

PhotoCure ASA

Presentation of Second Quarter 2005

12 August 2005



Highlights second quarter 2005

- Hexvix®
 - Launch initiated in Sweden
 - NDA filed in the US
 - Negotiations with potential licensees outside the Nordic region
- Metvix®
 - European sales volumes continue to grow
 - Launched in Spain and Portugal
 - Filed for Bowen's disease in the EU
- R&D
 - Acne proof-of-concept study completed



HEXVIX®

- a breakthrough in bladder cancer diagnostics



Hexvix

- business update



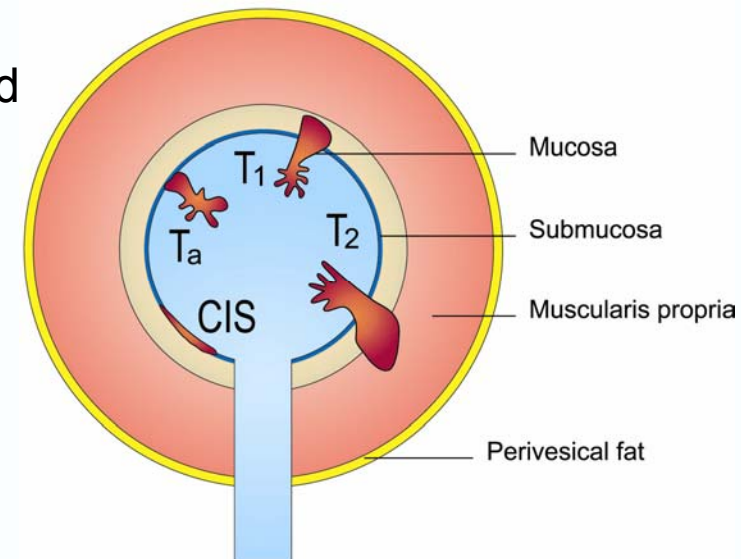
- Solid scientific platform
 - Started with data from University of Lausanne in 2000
 - App. 800 patients in clinical studies
 - 3 phase III studies in 50 leading university hospitals in the US and Europe
 - Long term patent protection (2018/2019)
- Regulatory approvals ahead of schedule
 - 27 European countries (marketing auth: UK, Sp, Nordic, NL, CzR, Ma)
 - NDA filed in US in June 2005
- Building long term market position
 - Launched initiated in Sweden in June 2005
 - Excellent reception at Urology congresses
 - Working with key opinion leaders
 - Establishing reference centres



Hexvix

- challenges in fighting bladder cancer

- Demographic trends indicate that bladder cancer is a significant and growing health problem
 - 4th most common cancer in terms of prevalence in men
 - Smoking is the most common reason
 - Mean age at diagnosis: 65
 - Many female patients not properly diagnosed
- Difficult to detect at early stages
 - Early detection improves prognosis
 - Most malignant tumors hardest to detect
 - Progression rate 10-30%
- High recurrence rate at 50-70%



Hexvix

- large market potential for diagnostics

Region	Incidence (new patients per year)	Prevalence (patients with bladder cancer)	Number of cystoscopies
Nordic	6,000	23,000	120,000
Europe	118,000	470,000	2,430,000
US & Canada	71,000	280,000	1,450,000
Total	195,000	773,000	4,000,000

