



Results for third quarter and the first nine months 2015

Photocure

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



28 October 2015

Highlights for third quarter and the first nine months 2015

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

- Total sales revenues of Hexvix/Cysview increased 12% in third quarter. Year to date sales revenues increased 23% to NOK 82.6 million (NOK 67.2 million)
- Commercial segment EBIT increased 109% to NOK 23.1 million (NOK 11.1 million) with EBIT margin at 23% (15%) for the first nine-months
- Global Hexvix/Cysview in-market unit sales growth of 8% in the third quarter year-over-year and 7% year to date
- Agreement signed in August with BioSyent Pharma for the commercialization of Cysview in Canada with an upfront payment of USD 650,000
- First patient enrolled in the Hexvix/Cysview Market Expansion Phase 3 study
- Obtained alignment with US FDA on the design of Cevira phase 3 registration program
- Strengthening of Cevira patent portfolio

Key figures:

Figures in NOK million	3Q 2015	3Q 2014	Change	9M 2015	9M 2014	Change	FY 2014
Sales revenues	29.3	24.9	17 %	89.1	68.8	30 %	93.6
Signing fee & milestone revenues	6.6	31.9		11.1	34.2		35.4
Total revenues	35.9	56.8	-37 %	100.2	103.0	-3 %	129.0
Operating expenses	36.6	31.4	16 %	105.8	93.4	13 %	127.6
EBIT (Operating result)	-2.7	23.8		-11.8	4.4		-5.6
EBIT commercial franchise	9.0	5.7	59 %	23.1	11.1	109 %	15.9
EBIT development portfolio	-11.7	18.1		-34.9	-6.7		-21.5
Profit/loss(-) before PCI and tax	0.1	24.2		-7.3	6.9		1.5
Earnings per share, diluted (NOK)	-0.23	1.13		-1.25	0.32		-1.16
Cash & cash equivalents	139.5	166.9					165.2

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

"In the third quarter of 2015, we continued to deliver growth. With the increased profitability of our commercial franchise we continue to make significant progress towards our goal of becoming a sustainable Specialty Pharma Company.

The new Hexvix distribution agreement with BioSyent Pharma, as well as the filing of the marketing authorization application in Australia by Juno Pharmaceuticals provides an additional foundation for the future growth of the Hexvix/Cysview brand as we work to ensure that bladder cancer patients gain access to improved patient management in regions outside the current territories.

Furthermore, we were pleased to announce after the quarter end that the first patient has been enrolled in our Phase 3 market expansion trial with Hexvix/Cysview. In this trial we will compare flexible blue light cystoscopy with Hexvix/Cysview with standard white light cystoscopy in the outpatient/surveillance setting. We expect to report results from this study in 2017.

In terms of our pipeline, we reached alignment with the FDA on the Cevira Phase 3 registration program through the SPA process and we were granted additional patent protection in Europe for Cevira which further strengthens the patent portfolio around this novel drug-device for HPV related cervical lesions".

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 segment

Our commercial segment continued to improve sales and profit in the third quarter. Third quarter total revenue increased 38% compared to the same period last year, resulting in an EBIT improvement of 59% to NOK 9.0 million. Revenue increased 39% in the first nine months to NOK 100.2 million; EBIT was NOK 23.1 million and the EBIT margin was 23%, up from 15% last year.

MNOK	Q3 '15	YTD '15	YTD '14
Nordic - Hexvix	8,1	26,4	22,5
US - Cysview	5,3	15,7	8,5
Partner - Hexvix	13,5	40,5	36,2
Hexvix / Cysview Total	27,0	82,6	67,2
API revenues	2,3	6,5	1,6
Signing fee & milestones	6,6	11,1	3,4
Total revenues	35,9	100,2	72,2
<i>YoY growth</i>	38 %	39 %	
Gross profit	33,9	94,0	67,1
Operating expenses	-24,8	-70,9	-56,0
EBIT	9,0	23,1	11,1
<i>EBIT margin</i>	25 %	23 %	15 %

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 strategic partnerships for the commercialization of Hexvix in Europe, Canada, Australia and New Zealand.

