

Information memorandum

In connection with the sale of the
Metvix[®]/Aktilite[®] Business of Photocure ASA



**NO SHARES OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY
JURISDICTION PURSUANT TO THIS INFORMATION MEMORANDUM**

27 October 2009

IMPORTANT NOTICE

This information memorandum (the “**Information Memorandum**”) has been prepared in connection with Photocure ASA’s (“**Photocure**” or the “**Company**”) sale of its Metvix[®]/Aktilite[®] Business (as defined herein) to Galderma S.A. (the “**Transaction**”).

No shares or other securities are being offered or sold in any jurisdiction pursuant to this Information Memorandum.

This Information Memorandum has been submitted to Oslo Børs for inspection before it was published. This Information Memorandum is not a prospectus and has neither been inspected nor approved by Oslo Børs in accordance with the rules that apply to prospectuses.

All inquiries relating to this Information Memorandum must be directed to Photocure. No other person is authorised to give any information about, or to make any representations on behalf of, Photocure in connection with the Transaction. If any such information is given or made, it must not be relied upon as having been authorised by Photocure. The information contained herein is valid as at the date hereof and is subject to change, completion and amendment without further notice.

The contents of this Information Memorandum are not to be construed as legal, business or tax advice. Each reader of this Information Memorandum should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Memorandum you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The distribution of this Information Memorandum in certain jurisdictions may be restricted by law. Photocure requires persons in possession of this Information Memorandum to inform themselves about, and to observe, any such restrictions.

Photocure has not registered any of its shares under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and its shares may not be offered or sold in the United States of America absent registration or an exemption from registration. Photocure does not intend to register any of its shares pursuant to the Securities Act.

Investing in the Company's shares involves risks. See section 1 “Risk Factors” below.

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ANNEX 1: INDEPENDENT REPORT ON PRO FORMA FINANCIAL INFORMATION

1. RISK FACTORS

Before investing in the Company, investors should carefully consider all of the information contained in this Information Memorandum, and in particular the following risk factors, which may affect some or all of the Company's activities, the industry in which it operates and the Company's shares. The risk factors described below are not the only ones that will be faced by the Company. Other risks and uncertainties, including those management of the Company does not currently consider material, may impair the Company's business. The risk factors discussed below may materially adversely affect the business, financial condition, operating results or cash flow of the Company. The order in which risk factors appear is not intended as an indication of the relative weight or importance thereof. Such information is presented as of the date hereof and is subject to change without notice.

1.1 Operating losses

Since incorporation, the Company has accumulated net losses and expects such losses to continue as it continues product and clinical development and regulatory approval for the sale of products derived from its technology. The Company expects to continue to incur substantial operating losses unless and until such time as product sales generate sufficient revenues to fund continuing operations. The Company has to date not paid dividend.

1.2 Unproven market

The Company believes that the anticipated market for its products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of its products.

1.3 Government regulations

The manufacture and sale of human therapeutic products are governed by a variety of statutes and regulations. These laws require control of manufacturing facilities, controlled research and testing of products and government review and clearance of a submission containing manufacturing, preclinical and clinical data in order to obtain approvals to conduct clinical trials. Additionally, marketing approval is based on establishing the safety and efficacy of the product for each use sought, including adherence to good manufacturing practice during production and storage, and control of marketing activities, including advertising and labelling.

The process of completing clinical testing and obtaining required approvals for new products require the expenditure of substantial resources. Any failure to obtain, or a delay in obtaining such approvals could adversely affect the Company's ability to utilize its technology, therefore adversely affecting operations. There is no assurance the Company's clinical trials for new products will be successful and even if they are successful there is no assurance the Company will receive the necessary regulatory approvals to market new products derived from its technology.

1.4 Administration of the pre-clinical and clinical studies

The extent and timing of pre-clinical studies to be conducted prior to the commencement of human clinical trials is at the discretion of the relevant regulators, and may involve significantly more time and money than anticipated. In addition, human clinical trials may take longer to start and complete than anticipated. In particular, there is competition from other pharmaceutical products for access to a limited number of research clinics and patients which are qualified to participate in multi-centre human clinical trials. There can be no assurance that access to such clinics or patients will be available when anticipated, or obtained at all.

The clinical trials may result in adverse reactions or statistically insignificant results, which may require a cessation or extension of the trials, or an increase in the number of patients required in a given trial or the need to undertake ancillary testing and human trials. This may result in additional delays and expenses, cessation of the project and an adverse effect on operations.

1.5 Competition

Research to develop new products or methods which compete with the Company's technologies is expected to intensify. The pharmaceutical industry is subject to rapid and significant technological change. Other companies may develop products faster than the Company. Products may be developed that are more effective than those developed by the Company.

1.6 Attraction and retention of key employees and consultants

The Company depends highly upon its management, staff and third party scientific and business consultants, the loss of whose services might impede the achievement of the Company's business objectives. The development of the Company's technology requires expertise in research, clinical testing, regulatory approval, manufacturing and marketing which are expected to place increased demands on the Company's resources and management skills and reliance on outside consultants and contractors. There can be no assurance that the Company will be able to attract and retain such personnel, consultants and contractors on acceptable terms given the competition among pharmaceutical companies, universities and other research institutions for experienced personnel. The failure to retain such personnel or consultants, or to develop or otherwise acquire the expertise could adversely affect prospects for the Company's success.

1.7 Licenses, patents and proprietary rights

The Company's success will depend, in part, on the ability to obtain patents, maintain trade secret protection and operate without infringement of the proprietary rights of third parties or having third parties circumvent its rights. The patent positions of pharmaceutical firms are uncertain and involve complex legal and factual questions for which important legal principles are largely unresolved. There can be no assurance that the Company's patent applications will result in a patent grant, that the Company will develop additional proprietary products that are patentable, that any patents issued to the Company will provide the Company with any competitive advantages, that such patents will not be challenged by any third parties, that the patents of third parties will not impede the ability of the Company to do business or that third parties will not be able to circumvent the Company's patents. Furthermore, there can be no assurance that others will not independently develop similar products which duplicate any of the Company's products, or, if patents are issued to the Company design around the Company's patented products.

1.8 Dependence on healthcare reimbursement

The Company's ability to commercialize its existing or new products successfully may depend in part on the extent to which reimbursement for the costs of such products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Third party payers are increasingly challenging the price of medical products, diagnostics and services. Significant uncertainty exists as to the reimbursement status of newly approved health care products, and there can be no assurance that adequate third party coverage will be available to enable the Company to maintain price levels sufficient to realize an appropriate return on its investment in product development.

1.9 Product liability claims and uninsured risks

The testing, marketing and sale of human pharmaceutical products involves unavoidable risks. If the Company succeeds in developing new pharmaceutical products and medical devices, the sale of such

products may expose the Company to potential liability resulting from the use of such products. Such liability might result from claims made directly by consumers and third party payers or by regulatory agencies, pharmaceutical companies or others selling products. The Company does currently have product liability insurance. The obligation to pay any product liability claim in excess of whatever insurance the Company is able to acquire, or the recall of any of its products, could have a material adverse affect on the business, financial condition and future prospects of the Company.

1.10 Reliance on collaborative partners for research and development

Photocure collaborate closely with research institutions, such as universities and contract research organisations, to conduct pre-clinical and clinical research. The Company continues to work closely with the Norwegian Radium Hospital (Rikshospitalet-Radiumhospitalet HF), which has conducted extensive research in PDT for over 20 years and which is currently conducting exploratory and clinical research for Photocure. The Company has also formed research collaborations, including those with a PDT research group at the Swiss Federal Institute of Lausanne and at the Municipal University Hospital in Lausanne, Switzerland, the University of Oslo in Norway and the Drug Discovery Laboratory in Norway to conduct research. The termination or other adverse effect upon these relationships could significantly harm or delay the Company's research and product development efforts. In addition, these collaborative arrangements may not be successful or may not result in products that obtain regulatory approval or products that, if approved, are successfully marketed and sold.

1.11 Reliance on collaborative partners for marketing and distribution

Photocure relies on third party collaborators for marketing and sales, which presents certain risks including:

- inability to negotiate acceptable collaborative arrangements
- inability to achieve milestones stipulated in agreements for marketing and distribution
- the collaborative partners may seek to terminate relationships with Photocure and we may be required to seek other partners, or expend substantial additional resources to pursue these activities independently
- Photocure may be unable to successfully manage, interact and coordinate our timelines and objectives with our strategic partners
- Photocure may be unable to influence the marketing and sales efforts of the third party collaborators

Any of these factors could delay commercialisation of our products, entail higher costs, reduce licensing fees payable to Photocure, and limit the Company's ability to effectively sell its products. If Photocure receives regulatory approval for new products before establishing marketing capabilities, its ability to generate revenues will be limited until the Company's does so. In addition, Photocure will be competing with companies that have established extensive marketing and sale operations. Photocure's marketing and sales efforts may be unable to successfully compete against those companies.

