

## Theralase Technologies Reports 2008 First Quarter Results

For Immediate Release

Toronto, Ontario – May 30, 2008

**Theralase Technologies Inc. (TSXV: TLT)** today announced financial results for the three months ended March 31, 2008.

### Highlights

- Total sales were \$324,026, a decrease of 19% compared to \$398,144 in Q1 2007
- Canadian product sales increased 75% to \$240,710; U.S. product sales decreased 68% to \$83,316
- R&D expenses of \$46,037 and non-cash expenses\* of \$120,260 contributed to a net loss of \$339,948
- Prepared for clinical studies due to start in Q2 with the Mayo Clinic and Scripps Institute to demonstrate the efficacy of Theralase's patented TLC-2000 therapeutic laser
- Received positive R&D results in the destruction of individual cancer cell lines as all three of Theralase's photodynamic compounds (PDCs) showed the ability to selectively target cancerous cells over healthy cells
- Shipped the first of ten beta prototype light-based systems to Europe for testing; the balance to be sent to a European pharmaceutical company over the next two quarters

"During the quarter, we saw the benefit of hiring two new salespeople as product sales in Canada increased by 75%," said Roger Dumoulin-White, President and CEO of Theralase Technologies. "The 68% decrease in U.S. product sales was mainly due to a significant decline in smoking cessation product sales, the loss of a U.S. distributor who no longer sells therapeutic lasers, and the strengthening of the Canadian dollar versus the U.S. dollar. To build out sales in the U.S., our key target market, we expect to have a regional U.S. sales team in place by the end of this year and are evaluating the opportunity to work with a leading U.S. distributor."

"In the second quarter, Theralase plans to commission clinical studies with the Mayo Clinic and Scripps Institute, aimed at demonstrating the superior therapeutic qualities of our latest laser system, the TLC-2000, and to secure a new CPT code for reimbursements of laser treatments in the U.S. We expect the results to be published around the time of the product launch, which is expected in Q4 in 2008. We also plan to release results in Q2 on the efficacy of our patented PDCs in selectively targeting cancerous cells."

### Financial Review

Revenue decreased 19% to \$324,026 for the three months ended March 31, 2008, compared to \$398,144 in the same period in 2007.

Product and product-related sales decreased 19% to \$320,053 from \$393,082 in Q1 2007. Canadian product sales increased 75% to \$240,710 due to the addition of two new sales personnel. Product sales to the U.S. decreased by 68% to \$83,316 as they were negatively affected by a significant decline in smoking cessation product sales, the loss of a U.S. distributor, and the strengthening of the Canadian dollar versus the U.S. dollar. U.S. product sales are expected to increase going forward as the two new sales personnel start to focus on the U.S. market and a U.S. regional sales team is hired during 2008. The Company is also looking at using a leading U.S. healthcare product distributor to market its products.

Clinic services revenue decreased by 21% to \$3,973. The decrease in clinic services is attributed to the Company's corporate relocation in August 2007, which temporarily shut down the Theralase clinic. The new premises provide Theralase with an in-house therapeutic facility that will be used to treat patients as well as showcase Theralase's products to its customers. This facility is expected to open in June 2008.

Gross margin was \$219,125, or 67% of revenue, compared to \$303,327, or 76% of revenue, in the prior quarter. The change is due to the addition of two production people.

Operating expenses increased to \$563,298 from \$460,025 in the prior quarter mainly due to a \$25,000 increase in R&D expenses tied to the TLC-2000 and TLC-3000 products, and a \$78,000 increase in administration expenses, which consisted of higher rent from the new corporate premises, a rise in professional fees, and expenses relating to the recruitment of a U.S. regional sales team.

The net loss for the three months ended March 31, 2008 was \$339,948, which included \$130,260 of \*non-cash expenses (amortization, stock-based compensation expense, foreign exchange gain/loss and lease inducements). This compares to a net loss for the three months ended March 31, 2007 of \$155,602, which included \$162,714 of non-cash expenses

During the first quarter of 2008, cash and cash equivalents on hand decreased by \$39,060 to \$468,908. The decrease in cash consisted of a cash outflow from operating activities of \$19,012 and a cash outflow from investing activities of \$20,048.

## **Key Corporate Developments**

### **TLC-2000: Biofeedback Laser Technology**

In the second quarter of 2008, Theralase plans to commission clinical studies with the Mayo Clinic and the Scripps Institute to demonstrate the efficacy of its next generation therapeutic laser, the TLC-2000, in knee osteoarthritis and diabetic wound healing, respectively. These clinical studies could secure a new Current Procedural Terminology (CPT) code for reimbursements of laser treatments in the U.S. Theralase expects to start selling the TLC-2000 in the fourth quarter of 2008.

### **TLC-3000: Cancer Therapy and Wound Healing**

In February 2008, Theralase announced positive R&D results in the destruction of individual cancer cell lines. All three Theralase patented PDCs used in the trials have proven the ability to selectively target cancerous cells over cells derived from healthy tissue. Additional cancer cell lines and various bacterial species will be evaluated in the next stage of the project to determine cell kill by the PDCs. Published results on the analysis of the PDCs are expected in the second quarter of 2008. Commencement of the development of the Theralase TLC-3000 laser system used to activate the PDC compounds is scheduled for the third quarter of 2008.

### **Photo Dynamic Compound (PDC) Light System**

In April 2008, Theralase announced that the Company was chosen by a European pharmaceutical company to contract manufacture ten beta prototype photodynamic therapy (PDT) light-based systems for delivery in the second and third quarters of 2008. These PDT light-based systems are to be used in combination with the European pharmaceutical company's proprietary photosensitisers (light sensitive compounds).

## **Outlook**

The Company continues to invest in its future through expanding its U.S sales force for its TLC-1000 laser technology, commercializing its patented TLC-2000 biofeedback technology, and researching and developing its TLC-3000 photodynamic compounds aimed at the destruction of cancer. Theralase will also increase its revenue by exploring new vertical medical markets (i.e. dental, veterinarian and physician), introducing a recurring revenue model and a take-home consumer laser system, launching its therapeutic laser rehabilitation and training center, and partnering with existing medical facilities to create Theralase certified laser centers.

The complete consolidated financial statements and MD&A for three months ended March 31, 2008 can be found at [www.theralase.com](http://www.theralase.com) and [www.sedar.com](http://www.sedar.com).

## About Theralase

**Theralase Technologies Inc.** designs, develops and manufactures patented, super-pulsed laser technology used in a wide range of bio-stimulation and bio-destruction clinical applications. The Theralase technology platform targets several diverse healthcare sectors: firstly, for non-invasive pain management and clinical therapy, in hundreds of neural muscular skeletal conditions, including arthritis; secondly, to bio-stimulate and accelerate wound care and healing, including bone fracture regeneration; and thirdly, combining photodynamic compounds with super-pulsed, biofeedback laser technology to attack specifically targeted cancer, bacteria, viruses and fat cells.

For further information, please contact:

Roger White, President & CEO  
Toll Free: 1-866-THE-LASE (843-5273)  
Phone: (416) 447-8455  
e-mail: [rwhite@theralase.com](mailto:rwhite@theralase.com)

Vanessa Beresford  
The Equicom Group  
Phone : (416) 815 0700 ext 227  
e-mail: [vberesford@equicomgroup.com](mailto:vberesford@equicomgroup.com)

*This press release contains forward-looking statements which reflect the Company's current expectations regarding future events. The forward-looking statements involve risks and uncertainties. Actual results could differ materially from those projected herein. The Company disclaims any obligation to update these forward-looking statements.*

*The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the contents of this release.*