Brilliance in photodynamic technology ™

Photocure ASA
Building a Specialty Pharma company

Presentation of second quarter 2010 results

19 August 2010

Kjetil Hestdal, President & CEO
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Growth Strategy

Photocure is the world leader in photodynamic technology and is using its platform to develop diagnostics and therapies to identify and treat diseases in cancer and dermatology

Goals

- Building a sustainably profitable specialty pharma company
- Maximise potential of innovative Photodynamic Therapy platform
- Leverage proven experience to develop, register and commercialise new products in dermatology and cancer

Strong platform for future growth

Creating value from strong IP position in Dermatology and Cancer

		Indication	Status	Peak sales potential EU/ US
Dermatology	**Allumera™**	Improvement of facial skin appearance	Consumer trial	EUR 30 – 50 million
	Visonac™	Treatment of moderate to severe acne	Phase II	EUR 240 – 420 million
Cancer	**Hexvix®**	Detection of bladder cancer	Approved in EU &US	EUR 130 – 240 million
	Cevira™	Treatment of precursors of cervical cancer	Phase I/II	EUR 250 – 550 million
	Lumacan™	Detection of colon cancer	Phase I/II	EUR 300 – 510 million

Promising pipeline with large market potential

Highlights second quarter 2010

- Hexvix revenues increased 20% to NOK 14.2 million in Q210
- US approval for Cysview, triggering milestone payment of EUR 10 million
- Net profit of NOK 60.2 million in Q210
- Cash of NOK 330.8 million per 30 June 2010
- Results from multi-centre phase II study for Visonac
- Favorable ruling in patent case
- Established US subsidiary & appointed Terry Conrad as President

Major steps towards becoming a Specialty Pharma Company

Financial statements

Profit & Loss

Second quarter and first half 2010

- Divestment of Metvix/ Aktilite changed earnings profile. 2009 accounts adjusted for discontinued operations.
- Hexvix revenue up 20% in Q2 and 31% in 1H
- Milestone revenue for US approval of Cysview of EUR 10 million
- R&D in 1H
  - Dermatology: NOK 16.5 million
  - Cancer: NOK 18.5 million
  - Explorative: NOK 1.6 million
- Other comprehensive income relates to increase in value of holding in PCI Biotech

Numbers in NOK thousand	Q2 2010	Q2 2009	1H 2010	1H 2009	2009
Sales revenue	14 245	11 907	28 205	21 576	48 428
Signing fee & milestone revenues	79 300	0	83 440	0	0
Total revenues	**93 545**	**11 907**	**111 645**	**21 576**	**48 428**
R&D expenses	19 996	20 373	39 261	30 916	78 980
Marketing & sales expenses	7 431	5 992	15 568	12 197	24 984
Operating profit/ loss (EBIT)	**58 764**	**-23 310**	**43 036**	**-36 804**	**-78 952**
Net financial items	1 480	2 410	3 342	-467	2 451
Discontinued operations	0	8 806	0	16 565	388 883
Net profit/ loss	**60 244**	**-12 900**	**46 379**	**-20 706**	**312 382**
Other comprehensive income	23 298	1 048	52 642	1 048	4 192
Comprehensive income	**83 542**	**-11 046**	**99 021**	**-19 658**	**316 574**

Metvix/Aktilite is under IFRS reported as discontinued operations

Segment information – Q2 2010

	Q2 2010							Q2 2009					
	Cancer				Derm[2]	Total	% vs. 09	Cancer				Derm. R&D	Total
Numbers in NOK thousand	Own	Partner	R&D[1]	Sum				Own	Partner	R&D*	Sum		
Sales Hexvix	4 465	9 780	0	14 245	0	14 245	20 %	4 531	7 376	0	11 907	0	11 907
Cost of goods sold	-285	-2 143	0	-2 428	0	-2 428	89 %	-197	-1 089	0	-1 286	0	-1 286
Gross profit	**4 180**	**7 636**	**0**	**11 817**	**0**	**11 817**	**11 %**	**4 334**	**6 287**	**0**	**10 621**	**0**	**10 621**
Gross profit %	94 %	78 %		83 %		83 %		96 %	85 %		89 %		89 %
Milestone revenue	0	79 300	0	79 300	0	79 300		0	0	0	0	0	0
MAL/ Metvix/ Aktilite [3]	0	0	0	0	0	3 439							
Discontinued operations								0	0	0	0	0	8 806
Operating expenses	-3 772	-4 518	-11 737	-20 026	-15 766	-35 792	5 %	-7 254	-3 867	-21 704	-32 825	-1 106	-33 931
Operating profit	**409**	**82 419**	**-11 737**	**71 091**	**-15 766**	**58 764**		**-2 920**	**2 420**	**-21 704**	**-22 204**	**-1 106**	**-14 504**
Net finance						1 480							2 410
Profit before tax	**409**	**82 419**	**-11 737**	**71 091**	**-15 766**	**60 244**		**-2 920**	**2 420**	**-21 704**	**-22 204**	**-1 106**	**-12 094**

