

PCI Biotech Holding ASA - Second Quarter Report 2008

Highlights

- Demerger and Initial Public Offering at Oslo Axess in June
- Raised NOK 60 million
- Per Walday, PhD hired as new CEO
- Board has been strengthened through new members with significant scientific and international expertise
- The Norwegian Medicinal Agency approved start-up of the first clinical study in July

Demerger and Initial Public Offering at Oslo Axess

PCI Biotech Holding ASA was formed in December 2007 as a vehicle for the demerger and IPO of PCI Biotech AS, a former subsidiary of Photocure ASA. The demerger was approved by the shareholders at the general assembly of Photocure ASA and PCI Biotech Holding ASA in April 2008.

PCI Biotech Holding ASA is the parent company with the subsidiary PCI Biotech AS. The main activities are performed in PCI Biotech AS, including the preclinical and clinical work.

PCI Biotech Holding ASA was listed on Oslo Axess on June 18, 2008. NOK 60 million was raised in the transaction by issuing 3,000,000 new shares of NOK 20 per share. After the transaction PCI Biotech Holding ASA has 5,416,390 shares outstanding. The 10 largest shareholders as of August 11th are:

Photocure ASA	19.9%
The Radium Hospital Research Foundation	11.1%
L Gill-Johannesen AS	7.4%
Verdipapirfondet KLP AksjeNorge	7.1%
Fondsavanse AS	5.6%
Gezina AS	5.2%
Vicama AS	5.0%
MP Pensjon AS	4.6%
Bio-Medisinsk Innovasjon AS	1.9%
KLP Lk Aksjer	1.8%
Management and Board	1.2%

Strengthening the organization

Per Walday, PhD was hired as new CEO in April 2008. He previously held the position as Global Head of Project Management at GE Healthcare with responsibility for all pharmaceutical development. He holds a PhD in physiology and has extensive expertise in bringing new medical technologies to the market.

PCI Biotech Holding ASA strengthened its Board of Directors significantly in June 2008. In addition to Chairman Kjetil Hestdal, the new Board members are: Theresa Comiskey Olsen, BA, JD with long legal and licencing experience in the pharmaceutical industry; Professor Kjetil Taskén, MD,

PhD who is the Director at the Biotechnology Centre of Oslo; Professor Eva Steiness MD, PhD founder of Zealand Pharma AS and Flemming Ørnskov, MD, MPH who has extensive executive experience in the pharmaceutical industry from Merck, Novartis and LifeCycle Pharma.

Progress in development programs

PCI Biotech Holding ASA is a cancer-focused drug delivery company. The company has a patented drug-delivery technology, photochemical internalization (PCI) and is developing PCI to enhance the effect of anticancer drugs by targeted, light-directed drug delivery into cancer cells. The technology also has potential applications in other disease areas.

Preparations for the first clinical study with PCI technology are proceeding as planned. The study received approval from the Norwegian Medicines Agency in July and is planned to start in September 2008. The clinical study will be performed at the Radium Hospital and focus on the safety profile of Amphinex™ in combination with bleomycin, a broadly used cytotoxic agent. Secondary endpoints include efficacy in a range of cancers, including melanoma and breast cancer.

Second quarter 2008 Financial Results (unaudited)

PCI Biotech Holding ASA was included in the financial reporting of Photocure ASA until the demerger/IPO on June 18, 2008.

Other income of NOK 259,000 for the second quarter 2008 represents research grants from the Research Council of Norway.

Operating loss amounted to NOK 302,000 in the second quarter 2008. This includes research and development expenses of NOK 356,000 and general and administrative expenses of NOK 205,000.

Year-to-Date 2008 Financial Results (unaudited)

Other income for the first six month period of 2008 was research grants of NOK 259,000.

Operating loss amounted to NOK 329,000 for the first six month period of 2008. This includes research and development expenses of NOK 356,000 and general and administrative expenses of NOK 232,000. Total equity for the group was NOK 55.3 million at the end of June 2008.

