



Results for the first quarter 2013

Photocure Group



Our mission is to improve patient care and quality of life by making solutions based on photodynamic technology accessible to patients and consumers worldwide

24 April 2013



Highlights for the first quarter 2013

Photocure (OSE:PHO), a Norwegian specialty pharmaceutical company focused on photodynamic technologies in cancer and dermatology, announces its results for the first quarter 2013.

Highlights include:

(Numbers in brackets are for the corresponding period in 2012)

- Total sales revenues of Hexvix/Cysview increased 2% to NOK 14.5 million (NOK 14.2 million) in the quarter driven by increased end user sales volumes in the US and Ipsen territories.
- Total revenues of NOK 15.7 million (NOK 33 million) were lower than prior year as a result of lower milestone revenues and lower sales of active pharmaceutical ingredients to Galderma.
- Net loss of continued operations of NOK 21.4 million (NOK 6.8 million) were higher than prior year as a result of the increased and planned marketing and sales expenses, as well as lower milestone revenues.
- Cash and cash equivalents of NOK 277.3 million on 31 March 2013.
- A new meta-analysis on Hexvix/Cysview with data from eight prospective studies with 1,293 patients was presented at the annual meeting of European Association of Urology (EAU). The data confirmed the significant clinical benefit of Hexvix/Cysview in the management of bladder cancer patients supporting the new and strengthened recommendation of the use of Hexvix photodynamic diagnosis by EAU.
- On April 10, Photocure reported positive final results of the phase 2b study for Cevira[®]. Cevira showed a statistically significant and sustained lesion response and high HPV clearance in CIN2 patients.

Key figures:

Figures in NOK million	1Q 2013	1Q 2012	Change	FY 2012
Sales revenues Hexvix / Cysview	14.5	14.2	2 %	67.5
Sales revenues API	0.2	4.7		7.6
Signing fee & milestone revenues	1.0	14.1	-93 %	58.7
Total revenues	15.7	33.0	-52 %	133.8
Gross profit	14.3	31.0	-54 %	124.4
Research and development expenses	9.1	14.0	-35 %	50.1
Sales and marketing expenses	19.0	13.4	41 %	70.2
Operating result (EBIT)	-23.6	-9.7		-39.2
Net profit/loss continued operations	-21.4	-6.8		-30.1
Earnings per share, diluted (NOK)	-1.01	-0.54		-2.24

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

"We were delighted to report final positive results of the phase 2b trial for Cevira. We are confident that these data will enable us to partner this important product with a leading player in women's healthcare."

We had a mixed start with Hexvix/Cysview. Although the commercial performance of Hexvix/Cysview globally was impacted by inventory build up in the fourth quarter, positive data were presented at the EAU and there was a strengthened recommendation in the EAU guidelines on the use of Hexvix. The guidelines also recognize the positive impact of Hexvix on reducing recurrence rate and improving time to recurrence of bladder cancer, demonstrating the significant clinical benefit and potential of our flagship brand."

Operational review

Photocure's strategy is to:

- Build a specialty pharma company, focused on cancer and dermatology
- 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 markets Hexvix/Cysview and has a strong portfolio of innovative products in development, both internally and in collaboration with partners.

Commercial products

Hexvix®/Cysview® – building momentum

Hexvix/Cysview is the first approved drug-device procedure for improved detection and management of bladder cancer. Photocure is commercializing Cysview directly in the US market and continues to market and sell Hexvix in the Nordic region. Photocure has a strategic partnership with Ipsen which is commercializing Hexvix in Europe, excluding the Nordics

Total value of worldwide in-market sales of Hexvix/Cysview was approximately NOK 34 million in the first quarter.

Total sales revenues for Hexvix/Cysview increased 2% to NOK 14.5 million (NOK 14.2 million) in the first quarter. Underlying volume growth in core markets was partly offset by customer inventory adjustments.

Photocure's own sales in the US and Nordic region grew by 5% to NOK 6.4 million in the quarter, driven mainly by sales growth in US and Sweden.

