



Results for fourth quarter and full year 2014

Photocure

*Photocure Technology™
is effective and precise.
The unique selectivity
makes targeted, minimally
invasive approaches to
early diagnosis and
treatment possible.*



11 February 2015

Highlights for fourth quarter and full year 2014

(Numbers in brackets are for the corresponding period in 2013)

- Hexvix/Cysview global in-market sales growth of 11% in the quarter to NOK 49 million and 19% for the full year to NOK 180 million. Full year unit growth at 10%, in line with guidance
- Total sales revenues of Hexvix/Cysview increased 1% in the fourth quarter and 18% for the full year to NOK 24.8 million and NOK 92.0 million, respectively
- Hexvix/Cysview franchise full year operating profit at NOK 10.4 million, up NOK 26.5 million from last year
- Commitment to start phase 3 post marketing commitment trial in 2015 capturing the substantial bladder cancer surveillance market
- Significant improvement of financial performance - full year net result before tax at NOK 1.5 million compared to a net loss of NOK 66.9 million in 2013
- Cash and cash equivalents of NOK 165 million as of 31 December 2014
- In a retrospective study, published in *World Journal of Urology*, Hexvix fluorescence-guided bladder resection significantly improved overall survival and recurrence free survival compared to resection performed with standard white light
- Successful end of Phase 2 meeting with the US FDA confirmed that the Cevira Phase 2 data supports the proposed Phase 3 program

Key figures:

Figures in NOK million	4Q 2014	4Q 2013	Change	FY 2014	FY 2013	Change
Sales revenues Hexvix / Cysview	24.8	24.5	1 %	92.0	77.9	18 %
Sales revenues API	0.0	0.7		1.6	1.4	
Signing fee & milestone revenues	1.2	1.1		35.4	4.3	
Total revenues	26.0	26.3	-1 %	129.0	83.6	54 %
Gross profit	24.1	24.4	-1 %	122.0	76.8	59 %
Research and development expenses	9.6	9.8	-2 %	32.6	34.0	-4 %
Sales and marketing expenses	13.9	14.8	-6 %	54.5	68.4	-20 %
Operating result excl. restructuring & one-off	-10.0	-10.5		-5.6	-63.0	
Operating result incl. non-recurring	-10.0	-19.1		-5.6	-75.5	
Net profit/loss before tax	-5.4	-17.3		1.5	-66.9	
Earnings per share, diluted (NOK)	-1.10	-0.43		-0.77	-2.78	

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

“One of Photocure’s key objectives in 2014 was to strengthen the Company’s financial performance. With increased sales of Hexvix/Cysview of 18%, the Salix termination payment and our focus on cost reduction we have successfully achieved this and are pleased to report break even net result before tax for the full year.

Furthermore, we have had a successful dialogue with the FDA and Cevira is now Phase 3 ready in the US. We also recently reported data demonstrating that Hexvix guided resection can significantly improve overall survival and recurrence free survival in bladder cancer compared to standard white light. Looking ahead, we will continue to pursue strategic partnerships for both Cevira and Visonac and are excited about our plans to expand the use of Hexvix into the bladder cancer surveillance market. A phase 3 post-marketing commitment trial also addressing this important market segment is expected to start during 2015.”

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.

Commercial products

Hexvix®/Cysview® – profitable growth

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

Global in-market sales of Hexvix/Cysview continued to grow at double digit rates, and were up 11% to NOK 49 million in the fourth quarter. Full year growth was 19% to NOK 180 million. Global in-market unit sales for the full year increased 10% compared to 2013, in line with guidance for the year.

Total sales revenues for Hexvix/Cysview increased 1% to NOK 24.8 million (NOK 24.5 million) in the fourth quarter. Growth was impacted by a difficult comparison with the prior year which benefited in part from the timing of supply to our partner. Hexvix/Cysview continued to experience strong underlying customer demand as shown by 10% volume growth globally. Furthermore, full year revenue growth was positively impacted by price increases and foreign exchange rates.

Photocure's own sales in the US and Nordic region increased 13% to NOK 14.6 million in the fourth quarter and 20% for the full year to NOK 45.7 million.

Nordic revenues in the fourth quarter increased 2% compared to last year. Growth was affected by a lower seasonality impact than that observed in during the fourth quarter in prior years. Full year revenue growth was 12%, driven by customer demand and price increases.

