

Q1

FIRST QUARTER
REPORT 2016
PHOTOCURE GROUP



2016

Highlights for first quarter 2016

(Numbers in brackets and comparisons are for the corresponding period in 2015.)

- Hexvix/Cysview global in-market sales increased 19% to NOK 60 million in the first quarter. First quarter in-market unit sales increased 7%
- Sales revenues increased 18% in first quarter to NOK 33.5 million (NOK 28.4 million)
- Commercial segment EBITDA increased 19% to NOK 5.3 million (NOK 4.5 million) with EBITDA margin at 15% (15%)
- New patent for Cevira granted in Europe, which extends patent coverage to 2030
- Milestone reached in the US as Blue light enabled cystoscopy with Cysview was recommended in new bladder cancer guidelines released by the American Urology Association and Society of Urological Oncology in April

Key figures:

Figures in NOK million	Q1 2016	Q1 2015	Change	FY 2015
Sales revenues	33.5	28.4	18 %	122.3
Signing fee & milestone revenues	1.3	1.2		12.4
Total revenues	34.9	29.6	18 %	134.7
Operating expenses	36.2	34.2	6 %	144.6
EBITDA	-3.7	-6.6		-18.1
EBITDA commercial franchise	5.3	4.5	19 %	28.7
EBITDA development portfolio	-9.1	-11.1		-46.8
EBIT (Operating result)	-4.9	-7.2		-22.0
Profit/loss(-) before PCI and tax	-4.4	-7.0		-17.4
Earnings per share, diluted (NOK)	-0.03	-0.51		-1.69
Cash & cash equivalents	120.6			134.0

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

“Photocure has started the year with continued growth in revenues as well as improved profitability in the Hexvix/Cysview commercial franchise. The revenue increase is driven by continued positive growth in the Nordics and US. The recent recommendation of Cysview in the new bladder cancer guidelines in the US provides strong recognition of the clinical benefits of Cysview/Hexvix and is an important foundation for future growth in the US. We are also pleased that the enrollment of bladder cancer patients into our phase 3 surveillance study with Cysview in the US is progressing as planned and is on track to finish by the end of 2016.

In the first quarter of 2016 we continued to deliver financial improvement. With the increased profitability of our commercial franchise, we made significant progress towards our goal of becoming a sustainable specialty pharma company. We remain committed to securing partnerships for our two phase 3 ready development products, Cevira and Visonac.”

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

The commercial segment continued to improve sales and EBITDA in the quarter. First quarter total revenue increased 18% to NOK 34.9 million (NOK 29.6 million) compared to last year, driven by improvements in sales performance for Hexvix/Cysview.

Operating expenses increased to NOK 27.2 million (NOK 23.1 million) for the quarter, reflecting continued investments in US and Hexvix/Cysview market expansion surveillance trials. EBITDA for the first quarter was NOK 5.3 million (NOK 4.5 million).

MNOK	Q1 '16	Q1 '15
Nordic - Hexvix	10,1	8,3
US - Cysview	7,6	4,6
Partner - Hexvix	15,8	13,9
Hexvix / Cysview Total	33,5	26,7
API revenues	0,0	1,7
Signing fee & milestones	1,3	1,2
Total revenues	34,9	29,6
YoY growth	18 %	
Cost of goods sold	-2,4	-2,0
Gross profit	32,5	27,6
Operating expenses	-27,2	-23,1
EBITDA	5,3	4,5
EBITDA margin	15 %	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/Cysview in Europe, Canada, Australia and New Zealand.

Global in-market sales of Hexvix/Cysview increased 19% to NOK 60 million in the first quarter. Global in-market unit sales for the first quarter increased 7% compared to 2015. The volume growth was driven by positive market development in Nordic and US markets, and positively impacted by the reduced seasonality effects in the fourth quarter last year.

Total sales revenues for Hexvix/Cysview increased 26% to NOK 33.5 million (NOK 26.7 million) in the first quarter. Revenue growth was positively impacted by increased demand in major markets, foreign exchange rates and price increases. Revenue growth in constant currencies was 15% for the quarter.

