Unlocking the potential of innovative medicines

SECOND QUARTER AND FIRST HALF YEAR REPORT

2015

ABOUT PCI BIOTECH

PCI Biotech is a cancer focused biopharmaceutical company headquartered in Norway and listed on the Oslo Stock Exchange (Axess). The company is developing therapeutic products based on its proprietary photochemical internalization (PCI) technology. Originating from world leading research at the Norwegian Radium Hospital, the PCI technology works by inducing triggered endosomal release and may be used to unlock the true potential of a wide array of therapeutic modalities, such as small molecules, vaccines and nucleic acids.

PCI Biotech's lead candidate is the photosensitiser Amphinex. A Phase I study of Amphinex in combination with the cytotoxic agent bleomycin in cancer patients have been completed at University College Hospital in London. Promising early signs of tumour response were seen in all 22 patients and Amphinex seemed to be well tolerated.

HIGHLIGHTS IN FIRST HALF OF 2015 AND BEYOND

- **Secured funding for development programs through a fully underwritten rights issue**
- **Progression of the bile duct study by successful completion of the second and third dose cohorts**
- **Termination of the ENHANCE study and strategic refocusing in progress**
- **First research collaboration initiated with a commercial entity**
- **Successful Investigational New Drug (IND) application review for Amphinex**

"PCI Biotech started 2015 by successfully refinancing the company with continued strong support from our shareholders. The capital increase of NOK 70 million will enable us to further develop both our pipeline and PCI Biotech as a company. Another important event was the positive review of our Amphinex IND by FDA, the US regulatory agency. We were also pleased to sign our first research collaboration agreement with the Nasdaq listed clinical-stage biotech company RXi.

After carefully reevaluating the commercial potential of Amphinex in recurrent and metastatic head and neck cancer, we decided to refocus our development resources and terminated the ENHANCE study towards the end of the first half of 2015. We will now direct our resources towards the other promising opportunities offered by the PCI technology and we have started a process to strategically refocus the company during the second half of 2015. We are also establishing a network of internationally renowned scientific advisors in order to further support the development of the PCI technology and its pipeline."

Per Walday, CEO

KEY FIGURES

(In NOK 1,000)	1H 2015	1H 2014
Other Income	4 729	3 905
Operating costs	19 403	21 696
Operating results	-14 674	-17 791
Financial items	427	413
Comprehensive income	**-14 247**	**-17 378**
Cash & cash equivalents	**63 316**	**29 188**
Total debt	**8 589**	**8 096**
Net cash flow from operations	**-17 907**	**-17 407**

OPERATIONAL REVIEW

TERMINATION OF THE ENHANCE STUDY AND STRATEGIC REFOCUSING IN PROGRESS

PCI Biotech has, following a strategic review of the company's assets, decided to stop the ENHANCE study and focus the company's resources towards the clinical bile duct cancer study and the promising immunotherapy opportunities offered by the PCI technology.

Optimising intra-tumour illumination in recurrent and metastatic head and neck cancer has turned more time consuming than anticipated, and the complexity has further increased with the recent need to extend the treatment margin in the tumour rim. Recent updates on among others, checkpoint inhibitors (CPIs), also suggest that the competitive landscape for treatment of these patients will change dramatically in the near future. This will likely result in significantly increased competition for both clinical recruitment and market access, as well as a much higher risk for needing a large phase III study for regulatory approval of Amphinex in this indication. The increased technical complexity and the recent updates on competing products, caused the company to re-evaluate the competitive ability of Amphinex in recurrent head and neck cancer.

The promising early signs of tumour response seen in Phase I seem to translate well to the smaller cohort of patients in the ENHANCE study that are eligible for surface illumination. These patients respond as expected to the treatment, with a majority so far being durable complete responders. The company will evaluate how these results can be best utilised going forward.

Following termination of the ENHANCE study, the closing down procedures will continue at least throughout 2015.

