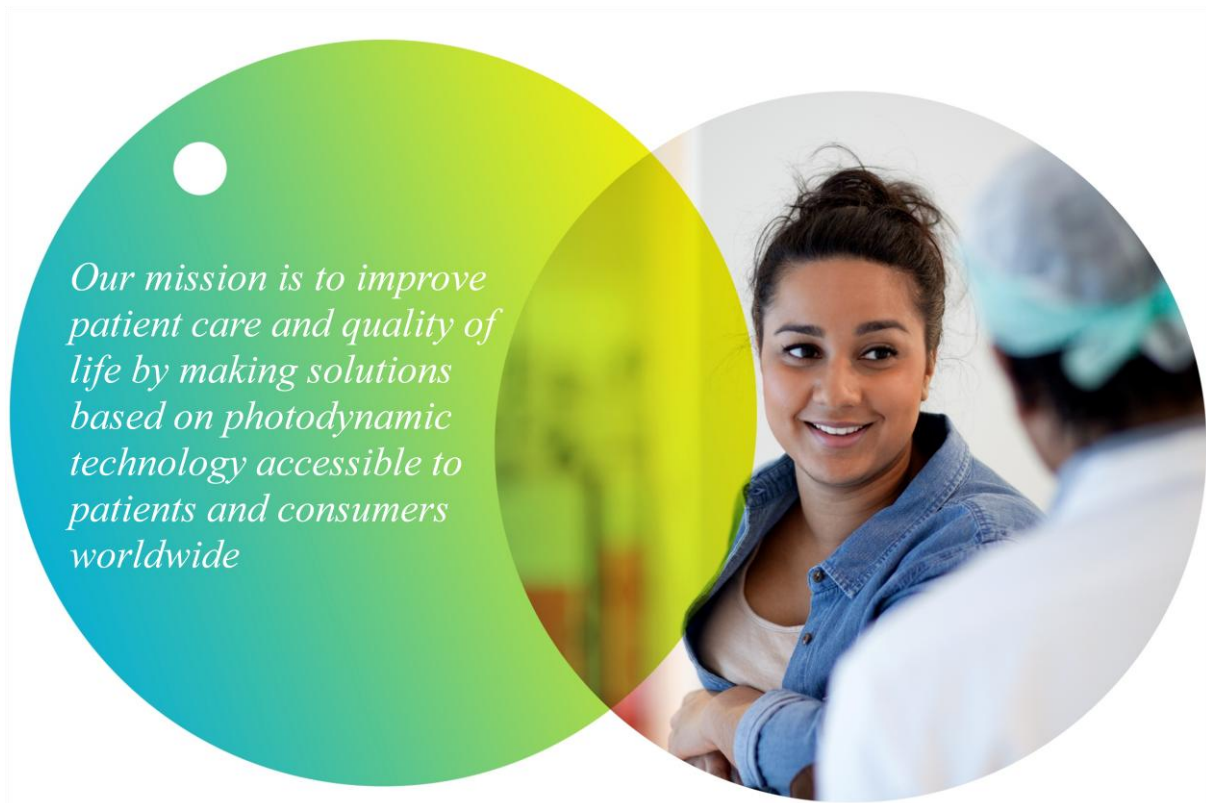




Results for the second quarter and the first half year 2012

Photocure Group



24 August 2012



Highlights for the second quarter and the first half year 2012

Photocure (OSE: PHO), a Norwegian specialty pharmaceutical company focused on photodynamic technologies in dermatology and cancer, today announces its results for the second quarter and the first half year 2012, for the period ended 30 June 2012.

Highlights include:

(Numbers in brackets are for the corresponding period in 2011)

- Total revenues increased 63% to NOK 31.5 million (NOK 19.3 million) in 2Q 2012 which included milestone revenues of NOK 14.2 million. Total revenues for the first half year were NOK 65.7 million (NOK 40.2 million), also an increase of 63%
- Sales revenues increased 4% to NOK 17.3 million (NOK 16.6 million) in 2Q 2012. Sales revenues for the first half year 2012 increased 8% totaling NOK 37.4 million (NOK 34.5 million)
- Operating performance continues to improve with net loss reduced by 25% to NOK 13.9 million (net loss NOK 18.5 million) in 2Q 2012 and for the first half year 2012 net loss of NOK 25.5 million (net loss NOK 34.4 million)
- Cash & cash equivalents of NOK 297.5 million per 30 June 2012
- The phase 2b study of Visonac[®] for treating acne was completed in May ahead of time and with encouraging results. Visonac demonstrated a statistically significant reduction in inflammatory lesions and overall improvement in acne severity.
- An important enabler for Photocure's commercial operation in the US, was the approval of the upgraded Karl Storz blue light cystoscopy equipment by the FDA in May.
- Strategic collaboration with Ipsen is progressing well and the third and final manufacturing transition milestone totaling EUR 1.5 million was received in the second quarter. Photocure has received a total of EUR 5.0 million in manufacturing transition milestone payments from Ipsen
- Data on Hexvix[®]/Cysview[®] from a long term follow-up study in 551 patients were published in the prestigious *Journal of Urology*. The results demonstrate that Hexvix cystoscopy significantly improves bladder cancer recurrence free survival with a trend towards improved bladder preservation
- The phase 2b study for Cevira[®] (treatment of human papilloma virus (HPV) associated diseases of the cervix) is progressing according to plan with results expected in 4Q 2012

Post period end highlights:

- In July, Photocure's management team was strengthened with the appointment of Erik Dahl as CFO. He assumed his new role on August 15.