App. 20 cystoscopies for every new patient with bladder cancer

Source: PhotoCure market research



Hexvix

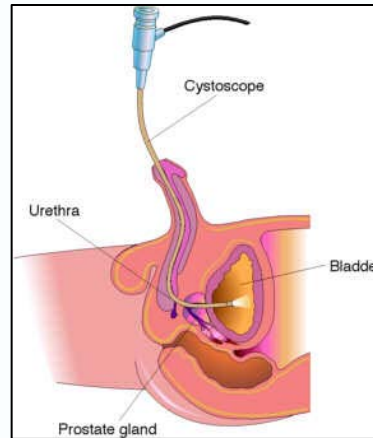
- procedure in the operating room



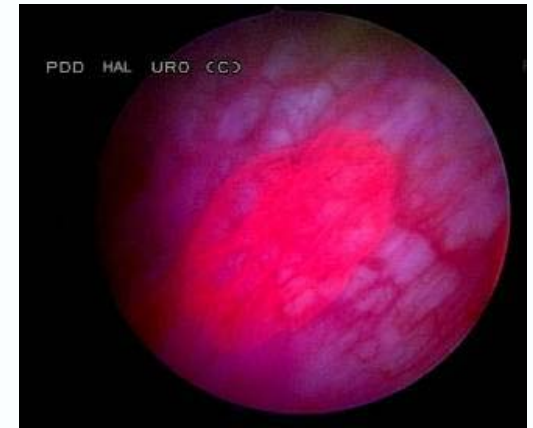
One Hexvix kit per patient



Preparation of Hexvix solution



Instillation of Hexvix in bladder followed by cystoscopy after one hour

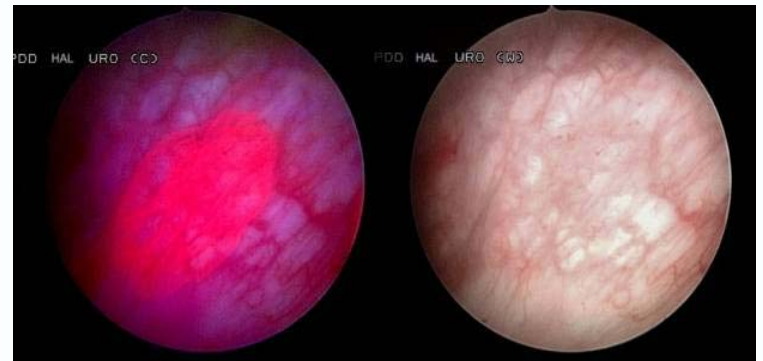


Visualisation of bladder cancer

Hexvix

- key medical benefits

- Diagnosis of more patients with CIS
- Diagnosis at earlier stages
- Diagnosis of more papillary lesions (1 of 4 tumors overlooked when not using Hexvix)
- Improves patient management
 - Improved diagnosis leads to more adequate treatment
 - Improved quality of life for patients
 - Health economical benefits

