



Results for first quarter 2015

Photocure

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



5 May 2015

Highlights for first quarter 2015

(Numbers in brackets are for the corresponding period in 2014)

- Total sales revenues of Hexvix®/Cysview® increased 38% in the quarter to NOK 26.7 million
- Commercial franchise yielding operating profit of NOK 4.2 million in the quarter, up NOK 4.2 million from last year, driven by increased revenues from Hexvix/Cysview
- Significant improvement in financial performance – first quarter net result before tax at NOK -7.0 million, an improvement of NOK 6.0 million from last year (NOK -13.0 million)
- Submission of Cevira® phase 3 Special Protocol Assessment Request (SPAR) to FDA
- The National Institute for Health and Care Excellence (NICE) has updated UK guidelines and recommends photodynamic diagnosis for improved detection of bladder cancer

Key figures:

Figures in NOK million	1Q 2015	1Q 2014	Change	FY 2014
Sales revenues	28.4	19.5	45 %	93.6
Signing fee & milestone revenues	1.2	1.2		35.4
Total revenues	29.6	20.7	43 %	129.0
Operating expenses	34.8	32.9	6 %	127.6
EBIT (Operating result)	-7.2	-13.7		-5.6
EBIT commercial franchise	4.2	0.0		15.9
EBIT development portfolio	-11.4	-13.7		-21.5
Profit/loss(-) before PCI and tax	-7.0	-13.0		1.5
Earnings per share, diluted (NOK)	-0.52	-0.61		-1.16
Cash & cash equivalents	149.7	149.7		165.2

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

“Photocure started the year with a strong first quarter, driven by solid performance of Hexvix/Cysview in the Nordics and US. We have made encouraging progress in the US with increased revenues driven by improved productivity of installed base of blue light cystoscopes (BLCs). We were also pleased to see in the UK that the National Institute for Health and Care Excellence (NICE) recommend photodynamic diagnosis for improved detection of bladder cancer in its first guideline on bladder cancer treatment.”

In the first quarter of 2015 we continued to deliver strong financial improvement. With the increased profitability of our commercial franchise we made significant progress towards our goal of becoming a sustainable Specialty Pharma Company.”

Operational review

Photocure's strategy is to create a Specialty Pharmaceutical Company maximizing its commercial presence and the opportunity of its flagship brand Hexvix/Cysview in urology. In addition, the company will continue to leverage its core competence developing products based on its proprietary Photodynamic Technology Platform targeting unmet medical needs in urology, dermatology and gynecology. We will seek to develop and commercialize new products alone or in partnerships with others to capture the full potential of our products.

Update commercial franchise

Commercial performance continued to progress through the first quarter. First quarter revenue has increased 43% from prior year, driving an EBIT improvement of NOK 4.2 million.

<i>MNOK</i>	Q1 '15	Q1 '14	YoY
Hexvix / Cysview	26,7	19,3	38 %
API revenues	1,7	0,2	
Signing fee & milestones	1,2	1,2	5 %
Total revenues	29,6	20,7	43 %
Gross profit	27,6	19,1	44 %
Operating expenses	-23,4	-19,1	23 %
EBIT	4,2	0,0	

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 10% to NOK 51 million in the first quarter. Global in-market unit sales for the quarter decreased 1% compared to 2014. The decline was partly driven by increased purchase patterns at hospitals in the first quarter 2014 in advance of an April price increase in Germany.

Total sales revenues for Hexvix/Cysview increased 38% to NOK 26.7 million (NOK 19.3 million) in the first quarter. First quarter revenue

growth was positively impacted by price increases, timing of supply to our partner and distributors in 2014, and foreign exchange rates.

Hexvix/Cysview sales revenues Photocure

Photocure's own sale revenues in the US and Nordic region increased 44% to NOK 12.8 million in the first quarter, reflecting strong growth in both regions. Sales in constant currencies grew 31%.

Nordic revenues in the first quarter increased 22% compared to last year. Growth was driven by customer demand and price increases.

Photocure's in-market unit sales in the Nordic region increased 6% in the first quarter. Sweden, the key growth area in Nordic, continued to develop positively, posting 21% growth in unit sales for the quarter. Overall Hexvix market share for the region is 39%.