**Key figures:**

<i>Figures in NOK million</i>	2Q 2012	2Q 2011	Change	1H 2012	1H 2011	Full year 2011
Sales revenues	17.3	16.6	4%	37.4	34.5	71.5
Signing fee & milestone revenues	14.2	2.7	432%	28.2	5.7	44.0
Total revenues	31.5	19.3	63%	65.7	40.2	115.6
Gross profit	28.8	17.0	69%	60.9	33.7	104.5
Research and development expenses	9.7	18.2	-47%	23.7	31.2	66.2
Sales and marketing expenses	23.2	10.9	112%	42.2	21.6	50.2
Operating result (EBIT)	-15.2	-20.8		-29.7	-38.3	-57.4
Net profit/loss	-13.9	-18.5		-25.5	-34.4	-7.5
Earnings per share, diluted (NOK)	-0.65	-0.86		-1.19	-1.59	-0.35

President & CEO Kjetil Hestdal, M.D. Ph.D. comments:

“For the first half of 2012, Photocure continued to execute its strategy, with focus both on our commercialized products as well as our near term product pipeline. The approval of the upgraded Karl Storz blue light cystoscopy equipment in May marks a significant milestone for Photocure’s commercialization of Cysview in the US and paves the way for a significant increase in market access. The strategic partnership with Ipsen is progressing well and the MAA transitions in the major European markets have now been approved.”

We are excited about the encouraging results of the Visonac phase 2b trial, and are actively preparing to initiate the phase 3 global pivotal registration program in early 2013. The Cevira study is progressing according to plan and we look forward to reporting results for the phase 2b later this year.”



Operational review

Photocure's strategy is to:

- Build a specialty pharma company, focused on dermatology and cancer
- Maximize the potential of the Company's Photodynamic Technology Platform – Photocure Technology™
- Leverage its experience to develop, register and commercialize new products based on Photocure Technology
- Build a strong commercial platform in selected territories

Photocure develops innovative products and markets and sells these products through its own commercial teams and in partnerships with other companies. Photocure has two marketed products and a strong portfolio of innovative products in development.

Commercial products

Hexvix®/Cysview® – Execution of new commercial strategy on track

Hexvix/Cysview is the first approved drug-device procedure for improved detection of bladder cancer. Photocure initiated the commercialization of Cysview directly in the US market in January, 2012 and continues to market and sell Hexvix in the Nordic region. Since the strategic partnership was announced in September 2011, Ipsen has rights to commercialize Hexvix in the rest of the world.

Total sales revenues for Hexvix/Cysview increased 2% to NOK 16.4 million (NOK 16.1 million) in the second quarter of 2012 compared to the same period last year. For the first half year sales revenues for Hexvix/Cysview were NOK 30.6 million, essentially equivalent to the prior year.

Photocure's own sales in the second quarter were strong, increasing 29% to NOK 7.2 million (NOK 5.6 million). First half year performance was solid with 19% growth as compared to prior year.

Photocure started selling Cysview in the US through its own commercial operations in January 2012. It is collaborating with Karl Storz in the US to expand the installed base of blue light cystoscopes. Following the May approval of the upgraded cystoscopy equipment, the teams are working collaboratively to expand the installed base in leading urology centers across the US. An additional five placements were achieved since approval, bringing the total installed base to 22 by the end of the first half year.

Sales through Ipsen (and GE Healthcare) accounted for NOK 9.2 million (NOK 10.6 million). However, sales by Ipsen were impacted negatively in June by NOK 2.3 million due to an expired import licence which was subsequently renewed in July. On an adjusted basis, partner sales grew 9%.

Ipsen has initiated commercialization in the major markets in Europe following approvals of the transfer of the MAAs. Approvals were received in the UK and Korea during the second quarter. Dedicated key account managers have been trained and deployed in the major markets to supplement the efforts of Ipsen's Uro-Oncology sales force to drive Hexvix sales.

While the MAA transfers have been in transition, GE Healthcare has continued to ship and distribute product, with no active promotion. Consequently, during this period of MAA transition and inventory transfers, quarter on quarter comparison is difficult. Positive growth in end user sales was achieved in key markets where Ipsen was operable throughout the first half 2012, such as Germany with 3% volume growth.

Revenues from Hexvix/Cysview

<i>Figures in NOK million</i>	2Q 2012	2Q 2011	Change	1H 2012	1H 2011	FY 2011
Own sales	7.2	5.6	29 %	13.3	11.2	24.1
Partner sales	9.2	10.6	-13 %	17.3	19.6	40.5
Total revenue	16.4	16.1	2 %	30.6	30.9	64.6

Photocure received the final transition milestone from Ipsen in the second quarter, bringing the total manufacturing milestones achieved to EUR 5.0 million. This last milestone is related to the approval of the transfer of Hexvix manufacturing to Patheon in Milan, Italy. The transition to Patheon provides for overall efficiencies in the Photocure supply chain.

The key driver to increase usage of Hexvix/Cysview continues to be increased awareness and education about the product supported by clinical data. Data on Hexvix/Cysview from a long term follow-up study in 551 patients were published in the prestigious *Journal of Urology*. The data demonstrates that Hexvix/Cysview cystoscopy significantly improves bladder cancer recurrence free survival with a trend towards improved bladder preservation.