Global in-market sales of Hexvix/Cysview continued to grow compared to same period prior year, up 22% to NOK 51 million in the third quarter, and up 19% to NOK 155 million in the first nine

months. Global in-market unit sales for the third quarter increased 8% compared to 2014. Unit volume increased 7% in the first nine months compared to prior year.

Total sales revenues for Hexvix/Cysview increased 12% to NOK 27.0 million (NOK 24.1 million) in the third quarter, and up 23% to NOK 82.6 million (NOK 67.2 million) in the first nine months. Revenue growth was positively impacted by foreign exchange rates, increased demand in major markets and price increases.

Photocure Hexvix/Cysview sales

Photocure's sales revenues from its sales force in the US and Nordic region increased 22% to NOK 13.5 million in the third quarter. In the first nine months sales revenues increased 35%, to NOK 42.1 million, reflecting strong growth in both regions. Revenue in constant currencies grew 20% in the first nine months compared to the previous year.

Nordic Hexvix sales

Nordic revenues increased 11% in the third quarter compared to last year. Revenues grew 17% in the first nine months, mainly driven by customer demand and price increases. Revenue in constant currencies grew 12% in the first nine months.

Photocure's in-market unit sales in the Nordic region increased 14% in the third quarter and 9% in the first nine months. Sweden, the key growth area in Nordic, continued to develop positively, posting 21% growth in unit sales in the first nine months. Overall Hexvix market share in the Nordic region is approximately 39%.

US Cysview sales

In the US, third quarter revenue increased 42% compared to third quarter last year. Revenue increased 84% in the first nine months, driven by volume growth, positive foreign exchange rate effects and price increases. Revenue growth in constant currency was 42% in the first nine months compared to the same period in 2014.

Unit sales in the US decreased 5% in the third quarter but increased 29% overall in the first nine months, compared to same period last year. The decrease in the third quarter was partly driven by a single large order from US National Cancer Institute (NCI) in third quarter 2014.

The US growth is 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 the third quarter was 62, an increase of 27% from the same quarter 2014 (49). At year end 2014, 51 BLCs were installed.

In the US, Photocure continues to work closely with key stakeholders to secure a long-term sustainable solution for Cysview Medicare reimbursement. A bill to secure coverage for US Medicare bladder patient access to state of the art treatment using up to date technology, including Cysview, continues to gain support of Congressional members and progress through the legislative process. Photocure will continue its work to obtain reimbursement for Cysview in the US and support the work needed to secure the passage of the bill.

Hexvix/Cysview partner sales

Partner revenue increased 4% in the third quarter, negatively impacted by the timing of supply stocks to our partner in previous quarters. Revenue increased 12% to NOK 40.5 million in the first nine months compared to the same period prior year. Revenue in constant currency grew 5% year to date.

End user unit sales increased 8% in the third quarter. Germany and France delivered double digit volume growth in the third quarter. Unit growth for partner was 5% in the first nine months, impacted by a decline in first quarter unit sales as a consequence of a 2014 price increase in Germany.

Hexvix/Cysview new territories

In August Photocure appointed BioSyent Pharma as exclusive distributor for the commercialization of Cysview in Canada. Under the terms of the agreement, Photocure will receive up to USD 1 million in milestone payments for the rights to Cysview in the territory, of which USD 650,000 was received in September 2015.

In May, Photocure and Juno Pharmaceuticals signed an exclusive distribution agreement for Hexvix in Australia and New Zealand. At signing, Photocure received EUR 250 000 and will receive an additional EUR 250 000 upon approval of Hexvix in the territory. Juno is responsible for the regulatory filings, and filed, according to plan, a marketing authorization application (MAA) for the registration of Hexvix in Australia in September.

In June, Photocure received marketing approval for Hexvix from the Ministry of Health in Russia.

Photocure is evaluating potential commercial partners in Russia.

Hexvix/Cysview (hexaminolevulinate hydrochloride) 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, Canada and Russia.