1.12 Reliance on suppliers

Photocure depends on outside suppliers of raw materials, components and manufacture of the Company's products. These raw materials, components or manufacturing services may not be available to Photocure's standards or on acceptable terms, if at all, and alternative suppliers may not be available to Photocure on acceptable terms. If any of these suppliers fail to meet Photocure's needs, the Company's business, financial condition and results of operations could suffer.

1.13 Currency risk

Photocure is exposed to currency risk both on revenues and on expenses. The exposure is mainly to the Euro and to the Nordic currencies. The US dollar exposure is currently limited and mainly relates to research and development expenses. Photocure is monitoring the currency exposure in cooperation with its bank but has up to now chosen not to hedge the risk due to the offsetting effect of the revenue and cost currency exposure.

1.14 Volatility of share price

The price of shares of pharmaceutical companies in general tends to be volatile. Factors such as the announcement (to the public or at science conferences) of technological innovations, new commercial products, patents, the obtainment of exclusive rights by other companies, the results of clinical tests, regulations, publications, quarterly financial results, public concerns over the risks of development of new drugs, future sales of shares by the Company or its current shareholders, and many other elements could materially affect the price of the Company's shares.

2. RESPONSIBILITY STATEMENT

The Board of Directors of Photocure ASA hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Oslo, 27 October 2009

The Board of Directors of Photocure ASA

Erik Engebretsen
Chairman

Kari Eian Krogstad

Mats Gunnar Pettersson

Eva Steiness

Jon Hindar

3. THE TRANSACTION

3.1 The Transaction

On 1 October 2009, Photocure and Galderma S.A. (“Galderma”) entered into a sale and purchase agreement regarding sale of the Metvix[®]/Aktilite[®] Business from Photocure to Galderma (the “Asset Purchase Agreement”).

As consideration under the Asset Purchase Agreement, Photocure has received a cash payment of EUR 44 million and will receive additional future cash payments of EUR 7 million. The timing of the payment of EUR 7 million for rights related to future MAL-based dermatology products will depend on future regulatory approvals in the EU and the US, although payments are guaranteed for EUR 3 million by December 2012 and for EUR 4 million by December 2016, respectively.

The Asset Purchase Agreement was concluded and the Transaction executed effective 1 October 2009, as of when Galderma retained all rights to Metvix[®]/Aktilite[®] worldwide.

Prior to the Transaction, Photocure and Galderma were parties to (a) a License Agreement, dated 19 December 2001, as amended on 1 January 2004 and 20 May 2005, (the “Original License Agreement”) pursuant to which Photocure granted Galderma the exclusive right to promote, sell, offer for sale, distribute and import the Metvix Product and the Aktilite Lamps (other than in the Nordic Territory) and (b) a Supply Agreement, dated 20 February 2003 (the “Original Supply Agreement”), pursuant to which Photocure agreed to supply the Metvix Product to Galderma for distribution under the Original License Agreement. The Original License Agreement and the Original Supply Agreement was terminated on 1 October 2009 upon closing of the Transaction.

At closing of the Transaction Galderma paid to Photocure EUR 894,118 in settlement in full of all outstanding amounts payable under the Original License Agreement and the Original Supply Agreement through and including the closing date and inventory and production equipment related to the Metvix Product and Aktilite Lamps. Photocure retains all income from the Metvix[®]/Aktilite[®] in the Nordic region and from Galderma up to 30 September 2009. Galderma has paid royalty for sold Metvix[®] in the Galderma area up to 31 August 2009. As of 1 October 2009, all outstanding orders made by or on behalf of Galderma under the Original Supply Agreement were cancelled.

In connection with the Transaction, Galderma and Photocure have signed an intellectual property license agreement (the “Intellectual Property License Agreement”) pursuant to which Photocure will license to Galderma certain patents and related intellectual property and data.

Photocure has granted Galderma the exclusive, paid-up irrevocable, worldwide right to develop, make, have made, use, promote, sell, offer for sale, distribute and import any Galderma Products (other than the MAL Active Ingredient) for use in only the Field. Notwithstanding the foregoing, Photocure shall retain the exclusive right to develop, manufacture, promote, sell, offer for sale, distribute and import the Visonac Product solely for diagnosis, treatment or prevention of acne, without preventing Galderma from developing any other product for the acne indication.

In regard to Photocure’s commitment to continue its development of Visonac[™], Photocure and Galderma has agreed that in territories where Photocure choose to use a license or distribution partner for Visonac[™], Galderma has, as part of the agreement, the first right of refusal for Visonac[™] on certain conditions. The right is valid after Photocure has completed the first phase 3 study.

Photocure and Galderma have agreed that Galderma may source all of Galderma’s requirements for the MAL Active Ingredient directly from the manufacturer.

3.2 Background and rationale for the Transaction

Photocure's technology platform within the field of photodynamic diagnosis and treatment provides the opportunity to meet medical needs within the cancer field and other areas. The Company has so far developed Metvix[®]/Aktilite[®] for treating skin cancer and early stages of skin cancer and Hexvix[®] for detection of bladder cancer. In addition, the Company has three new products in clinical development, all three are targeted at different indications with significant market potential.

With previous milestones, operating profit from own sales in the Nordic area and operating profit to Photocure from Galderma, the sales proceeds from Metvix[®]/Aktilite[®] has created a total income to Photocure of approximately NOK 700 million. Photocure's strategy is to strengthen the commercial operations of the Company. The main task within research and development is to conduct clinical studies and to ensure progress in the development of new pharmaceutical products. The consideration from the Transaction will enable Photocure to pursue its strategy to develop the Company into a specialty pharma company in dermatology as well as accelerate the development of new pharmaceutical products.

The Original License Agreement included a clause that Galderma had first right of refusal to all products Photocure developed in dermatology. This limitation to Photocure's commercial development is now terminated and Photocure is free to develop products in dermatology, except for products based on the MAL Active Ingredient. Photocure holds patents on several other active ingredients suitable for dermatology.

3.3 Description of the Metvix[®]/Aktilite[®] Business to which the Transaction applies

3.3.1 Business description

The Metvix[®]/Aktilite[®] Business, which has been sold from Photocure to Galderma in the Transaction, comprises global rights, assets, and liabilities related to Metvix[®] and Aktilite[®], as well as the exclusive right to develop new dermatology products based on Photocure's patented substance, MAL. The Asset Purchase Agreement expand the territory to include the Nordic countries, transfer of all assets related to Metvix[®]/Aktilite[®], expand the field to all dermatology uses and includes a licence to produce MAL. In connection with the expanded territory, Photocure will transfer some marketing authorizations and other assets related to the marketing and sales of Metvix[®]/Aktilite[®] in the Nordic countries and related to the production of Metvix[®]/Aktilite[®].

The divested products, consisting of the Metvix[®] cream and the Aktilite[®] light source, was first approved in EU in 2001 and internationally launched by Galderma in 2003. Metvix[®] is a topical cream that is applied on the skin for 3 hours. Then the diseased area is exposed to uniform red light of 633 nm wavelength from Aktilite[®] for approximately 10 minutes which destroys cancerous cells.

The transfer of rights, assets and liabilities to Galderma includes Photocure's Nordic marketing and sales organisation for Metvix[®] and Aktilite[®], which comprises 10 employees in Norway, Denmark, Sweden and Finland. The employees have been informed that the responsibility for their employment contracts will be transferred to Galderma. Sales outside of the Nordic region were already out-licensed to Galderma.

3.3.2 Key figures for the Metvix[®]/Aktilite[®] Business

Note: The figures included in this section are extracted from the pro forma financial information for Photocure for 2008 and H1 2009 as included in section 6 "Unaudited pro forma financial information".