Photocure Hexvix/Cysview sales

Photocure's sales revenues from its sales force in the US and Nordic region increased 38% to NOK 17.7 million in the first quarter, reflecting strong growth in both regions. Revenue in constant currencies grew 26% for the quarter compared to first quarter 2015.

Nordic Hexvix sales

Nordic revenues increased 23% in the first quarter compared to the prior year, mainly driven by customer demand, foreign exchange rates, and price increases. Revenue in constant currencies grew 14%.

Photocure's in-market unit sales in the Nordic region increased 20% in the first quarter. The increase was driven by strong development in Sweden (growth of 32%) as well as the reduced seasonality effect in the fourth quarter 2015.

US Cysview sales

In the US, first quarter revenue increased 66% compared to first quarter the prior year. The increase was driven by volume growth, positive foreign exchange rates and price increases. In constant currency, revenue grew 49% for the quarter compared to 2015.

Unit sales in the US increased 37% in the first quarter compared to first quarter the prior year.

US 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 the end of the fourth quarter was 73, an increase of 8 compared to end of 2015 and 21 (40%) compared to end of first quarter 2015.

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, was introduced in 2015 and during first quarter the bill continued to gain additional support of Congressional members and progress through the legislative process. Photocure will continue its work to obtain reimbursement for Cysview in the US.

Hexvix/Cysview partner sales

Partner revenue increased 14% in the first quarter to NOK 15.8 million (NOK 13.9 million), positively affected by foreign exchange and increased volumes. First quarter sales included the first shipment to BioSynt Pharma in Canada. Revenue in constant currency grew 4% in the quarter.

End user unit sales increased 2% in the first quarter. It is anticipated that the first commercial sale of Cysview in Canada will take place second or third quarter 2016.

Juno Pharmaceuticals, our partner in Australia and New Zealand, is expected to obtain marketing authorization in Australia in fourth quarter 2016.

Marketing approval for Hexvix in Russia was received in 2015. Photocure is evaluating potential commercial partners in Russia.

Hexvix/Cysview publications

After quarter end, a study was published in *Bladder Cancer*, demonstrating that Blue Light Cystoscopy (BLC) with Hexvix/Cysview significantly prolonged time to disease progression and showed a trend in the reduction of the rate of progression in patients with non-muscle invasive bladder cancer (NMIBC).

A significant milestone and recognition of the medical benefits of Cysview was achieved in April 2016 with recommendation of blue light enabled cystoscopy with Cysview in the new AUA/SUO Guidelines for bladder cancer. In recommending the use of Cysview, the guidelines highlight the importance of Cysview in increasing the detection and decreasing the recurrence rate of non-muscle invasive bladder cancer.

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 bladder cancer 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.

In the fourth quarter last year, the first patient was enrolled in a 360 patient phase 3 clinical study examining bladder cancer detection rates using Cysview blue light flexible cystoscopy vs white light flexible cystoscopy. In first quarter, patient enrollment was in accordance with our plans and is on track to be completed by end of 2016 with final results expected in 2017 and possible FDA approval in 2018.

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.

With alignment with regulatory authorities in both the US and Europe on the design and analysis of the global pivotal phase 3 registration program, Visonac is phase 3 ready.

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.

With alignment with FDA on Phase 3 clinical studies now obtained, Photocure continues to interact with FDA to finalize necessary documentation for the Cevira device to ensure readiness for the Phase 3 trial.

During the first quarter, a new patent for Cevira was issued by the European Patent Office (EPO). The newly granted patent provides protection for the Cevira drug, its use and its combination with a drug delivery device, such as the Cevira device, until 2030. This new key patent in Photocure's Cevira portfolio complements the company's two proprietary European patents which protect different aspects of the Cevira device, and which expire in 2029.

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.

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

Financial review

(Numbers in brackets are for the corresponding period in 2015; references to the prior year refer to a comparison to the same quarter 2015, unless otherwise stated).