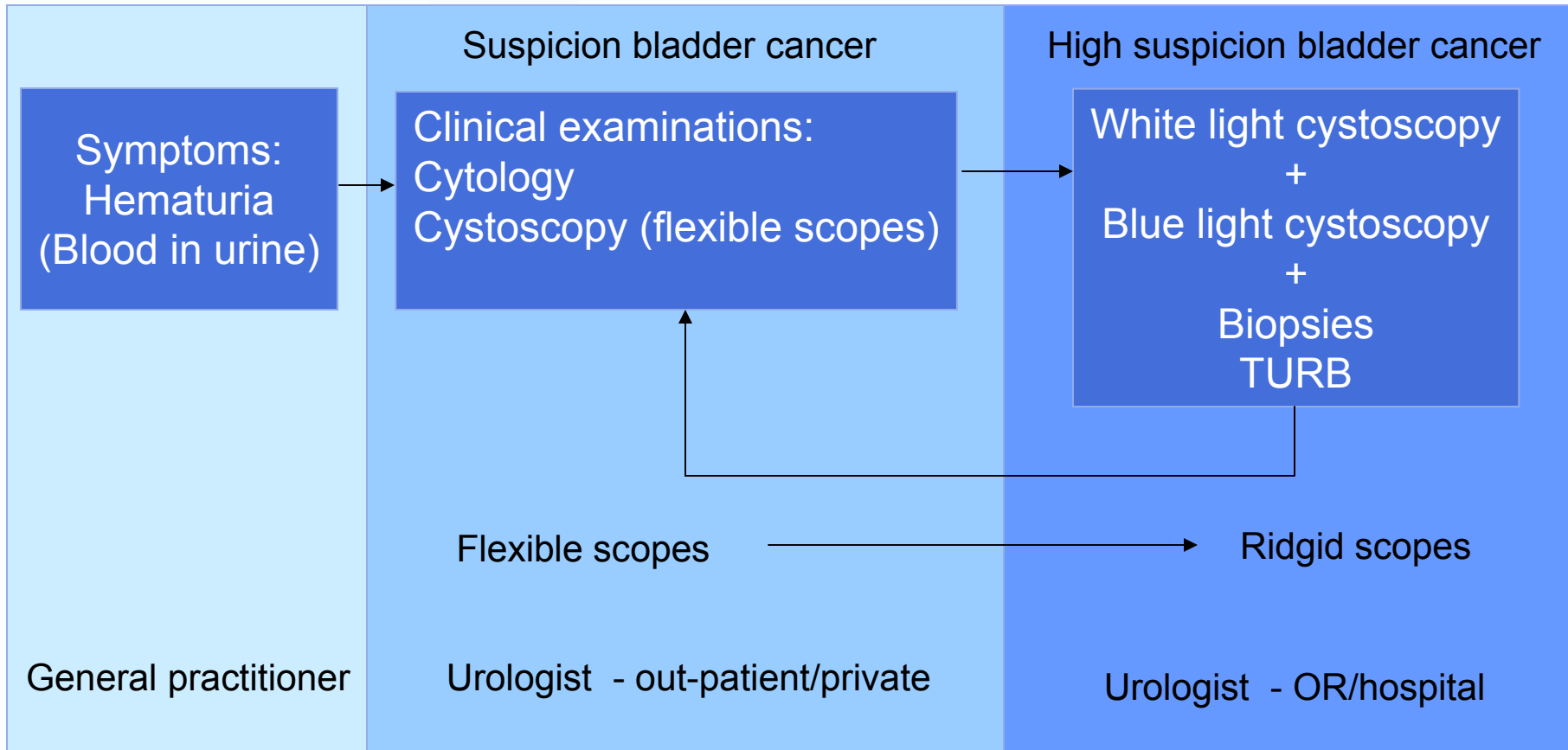


Source: Jocham D. Et al, J Urol, (in press)
Scmidbauer, S. Et al, J Urol 2002; 170:226-9



Hexvix

- detection, treatment and follow-up



Marketshare of cystoscopies

80 %

20 %



Hexvix

- blue light equipment is the key to success

- Availability of blue light equipment
 - Key equipment manufacturers; Storz, Wolf, Olympus
 - Rigid white light sytem app. € 30 000
 - Add on cost app. € 7 000 for blue light
 - Total new cystoscope including tools cost app. € 50 000
- Average life span for cystoscopes
 - Rigid cystoscopes 3-6 years
 - Flexible cystoscopes 1-2 years