The unaudited proforma financial figures for the first six months of 2008 are as follows:

PCI Biotech Holding ASA (group)

Proforma figures (in NOK 1,000)

	2008	2007
	01.01 - 30.06	01.01 - 30.06
Other income	3 319	-4 202
R&D expenses	-6 157	0
Admin expenses	-2 271	0
Operating loss	-5 109	-4 202
Net finance	9	0
Profit before tax	-5 100	-4 202

Risks and uncertainties

Risks and uncertainties for PCI Biotech Holding ASA for the next six months are as described in the Prospectus published in May 2008, in connection with the IPO.

Transactions with related parties

PCI Biotech Holding ASA has not had any transactions with related parties of significance for the financial position or results of the company for the first six months of 2008, except as described in the Prospectus.

Outlook 2008

PCI Biotech Holding's focus for the remainder of 2008 will be to strengthen the organization and continue the development of the company and its light-directed drug delivery technology.

The focus within R&D will be to start the first clinical trial at the Radium Hospital in Oslo and continue the preclinical activities to further expand the utility of the technology.

Statement of the Board of Directors and CEO

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2008 which has been prepared in accordance with IAS34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management reports includes a fair review of the information required under the Norwegian Securities trading Act section 5-6 fourth paragraph.

14 August 2008

The Board of Directors and CEO
PCI Biotech Holding ASA
Oslo, 14 August 2008

Kjetil Hestdal
Chairman

Theresa Comiskey Olsen

Eva Steiness

Kjetil Taskén

Flemming Ørnskov

Per Walday
CEO

Profit & Loss (group - unaudited). All amounts in NOK 1,000 except per share data:

Q2 2008	Q2 2007		2008 1.1-30.06	2007 1.1-30.06	2007 12.3-31.12
259		Other Income	259		
259	0	Total revenue	259	0	0
-356		Research and development expenses	-356		
-205		General and administrative expenses	-232		
-302	0	Operating profit/loss(-)	-329	0	0
2		Financial income	4		1
-14		Financial expences	-14		
16	0	Net financial profit/loss(-)	19	0	1
-286	0	Profit/loss(-) before tax	-311	0	1
		Tax expenses	0		0
-286	0	Net profit/loss(-)	-311	0	1
-0,10		Net income/loss(-) per share, basic	-0,12		
-0,10		Net income/loss(-) per share, diluted	-0,12		

(1) Basic 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 000 NOK)

	30.06.2008	30.06.2007	31.12.2007
Non-current assets			
Intangible assets	103		
Machinery & equipment	44		
Total non-current assets	147	0	0
Current assets			
Receivables	3 746		
Cash & cash equivalents	55 382	100	1 001
Total current assets	59 128	100	1 001
Total assets	59 275	100	1 001
Equity and liabilities			
Equity			
Paid-in capital	60 357	100	1 000
Retained earnings	-5 099		1
Shareholders' equity	55 258	100	1 001
Liabilities			
Current liabilities	4 017		
Total liabilities	4 017	0	0
Total equity and liabilities	59 275	100	1 001

Statement of changes in equity (all amounts in 000 NOK)

	2008 1.1-30.06	2007 12.3 - 30.6	2007 12.3-31.12
Equity at beginning of period	1 001	100	100
Share issue	60 000		900
Share repayment	-1 000		
IPO, expenses	-4 924		
	400		
Share-based compensation	92		
Net income/loss(-) for the period	-311		1
Equity at end of period	55 258	100	1 001

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

	2008 1.1-30.06	2007 12.3 - 30.6	2007 12.3-31.12
Profit/loss(-) before tax	-311		1
Other operational items	349		
Net cash flow from operations	39	0	1
Cash flow from investments	0		
Cash flow from capital transactions	54 343		900
Net change in cash during the period	54 382	0	901
Cash & cash equivalents at beginning of period	1 001	100	100
Cash & cash equivalents at end of period	55 382	100	1 001