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 surveillance patient segment will open a market segment estimated to be 2-3 times larger than the current segment. Hexvix/Cysview is currently used to optimize patient management through improved diagnosis and resection (TURB) in a surgical procedure. After patients are initially diagnosed and treated by TURB, they undergo cystoscopy examinations every 3-9 months. This surveillance is performed in the out-patient/office setting using flexible cystoscopes to detect any



suspicious new lesions requiring referral for additional 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 flexible cystoscopy vs white light flexible cystoscopy. The study design is in alignment with FDA to obtain label expansion and fulfill the Cysview post marketing commitments.

Patient recruitment started in October. Final results are expected in 2017 with possible FDA 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.

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.

The intellectual property portfolio for Visonac was recently further strengthened by the grant of an additional key patent in Europe. The patent protects the use of Visonac in a method of photodynamic treatment of acne, wherein the side effects of such a treatment are reduced by low

MAL concentrations in combination with short incubation time. The patent expires in 2028 and may form the basis for SPCs (supplementary protection certificates), which would extend the protection for Visonac in Europe by up to 5 years, i.e. 2033.

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

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.

After submission of proposed phase 3 protocols for a Special Protocol Assessment Review (SPAR) in the first quarter of 2015, FDA approved the Special Protocol Agreement (SPA) in August. The SPA defines the size, design and analysis of clinical trials that will form the primary basis of approval. Ensuring regulatory alignment before initiating the Phase 3 registration trials reduces the risk of the development program and is an

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



important milestone in the continued development of Cevira. With alignment with FDA on Phase 3 clinical studies now obtained, Photocure plans to finalize necessary documentation for the Cevira device to ensure readiness for the Phase 3 trial.

In September a new patent for Cevira was granted in Europe. The patent protects the Cevira device including its use in combination with the Cevira drug until 2029, and complements the company's proprietary European patent, which claims different aspects of the Cevira device and Photocure's registered European Community design, covering the appearance of the device, i.e. lines, contours, colors, shape, texture and/or materials. The patent expires in 2029, while the design expires in April 2038. In US, Photocure has patents granted to 2030.

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; references to the prior year refer to a comparison to the first nine months of 2014, unless otherwise stated).

Photocure has continued improving its financial performance in the third quarter and first nine months, with double-digit growth in revenues from Hexvix/Cysview and improved operating results before one-off milestone revenues.

Revenues

Revenues in the third quarter were NOK 35.9 million, a decline of 37% from the same quarter last year (NOK 56.8 million). The decline was driven by the termination fee paid by Salix in third quarter 2014. Excluding milestones and termination fees, revenues in the third quarter increased 17%.

This increase was driven mainly by continued market penetration of Hexvix/Cysview, price increases and sales of API as well as changes in currency exchange rates. Revenues excluding milestones and termination fees for the first nine months of 2015 increased 30% to NOK 89.1 million (NOK 68.8 million).

Total Hexvix/Cysview sales revenues for the third quarter were NOK 27.0 million, an increase of 12% from last year (NOK 24.1 million). Sales revenue grew 23% in the first nine months to NOK 82.6 million (NOK 67.2 million). The US operation accounted for almost half of this growth. In constant currencies the revenue grew 12% in the first nine months.

Operating costs

Total operating costs were NOK 36.6 million (NOK 31.4 million) in the third quarter, an increase of 16%. Operating costs were up 13% to NOK 105.8 million in the first nine months (up approximately 2% in constant currency). The increases in operating costs were mainly within sales and marketing expenses and to a large extent driven by changes in currency exchange rates as well as increased activities related to expanding the use of Hexvix/Cysview into the flexible surveillance patient segment.

MNOK	Q3 '15	YTD '15
Research & Development	6,7	21,5
<i>YoY growth</i>	-4 %	-6 %
Sales & Marketing	18,2	52,5
<i>YoY growth</i>	39 %	29 %
Other Opex	11,7	31,8
<i>YoY growth</i>	3 %	7 %
Operating expenses	36,6	105,8
<i>YoY growth</i>	16 %	13 %

Third quarter research and development (R&D) costs were NOK 6.7 million (NOK 7.0 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. R&D costs were NOK 21.5 million in the first nine months, a decline of 6% from the prior year. The primary development activities in 2015 have been the initiation of the Cysview flexible scope / post marketing commitment trial in the U.S and regulatory work related to Cevira. Expenses related to the Cysview flexible scope / post marketing commitment trial are capitalized.

