



First Quarter Report 2007

Highlights

- Sales revenues amounted to NOK 19.0 million (13.3), an increase of 43 %.
- Significantly strengthened the marketing and sales organisation.
- The net loss amounted to NOK -17.8 million (43.0).
- Liquid assets amounted to NOK 316.8 million at the end of the period.
- Metvix presented as first line treatment for Actinic Keratosis in IPDT guidelines.
- Successfully completed two phase III studies for Metvix/Aktelite in the US.
- Started phase II study for treatment of moderate to severe acne in the US.
- Presented first data from phase I/II study in detection of colon cancer.
- Filed 2 new patents for combination of PCI technology and siRNA/PNA.

Hexvix – now available in 12 countries

Sales revenue from Hexvix in the first quarter of 2007 was NOK 3.7 million compared to NOK 0.4 million in the first quarter 2006. Sales revenue from GE Healthcare was NOK 2.1 million in the first quarter of 2007. Sales revenue in the Nordic region was NOK 1.6 million in the first quarter of 2007, compared to NOK 0.3 million in the first quarter 2006.

The work to introduce Hexvix in Europe is moving fast forward. As of today Hexvix, outside the Nordic countries, are sold in 8 countries, including Germany, France, Spain and the UK. Hexvix received excellent attention at the recent European Urology Congress, EAU in Germany.

Metvix – Sales revenue increasing 19% compared to first quarter 2006

Sales revenue from Metvix/Aktelite in the first quarter of 2007 was NOK 15.3 million compared to NOK 12.9 million in the first quarter 2006, an increase of 19%. Sales revenue from Galderma was NOK 9.9 million in the first quarter of 2007, an increase of 33% above 2006. Sales revenue in the Nordic region was NOK 5.4 million in the first quarter of 2007, the same as the first quarter 2006.

Metvix was recommended as first line treatment for Actinic Keratosis in the new international PDT (IPDT) guidelines published in the Journal of the American Academy of Dermatology in January. This clearly demonstrates the benefits of using Metvix in topical treatment of this skin disease.

The two phase III studies for Metvix/Aktelite were completed in the first quarter 2007. The studies form a solid scientific platform for the application for Aktelite approval in the US. Photocure plan to submit the application in 2007.

Organisation – strengthening marketing and sales

Photocure is making deliberate efforts to increase the value of its marketed products. Both Metvix and Hexvix are in an early phase of the life cycle. To increase momentum in the Nordic countries as well as supporting the licensing partners, Photocure are in the process of hiring 10 new



employees in marketing and sales during 2007, of which 9 employees have signed/started in the first quarter.

Progress in clinical development programs

Photocure has a strong technology platform with a portfolio of four pipeline projects; acne, cervix, colon and PCI Biotech. All projects have made satisfactory progress in the first quarter:

Acne – treatment of moderate to severe acne

The acne project targets development of a novel treatment for moderate to severe acne based on Photocure's patented PDT technology. Photocure started a placebo-controlled, multicenter phase II study for moderate to severe acne in first quarter 2007. The study will include over 200 patients and is scheduled to be completed in the first half of 2008. Photocure strengthened its IP protection by filing new method-of-use patents in acne and other dermatology indications in the first quarter.

Cervix – treatment of cervix cancer

The cervix project targets treatment of HPV-virus and precancerous-/cancer lesions in cervix. The first clinical phase I/II study is ongoing and scheduled to be completed in 2008. The study is a dose finding study with approximately 75 patients performed in Germany and Norway.

Colon – diagnosis of colon cancer

The colon project targets development of an optical agent for diagnosis of colon cancer. It builds on Photocure's extensive knowledge of early detection of bladder cancer. The first clinical dose finding study includes up to 30 patients. The first results from the study were published at a German Endoscopy conference (DGU-BV) showing excellent results with increased detection rate of approximately 30% compared to standard white light colonoscopy.

PCI Biotech

PCI is a patented technology that can be used to enhance the effect of drugs by targeted drug delivery. The goal is to develop a proprietary photosensitizer for enhancement and site-direction of therapy with anticancer agents. Preparation for the first clinical study is ongoing. PCI Biotech filed 2 patents covering the combination of PCI technology and siRNA/PNA in the first quarter.

Financial position

Sales revenues were NOK 19.0 million in the first quarter, compared to NOK 13.3 million in the first quarter of 2006, an increase of 43 %. The sales increase is due to NOK 3.3 million higher Hexvix sales and NOK 2.4 million higher Metvix/Aktelite sales.

Total revenue was NOK 22.9 million for the quarter, compared to NOK 73.8 million in the first quarter of 2006. Milestone revenue for 2006 included a payment of NOK 56.6 million from GE Healthcare related to signing of the Hexvix agreement.

Operating expenses, less contribution from other operating revenues, amounted to NOK 36.7 million, compared to NOK 27.6 million in the first quarter of 2006. The main increase in operating expenses is research and development expenses increasing by NOK 6.9 million and salaries increasing by NOK 2.7 million. The increase in research and development expenses is due to increased activities in clinical trials.

Net loss amounted to NOK -17.8 million compared to a net profit of NOK 43.0 million in the first quarter of 2006.

Total equity for the group totaled NOK 311.3 million at the end of March 2007 compared to NOK 284.3 million at the end of 2006. Liquid funds amounted to NOK 316.8 million at the end of March



2007, compared to NOK 335.0 million at the end of December 2006. The number of outstanding shares was 22,072,669 at the end of March 2007.

The accounting policies adopted in this report are consistent with those followed in the preparation of the Group's annual financial statements for 2006 and complies with IFRS and IAS 34, except that operating expenses are now reported according to their function, while it previously has been reported according to the nature of expenses.

