



Results for the third quarter and the first nine months 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



22 October 2013



Highlights for the third quarter and first nine months of 2013

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

Highlights include:

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

- Hexvix/Cysview total in-market volume growth 11% in the third quarter.
- Total sales revenues of Hexvix/Cysview at NOK 18.0 million (NOK 17.8 million) in the third quarter. Revenue up 10% for the first nine months to NOK 53.4 million driven by continued underlying customer demand in key markets.
- Total revenues of NOK 19.2 million in the third quarter were lower than last year (NOK 23.0 million) due to lower milestone revenues and sales of API. Total revenues for the first nine months were NOK 57.3 million (NOK 86.5 million).
- Operating loss from continued operations before restructuring was NOK 14.9 million (NOK 22.3 million loss), which was lower than last year mainly due to lower operating expenses partly offset by lower milestone revenues and sales of API. The operating loss for the first nine months was NOK 52.5 million (NOK 41.7 million loss).
- Cash and cash equivalents of NOK 182 million.
- Photocure hosted a symposium at the Congress of the Scandinavian Association of Urology and Urological Nurses on August 21. Excellent bladder images and possible benefits when using Hexvix in combination with blue-light flexible cystoscopes in the surveillance of bladder cancer patients in the out-patient setting were highlighted.

Key figures:

<i>Figures in NOK million</i>	3Q 2013	3Q 2012	Change	YTD 2013	YTD 2012	FY 2012
Sales revenues Hexvix / Cysview	18.0	17.8	1 %	53.4	48.4	67.5
Sales revenues API	0.1	2.4		0.7	7.0	7.6
Signing fee & milestone revenues	1.1	2.9	-62 %	3.2	31.1	58.7
Total revenues	19.2	23.0	-17 %	57.3	86.5	133.8
Gross profit	17.7	20.0	-11 %	52.4	78.8	124.4
Research and development expenses	8.5	13.1	-35 %	24.2	36.8	50.1
Sales and marketing expenses	15.4	20.9	-25 %	53.6	51.5	70.2
Operating result (EBIT) recurring	-14.9	-22.3		-52.5	-41.7	-39.2
Operating result incl. non-recurring	-14.8	-22.3		-56.5	-41.7	-39.2
Net profit/loss continued operations	-13.0	-20.7		-49.5	-35.8	-30.1
Earnings per share, diluted (NOK)	-0.62	-1.20		-2.34	-2.40	-2.24



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

"We are pleased to report continued customer demand for Hexvix/Cysview across all key markets. Sales in the Nordics are particularly encouraging as is the positive development in the increased number of blue light cystoscopes installed during the quarter in the US.

In addition, we have had positive feedback from leading urologists who have trialed Hexvix in combination with blue-light flexible cystoscopes in the surveillance of bladder cancer patients. The early experience and excellent bladder images highlight the possible benefits of using Hexvix in this segment."

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 select 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 and the Nordic region. Photocure has a strategic partnership with Ipsen for the commercialization of Hexvix in Europe, excluding the Nordic region.

Total sales revenues for Hexvix/Cysview were NOK 18.0 million (NOK 17.8 million) in the third quarter. Hexvix/Cysview continues to have underlying strong volume growth in the major markets as well as price increases; however, following the transfer of production to the new manufacturing site of Patheon in Q3 2012, Ipsen rebuilt inventory in Q3 2012, leading to an unfavourable comparison base. For the first nine

months sales revenues were NOK 53.4 million, an increase of 10% from previous year.

Photocure's own sales in the US and Nordic region grew by 29% to NOK 8.3 million in the third quarter, driven by in-market customer demand in all countries.

In the US, the revenue growth for the third quarter was 85% compared to 2012, driven by the addition of new equipment purchases, centers undergoing evaluations, volume growth as well as price increases. For the first nine months revenue growth was 84%.

Although the roll out of new blue light cystoscopes (BLC) in 2013 has been slower than anticipated, we have seen improvement in the third quarter with an increase of eight BLCs placed. This brings the total number either placed, under active evaluation or awaiting capital approval for purchase to 49.

