

PhotoCure ASA

Presentation

Results Second Quarter 2004

20th August 2004



Highlights

- Metvix approved in the US
- Metvix launches initiated in Australia, Belgium and Switzerland
- Hexvix – pharmacokinetic study successfully completed and submitted
 - Approval expected in Sweden later this year
 - European filing planned later this year
- Number of Metvix units sold increased with 66% (2Q 2004 vs. 2Q 2003)
- Sales revenues increased from NOK 4.2 million to NOK 9.7 million (2Q 2004 vs. 2Q 2003)



Metvix[®] roll out continues



Metvix[®]

– commercialisation continues to progress

- FDA approval for Actinic Keratosis received July
 - Will receive milestone payment of EUR 3 million from Galderma
- Launch initiated in 11 countries
 - PhotoCure: 5 Nordic countries
 - By partner Galderma: Germany, UK, Australia, Switzerland, Belgium, New Zealand
- European sales continue to grow
- Approved in 21 countries – pending in 11 countries



Metvix[®]

– the patient friendly treatment

Fast mode of action with superior cosmetic result

Lesion preparation



Metvix[®] application



Red light illumination



Metvix®

– great market opportunities

Skin cancer (Basal cell carcinoma)

- App. 2 mill. new cases per year in EU, America, AUS & South Africa
 - Of which US 1 million, EU 500 000, Australia 200 000
- Metvix the only light sensitive drug on the market

Pre-cancerous skin lesions (Actinic Keratosis)

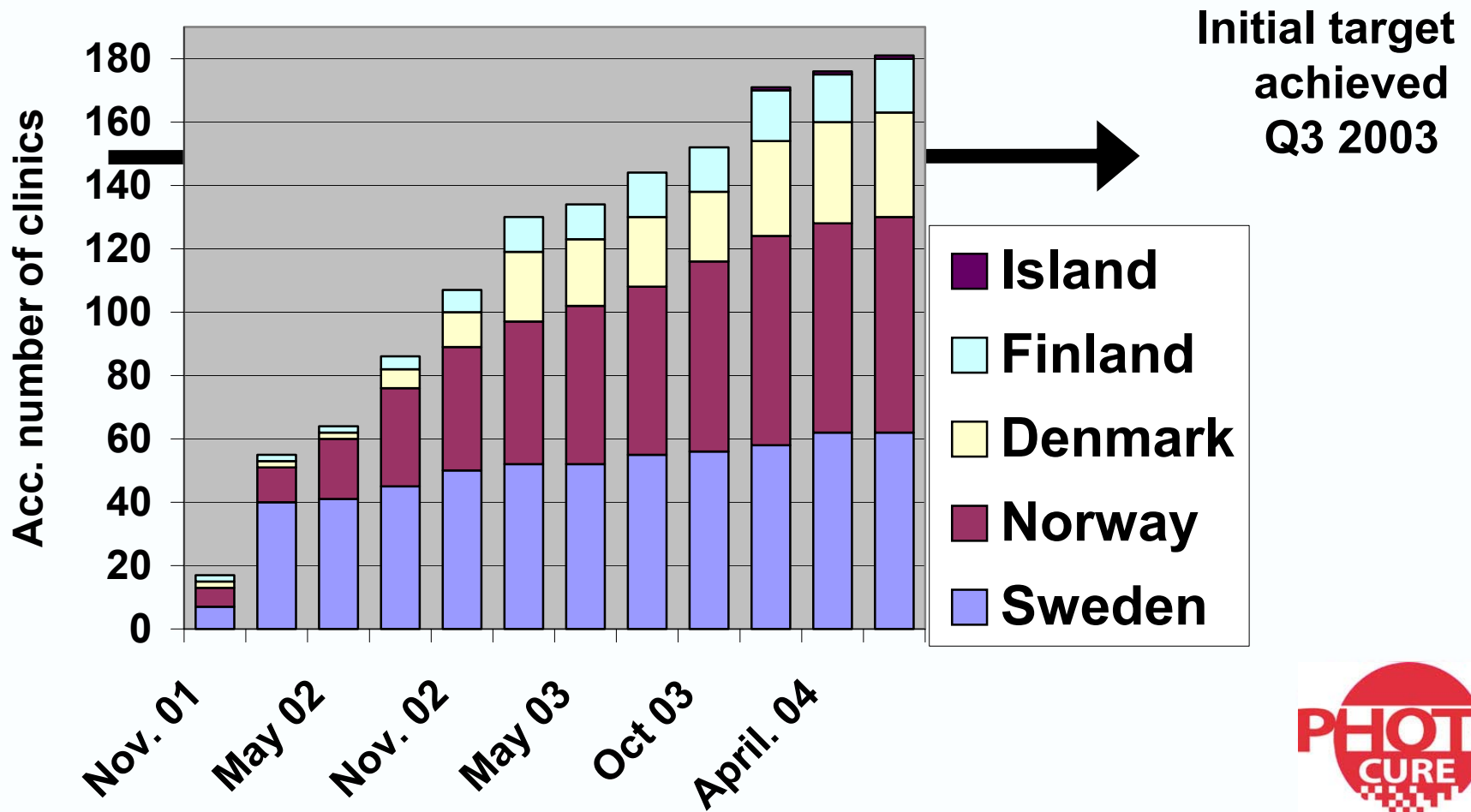
- App. 20 mill. new cases per year in EU, America & AUS
 - 10 times more frequent than BCC
 - App. 20-30% of cases treated currently
- Metvix and Levulan (DUSA) the only light sensitive drugs on the market