In the US, first quarter revenue increased 116% compared to first quarter last year, driven by volume growth, price increases and positive foreign exchange rate effects. Revenue in constant currency grew 70%.

Unit sales in the US increased 61% in the first quarter. The growth was driven both by the number of permanent blue light cystoscopes (BLCs) installed at leading US hospitals/urology centers and by increased average usage per center. The total number of permanent BLCs installed at leading US hospitals/urology centers at end of first quarter was 52, an increase of 19% from the same quarter 2014. During the first quarter the focus has been to increase productivity at current accounts, therefore the increase in the installed BLC's from year end was limited to one unit.

In the US, Photocure continues to work closely with key stakeholders to secure a long-term sustainable solution for Cysview reimbursement. A bill to secure US senior cancer patient access to state of the art treatment using up to date technology, including Cysview, originally introduced in June, is actively being pursued. Photocure will continue its work to obtain reimbursement for Cysview in the US and for the passage of the bill in 2015.

Hexvix/Cysview sales revenues Partners

Partner revenue increased 33% in the first quarter driven primarily by the timing of supply stocks to our partner in the first quarter 2014.

End user unit sales decreased 5% in the first quarter. This was mainly a result of increased purchase patterns by hospitals in Germany in first quarter 2014 in advance of a planned price increase in Germany in April 2014. In France, the sales growth delivered consistently throughout 2014 has strengthened even further in the first quarter.

The National Institute for Health and Care Excellence (NICE) in the UK has published its first guideline on bladder cancer, recommending photodynamic diagnosis for improved detection of bladder cancer. NICE makes evidence-based recommendations for healthcare, with the aim of improving treatment and reducing variations in care.

Figures in NOK million	1Q 2015	1Q 2014	Change
Nordic revenue	8.3	6.8	22 %
US revenue	4.6	2.1	116 %
Partner revenue	13.9	10.4	33 %
Total revenue	26.7	19.3	38 %

Hexvix/Cysview (hexaminolevulinate hydro-chloride) is an innovative breakthrough technology for 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, US, and Canada.

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 of bladder cancer were diagnosed 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.

Update development portfolio

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
Hexvix® Cysview®	Detection of bladder cancer, surveillance segment	Phase 3 initiated

Hexvix®/Cysview® – growth opportunities

An expansion of the use of Hexvix/Cysview into the flexible surveillance patient segment will open a market segment estimated to be 2-3 times the size of the current segment. In the current use Hexvix/Cysview is used to optimize patient management through improved diagnosis and resection (TURB) in a surgical procedure. As patients are initially diagnosed and treated by TURB they undergo cystoscopy examinations every 3-9 month. This surveillance is performed in out-patient/office setting using flexible cystoscopes to be able to detect any suspicious new lesions requiring referral to new TURBs.

Following positive early clinical experience with flexible cystoscopes in this new segment, Photocure has initiated a 360 patient phase 3 clinical study examining bladder cancer detection rates using Cysview blue light cystoscopy vs white light cystoscopy. The study design is in alignment with FDA to obtain label expansion and fulfill the Cysview post marketing commitments.

Patient recruitment is planned to start in the second half of 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.

Visonac® – treatment of moderate to severe acne

Visonac is a novel patented photodynamic treatment in late-stage development for treating moderate to severe, inflammatory acne. Visonac has been developed in combination with Photocure's innovative full face red light lamp, Nedax®, The estimated global market value of

available treatments in this segment, oral antibiotics and retinoids, is USD 900 million annually. Visonac will address a large unmet medical need as a second line treatment option for patients with moderate to severe acne estimated to affect more than 2 million patients each year in the EU and US.

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

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 have continued in the first quarter of 2015.

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 of the global pivotal phase 3 registration program has been secured.

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. 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. Cevira is the first in class of possible new medical treatments in this therapeutic area. The market opportunity for a successful product is significant. Each year in EU and the US approximately 1 million women are diagnosed with high grade lesions and an estimated 10-15 million women are diagnosed with oncogenic HPV.