(1) Including share of general & admin. Expenses
(2) R&D Visonac/ Allumera, Business development and Admin. expenses. 2009 amounts includes R&D and personnel costs only.
(3) Deferred revenue from Metvix divestment, sale of MAL, returns and reimbursement of Metvix.

Balance sheet – assets

- NOK 330.8 million in cash end of period
- Other investments includes:
  - NOK 81.6 million from shares in PCI Biotech
  - Deferred revenue from sale of Metvix/Aktilite
- PCI Biotech completed a share capital increase of NOK 90 million in June
  - PHO participated with NOK 17.4 million, corresponding to its 19.35% share
- Receivables includes milestone payment

Numbers in NOK thousand	30.06.2010	30.06.2009	31.12.2009
Intangible assets, software	425	472	365
Machinery & Equipment	1 686	2 211	1 772
Other investments	90 333	8 384	14 585
Total non-current assets	**92 444**	**11 067**	**16 722**
Inventory	14 697	12 692	13 826
Receivables	98 697	15 242	22 811
Cash & cash equivalents	330 849	150 556	403 502
Total current assets	**444 243**	**178 490**	**440 140**
Total assets	**536 687**	**189 557**	**456 862**

Balance sheet - equity & liabilities

- Other paid-in capital includes own shares of NOK 29.9 million
- Shareholder's equity amounting to NOK 503 million
- Equity ratio of 94%
- No interest bearing debt

Numbers in NOK thousand	30.06.2010	30.06.2009	31.12.2009
Share capital	11 047	11 047	11 047
Other paid-in capital	164 548	190 476	176 112
Retained earnings	327 644	-41 398	228 624
Shareholders' equity	**503 239**	**160 124**	**415 783**
Long-term liabilities	510	0	340
Current liabilities	32 938	29 433	40 739
Total liabilities	**33 448**	**29 433**	**41 079**
Total equity and liabilities	**536 687**	**189 557**	**456 862**

Cash Flow

Second quarter and first half 2010

- Net change in cash:
  - NOK -39.1 million in Q2 2010
  - NOK -72.7 million in 1H 2010
- Net purchase of own shares of NOK 5.8 million in Q2

Numbers in NOK thousand	Q2 2010	Q2 2009	1H 2010	1H 2009	2009
Profit/ loss before tax	60 244	-12 094	46 379	-20 706	312 382
Depreciation and amortisation	268	404	543	802	1 451
Share-based compensation	1 195	914	2 390	1 828	3 454
Net interests	-1 839	-2 102	-4 237	-4 612	-9 258
Write down financial assets	0	0	0	4 192	4 192
Changes in working capital	-74 772	-801	-84 557	-15 205	7 899
Other operational items	-2 595	355	-5 658	-1	-2 674
Net cash flow from operations	**-17 498**	**-13 324**	**-45 140**	**-33 703**	**317 445**
Cash flow from investments	-15 719	2 010	-13 559	4 363	10 104
Cash flow from capital transactions	-5 846	-2	-13 955	-2	-103 944
Net change in cash	**-39 063**	**-11 316**	**-72 653**	**-29 341**	**223 605**
Cash & cash equiv. start of period	369 912	161 872	403 502	179 897	179 897
Cash & cash equiv. end of period	**330 849**	**150 556**	**330 849**	**150 556**	**403 502**