Marketing and sales costs increased 39% to NOK 18.2 million (NOK 13.1 million) in the third quarter compared to same period prior year, significantly impacted by changes in currency exchange rates, particularly the USD/NOK. Marketing and sales costs for the first nine months were NOK 52.5 million, an increase of 29% from last year (12% in constant currencies).

Financial results

Operating result (EBIT) was at NOK -2.7 million for the third quarter. Last year third quarter EBIT was NOK 23.8 million, impacted by the termination fee from Salix of NOK 30.8 million. Excluding the termination fee from Salix third quarter EBIT improved with NOK 4.2 million from prior year. First nine months EBIT was NOK -11.8 million (NOK 4.4 million). Impact from currency translation was approximately NOK 2.0 million negative for the first nine months and neutral in third quarter.

EBIT in the commercial segment was NOK 9.0 million in the third quarter compared to NOK 5.7 million last year. Development products had an EBIT of NOK -11.7 million in the third quarter compared to NOK -12.6 million third quarter last year excluding the termination fee from Salix.

Net financial items excluding impairment loss of shares in PCI Biotech were NOK 2.8 million (NOK 0.3 million) in the third quarter and NOK 4.5 million in the first nine months (NOK 2.5 million). Photocure had at quarter end 9.96% of the shares in PCI Biotech Holding ASA. The market value of the shareholding was NOK 8.6 million at 30 September 2015, resulting in a negative market value adjustment of NOK 0.3 million for the third quarter and first nine months, in addition to NOK 7.7 million impairment loss from previous quarters.

Photocure recorded a net profit before tax of NOK 0.1 million in the third quarter (profit of NOK 24.2 million) and a loss of NOK 15.0 million (profit of NOK 6.9 million) for the first nine months 2015.

Cash flow and statement of financial position

Net cash flow from operations was negative NOK 4.8 million in the third quarter (positive NOK 25.2 million) and negative NOK 19.2 million in the first nine months (negative NOK 3.2 million). The changes reflect the Salix termination fee in 2014 partly offset by improved operational results in 2015. Net cash flow from investments was negative NOK 3.9 million in the third quarter and negative NOK 9.0 million year to date. This includes investments in intangible assets of NOK 10.5 million mainly related to the initiation of the phase 3 market expansion and post-marketing commitment trial for Cysview.

Cash and cash equivalents were NOK 139 million at 30 September 2015. Third quarter net change in cash was negative NOK 7.2 million compared to last year positive NOK 26.1 million. Net change in cash during the first nine months was negative NOK 25.8 million, compared to last year negative NOK 0.4 million.

Shareholders' equity was NOK 218 million at 30 September 2015, an equity ratio of 87%. At the end of 2014, shareholders' equity was NOK 240 million (89%).

As of 30 September 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 approximately 10%.

Photocure has through the Hexvix/Cysview franchise built considerable experience in the urology sector. The Company will 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 trial. The Company expects this trial to cost USD 8.5 million over 3 years, of which an estimated USD 2.5 million (NOK 20 million) will be invested in 2015.

Operating expenses are expected to increase moderately in constant currencies 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 received approval of the Special Protocol Agreement (SPA) from the US FDA on the design of the Phase 3 clinical registration program for Cevira.



