

# PCI Biotech Holding ASA - Third Quarter Report 2008

## Highlights

- **The Norwegian Medicinal Agency approved the first clinical study**
- **Ready to start the Phase 1 study with Amphinex™ at The Norwegian Radium Hospital**
- **Karin Nord, PhD hired as Pharmaceutical Director**
- **Erling Øverland appointed new Chairman of the Board in October**

### Progress in development programs

PCI Biotech Holding ASA is a cancer-focused drug delivery company. The company is developing a patented drug-delivery technology, photochemical internalization (PCI), to enhance the effect of anticancer drugs by targeted, light-directed drug delivery into cancer cells.

Preparations for the first clinical study with the PCI technology have proceeded as planned. The study received approval from the Norwegian Medicines Agency in July. The clinical study will be performed at the Norwegian 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. Patient inclusion will commence in fourth quarter 2008.

### Strengthening the organization

PCI Biotech aims to establish a core team of 6-8 highly competent people and leverage a selected group of consultants and academic partners. All current members of the team have long industry expertise within their respective areas of responsibility.

Karin Nord, PhD was hired as Pharmaceutical Director from 1st October 2008. She previously held the position as Director GxP projects QA R&D at GE Healthcare with responsibility for quality assurance of development projects. She holds a PhD in photoreactivity of drugs and has extensive expertise in pharmaceutical development and production.

PCI Biotech Holding ASA has further strengthened its Board of Directors by the appointment of Erling Øverland as Chairman of the Board from 22<sup>nd</sup> October 2008. He has an extensive and broad experience in business, finance and marketing, from several corporate leadership positions in Statoil and has served on a number of different boards. He was elected President and Chairman of the Confederation of Norwegian Enterprise from 2004 to 2008.

### Third quarter 2008 Financial Results

Other income was NOK 1.9 million in the third quarter of 2008. This is from public R&D funding and grants from Norway and EU.

The total expenses in the third quarter of 2008 were NOK 4.6 million, of which NOK 3.0 million is research and development expenses and NOK 1.6 million is general and administrative expenses.

Operating loss amounted to NOK 2.7 million in the third quarter 2008.

### **Year-to-Date 2008 Financial Results**

PCI Biotech Holding ASA and the subsidiary PCI Biotech AS were included in the financial reporting of Photocure ASA until the demerger and subsequent IPO on Oslo Axess on June 18, 2008. Year to date financial results for PCI Biotech Holding consolidated accounts include the financial result from PCI Biotech AS for the period between June 18<sup>th</sup> 2008 and September 30<sup>th</sup> 2008. The financial results from PCI Biotech Holding ASA include 9 months of 2008.

Other income YTD was NOK 2.1 million. This is from public R&D funding and grants from Norway and EU.

The total expenses YTD were NOK 5.1 million, of which NOK 3.2 million is research and development expenses and NOK 1.8 million is general and administrative expenses.

Operating loss YTD September 30<sup>th</sup> 2008 amounted to NOK 3.0 million.

Cash and cash equivalents were NOK 52.9 million at September 30<sup>th</sup> 2008. The funds are placed in Norwegian money market funds with app. 3 months maturity. Total equity is NOK 52.9 million. There were 5,416,390 shares outstanding at September 30<sup>th</sup> 2008.

### **Outlook**

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

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

The Board of Directors  
PCI Biotech Holding ASA  
Oslo, 23 October 2008

## Financial statements (unaudited)

The financial statements has been prepared in accordance with IAS34 Interim Financial Statements and gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations.

