PHOTOCURE ASA BUILDING A SPECIALTY PHARMA COMPANY

RESULTS OF SECOND QUARTER AND FIRST HALF YEAR 2014

26 AUGUST 2014

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HIGHLIGHTS SECOND QUARTER 2014

- Hexvix/Cysview sales revenues increased 14% to NOK 23.8 million in 2Q 2014, driven by strong customer demand across major markets
  - Hexvix/Cysview global in-market sales value increased 14% to NOK 43 million
  - Partner sales revenues increased 22% to NOK 12.8 million
- Legislation to secure reimbursement for Cysview introduced to the US Congress
- Re-analysis of Cevira phase 2b data per updated pathology guidelines supports further FDA discussions
- Operating loss of NOK 5.7 million, improvement of 59% over prior year, driven by revenue increase and tight cost control
- Cash and cash equivalents of NOK 141 million
- In August, partnership on Lumacan terminated with USD 5 million in termination payment and all technology know-how and IP returned to PHO

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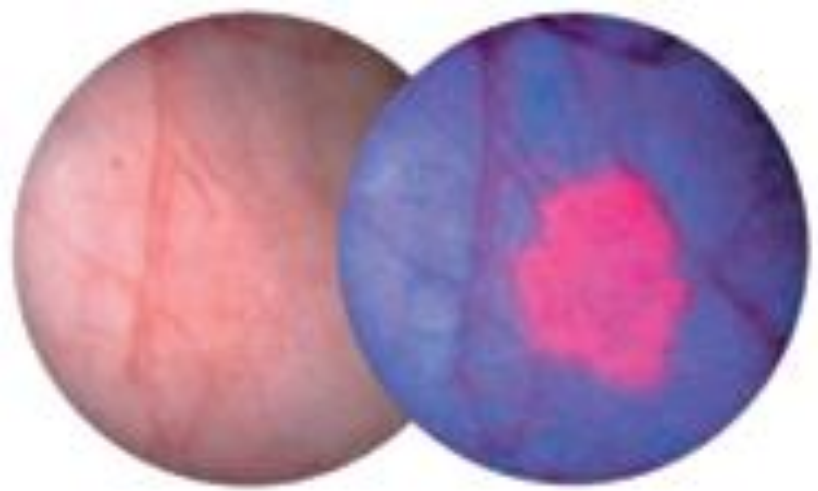
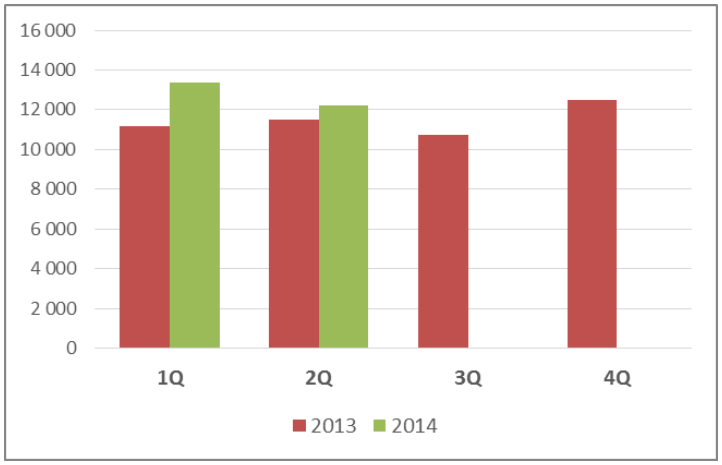
Commercial Update