The Board of Directors and CEO
Photocure ASA

Oslo, 28 October 2015

Bente-Lill B Romøren
Chairperson

Synne H. Røine

Tom Pike

Xavier Yon

Lars Rønn

Kjetil Hestdal
President and CEO

Photocure Group – Accounts for third quarter and the first nine months 2015

Photocure Group – Statement of comprehensive income

		2015	2014	2015	2014	2014
	Note	3Q	3Q	1.1-30.09	1.1-30.09	1.1-31.12
<i>(all amounts in NOK 1 000 except per share data)</i>						
Sales revenues		29 254	24 928	89 130	68 815	93 586
Signing fee and milestone revenues		6 614	31 896	11 100	34 180	35 366
Total revenues		35 868	56 824	100 230	102 995	128 951
Cost of goods sold		-2 010	-1 610	-6 187	-5 175	-6 996
Gross profit		33 858	55 214	94 043	97 820	121 955
Indirect manufacturing expenses	2	-2 977	-2 459	-7 513	-5 990	-9 187
Research and development expenses	2	-6 705	-6 974	-21 536	-22 992	-32 554
Marketing and sales expenses	2	-18 198	-13 074	-52 474	-40 629	-54 561
Business development and administrative exp.	2	-8 690	-8 890	-24 293	-23 810	-31 284
Operating expenses		-36 570	-31 397	-105 816	-93 421	-127 586
Operating profit/loss(-)		-2 712	23 817	-11 773	4 399	-5 631
Financial income		2 484	1 526	6 823	4 598	9 787
Financial expenses		308	-1 184	-2 343	-2 087	-2 630
Net financial profit/loss(-) excluding PCI		2 792	342	4 480	2 511	7 157
Profit/loss(-) before PCI and tax		80	24 159	-7 293	6 910	1 526
Impairment loss shares in PCI Biotech Holding		-	-	-7 669	-	-8 181
Profit/loss(-) before tax		80	24 159	-14 962	6 910	-6 655
Tax expenses	3	-5 055	-	-11 787	-	-18 047
Net profit/loss(-)		-4 974	24 159	-26 749	6 910	-24 701
Other comprehensive income	4	-406	-9 476	-280	-658	-7 392
Total comprehensive income		-5 380	14 683	-27 029	6 252	-32 093
Net profit/loss(-) per share, undiluted	5	-0,23	1,13	-1,25	0,32	-1,16
Net profit/loss(-) per share, diluted	5	-0,23	1,13	-1,25	0,32	-1,16

Photocure Group – Statement of financial position

<i>(Amounts in NOK 1 000)</i>	Note	30.09.2015	30.09.2014	31.12.2014
Non-current assets				
Machinery & equipment	6	2 553	2 892	3 056
Intangible assets	6	9 122	57	38
Other investments	7, 8	39 488	54 475	42 355
Deferred tax asset	3	19 811	49 109	31 063
Total non-current assets		70 974	106 533	76 512
Current assets				
Inventory		14 905	13 729	13 237
Receivables		24 116	17 952	15 585
Cash & cash equivalents	7	139 465	166 850	165 245
Total current assets		178 486	198 531	194 067
Total assets		249 460	305 064	270 579
Equity and liabilities				
Equity				
Share capital	9	10 738	10 697	10 697
Other paid-in capital		42 310	36 563	37 801
Retained earnings		164 641	229 994	191 560
Shareholders' equity		217 689	277 253	240 058
Long-term liabilities				
Other non-current liabilities		3 674	2 838	3 055
Total long-term liabilities		3 674	2 838	3 055
Current liabilities		28 096	24 972	27 466
Total liabilities		31 770	27 810	30 521
Total equity and liabilities		249 460	305 064	270 579

Photocure Group – Changes in equity

<i>(Amounts in NOK 1 000)</i>	2015 3Q	2014 3Q	2015 1.1-30.09	2014 1.1-30.09	2014 1.1-31.12
Equity at beginning of period	220 952	261 956	240 057	269 124	269 123
Capital increase	1 497	-	2 415	-	-
Share-based compensation (share options employees)	619	615	2 245	1 877	2 343
Other items	-	-	-	-	686
Comprehensive income	-5 380	14 683	-27 029	6 252	-32 093
Equity at end of period	217 689	277 253	217 689	277 253	240 058