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

Revenues

Revenues in the first quarter were NOK 34.9 million, an increase of 18% from the same quarter last year (NOK 29.6 million).

This increase was driven mainly by positive effects of currency exchange rates, continued market penetration of Hexvix/Cysview and price increases.

Total Hexvix/Cysview sales revenues for the first quarter were NOK 33.5 million, an increase of 26% from last year (NOK 26.7 million). Sales to US and Canada accounted for half of this growth. In constant currencies the revenue grew 15% for the quarter.

Operating costs

Total operating costs excluding depreciation and amortization were NOK 36.2 million (NOK 34.2 million) in the first quarter, an increase of 6%. The increases in operating costs were driven by changes in currency exchange rates, increased investments in US operations as well as increased activities related to expanding the use of Hexvix/Cysview into the flexible surveillance patient segment.

MNOK	Q1 '16
Research & Development	5,0
YoY growth	-28 %
Sales & Marketing	20,1
YoY growth	17 %
Other Opex	11,1
YoY growth	10 %
Operating expenses	36,2
YoY growth	6 %
Depreciation & Amort.	1,1
Total	37,3
YoY growth	7 %

First quarter research and development (R&D) costs were NOK 5.0 million (NOK 6.9 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. Expenses related to the Cysview phase 3 market expansion trial are capitalized.

Marketing and sales costs increased 17% to NOK 20.1 million (NOK 17.2 million) in the first quarter compared to same period prior year, significantly impacted by changes in currency exchange rates, particularly the USD/NOK.

Financial results

EBITDA was at NOK -3.7 million for the first quarter, an improvement of 44% as compared to prior year (NOK -6.6 million). Impact from currency translation was approximately NOK 1.0 million positive for quarter.

EBITDA in the commercial segment was NOK 5.3 million for the first quarter compared to NOK 4.5 million first quarter prior year. The development portfolio had an EBITDA of NOK -9.1 million for the quarter compared to NOK -11.1 million last year.

First quarter depreciation and amortization was NOK 1.1 million (NOK 0.6 million). The increase from the prior year was driven by amortization on the investments in intangible assets related to the initiation of the phase 3 market expansion trial for Cysview.

Net financial items were NOK 0.5 million (NOK 0.3 million) in the first quarter.

Photocure's net loss before tax was NOK 4.4 million in the first quarter (net loss of NOK 7.0 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 quarter end, resulting in a positive market value adjustment of NOK 2.6 million for the first quarter.

Cash flow and statement of financial position

Net cash flow from operations was negative NOK 9.3 million in the first quarter (negative NOK 11.9 million). Net cash flow from investments was negative NOK 5.1 million in the first quarter (negative NOK 3.6 million). This includes investments in intangible assets of NOK 4.1 million mainly related to the phase 3 market expansion trial for Cysview.

Cash and cash equivalents were NOK 120.6 million at end of first quarter 2016. First quarter net change in cash was negative NOK 13.4 million (negative NOK 15.5 million).

Shareholders' equity was NOK 213 million at quarter end, an equity ratio of 86%. At the end of 2015, shareholders' equity was NOK 210 million (equity ratio of 85%).

As of 31 March 2016, Photocure held 809 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 2016 are associated with market development for Hexvix/Cysview, progress of partnering 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 2015.

Outlook

Photocure expects increasing unit sales growth rates for Hexvix/Cysview through continued positive sales development of Cysview in the US, launch in new markets as well as growth in key mature markets.

Photocure has built considerable experience in the urology sector through the Hexvix/Cysview franchise. The Company will continue to expand its commercial presence in urology by furthering the Hexvix/Cysview opportunity in the bladder cancer surveillance market with finalization of the new phase 3 clinical trial. The Company expects this trial to cost USD 8.5 million in total, of which an estimated USD 3.5 million will be invested in 2016.

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. In 4Q 2016 Photocure is entitled to receive Euro 4 million from Galderma as the final payment related to the 2009 Metvix asset purchase agreement. Cash position is expected to remain solid throughout 2016 including committed deferred payments and milestones.