THE CLINICAL STUDY WITH AMPHINEX IN INOPERABLE BILE DUCT CANCER IS MOVING FORWARD

The treatment evaluation of the third dose cohort (3 patients) in the phase Ib/II study of Amphinex was completed in August 2015. No safety concerns were observed at this dose level. The primary objective of the phase Ib part, is to determine a maximum tolerable dose.

The Phase Ib/II bile duct cancer study

- Target population: Patients with inoperable bile duct cancer
- Study design: Adaptive Phase Ib/II, open-label, multi-centre study in up to 45 patients, with 5:2 (PCI:control) randomisation in Phase II
- Study objective: Assess the safety and efficacy of a single treatment of Amphinex induced PCI of gemcitabine, followed by systemic cisplatin/gemcitabine
- Primary endpoint: Progression free survival (PFS)

The Cohort Review Committee of clinical experts and company representatives that evaluates the results and provides recommendation for the continuation of the study has recommended that the study progress into the next dose cohort (cohort number four) in accordance with the study protocol. Screening of patients for the next dose cohort has been initiated.

Bile duct cancer is an orphan disease and the company is actively working to increase the patient recruitment rate. The eligible patient population has been expanded to also include metastatic patients and further hospitals in selected European countries are being added in preparation to Phase II. A total of nine sites are currently open.

About bile duct cancer and PCI treatment

Bile duct cancer originates in the ducts that drain bile from the liver into the small intestine. It is a rare cancer (an orphan disease) without approved chemotherapies and the development pipeline is weak. The annual incidence rate is 1-2 cases per 100,000 in the Western world, but rates have been rising worldwide over the past several decades. The majority of cases present as inoperable and there is a high-unmet need for improved treatment technologies.

Surgery is the only current curative option for these patients, yet the majority of the tumours are inoperable. Standard treatment for inoperable patients is stenting to keep the bile duct open, followed by chemotherapy. Combination of the chemotherapeutics gemcitabine and cisplatin has shown promising results and has become standard treatment in some countries, but there is still a need for better treatments to increase overall survival and quality of life.

Bile duct cancer is characterised by a remarkable resistance to common chemotherapy, and there is a high need for new drug classes or alternative methods. The most studied and used drug is gemcitabine, which is one of the drugs significantly enhanced by PCI in preclinical studies. Light access for PCI treatment is easy through the endoscopic methods routinely used in the treatment of this disease.

PROGRESSING THE PRECLINICAL VACCINATION PROGRAM AND EXPANDING THE PATENT ESTATE

The preclinical program in vaccination has successfully progressed and new promising data has been presented at several vaccine- and partnering-meetings during the first half of 2015.

In first half of 2015 PCI Biotech received a positive international search report and written opinion regarding a patent application on the use of PCI Biotech's proprietary technology in vaccination and immunotherapy. The patent application covers the use of the PCI technology in combination with a very important group of immune enhancing substances and may give PCI Biotech at least 20 years broad protection for the use of the PCI technology with many of the therapeutic cancer vaccines that are under development.

About immunotherapy with the PCI vaccination technology

The pharmaceutical industry has long recognised the potential of therapeutic cancer vaccination, i.e. vaccines that treat cancer by inducing or strengthening an immune response. There has been a renewed focus on such vaccines over the past few years, and FDA approved the first such vaccine in 2010. There are however still important unsolved issues and several companies have recently reported failed clinical studies.

Effective induction of cytotoxic T-cells is key to realize the huge potential of therapeutic cancer vaccination, but vaccines often fail to generate the required T-cell responses. One of the most important reasons for this is probably insufficient delivery of vaccine antigens to the appropriate target cells. The PCI vaccination technology may solve the issue by effectively enhancing appropriate delivery of vaccine antigens to the appropriate cells in the immune system.