Photocure Group – Cash flow statement

	2015	2014	2015	2014	2014
<i>(Amounts in NOK 1 000)</i>	3Q	3Q	1.1-30.09	1.1-30.09	1.1-31.12
Profit/loss(-) before tax	80	24 159	-14 962	6 910	-6 655
Depreciation and amortisation	1 095	361	2 423	1 097	1 469
Gain sale of financial assets	-	-	-1 342	-	-
Impairment loss shares	-	-	7 669	-	8 181
Share-based compensation	619	615	2 245	1 878	2 343
Net interests	405	-871	-643	-3 159	-4 138
Changes in working capital	-3 201	1 702	-9 568	-7 266	-1 954
Other operational items	-3 809	-730	-5 038	-2 681	-5 335
Net cash flow from operations	-4 810	25 235	-19 215	-3 221	-6 089
Machinery & equipment investment	-31	-	-471	-346	-748
Intangible asset investment	-3 463	-	-10 494	-	-
Received financial payments	-405	871	1 985	3 159	4 138
Cash flow from investments	-3 899	871	-8 980	2 813	3 390
Cash flow from financing activities	1 497	-	2 415	-	686
Net change in cash during the period	-7 212	26 106	-25 780	-408	-2 013
Cash & cash equivalents at beginning of period	146 677	140 744	165 245	167 259	167 259
Cash & cash equivalents at end of period	139 465	166 850	139 465	166 850	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.

3Q 2015	Commercial Franchise				Development Portfolio			Grand Total
	Hex/Cys Own sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	13 477	13 512	2 264	29 253	-	-	-	29 253
Milestone revenues	-	5 350	1 264	6 614	-	-	-	6 614
Cost of goods sold	-598	-1 412	-	-2 010	-	-	-	-2 010
Gross profit	12 880	17 450	3 528	33 858	-	-	-	33 858
Gross profit of sales %	96 %	90 %	100 %	93 %				93 %
R&D	-	-	-	-	-1 587	-5 118	-6 705	-6 705
Sales & marketing	-14 948	-2 213	-	-17 161	-	-1 038	-1 038	-18 198
Other & allocations	-2 902	-4 614	-146	-7 661	-724	-3 281	-4 005	-11 667
Operating expenses	-17 850	-6 827	-146	-24 822	-2 311	-9 437	-11 748	-36 570
Operating profit/loss (-) recurring	-4 970	10 623	3 383	9 036	-2 311	-9 437	-11 748	-2 712



3Q 2014	Commercial Franchise				Development Portfolio			Grand Total
	Hex/Cys Own sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	11 068	13 013	848	24 928	-	-	-	24 928
Milestone revenues	-	-	1 142	1 142	-	30 754	30 754	31 896
Cost of goods sold	-409	-1 201	-	-1 610	-	-	-	-1 610
Gross profit	10 659	11 812	1 990	24 460	-	30 754	30 754	55 214
Gross profit of sales %	96 %	91 %	100 %	94 %				94 %
R&D	-	-	-	-	-1 172	-5 802	-6 974	-6 974
Sales & marketing	-11 084	-1 149	-	-12 234	-	-840	-840	-13 074
Other & allocations	-2 662	-3 655	-218	-6 535	-413	-4 401	-4 814	-11 349
Operating expenses	-13 747	-4 804	-218	-18 769	-1 584	-11 043	-12 627	-31 396
Operating profit/loss (-) recurring	-3 088	7 008	1 771	5 692	-1 584	19 710	18 126	23 818

1 Jan - 30 September 2015	Commercial Franchise				Development Portfolio			Grand Total
	Hex/Cys Own sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	42 064	40 521	6 545	89 130	-	-	-	89 130
Milestone revenues	-	7 450	3 651	11 100	-	-	-	11 100
Cost of goods sold	-1 811	-4 376	-	-6 187	-	-	-	-6 187
Gross profit	40 253	43 595	10 195	94 043	-	-	-	94 043
Gross profit of sales %	96 %	89 %	100 %	93 %				93 %
R&D	-	-	-	-	-4 556	-16 980	-21 536	-21 536
Sales & marketing	-43 748	-6 158	-	-49 906	-	-2 568	-2 568	-52 474
Other & allocations	-8 413	-12 141	-442	-20 995	-2 216	-8 593	-10 810	-31 805
Operating expenses	-52 161	-18 299	-442	-70 902	-6 772	-28 142	-34 914	-105 816
Operating profit/loss (-) recurring	-11 909	25 296	9 753	23 141	-6 772	-28 142	-34 914	-11 773