Metvix®

– continued increase in clinics providing Metvix®

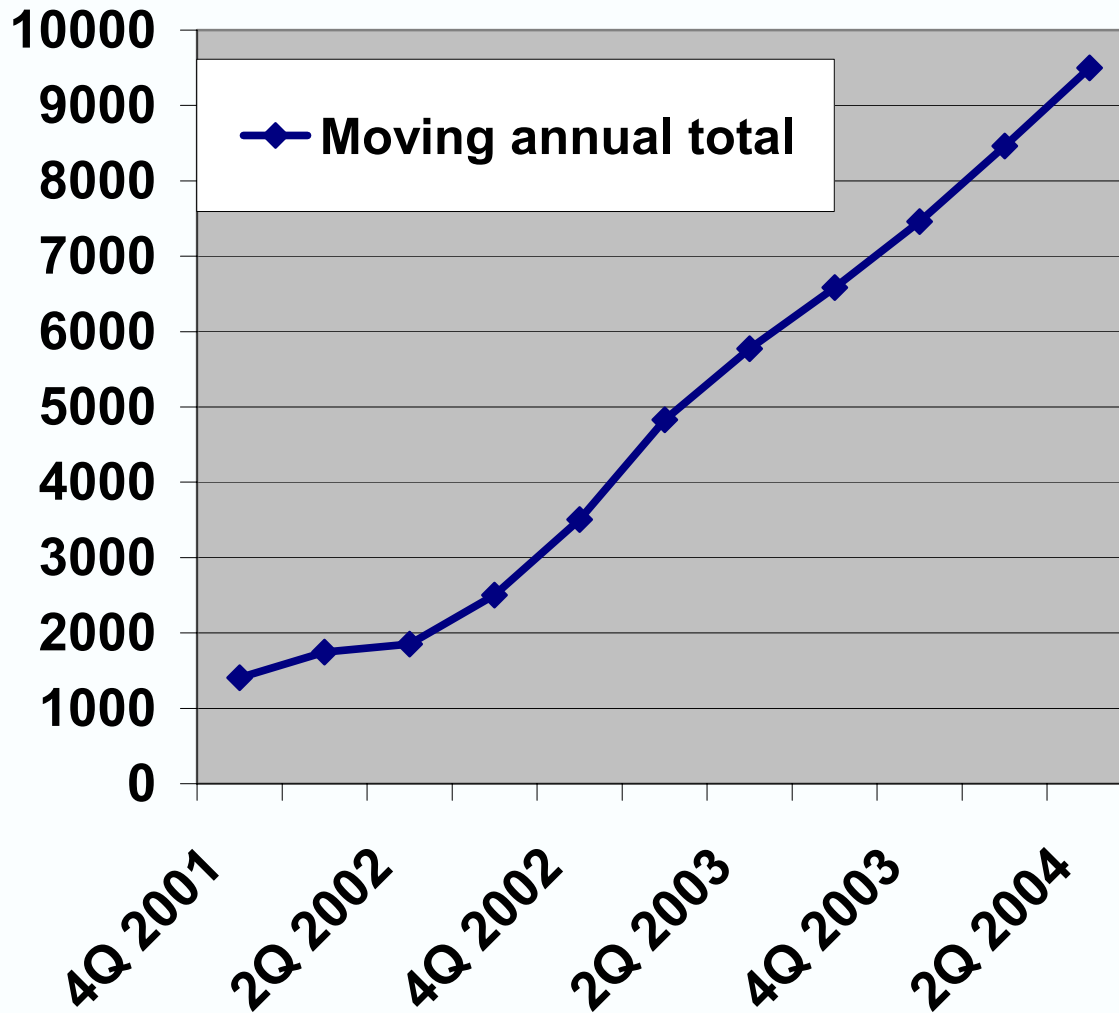
Clinics with PhotoCure lamps



Metvix®

– continued increase in sales in the Nordic area

Number of tubes sold to pharmacies



Metvix®

– international roll out by Galderma