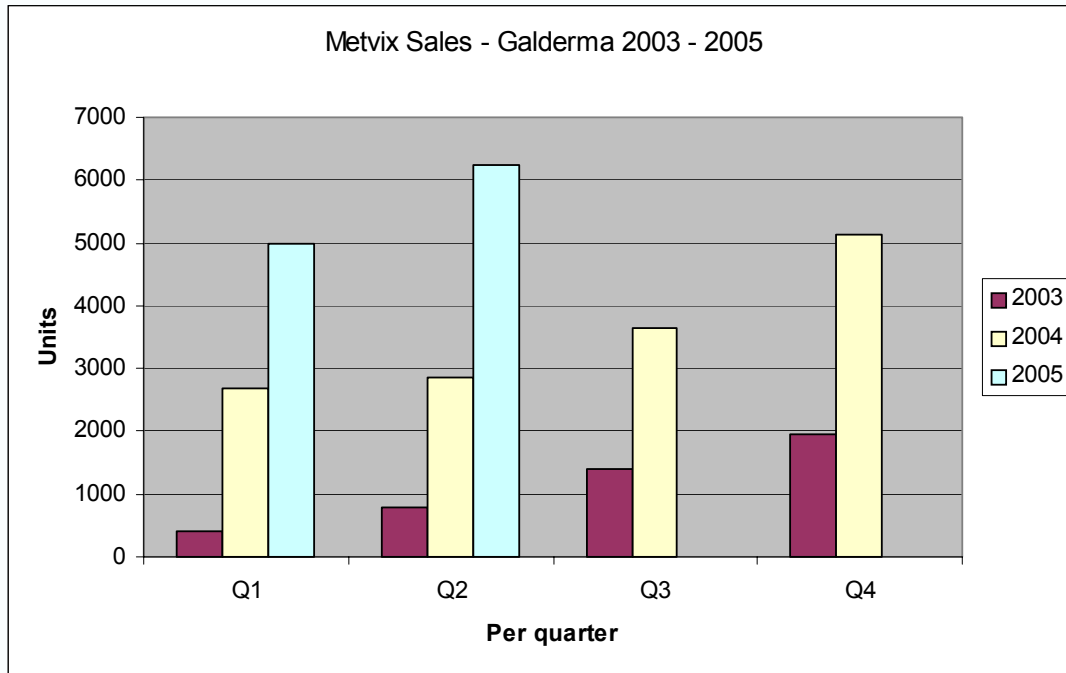


METVIX®
- roll out continues



Metvix

- Galderma sales increase 118% in units

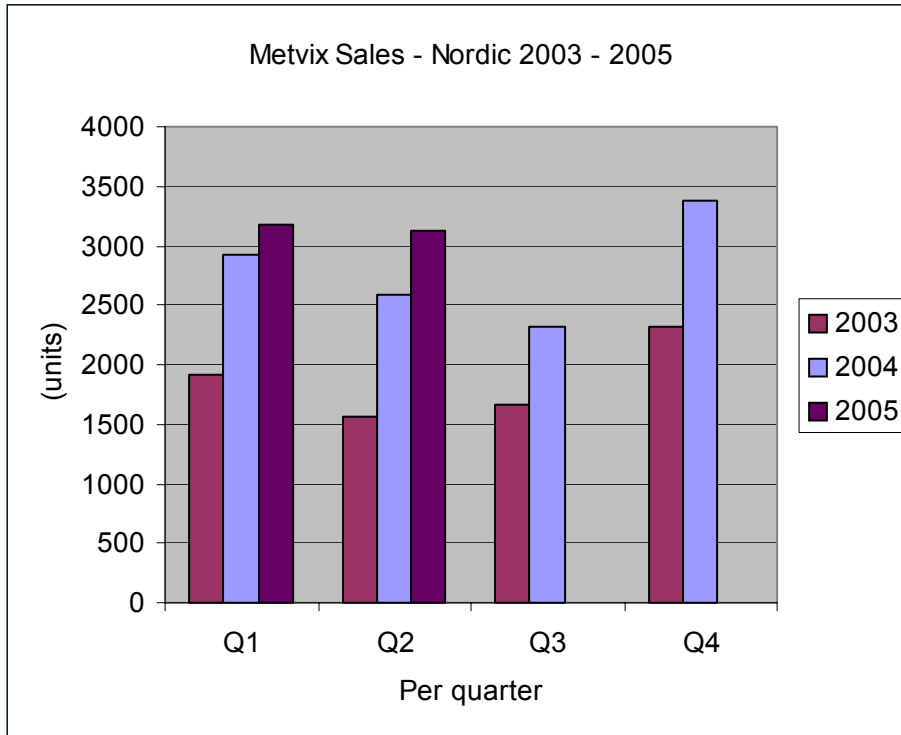


- Sales increase in units of 118% vs Q2 2004 and increase of 25% vs Q1 2005
- Launch in Spain and Portugal in Q2
- Continuing to file new marketing authorisation applications
- 57 lamps sold to Galderma in Q2 vs 89 in Q2 2004, with over 900 Aktelite lamps in market



Metvix

- Nordic sales increase 21 % in units



- Sales increase in units of 21% vs Q2 2004
- Working on reimbursement in Norway and Finland
- Focus on building volume in existing centers for AK indication
- 3 lamps sold in Q2 vs 12 lamps sold in Q2 2004, with over 300 Aktelite lamps in market



Metvix

- business update

- Strengthening the position of Metvix in non-melanoma skin cancer by filing for Bowen's disease in 22 EU countries
- Pre cancerous skin lesions (AK) in the US
 - Discussing clinical program for Aktelite with FDA
- Skin cancer (BCC) in the US
 - Discussing BCC clinical program with FDA
- Acne
 - Proof-of-concept study completed - presentation at the annual meeting of European Society for Photodynamic Therapy (Euro-PDT) in first half 2006