The US Medicare reimbursement payments for drugs and procedures is annually reviewed by CMS (Centers for Medicare & Medicaid Services). In this year's draft proposal, CMS is proposing to create a new package category that Cysview would be included in. The code packages the drug into the overall procedure reimbursement, which gives the hospitals a weaker incentive to use Cysview. Photocure, the leading urology associations AUA, BCAN – as well as other key stakeholders and patient groups have provided comments to CMS to provide a separate payment for Cysview as they would for any other cancer drug, or that CMS should create a new payment classification for cystoscopy with an imaging agent. CMS will publish the final rules for 2014 later this year.

A negative ruling from CMS could negatively impact future outplacement of BLC's. However, we remain confident of achieving our target of 55-60 BLC's placed by year end.



Photocure's in-market unit sales in the Nordic region increased 9% in the third quarter and 8% for the first nine months.

Revenues were up 15% in the quarter and 16% year to date, driven by strong customer demand and price increases.

Double digit in-market unit sales growth has been achieved in Sweden, Finland and Norway in the first nine months. The unit growth is driven both by an increase in patients per BLC as well as an increase in number of BLCs installed.

Sweden is the country in the Nordic region where we see the largest untapped potential. In the third quarter, the volume sales to end users increased 46% and during the first nine months of 2013 the increase was 34%. Market share is estimated to be 35% across the region.

Photocure plans to implement price increases of approximately 5% in most Nordic markets, effective before year end. This may result in a movement of sales from first quarter 2014 to fourth quarter 2013, similar to what was experienced one year earlier.

In the third quarter Photocure hosted a symposium at the Congress of the Scandinavian Association of Urology and Urological Nurses. The symposium was entitled "Diagnosis and

management of non-muscle invasive bladder cancer: How to reach excellence". Three hospitals in the Nordics presented their initial experiences using Hexvix in combination with blue-light flexible cystoscopes in the surveillance of bladder cancer patients. The first experience in using Hexvix in an out-patient setting was positive and highlighted the possible benefit of using Hexvix in this segment. In addition, new long term data from the Danish Urology Center, Randers Regional Hospital, were presented. The long term retrospective data from approximately 400 bladder cancer patients showed that patients receiving Hexvix and one bladder instillation of Mitomycin C (intervention group) had 41% reduction in risk of recurrence with a median follow up time of 35 months compared to control group (p=0.0002). In addition, after two years follow up the recurrence free survival was 61% vs 39% in the control group.

Ipsen is Photocure's strategic partner for the commercialization of Hexvix in Europe. End user unit sales in the region were up 10% in the third quarter and 8% the first nine months compared to last year, with double digit volume growth in key markets. Revenue decreased 14% in the quarter, negatively impacted by the production transfer mentioned above. For the first nine months revenues were at level with last year.

Revenues from Hexvix/Cysview

Figures in NOK million	3Q 2013	3Q 2012	Change	YTD 2013	YTD 2012	FY 2012
Own sales	8.3	6.5	29 %	25.2	19.8	29.5
Revenues from partners	9.7	11.3	-14 %	28.3	28.5	37.9
Total revenue	18.0	17.8	1 %	53.4	48.4	67.4

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.

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.



Product pipeline

Progress in the clinical development programs

	Indication	Status
Visonac [®]	Treatment of moderate to severe acne	Phase 3 ready
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

Visonac is a novel patented photodynamic therapy under development in combination with Photocure's innovative full face red light lamp, Nedax[®], for treating the large unmet medical need in moderate to severe, inflammatory acne.

Visonac has successfully completed a phase 2b study that showed a statistically significant reduction in inflammatory lesions and overall improvement in acne severity. In addition, through the FDA Special Protocol Assessment (SPA) process, the design for a pivotal phase 3 clinical trial has been agreed.

Photocure is in discussions with potential partners for the further development and commercialization of Visonac.

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 retinoids, 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 under development for the treatment of oncogenic human papilloma virus (HPV) infection and pre-cancerous cervical abnormalities.

HPV is the most common sexually transmitted disease causing approx. 500,000 new cases of cervical cancer annually world-wide. CIN1 are 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.

In the second quarter, Photocure reported positive final results of the phase 2b study for Cevira in the treatment of HPV associated diseases of the cervix. Cevira showed a statistically significant and sustained lesion response and high HPV clearance in CIN2 patients. This was further supported by high clearance of HPV subtypes 16 and 18, which carry high oncogenic risk in the overall population.