Hexvix/Cysview (hexaminolevulinat hydrochloride) is the first approved drug-device combination procedure for improved detection of bladder cancer. It is designed to induce fluorescence selectively in the malignant cells in the bladder during a cystoscopic procedure, enabling the urologist to detect non muscle invasive bladder cancer, as an adjunct to white light cystoscopy. It is the first product in a new diagnostic class known as Photodynamic Diagnostic (PDD) agents.

Bladder cancer is the fifth most common type of cancer in the US. An estimated 75,000 new cases will be diagnosed with cancer of the bladder in 2012, with an estimated 15,000 people dying from the disease, according to the American Cancer Society. In Europe, bladder cancer is the seventh most common type of cancer in men and the fourteenth in women. Each year in Europe, approximately 36,500 men and 13,000 women die due to bladder cancer (Ferlay et al., 2001). It is notoriously difficult to detect. The most common initial sign is blood in the urine, which calls for urine cytology and cystoscopy.

Allumera® in the US – expanding US customer base

Allumera is an innovative photodynamic cosmetic, specially formulated to improve the appearance of the skin. Photocure's experienced specialist dermatology team in the US has continued the marketing activities in the first half of 2012 and continues to strengthen the customer base and network of key cosmetic dermatologists.

Second quarter sales of Allumera were NOK 1.0 million. New customer generation in the first half of 2012 has been encouraging, with >70 new clinics generated since January. The reorder rate remains steady at 30%. Initiatives to expand the reach beyond the manned sales force territories have delivered additional new customers in the first half.

Second quarter sales of Allumera were slightly lower than previous quarter (NOK 0.2 million) largely driven by the start of the summer slowdown in dermatology procedures overall.

Allumera is a topical cream representing the first in a new class of Photodynamic Cosmetics (PDC) which has been clinically shown in consumer trials to improve the overall appearance of skin, visibly reduce the outward signs of aging and reduce the appearance of pores. Treatment with Allumera is noninvasive and requires minimal time away from daily activities compared to more aggressive cosmetic procedures.



Pipeline

Progress in the clinical development programs

	Indication	Status
Visonac®	Treatment of moderate to severe acne	Phase 3
Cevira®	Treatment of HPV associated diseases of the cervix including precancerous lesions	Phase 2b
Lumacan®	Detection of colon cancer	Phase 1/2 (Licensed to Salix)

Visonac® – treatment of moderate to severe acne

Positive results of the phase 2b study in acne with Visonac, a novel topical acne treatment were released in May. In this study, Visonac showed a statistically significant reduction in inflammatory lesions and overall improvement in acne severity.

The phase 2b trial was a multicenter randomized, double-blind, placebo controlled study in patients with severe acne vulgaris. The study included 153 patients enrolled at 15 office based dermatology practices and hospitals in the US. Patients were randomized to receive Visonac topically followed by red light illumination or vehicle cream followed by red light illumination (Control). The treatment regimen consisted of four treatments which were each administered two weeks apart. Efficacy and safety were assessed six weeks after the last treatment. The primary efficacy end point in the study, reduction of inflammatory acne lesions, was achieved.

In patients treated with Visonac, a statistically significant reduction in inflammatory acne lesions of 44% was achieved as compared to 27% in the control group ($p=0.003$). Secondary efficacy end-points in the study included assessment of global acne severity, as measured by a standardized Investigator's Global Assessment score (IGA). Visonac demonstrated improvement in overall acne severity in a significant percentage of patients as compared to control, 44% versus 26% ($p=0.013$), respectively. A significant and comparable reduction in non-inflammatory lesions was achieved in both groups.

Visonac was well tolerated and no serious adverse events were reported in the study. Among patients that received Visonac, a higher number experienced local transient pain during illumination. Additionally, post treatment erythema was reported more frequently in the Visonac arm (89% versus 70%), which most

commonly subsided by the following day. Twelve patients withdrew from the study due to adverse events.

Photocure intends to commercialize Visonac through its own commercial organization in the US.

Visonac (methyl aminolevulinic acid 80mg/g) is in development for the treatment of moderate to severe acne. Acne is the single most common skin disease worldwide and affects up to 85% of all 12-24 year olds. There is a high unmet medical need for patients with moderate to severe acne, where the current mainstay of treatment is oral antibiotics and/or retinoids. The value of this segment globally is estimated at 900M US annually. Visonac is being developed as the first photodynamic therapeutic option for this large patient population, which can easily and conveniently be administered in dermatology offices. By avoiding the risks of increased antibiotic resistance from long term exposure and providing a better tolerated alternative than systemic isotretinoin (retinoid; vitamin A derivative), Visonac has the potential to satisfy a high unmet medical need.

Cevira® – treatment of HPV associated diseases of the cervix including precancerous lesions

Cevira is a unique, non-invasive photodynamic therapy for the treatment of HPV infection and pre-cancer cervical abnormalities. The phase 2b clinical trial to evaluate the optimal dose, efficacy and safety profile of Cevira with a novel integrated intravaginal drug-delivery device is progressing as planned. The patient enrollment was completed in January 2012; 23 centers in Europe and the US have recruited a total of 262 patients to this study. The first results are anticipated in 4Q 2012 and will support the design of the pivotal phase 3 registration program for the US and Europe.