Photocure is committed to establishing strategic partnerships for its non-urology pipeline products.

The Board of Directors and CEO
Photocure ASA

Oslo, 9 May 2016

Bente-Lill B Romøren
Chairperson

Synne H. Røine

Tom Pike

Xavier Yon

Grannum R. Sant

Kjetil Hestdal
President and CEO

Photocure Group –Accounts for first quarter 2016

Photocure Group – Statement of comprehensive income

		2016	2015	2015
	Note	1.1-31.03	1.1-31.03	1.1-31.12
<i>(all amounts in NOK 1 000 except per share data)</i>				
Sales revenues		33 531	28 369	122 330
Signing fees and milestone revenues		1 321	1 206	12 387
Total revenues		34 852	29 575	134 717
Cost of goods sold		-2 371	-1 986	-8 221
Gross profit		32 481	27 589	126 496
Indirect manufacturing expenses	3	-2 752	-2 393	-10 410
Research and development expenses	3	-5 615	-7 105	-31 337
Marketing and sales expenses	3	-20 146	-17 186	-73 399
Other operating expenses	3	-8 836	-8 112	-33 336
Total operating expenses		-37 349	-34 795	-148 482
EBIT		-4 868	-7 206	-21 986
Financial income		1 282	2 529	8 856
Financial expenses		-768	-2 274	-4 304
Net financial profit/loss(-) excluding PCI shares		515	255	4 552
Profit/loss(-) before PCI and tax		-4 353	-6 951	-17 434
Impairment loss shares in PCI Biotech Holding		-	-	-10 636
Profit/loss(-) before tax		-4 353	-6 951	-28 070
Tax expenses	4	3 647	-4 000	-8 108
Net profit/loss(-)		-706	-10 951	-36 178
Other comprehensive income	5	2 373	2 860	865
Total comprehensive income		1 667	-8 091	-35 313
Net profit/loss(-) per share, undiluted	6	-0,03	-0,51	-1,69
Net profit/loss(-) per share, diluted	6	-0,03	-0,51	-1,69

Photocure Group – Statement of financial position

<i>(Amounts in NOK 1 000)</i>	Note	31.03.2016	31.03.2015	31.12.2015
Non-current assets				
Machinery & equipment	7	1 980	2 977	2 289
Intangible assets	7	16 926	5 094	11 877
Other investments	8, 9	8 574	45 290	5 933
Deferred tax asset	4	27 137	27 063	23 490
Total non-current assets		54 617	80 424	43 589
Current assets				
Inventories		17 620	13 331	13 800
Accounts receivable		9 866	7 616	12 259
Other receivables	10	46 759	9 094	44 384
Cash and short term deposits	8	120 622	149 737	134 026
Total current assets		194 867	179 777	204 469
Total assets		249 484	260 201	248 058
Equity and liabilities				
Equity				
Share capital	11	10 738	10 697	10 738
Other paid-in capital		49 805	38 694	43 073
Retained earnings		152 968	183 643	156 249
Shareholders' equity		213 511	233 034	210 060
Long-term liabilities				
Pension liabilities		4 216	3 261	3 960
Total long-term liabilities		4 216	3 261	3 960
Current liabilities		31 757	23 906	34 038
Total liabilities		35 973	27 167	37 998
Total equity and liabilities		249 484	260 201	248 058

Photocure Group – Changes in equity

<i>(Amounts in NOK 1 000)</i>	2016	2015	2015
	1.1-31.03	1.1-31.03	1.1-31.12
Equity at beginning of period	210 060	240 058	240 058
Capital increase			2 415
Share-based compensation (share options employees)	800	1 066	2 899
Treasury shares decrease	984	-	
Comprehensive income	1 667	-8 091	-35 313
Equity at end of period	213 511	233 034	210 060

