Brilliance in photodynamic technology ™

Photocure ASA

- from Biotech to Specialty Pharma

19 February 2010 –Results for the 4th quarter and full year 2009

Highlights for the fourth quarter 2009

(2008 figures in brackets)

- **The divestment of Metvix®/Aktilite® in September 2009 changes the earnings profile and improves the financial position of the company.**
- **Photocure's strategy is to build a Specialty Pharma company.**
- **Hexvix® received positive feedback from FDA on 30 December, 2009.**
- **Revenue of NOK 14.6 million (33.2) in the fourth quarter and NOK 98.8 million in 2009 (100.9)**
- **Net result of NOK -19.1 million (-9.2) in the fourth quarter 2009, and NOK 316.6 million in 2009 (-59.6)**
- **Paid dividend of NOK 4 per share in December, 2009**
- **Cash holding of NOK 403.5 million per 31 December, 2009**

Key figures

Figures in NOK '000	4th quarter 2009	4th quarter 2008	2009	2008
Revenues	**14 556**	**33 190**	**98 798**	**102 220**
Gross profit	**12 460**	**27 277**	**83 329**	**83 147**
Research and development costs	**- 27 289**	**- 25 505**	**- 79 492**	**- 78 341**
Sales and marketing costs	**- 8 012**	**- 12 559**	**- 41 640**	**- 45 916**
Operating result (EBIT)	**- 29 918**	**- 14 469**	**- 59 943**	**- 62 539**
Result	**- 19 105**	**-9 246**	**316 574**	**- 59 562**
Earnings per share, diluted (NOK)	**- 1.01**	**- 0.42**	**14.15**	**- 2.70**

2009 – a major step towards establishing a Specialty Pharma company

Photocure's strategy is to develop the company from a research oriented company into a Specialty Pharma company. This will be done by strengthening the commercial activity in the company with an emphasis on dermatology in the US market.

The divestment of Metvix/Aktilite was an important milestone in this strategy. Firstly, Photocure secured the freedom to develop and commercialize future products based on the company's technology platform within dermatology. Secondly, the divestment has given Photocure a strong financial platform to carry out this strategy.

Photocure is now implementing the next steps in the company's strategy; development of dermatology products and the preparations for establishment of own commercial activities within dermatology in USA.

Within the cancer area, Photocure continues its strategy for commercialization of Hexvix and development of the two new products Cevira and Lumacan through to out-licensing after phase II.

Operational review

Hexvix® – positive feedback from FDA in the fourth quarter

Figures in NOK '000	4th quarter 2009	4th quarter 2008	2009	2008
Revenue – own sales of Hexvix	3 843	3 368	16 908	10 190
Revenue – partner sales of Hexvix	8 117	10 178	29 090	26 664
Total revenue	**11 960**	**13 546**	**45 998**	**36 885**

Photocure applied for approval for Hexvix in USA in June, 2009. The FDA gave the application priority review, and on 30 December, 2009 announced that Hexvix can be approved on certain conditions. These conditions included approval of the medical equipment used for Hexvix-cystoscopies, an improved description of the procedure, and a plan from Photocure for follow-up and documentation supporting a recommendation for Hexvix for use in repeated cystoscopies. Photocure is working to resolve these issues so that Hexvix can be introduced on the US market in 2010.

Hexvix is now being sold in 21 countries in Europe by GE Healthcare and Photocure, with Germany and Denmark leading on in the introduction of Hexvix cystoscopies as a standard method for detection of bladder cancer. At the end of the year, more than 600 European urology clinics offer Hexvix to its bladder cancer patients.

Given that approximately 300,000 cystoscopies (TURBs) annually are being carried out in Europe, we see a significant potential for Hexvix. In 2009, a milestone was reached when Hexvix was being used in more than half of all TURBs in Denmark. In cooperation with GE Healthcare, the company uses considerable resources on education and to expand the use of Hexvix on all clinics that have the necessary equipment. Among other, this is being done through the establishment of own sales forces and internal training programs in several countries, and through communication of the solid clinical documentation that has been built. Hexvix cystoscopies are now described and recommended in several local and regional urology guidelines. A European consensus on recommended use has been accepted for publication, and several countries have introduced good financing solutions.