1 Jan - 30 September 2014	Commercial Franchise				Development Portfolio			Grand Total
	Hex/Cys Own sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	31 044	36 199	1 572	68 815	-	-	-	68 815
Milestone revenues	-	-	3 426	3 426	-	30 754	30 754	34 180
Cost of goods sold	-1 445	-3 730	-	-5 175	-	-	-	-5 175
Gross profit	29 599	32 469	4 998	67 066	-	30 754	30 754	97 819
Gross profit of sales %	95 %	90 %	100 %	92 %				92 %
R&D	-	-	-	-	-2 533	-20 459	-22 992	-22 992
Sales & marketing	-35 118	-3 174	-	-38 292	-	-2 337	-2 337	-40 628
Other & allocations	-7 790	-9 297	-627	-17 714	-1 172	-10 913	-12 085	-29 800
Operating expenses	-42 908	-12 471	-627	-56 006	-3 705	-33 709	-37 414	-93 420
Operating profit/loss (-) recurring	-13 309	19 998	4 370	11 060	-3 705	-2 955	-6 661	4 399



1 Jan - 31 December 2014	Commercial Products				Development products			Grand Total
	Hex/Cys Own sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
<i>(Amounts in NOK 1 000)</i>								
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 (-) recurring	-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 Company 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 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 with the exception of the changes to the segment reporting as described in the section for segment reporting. 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 28 October 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	2014
<i>(Amounts in NOK 1 000)</i>	3Q	3Q	1.1-30.09	1.1-30.09	1.1-31.12
Sales revenues	29 254	24 928	89 130	68 815	93 586
Signing fees and milestone revenues	6 614	31 896	11 100	34 180	35 366
Cost of goods sold	-2 010	-1 610	-6 187	-5 175	-6 996
Gross profit	33 858	55 214	94 043	97 820	121 955
Other income	-	-	-	-	-
Payroll expenses	-21 170	-18 676	-59 525	-53 734	-73 008
R&D costs excl. payroll expenses/other operating exp.	-2 738	-2 753	-10 146	-10 476	-15 197
Ordinary depreciation and amortisation	-1 095	-361	-2 423	-1 097	-1 469
Other operating expenses	-11 567	-9 607	-33 722	-28 114	-37 912
Total operating expenses	-36 570	-31 397	-105 816	-93 421	-127 586
Operating result	-2 712	23 817	-11 773	4 399	-5 631

Note 3 – Tax

<i>(Amounts in NOK 1 000)</i>	30.09.2015	31.12.2014
Income tax expense		
Tax payable	535	
Changes in deferred tax	11 252	18 047
Total income tax expense	11 787	18 047
Tax base calculation		
Profit before income tax	-14 962	-6 653
Permanent differences	8 323	10 636
Temporary differences	11 705	-7 148
Utilisation of tax loss carried forward	-30 342	-61 610
Increase tax loss carried forward	25 276	64 775
Tax base	0	0
Temporary differences:		
Total	-141 797	-130 092
Tax loss carried forward	401 604	407 756
Net temporary differences	259 807	277 664
Write down of deferred tax benefit	-186 431	-162 614
Deferred tax benefit	73 376	115 050
Deferred tax asset	19 812	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 taxable profit as of end September 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 11.2 million as of end September 2015 to NOK 19.8 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	2014
	3Q	3Q	1.1-30.09	1.1-30.09	1.1-31.12
Market value adjustment PCI Biotech Holding ASA	-297	-9 642	-297	-741	-7 884
Currency translation	-109	166	17	83	491
Total other comprehensive income	-406	-9 476	-280	-658	-7 392

Items may be subsequently reclassified to profit or loss.

Note 5 – Earnings per share

Earnings per share 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.