Photocure Group – Cash flow statement

	2016	2015	2015
(Amounts in NOK 1 000)	1.1-31.03	1.1-31.03	1.1-31.12
Profit/loss(-) before tax	-4 353	-6 951	-28 070
Depreciation and amortisation	1 148	591	3 899
Gain sale of financial assets	-	-1 342	-1 342
Impairment loss shares	-	-	10 636
Share-based compensation	800	1 066	2 899
Net interest income	-771	-590	-986
Changes in working capital	-5 219	-4 775	-2 250
Other operational items	-867	104	-5 819
Net cash flow from operations	-9 263	-11 897	-21 033
Investments in fixed assets	-1 759	-236	-520
Development expenditures	-4 137	-5 308	-14 410
Received financial payments	771	1 932	2 328
Cash flow from investments	-5 126	-3 612	-12 602
Cash flow from financing activities	984	-	2 415
Net change in cash during the period	-13 404	-15 509	-31 221
Cash & cash equivalents at beginning of period	134 026	165 246	165 246
Cash & cash equivalents at end of period	120 622	149 737	134 026

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 2015 (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 9 May 2016.

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 2016 did not have any significant impact on the reporting in 2016. 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 - Photocure Group – Segment information

Photocure has two segments; 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 includes development of commercial products and pipeline products.

1 Jan - 31 March 2016	Commercial Products				Development products			Grand
	Hex/Cys Own sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	Total
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	17 725	15 806	-	33 531	-	-	-	33 531
Milestone revenues	-	-	1 320	1 320	-	-	-	1 320
Cost of goods sold	-648	-1 722	-	-2 371	-	-	-	-2 371
Gross profit	17 077	14 084	1 320	32 481	-	-	-	32 481
Gross profit of sales %	96 %	89 %		93 %				93 %
R&D	-	-	-	-	-822	-4 148	-4 970	-4 970
Sales & marketing	-17 365	-1 889	-	-19 254	-	-828	-828	-20 082
Other & allocations	-3 013	-4 726	-159	-7 897	-827	-2 426	-3 253	-11 150
Operating expenses	-20 378	-6 615	-159	-27 151	-1 649	-7 402	-9 050	-36 202
EBITDA	-3 301	7 469	1 162	5 330	-1 649	-7 402	-9 050	-3 721

1 Jan - 31 March 2015	Commercial Franchise				Development Portfolio			Grand
	Hex/Cys Own sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	Total
<i>(Amounts in NOK 1 000)</i>								
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	12 272	12 433	2 886	27 590	-	-	-	27 590
Gross profit of sales %	96 %	90 %	100 %	93 %				93 %
R&D	-	-	-	-	-1 481	-5 465	-6 946	-6 946
Sales & marketing	-14 388	-2 127	-	-16 515	-	-639	-639	-17 154
Other & allocations	-2 715	-3 725	-145	-6 585	-732	-2 785	-3 517	-10 102
Operating expenses	-17 103	-5 852	-145	-23 101	-2 213	-8 889	-11 102	-34 202
EBITDA	-4 832	6 581	2 740	4 490	-2 213	-8 889	-11 102	-6 612

1 Jan - 31 December 2015	Commercial Franchise				Development Portfolio			Grand
	Hex/Cys Own sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	Total
<i>(Amounts in NOK 1 000)</i>								
Sales Revenues	61 684	54 101	6 545	122 329	-	-	-	122 329
Milestone revenues	-	7 450	4 939	12 388	-	-	-	12 388
Cost of goods sold	-2 483	-5 738	-	-8 221	-	-	-	-8 221
Gross profit	59 201	55 812	11 484	126 497	-	-	-	126 497
Gross profit of sales %	96 %	89 %	100 %	93 %				93 %
R&D	-	-	-	-	-4 709	-24 849	-29 558	-29 558
Sales & marketing	-61 568	-8 684	-	-70 252	-	-3 021	-3 021	-73 273
Other & allocations	-11 169	-15 769	-602	-27 541	-3 069	-11 134	-14 203	-41 744
Operating expenses	-72 737	-24 453	-602	-97 793	-7 778	-39 004	-46 782	-144 575
EBITDA	-13 536	31 359	10 881	28 704	-7 778	-39 004	-46 782	-18 078