HEXVIX/CYSVIEW
STRONG GROWTH IN ALL MARKETS

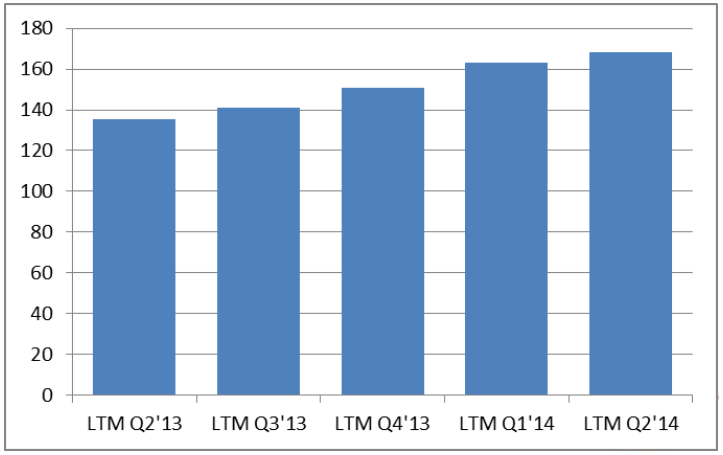
- Hexvix/Cysview global in-market volume growth 13% YTD
- Value of in-market sales of Hexvix/Cysview increased YOY 14% in 2Q and 24% YTD



Global in-market unit sales (by Q)



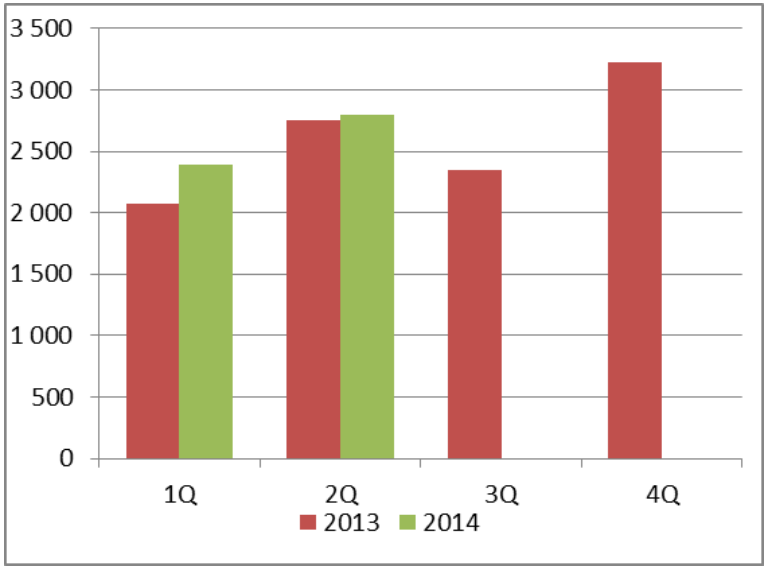
Global in-market value NOK mill (LTM)



HEXVIX/CYSVIEW
SOLID PERFORMANCE IN NORDICS

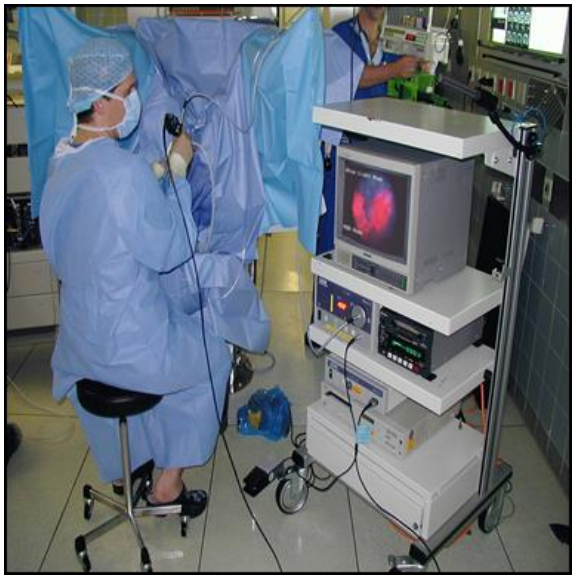
- Photocure own sales revenues in the US and Nordics increased 6% in 2Q 2014 to NOK 11.1 million and 19% YTD to NOK 20.0 million
- Key drivers include strong customer demand and price increases
- Nordic revenue in Q2 2014 at level with last year. YTD revenue growth of 15%
  - In-market volume growth YTD of 6%
  - Double digit in-market volume growth in Sweden
  - Increasing both number and productivity of blue light cystoscopies
- Price increase in Norway effective in May