RESEARCH COLLABORATION WITH RXI PROGRESSING ACCORDING TO PLAN

During 2nd quarter 2015, PCI Biotech entered into its first pre-clinical research collaboration agreement with a commercial entity within the field of macromolecule delivery. The agreement is with RXi Pharmaceuticals (NASDAQ: RXII), an American biotechnology company focused on discovering and developing innovative therapeutics that address high-unmet medical needs primarily in the area of dermatology and ophthalmology.

Initially, the purpose of the collaboration is to utilize the companies' complementary scientific platforms to explore potential synergies. In brief, the pre-clinical research collaboration will evaluate technological compatibility based on preclinical *in vitro* and *in vivo* studies. Each company will cover the costs related to the research collaboration separately. The collaborative research started

immediately after signature and is progressing according to plan. The companies will evaluate results achieved from this research collaboration and then explore the potential for a closer collaboration. Both companies will retain exclusive ownership rights to existing registered intellectual property, but will jointly own any inventions arising from the collaboration.

About the PCI technology and macromolecules
The PCI technology may enhance the delivery of most types of macromolecules (such as proteins, nucleic acids and drugs carried by antibodies or nanoparticles). Macromolecules are widely acknowledged to have a large potential as therapeutic agents, and numerous clinical trials with gene, protein and oligonucleotide therapy are underway. The therapeutic potential of such compounds is challenged by the obstacles of intracellular delivery, which the PCI technology may resolve.

FINANCIAL REVIEW

Secured funding for development programs
A fully underwritten rights issue of NOK 70 million in gross proceeds was completed in February 2015 and the company continues the strategic review of its R&D assets to ensure optimal use of resources.

Income Statement Results 2nd Quarter (Q2) 2015 and first half (1H) 2015
The company receive Norwegian grants and tax incentive scheme (SkatteFUNN) and these are disclosed as other income.

Net loss was NOK 6 592 in Q2 2015 (2014: NOK 8 131) and NOK 14 247 in 1H 2015 (2014: NOK 17 378). The net loss is reduced both in Q2 2015 and 1H 2015, compared to 2014 figures, mainly due to increased other income and lower clinical study activities.

Balance sheet and Cash flow
The company held cash and cash equivalents of NOK 63.3 million at the end of 1H 2015, after completion of the rights issue in Q1 2015 with net proceeds of NOK 64.6 million. In addition the share capital was increased through employees share option exercise in April 2015, resulting in net proceeds of NOK 0.8 million.

Cash flow from operations was NOK -17.9 million (2014: NOK -17.4 million) in 1H 2015 and NOK -9.3 million in Q2 2015 (2014: NOK -9.2 million).

Risks and uncertainty factors for 2015
PCI Biotech is exposed to uncertainties and risk factors, which may influence some or all of the company's activities. There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report 2014. The most important risks the company is exposed to for 2015 are associated with progress and performance of R&D programs.

Related party transactions
PCI Biotech is relying on services provided by third parties, included related parties, as a result of its organizational set-up. PCI Biotech considers its business relationship with The Norwegian Radium Hospital Research Foundation as the only material related party transaction in 2015. See Note 6 for full disclosure of related party transactions.

There has been related party transactions regarding the capital increases finalised during 1H 2015, see note 10 and 11 for overview of related parties holdings of shares and options at the end of 1H 2015.

Post-closing events
PCI Biotech is not aware of any post-closing events, which could materially influence this interim financial statement.

STRATEGY AND OUTLOOK

PCI Biotech's strategy within the various business areas is to prioritize commercialization through agreements with external partners. The company envisages establishing partnership based on data from the phase II part of the ongoing clinical study. Potential phase III studies will be performed in cooperation with or by partner companies. Within vaccines and macromolecules PCI Biotech's strategy is to use the currently available preclinical results to enter into various agreements for further development and use of PCI as a platform technology.

PCI Biotech focus on clinical development of Amphinex in combination with gemcitabine for treatment of inoperable bile duct cancer; an orphan disease with high-unmet medical need. The company will also maintain the high activity level in pre-clinical development and licensing of PCI as a versatile and innovative platform.