- Launches initiated in Belgium and Australia
 - Total number of actively marketed territories extended to 6 (i.e. Germany, UK, New Zealand and Switzerland)

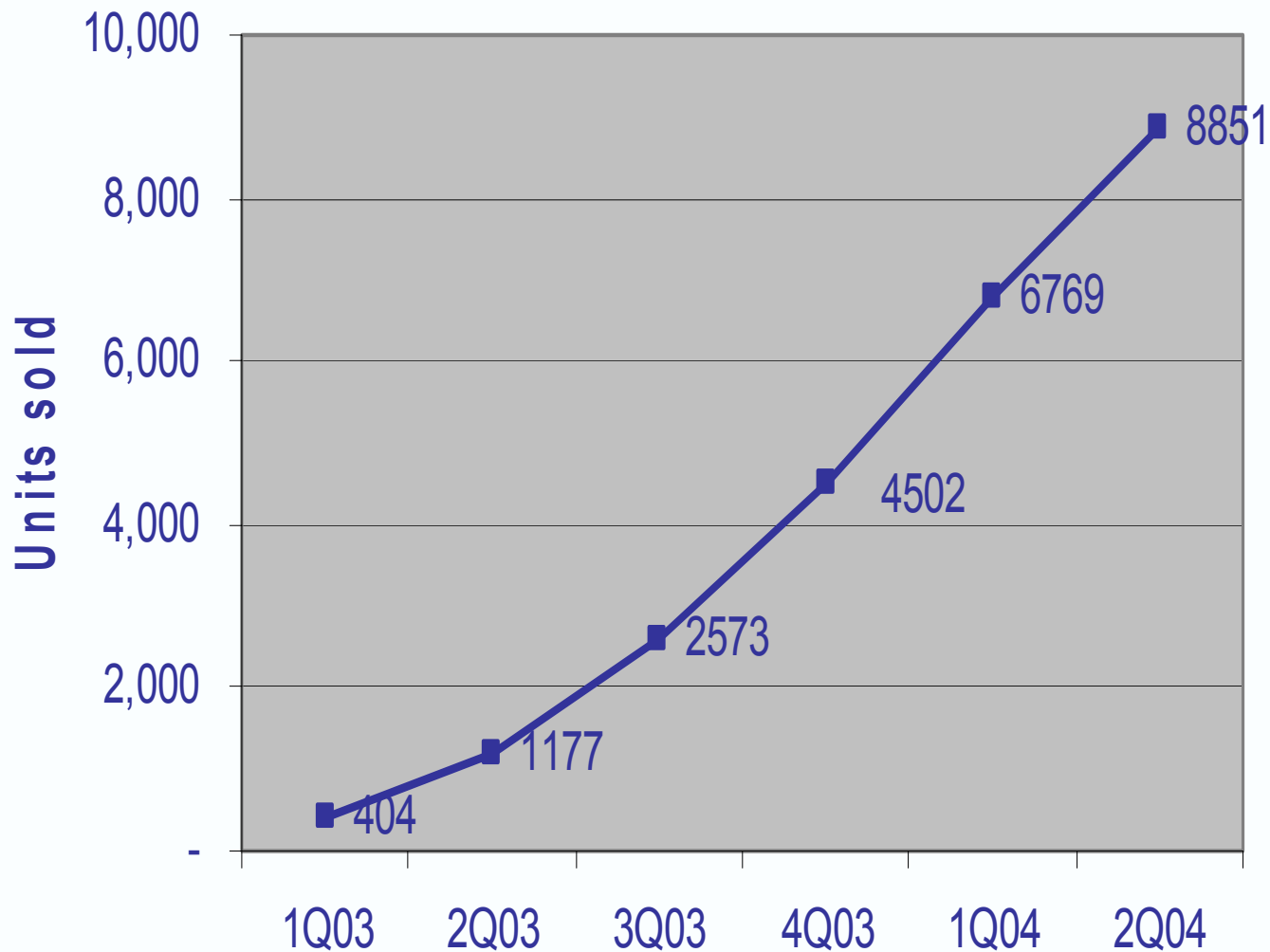
- Launch preparations ongoing
 - Made available in Italy
 - To be launched in Spain later in 2004