Own Hexvix/Cysview in-market unit sales Nordic and US



HEXVIX/CYSVIEW
INCREASED MOMEMTUM IN US

- US 2Q 2014 revenue growth of 30%. YTD revenue growth of 33%
- Key drivers include volume growth of 17% in 2Q and 15% YTD, price increases and FX
- Despite limited 2014 CMS reimbursement policy, Blue Light Cystoscope placements increased to 47 in 2Q 2014, compared to 36 at YE 2013 and 43 in 1Q 2014.
- Continued progress towards securing sustainable reimbursement
  - Legislation introduced to US Congress to provide separate payment to hospitals for Cysview



Press Release Congressman Tom Reed

REED INTRODUCES BILL TO GIVE PATIENTS ACCESS TO BREAKTHROUGH TREATMENTS

Bill makes most up-to-date treatments available to patients; requires fair payment policy for hospitals

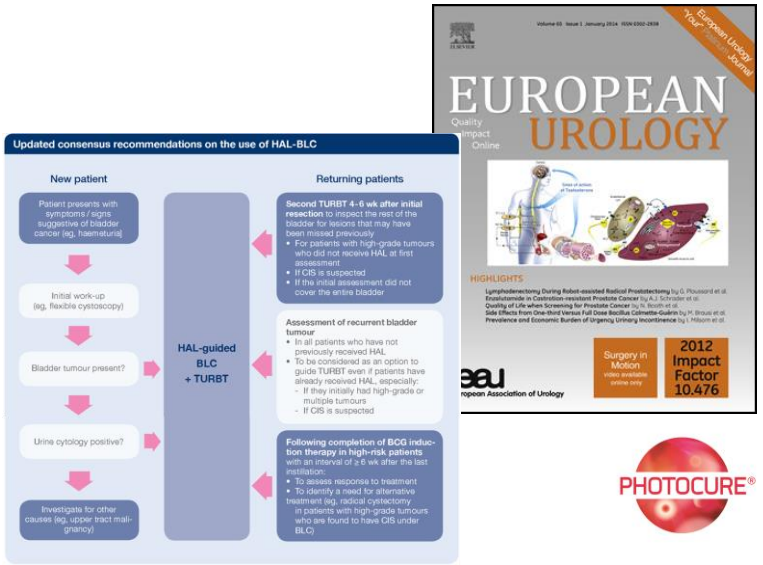
Jun 24, 2014 Issues: Health

A bill authored by Tom Reed would ensure seniors suffering from cancer, heart disease and other illnesses have access to the most up-to-date, state-of-the-art treatments…..

HEXVIX
IPSEN STRONG PERFORMANCE IN EUROPE

- Partner revenue increased 22% in 2Q 2014 to NOK 12.8 million. YTD growth of 25% to NOK 23.2 million
- Strong customer demand with end user volume growth of 14% YTD
- YTD double digit volume growth in France, Germany and Austria
- Price increase in Germany effective in April
- Expert Recommendations on the Clinical and Cost Effectiveness of Hexvix® blue-light cystoscopy published in *European Urology*
  - Reduces costs and Improves Quality Adjusted Life Years

Hexvix Partner Unit Sales Per Quarter



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Pipeline Update

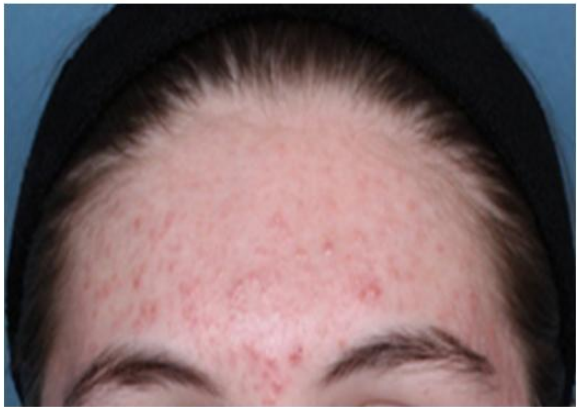
CREATING VALUE
DIVERSE PRODUCT PORTFOLIO