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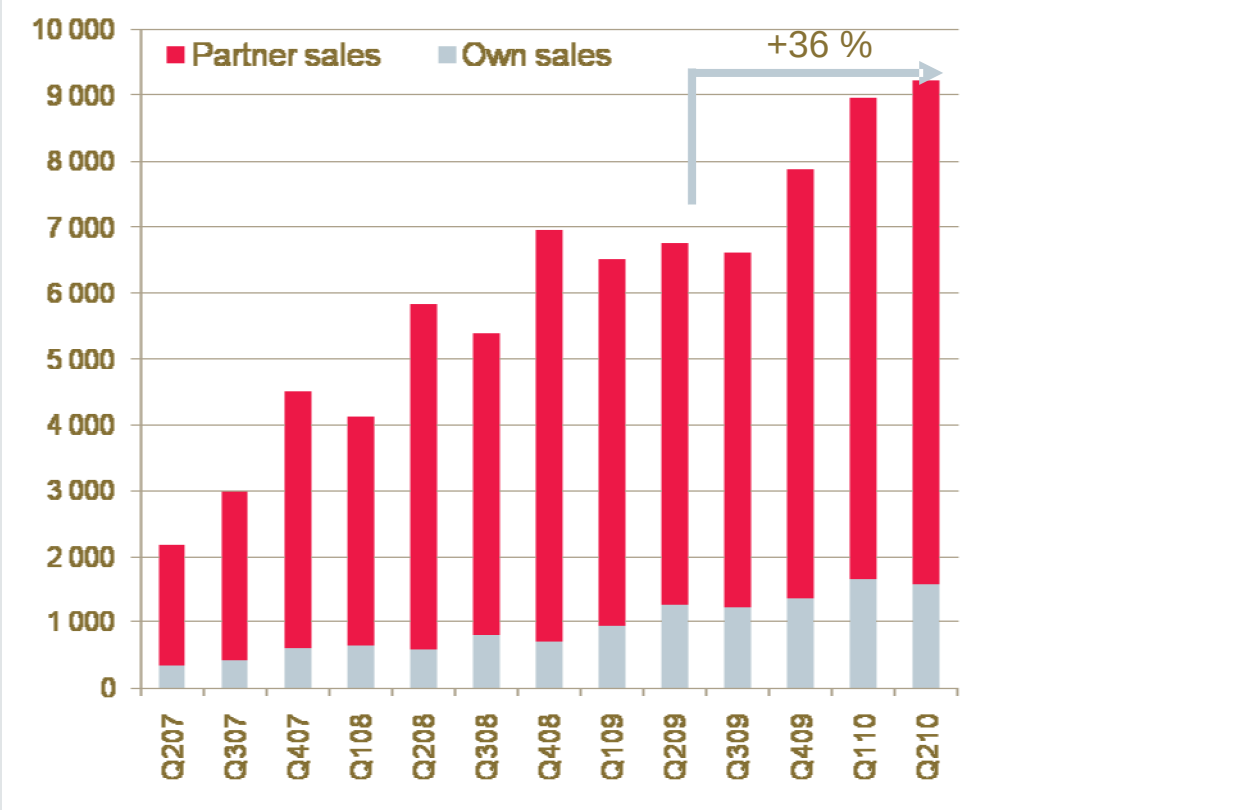
Operational Update

Hexvix®

- Hexvix® /Cysview™ is the first approved drug-device procedure for improved detection of bladder cancer.
- Bladder cancer is the fifth most commonly occurring type of cancer in men and the eighth most common among women, recurring in 50–70% of patients
- Considered a breakthrough in bladder cancer diagnostics, with strong improvement compared to standard diagnostic procedure
- Improves patient detection rates by 30% and enables doctors to carry out a more effective tumour removal
- Hexvix® was launched in several countries in the EU/EEA in 2006 and is now being sold in 21 countries in Europe
- At the end of the first half 2010, more than 700 European urology clinics were offering Hexvix® to its bladder cancer patients
- FDA approved in 2010 under the name Cysview™

Hexvix® - Europe

Key sales figures



dic (Photocure):

5% to 1.577 units

7% to 3.223 units

ırk largest market

ide Nordic (GE Healthcare):

9% to 7.648 units

5% to 14.953 units

ny and France largest
s, accounting for ~80%

Hexvix® /Cysview™ - US

US launch

- CysviewTM approved by FDA on 28 May
- Triggered milestone payment of EUR 10 million
- Preparing for launch together with Karl Storz
- Identified high potential hospital markets
- Started training of sales force
- Experience centres (training sites) identified
- New standard for diagnosis of bladder cancer