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 in 2014, 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 minutes of the meeting from FDA received in January 2015, confirmed that the phase 2 data support the proposed phase 3 program, and are sufficiently robust to continue the development of Cevira for patients with HSIL.

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

Cevira has the potential to treat HPV induced cervical high grade disease and prevent the development of cervical cancer which globally 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.

Financial review

(Numbers in brackets are for the corresponding period in 2014).

Photocure has continued improving its financial performance in the first quarter, with double-digit growth in revenues from Hexvix/Cysview and improved operating results.

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

Revenues

Total revenues in the first quarter were NOK 29.6 million, an increase of 43% from same quarter last year (NOK 20.7 million). This increase was driven by continued market penetration of Hexvix/Cysview and inventory reductions with distributors and partner in 2014, as well as changes in currency exchange rates. In constant currencies the total revenue grew 34%.

Total Hexvix/Cysview sales revenues for the first quarter were NOK 26.7 million, an increase of 38% from NOK 19.3 million first quarter 2014. In constant currencies the revenue grew 29%. In-market unit sales declined 1% in the first quarter compared to first quarter 2014. The decline was primarily driven by increased hospital purchase patterns in Germany during the first quarter 2014 ahead of a planned price increase in April 2014.

Operating costs

First quarter operating costs were 6% higher than the previous year. Total operating costs were NOK 34.8 million (NOK 32.9 million) in the first quarter. The increase was mainly within sales and marketing expenses and to a large extent driven by changes in currency exchange rates.

MNOK	Q1 '15	Q1 '14	Change
Research & Development	7,1	8,7	-19 %
Sales & Marketing	17,2	14,1	22 %
Other Opex	10,5	10,0	5 %
Operating expenses	34,8	32,9	6 %

First quarter research and development (R&D) costs were NOK 7.1 million (NOK 8.7 million). The R&D costs relate to regulatory work and maintenance and expansion of our intellectual property as well as the development of the current pipeline. The primary development activity in the first quarter and year to date has been preparation for the Cevira phase 3 SPAR submission and clinical trial site preparations for the Cysview post marketing commitment trial in the U.S.

Marketing and sales costs increased 22% to NOK 17.2 million (NOK 14.1 million) in the first quarter compared to last year, significantly impacted by changes in currency exchange rates, particularly the USD/NOK.

Financial results

Operating loss (EBIT) was at NOK 7.2 million for the quarter, a significant improvement compared to last year (NOK -13.7 million).

Our commercial franchise, including Hexvix/Cysview and other sales recorded an EBIT

of NOK 4.2 million compared to break even last year. Development products had an improvement of EBIT of NOK 2.4 million to NOK -11.4 million.

Net financial items were NOK 0.3 million (NOK 0.7 million) in the first quarter, negatively impacted by unrealized foreign exchange losses in the period.

Photocure recorded a net loss before tax of NOK 7.0 million in the first quarter, an improvement of NOK 6.0 million from last year (loss of NOK 13.0 million).

Photocure had at quarter end 10.1% of the shares in PCI Biotech Holding ASA. The market value of the shareholding was NOK 19.3 million at 31 March 2015, resulting in a positive market value adjustment of NOK 2.7 million for the quarter.

Cash flow and statement of financial position

Net cash flow from operations was negative NOK 11.9 million in the first quarter (NOK -18.7 million), reflecting improved results from last year and negative effects of working capital in line with last year. Net cash flow from investments was negative NOK 3.6 million. This includes investments of NOK 5.3 million in the initiation of a phase 3 post-marketing commitment trial.

Cash and cash equivalents were NOK 150 million at 31 March 2015. First quarter net change in cash was negative NOK 15.5 million compared to last year negative NOK 17.5 million.

Shareholders' equity was NOK 233 million at 31 March 2015, an equity ratio of 90%. At the end of 2014, shareholders' equity was NOK 240 million (89%).

As of 31 March 2015, Photocure held 35,476 own shares.

Risks and uncertainty factors

Photocure is exposed to risk and uncertainty factors, which may affect some or all of the company's activities. Photocure has financial risk, market risk as well as operational risk and risk related to 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 2014.