Continued operations		
<i>(Figures indicate the number of shares)</i>	30.09.2015	31.12.2014
Ordinary shares 1 January	21 393 301	21 393 301
Effect of treasury shares	-	-72 154
Effect of share options exercised	-18 849	-
Weighted average number of shares	21 374 452	21 321 147
Effect of outstanding share options	70 546	15 618
Weighted average number of diluted shares	21 444 998	21 336 765
Earnings per share in NOK	-1,25	-1,16
Earnings per share in NOK diluted	-1,25	-1,16

Note 6 – Fixed Assets

<i>(Amounts in NOK 1 000)</i>	Machinery & equipment	Intangible
Net book value 31.12.14	3 056	38
Net investments 30.09.15	510	10 494
Depreciation and amortization	-1 014	-1 410
Net book value 30.09.15	2 553	9 122

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>	30.09.2015	31.12.2014
Market value PCI Biotech Holding ASA	8 603	16 569
Booked part of remaining settlement from sale of Metvix/Aktlite	30 884	25 786
Total other investments	39 488	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				
<i>(Amounts in NOK 1 000)</i>	Level 1	Level 2	Level 3	Total
Financial assets available for sale:				
- Shares in PCI Biotech Holding ASA	8 603	-	-	8 603
- Money market funds	118 994	-	-	118 994
Total	127 598	-	-	127 598



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 30 September 2015	21 476 295	NOK 0.50	10 738 148
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 30 September 2015	35 476		17 738

The table below indicates the status of authorizations at 30 September 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 30 April 2015	2 139 330	2 139 330	800 000
Share issues after the General Meeting on 30 April 2015	-	-	82 994
Purchase of treasury shares	-	-	-
Remaining under authorisations at 30 September 2015	2 139 330	2 139 330	717 006

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 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
Tom Pike	Board member	3 400	-

Note 10 – Share options

At 30 September 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	363 870	215 336	275 593	268 744	224 750
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:

	30.09.2015		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	129 725	38,66	107 575	38,52
Exercised during the year	82 994	29,10	37 500	18,30
Expired during the year	-	-	41 250	18,30
Outstanding at end of period	1 348 293	37,81	1 153 312	39,05
Exercisable options at end of period	997 478	40,07	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 30 September 2015:

Shareholder	Account		No of shares	%
	type	Citizen		
J.P. MORGAN CHASE BANK N.A. LONDON	NOM	GBR	3 153 874	14,69 %
RADIUMHOSPITALET FORSKNINGSSTIFTELSE		NOR	1 929 000	8,98 %
FONDSFINANS NORGE		NOR	1 435 226	6,68 %
KLP AKSJE NORGE VPF		NOR	1 279 984	5,96 %
KOMMUNAL LANDSPENSJONSKASSE		NOR	950 000	4,42 %
MP PENSJON PK		NOR	800 000	3,73 %
SKAGEN VEKST		NOR	626 466	2,92 %
DANSKE INVEST NORSKE INSTIT. II.		NOR	422 703	1,97 %
VERDIPAPIRFONDET EIKA NORGE		NOR	406 517	1,89 %
BERGEN KOMMUNALE PENSJONSKASSE		NOR	370 000	1,72 %
FONDSFINANS GLOBAL HELSE		NOR	361 000	1,68 %
DANSKE INVEST NORSKE AKSJER INST		NOR	360 714	1,68 %
VICAMA AS		NOR	345 384	1,61 %
ARTAL AS		NOR	302 600	1,41 %
VERDIPAPIRFONDET DNB NORGE (IV)		NOR	287 193	1,34 %
RUL AS		NOR	281 475	1,31 %
POLAR CAPITAL GLOBAL HSBC BANK PLC.		GBR	254 537	1,19 %
SVENSKA HANDELSBANKEN		SWE	250 000	1,16 %
VERDIPAPIRFONDET DNB SMB		NOR	215 000	1,00 %
HOLMEN SPESIALFOND		NOR	200 000	0,93 %
Total 20 largest shareholders			14 231 673	66,27 %
Total other shareholders			7 244 622	33,73 %
Total number of shares			21 476 295	100,00 %

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