Note 3 – Income statement classified by nature

	2016	2015	2015
	Q1	Q1	1.1-31.12
<i>(Amounts in NOK 1 000)</i>			
Sales revenues	33 531	28 369	122 330
Signing fees and milestone revenues	1 321	1 206	12 387
Cost of goods sold	-2 371	-1 986	-8 221
Gross profit	32 481	27 589	126 496
Payroll expenses	-22 100	-21 250	-80 358
R&D costs excl. payroll expenses/other operating exp.	-2 229	-3 244	-15 117
Ordinary depreciation and amortisation	-1 148	-595	-3 899
Other operating expenses	-11 872	-9 707	-49 108
Total operating expenses	-37 349	-34 795	-148 482
EBIT	-4 868	-7 206	-21 986

Note 4 – Tax

	31.03.2016	31.12.2015
<i>(Amounts in NOK 1 000)</i>		
Income tax expense		
Tax payable		535
Changes in deferred tax	-3 647	7 573
Total income tax expense	-3 647	8 108
Tax base calculation		
Profit before income tax	-4 353	-28 070
Permanent differences	500	13 390
Temporary differences	16 334	-11 150
Utilisation of tax loss carried forward	-1 754	-9 294
Change in tax loss carried forward	-10 727	35 124
Tax base	0	0
Temporary differences:		
Total	-121 765	-137 885
Tax loss carried forward	428 129	438 793
Net temporary differences	306 364	300 908
Write down of deferred tax benefit	-197 818	-206 948
Deferred tax benefit	108 546	93 960
Deferred tax asset	27 137	23 490

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 had a profit before tax year to date March 31, 2016 of NOK 1.8 million compared to NOK 9.0 million same period in 2015. Photocure has in 2015 changed the transfer price method in the Group from a resale method to a profit/loss split method for the business in US. The taxable profit in the parent company is related to changes in temporary differences. The deferred tax asset in 2016 increased by NOK 3.6 million 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 5 – Other comprehensive income

	2016	2015	2015
	Q1	Q1	1.1-31.12
<i>(Amounts in NOK 1 000)</i>			
Market value adjustment PCI Biotech Holding ASA	2 640	2 715	0
Currency translation	-267	146	865
Total other comprehensive income	2 373	2 860	865

Items may be subsequently reclassified to profit or loss.

Note 6 – Earnings per share

Earnings per share are calculated based on 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.

	2016	2015
	1.1-31.03	1.1-31.12
<i>(Figures indicate the number of shares)</i>		
Issued ordinary shares 1 January	21 476 295	21 393 301
Effect of treasury shares	-809	-35 476
Effect of share options exercised	-20 191	-49 639
Effect of shares issued	-	82 994
Weighted average number of shares	21 455 295	21 391 180
Effect of outstanding share options	78 176	83 495
Weighted average number of diluted shares	21 533 471	21 474 675
Earnings per share in NOK	-0,03	-1,69
Earnings per share in NOK diluted	-0,03	-1,69

Note 7 – Fixed Assets

	Machinery & equipment	Intangible
<i>(Amounts in NOK 1 000)</i>		
Net book value 31.12.15	2 289	11 877
Net investments 31.03.16	-7	5 895
Depreciation and amortization	-301	-847
Net book value 31.03.16	1 980	16 926

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

Note 8 – Other investments

<i>(Amounts in NOK 1 000)</i>	31.03.2016	31.12.2015
Market value PCI Biotech Holding ASA	8 574	5 933
Total other investments	8 574	5 933

Note 9 – 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	8 574	-	-	8 574
- Money market funds	100 084	-	-	100 084
Total	108 657	-	-	108 657

Note 10 – Other receivables

<i>(Amounts in NOK 1 000)</i>	31.03.2016	31.12.2015
Booked part of remaining settlement from sale of Metvix/Aktilete	33 774	32 805
Prepayments and other receivables	12 985	11 579
Total other receivables	46 759	44 384