Dr. Peter Hillemanns, Department of Gynecology and Obstetrics, University Hospital, Hannover, Germany, will be presenting the results of the phase 2b trial in a plenary session at the prestigious EUROGIN Congress in Florence on November 6.

Based on the positive results of the phase 2b trial, health economic models have been designed to evaluate the impact of Cevira on treating this large and underserved patient population. Cevira has the potential to deliver important cost savings to the healthcare system as compared to the current standard of care.

At the end of third quarter, Photocure submitted its application for Fast Track Designation for Cevira to FDA. The application is based on the significant medical benefit by Cevira on treatment of patients with CIN2 shown in the latest phase 2b study. A possible designation by FDA will show the importance of providing new treatment options to these patients in a timely manner. Photocure expects to have a response from FDA before end of 4Q 2013.

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

strategic partnership demonstrating Cevira's commercial potential, with regards to up-front-, milestone-, and royalty payments. Given the importance and time required to secure the best possible agreement, we do not expect this to be finalized in 2013.

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 an enema formulation is underway. Following successful completion of the enema formulation, Salix intends to proceed to explore orally administered test formulations. Plans are proceeding to open an Investigational New Drug application (IND) in the US.

Lumacan is being developed to increase the detection rate of polyps and colorectal 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 30 September 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 note 10 for further information and restatement specifications.

In third quarter the in-market volume growth of Hexvix/Cysview was 11%. Total revenues for the third quarter were NOK 19.2 million, a 17% decline from NOK 23.0 million recorded in third quarter last year. This was driven by lower sales of active pharmaceutical ingredients and lower milestone revenues in the quarter while product sales and royalties from Hexvix/Cysview increased 1% from last year to NOK 18.0 million. Total revenues for the first nine months declined 34% from last year due to lower milestone revenues as well as lower sales of active pharmaceutical ingredients.

Total operating costs excluding restructuring costs and net of other income amounted to NOK 32.6 million (NOK 42.3 million) in the third quarter. For the first nine months operating costs were NOK 104.9 million (NOK 120.6 million).

Year to date restructuring costs are NOK 4.0 million and relate to implemented headcount reductions and organizational changes. The changes reflect plans for the continued development of the product pipeline as well as a streamlining of the marketing support organization and administrative support.

Research and development (R&D) costs were NOK 8.5 million (NOK 13.1 million) in the third quarter. The primary R&D cost driver in the quarter has been work related to Cevira and Visonac. For the first nine months total R&D costs were NOK 24.2 million (NOK 36.8 million).

Marketing and sales costs decreased by 26% to NOK 15.4 million (NOK 20.9 million) in the third quarter compared to the same quarter last year. The decrease is mainly due to the finalization of the funding of the marketing activities with Ipsen. The commercial activities in the US were at level with same quarter last year. Year to date

marketing and sales spending was NOK 53.6 million (NOK 51.5 million).

Photocure had an operating loss of NOK 56.5 million (loss of NOK 41.7 million) after restructuring costs of NOK 4.0 million in the first nine months. The increase in loss is mainly driven by lower sales of active pharmaceutical ingredients and reduction in milestone revenues, partly offset by increased revenues from Hexvix/Cysview and reduced operating costs. Third quarter loss after restructuring costs was NOK 14.8 million.

Net financial items were NOK 6.9 million (NOK 5.9 million) in the first nine months.

Photocure recorded a net loss from continued operations of NOK 49.5 million (NOK loss of 35.8 million) in the first nine months. Discontinued operations include Allumera net operating result and restructuring costs related to the exit.

Photocure is the largest shareholder in PCI Biotech Holding ASA with 19.35% of the shares. The market value of the shareholding was NOK 28.9 million at 30 September 2013, resulting in a market value adjustment of negative NOK 17.8 million for the first nine months.

Cash and cash equivalents were NOK 182.2 million at 30 September 2013 compared to 302.8 million at 31 December 2012. The company has paid a dividend of NOK 42.5 million in the second quarter.

Shareholders' equity was NOK 271.8 million at 30 September 2013, an equity ratio of 91%. At the end of 2012, shareholders' equity was NOK 380.3 million (88%).

As of 30 September 2013, Photocure held 136,546 own shares.

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 establish partnerships to continue the momentum in its R&D pipeline.