Photocure's in-market unit sales in the Nordic region decreased 1% in the fourth quarter due to a lower seasonality impact, though increased 5% for the full year. Sweden, the key growth area in Nordic, continued to develop positively, posting high double-digit growth in unit sales for the full year. Overall Hexvix market share for the region is 39%.

In the US, fourth quarter revenue increased 60% compared to the same period last year, driven by volume growth, price increases and positive foreign exchange benefit (7%). Full year revenue increased 49% to NOK 12.3 million. Unit sales increased 36% in the fourth quarter and 33% for the full year.

Although the reimbursement hurdle in the US continued throughout 2014, more centers have appreciated and adopted the clinical and health economic benefits of Cysview. The total number of permanent blue light cystoscopes (BLCs) installed at leading US hospitals/urology centers has continued to increase, to a total of 51 at the end of 2014, compared to 36 at the end of 2013.

End user unit sales by Ipsen increased 3% in the fourth quarter. Full year end user unit sales increased 10%, driven mainly by increases in Germany, France and Austria.

Partner revenue decreased 12% in the fourth quarter driven predominantly by the timing of supply to our partner in the fourth quarter 2013. Full year partner revenue increased 16% as a result of customer demand as well as 7% foreign currency exchange impact.

Hexvix®/Cysview® – growth opportunities

In the US, Photocure continues to work closely with key stakeholders to secure a long-term sustainable solution for Cysview reimbursement. A major milestone for the supporters of bladder cancer patients was achieved during 2014 when a new bill to secure US senior cancer patient access to state of the art treatment using up to date technology, including Cysview, was introduced in June. The bill was not acted upon by the Congress before the year-end recess. Photocure will continue its work to obtain reimbursement for



Cysview in the US, and for the passage of the bill in 2015.

An expansion of the use of Hexvix/Cysview into the flexible surveillance patient segment will open a market segment which is estimated to be 2-3 times the size of the current TURB/OR segment.

Following positive early clinical experience with flexible cystoscopes in 2014, Photocure will initiate a phase 3 clinical study with 360 patients for examining improved detection rates of Cysview blue light cystoscopy vs white light cystoscopy. The study design is in alignment with FDA to obtain label extension and fulfill the Cysview post marketing commitments.

Patient recruitment is planned to start 3Q 2015, with final results expected in 2017 and possible approval in 2018. In addition to the registration study Photocure will generate additional clinical data by supporting Investigator Initiated Trials.

In January 2015 a study on the impact of Hexvix on survival in bladder cancer patients was published in the *World Journal of Urology*. The study investigated the impact of photodynamic diagnosis guided bladder tumor resection, including that guided by Hexvix. The findings from this retrospective study of 224 patients demonstrate for the first time that Hexvix guided TUR-BT in bladder cancer patients, who later progressed to requiring radical cystectomy, significantly increased the three year overall survival rate (p=0.037) and the median three year recurrence free survival rate (p=0.002) compared to patients in the comparator group.

In January 2015 Photocure received the marketing approval for Cysview from Health Canada. Photocure evaluating potential commercial partners for a partnership in Canada.

Revenues from Hexvix/Cysview

Figures in NOK million	4Q 2014	4Q 2013	Change	FY 2014	FY 2013	Change
Total own sales Nordic	10.9	10.6	2 %	33.4	29.9	12 %
Total own sales US	3.8	2.4	60 %	12.3	8.2	49 %
Revenues from partners	10.1	11.5	-12 %	46.3	39.8	16 %
Total revenue	24.8	24.5	1 %	92.0	77.9	18 %

Hexvix/Cysview (hexaminolevulinate hydrochloride) is an innovative breakthrough technology in the diagnosis and management of non-muscle invasive bladder cancer. It is designed to selectively target malignant cells in the bladder and induce fluorescence during a cystoscopic procedure using a blue light enabled cystoscope. Using Hexvix/Cysview as an adjunct to standard white-light cystoscopy enables the urologist to better detect and remove lesions, leading to a reduced risk of recurrence. Hexvix/Cysview is approved in Europe and US.