### PCI Biotech Holding ASA Profit & Loss (all amounts in 000 NOK)

Q3 2008	Q3 2007		2008 1.1-30.09	2007 12.3-30.09	2007 12.3-31.12
1 873		Other Income	2 132		
<b>1 873</b>	<b>0</b>	<b>Total revenue</b>	<b>2 132</b>	<b>0</b>	<b>0</b>
-2 972		Research and development expenses	-3 328		
-1 582		General and administrative expenses	-1 814		
<b>-2 680</b>	<b>0</b>	<b>Operating profit/loss(-)</b>	<b>-3 009</b>	<b>0</b>	<b>0</b>
229		Financial income	233		1
-141		Financial expences	-155		
<b>88</b>	<b>0</b>	<b>Net financial profit/loss(-)</b>	<b>78</b>	<b>0</b>	<b>1</b>
<b>-2 592</b>	<b>0</b>	<b>Profit/loss(-) before tax</b>	<b>-2 931</b>	<b>0</b>	<b>1</b>
		Tax expenses	0		0
<b>-2 592</b>	<b>0</b>	<b>Net profit/loss(-)</b>	<b>-2 931</b>	<b>0</b>	<b>1</b>
-0,48		Net income/loss(-) per share, basic	-0,82		
-0,48		Net income/loss(-) per share, diluted	-0,82		

(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.

### PCI Biotech Holding ASA Proforma consolidated profit & Loss (all amounts in 000 NOK)

	2008 1.1-30.09	2007 1.1-30.09	2007 1.1-31.12
Other Income	5 193	3 079	5 867
<b>Total revenue</b>	<b>5 193</b>	<b>3 079</b>	<b>5 867</b>
Research and development expenses	-9 170	-11 688	-14 732
General and administrative expenses	-3 811	-517	-1 298
<b>Operating profit/loss(-)</b>	<b>-7 789</b>	<b>-9 126</b>	<b>-10 164</b>
Financial income	271	19	355
Financial expences	-174	-315	-329
<b>Net financial profit/loss(-)</b>	<b>97</b>	<b>-296</b>	<b>26</b>
<b>Profit/loss(-) before tax</b>	<b>-7 692</b>	<b>-9 422</b>	<b>-10 138</b>
Tax expenses			
<b>Net profit/loss(-)</b>	<b>-7 692</b>	<b>-9 422</b>	<b>-10 138</b>

**Balance Sheet (all amounts in 000 NOK)**

	30.09.2008	30.09.2007	31.12.2007
<b>Non-current assets</b>			
Intangible assets	90		
Machinery & equipment	55		
<b>Total non-current assets</b>	<b>145</b>	<b>0</b>	<b>0</b>
<b>Current assets</b>			
Receivables	3 341		
Cash & cash equivalents	52 919	100	1 001
<b>Total current assets</b>	<b>56 260</b>	<b>100</b>	<b>1 001</b>
<b>Total assets</b>	<b>56 405</b>	<b>100</b>	<b>1 001</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Paid-in capital	55 871	100	1 000
Retained earnings	-2 930		1
<b>Shareholders' equity</b>	<b>52 940</b>	<b>100</b>	<b>1 001</b>
<b>Liabilities</b>			
Current liabilities	3 465		
<b>Total liabilities</b>	<b>3 465</b>	<b>0</b>	<b>0</b>
<b>Total equity and liabilities</b>	<b>56 405</b>	<b>100</b>	<b>1 001</b>

**Statement of Changes in Equity (all amounts in 000 NOK)**

	2008 1.1-30.09	2007 12.3 - 30.9	2007 12.3-31.12
<b>Equity at beginning of period</b>	<b>1 001</b>	<b>100</b>	<b>100</b>
Share issue	60 000		900
Share repayment	-1 000		
IPO, expenses	-4 896		
Consolidation effect	400		
Share-based compensation	367		
Net income/loss(-) for the period	-2 931		1
<b>Equity at end of period</b>	<b>52 940</b>	<b>100</b>	<b>1 001</b>

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

	2008 1.1-30.09	2007 12.3 - 30.9	2007 12.3-31.12
Profit/loss(-) before tax	-2 931		1
Other operational items	280		
<b>Net cash flow from operations</b>	<b>-2 650</b>	<b>0</b>	<b>1</b>
Cash flow from investments	198		
Cash flow from capital transactions	54 371		900
<b>Net change in cash during the period</b>	<b>51 919</b>	<b>0</b>	<b>901</b>
Cash & cash equivalents at beginning of period	1 001	100	100
<b>Cash &amp; cash equivalents at end of period</b>	<b>52 919</b>	<b>100</b>	<b>1 001</b>