First approved drug-device procedure for improved detection of bladder cancer

Hexvix® roadmap

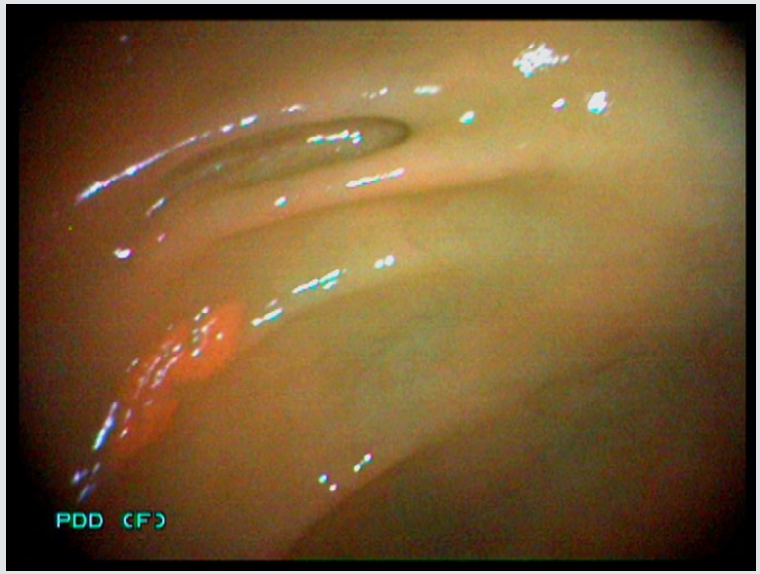
Picture of a bladder in white and blue light illustrating the fluorescence effect

- Continue growth in Europe
  - Increase number of clinics with equipment
  - Educate more personell
  - Increase use in clinics with equipment
- Secure successful US launch
  - Market research to target key customers
  - Further training of sales force & training sites
  - Karl Storz; secure approval of supplement to PMA for improved blue light system in Q4 2010

Peak sales potential of EUR 130 - 240 million in the EU & US

Lumacan™ and Cevira ™

- Lumacan:
  - Ongoing phase I/II study in hold
  - Scintigraphy testing of new oral formulations in Q2 2010
  - Restarting phase I/II study with improved oral formulation in Q4 2010
- Cevira:
  - Placebo-controlled multicenter phase II study ongoing in 5 countries in Europe
  - Initial results expected Q3 2010



First PoC-study in Munich, Germany.
One flat lesion showing fluorescence in colon.
Courtesy: Prof. Dr. B. Mayinger

Allumera™

Improving facial skin appearance

- Cosmetic product to be sold through dermatologists and aesthetic physicians and is not subject to FDA approval.
- Offers significant improvement over existing treatments.
- Initial pilot study in Q4 2009 demonstrated promising results
- Second consumer trial started April 2010, planned results for Q4 2010
- Started preparations for launch in 2011
  - Established US Subsidiary, Photocure Inc. in August 2010
  - Appointed Terry Conrad as President, 23 years of experience from pharma industry, incl. US commercial operations, launch of new dermatology products
  - Started broad investigator initiated clinical trial strategy to support launch

Peak sales potential estimated to be EUR 30-50 million per year

Visonac™

Effective treatment of moderate to severe acne

- High efficacy shown in three separate Phase II studies:
  - Sustained improvement in reduction of lesions with limited side effects
- Results from additional Phase II trial with simplified Visonac treatment procedure:
  - Reduction in lesion count of 39.8% for inflammatory lesions and 36.3% for non-inflammatory.
  - Reduction in lesion counts lower than reported in previous studies
- Next steps:
  - Study of correlation between different studies
  - Plan a small clinical study in Texas in Aug/Sept
  - Update development plans

Summary and Outlook

Summary

- Hexvix:
  - US approval by FDA in May – launch 2H 2010
  - Revenues +20% in the quarter, end-user sales in units +36%
  - Sales in Europe expected to increase by more than 30% in 2010
- Development programs:
  - Visonac: results May 2010 – new sub-study will be initiated in Aug/ Sept
- Corporate:
  - Established US subsidiary
  - New board member

Strong newsflow

Commercial:

- Successfully launch Cysview in the US
- Updates on commercial activities for Hexvix in Europe

Pipeline progress:

- Cevira: results from phase I/II study in Q3
- Lumacan: restart phase I/II study with improved oral formulation in Q4
- Visonac: small clinical study to be initiated in Q3 with results expected in Q4
- Allumera: Complete consumer trial and report results in Q4
- Preparation for first dermatology product launch in 2011

PHOTOCURE®

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Welcome back

Third quarter, 27 October 2010