Bladder cancer has a high incidence, and is the fourth most common type of cancer in males in the US. An estimated 75,000 new cases will be diagnosed with cancer of the bladder in 2014, with an estimated 15,600 people dying from the disease, according to the American Cancer Society. In Europe bladder cancer is the fifth most common cancer with an estimated 167 000 newly diagnosed cases and 59 000 deaths due to the

disease in 2012 (Witjes JA et al., Eur Urol 2014). If bladder cancer is detected at an early stage, management and outcome for the patient is improved.

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 ready
Lumacan®	Detection of colorectal cancer	Phase 1/2



Visonac® – treatment of moderate to severe acne

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

Photocure's strategy is to establish a strategic partnership for Visonac for further development and commercialization. Discussions with companies that are leaders in dermatology took place during 2014 and will continue in 2015.

Research from GlobalData cites Visonac as one of the most highly anticipated introductions in the acne therapeutics market¹.

Visonac 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 and approval of the European Pediatric Investigational Plan, the design and analysis for the global pivotal phase 3 registration program has been secured.

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 USD 900 million 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.

Photocure has consulted key regulatory agencies in both the US and EU to agree the design and target patient population for the pivotal phase 3 registration program. Discussions with Health Authorities in key European markets have been completed and support has been achieved to continue with the proposed phase 3 program, targeting women with HSIL (CIN2) as the first indication.

Following the discussions with the US FDA last year, Photocure has completed a re-analysis of the clinical data in accordance with the recently published diagnostic consensus classification system and guidance provided by FDA. The re-analysis demonstrated that Cevira provides improved treatment efficacy compared to placebo among patients with cervical high grade lesions (HSIL).

Photocure discussed the results, including target population and statistical sample size, in the end of phase 2 meeting with FDA in December 2014. The conclusion of the meeting confirmed that the phase 2 data supports the proposed phase 3 program, and are sufficiently robust to continue the development of Cevira.

Following the positive outcome of the meeting with the FDA, Photocure plans to submit the proposed phase 3 protocol for a detailed Special Protocol Assessment Review (SPAR) to the FDA in the first half of 2015.

Cevira has the potential to treat HPV induced cervical high grade disease and prevent the development of cervical cancer which affects more than 500 000 women annually. Photocure will continue discussions with leading companies in women's healthcare to secure a strategic partnership to support the phase 3 development and commercialization of Cevira.

¹ <http://healthcare.globaldata.com/media-center/press-releases/pharmaceuticals/novel-product-launches-to-reinvigorate-acne-treatment-market-by-2018-says-globaldata>

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

Following the proposed merger agreement between Salix and Cosmo Pharmaceuticals S.p.A announced in July 2014, Photocure and Salix agreed to terminate the 2010 global licensing agreement for Lumacan. Photocure received a payment of USD 5 million from Salix in the third quarter and has regained the global rights, all technical data and all intellectual property to Lumacan.

Photocure has evaluated the clinical data, competitive landscape, pricing and reimbursement scenarios to determine the optimal way forward for Lumacan. Photocure has decided not to pursue additional clinical trials or efforts to out-license Lumacan at this time, but will continue to monitor market dynamics to potentially identify a future application for Lumacan.

Financial review

(Numbers in brackets are for the corresponding period in 2013).

Group performance in 2014 was positive, with continued strong growth in revenues from Hexvix/Cysview combined with reduced operating costs.

Total revenues in the fourth quarter were NOK 26.0 million, in line with the same quarter last year (NOK 26.3 million). Full year revenues were NOK 129.0 million, an increase of 54% from 2013. This increase was driven by continued market penetration of Hexvix/Cysview and a one-off termination payment of USD 5 million from Salix. Excluding this payment, revenues were up 17% to NOK 98.2 million.

Total Hexvix/Cysview sales revenues for the fourth quarter were NOK 24.8 million, an increase of 1% from NOK 24.5 million fourth quarter 2013. The fourth quarter growth rate was negatively impacted by lower seasonality impact in the Nordic region and timing of supply to Ipsen compared to the

same period in 2013. Full year in-market unit sales growth was 10% and growth in sales revenues was 18% to NOK 92.0 million. Changes in currency exchange rates accounted for approximately 6% of sales revenue growth in 2014.

Fourth quarter operating costs were 22% below operating costs in fourth quarter 2013. Excluding one-off expenses relating to payment to Galderma for Visonac in 2013, the decline was 2%. Total operating costs net of other income amounted to NOK 34.1 million (NOK 43.8 million) in the fourth quarter. Full year operating costs were NOK 127.6 million, a reduction of 9% from 2013 before restructuring costs and one-off items.