The Transaction relates to assets and businesses that have not been subject to separate financial reporting. Pursuant to the pro forma financial information included in section 6 "Unaudited pro forma financial information" the Metvix[®]/Aktilite[®] Business had in 2008 revenues of NOK 65.4 million and

EBIT of NOK 25.2 million, and as per 31 December 2008 equity of NOK 12.6 million and total assets of NOK 15.3 million. Pursuant to the pro forma financial information, the Metvix[®]/Aktilite[®] Business had in H1 2009 revenues of NOK 36.4 million and EBIT of NOK 15.8 million, and as per 30 June 2009 equity of NOK 18.1 million and total assets of NOK 20.8 million.

3.3.3 Key factors and principal markets for the Metvix[®]/Aktilite[®] Business

Metvix[®]/Aktilite[®] is approved for treatment of BCC (basal cell carcinoma, non-malignant skin cancer) and AK (actinic keratosis, pre-cancerous skin lesions) in over 30 countries, including the EU, Australia, New Zealand and Brazil. Metvix[®]/Aktilite[®] were recently also recognized for treatment of Bowen's disease in 22 European countries. In the US, Metvix[®]/Aktilite[®] were approved for AK in 2008.

Metvix[®] is a precisely directed treatment without scarring

- Approved for AK, BCC and Bowen's (BD)
- Recommended as first-line treatment for AK/BCC/BD in international guidelines
- Physician-controlled - 100% compliance
- Clinically effective
- Limited & predictable side-effect profile
- Superior cosmetic outcome
 - Non-invasive - no scarring
 - Targeted and selective - reduced recovery
 - Can safely be repeated

Actinic Keratosis (AK):

- Overall prevalence 11-25%
- 15 million diagnosed in EU/ US per year

NMSC (Non Melanoma Skin Cancer):

- Most common malignancies in the Caucasian population
- > 1/3 of all adult cancers in the US
- Incidence increased 3-8% per year worldwide since 1964

3.3.4 Trend information and subsequent events for the Metvix[®]/Aktilite[®] Business

No significant change in the financial or trading position of the Metvix[®]/Aktilite[®] business has occurred since the report for first half and second quarter 2009 was published on August 14, 2009.

3.3.5 Material contracts related to the Metvix[®]/Aktilite[®] Business

The following material contracts related to the Metvix[®]/Aktilite[®] Business were assigned to Galderma in the Transaction:

- Manufacturing Agreement between Photocure and Penn Pharmaceuticals Ltd, dated 1 October 1998 for the manufacture and packaging of Metvix[®] tubes.
- Quality Agreement for Contract Manufacture of Metvix[®] (or Metvixia) 160 mg/g (or 168 mg/g or 16.8%) cream between Photocure and Penn Pharmaceutical Services Ltd, dated 30 January 2009.
- Product Supply Agreement between Photocure and Kitron Arendal AS, dated 6 May 2004 for the assembly testing and packaging of Aktilite Lamps.
- Amendment to Kitron Agreement, between Photocure and Kitron, dated 7 January 2009.
- Quality Agreement of Contract Manufacture of Aktilite model CL16 & CL128 between Photocure and Kitron AS, dated 30 May 2008.

In addition Photocure has, as part of the Transaction, given Galderma the right to negotiate directly with UQUIFA regarding the supply of the MAL Active Ingredient.

3.4 Agreements for the benefit of executive management or board members in connection with the Transaction

No agreements have been entered, or are expected to be entered into, in connection with the Transaction for the benefit of Photocure's executive management or members of the Board of Directors.

4. PHOTOCURE AFTER COMPLETION OF THE TRANSACTION

4.1 Corporate information

Photocure is a Norwegian public limited liability company incorporated under the laws of Norway and in accordance with the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 with company registration number 967 598 593.

The Company is listed on Oslo Børs with “PHO” as ticker designation. The Company’s share capital is NOK 11,046,650.50 divided into 22,093,301 shares each with a par value of NOK 0.50. The Company’s shares are registered in the Norwegian Central Securities Depository (the “VPS”) with the Securities Identity Number ISIN NO 0010000045. The Company’s registrar is Nordea Bank Norge ASA. The Company has its registered address at Hoffsvæien 48, 0377 Oslo, telephone +47 22 06 22 10.

The table below shows the development in the Company’s share capital from 1 January 2006 until the date of this Information Memorandum:

Year	Description	Change in share capital	Share capital after change	Par Value per share	Total number of shares
2006	Public issue	2 198 025.50	10 990 127.50	0.50	21 980 255
2006	Employee issue	24 486.00	11 014 613.50	0.50	22 029 227
2006	Employee issue	2 872.50	11 017 486.00	0.50	22 034 972
2007	Employee issue	18 848.50	11 036 334.50	0.50	22 072 669
2007	Employee issue	10 316.00	11 046 650.50	0.50	22 093 301

The following shareholders are each registered in the VPS as owner of more than 5 % of the issued share capital in the Company as at the date of this Information Memorandum, and have thus an interest in the Company’s capital or voting rights which is notifiable pursuant to the Norwegian Securities Trading Act of 29 June 2007 no. 75:

Shareholder	No. of shares	% of issued share capital
Radiumhospitalets Forskningsstiftelse	3 129 000	14.16
Verdipapirfondet Odin Norge	1 916 042	8.67
Gezina AS	1 326 306	6.00
Ferd AS Invest P618	1 133 100	5.13
Citibank N.A.	1 126 625	5.10

4.2 Legal structure

Photocure consists of one legal entity, Photocure ASA, both prior and post to completion of the Transaction.

4.3 Business overview

4.3.1 History and development of Photocure

- 1994 First patent application filed
- 1996 First equity financing
- 1997 Recruited first full time employees
Start of formal clinical studies for Metvix®
- 2000 First marketing authorisation application filed for Metvix®
Listing of the Company's share on the Oslo Børs
Start of Hexvix® clinical studies

- 2001 First marketing authorisation obtained for Metvix[®]
Metvix[®] and Aktelite[®] marketed for the first time
Licensing agreement for Metvix[®] and Aktelite[®] signed with Galderma
- 2002 First marketing authorisation application filed for Hexvix[®]
- 2003 Galderma's first Metvix[®] and Aktelite[®] launch
- 2004 First marketing authorisation obtained for Hexvix[®]
- 2005 Hexvix[®] approved in all EU/EEA countries
Hexvix[®] launched in the Nordic region
- 2006 Licensing agreement for Hexvix[®] signed with GE Healthcare
- 2008 Metvix[®]/Aktelite[®] approved in the US
- 2009 NDA filed for Hexvix[®] in the US
Sale of Metvix[®]/Aktelite[®] to Galderma

4.3.2 The business of Photocure subsequent to completion of the Transaction

Photocure develops and sells pharmaceuticals and medical devices based on our proprietary photodynamic technology targeting key dermatology and oncology markets.

Photocure has one product with sales and marketing approvals; Hexvix[®] for the detection of bladder cancer using the active ingredient hexylaminolevulinate (HAL). Hexvix[®] is based on the same photodynamic technology as Metvix[®], combining a photosensitive drug with a light source that activates the photosensitiser.

Photocure will deploy the proceeds from the divestment into the development and commercialisation of new products and markets. The company had a net cash position of NOK 151 million at 30 June, 2009, and will after the transaction have funding for both the current development program and to evaluate new opportunities within dermatology. Photocure will over the coming months seek to speed up the development of new products in dermatology and review commercial opportunities together with its development plans.

Below are financial figures specifying sales revenues from both product groups. The table also reports revenues for each segment: Own sales (Nordic area), Partner sales (Galderma and GE Healthcare) and R&D expenses.