Photocure's strategy in the US is to target leading, high procedure volume urology centres with influential key opinion leaders.

In US, the revenue growth for the first quarter was 68% compared to the same quarter last year, driven by addition of new equipment

purchases, centers undergoing evaluations, volume growth as well as price increases.

Cysview continues to have reimbursement coverage under the Medicare system in the US. In the first quarter the reimbursement coding process for Cysview changed, which has resulted in a temporary slow down in expanding the number of new centers. The total number of blue light cystoscopes either placed, under active evaluation or awaiting capital approval for purchase at the end of first quarter was 38. Based on the current pipeline, our target remains to expand to a total of 80 blue light cystoscopes by year end.

Photocure's sales in the Nordic region in the quarter were mixed, with an overall decline of 7% from first quarter last year. There was solid growth in Sweden and Norway; however sales in Denmark were negatively impacted during January and February by inventory build-up at hospitals in the fourth quarter. Market share is estimated at 34% across the region.

Ipsen is commercializing Hexvix in the major markets in Europe following approvals of the transfer of the MAAs. 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.

In the quarter, revenue from partner sales was flat at NOK 8.1 million. End user unit sales by Ipsen were up 6% compared to last year, with strong volume growth in Germany, Italy, Austria and Belgium. However, this was offset by inventory reductions compared to the prior year at which time Ipsen was initiating the initial build up of country specific labelled inventory across markets. Revenue comparisons were also negatively impacted by currency translation to NOK.

Data on Hexvix/Cysview from a new meta-analysis confirming the clinical benefit of Hexvix®-guided blue light cystoscopy for patients with known or suspected non-muscle invasive bladder cancer was presented at the 28th Annual European Association of Urology (EAU) Congress in Milan on 17th March 2013. The meta-analysis, which was conducted on raw data from eight Hexvix prospective studies and included a total of 1,293 patients, confirms previous studies and indicates that Hexvix cystoscopy significantly improves the detection of bladder cancer and reduces the risk of recurrence.

The EAU guidelines on non-muscle invasive bladder cancer have been updated to strengthen the

recommended use of Hexvix photodynamic diagnosis. The guidelines also recognize the positive impact of Hexvix on reducing recurrence rate and improving time to recurrence of bladder cancer.

Hexvix/Cysview (hexaminolevulinate hydrochloride) is the first approved drug-device combination procedure for improved detection and management 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.

Revenues from Hexvix/Cysview

Figures in NOK million	1Q 2013	1Q 2012	Change	FY 2012
Own sales	6.4	6.1	5 %	29.5
Revenues from partners	8.1	8.1	0 %	37.9
Total revenue	14.5	14.2	2 %	67.4

Product pipeline

Progress in the clinical development programs

	Indication	Status
Visonac[®]	Treatment of moderate to severe acne	Phase 3 preparation
Cevira[®]	Treatment of HPV associated diseases of the cervix including precancerous lesions	Phase 3 preparation
Lumacan[®]	Detection of colorectal 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, showed a statistically significant reduction in inflammatory lesions and overall improvement in acne severity. Visonac was well tolerated and no serious adverse events were reported in the study.

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.

The phase 2 data on Visonac were presented at the American Academy of Dermatology (AAD) 71st Annual Meeting in Miami on Saturday March 2.

In the first quarter, Photocure submitted a special protocol assessment (SPA) to the FDA. This regulatory process is important to secure alignment with the FDA. Therefore, Photocure anticipates that additional time will be required to obtain regulatory alignment before initiating the phase 3 trials.

Following the exit of the Allumera commercial operation in the US, Photocure is evaluating various options for the continued development of Visonac including exploration of potential partnership for development and commercialization.

Visonac (methyl aminolevulinate 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

Cevira is a unique, non-invasive photodynamic therapy for the treatment of HPV infection and pre-cancer cervical abnormalities.

HPV is the most common sexually transmitted disease causing approx. 500,000 cases of cervical cancer world-wide annually. CIN1 is mild, low-grade lesions caused by HPV infection. High-grade lesions - CIN2, CIN3, or CIN2/3 - are more severe abnormalities that have a higher likelihood of progressing to cancer if left untreated.