MNOK	FY '14	FY '13	Change
Research & Development	32,6	32,4	1 %
Sales & Marketing	54,5	68,4	-20 %
Other Opex	40,5	39,0	4 %
Operating expenses	127,6	139,8	-9 %
Restructuring	0,0	3,7	
One-Off items	0,0	8,9	
Total	127,5	152,3	-16 %

Fourth quarter research and development (R&D) costs were NOK 9.6 million (NOK 9.0 million). The R&D costs relate to patent protection and regulatory work as well as the development of the current pipeline. The primary development activity in the fourth quarter and year to date has been work related to the re-analysis of the phase 2b Cevira data, per the request of the FDA. Full year R&D costs were in line with last year (NOK 32.6 million, versus NOK 32.4 million in 2013).

Marketing and sales costs decreased 6% to NOK 13.9 million (NOK 14.8 million) in the fourth quarter compared to last year, mostly driven by reduced costs related to commercial activities in the US. Cost for the full year was NOK 54.5 million, a reduction of 20% from 2013 (NOK 68.4 million). The full year decrease in costs is mainly due to completion of the contractual co-funding arrangement of the marketing activities with Ipsen as well as reduced costs related to commercial activities in the US which were capped pending progress with reimbursement.

Operating loss before restructuring and one-off items was at NOK 10.0 million for the quarter, an improvement from NOK -10.5 million last year. Full year operating loss was NOK 5.6 million compared to loss of NOK 63.0 million in 2013, before restructuring and one-off items.

Net financial items were NOK 4.6 million (NOK 1.8 million) in the fourth quarter, mainly driven by foreign exchange gains, and NOK 7.2 million (NOK 8.7 million) for the full year.

Photocure recorded a net profit before tax from continued operations of NOK 1.5 million for the full year, an improvement of NOK 68.4 million from last year (loss of NOK 66.9 million). Fourth quarter improvement from last year was NOK 12.0 million to a NOK -5.4 million.

Tax expenses of NOK 18.0 million for the fourth quarter and full year reflects reduction in deferred tax assets at the end of the year. The parent company had a profit before tax in 2014 of NOK 66.5 million to be utilized by the tax loss carried forward.

Photocure was at year end the largest shareholder in PCI Biotech Holding ASA with 19.20% of the shares. The market value of the shareholding was NOK 16.6 million at 31 December 2014, resulting in a negative market value adjustment of NOK 16.1 million for the year and negative NOK 15.3 for the fourth quarter.

Cash and cash equivalents were NOK 165 million at 31 December 2014, level with the cash balance at 31 December 2013. Fourth quarter net change in cash was negative NOK 1.6 million compared to last year negative NOK 15.0 million. Full year net change in cash was negative NOK 2.0 million, compared to negative NOK 135.6 in 2013.

Shareholders' equity was NOK 240 million at 31 December 2014, an equity ratio of 89%. At the end of 2013, shareholders' equity was NOK 269 million (89%).

As of 31 December 2014, Photocure held 35,476 own shares.

Subsequent events

The extraordinary general meeting in PCI Biotech Holding ASA held on 6 January 2015 resolved to conduct a rights issue of 7 million shares in the company at a subscription price of NOK 10.00 per offer share. As shareholder in PCI Biotech Holding ASA Photocure received 1,343,905 tradable subscription rights. These subscription rights were sold 21 January 2015 at a price NOK 1.00 per subscription right. After the issue of 7 million shares Photocure will hold 10.07% of the shares in PCI Biotech Holding ASA.

Risks and uncertainty factors for 2015

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 2015 are associated with market development for Hexvix/Cysview, progress of out-licensing activities, 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 2013.

Outlook

Photocure expects revenues to continue to grow in 2015 driven by increased in-market unit sales of Hexvix/Cysview of minimum 10%.

Photocure has through the Hexvix/Cysview franchise built considerable experience in the urology sector. The Company will in 2015 explore strategic alternatives to capitalize on its strength in the sector, and expand the Hexvix/Cysview franchise into the bladder cancer surveillance market with the initiation of a phase 3 post-marketing commitment trial. The Company expects this trial to cost USD 8.5 million over 3 years, of which an estimated USD 2.5 million (NOK 19 million) will be invested in 2015.