Segment information												
<i>(Amounts in NOK 1000)</i>												
	2008				2007				2006			
	Own	Partner	R&D*	Total	Own	Partner	R&D*	Total	Own	Partner	R&D*	Total
Sales Metvix/Aktelite	24 895	39 168		64 063	23 053	31 168		54 221	19 948	31 606		51 554
Sales Hexvix	10 190	26 664		36 855	6 016	15 016		21 031	2 080	8 033		10 113
Sales revenue	35 085	65 832	0	100 917	29 069	46 183	0	75 252	22 028	39 639	0	61 667
Milestone revenue	0	1 303	0	1 303	0	23 754	0	23 754	0	148 652	0	148 652
Total revenues	35 085	67 135	0	102 220	29 069	69 937	0	99 006	22 028	188 291	0	210 318
Cost of goods sold	2 431	16 643	0	19 074	2 514	14 812	0	17 326	3 893	18 358	0	22 251
Gross profit	32 654	50 492	0	83 146	26 555	55 125	0	81 680	18 135	169 933	0	188 068
Gross profit %	93 %	75 %		81 %	91 %	68 %		77 %	82 %	54 %		64 %
Operating expenses	39 110	17 414	93 997	150 521	35 863	14 605	118 661	169 129	24 555	16 189	68 984	109 727
Operating profit	-6 456	33 078	-93 997	-67 374	-9 308	40 520	-118 661	-87 449	-6 420	153 744	-68 984	78 341
Net finance	0	0	0	2 991	0	0	0	12 479	0	0	0	6 389
Profit before tax	-6 456	33 078	-93 997	-64 382	-9 308	40 520	-118 661	-74 970	-6 420	153 744	-68 984	84 729

* Including share of general and administrative expenses

Segment information 1H 2009

(Amounts in NOK 1000)	1H 2009				% vs. PY	1H 2008			
	Own	Partner	R&D*	Total		Own	Partner	R&D*	Total
Sales Metvix/Aktilite	13 897	22 489		36 385	27 %	11 477	17 138		28 615
Sales Hexvix	8 349	13 227		21 576	39 %	4 202	11 281		15 483
Sales revenue	22 246	35 716	0	57 962	31 %	15 679	28 419	0	44 098
Milestone revenue	0	0	0	0		0	1 303	0	1 303
Total revenues	22 246	35 716	0	57 962	28 %	15 679	29 722	0	45 401
Cost of goods sold	1 082	8 455	0	9 537	11 %	1 128	7 460	0	8 588
Gross profit	21 164	27 261	0	48 425		14 551	22 262	0	36 813
Gross profit %	95 %	76 %		84 %		93 %	75 %		81 %
Operating expenses	20 855	9 952	37 857	68 664	-11 %	20 031	9 534	47 404	76 968
Operating profit	309	17 309	-37 857	-20 239	-50 %	-5 480	12 728	-47 404	-40 156
Net finance	0	0	0	-467		0	0	0	-2 890
Profit before tax	309	17 309	-37 857	-20 706	-52 %	-5 480	12 728	-47 404	-43 046

* Including share of general and administrative expenses

Photocure has a strong development platform based on photodynamic technologies with a portfolio of three pipeline projects: Visonac™ to treat moderate to severe acne; Cevira™ to treat cellular abnormalities of the cervix; and Lumacan™, a new fluorescence-based photodynamic diagnostic product for detection of precancerous lesions in colon. All projects have made encouraging progress during 2009:

Visonac™ – treatment of moderate to severe acne

Visonac is a novel topical treatment for moderate to severe acne based on Photocure's patented PDT technology. Photocure had meetings with regulatory authorities in Europe and the US in the first half of 2009 to seek regulatory and scientific advice and discuss the results of the phase II data in addition to the design of the phase III program. The outcome of the meetings is that Photocure can start a phase III program in Europe based on the existing clinical data. FDA recommended collecting more data in a younger population down to 9 years with the new acne lamp. Photocure started the recommended new phase II study in the US in August 2009.

Start of a phase III study in Europe is planned for first quarter 2010. After completion of the phase II study in the US, Photocure plans to have a meeting with the FDA in the second quarter of 2010 to seek additional regulatory advice before initiation of a phase III study in the US.

Cevira™ – treatment of abnormalities in the cervix

Cevira is a new photodynamic treatment of HPV induced infection and precancerous and/or cancerous lesions in the cervix.

A phase I/II clinical proof-of-concept study including up to 70 patients with low grade dysplasia (CIN1) started in the first quarter 2009. At the end of September 2009, 30 patients have been included. All patients will be followed for 12 months. The first report from the study is expected in the first half of 2010 after six months follow-up. The clinical data will give valuable information in developing an effective photodynamic treatment of the cervix with limited side-effects.

Photocure has developed a novel method for simple and effective application of drug combined with illumination of the cervix. The new device will be tested in the second half of 2009.

Lumacan™ – diagnosis of colon cancer

Lumacan is a fluorescence-based photodynamic diagnostic (PDD) product for the detection of precancerous lesions in colon. It builds on Photocure's extensive knowledge of using PDD for the early detection of bladder cancer via Hexvix®.

A phase I/II clinical proof-of-concept study was started in the first quarter of 2009 using Lumacan administered orally. This study will include up to 70 patients in Germany. 10 patients are included as

of today and the study will investigate the efficacy of a new oral formulation. The results are planned to be reported in first quarter of 2010.

Photocure plans to conduct a pharmacokinetic study in fourth quarter of 2009 in order to investigate the absorption of hexylaminolevulinate in the colon and the cervix. The study will end in first quarter of 2010.

4.3.3 *Strategy and vision*

Photocure's vision is to be the leading company within photodynamic therapy.

Photocure has a strong academic network and a proven track record in R&D. Key elements of the Company's strategy are:

- Leverage the Company's patented platform technologies to develop and commercialise new pharmaceutical products
- Maintain and strengthen R&D collaborations with leading academic institutions
- Maintain focus on key dermatology and oncology markets
- Cancer - maintain focus and out-license before phase III
- Dermatology - strengthen focus on commercialisation
- Establish and develop sales strategies, partnerships and infrastructure

4.4 **Trend information and subsequent events**

Sales revenue from Hexvix[®] increased 39% to NOK 21.6 million in the first half of 2009 compared to NOK 15.5 million in the first half of 2008. Sales revenue from GE Healthcare was NOK 13.2 million in the first half of 2009. Sales revenue from Photocure's own sales was NOK 8.3 million in the first half of 2009.

Photocure has not experienced any significant changes in the production of Hexvix or production costs of Hexvix, neither has inventory or market prices significantly changed since 31 December 2008.

In June 2009, Photocure submitted the New Drug Application (NDA) for Hexvix[®] in the USA. The NDA targets detection of superficial bladder cancer with fluorescence diagnostics and was based on clinical data from more than 1,800 patients, including two phase III studies with more than 1,000 patients. The clinical data demonstrates a significant improvement in detection of bladder cancer as well as a significant reduction in recurrence compared to standard white light cystoscopy. The US Food and Drug Administration (FDA) designated priority review for the Hexvix NDA in August 2009. The standard target review time of an NDA is 10-12 months from the submission. A priority review has a target review time of 6 months. FDA assigns priority review to products which the FDA considers to provide a significant improvement over current standard of care.

The Company has not experienced any significant change in the financial or trading position of the Company which has occurred since 30 June 2009.

4.5 **The Transaction's significance for the earnings, assets and liabilities of Photocure**

The shares of the Company's total revenues, assets and liabilities in 2008 and H1 2009 which were related to the Metvix[®]/Aktelite[®] Business, are as follows:

Metvix [®] /Aktelite [®] share of total revenues in 2008	64%
Metvix [®] /Aktelite [®] share of total revenues H1 2009	63%
Metvix [®] /Aktelite [®] share of total assets per 31.12.2008	6%
Metvix [®] /Aktelite [®] share of total assets per 31.06.2009	10%
Metvix [®] /Aktelite [®] share of total liabilities per 31.12.2008	7%

Metvix[®]/Aktilite[®] share of total liabilities per 30.06.2009 9%

4.6 Material contracts

Reference is made to section 3.3.5 for a description of material contracts related to the Metvix[®]/Aktilite[®] Business.

In 2006, Photocure granted GE Healthcare exclusive global rights outside the Nordic region to market and distribute Hexvix[®]. The agreement includes total milestone payments of EUR 28 million, of which Photocure has received non-refundable payments of EUR 17.5 up to date. In addition, Photocure shall manufacture and sell Hexvix to GE Healthcare and receive royalty from GE Healthcare for its sale of the product.

Photocure has not entered into any other material contracts during the last two years and is not party to any other contract which contains any obligation or entitlement which is material to the Company (other than contracts entered into in the ordinary course of business).

4.7 Patents and licences

The business and profitability of Photocure is highly dependent on its patents and licences, see table below.

In connection with the Transaction, Photocure has granted Galderma an exclusive worldwide license under some of its patent families which relate to Metvix[®] or the use of MAL in dermatology and to design patents for Aktilite[®]. The patent families cover the pharmaceutical preparations comprising ALA-esters/MAL, the use of ALA-esters/MAL to treat acne, methods to reduce side effects of PDT with ALA-esters/MAL and compositions comprising ALA-esters/MAL and a sun screen.

Photocure retains the exclusive right to develop and market its acne product Visonac[™] under the licensed patents. It further retains the right to develop and commercialize any product containing other ALA-esters than MAL. Also any other lamp than the Aktilite[®] lamp can be developed and commercialized by Photocure under the licensed design patents.