Metvix[®]



– continued increase in sales in Galderma's area

Metvix units sales - Moving annual total



Metvix[®]

– successful expansion

Metvix continues to gain approval in all its key markets

- Approved in 21 countries
 - 18 European countries
 - USA, Australia, New Zealand

- Pending applications in 11 countries
 - Europe: Holland, Portugal, Poland, Czech Republic, Slovakia, Estonia, Latvia, Lithuania
 - Others: South Africa, Brazil, Mexico



Metvix[®]

- expanding the commercial potential

- US approval obtained
 - Marketing approval for AK received on 27th July
 - Amendment filed for BCC
 - FDA response expected by the end of 2004

- Organ transplant study completed 2Q 2004
 - All 80 patients enrolled – two years follow-up
 - Treatment response as well as prophylactic effect will be evaluated

- One new acne study planned with Galderma
 - A dose ranging study completed in collaboration with Galderma
 - Positive clinical pilot data reviewed with Galderma



Hexvix[®] – A Breakthrough in Bladder Cancer Diagnosis

PhotoCure's 1st Photo-Diagnostic (PD) agent close to 1st launch



Hexvix®

– preparation finished



**Hexvix 85 mg Powder
for solution
for intravesical use**

+

**50 ml Solvent for Hexvix
for intravesical use**

Hexvix® solution

- Instilled 1 hour in the bladder
- Start blue light cystoscopy within 30 minutes