The main priorities are to:

- Effectively progress the proof of concept study for bile duct cancer treatment with Amphinex and gemcitabine;
- Solidify a robust vaccination IP estate and further strengthen the promising preclinical results;
- Partnering activities across all commercially interesting areas for the PCI platform.

The Board of Directors and CEO
PCI Biotech Holding ASA
Lysaker, 17 August 2015

Erling Øverland Chairman	Christina Herder	Hilde H. Steineger
Kjetil Taskén	Hans Peter Bøhn	Per Walday CEO

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the unaudited condensed set of financial statements for the first half of 2015 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's and Group's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair view of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

The Board of Directors and CEO
PCI Biotech Holding ASA
Lysaker, 17 August 2015

Erling Øverland Chairman	Christina Herder	Hilde H. Steineger
Kjetil Taskén	Hans Peter Bøhn	Per Walday CEO

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

PROFIT AND LOSS

(In NOK 1,000)	Note	Q2 2015	Q2 2014	01.01 - 30.06 2015	01.01 - 30.06 2014	01.01 - 31.12 2014
Other Income	5	**2 115**	**1 938**	**4 729**	**3 905**	**7 297**
Research and development	8	8 270	9 550	17 712	19 509	39 341
General and administrative		809	771	1 691	2 187	4 428
Operating costs		**9 079**	**10 321**	**19 403**	**21 696**	**43 769**
Operating results		**-6 964**	**-8 383**	**-14 674**	**-17 791**	**-36 472**
Financial income and costs						
Financial income		401	253	456	517	812
Financial expenses		29	0	29	103	180
Net financial result		**372**	**253**	**427**	**413**	**632**
Ordinary profit before taxes		**-6 592**	**-8 131**	**-14 247**	**-17 378**	**-35 840**
Tax on ordinary result	9	0	0	0	0	0
Net profit/loss	4	**-6 592**	**-8 131**	**-14 247**	**-17 378**	**-35 840**
Other comprehensive income		0	0	0	0	0
Comprehensive income		**-6 592**	**-8 131**	**-14 247**	**-17 378**	**-35 840**

BALANCE SHEET

(In NOK 1,000)	Note	30.06 2015	30.06 2014	31.12 2014
Fixed and intangible assets				
Operating assets		12	16	14
Total fixed and intangible assets		**12**	**16**	**14**
Current assets				
Short term receivables	*7*	6 589	5 830	4 614
Cash & cash equivalents	*7*	63 316	29 188	15 754
Total current assets		**69 905**	**35 018**	**20 368**
Total assets		**69 917**	**35 034**	**20 382**
Shareholders equity and liabilities				
Shareholders equity				
Paid in capital		170 743	99 911	99 911
Other reserves		-109 415	-72 972	-90 797
Total equity	*11*	**61 327**	**26 939**	**9 114**
Trade debtors		1 442	2 052	2 586
Other short term debt	*12*	7 147	6 044	8 682
Total debt		**8 589**	**8 096**	**11 269**
Total shareholders equity and liabilities		**69 917**	**35 034**	**20 382**