The licensed patents and patent applications will expire between 2016 and 2030.

Photocure has also granted Galderma a sub-license to certain DUSA patent families which relate to Metvix[®] or the use of ALA esters in dermatology. Photocure was granted a worldwide license to these DUSA patent families in 2006.

The table below includes Photocure's patent / patent application portfolio as per the date hereof:

No.	Patent family	Filing Date	Granted/Pending in	Expiry Date
1	<i>WO 96/28412 ALA-esters I</i>	<i>08 March 1996</i>	<i>AU, CA, CN, CZ, HU, JP, KR, NZ, NO, RU, SG, US EP (AT, BE, CH/LI, DE, DK, ES, FI, FR, GB, GR, IE, IT, LU, MC, NL, PT, SE)</i>	<i>8 March 2016*</i>
2	<i>WO 99/53962 Preparations comprising ALA-hexyl ester for PDD/PDT</i>	<i>22 April 1999</i>	<i>CA, EP (AT, BE, CH/LI, DE, ES, FR, GB, IT, NL, SE), JP, US</i>	<i>22 April 2019</i>
3	<i>WO 02/10120 ALA-esters II</i>	<i>25 July 2001</i>	<i>AU, CA, CN, JP, NZ, RU, SG, US, EP (AT, BE, CH, DE, DK, ES, FI, FR, GB, IE, IT, LU, NL, PT, SE)</i>	<i>25 July 2021</i>
4	<i>WO 02/09690 Mucoformulations</i>	<i>25 July 2001</i>	<i>AU, EP (ES, DE, FR, GB, IT, NL, SE), JP</i>	<i>25 July 2021</i>

5	WO 01/85125 Skin Preparations	04 May 2001	CA, EP (DE, ES, FR, GB, IT, NL, SE), US	04 May 2021
6	WO 2005/092838 New Salts of ALA-esters	29 March 2005	AU, CA, CN, EP, JP, RU, US	29 March 2025
7	WO 2006/051269 ALA-esters for use in the treatment and prevention of acne	04 November 2005	AU, CA, CN, EP, JP, RU, US	04 November 2025
8	WO 2008/084241 Methods to reduce side effects of PDT	11 January 2008	CA, CN, EP, JP, KR, US	11 January 2028
9	WO 2009/074811 Solid formulations	12 December 2008	PCT	12 December 2028

** 4 April 2018 in Australia and 15 June 2016 for Metvix® in EU (Suppl. Protection Certificate);

4.8 Board of directors and management

4.8.1 Board of directors

The table below sets forth the Company's current board members and the board members' holdings of shares (directly or indirectly) and options in the Company, as at the date of this Information Memorandum:

Name	Position	No. of shares	No. of share options
Erik Engebretsen*	Chairman of the Board	33 750	0
Jon Hindar	Board member	8 000	0
Kari Krogstad	Board member	0	0
Mats Pettersson	Board member	0	0
Eva Steiness	Board member	0	0

*Managing director of Gezina AS which owns 1,326,306 shares.

The Company's business address serves as c/o address in relation to the members of the Board.

The composition of the Board complies with the recommendation in the Norwegian Code of Practice for Corporate Governance.

Erik Engebretsen, Chairman of the Board

Erik Engebretsen, born 1948, was elected as a Director of Photocure in March 2001 and Chairman of the Board in March 2002. Mr Engebretsen is a graduate of the Norwegian School of Management and holds an MBA and MS from the University of Wisconsin-Madison. He is the Managing Director of Gezina AS, a private venture and investment company. Previously he has served as Chief Executive Officer and Chief Financial Officer in various public companies. He is also a member of the Board of Directors with a number of public and private companies.

Jon Hindar, board member

Jon Hindar, MSc., born 1956, was elected as a Director in Photocure in 2006. He is CEO of NorSun AS. Prior to joining NorSun, Mr. Hindar was Senior Vice President of the Life Sciences Division in Invitrogen. He was president and CEO of Dynal Biotech from 2002 until Invitrogen's acquisition of Dynal in April 2005. Mr. Hindar has 10 years experience in R&D from various positions with Alcatel and BP Chemicals and another 10 years experience in various General Manager roles in the chemical industry. Before joining Dynal, Mr. Hindar was Managing Partner for five years at the Norwegian investment bank; Fondsfinsans. Mr. Hindar is an alumni of IMD (Lausanne, Switzerland) where he joined the Executive Development program in 1993/94.

Kari Eian Krogstad, board member

Kari Eian Krogstad, born 1964, was elected as a Director of Photocure in April 2007. Mrs. Krogstad holds an MSc in molecular biology from the University of Oslo, as well as a business degree from

IHM business school. She has almost 20 years of experience from the life sciences industry, and has held senior management positions within marketing, sales and business operations in Nycomed Imaging (now part of GE) and Dynal Biotech ASA. From 2005 to 2008 she held the position as General Manager of Invitrogen Dynal AS, a subsidiary of the publicly traded American biotech company Invitrogen Corporation. Mrs. Krogstad is currently serving as CEO of MediStim ASA, a medtech company listed on the Oslo Børs.

Mats Gunnar Pettersson, board member

Mats Pettersson, B.Sc. in Economics and Business Administration, was elected as a Director of Photocure in April 2008. Mats Pettersson is a board member of H. Lundbeck A/S and deputy chairman of the board of SwedenBio AB. He is member of the board of Ablynx NV. Mats Pettersson joined Pharmacia in 1976, where he held the position of CFO and different business development positions. Before joining Biovitrum, he was Senior Vice President and member of the Management Committee of Pharmacia Corporation. Mats has been responsible for most of the major transforming mergers in Pharmacia and has spent more than 16 years abroad during his career.

Eva Steiness, board member

Eva Steiness, MD, D.Sc.(medicine), Professor in Clinical Pharmacology, was elected as a Director in Photocure in April 2008. Eva Steiness has a long and extensive experience from development and registration of new drugs. She was responsible for R&D and Regulatory Affairs in H. Lundbeck A/S from 1989 to 1998. Eva Steiness founded Zealand Pharma A/S in 1998 based on 3 patent applications. She managed the company until 2007, including development of an anti-diabetic compound out-licensed to Sanofi-Aventis.

4.8.2 Management

The following table sets forth the members of the Photocure management, their positions and the number of shares and options that they hold in the Company, as at the date of this Information Memorandum:

Name	Position	No. of shares	No. of share options
Kjetil Hestdal	President and CEO	158 873	53 000
Christian Fekete	CFO	4 200	54 000
Inger Ferner Heglund	VP Research and Development	0	69 475
Grete Hogstad	VP Marketing and Sales	4 000	51 450

The Company's business address serves as c/o address in relation to the members of the management.

Kjetil Hestdal, President & CEO

Kjetil Hestdal, MD, Ph.D., born 1960, has served as President and CEO since January 2005. Dr. Hestdal held the position as Vice President Research and Development from January 1997 and was promoted to Chief Operating Officer in October 2004. Before joining Photocure, Dr Hestdal served as the Project Manager/Medical Expert at Sandoz (now Novartis) and as Senior Scientist at Rikshospitalet. Dr Hestdal holds a Ph.D. in immunology.

Christian Fekete, CFO

Christian Fekete, born 1961, joined the Company in November 2004. His academic background includes executive education at IMD, Switzerland, an MBA from the Kenan Flagler Business School, University of North Carolina, USA and an Academy Diploma from the Royal Norwegian Naval Academy. Mr. Fekete has held leading positions within finance and business development, including; Director of KPMG Corporate Finance, Director of Business Development in Thrane-Gruppen and Finance Director in various Coca-Cola companies. He is board member of MediStim ASA.

Inger Ferner Heglund, Vice President Research & Development

Inger Ferner Heglund, born 1955, joined Photocure in 2006 as Director, Business Relations and was appointed Vice President Research & Development from January 2007. She has a degree in physiology from the University of Oslo and extensive experience within R&D. She has held various leadership positions in preclinical development and project management in GE Healthcare. Mrs Heglund comes from a position as Global Project Director in GE Healthcare.

Grete Hogstad, Vice President Marketing & Sales

Grete Hogstad, born 1956, joined Photocure in February 2005. She has a degree in pharmacy from the University of Oslo, as well as a business degree from the Norwegian School of Management. She has held various leading positions in Marketing and Sales in Alpharma and Novo Nordisk Pharma, and is a founding member of the Generics Association in Norway. Mrs. Hogstad comes from the position as Director Sales and Marketing for Norway, Sweden and Finland in Alpharma.