GE Healthcare increased the end-user sales of Hexvix by 4 % to 6,503 units in the fourth quarter 2009 (6,240). In the Nordic regions, Photocure had a 30 % increase in Hexvix end-user sales to 1,362 units (1,050). For the full year, GE Healthcare increased the end-user sales of Hexvix by 18 % to 22,962 units (19,513) and in the Nordic region Photocure increased sales with 59 % to 4,786 (3,004).

For the full year 2009, revenue from sales of Hexvix increased by 25 percent to NOK 46.0 million (36.9), whereof NOK 29.1 million from GE Healthcare (26.7) and NOK 16.9 million from Photocure's own sales in the Nordic region (10.2).

Progress in the clinical development programs
Photocure has strong platform based on photodynamic technology, Photocure Technology ™, which provides a basis for the company's development projects.

	Indication	Status
Hexvix®	Detection of bladder cancer	Pending approval in USA
Cevira™	Treatment of precursors of cervical cancer	Phase I/II
Lumacan™	Detection of colon cancer	Phase I/II
Allumera™	Improved facial skin appearance	Studies ongoing
Visonac™	Treatment of moderate to severe acne	Phase II

Dermatology
Photocure's technology platform is very well suited for development of products that meet future needs for treatment of dermatological diseases. In addition, the technology offers opportunities to develop cosmetic products.

Visonac™ – treatment of moderate to severe acne
Photocure develops Visonac for treatment of moderate to severe acne. The serious side effects with existing treatments mean that there is a great medical need for new and lenient treatments for acne. Sales of medicaments for treatment of acne amount to approximately USD 3 billion annually, of which approximately 70 percent is estimated to be for treatment of patients with moderate to severe acne.

Photocure had meetings with regulatory authorities in Europe and USA during the first half of 2009 to discuss phase II results and the outline for the phase III program. As a result, the company in the second half of 2009 carried out a multi-centre phase II study in USA/Canada with a new acne light source, with 107 patients from 11 years of age. The results from this study are expected in March/April 2010, and will form the basis for the development of the final phase III program in Europe and USA.

Allumera™ – A cosmetic product for improved facial skin appearance
Photocure in 2009 started the development of a cosmetic product for the dermatology market. The product – Allumera – is built on the experience and results from Metvix/Aktilite and the reported cosmetic improvements. Allumera was tested in the autumn of 2009 and showed great improvements in the appearance of the skin. As part of Photocure's strategy, the company is working to introduce Allumera in the US market in 2011.

Oncology
One of the major advantages of the Photocure Technology™ is its ability to treat and diagnose cancer precursors with a minimum of side effects. The products that are being developed meet future needs for diagnosis and treatment of the diseases before they develop into more serious stages.

Cevira™ - Treatment of precursors for cervical cancer
Cevira is being developed to meet the medical need among women with precursors for cervical cancer. Cervical cancer is a result of HPV virus infections, and approximately 30 million women are annually infected by an HPV virus that does not disappear within short. A prolonged infection increases the risk for development of cervical cancer. In Europe and USA approximately 7 million women are annually diagnosed with possible precursors for cervical cancer or cell changes in the cervix. There is thus a great medical need for lenient, non-surgical treatments of precursors for cervical cancer, especially for young women.

In 2009 the company completed a phase II dose study for treatment of precursors for cervical cancer (CIN 1-3) with 92 patients at University hospitals in Oslo (Ullevål) and Hannover, Germany. Results from the 12 month follow-up of the patients will be presented in the first quarter 2010. Preliminary results from the study confirmed a good treatment effect on the early stage precursors for cervical cancer.

In addition, the company initiated development of a simplified treatment procedure combining application of a drug on the cervix and subsequent illumination.