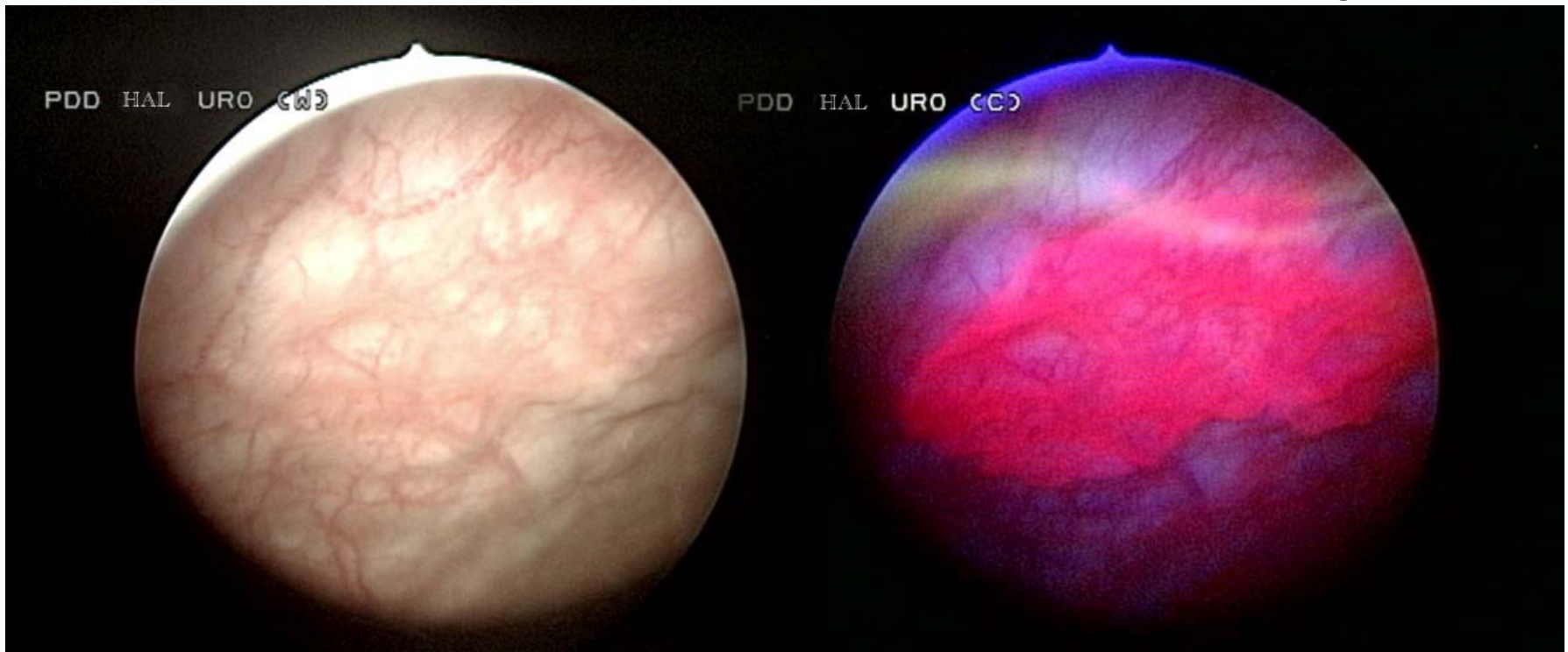


Hexvix®

– carcinoma (in situ) detected with Hexvix® only

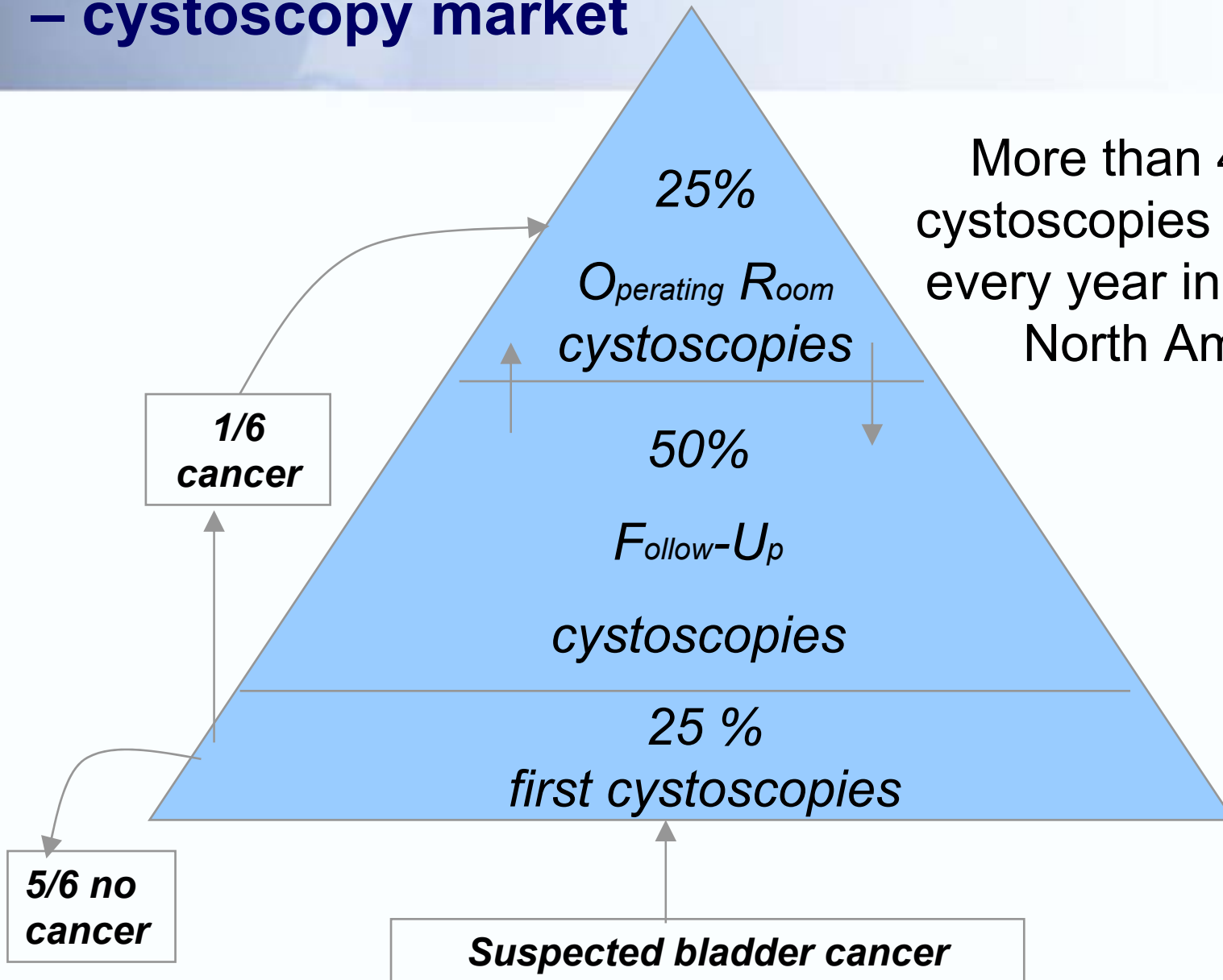
This is what the Urologists sees with current procedure

This is what the Urologists sees when adding Hexvix



Hexvix®

– cystoscopy market



More than 4 million
cystoscopies performed
every year in Europe &
North America



Hexvix

– positive phase III results

- Three phase III studies completed with positive results
 - Two studies focused on detection of bladder cancer (CIS)
 - One study focused on change in patient management
- One additional study initiated
 - Detection of bladder cancer (papillary lesions)
 - Reduction in early recurrence of bladder cancer



Hexvix[®]

– closer to approval

■ Europe

- Pharmacokinetic study with Hexvix completed and submitted in June
- Marketing approval from Swedish Medicines Authority expected before year end 2004
- Approval in Sweden will pave way for approval from other EU/EEA countries
 - Filing planned later this year

■ USA

- Meeting scheduled 3Q with the FDA to discuss marketing application based on data from European filing
- One additional Phase III study initiated



Hexvix[®]

– Pre-launch activities underway

General

- Health economy study ongoing
- Clinical data published in major urology journals
- Clinical trials ongoing in Germany, France, Netherlands, Denmark, Norway
- PhotoCure will continue to present Hexvix at key European urology meetings through exhibitions, presentations and satellite symposia
- PhotoCure evaluates potential partners for the sales and marketing of this product
 - Intend to retain the Nordic market as for Metvix



Hexvix[®]

– Pre-launch activities underway

Nordic

- Establishing key centres in each country:
off-licence use to gain experience for future KOL role
- “Mapping” all major potential customers
- Establishing close cooperation with equipment distributors
(local and central)
- Training sales force
- Developing sales materials
- Preparing for workshops and symposia – initial focus on Sweden



Research and intellectual property



Detection of colon cancer

– a significant market potential

- Fourth most frequent cancer, and cause of death
 - Incidence 150.000 (US)
 - Mortality 57.000 (US)
- High risk patients – chronic bowel inflammation (ulcerative colitis)
 - Estimated prevalence: 4 mill world wide
 - Recommended yearly colonoscopy after 10 years of disease
 - Surveillance endoscopies in ulcerative colitis: 2 mill per year (US/EU)
- Total number of colonoscopies: 20 mill per year
 - EU guidelines: Colonoscopy of all > 55 years of age