Key to driving the 2013 sales is building upon the commercial partnership with Ipsen and strengthening Photocure's own marketing and sales organization for Cysview in the US. Photocure has invested 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 are

- establish future partnership for Cevira prior to initiation of phase 3 clinical development,
- progress the optimal development and commercialization route for Visonac
- 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 70-75 million on marketing and sales in 2013, less than original estimate of 75-85 million.



The Board of Directors and CEO
Photocure ASA

Oslo, 22 October 2013

Åse Aulie Michelet
Chairman

Jon Hindar

Mats Pettersson

Eva Steiness

Xavier Yon

Kjetil Hestdal
President and CEO



Photocure Group – Accounts for third quarter and first nine months 2013

Photocure Group – Statement of comprehensive income

	Note	2013 3Q	2012 3Q	2013 1.1-30.9	2012 1.1-30.9	2012 1.1-31.12
<i>(all amounts in NOK 1 000 except per share data)</i>						
Sales revenues		18 078	20 128	54 127	55 351	75 082
Signing fee and milestone revenues		1 094	2 864	3 169	31 144	58 741
Total revenues		19 172	22 993	57 296	86 495	133 823
Cost of goods sold		-1 462	-3 041	-4 903	-7 668	-9 405
Gross profit		17 710	19 952	52 393	78 827	124 418
Other income		197	550	826	1 652	2 242
Indirect manufacturing expenses	2	-1 317	-2 988	-5 196	-9 505	-12 337
Research and development expenses	2	-8 534	-13 061	-24 218	-36 799	-50 083
Marketing and sales expenses	2	-15 394	-20 881	-53 590	-51 510	-70 188
Business development and administrative expenses	2	-7 549	-5 918	-22 699	-24 393	-33 300
Operating profit/loss(-) recurring		-14 887	-22 346	-52 484	-41 728	-39 248
Restructure costs	3	89	0	-3 989	0	0
Operating profit/loss(-) incl. non-recurring		-14 798	-22 346	-56 473	-41 728	-39 248
Financial income		2 308	3 409	7 753	10 197	12 766
Financial expenses		-547	-1 749	-816	-4 317	-4 530
Net financial profit/loss(-)		1 761	1 660	6 937	5 880	8 236
Profit/loss(-) before tax		-13 036	-20 687	-49 535	-35 848	-31 012
Tax expenses		0	0	0	0	890
Net profit/loss(-) continued operations		-13 036	-20 687	-49 535	-35 848	-30 122
Discontinued operations	1	-155	-5 001	-259	-15 358	-17 778
Net profit/loss(-)		-13 191	-25 687	-49 794	-51 206	-47 900
Other comprehensive income	4	-2 889	-451	-17 885	-6 366	-11 356
Total comprehensive income		-16 080	-26 138	-67 679	-57 571	-59 256
Net profit/loss(-) per share, undiluted	5	-0,62	-1,21	-2,35	-2,41	-2,25
Net profit/loss(-) per share, diluted	5	-0,62	-1,20	-2,34	-2,40	-2,24

Photocure Group – Balance sheet

	Note	30.09.2013	30.09.2012	31.12.2012
<i>(Amounts in NOK 1 000)</i>				
Non-current assets				
Machinery & equipment		4 038	4 122	4 111
Other investments	6	46 601	84 412	59 951
Deferred tax asset		40 840	39 950	40 840
Total non-current assets		91 479	128 484	104 902
Current assets				
Inventory		10 006	10 425	9 826
Receivables		15 831	19 679	15 432
Cash & cash equivalents		182 224	273 865	302 818
Total current assets		208 060	303 968	328 077
Total assets		299 539	432 452	432 978
Equity and liabilities				
Equity				
Share capital	7	10 697	10 697	10 697
Other paid-in capital		74 628	70 651	71 197
Retained earnings		186 511	300 035	298 374
Shareholders' equity		271 836	381 383	380 268
Long-term liabilities				
Other non-current liabilities		2 173	1 460	1 621
Total long-term liabilities		2 173	1 460	1 621
Current liabilities		25 530	49 609	51 089
Total liabilities		27 703	51 070	52 710
Total equity and liabilities		299 539	432 452	432 978