In February, 2010 the company completed the inclusion of 70 patients in a new phase II study to confirm and compare the treatment effect versus placebo on early stage precursors (CIN1) for cervical cancer. The patients will be followed up for 6 months. The further plan is to follow up with a new study on the same patient group to document the effect of the new treatment procedure. After finalization of this study the company will be in a better position to secure a commercial partner for Cevira.

Lumacan™ - Diagnosis of colon cancer
Lumacan is being developed to increase the detection rate for polyps and colon cancer through fluorescence diagnosis. Colon cancer is traditionally diagnosed through colonoscopies (visual examination) with white light. The market for colonoscopies is growing as a result of a massive growth in screening of patients in Europe and USA. In the US, it is estimated that approximately 14 million colonoscopies are being carried out annually for diagnosis of colon cancer. At the same time, it is increasingly being recognized that standard white-light colonoscopy has considerable limitations when it comes to optimal detection of colon cancer.

Photocure initiated a phase I/II study with fluorescence diagnosis of colon cancer in the spring of 2009. The study is being carried out at two hospitals in Germany, and is planned to include approximately 70 patients with suspected colon cancer. Based on the strong results from earlier studies with enemas, the study was temporarily halted in the autumn of 2009 awaiting development of an improved oral formulation/procedure. After completion of new studies designed to provide more information about the distribution of the medicament in the colon, the plan is to restart the phase I/II study with a new oral formulation in the 2Q 2010.

Financial development in the fourth quarter and 2009

(Numbers in brackets are for the comparable period in 2008)

The divestment of Metvix/Aktilite has changed the company's earnings profile and is the main reason for the considerable decline in revenue from the third to the fourth quarter and for the changes from 2008. Sales of Metvix/Aktilite accounted for approximately 60 percent of the company's revenue in the first nine months of 2009.

As a result of the divestment of Metvix/Aktilite activities, the sales revenue for the fourth quarter 2009 declined by 56 percent to NOK 14.6 million (33.2). The revenue is now primarily generated by Hexvix.

For the full year 2009, sales revenue amounted to NOK 98.8 million (100.9), whereof NOK 50.4 million came from sales of Metvix/Aktilite during the first nine months and NOK 46.0 million from sales of Hexvix.

Gross margin increased to 86 % in the fourth quarter (82 %), and to 84 % for the full year (81 %). This mainly reflects that Hexvix has a higher gross margin than Metvix/Aktilite.

Operating profit amounted to NOK -23.6 million (-14.5) in the fourth quarter and to NOK 309.9 million for 2009 (-62.5). The gain on the divestment of Metvix/Aktilite was NOK 369.3 million.

R&D costs increased to NOK 27.3 million in the fourth quarter (25.5), as a result of the announced increased focus on development projects. The main part of R&D related to the Visonac phase II study and the work to secure approval of Hexvix in USA. For the full year R&D costs were in line with the previous year at NOK 79.5 million (78.3).

Marketing and sales costs were reduced by NOK 4.5 million to NOK 8.0 million in the fourth quarter (12.6). For the full year 2009 these costs amounted to NOK 41.6 million (45.9).

Net financial items were NOK 1.3 million in the quarter (5.2). For the full year net financial items were NOK 2.5 million (3.0).

Profit after tax was NOK -22.5 million in the fourth quarter (-9.2), and NOK 312.4 million for the full year (-59.6).

The Board of Directors of Photocure proposes that the profit for the year is transferred to other equity. After this, equity in Photocure ASA totals NOK 415.8 million per 31 December, 2009, whereof free equity amounts to NOK 404.7 million. The equity ratio was 91 percent. Per 31 December 2008, equity amounted to NOK 199.7 million, corresponding to an equity ratio of 84.0 percent.

Photocure is the largest owner with 19.35% of the shares in PCI Biotech Holding ASA. The value of these shares has increased sharply in 2010 as a result of the announcement of excellent clinical results. The book value of the shareholding was NOK 11.5 million as per 31 December, 2009, corresponding to NOK 11 per shares, whereas the shares in February 2010 have been traded above NOK 30 per share.