The phase 2b study is a randomized, placebo-controlled dose finding study in patients with low to moderate grade cervical intraepithelial neoplasia (CIN 1-2). The main end-point in the study is to assess the histological confirmed response rate at three months after treatment, with follow-up of nine months. The trial will also evaluate the safety profile of the new intravaginal drug-delivery device.

Phase 2 clinical feasibility data in patients with cervical dysplasia (CIN) treated with Cevira were presented at the Nordic Congress of Obstetrics



and Gynecology. Results of this feasibility study on safety, tolerability and efficacy for Cevira are very encouraging. These results will be verified in the on-going Phase 2b study in Europe and the US.

The market potential for Cevira is significant and Photocure's strategy is to secure a strategic partnership with a global leader in women's healthcare to assist with the late stage development and commercialization of the product.

Cervical HPV and precancerous lesions of the cervix are highly prevalent diseases affecting an estimated 260 million women worldwide. There is currently no medical therapeutic treatment option available. Cevira is being developed as the first novel therapeutic option for this large and growing patient population. Cevira can be easily administered by gynecologists, avoiding the potential morbidities associated with surgery. Clinical proof of concept has previously been demonstrated, with an excellent safety and tolerability profile.

Lumacan[®] –diagnosis of colorectal cancer

Photocure licensed the global rights for Lumacan to Salix in October 2010. The current development is focused on developing an optimal oral formulation to be used in future clinical studies. Salix plans to test various formulation prototypes in the clinic during 2012.

Lumacan is being developed to increase the detection rate of polyps and colon cancer through fluorescence diagnosis. Colorectal cancer is traditionally diagnosed through colonoscopies (visual examination) with white light. The market for colonoscopies is growing as a result of extensive patient screening programs in Europe and USA. In the US, it is estimated that approximately 14 million colonoscopies are being carried out annually for screening of colorectal 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 colorectal cancer.

Salix Pharmaceuticals is a US based company that develops and markets prescription pharmaceutical products for the prevention and treatment of gastrointestinal diseases.

Financial review

(Numbers in brackets are for the corresponding period in 2011)

The financial report as of 30 June 2012 has been prepared in accordance with IAS 34 Interim Financial Reporting and follows the same principles as the Annual Report for 2011.

Total revenues for the second quarter of 2012 were NOK 31.5 million (NOK 19.3 million), up 63% from the second quarter last year. This includes the final manufacturing transition milestone of NOK 11.3 million (EUR 1.5 million) from Ipsen and NOK 2.9 million in deferred milestone revenues from the Metvix deal. Total revenues for the first half year were NOK 65.7 million which is 63% above the same period last year.

The sales revenues for the second quarter of 2012 amounted to NOK 17.3 million (NOK 16.6 million), up 4% from the corresponding period last year. Sales revenues for the first half year were NOK 37.4 million or 8% higher than the first half year in 2011.

Other income amounted to NOK 0.6 million (NOK 0.7 million) in the second quarter and NOK 1.1 million for the first half year.

Research and development (R&D) costs were NOK 9.7 million (NOK 18.2 million) in the second quarter in 2012. For the first half year R&D cost amounted to NOK 23.7 million (NOK 31.2 million). The ongoing phase 2b studies in EU/USA for Cevira and Visonac were the main R&D activities in the second quarter 2012. The activity in the second quarter 2012 has been higher than what the numbers are showing due to a release of an R&D accrual of NOK 3.2 million from earlier years.

Marketing and sales costs increased by 112% to NOK 23.2 million (NOK 10.9 million) in the second quarter compared to the same quarter last year. Marketing and sales cost for the first half year were NOK 42.2 million (NOK 21.6 million), an increase of 95%. The increase is due to the new commercial activities for dermatology and cancer in the US and Photocure's commitment to support Ipsen with EUR 3.0 million in marketing and promotional support in 2012/2013 to accelerate Hexvix sales.

Photocure had an operating loss of NOK 15.2 million (loss of NOK 20.8 million) in the second quarter 2012 and an operating loss of NOK 29.7

million (NOK 38.3 million) for the first half year of 2012. The improved result compared to the same period last year is a direct result of execution of our strategy.

Net financial items were NOK 1.4 million (NOK 2.3 million) in the second quarter of 2012, and NOK 4.2 million (NOK 3.8 million) for the first half year.

Photocure recorded a net loss of NOK 13.9 million (net loss of NOK 18.5 million) in second quarter of 2012, and NOK 31.4 million (NOK 32.6 million) for the first half year.

Photocure is the largest shareholder in PCI Biotech Holding ASA with 19.35% of the shares. The market value of the shareholding was NOK 51.9 million at 30 June 2012, resulting in a market value adjustment of NOK -10.3 million in the second quarter of 2012.

Cash and cash equivalents were NOK 297.5 million at 30 June 2012 compared to 326.1 million at 31 March 2012 and NOK 355.2 million at 31 December 2011. Shareholders' equity was NOK 407.4 million, an equity rate of 89.6%. This is down from NOK 439.3 million (86.3%) at the end of 2011.

Photocure held 127 896 own shares per 30 June 2012.

Corporate Update

In the second quarter, Photocure participated in the Jefferies Healthcare Conference in New York.

As of 30 June 2012, Photocure has bought 201 978 (gross) since the own shares buy back program started 5 December 2011.

Risks and uncertainty factors for the next half year

Photocure is exposed to uncertainties and risk factors, which may affect some or all of the company's activities. Photocure has financial risk, market risk and operational risk factors and risk related to research and development of new products.