None of the members of the Company's Board or management has service contracts with the Company providing for benefits upon termination of employment.

4.9 Statutory auditors

The Company's auditor since 29 April 2009 has been KPMG AS. Their address is Sørkedalsveien 6, 0369 Oslo, Norway. KPMG AS is a member of The Norwegian Institute of Public Accountants. KPMG AS has reviewed the pro forma financial figures set out in section 6 "*Unaudited pro forma financial information*" of this Information Memorandum and prepared the "Independent report on pro forma financial information" dated 26 October 2009 which is attached hereto as Annex 1.

The Company's auditor from 2003 until 29 April 2009 was Ernst & Young AS. Their address is Tullingsgate 2, 0166 Oslo, Norway. Ernst & Young AS is a member of The Norwegian Institute of Public Accountants. Ernst & Young AS has audited the Company's annual financial statements for 2008, 2007 and 2006. The auditor's reports for the financial years 2008, 2007 and 2006 are incorporated by reference to this Information Memorandum (see section 8.2 "*Incorporation by reference*").

4.10 Corporate governance

The Company endeavours to comply with the Norwegian Code of Practice for Corporate Governance of 4 December 2007 (the "Code").

Photocure complies with the recommendations in the Code, with the exception that the Company Photocure does not have an elected vice chairman of the Board. The Board does not see this as a necessity for good governance of the Company, mainly because the Company and its business to a large extent are quite transparent.

4.11 Legal and arbitration proceedings

Photocure seeks patent term extension under 35 U.S.C. § 156 for U.S. Patent No. 6,034,267. The United States Patent and Trademark Office ("USPTO") denied such extension. Photocure appealed the USPTO's decision (Photocure v. Dudas, E.D. Va., No. 1:08cv718) and on 31 March 2009 its motion for summary judgment was granted. The Director of the USPTO has appealed this decision to the United States Court of Appeals for the Federal Circuit (Photocure v. Doll, 2009-1393).

Except for the above, the Company is not or has during the previous 12 months been engaged in any governmental, legal or arbitration proceedings, including pending or threatened proceedings, which have had in the recent past or may have significant effects on the Company's financial position or profitability.

4.12 Continued listing on Oslo Børs

Photocure expects that its shares, following completion of the Transaction, will continue to be traded on Oslo Børs. On 8 October 2009, the Company submitted a review report to Oslo Børs relating to continued listing of its shares.

5. HISTORICAL FINANCIAL INFORMATION

5.1 Selected financial information for Photocure

The table below shows selected financial information for Photocure as at the dates and for the years indicated, which have been extracted without material adjustment from the Company's audited annual reports for 2008 (<http://www.photocure.com/upload/Investors/Annual%20report%202008.pdf>), 2007 (<http://www.photocure.com/upload/Investors/Annual%20report%202007.pdf>) and 2006 (<http://hugin.info/131151/R/1118765/205257.pdf>) which are incorporated by reference to this Information Memorandum (see section 8.2 "Incorporation by reference" below). The financial figures in the table below are only an extract and must be read in conjunction with the complete financial statements including notes and auditor's statement for 2008, 2007 and 2006.

	Consolidated		
	2008	2007	2006
<i>(Amounts in NOK 000s)</i>			
Sales revenues	100 917	75 252	61 667
Signing fees and milestone revenues	1 303	23 754	148 653
Total revenues	102 220	99 006	210 320
Cost of goods sold	-19 074	-17 326	-22 251
Gross profit	83 147	81 679	188 070
Other income	6 257	7 625	5 690
Indirect manufacturing expenses	-8 607	-8 512	-8 545
Research and development expenses	-84 303	-112 098	-64 740
Marketing and sales expenses	-45 916	-39 766	-25 396
Other operating expenses	-17 951	-16 378	-16 738
Total other income and expenses	-150 520	-169 129	-109 728
Operating profit/loss(-)	-67 374	-87 450	78 341
Financial income	16 103	14 224	11 867
Financial expenses	-13 111	-1 744	-5 478
Net financial profit/loss(-)	2 991	12 480	6 389
Profit/loss(-) before tax	-64 382	-74 970	84 730
Tax expense	0	0	0
Net profit/loss(-) for the year	-64 382	-74 970	84 730
Attributabel to:			
Equity holders of parent	-64 382	-74 187	85 082
Minority interests		-783	-352
Net profit/loss(-)	-64 382	-74 970	84 730
Earnings per share			
Basic	-2,91	-3,40	3,98
Diluted	-2,91	-3,40	3,97

ASSETS	Consolidated		
	2008	2007	2006
<i>(Amounts in NOK 000s)</i>			
Non-current assets			
Intangible assets	534	779	780
Machinery and equipment	3 939	3 436	2 178
Other investments	11 528	0	0
Total non-current assets	16 001	4 215	2 958
Current assets			
Inventories	12 791	12 504	9 784
Accounts receivable	8 408	12 095	12 591
Other receivables	20 750	20 128	15 004
Total receivables	29 158	32 222	27 595
Cash and short term deposits	179 897	252 452	335 085
Total current assets	221 846	297 179	372 464
Total assets	237 846	301 394	375 423

EQUITY AND LIABILITIES	Consolidated		
	2008	2007	2006
<i>(Amounts in NOK 000s)</i>			
Equity			
Issued capital	11 047	11 047	11 017
Share premium	0	250 738	248 602
Not registered write down of share premium	0	-250 738	0
Other paid-in capital	188 647	10 984	6 821
Retained earnings	0	237 472	60 495
Minority interests	0	491	0
Total equity	199 694	259 994	326 935
Liabilities			
Non-current liabilities	0	0	1 303
Current liabilities			
Accounts payable	12 140	12 071	10 128
Employee withholding taxes and social security tax	3 992	3 097	1 576
Deferred signing fee		1 303	15 634
Other current liabilities	22 021	24 930	19 847
Total current liabilities	38 153	41 400	47 185
Total liabilities	38 153	41 400	48 488
Total equity and liabilities	237 846	301 394	375 423

The table below shows selected financial information for Photocure for the second quarter of 2009, which have been extracted from the Company's unaudited interim financial report for Q2 2009 (<http://hugin.info/131151/R/1334659/316906.pdf>) which is incorporated by reference to this Information Memorandum (see section 8.2 "Incorporation by reference" below).

Profit & Loss

(all amounts in NOK 1,000 except per share data)

Q2 2009	Q2 2008		2009 1.1-30.6	2008 1.1-30.6	2008 1.1-31.12
28 889	22 687	Sales revenues	57 962	44 098	100 917
0	0	Signing fee and milestone revenues	0	1 303	1 303
28 889	22 687	Total revenues	57 962	45 401	102 220
-5 009	-4 087	Cost of products sold	-9 538	-8 588	-19 074
23 880	18 600	Gross profit	48 424	36 813	83 147
1 461	2 257	Other income	2 023	4 211	6 257
-2 261	-2 108	Indirect manufacturing expenses	-4 929	-4 619	-8 607
-21 209	-21 627	Research and development expenses	-32 897	-42 607	-84 303
-10 689	-11 871	Marketing and sales expenses	-23 301	-23 881	-45 916
-5 687	-2 933	General and administrative expenses	-9 561	-10 074	-17 951
-14 505	-17 683	Operating profit/loss(-)	-20 240	-40 156	-67 374
3 094	4 151	Financial income	7 092	7 120	16 103
-684	-9 490	Financial expenses	-7 559	-10 010	-13 111
2 410	-5 339	Net financial profit/loss(-)	-467	-2 890	2 991
-12 095	-23 022	Profit/loss(-) before tax	-20 706	-43 046	-64 382
0	0	Tax expenses	0	0	0
-12 095	-23 022	Net profit/loss(-)	-20 706	-43 046	-64 382
1 048	0	Other comprehensive income	1 048	0	0
-11 047	-23 022	Comprehensive income	-19 658	-43 046	-64 382
-	-289	Incl. minority interests in the amount of	-	-375	-
-0,55	-1,04	Net profit/loss(-) per share, undiluted (1)	-0,94	-1,95	-2,91
-0,55	-1,04	Net profit/loss(-) per share, diluted (2)	-0,94	-1,95	-2,91

(1) Undiluted income/loss per share is calculation based on average weighted number of shares outstanding.

