323	12,323
New share issue	5,000	-	7,305
Issue expenses	-	-	-1,128
Net loss for the period	-8,290	-8,085	-11,255
At end of period	3,955	4,238	7,245

Key ratios

	Jan.-Sept. 2007	***Jan.-Sept. 2006***	***Jan. – Dec. 2006***
No. of shares at end of period* (thousands)	4,351	3,307	4,351
No. of outstanding subscription warrants (thousands)	0	0	0
Return on equity	neg.	neg.	neg.
Return on capital employed	neg.	neg.	neg.
Equity ratio in %	49.9%	73.7%	77.6%
Shareholders' equity per share, SEK	0.91	1.28	1.67

* Number adjusted for reverse split

Cash flow analysis

	Jan.-Sept.		*Jan. – Dec.*
	2007	***2006***	***2006***
Operating activities			
Loss after financial items	-8,290	-8,085	-11,255
Adjustments for items not included in the cash flow	717	1,211	1,777
	-7,573	**-6,874**	**-9,478**
Taxes paid	-86	-46	-25
Cash flow from current operations before changes in working capital	**-7,659**	**-6,920**	**-9,503**
Cash flow from changes in working capital	676	-155	533
Cash flow from operating activities	**-6,983**	**-7,075**	**-8,970**
Investing activities			
Acquisition of assets	-194	-116	-279
Cash flow from investing activities	**-194**	**-116**	**-279**
Financing activities			
New share issue	5,000	-	7,305
Issue expenses	-	-	-1,128
Cash flow from financing activities	**5,000**	**-**	**6,177**
Period's cash flow	**-2,177**	**-7,191**	**-3,072**
Liquid assets at beginning of period	**5,898**	**8,970**	**8,970**
Liquid assets at end of period	**3,721**	**1,779**	**5,898**

__Biolight International AB__ (publ) is a medical technology company offering solutions to care providers based on the Company's patented method for using pulsating monochromatic light. The Company's method reduces healing times and treatment costs, and improves the quality of life of the patients. Through systematically performed clinical trials, Biolight is gradually expanding its scientific basis to establish the method within health care. In the last couple of years, Biolight has focused on a small number of application areas grouped around wound healing. The Biolight share is listed on the NGM Equity (Nordic Growth Market AB).

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