25 April 2007
The Board of Directors of Photocure ASA

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Profit & Loss (group). All amounts in NOK 1,000 except per share data:

	2007 1.1-31.03	2006 1.1-31.03	2006 1.1-31.12
Sales revenues	19 006	13 285	61 667
Signing fee and milestone revenues	3 908	60 538	148 653
Total revenues	22 914	73 823	210 320
Cost of products sold	-6 588	-3 564	-22 251
Gross profit	16 326	70 259	188 070
Other income	1 694	1 388	5 690
Indirect manufacturing expenses	-3 696	-1 669	-5 880
Research and development expenses	-22 644	-15 668	-56 058
Marketing and sales expenses	-8 766	-5 496	-23 068
General and administrative expenses	-3 324	-6 135	-30 412
Operating profit/loss(-)	-20 410	42 679	78 342
Financial income	3 254	1 039	11 867
Financial expenses	-627	-749	-5 478
Net financial profit/loss(-)	2 626	290	6 389
Profit/loss(-) before tax	-17 784	42 970	84 730
Tax expenses	0	0	0
Net profit/loss(-)	-17 784	42 970	84 730
Incl. minority interests in the amount of	-151	-72	-352
Net income/loss(-) per share, basic	-0.81	2.25	3.98
Net income/loss(-) per share, diluted	-0.80	2.24	3.97

Operating expenses according to the classification used before 1.1.2007:

Previous setup	2007 1.1-31.03	2006 1.1-31.03
Gross profit	16 326	70 259
Other income	1 694	1 388
Payroll expenses	-11 415	-8 719
Research and development expenses	-16 611	-9 074
Depreciation & amortisation	-302	-262
Other operating expenses	-10 104	-10 913
Operating profit/loss(-)	-20 410	42 679



Balance Sheet (all amounts in NOK 1,000)

	31.03.2007	31.03.2006	31.12.2006
Non-current assets			
Intangible assets, software	766	0	780
Machinery & equipment	2 166	2 844	2 178
Total non-current assets	2 932	2 844	2 958
Current assets			
Inventory	10 249	11 044	9 784
Receivables	24 517	21 981	27 595
Cash & cash equivalents	316 823	296 771	335 085
Total current assets	351 588	329 795	372 464
Total assets	354 520	332 639	375 423
Equity and liabilities			
Equity			
Paid-in capital	260 901	259 442	259 619
Other paid-in capital	7 698	5 278	6 821
Retained earnings	42 712	19 526	60 495
Shareholders' equity	311 310	284 246	326 935
Minority interest	0	0	0
Total equity	311 310	284 246	326 935
Liabilities			
Long-term liabilities			
Other non-current liabilities	0	13 028	1 303
Total long-term liabilities	0	13 028	1 303
Current liabilities	43 210	35 365	47 185
Total liabilities	43 210	48 393	48 488
Total equity and liabilities	354 520	332 639	375 423

Changes in equity (all amounts in NOK 1,000)

	2007 1.1-31.03	2006 1.1-31.03	2006 1.1-31.12
Equity at beginning of period	326 935	48 465	48 465
Share issue, employees	1 282	1 669	1 867
Share issue		190 628	190 608
Share-based compensation	877	514	2 057
Investment in PCI Biotech		0	-792
Net income/loss(-) for the period	-17 784	42 970	84 730
Equity at end of period	311 310	284 246	326 935

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

	2007 1.1-31.03	2006 1.1-31.03	2006 1.1-31.12
Income/loss(-) before tax	-17 784	42 970	84 730
Other operational items	-4 118	-10 777	-18 360
Net cash flow from operations	-21 902	32 192	66 371
Cash flow from investments	2 658	273	4 555
Cash flow from capital transactions	982	191 977	191 830
Net change in cash during the period	-18 263	224 443	262 756
Cash & cash equivalents at beginning of period	335 086	72 329	72 329
Cash & cash equivalents at end of period	316 823	296 771	335 085



Income statement - geographical distribution

(Amounts in NOK 1000)	1Q07				1Q06			
	Nordic	ROW	R&D*	Total	Nordic	ROW	R&D*	Total
Sales revenue	7 024	11 982	0	19 006	5 710	7 575	0	13 285
Milestone revenue	0	3 908	0	3 908	0	60 538	0	60 538
Total revenues	7 024	15 891	0	22 914	5 710	68 113	0	73 823
Cost of goods sold	730	5 858	0	6 588	621	2 943	0	3 564
Gross profit	6 294	10 033	0	16 326	5 088	65 171	0	70 259
Gross profit %	90 %	63 %		71 %	89 %	96 %		95 %
Operating expenses	8 680	4 861	23 195	36 736	5 899	5 570	16 110	27 580
Operating profit	-2 386	5 171	-23 195	-20 410	-811	59 600	-16 110	42 679
Net finance	0	0	2 626	2 626	0	0	290	290
Profit before tax	-2 386	5 171	-20 569	-17 784	-811	59 600	-15 820	42 970

* Including share of general and administrative expenses and net finance

Sales revenues - product split

(Amounts in NOK 1000)	1Q07			1Q06		
	Nordic	ROW	Total	Nordic	ROW	Total
Metvix/Aktelite	5 391	9 924	15 315	5 414	7 443	12 857
Hexvix	1 632	2 058	3 690	296	132	429
Total	7 024	11 982	19 006	5 710	7 575	13 285

ROW=Rest Of the World

Allocation of operating expenses to the geographical segments has been changed for 2006 in order to present a more accurate allocation.

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