

Press release of annual earnings figures for the financial year 2002

The board of directors of Biolight International AB presents the annual earnings figures for 2002.

The year in brief:

The treatment results and treatment method have now been so well documented that operations in 2002 have changed focus from clinical trials and technology & method development to market penetration and commercialisation.

During the year, the company has begun its commercialisation of Biolight[®] by entering into cooperation with distributors within the business area Dental Care, and within the business area Wound Care by initiating its own sales activities.

In February 2002, the company carried out a new share issue. This issue, directed towards a number of institutional investors, provided the company with SEK 25 million before issue expenses.

Invoiced sales during the year amounted to SEK 1.8 million (SEK 1.2 M).

On December 31, 2002, the company's liquid assets amounted to SEK 7.4 million. During the year the company has focused its resources on marketing. From January 2003, the cost level, excluding depreciation and amortisation, amounts to approximately SEK 1 million per month.

Dental Care

Through clinical studies within Dental Care during the last few years, the company has achieved good results in the area of inflammatory conditions in the oral cavity as well as in pain relief. The company began commercialising Biolight[®] within the dental area in 2002.

The launch of Biolight[®] in the Swedish dental market began during the third quarter 2002, in cooperation with the company's distributor DAB. The market response has been positive. The company has marketed its products to about 4,000 dentists, dental hygienists and other dental personnel during the year.

Towards the end of the year, the company's German distributor, NetDental (LIFCO), decided to discontinue its activities in the German market. We are currently seeking an agreement with a new distributor in Germany. The company has established contact with several potential distributors. Our goal is to sign an agreement with a new distributor in the first half of 2003, in order to pursue the launch according to plan. Biolight[®] is currently being tested at 7 clinics in Hamburg and Munich.

Our cooperation with Espansione in Italy proceeds according to plan, and the company expects market penetration to begin in the first half of 2003.

In the first quarter of 2002, a preliminary report on the study of pain relief in connection with extraction (surgery) of wisdom teeth was presented. The study shows that patients treated with Biolight[®] experienced 40 % less pain and consumed 50 % less pain-killers on the day following surgery. The results are statistically significant. The study was carried out during the autumn 2001 at the Faculty of Odontology at Göteborg University.

Wound Care

Within Wound Care, the first clinical trials on chronic wounds started back in 1996/1997. The company has since obtained very good and statistically significant results. The company began commercialising Biolight[®] within wound care in 2002.

Within the Wound Care business area, the company is initially focusing solely on the Swedish market, where the company's own sales resources are used.

In addition to good results from clinical trials, a broader evaluation of the method in actual use, in private as well as public care, is also required to establish Biolight[®] within the municipalities and county councils. One such evaluation was performed in 2002, and the response from medical staff, patients and relatives was very good.

During the third quarter 2002, the company started its first large-scale penetration of the Swedish wound care market. The reception has been positive. A first result of this penetration is the company's 2-year agreement regarding the treatment of chronic wounds with the home medical care service (Hemsjukvården) in western Göteborg, Sweden. The company has also signed a similar 1-year agreement with Hemmet för Gamla (a block of service flats for elderly people) in Stockholm.

Patents and market approvals

Two of the company's central patents have been approved in the EU. This has resulted in 27 national patents in 15 countries.

The company has obtained FDA approval – 510(k) – for Physiotherapeutic Care. This approval entitles the company to market and sell its equipment (PCD) and treatment programs for the prevention and rehabilitation of injuries in the locomotor system in the American market.

Financing

In February 2002, the company carried out a new share issue directed to a number of institutional investors. This share issue, which was carried out at the price of SEK 2.11 per share, provided the company with SEK 25 million before issue expenses.

On December 31, 2002, the company's liquid assets amounted to SEK 7.4 million. The company has reduced its cost level this year. From January 2003, operating expenses, excluding depreciation and amortisation, will amount to approximately SEK 1 million per month. The company is currently working on procuring new capital to secure future operations.

Result, cash flow and liquidity

In 2002, sales amounted to SEK 1.8 million (1.2). The operating costs amounted to SEK 26.4 million (28.2) in 2002. The consolidated result after taxes showed a loss of SEK 25.8 million in 2002 (-26.4). In 2002, the result was encumbered by issue expenses of SEK 1.7 million.

Investments in the group and parent company during the year amounted to SEK 0.5 million (6.4), including SEK 0 million (4.4) for clinical trials.

Liquid assets as of December 31, 2002, amounted to SEK 7.4 million (4.8). In the parent company, liquid assets as of December 31, 2002, amounted to SEK 7.4 million (4.8).

In February 2002, the company completed a directed share issue of approximately 11.9 million shares. The issue provided the company with just over SEK 25 million before issue expenses.

The board proposes no dividend be paid for the year.

The income statement, balance sheet, cash flow analysis, etc. presented below, refer to the group.

Deferred taxes

The company's unused loss carried forward amounts to SEK 122,400 T (SEK 96,679 T).

Consolidated accounts

The consolidated accounts include the parent company and the wholly-owned subsidiary Biolight Patent Holding AB. The consolidated accounts have been prepared in accordance with Recommendation RR 1:96 of the Swedish Financial Accounting Standards Council.