CHANGE IN SHAREHOLDERS EQUITY

(In NOK '000)	Paid in capital	Share premium	Other paid in capital	Retained earnings	Total
Balance at 31 December 2013	**23 179**	**76 732**	**-**	**-56 515**	**43 396**
Share option scheme	-	-	568	-	568
Comprehensive income in the period	-	-	-	-9 248	-9 248
Allocation	-	-	-568	568	-
Balance at 31 March 2014	**23 179**	**76 732**	**-**	**-65 194**	**34 716**
Share option scheme	-	-	353	-	353
Comprehensive income in the period	-	-	-	-8 131	-8 131
Allocation	-	-	-353	353	-
Balance at 30 June 2014	**23 179**	**76 732**	**-**	**-72 972**	**26 938**
Share option scheme	-	-	637	-	637
Comprehensive income in the period	-	-	-	-18 461	-18 461
Allocation	-	-	-637	637	-
Balance at 31 December 2014	**23 179**	**76 732**	**-**	**-90 796**	**9 114**
Capital increase	21 000	43 646	-	-	64 646
Share option scheme	-	-	720	-	720
Comprehensive income in the period	-	-	-	-7 655	-7 655
Allocation	-	-	-720	720	-
Balance at 31 March 2015	**44 179**	**120 378**	**-**	**-97 731**	**66 825**
Capital increase	522	300	-	-	822
Share option scheme	-	-	272	-	272
Comprehensive income in the period	-	-	-	-6 592	-6 592
Allocation	-	-	-272	272	-
Balance at 30 June 2015	**44 701**	**120 679**	**-**	**-104 051**	**61 328**

CASH FLOW

(In NOK '000)	Q2 2015	Q2 2014	01.01-30.06 2015	01.01-30.06 2014	01.01-31.12 2014
Ordinary profit before taxes	-6 592	-8 131	-14 247	-17 378	-35 840
Depreciation, Amortization and Write Off	1	1	2	2	4
Share options	272	353	992	921	1 558
Net financials	-372	-253	-427	-413	-812
Changes in working capital	-3 023	-1 469	-4 654	-952	3 416
Cash flow from operations	-9 714	-9 498	-18 334	-17 820	-31 674
Net financials	372	253	427	413	812
Taxes paid	-	-	-	-	-
Net cash flow from operations	-9 341	-9 245	-17 907	-17 407	-30 862
Cash flow from financial activities					
Net proceeds from share issues	822	-	65 469	-	-
Net cash flow from financial activities	822	-	65 469	-	-
Net change in cash during the period	-8 519	-9 245	47 562	-17 407	-30 862
Cash and cash equivalents at the beginning of the period	71 835	38 433	15 754	46 595	46 595
Cash and cash equivalents at the end of the period	**63 316**	**29 188**	**63 316**	**29 188**	**15 754**

SELECTED EXPLANATORY NOTES:

1. Nature of operation

PCI Biotech Holding ASA (PCI Biotech) was established in 2008, and comprises PCI Biotech Holding ASA, the fully owned subsidiary PCI Biotech AS and the Islandic Branch PCI Biotech Utibu. PCI Biotech AS was a subsidiary of Photocure ASA until June 2008. The PCI Biotech shares have been listed on the Oslo Axess since 18 June 2008 under the ticker PCIB. The company is headquartered at Lysaker, Norway.

PCI Biotech has developed a unique and patented photochemical intracellular drug delivery technology for use in cancer therapy and other diseases. The technology may also be used to enhance the immunological response of vaccines. The company collaborates closely with The Norwegian Radium Hospital in Oslo, Norway and receives substantial funding on several projects from the Research Council of Norway. The company has an extensive international collaboration network with recognised expert groups in both drug delivery and vaccination. Photochemical Internalisation (PCI) is a proprietary technology for light-directed intracellular drug delivery by triggered endosomal release.

The PCI technology has potential to improve the effect both of existing drugs and new classes of drugs, such as therapeutic vaccines, gene therapy and other therapies based on nanotechnology or on biotechnological principles. The company's objective is to prove the clinical usefulness of the technology with different drugs and subsequently license out the technology to partners for further development and marketing. Revenues will be generated at the time of partnering and onwards from up-front payments, milestone payments and royalties from sales. PCI Biotech focuses on the development of PCI products for enhanced delivery of marketed cancer drugs, and as a platform that may both potentiate the effect of vaccines and enable macromolecules to reach intracellular targets. PCI Biotech has one active clinical study with the lead candidate Amphinex. This is a phase I/II trial in bile duct cancer with the cytotoxic agent gemcitabine. The company also has an on-going preclinical program to document the use of PCI to enhance and direct the immune response of vaccines towards a stronger cellular response.