The final results of the phase 2b study of Cevira in patients with HPV related disease of the cervix was released on April 10. In this study the optimal dose of Cevira, 5%, demonstrated a statistically significant and sustained lesion response compared to placebo in patients with precancerous CIN2 lesions, 95% vs 62% respectively at six months, ($p < 0.02$). This was further supported by high clearance of HPV subtypes 16 and 18, which carry high oncogenic risk, in the CIN2 cohort of 83% vs 33% at six months. Additionally, high clearance of HPV 16 and 18 was also demonstrated in the overall CIN1/2 population, 62% vs. 33% as compared to placebo.

Cevira was well tolerated and easy to use by both gynecologists and patients. No treatment related serious adverse events were reported in the study. Additionally, patients experienced only expected benign and self-limiting events.

The market potential for Cevira is significant. Photocure is in discussions with companies that are leaders in women's healthcare globally to secure a strategic partnership to assist with the late stage development and commercialization of Cevira.

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.

Lumacan® – diagnosis of colorectal cancer

Photocure's partner Salix Pharmaceuticals, a US based company that develops and markets prescription pharmaceutical products for the prevention and treatment of gastrointestinal diseases, is developing Lumacan.

An ongoing exploratory study to evaluate Lumacan following administration of the enema is underway. If the enema administration is successful, Salix intends to proceed to orally administered test formulations.

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.

Financial review

(Numbers in brackets are for the corresponding period in 2012)

The financial report as of 31 March 2013 has been prepared in accordance with IAS 34 Interim Financial Reporting and follows the same principles as the Annual Report for 2012.

The US based Allumera business is reported as discontinued operations from fourth quarter of 2012 according to IFRS 5. All income statements have been restated to reflect this. Please refer to note 9 for further information and restatement specifications.

Total revenues for the first quarter were NOK 15.7 million, a 52% decline from first quarter last year of NOK 33.0 million. This was driven by lower milestone revenues in the quarter as well as lower sales of active pharmaceutical ingredients. Total revenues from Hexvix/Cysview were NOK 14.5 million which is 2% above last year.

Total operating costs net of other income amounted to NOK 38.0 million (NOK 40.6 million) in the first quarter.

Research and development (R&D) costs were NOK 9.1 million (NOK 14.0 million) in the first quarter. The primary R&D cost driver in the quarter has been the phase 2b trial for Cevira.

Marketing and sales costs increased by 41% to NOK 19.0 million (NOK 13.4 million) in the first quarter compared to the same quarter last year. The increase is due to the commercial activities in the US.

Photocure had an operating loss of NOK 23.6 million (loss of NOK 9.7 million) in the first quarter.

Net financial items were NOK 2.2 million (NOK 2.8 million) in the first quarter.

Photocure recorded a net loss from continued operations of NOK 21.4 million (NOK -6.8 million) in the first quarter.

Discontinued operations include Allumera net operating result and restructuring costs related to the exit. No further spending is expected.

Photocure is the largest shareholder in PCI Biotech Holding ASA with 19.35% of the shares. The market value of the shareholding was NOK 32.5 million at 31 March 2013, resulting in a market value adjustment of NOK -14.2 million for the quarter.

Cash and cash equivalents were NOK 277.3 million at 31 March 2013 compared to 302.8 million at 31 December 2012.

Shareholders' equity was NOK 344.9 million, an equity ratio of 88%. At the end of 2012 shareholders' equity was NOK 380.3 million (88%).

As of 31 March 2013, Photocure held 162,296 own shares.

Post-closing events

The final results of the phase 2b study of Cevira in patients with human papilloma virus (HPV) related disease of the cervix was released April 10. Cevira demonstrated statistically significant efficacy in eradication of oncogenic HPV

infections and precancerous lesions in CIN2 patients.

Risks and uncertainty factors for 2013

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 2013 are associated with market development for Hexvix/Cysview, progress and performance of R&D 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 2012.