The most important risks the company is exposed to for the next half year of 2012 are associated with market development for Allumera and Hexvix/Cysview, progress and performance of the clinical development programs, as well as financial risks



related to interest rates, liquidity and currency fluctuations.

There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2011.

Outlook

The main focus for Photocure during 2012 is to drive sales of its two marketed products and ensure that the momentum in its R&D pipeline continues. Photocure expects to spend in the range of NOK 50 – 70 million on R&D activities in 2012. Key to driving the 2012 sales will be building upon the commercial partnership with Ipsen, strengthening Photocure's own marketing and sales organization for Cysview in the US. Photocure will invest with Ipsen in marketing and sales programs to drive momentum and accelerate the sales growth of Hexvix/Cysview.

Photocure will also continue to drive sales of Allumera in the US, maximizing the potential of Photocure's marketed products. The company plans expenditures towards further building marketing and sales capabilities in the range of NOK 90 – 110 million for the coming year.

Responsibility Statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2012 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim report includes a fair review of the information required under the Norwegian Securities trading Act section 5-6 fourth paragraph.

The Board of Directors and CEO
Photocure ASA

Oslo, 23 August 2012

Åse Aulie Michelet
Chairman

Jon Hindar

Mats Pettersson

Eva Steiness

Xavier Yon

Ingrid Wiik

Kjetil Hestdal
President and CEO



Photocure Group – Accounts for second quarter and first half year 2012

Photocure Group – Statement of comprehensive income

<i>(all amounts in NOK 1 000 except per share data)</i>	Note	2012 2Q	2011 2Q	2012 1.1-30.6	2011 1.1-30.6	2011 Full year
Sales revenues	2	17 258	16 596	37 393	34 502	71 525
Signing fee and milestone revenues	2	14 196	2 669	28 279	5 703	44 043
Total revenues		31 454	19 265	65 672	40 205	115 568
Cost of goods sold		-2 671	-2 249	-4 787	-6 470	-11 072
Gross profit		28 783	17 016	60 885	33 735	104 496
Other income		551	687	1 102	1 234	2 578
Indirect manufacturing expenses		-2 350	-1 912	-6 565	-4 170	-11 180
Research and development expenses		-9 701	-18 219	-23 738	-31 247	-66 192
Marketing and sales expenses		-23 168	-10 936	-42 174	-21 617	-50 178
Business development and administrative expenses		-9 353	-7 394	-19 250	-16 208	-36 897
Operating profit/loss(-)		-15 238	-20 758	-29 739	-38 273	-57 373
Financial income		2 563	3 657	6 788	6 473	12 274
Financial expenses		-1 187	-1 396	-2 568	-2 628	-2 364
Net financial profit/loss(-)		1 376	2 261	4 220	3 845	9 910
Profit/loss(-) before tax		-13 863	-18 497	-25 519	-34 428	-47 462
Tax expenses		0	0	0	0	39 950
Net profit/loss(-)		-13 863	-18 497	-25 519	-34 428	-7 512
Other comprehensive income	4	-8 929	-297	-5 915	1 780	-12 245
Total comprehensive income		-22 791	-18 794	-31 434	-32 648	-19 757
Net profit/loss(-) per share, undiluted	5	-0,65	-0,87	-1,20	-1,61	-0,35
Net profit/loss(-) per share, diluted	5	-0,65	-0,86	-1,19	-1,59	-0,35

Photocure Group – Balance sheet

<i>(Amounts in NOK 1 000)</i>	Note	30.06.2012	30.06.2011	31.12.2011
Non-current assets				
Machinery & equipment		4 365	3 546	4 414
Other investments	6	82 537	91 725	83 337
Deferred tax asset		39 950	0	39 950
Total non-current assets		126 852	95 271	127 700
Current assets				
Inventory		13 251	13 653	11 790
Receivables		17 045	17 145	14 518
Cash & cash equivalents		297 517	348 957	355 175
Total current assets		327 813	379 755	381 483
Total assets		454 665	475 026	509 183
Equity and liabilities				
Equity				
Share capital	7	10 697	11 047	10 697
Other paid-in capital		70 899	69 257	72 771
Retained earnings		325 792	344 192	355 869
Shareholders' equity		407 388	424 496	439 337
Long-term liabilities				
Other non-current liabilities		1 310	877	1 196
Total long-term liabilities		1 310	877	1 196
Current liabilities		45 967	49 654	68 650
Total liabilities		47 277	50 531	69 846
Total equity and liabilities		454 665	475 026	509 183



Photocure Group – Changes in equity

	2012 2Q	2011 2Q	2012 1.1-30.6	2011 1.1-30.6	2011 Full year
<i>(Amounts in NOK 1 000)</i>					
Equity at beginning of period	430 057	441 871	439 337	458 854	458 854
Share buy back, net	-2 054	-833	-4 326	-6 339	-6 645
Share-based compensation (share options employees)	2 202	1 916	3 837	3 992	6 921
Other items	-26	336	-26	636	-35
Comprehensive income	-22 791	-18 794	-31 434	-32 648	-19 757
Equity at end of period	407 388	424 496	407 388	424 496	439 338