Financial Statements (Group)



Profit & Loss

In accordance with IFRS

2005 31.03 - 30.06	2004 31.03 - 30.06		2005 01.01 - 30.06	2004 01.01 - 30.06	2004 01.01 - 31.12
All figures in NOK 1,000					
8 874	9 607	Sales revenues	17 673	19 786	36 855
3 908	3 908	Signing fee and milestone revenues	7 817	7 817	40 954
12 782	13 516	Sales, signing fee and milestone revenues	25 490	27 603	77 809
-3 601	-4 085	Cost of products sold	-7 504	-8 083	-13 066
9 181	9 431	Gross profit	17 986	19 520	64 743
11 379	1 182	Other operating revenues	12 333	2 445	4 597
-5 657	-5 774	Payroll expenses	-13 943	-14 001	-35 282
-14 671	-7 655	External R&D	-22 555	-14 132	-31 718
-9 686	-13 386	Ord.depr. & other operating expenses	-16 958	-26 934	-43 201
-9 453	-16 201	Operating income/-loss	-23 137	-33 102	-40 861
2 289	956	Net financial income	2 878	1 494	-4 462
-7 165	-15 245	Income/-loss before tax	-20 259	-31 608	-45 323
-0.41	-0.87	Net income/-loss per share (NOK)	-1.15	-1.80	-2.58

- Other operating revenues includes reclassification of NOK 10.4 million
- External R&D includes NOK 6 million associated with NDA for Hexvix



Balance Sheet

In accordance with IFRS

Figures in NOK 1,000	2005 30.06	2004 30.06	2004 31.12
Machinery & equipment	1 906	2 474	2 080
Financial fixed assets	-	6 250	-
Inventory	13 950	20 251	17 533
Receivables	17 223	15 344	16 146
Securities	84 325	129 000	111 219
Cash & cash equivalents	15 777	15 819	26 733
Total assets	133 180	189 138	173 711
Total equity	65 957	99 063	85 566
Long term liabilities	405	13 561	13 438
Current liabilities	66 818	76 514	74 707
Total equity & liabilities	133 180	189 138	173 711

- Cash and cash equivalents of NOK 100.1 million per 30.6.2005



Cash Flow Statement

In accordance with IFRS

	Six months ended		2004
	30.06.2005	30.06.2004	01.01 - 31.12
Loss before taxes	-20 259	-31 608	-45 323
Interest paid	-32	-56	-103
Other operational items	-17 739	-11 280	-4 822
Net cash flow from operations	-38 030	-42 944	-50 248
Cash flow from investments	779	1 721	2 758
Cash flow from financing transactions	-600	197	-403
Net change in cash during the period	-37 851	-41 026	-47 893
Cash & cash equivalents at beginning of period	137 952	185 845	185 845
Cash & cash equivalents at end of period	100 102	144 819	137 952



Goals and Milestones



Strategic and operational goals

(Presented in February 2005)

■ Launch Hexvix program

- Complete MRP procedure in EU/EEA countries
- Launch initiated in Nordic countries
- File NDA in US
- Secure licencing partner

STATUS:

YES – March 2005

YES – June 2005

YES – June 2005

Negotiations ongoing

■ Continue investing in Metvix

- Galderma will launch in new countries
- Seek Aktilite approval in US
- Start BCC studies to support US NDA
- Expand in NMSC indications
- Initiate Acne program

YES - Netherlands, Spain, Portugal

Discussions with FDA

Discussions with FDA

YES - filed for Bowen's in EU

YES - POC study completed

Negotiations ongoing

■ Solve patent dispute with DUSA

YES – POC studies initiated

■ Investigate other indications where PDT is favourable



Current business focus

■ Hexvix®

- Negotiate and sign licencing agreement
- Build strong long-term Nordic market position

■ Metvix®

- Sales growth in existing markets
- Launches in new markets

■ Research and development

- Acne: complete development plan
- Cervix: complete POC study (Q4 2005)
- Colon: complete POC study (Q3 2006)