(2) Diluted income per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Balance Sheet (all amounts in NOK 1,000)

	30.06.2009	30.06.2008	31.12.2008
Intangible assets, software	472	615	534
Machinery & equipment	3 449	4 021	3 939
Other investments	8 384	12 397	11 528
Total non-current assets	12 305	17 033	16 001
Inventory	19 013	11 941	12 792
Receivables	30 617	25 000	29 158
Cash & cash equivalents	150 556	196 460	179 897
Total current assets	200 185	233 401	221 846
Total assets	212 490	250 434	237 847
Paid-in capital	11 047	11 047	11 047
Other paid-in capital	190 476	13 719	15 467
Retained earnings	-19 658	194 517	173 181
Shareholders' equity	181 864	219 282	199 694
Minority interest		0	
Total equity	181 864	219 282	199 694
Current liabilities	30 627	31 152	38 153
Total liabilities	30 627	31 152	38 153
Total equity and liabilities	212 490	250 434	237 847

Changes in equity (all amounts in NOK 1,000)

Q2 2009	Q2 2008		2009 1.1-30.6	2008 1.1-30.6	2008 1.1-31.12
191 997	241 336	Equity at beginning of period	199 694	259 994	259 994
0	0	Share issue, employees	0	0	0
0	0	Share issue	0	0	0
914	1 368	Share-based compensation	1 828	2 735	4 483
0	-45 715	De-merger of PCI Biotech/ Investment	0	-45 715	-45 715
0	45 315	Net gain de-consolidation PCI Biotech	0	45 315	45 315
-11 047	-23 022	Comprehensive income	-19 658	-43 046	-64 382
181 864	219 282	Equity at end of period	181 864	219 282	199 694

Cash Flow Statement (all amounts in NOK 1,000)

Q2 2009	Q2 2008		2009 1.1-30.6	2008 1.1-30.6	2008 1.1-31.12
-12 095	-23 022	Profit/loss(-) before tax	-20 706	-43 046	-64 382
404	404	Depreciation and amortisation	802	784	1 554
914	1 368	Share-based compensation	1 828	2 735	4 483
-2 102	-3 319	Net interests	-4 612	-5 452	-10 260
0	9 163	Write down financial assets	4 192	9 163	9 432
-445	-7 612	Changes in working capital	-15 205	-4 140	-471
0	-298	Other operational items	0	-1 628	-35
-13 324	-23 317	Net cash flow from operations	-33 703	-41 583	-59 679
2 010	-17 197	Cash flow from investments	4 363	-14 403	-12 865
-2	-3	Cash flow from capital transactions	-2	-6	-13
-11 316	-40 516	Net change in cash during the period	-29 341	-55 992	-72 556
161 872	236 977	Cash & cash equivalents at beginning of period	179 897	252 452	252 452
150 556	196 460	Cash & cash equivalents at end of period	150 556	196 460	179 897

5.2 Auditing of historical annual information

Ernst & Young AS has audited the annual financial statements for Photocure for the financial years 2008, 2007 and 2006. The auditor's reports for the financial years 2008, 2007 and 2006 are incorporated by reference to this Information Memorandum (see section 8.2 "Incorporation by reference").

On 29 April 2009, Photocure's general meeting appointed KPMG AS as Photocure's statutory auditors.

The financial information for the second quarter 2009 and the period from 1 January to 30 June 2009 and the corresponding periods in 2008 has not been audited or been subject to a limited scope audit.

There is no other information in the Information Memorandum which has been audited.

6. UNAUDITED PRO FORMA FINANCIAL INFORMATION

6.1 Pro forma financial information

The following unaudited pro forma financial information has been compiled for illustrative purposes to show how the sale of the Metvix[®]/Aktilite[®] Business might have affected the Company if it had occurred on 1 January 2008 for the purpose of the unaudited pro forma income statement for 2008 and the unaudited pro forma first half 2009 interim income statement, and on the balance sheet dates for the purposes of the unaudited pro forma balance sheets as of 31 December 2008 and 30 June 2009.

The unaudited pro forma financial information is presented for illustrative purposes only and, therefore, does not represent what the actual results of operations or the Company's financial position would have been if the Transaction occurred on the dates assumed and it is not necessarily indicative of the Company's future operating results or financial position as of 30 June 2009 or results of operations for the six months ended 30 June 2009 or the twelve months ended 31 December 2008. As such the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.

The proceeds from the transaction is in the pro forma adjustments included in the cash equivalents from January 1, 2008 as a hypothetical financial position. A hypothetical financial income of this cash element is calculated according to information in Note 6.

Due to its nature, there is uncertainty related to the unaudited pro forma financial information since certain simplifications and assumptions have been made as set out in the subsequent paragraphs. The unaudited pro forma financial information has been prepared based on the following basis:

- The historical income statement and balance sheet for Photocure for 2008 has been derived from the audited financial statements for the year prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU.
- The financial information related to Photocure for the first half 2009 is based on the unaudited interim condensed financial statements of Photocure for the period ended 30 June 2009 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU.

This unaudited pro forma financial information is derived from, and should be read in conjunction with, the historical financial statements of Photocure.

The unaudited pro forma financial information has been prepared using the accounting principles of the Photocure 2008 audited financial statements, with the exception of implementation of IAS 1 revised (New statement of other comprehensive income). The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and as issued by the IASB.

The Transaction will be implemented according to the following agreements negotiated and signed with Galderma as of 1 October 2009: The Assets Purchase Agreement and the Intellectual Property Licence Agreement.

The unaudited pro forma financial information has been prepared to present the scope of the Transaction as discontinued operation. The discontinued income statement represents the Metvix[®] & Aktilite[®] commercial operations and related direct costs within Manufacturing, Research and Development and Administrative functions. The discontinued balance sheet represents the assets & liabilities sold to Galderma. Thus, Photocure's continued operation cover the income statement and assets & liabilities that are carried forward for the Hexvix[®] operation and the portfolio of research and development projects.

Key pro forma figures (all figures in NOK thousand)

Profit & Loss

	<i>Published financial report</i>		<i>Pro forma adjustments (Discontinued operations)</i>			<i>Pro forma financial information (Continued operations)</i>	
	2009 1.1-30.6	2008 1.1-31.12	2009 1.1-30.6	2008 1.1-31.12	Notes	2009 1.1-30.6	2008 1.1-31.12
Sales revenues	57 962	100 917	36 385	64 063	2	21 577	36 854
Signing fee and milestone revenues		1 303		1 303		0	0
Total revenues	57 962	102 220	36 385	65 366		21 577	36 854
Cost of products sold	-9 538	-19 074	-7 525	-14 699	3	-2 013	-4 374
Gross profit	48 424	83 147	28 860	50 667		19 564	32 480
Operating costs							
Other income	2 023	6 257	0	0		2 023	6 257
Indirect manufacturing expenses	-4 929	-8 607	-817	-1 694	4	-4 112	-6 913
Research and development expenses	-32 897	-84 303	-481	-1 816	4	-32 416	-82 486
Marketing and sales expenses	-23 301	-45 916	-10 787	-21 642	4	-12 514	-24 274
General and administrative expenses	-9 561	-17 951	-1 025	-362	5	-8 536	-17 589
Operating profit/loss(-)	-20 240	-67 374	15 750	25 152		-35 991	-92 526
Financial income	7 092	16 103	7 550	14 519	6	14 642	30 622
Financial expenses	-7 559	-13 111				-7 559	-13 111
Net financial profit/loss(-)	-467	2 991	7 550	14 519		7 083	17 510
Profit/loss(-) before tax	-20 706	-64 382	23 300	39 671		-28 908	-75 015
Tax expenses	0	0	0	0		0	0
Net profit/loss(-)	-20 706	-64 382	23 300	39 671		-28 908	-75 015
Other comprehensive income	1 048	0	0	0		1 048	0
Comprehensive income	-19 658	-64 382	23 300	39 671		-27 860	-75 015

Balance sheet

	<i>Published financial report</i>		<i>Pro forma adjustments (Discontinued operations)</i>			<i>Pro forma financial information (Continued operations)</i>	
	30.06.2009	31.12.2008	30.06.2009	31.12.2008	Notes	30.06.2009	31.12.2008
Balance Sheet (all amounts in NOK 1,000)							
Non-current assets							
Intangible assets, software	472	534				472	534
Machinery & equipment	3 449	3 939	-1 436	-1 548	7	2 013	2 391
Other investments	8 384	11 528				8 384	11 528
Total non-current assets	12 305	16 001	-1 436	-1 548		10 869	14 453
Current assets							
Inventory	19 013	12 792	-5 903	-5 461	8	13 110	7 331
Receivables	30 617	29 158	-13 442	-8 253	9	17 175	20 905
Cash & cash equivalents	150 556	179 897	385 055	377 505	6	535 611	557 402
Total current assets	200 185	221 846	365 710	363 792		565 896	585 638
Total assets	212 490	237 847	364 275	362 244		576 766	600 091
Equity and liabilities							
Paid-in capital	11 047	11 047				11 047	11 047
Other paid-in capital	190 476	15 467				190 476	15 467
Retained earnings	-19 658	173 181	366 973	364 889		347 315	538 070
Total equity	181 864	199 694	366 973	364 889		548 838	564 583
Liabilities							
Long-term liabilities							
Other non-current liabilities	0	0				0	0
Total long-term liabilities	0	0	0	0		0	0
Current liabilities	30 627	38 153	-2 698	-2 645	10	27 929	35 508
Total liabilities	30 627	38 153	-2 698	-2 645		27 929	35 508
Total equity and liabilities	212 490	237 847	364 275	362 244		576 766	600 091

Notes pro forma income statements

Note 1: The source for the financial information in the pro forma adjustments are management accounts in Photocure and data from the financial system obtained for this purpose only.