Photocure had an extraordinary general meeting in November 2009, where it was resolved to pay a dividend of NOK 88 million or NOK 4 per share. The payment was carried out in December 2009. Photocure had 22,093,301 shares registered per 31 December, 2009. On the extraordinary general meeting the company was authorized to purchase up to 10% of the company's own shares. Per 31 December, 2009, Photocure owned 301,558 own shares, corresponding to 1.4% of shares outstanding. Since the start-up of the buy-back program the company had per 15 February bought 540,100 shares at an average price of NOK 48.04 per share.

Outlook

Photocure's strategy is to develop the company from a research based organization into a Specialty Pharma company. This will be done through a strengthening of the commercial activity in the company, with a special emphasis on dermatology in USA.

Photocure will cooperate with GE Healthcare to increase the sale of Hexvix in Europe, and to work towards an approval and product launch of Hexvix in USA.

In research and development the main task will be to carry out clinical studies and secure the progress in development of new therapies and treatment procedures within the core areas in dermatology and cancer. The company expects results from several studies during 2010, with results from a multi-centre phase II study with Visonac due already in March/April.

To optimise the value of the cancer portfolio the company is working to out-license Cevira™ and Lumacan™ after completion of phase II of the clinical program.

The Board of Directors and CEO
Photocure ASA

Oslo, 18 February, 2010

Statement of comprehensive income

Statements for 2008 consist of Photocure ASA only, not consolidated with previous investments

(all amounts in NOK 1,000 except per share data)

			Discontinued operations		Continued operations			
			2009	2008	2009	2008	2009	2008
Q4 2009	Q4 2008		1.1-31.12	1.1-31.12	1.1-31.12	1.1-31.12	1.1-31.12	1.1-31.12
14 566	33 190	Sales revenues	98 798	100 917	50 370	64 063	48 428	36 854
0	0	Signing fee and milestone revenues	0	1 303	0	1 303	0	0
14 566	**33 190**	**Total revenues**	**98 798**	**102 220**	**50 370**	**65 366**	**48 428**	**36 854**
-2 106	-5 914	Cost of products sold	-15 469	-19 074	-9 927	-14 699	-5 541	-4 375
12 460	**27 277**	**Gross profit**	**83 329**	**83 147**	**40 443**	**50 667**	**42 887**	**32 480**
5 593	1 223	Other income	11 652	3 580	0	0	11 652	3 580
-3 293	-1 787	Indirect manufacturing expenses	-10 616	-8 607	-1 165	-1 694	-9 451	-6 913
-27 289	-25 508	Research and development expenses	-79 492	-78 341	-512	-1 816	-78 980	-76 525
-8 012	-12 559	Marketing and sales expenses	-41 640	-45 916	-16 656	-21 642	-24 984	-24 274
-9 377	-3 113	General and administrative expenses	-22 627	-16 402	-2 552	-362	-20 075	-16 040
-29 918	**-14 469**	**Operating profit/loss(-)**	**-59 394**	**-62 539**	**19 558**	**25 153**	**-78 953**	**-87 692**
3 810	7 649	Financial income	13 551	16 066			13 551	16 066
-2 479	-2 427	Financial expenses	-11 100	-13 088			-11 100	-13 088
1 331	**5 222**	**Net financial profit/loss(-)**	**2 451**	**2 977**	**0**	**0**	**2 451**	**2 977**
-28 587	**-9 246**	**Profit/loss(-) before tax**	**-56 943**	**-59 562**	**19 558**	**25 153**	**-76 501**	**-84 715**
0	0	Tax expenses	0	0	0	0	0	0
-28 587	**-9 246**	**Net profit/loss(-)**	**-56 943**	**-59 562**	**19 558**	**25 153**	**-76 501**	**-84 715**
6 338		Gain sale Metvix/Aktilite (1)	369 325		369 325		0	0
		Discontinued operations			-388 883	-25 153	388 883	25 153
-22 249	**-9 246**	**Net profit/loss(-)**	**312 382**	**-59 562**	**0**	**0**	**312 382**	**-59 562**
3 144	0	Other comprehensive income	4 192	0	0	0	4 192	0
-19 105	**-9 246**	**Comprehensive income**	**316 574**	**-59 562**	**0**	**0**	**316 574**	**-59 562**
-1.01	-0.42	Net profit/loss(-) per share, undiluted (2)	14.16	-2.70	17.62	1.14	-3.46	-3.84
-1.01	-0.42	Net profit/loss(-) per share, diluted (3)	14.14	-2.70	17.61	1.14	-3.47	-3.84