Operating expenses are expected to increase moderately due to increased sales and marketing activities supporting increased revenues and activities in the surveillance market.

Photocure is committed to establishing strategic partnerships for its pipeline products and to securing regulatory pathways to market access. The Company plans to submit the proposed phase 3 protocol for Cevira for a detailed Special Protocol Assessment Review (SPAR) to the FDA in the first half of 2015.



The Board of Directors and CEO
Photocure ASA

Oslo, 11 February 2015

Bente-Lill B Romøren
Chairman

Synne H. Røine

Mats Pettersson

Xavier Yon

Kjetil Hestdal
President and CEO

Photocure Group – Accounts for fourth quarter and full year 2014

Photocure Group – Statement of comprehensive income

<i>(all amounts in NOK 1 000 except per share data)</i>	Note	2014 4Q	2013 4Q	2014 1.1-31.12	2013 1.1-31.12
Sales revenues		24 771	25 180	93 586	79 307
Signing fee and milestone revenues		1 186	1 140	35 366	4 309
Total revenues		25 957	26 320	128 951	83 616
Cost of goods sold		-1 821	-1 926	-6 996	-6 829
Gross profit		24 135	24 394	121 955	76 787
Other income		-	765	-	1 591
Indirect manufacturing expenses	2	-3 197	-2 555	-9 187	-7 751
Research and development expenses	2	-9 562	-9 758	-32 554	-33 976
Marketing and sales expenses	2	-13 932	-14 828	-54 561	-68 418
Business development and administrative exp.	2	-7 474	-17 380	-31 284	-40 079
Operating profit/loss(-) recurring		-10 030	-19 362	-5 631	-71 846
Restructuring costs	3	-	295	-	-3 694
Operating profit/loss(-) incl. non-recurring		-10 030	-19 067	-5 631	-75 540
Financial income		5 189	2 366	9 787	10 119
Financial expenses		-543	-615	-2 630	-1 431
Net financial profit/loss(-)		4 646	1 751	7 157	8 688
Profit/loss(-) before tax		-5 384	-17 317	1 526	-66 852
Tax expenses	4	-18 047	8 204	-18 047	8 204
Net profit/loss(-) continued operations		-23 431	-9 113	-16 520	-58 648
Discontinued operations	3	-	-43	-	-302
Net profit/loss(-)		-23 431	-9 156	-16 520	-58 950
Other comprehensive income	5	-14 915	3 870	-15 573	-14 015
Total comprehensive income		-38 346	-5 286	-32 093	-72 966
Net profit/loss(-) per share, undiluted	6	-1,10	-0,43	-0,77	-2,78
Net profit/loss(-) per share, diluted	6	-1,10	-0,43	-0,77	-2,78

Photocure Group – Balance sheet

<i>(Amounts in NOK 1 000)</i>	Note	31.12.2014	31.12.2013
Non-current assets			
Machinery & equipment		3 094	3 681
Other investments	7, 8	42 355	51 969
Deferred tax asset	4	31 063	49 109
Total non-current assets		76 512	104 759
Current assets			
Inventory		13 237	12 624
Receivables		15 585	17 085
Cash & cash equivalents	7	165 245	167 258
Total current assets		194 067	196 967
Total assets		270 579	301 726
Equity and liabilities			
Equity			
Share capital	9	10 697	10 697
Other paid-in capital		37 801	34 777
Retained earnings		191 560	223 649
Shareholders' equity		240 058	269 123
Long-term liabilities			
Other non-current liabilities		3 055	2 296
Total long-term liabilities		3 055	2 296
Current liabilities		27 466	30 307
Total liabilities		30 521	32 603
Total equity and liabilities		270 579	301 726

Photocure Group – Changes in equity

	2014	2013	2014	2013
<i>(Amounts in NOK 1 000)</i>	4Q	4Q	1.1-31.12	1.1-31.12
Equity at beginning of period	277 253	271 836	269 123	380 268
Treasury shares, net change	686	1 907	686	2 125
Share-based compensation (share options employees)	464	666	2 343	2 177
Dividend	-	-	-	-42 481
Other items	-	-	-	-
Comprehensive income	-38 346	-5 286	-32 093	-72 966
Equity at end of period	240 058	269 123	240 058	269 123