No intra-group sales have occurred.

Accounting principles

The annual report has been prepared in conformity with the Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standards Council and the statements of their Urgent Issues Task Force, with the exception of RR 6:99. The same accounting principles and basis of calculation as in the latest interim report and annual report have been applied.

Leasing

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

Shareholder contribution

The company complies with the Urgent Issues Task Force within the Swedish Financial Accounting Standards Council in its presentation of shareholder contribution. Shareholder contribution is charged directly against the receiver's equity and is activated in the parent company's shares and stakes.

Future reports

Quarterly report for the 1st quarter, 2003

Semi-annual report 2003

Quarterly report for the 3rd quarter, 2003

April 24, 2003

August 22, 2003

October 27, 2003

Other

The annual general meeting for the financial year 2002 will be held at 5 p.m. on April 24, 2003, at Biolight International AB's headquarters in Danderyd.

With the aim to focus the company's financial resources on business development, the board has decided not to print and distribute a traditional annual report for the year 2002. The company will keep a simplified annual report available, which can be ordered from April 11 and onwards. The annual report will also be available on the company's homepage: www.biolight.se

Danderyd, February 20, 2003

Board of Directors, Biolight International AB

Biolight International AB is a medical technology company with products based on the biological effects of pulsating, monochromatic light. Biolight develops a patented system for the effective, painless and safe treatment, mainly of ulcerations and inflammatory conditions within the business areas Wound Care, Dental Care and Physiotherapeutic Care. The Biolight share is listed on the NGM Equity (Nordic Growth Market NGM AB).

Income statement

Amounts in SEK thousands	<i>Jan – Dec</i>		<i>Oct - Dec</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
Operating income	1,805	1,198	399	508
Operating expenses				
Goods for resale	-623	-439	-58	-167
Other external costs	-10,524	-13,457	-3,210	-3,102
Personnel costs	-8,718	-8,756	-1,785	-2,838
Depreciation of fixed assets	-6,484	-5,506	-1,649	-1,733
Other operating expenses	-61	-80	-61	-67
Operating loss	-24,605	-27,040	-6,364	-7,399
Net financial items	548	666	121	52
Issue expenses	-1,729	-	-	-
Loss before taxes	-25,786	-26,374	-6,243	-7,347
Taxes	-1	-	-1	-
Net loss of the year	-25,787	-26,374	-6,244	-7,347
Earnings per share, SEK	-0.37	-0.44	-0.09	-0.12
Earnings per share after dilution, SEK	-0.37	-0.44	-0.09	-0.12
Average number of shares during the period (thousands)	69,674	59,346	71,263	59,346

Balance sheet

Amounts in SEK thousands	<i>December 31, 2002</i>	<i>December 31, 2001</i>
Intangible assets	16,940	22,482
Tangible assets	1,600	2,070
Projects in progress	337	66
Inventories	4,718	2,368
Other current assets	2,027	2,101
Liquid assets	7,426	4,809
Total assets	33,048	33,896
Shareholders' equity	28,933	29,574
Provisions	2	2
Current liabilities	4,113	4,320
Total shareholders' equity and liabilities	33,048	33,896

Changes in shareholders' equity

Amounts in SEK thousands

	<i>Jan – Dec 2002</i>		
	Share capital	Restricted reserves	Accumulated loss
At beginning of year	1,780	54,719	-26,925
New share issue	358	24,789	
Rounding-off difference			-1
Net loss for the period			-25,787
At end of period	2,138	79,508	-52,713

	<i>Jan – Dec 2001</i>		
	Share capital	Restricted reserves	Accumulated loss
At beginning of year	1,780	113,682	-59,739
Net income appropriation according to decision on shareholders' meeting		-59,596	59,596
Debenture issued with right of warrants		634	-409
Rounding-off difference		-1	1
Net loss for the period			-26,374
At end of period	1,780	54,719	-26,925

Key ratios

	<i>Jan – Dec</i>	
	<i>2002</i>	<i>2001</i>
No. of shares at end of period (thousands)	71,263	59,346
No. of outstanding subscription warrants (thousands)	916	916
Return on equity	neg.	neg.
Return on capital employed	neg.	neg.
Equity ratio in %	87.5%	87.2%
Shareholders' equity per share, SEK	0.41	0.50

Cash flow analysis

	<i>Jan – Dec</i>	
	<i>2002</i>	<i>2001</i>
Operating activities		
Loss after financial items	-25,786	-26,374
Adjustments for items not included in the cash flow	6,549	5,570
	<hr/>	<hr/>
	-19,237	-20,804
Taxes paid	-106	-129
Cash flow from current operations before changes in working capital	-19,343	-20,933
Cash flow from changes in working capital	-2,650	1,411
Cash flow from operating activities	-21,993	-19,522
Investing activities		
Acquisition of assets	-537	-6,351
Cash flow from investing activities	-537	-6,351
Financing activities		
New share issue	25,147	-
Subscription warrants	-	226
Cash flow from financing activities	25,147	226
Period's cash flow	2,617	-25,647
Liquid assets at beginning of period	4,809	30,456
Liquid assets at end of period	7,426	4,809