

Biolight AB (publ)

Interim report

January 1 – June 30, 2011

(NGM: BIOL MTF)

The Board and President of Biolight AB (publ) herewith present the interim report for the first six months 2011.

- **Net sales for the first six months were SEK 3,278 thousand (4,059).**
- **Net sales for the second quarter were SEK 1,435 thousand (2,272).**
- **Net operating loss for the first six months was SEK -5,729 thousand (-4,015).**
- **Net operating loss for the second quarter was SEK -3,629 thousand (-2,008).**
- **Loss per share was SEK -0.19 (-0.20), and SEK -0.19 (-0.20) after full dilution.**
- **A new share issue was completed in March and April, providing the company with SEK 10 million before issue expenses. The issue was fully subscribed and was registered in May.**
- **Sales and results in the first six months of the year have not come up to expectations.**
- **An action program to significantly reduce the Company's fixed costs has been initiated.**
- **The Company has begun strengthening and focusing its marketing efforts**
- **Preparations initiated for raising additional capital**

OPERATIONS

Biolight is a medical technology company offering products based on the biological effects of dynamic, monochromatic light. Biolight provides a patented system for effective, painless and safe treatment of primarily wounds and other inflammatory conditions. The method accelerates the body's own healing process and supplements traditional treatment. The treatment is non-pharmaceutical and is applied externally. It prevents inflammatory injuries, contributes to enhanced quality of life, reduces recovery time after physical exertion, as well as reduces healing times and treatment costs.

We offer user-friendly, hand-held treatment equipment to both patients and caregivers in human and veterinary medicine for applying the method. The company's revenue is generated through rental or sales of treatment equipment as well as sales of treatments that are downloaded to the equipment.

Biolight mainly focuses on two application areas: treatment of slow-healing wounds in medical and geriatric care and injuries in equestrian sports. The Biolight share is listed on the Nordic MTF (Nordic Growth Market AB).

Market

In the market for wound care, the Company has initiated marketing activities targeting major players in geriatric care as well as nursing homes, district nurses and other players within primary care. The establishment program continues according to plan, and should, to a certain extent, ensure sales for the remainder of the year.

In the equestrian sports market, the company's sales organisation is being restructured from an internal sales force to the use of agents/retailers. This change is expected to result in both increased market activity and reduced fixed costs. However, the reorganisation has resulted in lower sales than during the corresponding period 2010. Collaboration has been initiated with a number of agents/retailers, and the company is also negotiating with additional players who are expected to start selling this autumn.

RESULT AND POSITION

	Jan. - June 2011	Jan. - June 2010	April-June 2011	April-June 2010	Jan. - Dec. 2010
Net sales	3,278	4,059	1,435	2,272	7,861
Operating loss	-5,729	-4,015	-3,629	-2,008	-9,075
Average no. of shares (thousands)	30,838	20,475	33,754	21,806	22,337
Earnings per share, SEK	-0.19	-0.20	-0.11	-0.09	-0.41
	June 30, 2011	June 30, 2010			Dec. 31, 2010
Liquid assets	7,315	2,604			2,106
Balance sheet total	10,208	7,138			5,542
No. of shares at end of period (thousands)	39,090	22,337			27,922
Equity ratio in %	65.1%	42.7%			50.5%
Shareholders' equity per share, SEK	0.17	0.14			0.10

Comments on result, cash flow and liquidity

Sales in the first six months were SEK 3,278 thousand (4,059). Operating expenses were SEK 9,007 thousand (8,074). This increase mainly comprises sales costs and product development costs. The operating loss before depreciation was SEK -5,702 thousand (-3,982) and the period showed a loss of SEK -5,744 thousand (-4,024).

Investments in the period totalled SEK 56 thousand (72).

Liquid assets as of June 30, 2011 were SEK 7,315 thousand (2,604).

The share

Within the authorisation of the Company's Annual General Meeting, the Biolight Board of Directors resolved, on February 10, to carry out a new share issue totalling 11,168,713 shares with preferential rights for current shareholders. The subscription price was set at SEK 0.90, and the subscription period ran from March 25 to April 8, 2011. The issue was fully subscribed.

Through this new issue the share capital in the company increased by SEK 670,122.78, to a total of SEK 2,345,429.76. After the issue the number of shares amounts to 39,090,496. The new issue provided the company with appr. SEK 10 million before issue expenses.

Comments on the development

In addition to our pure sales efforts, the Company is focusing on developing the next generation of Biolight equipment and carrying out a clinical study on the treatment of diabetic foot wounds. In co-operation with the clinics, we are investigating the possibilities to speed up the study.

Significant events after the reporting date

As our sales development is not running according to plan, the Board has decided to initiate an action program to significantly reduce the Company's fixed costs. The Company is also intensifying its marketing efforts and market communication, mainly through digital media, to streamline the marketing efforts and support the new sales organisation through agents/retailers.

To ensure continued efforts and to secure resources for increasing our marketing activities, Biolight is preparing to raise additional capital.