Outlook

Photocure expects revenues to continue to grow in 2015 driven by an increase of Hexvix/Cysview in-market unit sales of at least 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 securing regulatory pathways to market access. The Company has submitted the proposed phase 3 protocol for Cevira for a detailed Special Protocol Assessment Review (SPAR) to the FDA in the first quarter of 2015, according to plan.

The Board of Directors and CEO
Photocure ASA

Oslo, 5 May 2015

Bente-Lill B Romøren
Chairperson

Synne H. Røine

Tom Pike

Xavier Yon

Lars Rønn

Kjetil Hestdal
President and CEO

Photocure Group – Accounts for first quarter 2015

Photocure Group – Statement of comprehensive income

<i>(all amounts in NOK 1 000 except per share data)</i>	Note	2015 1Q	2014 1Q	2014 1.1-31.12
Sales revenues		28 369	19 511	93 586
Signing fee and milestone revenues		1 206	1 152	35 366
Total revenues		29 575	20 663	128 951
Cost of goods sold		-1 986	-1 538	-6 996
Gross profit		27 590	19 125	121 955
Other income		-	-	-
Indirect manufacturing expenses	2	-2 393	-1 898	-9 187
Research and development expenses	2	-7 105	-8 730	-32 554
Marketing and sales expenses	2	-17 186	-14 097	-54 561
Business development and administrative exp.	2	-8 112	-8 149	-31 284
Operating expenses		-34 795	-32 874	-127 586
Operating profit/loss(-)		-7 206	-13 749	-5 631
Financial income		2 529	1 393	9 787
Financial expenses		-2 274	-687	-2 630
Net financial profit/loss(-) excluding PCI		255	706	7 157
Profit/loss(-) before PCI and tax		-6 951	-13 043	1 526
Impairment loss shares in PCI Biotech Holding		-	-	-8 181
Profit/loss(-) before tax		-6 951	-13 043	-6 655
Tax expenses	3	-4 000	-	-18 047
Net profit/loss(-)		-10 951	-13 043	-24 701
Other comprehensive income	4	2 860	15 830	-7 392
Total comprehensive income		-8 091	2 787	-32 093
Net profit/loss(-) per share, undiluted	5	-0,51	-0,61	-1,16
Net profit/loss(-) per share, diluted	5	-0,51	-0,61	-1,16

Photocure Group – Statement of financial position

<i>(Amounts in NOK 1 000)</i>	Note	31.03.2015	31.03.2014	31.12.2014
Non-current assets				
Machinery & equipment	6	2 977	3 297	3 056
Intangible assets	6	5 094	96	38
Other investments	7, 8	45 290	68 141	42 355
Deferred tax asset	3	27 063	49 109	31 063
Total non-current assets		80 424	120 643	76 512
Current assets				
Inventory		13 331	12 561	13 237
Receivables		16 709	17 151	15 585
Cash & cash equivalents	7	149 737	149 723	165 245
Total current assets		179 777	179 435	194 067
Total assets		260 201	300 078	270 579
Equity and liabilities				
Equity				
Share capital	9	10 697	10 697	10 697
Other paid-in capital		38 694	35 726	37 801
Retained earnings		183 643	226 499	191 560
Shareholders' equity		233 034	272 922	240 058
Long-term liabilities				
Other non-current liabilities		3 261	2 476	3 055
Total long-term liabilities		3 261	2 476	3 055
Current liabilities		23 906	24 680	27 466
Total liabilities		27 167	27 156	30 521
Total equity and liabilities		260 201	300 078	270 579

Photocure Group – Changes in equity

<i>(Amounts in NOK 1 000)</i>	2015 1Q	2014 1Q	2014 1.1-31.12
Equity at beginning of period	240 058	269 123	269 123
Treasury shares, net change	-	-	686
Share-based compensation (share options employees)	1 066	1 012	2 343
Other items	-	-	-
Comprehensive income	-8 091	2 787	-32 093
Equity at end of period	233 034	272 922	240 059