2. Basis of presentation

These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2014 (hereafter 'the Annual Financial Statements'), as they provide an update of previously reported information. They were approved for issue by the Board of Directors on 23 March 2015. 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 condensed financial information on 17 August 2015.

3. Summary of significant accounting policies

The accounting policies applied and the presentation of the interim condensed consolidated financial information is consistent with the consolidated financial statements for the year ended 31 December 2014.

The new standards, interpretations or amendments to published standards that were effective for the annual period beginning on January 1, 2015 and that could affect the PCI Biotech are discussed in accounting policies, part 4, to the consolidated financial statements for 2014. In the 2014 financial statements, PCI Biotech made evaluations that *IFRS 2 Share-based Payment* and *IFRS 8 Operating Segments* are expected to have an impact for PCI Biotech.

4. Earnings per share

Earnings per share:

	Q2 2015	Q2 2014	1H 2015	1H 2014	FY 2014
Result allocated to shareholders (in NOK '000)	(6 592)	(8 131)	(14 247)	(17 378)	(35 840)
Weighted average of outstanding shares (in '000)	14 842	7 726	13 034	7 726	7 726
Earnings per share (NOK per share)	-0,44	-1,05	-1,09	-2,25	-4,64

Diluted earnings per share:

	Q2 2015	Q2 2014	1H 2015	1H 2014	FY 2014
Result allocated to shareholders (in NOK '000)	(6 592)	(8 131)	(14 247)	(17 378)	(35 840)
Weighted average of outstanding shares (in '000)	14 900	8 195	13 150	8 165	7 726
Earnings per share (NOK per share)	-0,44	-1,05	-1,09	-2,25	-4,64

Weighted average of outstanding diluted shares is weighted number of average number of shares adjusted with share options that are in the money. Earnings per share is not affected by the dilution if negative results in the period.

5. Segment information

The Company reports only one segment and revenues are not influenced by any cyclicality of operations. The company received Norwegian grants and tax incentive scheme (SkatteFUNN) and these are shown as other income.

6. Related party transactions

PCI Biotech is relying on services provided by third parties, included related parties, as a result of its organisational set-up. PCI Biotech considers that its business relationship with The Norwegian Radium Hospital Research Foundation and legal services provided by former board member Theresa Comiskey Olsen represents related party transactions. Comiskey Olsen ended her term as board member in May 2015 and transactions up to that date are disclosed. The following table shows the extent of such transactions in the reported periods (all figures in NOK '000):

Purchase of services	Q2 2015	Q2 2014	1H 2015	1H 2014	FY 2014
The Norwegian Radium Hospital Research Foundation	869	586	1 737	1 118	2 698
Theresa Comiskey Olsen	1	55	17	85	104

At the end of the quarter, PCI Biotech had NOK 696 thousand in short term debt to The Norwegian Radium Hospital Research Foundation and no short term debt to Theresa Comiskey Olsen. In relation to the rights issue resolved in Q1 2015 the Chairman contributed to the underwriting syndicate and underwrote NOK 378 thousand with a guarantee fee of 3.0%. See note 10 and 11 regarding related parties share option and share holdings per 30.06.2015.

7. Credit risk, foreign currency risk and interest risk

Credit risk

PCI Biotech trades only with recognised, creditworthy third parties, of which most are governmental institutions. Receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant and therefore no offset of bad debts has been recognised at the end of Q2 2015.

Maturity profile on receivables as per 30 June 2015 (all figures in '000 NOK):

	Not due	Less than 3 months	3 to 12 months	Total
Trade receivables	-	-	-	-
Other receivables	6 589	-	-	6 589
Total receivables	**6 589**	**-**	**0**	**6 589**

A majority of other receivables relates to accrued, not received grants and tax incentive scheme (SkatteFUNN).