Note 11 – Share capital

Registered share capital in Photocure ASA amounts to:

	No. of shares	Nominal value per share	Share capital in NOK
Share capital at 31 December 2015	21 476 295	NOK 0.50	10 738 148
Share capital at 31 March 2016	21 476 295	NOK 0.50	10 738 148
Treasury shares:			
Holdings of treasury shares at 31 December 2015	35 476		17 738
Buy-back of treasury shares	-	NOK 0.50	-
Share option exercise	-34 667	NOK 0.50	-17 334
Holdings of treasury shares at 31 March 2016	809		405

The table below indicates the status of authorizations at 31 March 2016:

	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 31 March 2016	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 31 March 2016:

Name	Position	No. of shares	No. of subscription rights
Kjetil Hestdal	President and CEO	103 873	116 000
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	82 280
Grete Hogstad	Vice President Strategic Marketing	10 500	74 050
Espen Njåstein	Head, Nordic Cancer Commercial Operations	-	57 650
Gry Stensrud	Vice President Technical Development & Operations	1 845	70 050
Tom Pike	Board member	3 400	-

Note 12 – Share options

At 31 March 2016, employees in Photocure had the following share option schemes:

Year of allocation	2015	2014	2012/2013	2012
Option programme	2015	2014	2012	2011
Number	344 870	183 002	260 743	253 794
Exercise price (NOK)	32,78	27,39	38,50	48,75
Date of expiry (31 December)	2019	2018	2017	2016

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

	Q1 2016		2015	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	1 119 543	37,00	1 153 312	39,05
Allocated during the year	-	-	407 700	32,78
Become invalid during the year	42 467	40,40	129 725	38,66
Exercised during the year	34 667	28,37	86 994	29,02
Expired during the year	-	-	224 750	42,00
Outstanding at end of period	1 042 409	37,15	1 119 543	37,00
Exercisable options at end of period	927 452	37,69	768 728	39,57

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

Note 13 – Shareholders

Overview of the major shareholders at 31 March 2016:

Shareholder	Account type	Citizen	No of shares	%
J.P. MORGAN CHASE BANK N.A. LONDON	NOM	GBR	3 151 024	14,67 %
HIGH SEAS AS		NOR	1 575 000	7,33 %
RADIUMHOSPITALET S FORSKNINGSSTIFTELSE		NOR	1 429 000	6,65 %
KLP AKSJE NORGE VPF		NOR	1 279 984	5,96 %
FONDSFINANS NORGE		NOR	905 000	4,21 %
KOMMUNAL LANDSPENSJONSKASSE		NOR	900 000	4,19 %
MP PENSJON PK		NOR	823 000	3,83 %
SKAGEN VEKST		NOR	626 466	2,92 %
DANSKE INVEST NORSKE INSTIT. II.		NOR	418 103	1,95 %
VERDIPAPIRFONDET EIKA NORGE		NOR	406 517	1,89 %
FONDSFINANS GLOBAL HELSE		NOR	380 000	1,77 %
BERGEN KOMMUNALE PENSJONSKASSE		NOR	370 000	1,72 %
DANSKE INVEST NORSKE AKSJER INST		NOR	358 314	1,67 %
VICAMA AS		NOR	345 384	1,61 %
RUL AS		NOR	281 475	1,31 %
EUROCLEAR BANK S.A./N.V.	NOM	BEL	273 832	1,28 %
POLAR CAPITAL GLOBAL HEALTHCARE GROWTH		GBR	254 537	1,19 %
VERDIPAPIRFONDET DNB NORGE (IV)		NOR	248 088	1,16 %
HOLMEN SPESIALFOND		NOR	200 000	0,93 %
VERDIPAPIRFONDET DNB SMB		NOR	197 992	0,92 %
Total 20 largest shareholders			14 423 716	67,16 %
Total other shareholders			7 052 579	32,84 %
Total number of shares			21 476 295	100,00 %

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