Detection of colon cancer – positive initial data

Fluorescence colonoscopy

- A feasibility study in 10 patients with colorectal cancer completed with positive results
- Larger studies in patients with ulcerative colitis planned



PCI Biotech AS

– exploring novel drug delivery technologies

- PCI (Photochemical Internalisation) –
 - proprietary technology for site-specific delivery of drugs, e.g. to tumours
 - drug delivery induced by illumination
- PCI makes drugs more active, and only where desired
 - drug side effects can be reduced
- New classes of drugs can be exploited, e.g. genes and proteins



PCI Biotech AS

– significant progress made

- In animal models:
 - PCI specifically enhance the effect of anticancer drugs, curing animals under conditions where the drugs alone are inefficient
 - Promising results have been obtained in cancer gene therapy
- A proprietary photosensitiser for use in the technology is under development
- Network of scientific collaborators established



Intellectual property

- Ruling in patent dispute with DUSA pharmaceutical and Queens University in Australia expected later this year
- Mediation agreement signed between DUSA, Queens, Galderma and PhotoCure



Financial Statements (Group)



Profit & Loss

Three months ended			Six months ended		2003
30.06.04	30.06.03	All figures in NOK 1,000	30.06.04	30.06.03	01.01-31.12
9,607	4,236	Sales revenues	19,786	10,753	23,380
3,908	20,048	Signing fee and milestone revenues	7,817	23,957	31,774
1,182	1,045	Other operating revenues	2,445	2,090	5,150
14,698	25,330	Total operating revenues	30,048	36,800	60,304
4,085	1,634	Cost of products sold	8,083	5,464	9,514
10,613	23,696	Gross profit	21,965	31,336	50,790
5,624	5,383	Payroll expenses	13,702	12,725	27,757
7,655	4,299	External R&D	14,132	18,518	38,377
13,386	10,162	Ord.depr. & other operating expenses	26,934	19,089	38,312
26,665	19,844	Total operating expenses	54,768	50,332	104,446
-16,051	3,852	Operating income/-loss	-32,803	-18,996	-53,655
956	3,710	Net financial income	1,494	8,080	10,888
-15,096	7,561	Income/-loss before tax	-31,309	-10,917	-42,767
-0.86	0.43	Net income/-loss per share (NOK)	-1.78	-0.63	-2.44



Balance Sheet

Figures in NOK 1,000	30.06.04	30.06.03	31.12.03
Machinery & equipment	2,474	3,965	3,222
Financial fixed assets	8,013	7,850	7,832
Inventory	20,251	26,147	23,167
Receivables	15,344	16,734	13,335
Securities	129,000	181,949	170,309
Cash & cash equivalents	15,819	31,278	15,536
Total assets	190,900	267,924	233,402
Shareholders' equity	100,867	161,651	131,897
Long term liabilities	13,519	17,661	13,519
Current liabilities	76,514	88,612	87,985
Total shareholders' capital & liabilities	190,900	267,924	233,402



Cash Flow Statement

All amounts in NOK 1000

	Six months ended 30.06.04	Six months ended 30.06.03	2002 01.01 - 31.12.
Cash Flow from operating activities	-41,205	-41,341	-70,507
Cash Flow from investing activities	-17	-101	-1,426
Cash Flow from financing activities	197	5,167	8,275
Net increase (decrease) in cash	-41,026	-36,276	-63,658
Cash & cash equivalents at beginning of period	185,845	249,503	249,503
Cash & cash equivalents at end of period	144,819	213,227	185,845



Progress towards sustained profitability

■ Metvix

- US approval for AK received July
- Approved in 21 countries – Launch initiated in 11 countries
- Amendment filed for BCC in the US – Response expected year-end
- Continued sales growth in existing markets

■ Hexvix

- First marketing approval expected in Sweden in 2004
- Application in other European countries planned to be filed later this year
- Meeting with FDA to be held during 3Q

■ Research & Development

- Metvix: acne and transplant patient clinical studies ongoing
- Internal cancer: positive clinical data for detection of colon cancer