Foreign currency risk
PCI Biotech has transactional currency exposure arising from purchases in currencies other than the functional currency (NOK). PCI Biotech has not implemented any hedging strategy to reduce foreign currency risk.

Interest risk
PCI Biotech has no interest bearing debt.

8. Research and Development costs

All figures in '000 NOK

	Q2 2015	Q2 2014	1H 2015	1H 2014	FY 2014
Clinical studies	4 002	6 782	8 105	10 506	19 267
Pre-clinical studies	2 319	1 752	5 033	4 633	10 745
CMC and equipment	1 075	933	2 350	2 983	5 396
Patents	874	82	2 224	1 387	3 933
Other costs	0	0	0	0	0
Total	**8 270**	**9 550**	**17 712**	**19 509**	**39 341**

9. Deferred tax and deferred tax assets

At the end of the quarter, the group held NOK 62.6 million in non-capitalised deferred tax assets, which mainly relates to carry forward losses.

10. Share options

Share options outstanding at the end of the period have the following expiry date and exercise prices:

		Number of shares	
Expiry date	Exercise price in NOK per share	30.06.2015	31.12.2014
2015 - Q2	4.78	0	174 000
2015 - Q3	27.54	90 000	90 000
2016 - Q3	14.07	170 000	170 000
2017 - Q3	27.38	86 500	86 500
2018 - Q3	14.52	85 000	85 000
2018 - Q3	13.78	40 000	40 000
2020 - Q3	12.53	73 500	0
Total		**545 000**	**645 500**

The exercise prices have been adjusted in Q1 2015 according to the employee share option agreements, due to the capital increase resolved in the quarter. This change led to a total increase of share option cost of MNOK 0.6, where MNOK 0.4 were accounted for immediately and MNOK 0.2 are accrued over the remaining life time of the options. As part of the employee share option program, the Board of Directors of PCI Biotech Holding ASA awarded 93,500 options to key employees on 20 April 2015. Each option gives the right to subscribe for or acquire one share per option (after PCI Biotech Holding ASA's choice), at a strike price of NOK 12.53, equal to the volume weighted average price (VWAP) for the last 5 days of trade prior to the grant date. The options can be exercised with 1/3 of the options after one year, further 1/3 after two years and the last third after three years. The options are lapsing in Q3 2020. By the end of Q2 2015 20,000 of the share options granted in Q2 2015 were cancelled. The fair value of the net allocation of 73,500 share options using the Black-Scholes valuation model was MNOK 0.7. The significant input to the model were; share price of NOK 13.35 at the grant day, volatility of 86.1%, risk free rate of 1.02 % and dividend yield 0%.

Overview options 2015, Senior executives	Total holdings 31.12.2014	Allocated	Lapsed	Excercised	Expired	Total holdings 30.06.2015
Per Walday, CEO	186 000	0	0	60 000	0	126 000
Ronny Skuggedal, CFO	40 000	20 000	0	0	0	60 000
Anders Høgset, CSO	136 000	0	0	45 000	0	91 000
Gaël L'Hévéder, CBDO	70 000	15 000	0	0	0	85 000
Kristin Eivindvik, PD	76 000	6 000	0	45 000	0	37 000
Sum	**508 000**	**41 000**	**0**	**150 000**	**0**	**399 000**

11. Share capital

A fully underwritten rights issue of NOK 70 million was completed 12 February 2015. The share capital was increased with NOK 21 million through the issue of 7,000,000 new shares (nominal value per share NOK 3). PCI Biotech received gross proceeds of NOK 70 million and the net proceeds were NOK 64.6 million. The transaction cost includes a guarantee fee of 3.0%. In addition, a rights issue of 174 000 new shares (nominal value per share NOK 3), following the exercise of employee share options was finalised in April 2015.

Following the capital increases in 1H 2015 PCI Biotech's new share capital is NOK 44 701 170 divided by 14 900 390 shares, each with a nominal value of NOK 3.00 and each giving one vote at the Company's general meeting.