(1) See seperate specification.

(2) Undiluted income/loss per share is calculation based on average weighted number of shares outstanding.

(3) Diluted income per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Balance Sheet (all amounts in NOK 1,000)

			Discontinued operations		Continued operations	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Non-currrent assets						
Intangible assets, software	365	534			365	534
Machinery & equipment	1 772	3 939		1 548	1 772	2 391
Other investments	14 585	11 528		0	14 585	11 528
Total non-current assets	**16 722**	**16 001**	**0**	**1 548**	**16 722**	**14 453**
Currrent assets						
Inventory	13 826	12 792		5 461	13 826	7 331
Receivables	22 811	29 158		8 253	22 811	20 905
Cash & cash equivalents	403 502	179 897			403 502	179 897
Total current assets	**440 140**	**221 846**	**0**	**13 714**	**440 140**	**208 132**
Total assets	**456 862**	**237 847**	**0**	**15 262**	**456 862**	**222 585**
Equity and liabilities						
Equity						
Share capital	11 047	11 047			11 047	11 047
Other paid-in capital	176 112	15 467			176 112	15 467
Retained earnings	228 624	173 181		12 617	228 624	160 564
Shareholders' equity	**415 783**	**199 694**	**0**	**12 617**	**415 783**	**187 077**
Long-term liabilities						
Other non-current liabilities	340	0	0		340	0
Total long-term liabilities	**340**	**0**	**0**	**0**	**340**	**0**
Current liabilities	40 739	38 153		2 645	40 739	35 508
Total liabilities	**41 079**	**38 153**	**0**	**2 645**	**41 079**	**35 508**
Total equity and liabilities	**456 862**	**237 847**	**0**	**15 262**	**456 862**	**222 585**

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

Q4 2009	Q4 2008		2009 1.1-31.12	2008 1.1-31.12
538 114	**208 560**	**Equity at beginning of period**	**199 694**	**297 924**
-15 989		Share buy back, net	-15 989	
-87 950	0	Dividend	-87 950	0
712	380	Share-based compensation	3 454	4 483
0		De-merger of PCI Biotech	0	-45 715
0		Gain realisation shares PCI Biotech	0	2 564
-19 105	-9 246	Comprehensive income	316 574	-59 562
415 783	**199 694**	**Equity at end of period**	**415 783**	**199 694**

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

Q4 2009	Q4 2008		2009 1.1-31.12	2008 1.1-31.12
-22 249	-9 246	Profit/loss(-) before tax	312 382	-59 562
265	333	Depreciation and amortisation	1 451	1 526
712	381	Share-based compensation	3 454	4 483
-2 925	-4 015	Net interests	-9 258	-10 260
0		Write down financial assets	4 192	9 432
389 859	7 549	Changes in working capital	7 899	-1 866
-2 889	12 557	Other operational items	-2 674	268
362 774	**7 559**	**Net cash flow from operations**	**317 445**	**-55 978**
4 357	-6 139	Cash flow from investments	10 104	-11 865
-103 941	-3 101	Cash flow from capital transactions	-103 944	-13
263 190	**-1 681**	**Net change in cash during the period**	**223 605**	**-67 856**
140 312	181 578	Cash & cash equivalents at beginning of period	179 897	247 753
403 502	**179 897**	**Cash & cash equivalents at end of period**	**403 502**	**179 897**