Photocure Group – Cash flow Statement

	2015	2014	2014
(Amounts in NOK 1 000)	1Q	1Q	1.1-31.12
Profit/loss(-) before tax	-6 951	-13 043	-6 655
Depreciation and amortisation	591	373	1 469
Gain sale of financial assets	-1 342	-	-
Impairment loss shares	-	-	8 181
Share-based compensation	1 066	1 012	2 343
Net interests	-590	-1 216	-4 138
Changes in working capital	-4 775	-5 631	-497
Other operational items	104	-157	-6 791
Net cash flow from operations	-11 897	-18 662	-6 089
Machinery & equipment investment	-236	-90	-748
Intangible asset investment	-5 308	-	-
Received financial payments	1 932	1 216	4 138
Cash flow from investments	-3 612	1 126	3 390
Cash flow from financing activities	-	-	686
Net change in cash during the period	-15 509	-17 536	-2 013
Cash & cash equivalents at beginning of period	165 245	167 258	167 258
Cash & cash equivalents at end of period	149 737	149 723	165 245

Photocure Group – Segment information

Photocure has evaluated the group use of segments in the reporting to align internal and external reporting. Based on this the group has decided to change the segment reporting from 2015. The new segment structure is Commercial franchise and Development portfolio. Commercial franchise includes Hexvix /Cysview by sales channel, own sales and partner sales, and other sales, currently including sale of active ingredients. Development portfolio is split by development of commercial products and pipeline products.

The change is implemented from first quarter 2015. Segment reporting for 2014 has been restated to comply with new structure.

1 Jan - 31 March 2015

(Amounts in NOK 1 000)

	Commercial Products				Development products			Grand Total
	Hex/Cys Own sales	Hexvix Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
Sales Revenues	12 836	13 853	1 680	28 369	-	-	-	28 369
Milestone revenues	-	-	1 206	1 206	-	-	-	1 206
Cost of goods sold	-565	-1 420	-	-1 985	-	-	-	-1 985
Gross profit	12 271	12 433	2 886	27 590	-	-	-	27 590
Gross profit of sales %	96 %	90 %	100 %	93 %				93 %
R&D	-	-	-	-	-1 544	-5 560	-7 105	-7 105
Sales & marketing	-14 420	-2 127	-	-16 547	-	-639	-639	-17 186
Other & allocations	-2 850	-3 873	-149	-6 871	-756	-2 878	-3 634	-10 505
Operating expenses	-17 269	-6 000	-149	-23 418	-2 300	-9 077	-11 377	-34 796
Operating profit/loss (-)	-4 998	6 433	2 736	4 171	-2 300	-9 077	-11 377	-7 206

1 Jan - 31 March 2014

(Amounts in NOK 1 000)

	Commercial Products				Development products			Grand Total
	Hex/Cys Own sales	Hexvix Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
Sales Revenues	8 907	10 427	177	19 511	-	-	-	19 511
Milestone revenues	-	-	1 152	1 152	-	-	-	1 152
Cost of goods sold	-496	-1 042	-	-1 538	-	-	-	-1 538
Gross profit	8 411	9 385	1 329	19 125	-	-	-	19 125
Gross profit of sales %	94 %	90 %	100 %	92 %				92 %
R&D	-	-	-	-	-852	-7 789	-8 641	-8 641
Sales & marketing	-11 995	-1 160	-	-13 155	-	-942	-942	-14 097
Other & allocations	-2 709	-3 030	-216	-5 956	-406	-3 774	-4 181	-10 136
Operating expenses	-14 704	-4 191	-216	-19 111	-1 258	-12 505	-13 763	-32 874
Operating profit/loss (-)	-6 293	5 194	1 113	14	-1 258	-12 505	-13 763	-13 749

1 Jan - 31 December 2014

(Amounts in NOK 1 000)