Photocure Group – Changes in equity

	2013 3Q	2012 3Q	2013 1.1-30.9	2012 1.1-30.9	2012 1.1-31.12
<i>(Amounts in NOK 1 000)</i>					
Equity at beginning of period	286 873	407 388	380 268	439 337	439 337
Treasury shares, net change	490	-1 788	218	-6 115	-6 338
Share-based compensation (share options employees)	553	1 921	1 510	5 759	6 527
Dividend	0		-42 481		
Other items				-26	
Comprehensive income	-16 080	-26 138	-67 679	-57 571	-59 256
Equity at end of period	271 836	381 383	271 836	381 383	380 268

Photocure Group – Cash flow Statement

	2013 3Q	2012 3Q	2013 1.1-30.9	2012 1.1-30.9	2012 1.1-31.12
<i>(Amounts in NOK 1 000)</i>					
Profit/loss(-) before tax	-13 191	-25 687	-49 794	-51 206	-48 790
Depreciation and amortisation	347	385	1 056	1 137	1 535
Share-based compensation	554	1 922	1 510	5 759	6 527
Net interests	-1 519	-2 152	-5 843	-6 514	-8 901
Changes in working capital	482	7 349	-8 339	-2 895	3 430
Other operational items	-4 396	-6 672	-20 540	-28 715	-8 728
Net cash flow from operations	-17 724	-24 856	-81 951	-82 435	-54 928
Cash flow from investments	955	2 863	3 619	7 402	9 073
Cash flow from financing activities	489	-1 660	-42 263	-6 277	-6 500
Net change in cash during the period	-16 280	-23 652	-120 595	-81 310	-52 355
Cash & cash equivalents at beginning of period	198 503	297 517	302 818	355 174	355 173
Cash & cash equivalents at end of period	182 224	273 864	182 223	273 864	302 818

Photocure Group – Segment information

3Q 2013	Cancer				Dermatology			Total
	Own sales	Partner	R&D	Sum	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	8 332	9 685	-	18 017	60	-	60	18 077
Milestone revenues	0	-	-	0	1 094	-	1 094	1 094
Cost of goods sold	-415	-1 046	-	-1 461			0	-1 461
Gross profit	7 917	8 639	-	16 556	1 154	0	1 154	17 710
Gross profit of sales %	95 %	89 %		92 %				92 %
Operating expenses	-15 034	-4 693	-9 780	-29 508	-351	-2 738	-3 089	-32 597
Operating profit/loss (-) ctnd oper.	-7 118	3 946	-9 780	-12 952	803	-2 738	-1 935	-14 887

3Q 2012	Cancer				Dermatology			Total
	Own sales	Partner	R&D	Sum	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	6 478	11 657	-	18 135	1 993	-	1 993	20 128
Milestone revenues	0	0	-	0	2 864	-	2 864	2 864
Cost of goods sold	-570	-2 471	-	-3 041	0	-	0	-3 040
Gross profit	5 908	9 186	-	15 094	4 857	0	4 857	19 952
Gross profit of sales %	91 %	79 %		83 %	100 %		100 %	85 %
Operating expenses	-16 042	-8 630	-13 086	-37 758	-406	-4 135	-4 541	-42 299
Operating profit/loss (-) ctnd oper.	-10 134	556	-13 086	-22 663	4 451	-4 135	316	-22 346



1 Jan - 30 September 2013	Cancer				Dermatology			Total
	Own sales	Partner	R&D	Sum	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	25 158	28 908	-	54 066	60	-	60	54 126
Milestone revenues	0	-	-	0	3 169	-	3 169	3 169
Cost of goods sold	-1 324	-3 578	-	-4 902		-	0	-4 902
Gross profit	23 834	25 330	-	49 164	3 229	0	3 229	52 393
Gross profit of sales %	95 %	88 %		91 %				91 %
Operating expenses	-46 553	-20 878	-28 585	-96 016	-1 116	-7 751	-8 867	-104 883
Operating result recurring oper.	-22 719	4 452	-28 585	-46 852	2 113	-7 751	-5 638	-52 490