Photocure Group – Cash flow Statement

	2012 2Q	2011 2Q	2012 1.1-30.6	2011 1.1-30.6	2011 Full year
<i>(Amounts in NOK 1 000)</i>					
Profit/loss(-) before tax	-13 863	-18 497	-25 519	-34 428	-47 462
Depreciation and amortisation	411	299	752	570	1 134
Share-based compensation	2 109	1 916	3 837	3 992	6 882
Net interests	-1 616	-1 984	-4 362	-4 063	-10 753
Changes in working capital	-8 666	7 240	-10 244	2 968	16 505
Other operational items	-7 702	-2 733	-22 043	-5 517	-772
Net cash flow from operations	-29 326	-13 759	-57 579	-36 478	-34 466
Cash flow from investments	2 033	2 201	4 539	3 171	7 048
Cash flow from capital transactions	-1 250	-1 470	-4 617	-6 977	-6 648
Net change in cash during the period	-28 543	-13 028	-57 657	-40 284	-34 067
Cash & cash equivalents at beginning of period	326 060	361 985	355 174	389 241	389 241
Cash & cash equivalents at end of period	297 517	348 957	297 517	348 957	355 174

Photocure Group – Segment information Q2

Q2.2012	Cancer				Dermatology				Total
	Own sales	Partner	R&D	Sum	Own sales	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>									
Sales Revenues	7 224	9 181	-	16 405	940	-89	-	851	17 256
Milestone revenues	-	11 331	-	11 331	-	2 866	-	2 866	14 197
Cost of goods sold	-856	-1 740	-	-2 596	-75	-	-	-75	-2 671
Gross profit	6 368	18 772	-	25 140	865	2 777	-	3 642	28 782
Gross profit of sales %	88 %	81 %		84 %	92 %	100 %		91 %	85 %
Operating expenses	-11 944	-8 653	-9 094	-29 691	-7 845	-30	-6 455	-14 331	-44 020
Operating profit/loss (-)	-5 576	10 120	-9 094	-4 551	-6 980	2 746	-6 455	-10 689	-15 238
Net finance									1 375
Profit/loss (-) before tax									-13 863

Q2.2011	Cancer				Dermatology				Total
	Own sales	Partner	R&D	Sum	Own sales	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>									
Sales Revenues	5 557	10 556	-	16 113	64	419	-	483	16 596
Milestone revenues	-	-	-	-	-	2 669	-	2 669	2 669
Cost of goods sold	-290	-1 921	-	-2 211	-11	-23	-	-34	-2 246
Gross profit	5 267	8 635	-	13 902	53	3 065	-	3 118	17 019
Gross profit of sales %	95 %	82 %		86 %	82 %	95 %		93 %	86 %
Operating expenses	-4 633	-2 976	-11 139	-18 748	-7 687	-29	-11 313	-19 029	-37 778
Operating profit/loss (-)	634	5 659	-11 139	-4 846	-7 635	3 037	-11 313	-15 911	-20 758
Net finance									2 261
Profit/loss (-) before tax									-18 497



Photocure Group – Segment information first half year

1 Jan - 30 Jun 2012 <i>(Amounts in NOK 1 000)</i>	Cancer				Dermatology				Total
	Own sales	Partner	R&D	Sum	Own sales	Partner	R&D	Sum	
Sales Revenues	13 329	17 263	-	30 592	2 170	4 630	-	6 800	37 392
Milestone revenues	-	22 550	-	22 550	-	5 730	-	5 730	28 280
Cost of goods sold	-1 420	-3 192	-	-4 613	-160	-14	-	-174	-4 787
Gross profit	11 909	36 621	-	48 529	2 010	10 345	-	12 356	60 885
Gross profit of sales %	89 %	82 %		85 %	93 %	100 %		97 %	87 %
Operating expenses	-20 420	-19 428	-18 770	-58 618	-16 227	-101	-15 679	-32 008	-90 624
Operating profit/loss (-)	-8 511	17 193	-18 770	-10 089	-14 217	10 244	-15 679	-19 652	-29 739
Net finance									4 220
Profit/loss (-) before tax									-25 519

1 Jan - 30 Jun 2011 <i>(Amounts in NOK 1 000)</i>	Cancer				Dermatology				Total
	Own sales	Partner	R&D	Sum	Own sales	Partner	R&D	Sum	
Sales Revenues	11 248	19 808	-	31 056	64	3 382	-	3 446	34 502
Milestone revenues	-	-	-	-	-	5 703	-	5 703	5 703
Cost of goods sold	-662	-3 141	-	-3 803	-11	-2 650	-	-2 661	-6 464
Gross profit	10 586	16 667	-	27 252	53	6 435	-	6 488	33 740
Gross profit of sales %	94 %	84 %		88 %	82 %	22 %		23 %	81 %
Operating expenses	-9 668	-6 678	-19 317	-35 663	-14 782	-78	-21 490	-36 350	-72 013
Operating profit/loss (-)	918	9 989	-19 317	-8 410	-14 729	6 357	-21 490	-29 862	-38 273
Net finance									3 845
Profit/loss (-) before tax									-34 428

Note 1 – General accounting principles

General information

Photocure ASA is a public limited company domiciled in Norway. The business of the Group is associated with research, development, production, distribution, marketing and sales of pharmaceutical products and related technical medical equipment. The Company's shares are listed on the Oslo Stock Exchange. The Company's registered office is Hoffsvæien 4, NO-0275 Oslo, Norway.

Photocure Group (Photocure) comprises Photocure ASA and the wholly owned subsidiary Photocure Inc that is a US registered company.