Specification Gain sale Metvix/Aktilite (all amounts in NOK 1,000)

	2009 1.1-31.12	2008 1.1-31.12
Sale of Metvix/Aktilite business	376 616	0
Transaction income	**376 616**	**0**
Direct costs sale of Metvix/Aktilite business	-2 934	0
Advisory and legal fees	-4 357	0
Transaction costs	**-7 291**	**0**
Gain sale of product group	**369 325**	**0**

Segment information

(Amounts in NOK 1000)	4Q 2009				*% vs. PY*	4Q 2008			
	Own	**Partner**	**R&D***	**Total**		**Own**	**Partner**	**R&D***	**Total**
Sales Metvix/Aktilite	-307	2 913		2 606	*-87 %*	7 421	12 223		19 644
Sales Hexvix	3 843	8 117		11 960	*-12 %*	3 368	10 178		13 546
Total revenues	**3 536**	**11 030**	**0**	**14 566**	***-56 %***	**10 789**	**22 401**	**0**	**33 190**
Cost of goods sold	-145	-1 961		-2 106	*-64 %*	-810	-5 104		-5 914
Gross profit	**3 392**	**9 069**	**0**	**12 460**	*-54 %*	**9 980**	**17 297**	**0**	**27 276**
Gross profit %	96 %	82 %		86 %		92 %	77 %		82 %
Gain sale of product group	0	6 338		6 338		0	0		0
Operating expenses	-6 734	-7 905	-27 739	-42 378	*2 %*	-10 729	-3 236	-27 780	-41 745
Operating profit	**-3 342**	**7 502**	**-27 739**	**-23 579**		**-749**	**14 060**	**-27 780**	**-14 469**
Net finance				1 331					5 222
Profit before tax	**-3 342**	**7 502**	**-27 739**	**-22 249**		**-749**	**14 060**	**-27 780**	**-9 246**

** Including share of general and administrative expenses*

Segment information

(Amounts in NOK 1000)	2009					*% vs. PY*	2008				
	Own	**Partner**	**R&D***	**Disc. op.**	**Total**		**Own**	**Partner**	**R&D***	**Disc. op.**	**Total**
Sales Metvix/Aktilite	0	2 430		50 370	52 800	*-18 %*	0	0		64 063	64 063
Sales Hexvix	16 908	29 090		0	45 998	*25 %*	10 190	26 664		0	36 855
Sales revenue	**16 908**	**31 520**	**0**	**50 370**	**98 798**	***-2 %***	**10 190**	**26 664**	**0**	**64 063**	**100 918**
Milestone revenue	0	0		0	0		0	0		1 303	1 303
Total revenues	**16 908**	**31 520**	**0**	**50 370**	**98 798**	*-3 %*	**10 190**	**26 664**	**0**	**65 366**	**102 220**
Cost of goods sold	-718	-4 823		-9 927	-15 468	*-19 %*	-558	-3 817		-14 699	-19 074
Gross profit	**16 190**	**26 697**	**0**	**40 443**	**83 330**	*0 %*	**9 632**	**22 847**	**0**	**50 667**	**83 147**
Gross profit %	96 %	85 %		80 %	84 %		95 %	86 %		78 %	81 %
Gain sale of product group	0	369 325		0	369 325		0	0		0	0
Operating expenses	-21 193	-17 908	-82 737	-20 885	-142 723	*-2 %*	-15 683	-13 786	-90 703	-25 514	-145 686
Operating profit	**-5 003**	**378 113**	**-82 737**	**19 558**	**309 932**		**-6 051**	**9 062**	**-90 703**	**25 153**	**-62 539**
Net finance					2 451						2 977
Profit before tax	**-5 003**	**378 113**	**-82 737**	**19 558**	**312 383**		**-6 051**	**9 062**	**-90 703**	**25 153**	**-59 562**

** Including share of general and administrative expenses*