Photocure Group – Cash flow Statement

	2014	2013	2014	2013
<i>(Amounts in NOK 1 000)</i>	4Q	4Q	1.1-31.12	1.1-31.12
Profit/loss(-) before tax	-5 384	-17 360	1 526	-67 154
Depreciation and amortisation	372	404	1 469	1 460
Share-based compensation	465	666	2 343	2 176
Net interests	-3 062	-1 519	-6 018	-7 362
Changes in working capital	5 304	1 339	-497	-7 000
Other operational items	-562	-1 302	-4 911	-21 842
Net cash flow from operations	-2 868	-17 771	-6 089	-99 722
Cash flow from investments	577	899	3 390	4 518
Cash flow from financing activities	686	1 907	686	-40 356
Net change in cash during the period	-1 605	-14 965	-2 013	-135 560
Cash & cash equivalents at beginning of period	166 850	182 224	167 258	302 819
Cash & cash equivalents at end of period	165 245	167 258	165 245	167 258

Photocure Group – Segment information

1 Jan - 31 Desember 2014	Cancer				Dermatology			Total
	Own sales	Partner	R&D	Sum	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	45 693	46 320		92 014	1 572		1 572	93 585
Milestone revenues	0	-	30 754	30 754	4 612		4 612	35 366
Cost of goods sold	-2 175	-4 821		-6 996			0	-6 996
Gross profit	43 519	41 499	30 754	115 772	6 184	0	6 184	121 955
Gross profit of sales %	95 %	90 %		92 %				93 %
Operating expenses	-57 068	-17 545	-42 235	-116 848	-846	-9 894	-10 740	-127 588
Operating profit/loss (-) recurring	-13 549	23 955	-11 482	-1 076	5 338	-9 894	-4 556	-5 632

1 Jan - 31 Desember 2013	Cancer				Dermatology			Total
	Own sales	Partner	R&D	Sum	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	38 134	40 430	-	78 564	743	-	743	79 307
Milestone revenues	0	-	-	0	4 309	-	4 309	4 309
Cost of goods sold	-2 411	-4 418	-	-6 829			0	-6 829
Gross profit	35 723	36 012	-	71 734	5 052	0	5 052	76 786
Gross profit of sales %	94 %	89 %		91 %				91 %
Operating expenses	-62 096	-25 735	-39 325	-127 156	-10 628	-10 849	-21 476	-148 633
Operating profit/loss (-) ctnd oper.	-26 373	10 276	-39 325	-55 422	-5 576	-10 849	-16 424	-71 846

Q4 2014	Cancer				Dermatology			Total
	Own sales	Partner	R&D	Sum	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	14 649	10 121		24 770	0		0	24 770
Milestone revenues	0	-	0	0	1 186		1 186	1 186
Cost of goods sold	-671	-1 150		-1 821			0	-1 821
Gross profit	13 978	8 972	0	22 950	1 186	0	1 186	24 136
Gross profit of sales %	95 %	89 %		93 %				93 %
Operating expenses	-14 077	-5 040	-11 199	-30 316	-213	-3 639	-3 852	-34 167
Operating profit/loss (-) recurring	-99	3 932	-11 199	-7 366	973	-3 639	-2 666	-10 031

Q4 2013	Cancer				Dermatology			Total
	Own sales	Partner	R&D	Sum	Partner	R&D	Sum	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	12 976	11 521	-	24 496	683	-	683	25 180
Milestone revenues	0	-	-	0	1 140	-	1 140	1 140
Cost of goods sold	-1 087	-839	-	-1 926			0	-1 926
Gross profit	11 889	10 681	-	22 570	1 823	0	1 823	24 393
Gross profit of sales %	92 %	93 %		92 %				92 %
Operating expenses	-15 543	-4 857	-10 740	-31 140	-9 516	-3 098	-12 614	-43 754
Operating profit/loss (-) ctnd oper.	-3 654	5 824	-10 740	-8 570	-7 694	-3 098	-10 791	-19 362

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 Hoffsvveien 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 2013 (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 11 February 2015.

Photocure has Norwegian kroner (NOK) 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 2014 did not have any significant impact on the reporting in 2014. 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 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.