Outlook

The main focus for Photocure during 2013 continues to be driving sales of its marketed product and to ensure that the momentum in its R&D pipeline continues.

Key to driving the 2013 sales will be building upon the commercial partnership with Ipsen and 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.

With respect to the development of the R&D pipeline, the priorities in 2013 will be

- establish future partnership for Cevira prior to initiation of phase 3 clinical development,
- to obtain regulatory alignment for Visonac phase 3 as well as evaluate possible new strategic options for Visonac including exploration of possible partnership, and
- to support Salix in the development of Lumacan.

Given the focus on profitable growth, cost containment continues to be important. Photocure expects to spend in the range of NOK 75 – 85 million on marketing and sales in 2013.



The Board of Directors and CEO
Photocure ASA

Oslo, 24 April 2013

Åse Aulie Michelet
Chairman

Jon Hindar

Mats Pettersson

Eva Steiness

Xavier Yon

Ingrid Wiik

Kjetil Hestdal
President and CEO

Photocure Group – Accounts for first quarter 2013

Photocure Group – Statement of comprehensive income

<i>(all amounts in NOK 1 000 except per share data)</i>	Note	2013 1Q	2012 1Q	2012 1.1-31.12
Sales revenues		14 648	18 905	75 082
Signing fee and milestone revenues		1 025	14 084	58 741
Total revenues		15 673	32 989	133 823
Cost of goods sold		-1 345	-2 031	-9 405
Gross profit		14 328	30 958	124 418
Other income		276	551	2 242
Indirect manufacturing expenses	2	-2 132	-4 209	-12 337
Research and development expenses	2	-9 139	-14 037	-50 083
Marketing and sales expenses	2	-18 987	-13 426	-70 188
Business development and administrative expenses	2	-7 994	-9 510	-33 300
Operating profit/loss(-)		-23 648	-9 673	-39 248
Financial income		2 552	4 225	12 766
Financial expenses		-335	-1 380	-4 530
Net financial profit/loss(-)		2 217	2 845	8 236
Profit/loss(-) before tax		-21 431	-6 828	-31 012
Tax expenses		0	0	890
Net profit/loss(-) continued operations		-21 431	-6 828	-30 122
Discontinued operations	1	17	-4 828	-17 779
Net profit/loss(-)		-21 414	-11 656	-47 901
Other comprehensive income	3	-13 946	3 014	-11 356
Total comprehensive income		-35 360	-8 642	-59 257
Net profit/loss(-) per share, undiluted	4	-1,01	-0,55	-2,25
Net profit/loss(-) per share, diluted	4	-1,01	-0,54	-2,24

Photocure Group – Balance sheet

<i>(Amounts in NOK 1 000)</i>	Note	31.03.2013	31.12.2012
Non-current assets			
Machinery & equipment		3 864	4 111
Other investments	5	46 833	59 951
Deferred tax asset		40 840	40 840
Total non-current assets		91 537	104 902
Current assets			
Inventory		9 658	9 826
Receivables		13 345	15 432
Cash & cash equivalents		277 348	302 818
Total current assets		300 351	328 077
Total assets		391 888	432 978
Equity and liabilities			
Equity			
Share capital	6	10 697	10 697
Other paid-in capital		72 983	71 197
Retained earnings		261 218	298 374
Shareholders' equity		344 898	380 268
Long-term liabilities			
Other non-current liabilities		1 805	1 621
Total long-term liabilities		1 805	1 621
Current liabilities		45 185	51 089
Total liabilities		46 990	52 710
Total equity and liabilities		391 888	432 978

Photocure Group – Changes in equity

	2013 1Q	2012 1Q	2012 1.1-31.12
<i>(Amounts in NOK 1 000)</i>			
Equity at beginning of period	380 268	439 337	439 337
Share buy back, net	-573	-2 272	-6 338
Share-based compensation (share options employees)	562	1 635	6 527
Other items			
Comprehensive income	-35 360	-8 642	-59 257
Equity at end of period	344 897	430 057	380 268