	Commercial Products				Development products			Grand Total
	Hex/Cys Own sales	Hexvix Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
Sales Revenues	45 693	46 320	1 572	93 585	-	-	-	93 585
Milestone revenues	-	-	4 612	4 612	-	30 754	30 754	35 366
Cost of goods sold	-2 175	-4 821	-	-6 996	-	-	-	-6 996
Gross profit	43 519	41 499	6 184	91 201	-	30 754	30 754	121 955
Gross profit of sales %	95 %	90 %	100 %	93 %				93 %
R&D	-	-	-	-	-4 088	-28 467	-32 555	-32 555
Sales & marketing	-46 186	-4 555	-	-50 741	-	-3 819	-3 819	-54 560
Other & allocations	-10 826	-12 889	-838	-24 553	-1 552	-14 367	-15 919	-40 473
Operating expenses	-57 012	-17 444	-838	-75 295	-5 640	-46 653	-52 293	-127 587
Operating profit/loss (-)	-13 494	24 055	5 346	15 907	-5 640	-15 899	-21 539	-5 632

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 2014 (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 5 May 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 2015 did not have any significant impact on the reporting in 2015. 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

	2015	2014	2015	2014
<i>(Amounts in NOK 1 000)</i>	1Q	1Q	1.1-31.03	1.1-31.12
Sales revenues	28 369	19 511	28 369	93 586
Signing fees and milestone revenues	1 206	1 152	1 206	35 366
Cost of goods sold	-1 986	-1 538	-1 986	-6 996
Gross profit	27 590	19 125	27 590	121 955
Other income	-	-	-	-
Payroll expenses	-21 250	-20 056	-21 250	-73 008
R&D costs excl. payroll expenses/other operating exp.	-3 244	-3 538	-3 244	-15 197
Ordinary depreciation and amortisation	-595	-373	-595	-1 469
Other operating expenses	-9 707	-8 907	-9 707	-37 912
Total operating expenses	-34 795	-32 874	-34 795	-127 586
Operating result	-7 206	-13 749	-7 206	-5 631

Note 3 – Tax

<i>(Amounts in NOK 1 000)</i>	31.03.2015	31.12.2014
Income tax expense		
Tax payable		
Changes in deferred tax	4 000	18 047
Total income tax expense	4 000	18 047
Tax base calculation		
Profit before income tax	-6 950	-6 653
Permanent differences	1 300	10 636
Temporary differences	-9 977	-7 148
Utilisation of tax loss carried forward	-4 762	-61 610
Increase tax loss carried forward	20 389	64 775
Tax base	0	0
Temporary differences:		
Total	-138 457	-130 092
Tax loss carried forward	410 931	407 756
Net temporary differences	272 474	277 664
Write down of deferred tax benefit	-172 241	-162 614
Deferred tax benefit	100 233	115 050
Deferred tax asset	27 063	31 064

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 and a profit of NOK 13.8 million as of end March 2015 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 and decreased by NOK 4 million as of end March 2015 to NOK 27.1 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 4 – Other comprehensive income

<i>(Amounts in NOK 1 000)</i>	2015	2014	2015	2014
	1Q	1Q	1.1-31.03	1.1-31.12
Market value adjustment PCI Biotech Holding ASA	2 715	15 278	2 715	-7 884
Currency translation	146	551	146	491
Total other comprehensive income	2 860	15 830	2 860	-7 392

Items may be subsequently reclassified to profit or loss.

Note 5 – 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.

<i>(Figures indicate the number of shares)</i>	31.03.2015	31.12.2014
Ordinary shares 1 January	21 393 301	21 393 301
Effect of treasury shares	-35 476	-72 154
Effect of share options exercised	-	-
Weighted average number of shares	21 357 825	21 321 147
Effect of outstanding share options	51 437	15 618
Weighted average number of diluted shares	21 409 262	21 336 765
Earnings per share in NOK	-0,51	-1,16
Earnings per share in NOK diluted	-0,51	-1,16

Note 6 – Fixed Assets

<i>(Amounts in NOK 1 000)</i>	Machinery & equipment	Intangible
Net book value 12.31.14	3 056	38
Net investments Q1/15	281	5 291
Depreciation and amortization Q1/15	-360	-234
Net book value 03.31.15	2 977	5 094

Photocure has from 2015 capitalized a new clinical study for Cysview in US and a project for new solvent device