	Technology	Indication	Phase 1	Phase 2	Phase 3	Status
Lumacan®	**PDD**	**Detection of colorectal cancer**				**License agreement with Salix terminated**
Visonac®	**PDT**	**Treatment of moderate to severe acne**				**Positive Phase 2b results SPA and PIP approved Exploring partnerships**
Cevira®	**PDT**	**Treatment of precursors of cervical cancer**				**Positive Phase 2b results In discussion with Health Authorities on phase 3 program Exploring partnerships**

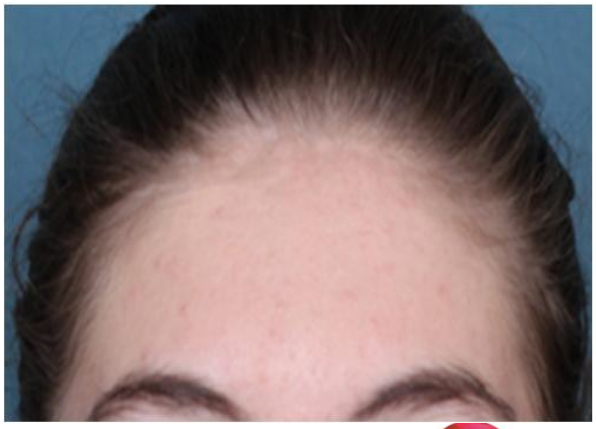
VISONAC PHASE 3 READY ASSET

- High unmet need for novel treatments for moderate/ severe acne
  - 1st Photodynamic treatment for inflammatory acne
  - Broad geographic fit
- Positive Phase 2b results
  - Significant reduction in inflammatory lesions
  - Overall improvement in acne severity
  - Well tolerated regimen
- Phase 3 Ready
  - SPA (US) and PIP (EU) agreed for global registration program
  - Development and regulatory risks significantly reduced
- High level of interest from potential partners for development and commercialization

Baseline



Week 12
6 weeks after last treatment



CEVIRA A MAJOR OPPORTUNITY

- High unmet medical need for novel therapies to treat global epidemic of HPV/CIN populations
- Breakthrough single use and fully integrated drug-device technology
- Results of the Phase 2b trial are significant
  - Significant overall response in CIN 2
  - High clearance of HPV, including highly oncogenic HPV 16/18
  - Excellent tolerability and high physician & patient acceptance
- Securing agreement with Regulators on phase 3 design and target patient population
  - Supportive Scientific Advice meetings completed with major European regulators
  - Completed re-analysis of the Phase 2b clinical data with similar efficacy improvements as in previous data set allows for continued discussions with FDA

POSITIVE SCIENTIFIC ADVICE EUROPE

- Scientific Advice Meetings held with three Health Authorities during 2Q
  - All leading agencies in review of other HPV technologies
- Advice was positive and consistent across the three
  - Cevira phase 2b results and proposed phase 3 plan discussed
  - Alignment that CIN 2 as target indication is clinically relevant and acceptable for phase 3
  - Central pathology read at diagnosis and follow up is acceptable
  - Design and statistical analysis of proposed phase 3 discussed

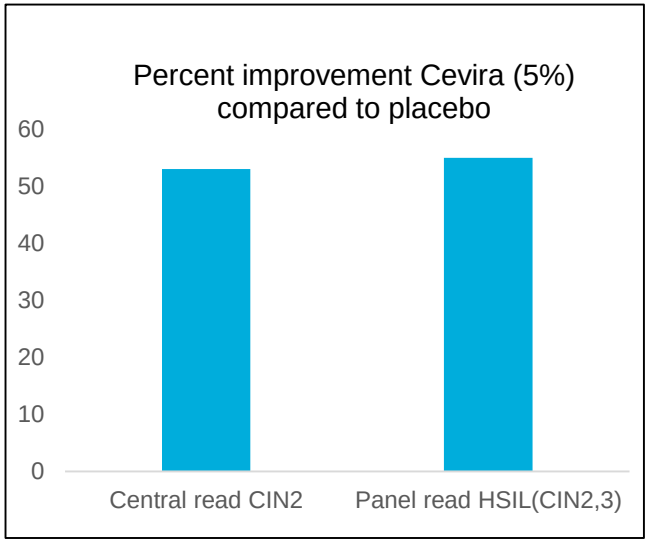
RE-ANALYSIS CONFIRMS CLINICAL BENEFIT OF CEVIRA