Photocure Group – Cash flow Statement

	2013 1Q	2012 1Q	2012 1.1-31.3
<i>(Amounts in NOK 1 000)</i>			
Profit/loss(-) before tax	-21 414	-11 656	-48 791
Depreciation and amortisation	359	341	1 535
Share-based compensation	562	1 728	6 527
Net interests	-2 000	-2 746	-8 901
Changes in working capital	-3 358	-1 578	3 430
Other operational items	-861	-14 341	-8 727
Net cash flow from operations	-26 712	-28 253	-54 928
Cash flow from investments	1 814	2 507	9 073
Cash flow from financing activities	-573	-3 367	-6 500
Net change in cash during the period	-25 471	-29 113	-52 355
Cash & cash equivalents at beginning of period	302 818	355 173	355 173
Cash & cash equivalents at end of period	277 348	326 060	302 818

Photocure Group – Segment information 1Q

1 Jan - 31 March 2013	Cancer				Dermatology			Total
	Own sales	Partner	R&D	Sum	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	6 395	8 253	-	14 648	-	-	0	14 648
Milestone revenues	0	-	-	0	1 025	-	1 025	1 025
Cost of goods sold	-381	-964	-	-1 345	-	-	0	-1 345
Gross profit	6 014	7 289	-	13 303	1 025	0	1 025	14 328
Gross profit of sales %	94 %	88 %		91 %				91 %
Operating expenses	-15 600	-8 351	-10 779	-34 729	-427	-2 819	-3 246	-37 976
Operating profit/loss (-) ctnd oper.	-9 586	-1 062	-10 779	-21 427	598	-2 819	-2 221	-23 648

1 Jan - 31 March 2012	Cancer				Dermatology			Total
	Own sales	Partner	R&D	Sum	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	6 105	8 082	-	14 187	4 719	-	4 719	18 906
Milestone revenues	0	11 219	-	11 219	2 864	-	2 864	14 083
Cost of goods sold	-564	-1 454	-	-2 018	-14	-	-14	-2 031
Gross profit	5 541	17 847	-	23 388	7 569	0	7 569	30 958
Gross profit of sales %	91 %	82 %		86 %	100 %		100 %	89 %
Operating expenses	-10 978	-9 837	-14 205	-35 020	-498	-5 113	-5 611	-40 631
Operating profit/loss (-) ctnd oper.	-5 437	8 010	-14 205	-11 632	7 071	-5 113	1 957	-9 673

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 condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012 (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 24 April 2013.

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 2013 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 2013:

- 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.

Exit Allumera operations

Photocure announced 1 October 2012 the decision to exit its Allumera® cosmetic dermatology business in the US. The commercial organization was downsized immediately after the announcement, but Photocure continues to support the current Allumera customers through a customer service centre on a temporary basis. Restructuring costs of NOK 3.1 million were incurred in 4th quarter 2012.

The Allumera segment is reported as discontinued operations from 4th quarter of 2012 according to IFRS 5. For further information about revenue and expenses related to the Allumera business in 2012, please refer to the separate table in Note 9.

Note 2 – Income statement classified by nature

	2013	2012	2012
<i>(Amounts in NOK 1 000)</i>	1Q	1Q	1.1-31.12
Sales revenues	14 648	18 905	75 082
Signing fees and milestone revenues	1 025	14 084	58 741
Cost of goods sold	-1 345	-2 031	-9 405
Gross profit	14 328	30 958	124 418
Other income	276	551	2 242
Payroll expenses	-20 287	-17 632	-76 520
R&D costs excl. payroll expenses/other	-3 143	-7 463	-23 782
Ordinary depreciation and amortisation	-359	-341	-1 545
Other operating expenses	-14 464	-15 746	-64 061
Total operating revenue and operating profit	-37 976	-40 631	-163 666
Operating profit	-23 648	-9 673	-39 248

Note 3 – Other comprehensive income

	2013	2012	2012
<i>(Amounts in NOK 1 000)</i>	1Q	1Q	1.1-31.12
Market value adjustment PCI Biotech Holding ASA	-14 240	4 598	-10 828
Currency translation	294	-1 584	-528
Total other comprehensive income	-13 946	3 014	-11 356