Basis of preparation

These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2011 (the Annual Financial Statements) as they provide an update of previously reported information. The accounting policies used are consistent with those used in the Annual Financial Statements. The presentation of the interim financial statements is consistent with the Annual Financial Statements. The interim report has not been subject to an audit. The Board of Directors approved the interim financial statements on 23 August 2012.

Photocure has NOK (Norwegian kroner) as its functional currency and presentation currency. In the absence of any statement to the contrary, all financial information is reported in whole thousands. As a result of rounding adjustments, the figures in the financial statements may not add up to the totals.

Summary of significant accounting policies

The new and amended standards and interpretations from IFRS that were adopted by the EU with effect from 2012 are expected to have no significant impact to Photocure's interim financial statements. Photocure has not chosen an early implementation of any new or amended IFRS's or IFRIC interpretations.

Important accounting valuations, estimates and assumptions

Preparation of the annual accounts in accordance with IFRS requires the use of judgement, estimates and assumptions that have consequences for recognition in the balance sheet of assets and liabilities, the estimation of contingent liabilities and recorded revenues and expenses. The use of estimates and assumptions is based on the best discretionary judgement of the Group management.

In the process of applying the principles of accounting, the Group management has made the following judgements and estimates that are of significance for recognised values in the interim financial statements for 2012:

- Received, non-refundable payments for licensing of the Hexvix product to Ipsen have been treated as payments associated with the transfer of rights for the product and manufacturing transition milestones achieved by Photocure. Amounts received are not subject to netting, and in the view of the Group no conditions or future obligations are associated with these payments. Received payments are therefore recognised as income when the conditions are achieved.
- In 2012 and 2013, Photocure will co-invest EUR 3.0 million with Ipsen in marketing and sales programs of Hexvix, conditional on Ipsen's own marketing and sales activities. Photocure's expenses will thus be recognised when incurred.

Note 2 – Reclassification of revenue

Photocure has chosen to reclassify the accrual of the final settlement for the sale of the business area Metvix/ Aktelite from sales revenue to milestone revenue. A total of EUR 7.0 million will be recognized as income over the period 30 September 2009 until settlement. For additional information, see details note 2 in the Annual Accounts 2011.

The table below shows the distribution of sales and milestone revenues from previous classification:

	2012	2011	2012	2011	2011
(Amounts in NOK 1 000)	2Q	2Q	1.1-30.6	1.1-30.6	Full year
Sales revenues	20 123	19 265	43 122	40 205	82 876
Signing fee and milestone revenues	11 331	0	22 550	0	32 692
Total revenues	31 454	19 265	65 672	40 205	115 568

Note 3 – Income statement classified by nature

	2012	2011	2012	2011	2011
<i>(Amounts in NOK 1 000)</i>	2Q	2Q	1.1-30.6	1.1-30.6	Full year
Sales revenues	17 258	16 596	37 393	34 502	71 525
Signing fees and milestone revenues	14 196	2 669	28 279	5 703	44 043
Cost of goods sold	-2 671	-2 249	-4 787	-6 470	-11 072
Gross profit	28 783	17 016	60 885	33 735	104 496
Other income	551	687	1 102	1 234	2 578
Payroll expenses	-27 274	-15 402	-52 880	-31 955	-73 330
R&D costs excl. payroll expenses/other operating expenses	-4 390	-11 469	-11 853	-16 427	-36 181
Ordinary depreciation and amortisation	-411	-277	-752	-548	-1 134
Other operating expenses	-12 496	-11 313	-26 242	-24 312	-53 801
Total operating revenue and operating expenses	-44 020	-37 774	-90 625	-72 008	-161 868
Operating profit	-15 238	-20 758	-29 739	-38 273	-57 372
Net financial items	1 376	2 261	4 220	3 845	9 910
Operating profit	-13 862	-18 497	-25 519	-34 428	-47 461

Note 4 – Other comprehensive income

	2012	2011	2012	2011	2011
<i>(Amounts in NOK 1 000)</i>	2Q	2Q	1.1-30.6	1.1-30.6	Full year
Market value adjustment PCI Biotech Holding ASA	-10 235	-297	-5 637	1 780	-13 312
Currency translation	1 306	0	-279	0	67
Total other comprehensive income	-8 929	-297	-5 915	1 780	-13 245

Note 5 – Earnings per share

Earnings per share (EPS) are calculated on the basis of the profit/loss for the year after tax but excluding other comprehensive items. The result is divided by a weighted average number of outstanding shares over the year, reduced by acquisition of treasury shares. The diluted earnings per share is calculated by adjusting the average number of outstanding shares by the number of employee options that can be exercised. Anti-dilution effects are not taken into consideration.

<i>(Figures indicate the number of shares)</i>	06.30.2012	06.30.2011	12.31.2011
Ordinary shares 1 January	21 393 301	22 093 301	22 093 301
Write down of treasury shares	0	0	-700 000
Effect of treasury shares	-101 220	-750 181	-46 299
Effect of share options exercised	0	0	0
Weighted average number of shares	21 292 081	21 343 120	21 347 002
Effect of outstanding share options	104 798	280 018	197 164
Weighted average number of diluted shares	21 396 879	21 623 138	21 544 166
Earnings per share in NOK	-0.55	-0.75	-0.35
Earnings per share in NOK diluted	-0.54	-0.74	-0.35