Note 7 – Other investments

<i>(Amounts in NOK 1 000)</i>	31.03.2015	31.12.2014
Market value PCI Biotech Holding ASA	19 283	16 569
Booked part of remaining settlement from sale of Metvix/Aktlilite	26 007	25 786
Total other investments	45 290	42 355

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	Level 1	Level 2	Level 3	Total
<i>(Amounts in NOK 1 000)</i>				
Financial assets available for sale:				
- Shares in PCI Biotech Holding ASA	19 283	-	-	19 283
- Money market funds	134 958	-	-	134 958
Total	154 241	-	-	154 241

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 March 2015	21 393 301	NOK 0.50	10 696 651
Share capital at 31 December 2014	21 393 301	NOK 0.50	10 696 651
Treasury shares:			
Holdings of treasury shares at 31 December 2014	35 476		17 738
Buy-back of treasury shares	-	NOK 0.50	-
Share option exercise	-	NOK 0.50	-
Holdings of treasury shares at 31 March 2015	35 476		17 738

The table below indicates the status of authorizations at 31 March 2015:

	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 March 2015	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 March 2015:

Name	Position	No. of shares	No. of subscription rights
Kjetil Hestdal	President and CEO	103 873	166 000
Ambaw Bellete	Head, US Cancer Commercial Operations	-	54 100
Erik Dahl	Chief Financial Officer	-	69 000
Kathleen Deardorff	Chief Operating Officer	-	135 095
Inger Ferner Heglund	Vice President Research and Development	8 200	104 930
Grete Hogstad	Vice President Strategic Marketing	10 500	97 450
Espen Njåstein	Head, Nordic Cancer Commercial Operations	-	57 650
Gry Stensrud	Vice President Technical Development & Operations	6	106 100

Note 10 – Share options

At 31 March 2015, employees in Photocure had the following share option schemes:

Year of allocation	2015	2014	2012/2013	2012	2011
Option programme	2015	2014	2012	2011	2010
Number	407 700	285 000	290 443	283 694	239 300
Exercise price (NOK)	32,78	27,39	38,50	48,75	42,00
Date of expiry (31 December)	2019	2018	2017	2016	2015

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

	31.03.2015		31.12.2014	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	1 153 312	39,05	1 013 637	41,14
Allocated during the year	407 700	32,78	326 000	27,39
Become invalid during the year	54 875	39,60	107 575	38,52
Exercised during the year	-	-	37 500	18,30
Expired during the year	-	-	41 250	18,30
Outstanding at end of period	1 506 137	37,34	1 153 312	39,05
Exercisable options at end of period	1 139 337	39,25	852 631	41,84

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 March 2015:

Shareholder	Account		No of shares	%
	type	Citizen		
J.P. MORGAN CHASE BANK N.A. LONDON	NOM	GBR	2 957 334	13,82 %
RADIUMHOSPITALET FORSKNINGSSTIFTELSE		NOR	2 029 000	9,48 %
FONDSFINANS SPAR		NOR	1 705 000	7,97 %
KLP AKSJE NORGE VPF		NOR	1 274 356	5,96 %
KOMMUNAL LANDSPENSJONSKASSE		NOR	950 000	4,44 %
MP PENSJON PK		NOR	850 000	3,97 %
SKAGEN VEKST		NOR	626 466	2,93 %
BERGEN KOMMUNALE PENSJONSKASSE		NOR	500 000	2,34 %
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 %
FONDSFINANS FARMASI		NOR	352 000	1,65 %
VICAMA AS		NOR	345 384	1,61 %
VERDIPAPIRFONDET DNB SMB		NOR	312 418	1,46 %
HOLMEN SPESIALFOND		NOR	300 000	1,40 %
VERDIPAPIRFONDET DNB NORGE (IV)		NOR	287 193	1,34 %
RUL AS		NOR	281 475	1,32 %
ARTAL AS		NOR	254 639	1,19 %
POLAR CAPITAL GLOBAL HSBC BANK PLC.		GBR	254 537	1,19 %
SVENSKA HANDELSBANKEN		SWE	250 000	1,17 %
Total 20 largest shareholders			14 719 736	68,81 %
Total other shareholders			6 673 565	31,19 %
Total number of shares			21 393 301	100,00 %

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