FDA requested re-analysis of the pathology data to include:

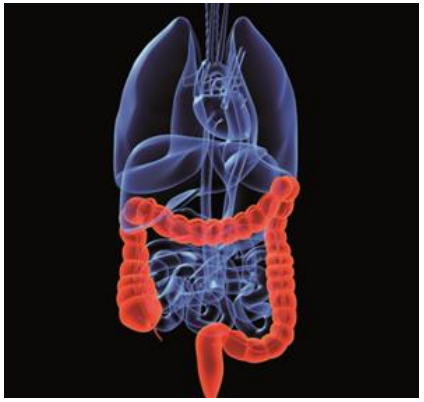
- Blinded panel of three pathologists required to provide initial diagnosis and post treatment evaluation
- Diagnosis of the patients with cervical intraepithelial lesions of cervix should be defined as HSIL (CIN2,3) and LSIL (CIN1), per updated LAST classification system
- Histology together with HPV analysis (oncogenic subtypes pooled) was used as primary efficacy outcome

Results of re-analysis

- Panel read completed according to LAST classification system on 99% study subjects
- 50% of subjects (131/261) initially diagnosed as HSIL by panel
- As per endpoints acceptable to FDA , Cevira 5% provided clinically significant efficacy vs placebo, 59% vs 38%, p>0.05
- The results reach statistical significance when corrected for uneven distribution of lesion size, Cevira 67% vs placebo 22%, p= 0.01



LUMACAN PARTNERSHIP TERMINATED



- Global development and commercialization rights licensed to Salix in October 2010
  - Received upfront and development payments of $8.5M to date

- Following the proposed merger agreement between Salix and Cosmo Pharmaceuticals SpA
  - Agreed to terminate Salix license
  - Salix paid PHO $5M
  - All rights and IP revert to PHO

- Evaluation of options to secure further development and optimal value ongoing

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Financials

HEXVIX/CYSVIEW - CONTINUED GROWTH SECOND QUARTER 2014

- Revenue from own sales of Hexvix/ Cysview increased 6% in 2Q 2014 and 19% YTD
  - Nordic 2Q revenue at level with last year, YTD growth of 15%.
    - Volume growth, price increases and FX
  - US revenue increased 30% in 2Q and 33% YTD
    - Volume growth, price increase and FX
- Partner 2Q 2014 revenue increased 22% in 2Q and 25% YTD
  - In-market volume growth of 14% YTD
- Total in market sales value increased 14% in 2Q and 24% YTD
  - LTM value NOK 168 million compared to NOK 151 million at year end