Note 2: Discontinued sales revenue represent actual sales of Metvix[®] tubes, Aktilite Lamps and other Metvix[®]/Aktilite[®] goods and services to Nordic customers and to Galderma. Nordic customers are wholesales for Metvix[®] and end-users for Aktilite Lamps. Photocure sell both Metvix[®] tubes and Aktilite Lamps on ex-works terms to Galderma. In addition the discontinued sales revenue includes royalty from Galderma according to previous licence agreement.

Note 3: The discontinued cost of products sold include the direct costs of the Metvix[®] and Aktilite[®] products and royalty paid for licence of technology and product rights.

Note 4: The discontinued indirect operating costs include the personnel costs for the Nordic Metvix[®]/Aktilite[®] sales and marketing function that will be transferred to the Galderma operation. Other discontinued indirect costs relate to Metvix[®] and Aktilite[®] manufacturing, logistics and administrative costs like consultant, lawyer and trade mark expenses. The discontinued research and development costs relate to regulatory costs for Metvix[®] and Aktilite[®].

Note 5: There are no material expenses direct related to the Transaction. The Transaction related expenses incurred as of 31 December 2008 and 30 June 2009 are adjusted to the general and administrative expenses.

Notes pro forma balance statements

Note 6: The net sales amount of 362.986 kNOK in cash equivalents are included in the pro forma adjustments from 1 January 2008. Financial income of the cash element is calculated as interest based on 4.0% per annum in 2008 and the six months ended 30 June 2009.

Note 7: The discontinued machinery and equipment include mainly the production and test equipment that are located at Photocure's subcontracting suppliers for manufacturing of the Aktilite Lamp.

Note 8: The discontinued inventory include all finished and semi-finished goods inventory of Metvix[®] tubes and Aktilite Lamps, inventories of spare- , replacement- and component- parts and inventory of the active substances for the Metvix Product.

Note 9: The discontinued receivables include all accounts receivable related to the sale of Metvix[®] and Aktilite[®] in the Nordic market and receivables related to the previous license and supply agreement with Galderma.

Note 10: The discontinued liabilities include all accounts payable related to the purchase of Metvix[®] and Aktilite[®] components and finished products from subcontractors.

6.2 Independent assurance report on pro forma financial information

KPMG AS has issued a report on the pro forma financial information for Photocure included in this Information Memorandum as Annex 1 "*Independent assurance report on pro forma financial information*".

7. CAPITAL RESOURCES

As of 30 June 2009, the Company had cash, cash equivalents and marketable securities of NOK 150.6 million compared to NOK 179.9 million at the end of 2008. The decrease in cash is mainly due to cash flow from operations of NOK -33.7 million in the first six months of 2009. As of 30 June 2009, the Company had current debt of NOK 30.6 million, with no interest bearing debt and no non-current debt. Photocure's main sources of cash have been equity issues and cash flow from operations.

On 1 October 2009, Photocure received the initial purchase price of EUR 44 million in cash from the sale of the Metvix®/Aktelite® Business. An additional payment of EUR 7 million is guaranteed by December 2016. The EUR 7 million may be paid earlier, depending on Galderma obtaining regulatory approvals for new medical indications in dermatology in the EU and US.

The Company will require capital to fund ongoing operations and potential strategic investments. The adequacy of available funds will depend on many factors, including the further growth of the business, capital expenditures, market development, competition and potential acquisitions.

The Company believes that funds from operations and funds from future potential milestones will be sufficient to support Photocure's strategy. The Company anticipates that by taking into account generally expected market conditions, internally generated cash flows, future potential milestones from existing and new licensing partners, such funds will be sufficient to fund the operations of Photocure. The Company has no plans for borrowing money.

In the opinion of the Company, its working capital is sufficient to cover the Company's present requirements, that is, for a period of at least 12 months from the date of this Information Memorandum.

As at the date of this Information Memorandum, the Company is not subject to any restrictions on the use of capital resources that may have materially affected, or could materially affect, directly or indirectly, the Company's operations.

Photocure has not recognise deferred tax assets in the balance sheet due to uncertainty concerning when the Company will reach the situation when it will have a liability to pay tax.

Photocure's funding and treasury policies are described in Note 16 in the Annual Report 2008 (<http://www.photocure.com/upload/Investors/Annual%20report%202008.pdf>).

8. ADDITIONAL INFORMATION

8.1 Documents on display

Copies of the following documents will during the life of this Information Memorandum be available for inspection at any time during normal business hours on any business day free of charge at the registered office of the Company:

- The Memorandum of Incorporation and Articles of Association of Photocure.
- The Company's annual reports and auditor's reports for the financial years 2008, 2007 and 2006, and the second quarter 2009 interim report.
- Independent assurance report on pro forma financial information

8.2 Incorporation by reference

The information incorporated by reference in this Information Memorandum shall be read in connection with the cross reference list set out in the table below. Except as provided in this section, no other information is incorporated by reference into this Information Memorandum.

The Company incorporates its consolidated annual reports for 2008, 2007 and 2006, and auditor's reports issued by the Company's auditor for the financial years 2008, 2007 and 2006.

Section in the Information Memorandum	Disclosure requirement pursuant to Commission Regulation (EU) no. 809/2004, Annex I	Reference document and link	Page in reference document
5.1	20.1	Annual report and auditor's report 2008: http://www.photocure.com/upload/Investors/Annual%20report%202008.pdf	5-33 and 34
5.1	20.1	Annual report and auditor's report 2007: http://www.photocure.com/upload/Investors/Annual%20report%202007.pdf	26-55 and 56
5.1	20.1	Annual report and auditor's report 2006: http://hugin.info/131151/R/1118765/205257.pdf	27-51 and 52
5.1	20.6	Second quarter 2009 interim report: http://hugin.info/131151/R/1334659/316906.pdf	5, 7

9. DEFINITIONS

“Aktilite Lamps”	The Aktilite CL128 Lamp and the Aktilite CL16 lamp.
“Asset Purchase Agreement”	Has the meaning set forth in section 3.1.
“Board” or “Board of Directors”	The board of directors of Photocure
“Company” or “Photocure”	Photocure ASA
“Field”	The diagnosis, treatment or prevention of all diseases and other medical disorders of the epidermis and dermis.
“Galderma”	Galderma S.A.
“Galderma Products”	The Metvix Product, any products containing the MAL Active Ingredient (other than the Visonac Product) and the Aktilite Lamps.
“Information Memorandum”	This document, including all appendices hereto
“Intellectual Property License Agreement”	Has the meaning set forth in section 3.1.
“MAL Active Ingredient”	Methyl 5-aminolevulinate hydrochloride
“Metvix [®] /Aktilite [®] Business”	The assets, rights and obligations sold by Photocure to Galderma under the Asset Purchase Agreement, as described in section 3.3.
“Metvix Product”	The cream formulation medicinal product containing MAL Active Ingredient.
“Original License Agreement”	Has the meaning set forth in section 3.1.
“Original Supply Agreement”	Has the meaning set forth in section 3.1.
“Transaction”	The sale of the Metvix [®] /Aktilite [®] Business from Photocure to Galderma pursuant to the Asset Purchase Agreement, as described in section 3.1
“Visonac Product”	The topical formulation medicinal product containing the MAL Active Ingredient