Note 2 – Income statement classified by nature

	2014	2013	2014	2013
	4Q	4Q	1.1-31.12	1.1-31.12
<i>(Amounts in NOK 1 000)</i>				
Sales revenues	24 771	25 180	93 586	79 307
Signing fees and milestone revenues	1 186	1 140	35 366	4 309
Cost of goods sold	-1 821	-1 926	-6 996	-6 829
Gross profit	24 135	24 394	121 955	76 787
Other income	-	765	-	1 591
Payroll expenses	-19 274	-16 999	-73 008	-73 388
R&D costs excl. payroll expenses/other operating exp.	-4 721	-6 625	-15 197	-15 729
Ordinary depreciation and amortisation	-372	-404	-1 469	-1 460
Other operating expenses	-9 798	-20 493	-37 912	-59 647
Total operating expenses	-34 165	-43 756	-127 586	-148 633
Operating result recurring	-10 030	-19 362	-5 631	-71 846

Note 3 – Restructuring and discontinued operations

Restructuring costs have been incurred with NOK 3.7 million in 2013 and relates to implemented headcount reductions and organizational changes. The costs incurred in this process are reported as non-recurring restructuring costs from Q2 in 2013.

The results of the Allumera segment is restated as discontinued operations in the 2013 quarterly financial statements according to IFRS 5.

Note 4 – Tax

	2014	2013
<i>(Amounts in NOK 1 000)</i>	1.1-31.12	1.1-31.12
Income tax expense		
Tax payable		65
Changes in deferred tax	18 047	-8 269
Total income tax expense	18 047	-8 204
Tax base calculation		
Profit before income tax	1 527	-67 154
Permanent differences	2 743	-1 922
Temporary differences	-3 704	18 223
Utilisation of tax loss carried forward	-63 496	
Increase tax loss carried forward	62 930	50 853
Tax base	0	0
Temporary differences	-126 711	-123 007
Tax loss carried forward	407 467	413 941
Net temporary differences	280 756	290 934
Write down of deferred tax benefit	-165 710	-109 034
Deferred tax benefit	115 046	181 900
Deferred tax asset	31 063	49 109

The Company has recognized a deferred tax asset regarding net temporary differences in the parent company in Norway, but not for the subsidiary Photocure Inc. The parent company has a profit before tax in 2014 of NOK 66.5 million to be utilized by the tax loss carried forward in Norway. The deferred tax asset is of this reason decreased by NOK 18.0 million as of 31 December 2014 to NOK 31.1 million. The basis for the recognition is the assessment that it is more-likely-than-not that the deferred tax benefit will be utilized. There is no expiry on losses to be carried forward in Norway while it expires after 20 years in US.

Note 5 – Other comprehensive income

	2014	2013	2014	2013
<i>(Amounts in NOK 1 000)</i>	4Q	4Q	1.1-31.12	1.1-31.12
Market value adjustment PCI Biotech Holding ASA	-15 323	3 708	-16 064	-14 092
Currency translation	408	161	491	76
Total other comprehensive income	-14 915	3 870	-15 573	-14 015

Items may be subsequently reclassified to profit or loss.

Note 6 – Earnings per share

Earnings per share (EPS) are calculated on the basis of the profit/loss for the year after tax excluding other comprehensive items. The result is divided by 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.

Continued operations
(Figures indicate the number of shares)

	12.31.2014	12.31.2013
Ordinary shares 1 January	21 393 301	21 393 301
Effect of treasury shares	-72 154	-152 619
Effect of share options exercised	-	-
Weighted average number of shares	21 321 147	21 240 682
Effect of outstanding share options	15 618	61 074
Weighted average number of diluted shares	21 336 765	21 301 756
Earnings per share in NOK	-0,77	-2,78
Earnings per share in NOK diluted	-0,77	-2,78

Note 7 – Other investments
(Amounts in NOK 1 000)

	12.31.2014	12.31.2013
Market value PCI Biotech Holding ASA	16 569	32 633
Booked part of remaining settlement from sale of Metvix/Aktelite	25 786	19 336
Total other investments	42 355	51 969

Note 8 – 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

Market value hierarchy
(Amounts in NOK 1 000)

	Level 1	Level 2	Level 3	Total
Financial assets available for sale:				
- Shares in PCI Biotech Holding ASA	16 569	-	-	16 569
- Money market funds	143 368	-	-	143 368
Total	159 937	-	-	159 937

