



Continued product roll out

PhotoCure ASA

Third Quarter Report 2003, 6 November 2003

Highlights:

- **Operating revenues in the third quarter 2003 totalled NOK 10.2 million, compared to NOK 7.7 million third quarter of 2002. In the Nordic countries, Metvix[®] sales to pharmacies in the third quarter 2003 increased with 95% compared to the corresponding quarter in 2002.**
- **Liquid funds amounted to NOK 194.5 million as of 30 September 2003.**
- **In September, an Advisory Committee to the US Food and Drug Administration (FDA), the Dermatologic and Ophthalmic Drugs Advisory Committee, evaluated PhotoCure's application for Metvix[®]. The Committee did not recommend Metvix[®] to be approved for first line treatment of primary nodular basal cell carcinoma (BCC), based on the efficacy results in the studies submitted. As members of the Committee stated that there is a medical need for Metvix[®] in certain patient populations with BCC and as the Committee unanimously agreed that no safety concerns exists related to Metvix[®] therapy, PhotoCure will proactively continue to work with the FDA, aiming at obtaining an approval for a BCC indication.**
- **Galderma continues the commercial expansion strategy for Metvix[®] through pre launch activities in five new countries**
- **First regulatory feedback for Hexvix[®] marketing authorisation application was positive and PhotoCure will shortly respond to the outstanding questions.**

The third quarter of 2003 has seen PhotoCure ASA continue its focus on launching Metvix in Europe and generating growth in sales for this product, moving towards its goal of being a company with a profitable business in dermatology and oncology.

European Roll Out of Metvix Continues

Sales revenues for Metvix, PhotoCure's novel photodynamic therapy product for the treatment of pre-cancerous skin disorder (actinic keratosis) and skin cancer (basal cell carcinoma), continue to increase in the Nordic countries as well as in the Galderma covered territories (currently Germany and the UK). The adoption rates and the clinical acceptance remain high amongst dermatologist. Sales revenues totalled NOK 9.2 million in the third quarter of 2003 compared to NOK 7.7 million in the third quarter of 2002 as sales of Metvix grow in the Nordic countries as well as in the Galderma territories. In the Nordic countries, Metvix sales to pharmacies increased with 95% in the third quarter 2003 compared to the same quarter in 2002.

The total of 230 light sources is now installed at 153 clinical centres in the Nordic regions. PhotoCure will continue to focus on establishing new centres that offer Metvix treatment in Denmark and Finland. The main focus in Sweden and Norway is on supporting clinical centres already offering Metvix treatment to their patients in their continued increase in the usage of Metvix.

Galderma, PhotoCure's global marketing partner for Metvix outside of the Nordic countries, continued its medical education programme to support clinical acceptance of the product. In October 2003, Galderma and PhotoCure participated in an important symposium for dermatologists, namely the 12th Annual Conference of the European Academy of Dermatology and Venereology in Barcelona, Spain. During this event, Galderma hosted a successful satellite symposium on the Metvix treatment of skin cancers and premalignant skin diseases, in order facilitate the continued growth in awareness and understanding of Metvix in the international medical community.

Expanding the Commercial Potential for Metvix

PhotoCure remains confident about the international adoption and approval of Metvix. This is based on several key factors:

In September, an Advisory Committee to the US Food and Drug Administration (FDA), the Dermatologic and Ophthalmic Drugs Advisory Committee, evaluated PhotoCure's application for Metvix. The Committee did not recommend Metvix to be approved for first line treatment of primary nodular basal cell carcinoma (BCC), based on efficacy results in the studies submitted. As members of the Committee stated that there is a medical need for Metvix in certain patient populations with BCC and as the Committee unanimously agreed that no safety concerns exists related to Metvix therapy, PhotoCure will proactively continue to work with the FDA, aiming at obtaining approval for a BCC indication.

PhotoCure's first NDA for Metvix in the US, regarding the treatment of the pre-malignant skin disorder (actinic keratosis), was deemed approvable by the FDA in September 2002. During this year, PhotoCure has answered questions from the FDA related to the application

and expects this to result in a final approval.

In addition to already received marketing approvals for Metvix in most European countries, New Zealand and Australia, a marketing authorisation application has been submitted in South Africa. This is the first regulatory filing for approval of Metvix by Galderma. In addition, Galderma has started pre launch activities in five new countries.

Hexvix closer to first regulatory approval for detection of bladder cancer

PhotoCure filed the first Marketing Authorisation Application in Sweden in December 2002, as a first step in the process of gaining pan European approval. At the end of September 2003, PhotoCure received its first response from the Swedish authorities and the overall feedback was positive. PhotoCure will shortly respond to the outstanding questions. An approval will pave the way for a European submission through the Mutual Recognition Procedure. In the US, a clinical phase III programme is ongoing as part of the preparations for the US application.

In addition to gain a first marketing authorisation approval, PhotoCure is now focussing on pre-launch activities for Hexvix as well as continuing the evaluation of possible partners for sales and marketing outside the Nordic countries.

Financial position

Operating revenues for the group amounted to NOK 10.2 million in the third quarter, compared to operating revenues of NOK 7.7 million in the same period of 2002. Due to lower development costs, operating expenses decreased to NOK 26.4 million compared to NOK 28.5 million in the third quarter of 2002. Net loss amounted to NOK 14.8 million compared to NOK 17.2 in the third quarter of 2002.