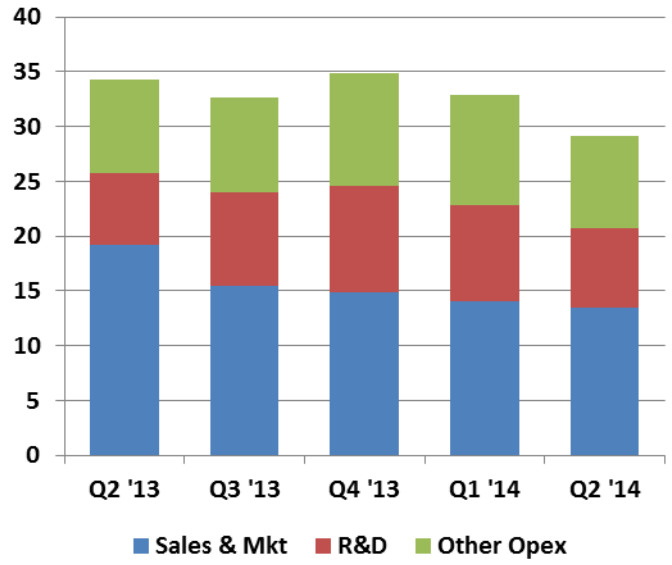
SALES - MNOK	Q2 '14	YTD '14
Hexvix own sales	**11,1**	**20,0**
YoY growth	*6 %*	*19 %*
Hexvix partner sales	**12,8**	**23,2**
YoY growth	*22 %*	*25 %*
Total Photocure	**23,8**	**43,2**
YoY growth	*14 %*	*22 %*
Revenue in-market (*)	**42,9**	**88,9**
YoY growth	*14 %*	*24 %*
Units in-market (*)	**12 207**	**25 595**
YoY growth	*6 %*	*13 %*

(*) Calculated in-market sales

OPERATING EXPENSES SECOND QUARTER 2014

- Total OPEX at NOK 29.2 million in 2Q. YTD at NOK 62.0 million, a reduction of 14%
- R&D expenses at NOK 7.3 million in 2Q
  - Main R&D activity related to re-analysis of the phase 2b Cevira data
- Quarter S&M expenses at NOK 13.5 million
  - Decline from previous quarters due to completion of the contractual co-funding arrangement of the marketing activities with partner
  - Reduced spending related to commercial activities in the US awaiting outcome on reimbursement

MNOK	Q2 '14	YTD '14
Research & Development	**7,3**	**16,0**
YoY growth	*11 %*	*2 %*
Sales & Marketing	**13,5**	**27,6**
YoY growth	*-30 %*	*-28 %*
Other Opex	**8,4**	**18,5**
YoY growth	*-2 %*	*0 %*
Operating expenses	**29,2**	**62,0**
YoY growth	*-15 %*	*-14 %*



PROFIT & LOSS
SECOND QUARTER 2014

MNOK	Q2 '14	Q2 '13	Change	YTD '14	YTD '13	Change
Hexvix / Cysview revenues	23,8	20,9	14 %	43,2	35,4	22 %
Other sales revenues	0,5	0,5	9 %	0,7	0,7	11 %
Signing fee and milestones	1,1	1,1	8 %	2,3	2,1	10 %
Total revenues	**25,5**	**22,5**	**14 %**	**46,2**	**38,1**	**21 %**
Gross profit	**23,5**	**20,4**	**15 %**	**42,6**	**34,7**	**23 %**
Operating expenses	-29,2	-34,3	-15 %	-62,0	-72,3	-14 %
Operating profit/loss(-) recurring	**-5,7**	**-13,9**	**-59 %**	**-19,4**	**-37,6**	**-48 %**
Operating profit/loss(-)	**-5,7**	**-18,0**		**-19,4**	**-41,7**	
Net profit/loss(-)	**-4,2**	**-15,2**		**-17,2**	**-36,6**	

- Operating loss reduced 59% in the quarter and 48% YTD:
  - Increased revenue of Hexvix/Cysview in all markets, 14% in 2Q and 22% YTD
  - Cost reductions of 15% in 2Q and 14% YTD
- Hexvix/Cysview commercial activities profitable in 2Q and YTD 2014