Note 9 – 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 December 2014	21 393 301	NOK 0.50	10 696 651
Share capital at 31 December 2013	21 393 301	NOK 0.50	10 696 651
Treasury shares:			
Holdings of treasury shares at 31 December 2013	72 976		36 488
Buy-back of treasury shares	-	NOK 0.50	-
Share option exercise	-37 500	NOK 0.50	-18 750
Holdings of treasury shares at 31 December 2014	35 476		17 738

The table below indicates the status of authorizations at 31 December 2014:

	Purchase, treasury shares	Ordinary share issue	Employee share issues
<i>(Figures indicate the number of shares)</i>			
Authorisation issued at the General Meeting on 27 May 2014	2 139 330	2 139 330	800 000
Share issues after the General Meeting on 27 May 2014	-	-	-
Purchase of treasury shares	-	-	-
Remaining under authorisations at 31 December 2014	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 31 December 2014:

Name	Position	No. of shares	No. of subscription rights
Mats Pettersson	Board member	5 000	-
Kjetil Hestdal	President and CEO	103 873	126 000
Ambaw Bellete	Head, US Cancer Commercial Operations	-	29 300
Erik Dahl	Chief Financial Officer	-	45 000
Kathleen Deardorff	Chief Operating Officer	-	110 295
Inger Ferner Heglund	Vice President Research and Development	8 200	79 430
Grete Hogstad	Vice President Strategic Marketing	10 500	73 450
Espen Njåstein	Head, Nordic Cancer Commercial Operations	-	34 350
Gry Stensrud	Vice President Technical Development & Operations	6	79 100

Note 10 – Share options

At 31 December 2014, employees in Photocure had the following share option schemes:

Year of allocation	2014	2012/2013	2012	2011
Option programme	2014	2012	2011	2010-I
Number	298 000	306 043	300 444	248 825
Exercise price (NOK)	27,39	38,50	48,75	42,00
Date of expiry (31 December)	2018	2017	2016	2015

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

	31.12.2014		31.12.2013	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	1 013 637	41,14	1 050 792	41,27
Allocated during the year	326 000	27,39	346 649	38,50
Become invalid during the year	107 575	38,52	178 525	42,09
Exercised during the year	37 500	18,30	205 279	29,01
Expired during the year	41 250	18,30	-	-
Outstanding at end of period	1 153 312	39,05	1 013 637	41,14
Exercisable options at end of period	852 631	41,84	680 175	40,81

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

Note 11 – Shareholders

Overview of the major shareholders at 31 December 2014:

Shareholder	Account		No of shares	%
	type	Citizen		
RADIUMHOSPITALET FORSKNINGSSTIFTELSE		NOR	3 029 000	14,16 %
J.P. MORGAN CHASE BANK N.A. LONDON	NOM	GBR	1 957 334	9,15 %
FONDSFINANS SPAR		NOR	1 750 000	8,18 %
KLP AKSJE NORGE VPF		NOR	1 279 984	5,98 %
KOMMUNAL LANDSPENSJONSKASSE		NOR	940 000	4,39 %
MP PENSJON PK		NOR	850 000	3,97 %
SKAGEN VEKST		NOR	626 466	2,93 %
BERGEN KOMMUNALE PENSJONSKASSE		NOR	500 000	2,34 %
VERDIPAPIRFONDET DNB SMB		NOR	435 000	2,03 %
DANSKE INVEST NORSKE INSTIT. II.		NOR	422 703	1,98 %
VERDIPAPIRFONDET EIKA NORGE		NOR	406 517	1,90 %
DANSKE INVEST NORSKE AKSJER INST		NOR	360 714	1,69 %
VICAMA AS		NOR	345 384	1,61 %
FONDSFINANS FARMASI		NOR	300 000	1,40 %
HOLMEN SPESIALFOND		NOR	300 000	1,40 %
VERDIPAPIRFONDET DNB NORGE (IV)		NOR	287 193	1,34 %
RUL AS		NOR	281 475	1,32 %
POLAR CAPITAL GLOBAL HSBC BANK PLC.		GBR	254 537	1,19 %
ARENDALS FOSSEKOMPANI		NOR	200 000	0,93 %
MYNA AS		NOR	198 000	0,93 %
Total 20 largest shareholders			14 724 307	68,83 %
Total other shareholders			6 668 994	31,17 %
Total number of shares			21 393 301	100,00 %

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