Shareholders' equity totalled NOK 148.9 million as of 30 September 2003 compared to NOK 167.0 million as of 31 December 2002. Liquid funds amounted to NOK 194.5 million as of 30 September 2003, compared to NOK 213.2 million as of 30 June 2003. The funds are mainly invested in money market funds. The number of outstanding shares was 17,577,000 as of 30 September 2003.

The accounts for the third quarter are based on the same accounting principles as stated in the annual report for 2002, and are in compliance with Norwegian GAAP requirements for quarterly reporting. PhotoCure will release the full year report for 2003 on 25 February 2004.

PhotoCure
Profit & Loss (Group)
(all amounts in NOK 1,000 except per share data)

Three months ended			Nine months ended		2002
30.09.03	30.09.02		30.09.03	30.09.02	01.01 - 31.12
9 157	7 700	Sales revenues	43 867	15 991	25 222
1 045	-	Other operating revenues	3 135	130	3 486
10 202	7 700	Operating revenues	47 002	16 122	28 708
2 074	3 009	Cost of products sold	7 538	3 615	5 832
7 015	6 526	Payroll expenses	19 740	11 400	18 796
7 338	12 320	External R&D	25 856	57 677	77 300
416	473	Ordinary depreciation	1 276	1 018	1 269
9 559	6 149	Other operating expenses	27 788	25 399	35 039
26 401	28 478	Total operating expenses	82 197	99 109	138 235
-16 199	-20 778	Operating loss	-35 196	-82 987	-109 527
2 343	4 843	Financial income	11 937	15 290	20 271
920	1 254	Financial expense	2 434	6 171	6 750
1 423	3 589	Net financial income	9 503	9 118	13 521
-14 776	-17 189	Loss before tax	-25 693	-73 869	-96 006
-	-	Tax expenses	-	-	-
-14 776	-17 189	Net loss	-25 693	-73 869	-96 006
-103	-245	Minority interests	-332	-793	-906
-0,85	-0,98	Net loss per share (1)	-1,47	-4,24	-5,51

(1) Calculation based on average weighted number of shares outstanding.

Balance Sheet (all amounts in NOK 1,000)

	2003	2002	2002
	30.09	30.09	31.12
Fixed assets			
Plant & equipment	3 548	4 593	4 742
Financial fixed assets	7 850	6 951	7 679
Current assets			
Inventory	24 816	20 813	26 132
Receivables	20 493	12 193	10 950
Securities	178 789	218 176	215 414
Cash & cash equivalents	15 724	53 690	34 089
Total assets	251 221	316 417	299 006
Equity			
Paid in capital	69 772	65 982	64 894
Retained earnings	79 105	124 261	102 105
Shareholders' equity	148 877	190 243	166 999
Liabilities			
Long term liabilities	17 723	17 605	17 879
Current liabilities	84 621	108 569	114 128
Total equity and liabilities	251 221	316 417	299 006

Change in Equity (all amounts in NOK 1,000)

	Nine months ended		2002
	30.09.03	30.09.02	01.01-31.12
Equity at beginning of period	166.999	259.398	259.398
Accrued subscription rights	-1.004	576	-273
Share issue employees	5.883	4.137	3.897
Share increase in subsidiary	2.692	1	1
Purchase of shares from minority		-	-19
Net income/-loss for the period	-25.693	-73.869	-96.006
Equity at end of period	148.877	190.243	166.999

Cash Flow Statement (all amounts in NOK 1,000)

	Nine months ended		2002
	30.09.03	30.09.02	01.01-31.12
Loss before taxes	-25.693	-73.869	-96.006
Other operational items	-37.770	44.804	45.100
Net cash flow from operations	-63.463	-29.064	-50.906
Cash flow from investing	-101	-8.628	-8.906
Cash flow from financing	8.575	4.380	4.137
Net change in cash & cash equivalents	-54.990	-33.312	-55.675
Cash & cash equivalents at beginning of period	249.503	305.178	305.178
Cash & cash equivalents at end of period	194.513	271.866	249.503

The Board of Directors of PhotoCure ASA

PhotoCure ASA is a Norwegian listed company (Oslo Stock Exchange: PHO) that develops and sells pharmaceuticals and medical devices for photodynamic treatment of cancer and pre-cancerous conditions. The company develops products for internal cancer, skin cancer and other skin diseases. Metvix is developed for the treatment of basal cell carcinoma (skin cancer) and actinic keratosis (pre-cancerous skin lesions). PhotoCure is responsible for sales and marketing of Metvix in the Nordic countries, while its licensee, the global dermatology specialist, Galderma, is responsible for sales and marketing of Metvix in the rest of the world. PhotoCure's second pharmaceutical product Hexvix is developed for bladder cancer detection. A Marketing Authorisation Application (MAA) for Hexvix is filed in Sweden and Phase III studies are ongoing in the US.

PCI Biotech AS, a subsidiary of PhotoCure ASA, focuses on the opportunities for photochemical internalisation (PCI) in drug delivery, e.g. in novel cancer therapeutics and gene therapy.

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