1 Jan - 30 September 2012	Cancer				Dermatology			Total
	Own sales	Partner	R&D	Sum	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	19 807	28 920	-	48 727	6 623	-	6 623	55 350
Milestone revenues	0	22 550	-	22 550	8 594	-	8 594	31 144
Cost of goods sold	-2 092	-5 562	-	-7 654	-14	-	-14	-7 667
Gross profit	17 715	45 908	-	63 623	15 203	0	15 203	78 827
Gross profit of sales %	89 %	81 %		84 %	100 %		100 %	86 %
Operating expenses	-40 337	-28 068	-40 134	-108 539	-1 283	-10 731	-12 014	-120 553
Operating profit/loss (-) ctnd oper.	-22 622	17 840	-40 134	-44 916	13 919	-10 731	3 188	-41 726

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 22 October 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 judgment, 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 judgment of the Group management.

In the process of applying the principles of accounting, the Group management has made the following judgments and estimates that are of significance for recognized 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 recognized as income when the conditions are achieved.
- In 2012 and through second quarter of 2013, Photocure has co-invested 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 have thus been recognized when incurred. These marketing and sales programs were finished at 30 June 2013.

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.

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 10.



Note 2 – Income statement classified by nature

	2013	2012	2013	2012	2012
<i>(Amounts in NOK 1 000)</i>	3Q	3Q	1.1-30.9	1.1-30.9	FY
Sales revenues	18 078	20 128	54 127	55 351	75 082
Signing fees and milestone revenues	1 094	2 864	3 169	31 144	58 741
Cost of goods sold	-1 462	-3 041	-4 903	-7 668	-9 405
Gross profit	17 710	19 952	52 393	78 827	124 418
Other income	197	550	826	1 652	2 242
Payroll expenses	-16 259	-20 529	-56 389	-54 299	-76 520
R&D costs excl. payroll expenses/other	-2 861	-5 701	-9 104	-18 080	-23 782
Ordinary depreciation and amortisation	-348	-385	-1 056	-1 160	-1 545
Other operating expenses	-13 326	-16 233	-39 154	-48 668	-64 061
Total operating revenue and operating expenses	-32 597	-42 298	-104 877	-120 555	-163 666
Operating result recurring	-14 887	-22 346	-52 484	-41 728	-39 248

Note 3 – Restructuring

Restructuring costs have been incurred with NOK 4.0 million in the second and third quarter and relates to implemented headcount reductions and organizational changes. Since year end a total of 10 employees have left the company. The changes are made possible by plans for the continued development of the product pipeline as well as a streamlining of the marketing support organization and administrative support.

Note 4 – Other comprehensive income

	2013	2012	2013	2012	2012
<i>(Amounts in NOK 1 000)</i>	3Q	3Q	1.1-30.9	1.1-30.9	FY
Market value adjustment PCI Biotech Ho	-2 670	-148	-17 800	-5 785	-10 828
Currency translation	-219	-303	-85	-581	-528
Total other comprehensive income	-2 889	-451	-17 885	-6 366	-11 356

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.

	Total	Continued	Total	Continued
<i>(Figures indicate the number of shares)</i>	09.30.2013	09.30.2013	12.31.2012	12.31.2012
Ordinary shares 1 January	21 393 301	21 393 301	21 393 301	21 393 301
Effect of treasury shares	-170 378	-170 378	-133 510	-133 510
Effect of share options exercised	0	0	0	0
Weighted average number of shares	21 222 923	21 222 923	21 259 791	21 259 791
Effect of outstanding share options	93 114	93 114	89 884	89 884
Weighted average number of diluted	21 316 038	21 316 038	21 349 675	21 349 675
Earnings per share in NOK	-2,35	-2,33	-2,25	-1,42
Earnings per share in NOK diluted	-2,34	-2,32	-2,24	-1,41



Note 6 – Other investments

<i>(Amounts in NOK 1 000)</i>	09.30.2013	09.30.2012	12.31.2012
Market value PCI Biotech Holding ASA	28 925	51 769	46 725
Booked part of remainig settlement from sale of Metvix/Aktelite	17 676	32 643	13 226
Total other investments	46 601	84 412	59 951

Note 7 – Fair value

The table below analyses financial assets recognized in the balance sheet at fair value according to the valuation method.

The different levels have been defined as follows:

Level 1: Noted prices in active markets for corresponding assets or liabilities

Level 2: Available value measurements other than the noted prices classified as Level 1, either directly observable in the form of agreed prices or indirectly as derived from the price of equivalent.