Exposure and risk factors

Through its operations, Biolight is exposed to both operational and financial risks. Identifying potential risks and evaluating how to manage them is a continuous process within the company. As the Company is currently in an early commercial phase, the sales development is hard to forecast, and this presents a substantial risk.

The chapter "Risk Factors and Special Considerations" in our 2010 Annual Report contains a complete description of the risks the Company has identified and how we have chosen to manage them.

Transactions with persons close to the Company

There have been no transactions with persons close to the Company.

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, which has been prepared in accordance with IAS 34, Interim Financial Reporting, and RR31, Interim Reporting for Groups. Biolight applies the accounting rules implemented by the International Financial Reporting Standards (IFRS, formerly IAS) for the consolidated accounts.

Consolidated accounts

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

Annual General Meeting

The Annual General Meeting for the financial year 2010 was held on April 14, 2011.

The Board has decided not to print and distribute the Annual Report for 2010. 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

Future reports

Interim report for January – September, 2011

October 28, 2011

The group's consolidated income statement

Amounts in SEK thousands	<i>Jan. – June</i>		<i>April-June</i>		<i>Jan. – Dec.</i>
	2011	2010	2011	2010	2010
Net sales	3,278	4,059	1,435	2,272	7,861
Operating expenses	-9,007	-8,074	-5,064	-4,280	-16,936
Operating loss	-5,729	-4,015	-3,629	-2,008	-9,075
Net financial items	-15	-9	-7	-5	-2
Loss before taxes	-5,744	-4,024	-3,636	-2,013	-9,077
Taxes	-	-	-	-	-
Net result	-5,744	-4,024	-3,636	-2,013	-9,077
Earnings per share, SEK	-0.19	-0.20	-0.11	-0.09	-0.41
Earnings per share after dilution, SEK	-0.19	-0.20	-0.11	-0.09	-0.41
Average no. of shares (thousands)	30,838	20,475	33,754	21,806	22,337

The group's report on its financial position

Amounts in SEK thousands	<i>June 30,</i>	<i>June 30,</i>	<i>December</i>
	2011	2010	31, 2010
Tangible assets	183	245	154
Inventories	999	1,935	1,275
Other current assets	1,711	2,354	2,007
Liquid assets	7,315	2,604	2,106
Total assets	10,208	7,138	5,542
Shareholders' equity	6,646	3,049	2,799
Current liabilities	3,562	4,089	2,743
Total shareholders' equity and liabilities	10,208	7,138	5,542

The group's report on changes in shareholders' equity

Shareholders' equity attributable to shareholders of the Parent Company	Share capital	Share premium	Profit/ loss brought forward	Net loss/ profit for the year	Total
Shareholders' equity on Dec. 31, 2008	574	0	18,056	-10,412	8,218
New share issue	575	4,613			5,188
According to AGM			-10,412	10,412	0
Net loss/ profit for the year				-10,420	-10,420
Shareholders' equity on Dec. 31, 2009	1,149	4,613	7,644	-10,420	2,986
New share issue	526	8,364			8,890
According to AGM		-4,613	-5,807	10,420	0
Net loss for the period				-9,077	-9,077
Shareholders' equity on Dec. 31, 2010	1,675	8,364	1,837	-9,077	2,799
New share issue	670	8,921			9,591
According to AGM		-7,240	-1,837	9,077	0
Net loss for the period				-5,744	-5,744
Shareholders' equity on June 30, 2011	2,345	10,045	0	-5,744	6,646

The group's report on its cash flow

	<i>Jan. - June</i> 2011	<i>Jan. - June</i> 2010	<i>Jan. - Dec.</i> 2010
Cash flow from current operations before changes in working capital	-5,718	-3,989	-8,932
Cash flow from changes in working capital	1,392	167	-171
Cash flow from operating activities	-4,326	-3,822	-9,103
Cash flow from investing activities	-56	-72	-92
Cash flow from financing activities	9,591	4,087	8,890
Period's cash flow	5,209	193	-305
Liquid assets at beginning of period	2,106	2,411	2,411
Liquid assets at end of period	7,315	2,604	2,106

The board of directors and the chief executive officer guarantee that this interim report presents a fair picture of the parent company's and the group's business, its financial position and profit/loss, as well as describing any significant risks and uncertain factors that the parent company and its subsidiaries face.

Stockholm, August 26, 2011

Håkan Sjunnesson
Chairman

Lars Andersson
Board member

Peter Grahn
Board member

Sören Gyll
Board member

Rolf Thiberg
Board member

Pär Olausson Lidö
President

Other

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

Further information:

For further information, please contact Pär Olausson Lidö, President, tel: +46 8 753 70 89, or +46 702 15 01 11.

Biolight 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. Over the last couple of years, Biolight has focused on a small number of application areas, primarily treatment of slow-healing wounds and injuries. The Biolight share is listed on the Nordic MTF (Nordic Growth Market AB).

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