Note 4 – 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>	Total	Continued	Total	Continued
	31.03.2013	31.03.2013	31.12.2012	31.12.2012
Ordinary shares 1 January	21 393 301	21 393 301	21 393 301	21 393 301
Effect of treasury shares	-207 618	-207 618	-133 510	-133 510
Effect of share options exercised	0	0	0	0
Weighted average number of shares	21 185 683	21 185 683	21 259 791	21 259 791
Effect of outstanding share options	84 075	84 075	89 884	89 884
Weighted average number of diluted	21 269 758	21 269 758	21 349 675	21 349 675
Earnings per share in NOK	-1,01	-1,01	-2,25	-1,42
Earnings per share in NOK diluted	-1,01	-1,01	-2,24	-1,41

Note 5 – Other investments

<i>(Amounts in NOK 1 000)</i>	31.03.2013	31.12.2012
Market value PCI Biotech Holding ASA	32 485	46 725
Booked part of remaining settlement from sale of Metvix/Aktillite	13 226	13 226
Total other investments	45 711	59 951

Note 6 – Share capital

Registered share capital in Photocure ASA amounts to:

	No. of shares	Nominal value per share	Share capital in NOK
Share capital at 31 March 2013	21 393 301	NOK 0.50	10 696 651
Share capital at 31 December 2012	21 393 301	NOK 0.50	10 696 651
Treasury shares:			
Holdings of treasury shares at 31 December 2012	178 255		89 128
Buy-back of treasury shares	100 000	NOK 0.50	50 000
Share option exercise	-115 959	NOK 0.50	-57 980
Holdings of treasury shares at 31 March 2013	162 296		81 148

The table below indicates the status of authorisations at 31 March 2013:

	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	2 139 330	2 139 330	800 000
Share issues after the General Meeting on 10 May 2012		0	0
Purchase of treasury shares	-345 650		
Remaining under authorisations at 31 March 2013	1 793 680	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 31 March 2013:

Name	Position	No. of shares	No. of subscription rights
Åse Aulie Michelet	Chairman	9 500	
Jon Hindar	Board member	8 000	
Mats Pettersson	Board member	5 000	
Eva Steiness	Board member	5 300	
Ingrid Wiik	Board member	4 000	
Kjetil Hestdal	President and CEO	62 873	139 000
Erik Dahl	Chief Financial Officer	-	30 000
Kathleen Deardorff	Chief Operating Officer	-	75 000
Inger Ferner Heglund	Vice President Research and Development	8 200	84 800
Grete Hogstad	Vice President Strategic Marketing	10 500	56 600
Gry Stensrud	Vice President Technical Development & Oper	6	47 800

Note 7 – Share options

At 31 March 2013, employees in Photocure had the following share option schemes:

Year of allocation	2012	2012	2011	2010	2009
Option programme	2012	2011	2010-I	2009	2008
Number	30 000	350 194	302 015	84 375	90 749
Exercise price (NOK)	40,50	50,75	44,00	20,30	32,00
Date of expiry (31 December)	2017	2016	2015	2014	2013

In addition, a conditional allocation of 670 000 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 April 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:

	31.03.2013		31.12.2012	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	1 050 792	41,54	975 094	36,23
Allocated during the year	-	-	351 219	49,87
Become invalid during the year	77 500	41,44	155 812	42,70
Exercised during the year	115 959	28,09	119 709	23,62
Expired during the year	-	-	-	-
Outstanding at end of period	857 333	43,03	1 050 792	41,54
Exercisable options at end of period	720 602	41,85	672 491	37,44

Note 8 – Shareholders

Overview of the major shareholders at 31 March 2013:

Shareholder	Account			
	type	Citizen	No of shares	%
RADIUMHOSPITALET FORSKNINGSSTIFTELSE		NOR	3 121 144	14,59 %
JPMORGAN CHASE BANK NORDEA TREATY ACCOUNT	NOM	GBR	1 957 334	9,15 %
FONDSFINANS SPAR		NOR	1 375 000	6,43 %
GEZINA AS		NOR	1 230 716	5,75 %
ODIN NORGE		NOR	1 216 113	5,68 %
KLP AKSJE NORGE VPF		NOR	930 000	4,35 %
SKAGEN VEKST		NOR	920 401	4,30 %
KOMMUNAL LANDSPENSJONSKASSE		NOR	855 000	4,00 %
MP PENSJON FK		NOR	500 000	2,34 %
DANSKE INVEST NORSKE C/O DANSKE CAPITAL		NOR	403 807	1,89 %
DANSKE INVEST NORSKE		NOR	372 624	1,74 %
VICAMA AS		NOR	345 384	1,61 %
BERGEN KOMMUNALE PENSJONSKASSE		NOR	300 000	1,40 %
MYNA AS		NOR	242 045	1,13 %
HOLBERG NORGE VERDIPAFIRFONDET		NOR	230 066	1,08 %
ARENDALS FOSSEKOMPANI		NOR	200 000	0,93 %
TERRA NORGE VPF		NOR	170 100	0,80 %
PHOTOCURE ASA		NOR	162 296	0,76 %
ELL LOEN AS		NOR	159 525	0,75 %
GOLDMAN SACHS & CO - SECURITY CLIENT	NOM	USA	153 647	0,72 %
Total 20 largest shareholders			14 845 202	69,39 %
Total other shareholders			6 548 099	30,61 %
Total number of shares			21 393 301	100,00 %

Note 9 – Exit Allumera Business

Photocure announced 1 October 2012 the decision to exit its Allumera[®] cosmetic dermatology business in the US. The commercial organization was downsized immediately after the announcement, but Photocure continues to support the current Allumera customers through a customer service centre on a temporary basis. Restructuring costs of NOK 3.1 million were incurred in 4th quarter 2012.



The Allumera segment is reported as discontinued operations from 4th quarter of 2012 according to IFRS 5. The following table reconciles discontinued and continued operations by quarter 2012. No adjustments are done to the balance sheet.

Statement of comprehensive income

Total operations

	2012	2012	2012	2012	2012
<i>(all amounts in NOK 1 000)</i>	1Q	2Q	3Q	4Q	FY
Sales revenues	20 135	17 258	20 914	20 014	78 321
Signing fee and milestone revenues	14 084	14 196	2 864	27 597	58 741
Total revenues	34 219	31 454	23 779	47 611	137 062
Cost of goods sold	-2 116	-2 671	-3 231	-1 864	-9 882
Gross profit	32 103	28 783	20 548	45 747	127 180
Operating expenses	-46 604	-44 020	-47 895	-45 687	-184 206
Operating profit/loss(-)	-14 501	-15 238	-27 347	60	-57 026

Statement of comprehensive income

Discontinued operations

	2012	2012	2012	2012	2012
<i>(all amounts in NOK 1 000)</i>	1Q	2Q	3Q	4Q	FY
Sales revenues	1 230	940	786	283	3 239
Signing fee and milestone revenues					
Total revenues	1 230	940	786	283	3 239
Cost of goods sold	-85	-75	-190	-127	-477
Gross profit	1 145	865	596	156	2 762
Operating expenses	-5 973	-6 394	-5 598	-2 577	-20 541
Operating profit/loss(-)	-4 828	-5 529	-5 002	-2 421	-17 779

Statement of comprehensive income

Continued operations

	2012	2012	2012	2012	2012
<i>(all amounts in NOK 1 000)</i>	1Q	2Q	3Q	4Q	FY
Sales revenues	18 905	16 318	20 128	19 731	75 082
Signing fee and milestone revenues	14 084	14 196	2 864	27 597	58 741
Total revenues	32 989	30 514	22 993	47 328	133 823
Cost of goods sold	-2 031	-2 596	-3 041	-1 737	-9 405
Gross profit	30 958	27 918	19 952	45 591	124 418
Operating expenses	-40 631	-37 626	-42 297	-43 111	-163 665
Operating profit/loss(-)	-9 673	-9 709	-22 345	2 480	-39 247



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