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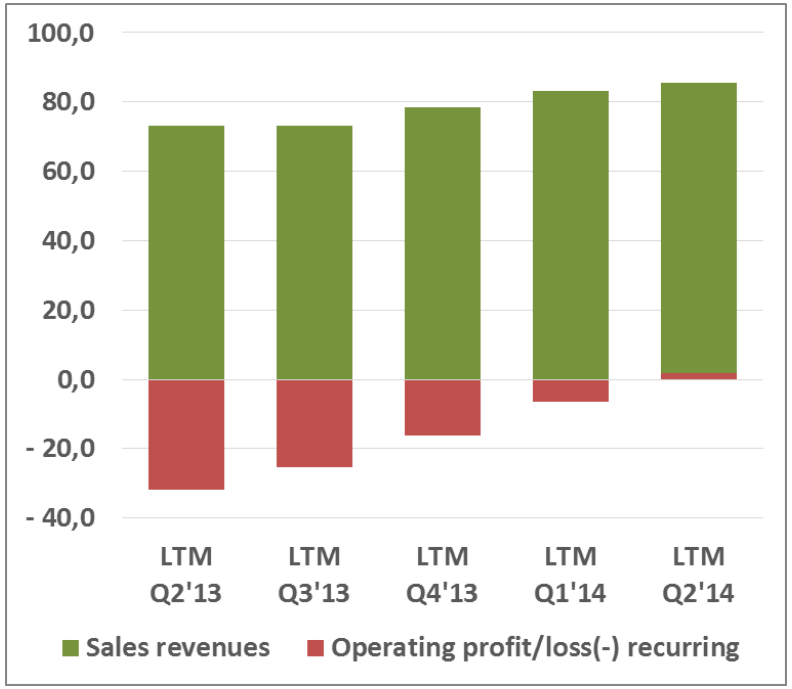
HEXVIX/CYSVIEW FRANCHISE SECOND QUARTER 2014

- LTM (last twelve months) 2Q 2014 operating result for commercial activities at NOK +1.7 million compared to NOK -31.8 million LTM 2Q 2013
- Consistent quarterly improvements driven by both revenue increases as well as cost reductions

Hexvix Sales & Opr Result LTM (NOK mill)



All numbers as per quarterly segment report
Includes all commercial activities, excluding milestone revenue
Costs excludes all R&D
Costs includes allocation of G&A

CASH FLOW
SECOND QUARTER 2014

MNOK	Q2 '14	Q2 '13	YTD '14	YTD '13
Cash flow from:				
- Operations	-9,8	-37,5	-28,5	-64,2
- Investments	0,8	0,9	1,9	2,7
- Financing activities	0,0	-42,2	0,0	-42,8
Net change in cash	**-9,0**	**-78,8**	**-26,5**	**-104,3**
Ending cash balance	**140,7**	**198,5**	**140,7**	**198,5**

- 2Q 2014 cash flow from operations NOK -9.8 million
- Quarter working capital and provision changes negative NOK 4.8 million, compared to last year negative NOK 20.7 million
- Quarter end cash balance at NOK 140.7 million

BALANCE SHEET PER 30 JUNE 2014

- Non current assets includes NOK 41.5 million in shares in PCI Biotech and deferred tax asset of NOK 49.1 million
- No interest bearing debt
- Shareholder's equity of NOK 262.0 million
- Equity ratio of 92%
- Photocure held 72,976 own shares at quarter end

MNOK	**30.06 2014**	**31.12 2013**
Non-current assets	115,5	104,8
Inventory & receivables	27,8	29,7
Cash & equivalents	140,7	167,3
Total assets	**284,0**	**301,7**
Shareholders equity	262,0	269,1
Long term liabilities	2,7	2,3
Current liabilities	19,4	30,3
Total equity & liabilities	**284,0**	**301,7**
Equity ratio	92 %	89 %

Summary and Outlook

GOOD PROGRESS MADE TOWARDS 2014 GOALS

KEY 2014 OBJECTIVES	1H ACHIEVEMENTS
Hexvix/Cysview global in-market unit sales growth of ≥10%	YTD growth 13%
Obtain sustainable reimbursement solution in US	Bill introduced to US Congress
Secure partnership for development and commercialization of Visonac	Established high interest with key dermatology players
Secure regulatory alignment on Cevira clinical development to progress partner discussions	Positive Scientific Advice meetings with key EU regulators on Cevira phase 3 program Re-analysis of Cevira data completed
End of year cash reserve of NOK 140-150 million including termination payment, excluding milestone payments	Cash of NOK 141 million at end of 2Q