Note 6 – Other investments

<i>(Amounts in NOK 1 000)</i>	06.30.2012	06.30.2011	12.31.2011
Market value PCI Biotech Holding ASA	51 917	71 646	57 554
Booked part of final settlement (EUR 7 million) from sale of Metvix/Aktlite, ref. description in note 2	30 620	20 079	25 783
Total other investments	82 537	91 725	83 337



Note 7 – Share capital

Registered share capital in Photocure ASA amounts to:

	No. of shares	Nominal value per share	Share capital in NOK
Share capital at 30 June 2012	21 393 301	NOK 0.50	10 696 651
Share capital at 31 December 2011	21 393 301	NOK 0.50	10 696 651
Treasury shares:			
Holdings of treasury shares at 31 December 2011	52 314		26 157
Buy-back of treasury shares	195 291	NOK 0.50	97 646
Sale of treasury shares	-119 709	NOK 0.50	-59 855
Holdings of treasury shares at 30 June 2012	127 896		63 948

The table below indicates the status of authorisations at 30 June 2012:

	Purchase, treasury shares	Ordinary share issue	Employee share issues
<i>(Figures indicate the number of shares)</i>			
Authorisation issued at the General Meeting on 10 May 2012	2 139 330	2 139 330	800 000
Share issues after the General Meeting on 10 May 2012		0	0
Purchase of treasury shares	-195 291		
Remaining under authorisations at 30 June 2012	1 944 039	2 139 330	800 000

Shares owned, directly or indirectly, by members of the board, the President and CEO and senior management and their closely related associates as of 30 June 2012:

Name	Position	No. of shares	No. of subscription rights
Åse Aulie Michelet	Chairman	9 500	
Jon Hindar	Board member	8 000	
Ingrid Wiik	Board member	4 000	
Xavier Yon	Board member	0	
Mats Pettersson	Board member	5 000	
Eva Steiness	Board member	5 300	
Kjetil Hestdal	President and CEO	62 873	139 000
Kathleen Deardorff	Chief Operating Officer	0	75 000
Grete Hogstad	Vice President Marketing and Sales	8 000	76 250
Inger Ferner Heglund	Vice President Research and Development	8 200	84 800
Gry Stensrud	Vice President Technical Development & Operatic	6	61 196
Terry Conrad	Head, US Dermatology Commercial Operations	0	77 500
Espen Njåstein	Head, US Cancer Commercial Operations	0	0
Ambaw Bellete	Head, Nordic Cancer Commercial Operations	0	0

Note 8 – Share options

At 30 June 2012, employees in Photocure had the following share option schemes:

Year of allocation	2011	2011	2010	2010	2009
Option programme	2011	2010-I	2010-II	2009	2008
Number	408 719	364 115	50 000	127 844	180 375
Exercise price (NOK)	50,75	44,00	38,00	20,30	32,00
Date of expiry (31 December)	2016	2015	2015	2014	2013

In addition, a conditional allocation of 700 000 options was made at price NOK 40.50. This allocation is dependent on the achievement of both personal and company goals. Allocation of these options will take place in February/March 2013 after an evaluation of the goals achieved for 2012.

The number of employee options and average exercise prices for Photocure, and developments during the year:

	2012		2011	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	975 094	36,23	710 365	27,49
Allocated during the year	321 219	50,75	500 490	45,18
Become invalid during the year	45 551	38,81	70 900	36,47
Exercised during the year	119 709	23,62	164 861	25,66
Expired during the year	-	-	-	-
Outstanding at end of period	1 131 053	41,58	975 094	36,23
Exercisable options at end of period	753 415	37,79	589 217	30,47

Note 9 – Shareholders

Overview of the major shareholders at 30 June 2012:

Shareholder	Account		No of shares	%
	type	Citizen		
RADIUMHOSPITALET FORSKNINGSSTIFTELSE		NOR	3 129 000	14,63 %
JPMORGAN CHASE BANK NORDEA TREATY ACCOUNT	NOM	GBR	1 957 334	9,15 %
ODIN NORGE		NOR	1 668 911	7,80 %
GEZINA AS		NOR	1 230 716	5,75 %
FONDSFINANS SPAR		NOR	1 200 000	5,61 %
SKAGEN VEKST		NOR	1 109 401	5,19 %
KLP AKSJE NORGE VPF		NOR	880 409	4,12 %
KOMMUNAL LANDSPENSJONSKASSE		NOR	855 000	4,00 %
MP PENSJON PK		NOR	500 000	2,34 %
DANSKE INVEST NORSKE		NOR	426 173	1,99 %
VICAMA AS		NOR	345 384	1,61 %
DANSKE INVEST NORSKE C/O DANSKE CAPITAL		NOR	341 707	1,60 %
HOLBERG NORGE VERDIPAPIRFONDET		NOR	340 835	1,59 %
GOLDMAN SACHS & CO - SECURITY CLIENT	NOM	USA	325 667	1,52 %
BERGEN KOMMUNALE PENSJONSKASSE		NOR	300 000	1,40 %
ARENDALS FOSSEKOMPANI		NOR	200 000	0,93 %
ELL LOEN AS		NOR	165 204	0,77 %
A/S SKARV		NOR	150 000	0,70 %
FONDSFINANS FARMASI		NOR	150 000	0,70 %
FONDSFINANS ASA PENS V/FONDSFINANS		NOR	142 186	0,66 %
Total 20 largest shareholders			15 417 927	72,07 %
Total other shareholders			5 975 374	27,93 %
Total number of shares			21 393 301	100,00 %



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