Level 3: Value measurements of assets or liabilities that are not based on observed market values

<i>(Amounts in NOK 1 000)</i>	Level 1	Level 2	Level 3	Total
Market value hierarchy				
Financial assets available for sale:				
- Shares in PCI Biotech Holding ASA	28 925			28 925
- Money market funds	164 619			164 619
Total	193 544	0	0	193 544



Note 8 – 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 September 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	-141 709	NOK 0.50	-70 855
Holdings of treasury shares at 30 September 2013	136 546		68 273

The table below indicates the status of authorisations at 30 September 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 22 May	2 139 330	2 139 330	800 000
Share issues after the General Meeting on 22 May 2013		0	0
Purchase of treasury shares	0		
Remaining under authorisations at 30 September 2013	2 139 330	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 September 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	
Kjetil Hestdal	President and CEO	62 873	160 000
Ambaw Bellete	Head, US Cancer Commercial Operations	-	15 300
Erik Dahl	Chief Financial Officer	-	30 000
Kathleen Deardorff	Chief Operating Officer	-	95 295
Inger Ferner Heglund	Vice President Research and Development	8 200	105 080
Grete Hogstad	Vice President Strategic Marketing	10 500	76 400
Espen Njåstein	Head, Nordic Cancer Commercial Operations	-	16 350
Gry Stensrud	Vice President Technical Development & Ope	6	68 350



Note 9 – Share options

At 30 September 2013, employees in Photocure had the following share option schemes:

Year of allocation	2012/2013	2012	2011	2010	2009
Option programme	2012	2011	2010-I	2009	2008
Number	338 893	322 569	273 425	78 750	63 570
Exercise price (NOK)	38,50	48,75	42,00	18,30	30,00
Date of expiry (31 December)	2017	2016	2015	2014	2013

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

	30.09.2013		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	346 649	38,50	351 219	49,87
Become invalid during the year	178 525	40,35	155 812	42,70
Exercised during the year	141 709	28,57	119 709	23,62
Expired during the year	-	-	-	-
Outstanding at end of period	1 077 207	40,48	1 050 792	41,54
Exercisable options at end of period	743 755	39,89	672 491	37,44

Average exercise price for allocated, invalid, outstanding and exercisable options are all adjusted for paid dividend of NOK 2.00 in 2013.



Note 10 – 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.

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



Note 11 – Shareholders

Overview of the major shareholders at 30 September 2013:

Shareholder	Account		No of shares	%
	type	Citizen		
RADIUMHOSPITALET'S FORSKNINGSSTIFTELSE		NOR	3 029 000	14,16 %
J.P. MORGAN CHASE BANK NORDEA TREATY ACCOUNT	NOM	GBR	1 957 334	9,15 %
FONDSFINANS SPAR		NOR	1 500 000	7,01 %
GEZINA AS		NOR	1 193 571	5,58 %
KLP AKSJE NORGE VPF		NOR	930 000	4,35 %
SKAGEN VEKST		NOR	920 401	4,30 %
KOMMUNAL LANDSPENSJONSKASSE		NOR	890 000	4,16 %
ODIN NORGE		NOR	798 435	3,73 %
MP PENSJON PK		NOR	500 000	2,34 %
DANSKE INVEST NORSKE C/O DANSKE CAPITAL		NOR	421 807	1,97 %
DANSKE INVEST NORSKE		NOR	368 824	1,72 %
VICAMA AS		NOR	345 384	1,61 %
BERGEN KOMMUNALE PENSJONSKASSE		NOR	300 000	1,40 %
VERDIPAPIRFONDET DNB		NOR	265 975	1,24 %
VERDIPAPIRFONDET DNB		NOR	262 915	1,23 %
MYNA AS		NOR	248 100	1,16 %
HOLBERG NORGE VERDIPAPIRFONDET		NOR	205 390	0,96 %
ARENDALS FOSSEKOMPANI		NOR	200 000	0,93 %
TERRA NORGE VPF		NOR	195 021	0,91 %
EGELAND HOLDING AS		NOR	161 000	0,75 %
Total 20 largest shareholders			14 693 157	68,68 %
Total other shareholders			6 700 144	31,32 %
Total number of shares			21 393 301	100,00 %

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