	No. of shares	Nominal value per share in NOK	Share capital in NOK
31.12.2014	7 726 390	3,00	23 179 170
Rights issue	7 000 000	3,00	21 000 000
31.03.2015	14 726 390	3,00	44 179 170
Option excercise	174 000	3,00	522 000
30.06.2015	**14 900 390**	**3,00**	**44 701 170**

10 largest shareholders per 30 June 2015:

Name	No. of shares	Ownership
FONDSAVANSE AS	2 149 138	14,4 %
PHOTOCURE ASA	1 483 339	10,0 %
RADIUMHOSPITALETS FORSKNINGSSTIFTELSE	1 359 853	9,1 %
STOREBRAND VEKST JPMORGAN EUROPE LTD	1 213 192	8,1 %
MP PENSJON PK	899 408	6,0 %
VICAMA AS	743 288	5,0 %
KLP AKSJE NORGE VPF	670 095	4,5 %
KOMMUNAL LANDSPENSJON	628 858	4,2 %
BERGEN KOMMUNALE PENSJONSKASSE	400 000	2,7 %
LGJ INVEST AS	250 487	1,7 %
Total 10 largest shareholders	**9 797 658**	**65,8 %**
Others	*5 102 732*	*34,2 %*
Total	*14 900 390*	*100 %*

Shares owned, directly or indirectly, by members of the board, senior executives and their personally related parties per 31.12.2014 and per 30.06.2015:

		No. of shares	
Name	**Position**	**31.12.2014**	**30.06.2015**
Erling Øverland, including Trifolium AS	Chairman	32 500	61 945
Kjetil Taskén	Board member	0	0
Christina Herder	Board member	0	0
Hans Peter Bøhn	Board member	0	50 000
Hilde H. Steineger	Board member	0	0
Per Walday	CEO	12 000	44 019
Ronny Skuggedal	CFO	0	15 000
Anders Høgset	CSO	28 424	47 977
Gaël L'Hévéder	CBDO	0	10 000
Kristin Eivindvik	PD	0	13 235
Total		**72 924**	**242 176**

12. Other short term debt

Other short term debt mainly consists of accrued R&D and salary related costs and public duties.

13. Other information

PCI Biotech has previously reported an initial rejection, from the Norwegian tax authorities (Skatt Øst), of extension of advance registration for VAT (Value Added Tax) for the future periods 2015-2016. PCI Biotech's formal appeal is now settled in favor of PCI Biotech and the company is advance registered for VAT throughout 2016.

14. Material events subsequent to the end of the reporting period

PCI Biotech is not aware of any post-closing events, which could materially influence this interim financial statement.

OTHER INFORMATION

DEFINITIONS AND GLOSSARY

PCI: Photochemical internalization
CPI: Checkpoint inhibitor
ASCO: American Society of Clinical Oncology
PFS: Progression Free Survival
FDA: US Food and Drug Administration
IND: Investigational New Drug
R&D: Research and Development
NOK: Norwegian kroner
In vitro: Studies performed with cells or biological molecules studied outside their normal biological context; for example proteins are examined in solution, or cells in artificial culture medium.
In vivo: Studies in which the effects of various biological entities are tested on whole, living organisms usually animals.

FINANCIAL CALENDAR

Presentation of the second quarter 2015 report:	18 August 2015
Third quarter 2015 report:	17 November 2015

INVESTOR CONTACT

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FORWARD LOOKING STATEMENTS

This Report contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, and are sometimes identified by the words “believes”, expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that are expressed or implied by statements and information in the Report, including, among others, risks or uncertainties associated with the Company’s business, segments, development, growth management, financing, market acceptance and relations with customers, and, more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environments, and fluctuations in currency exchange rates and interest rates. None of the Company or any of its subsidiaries or any such person’s directors, employees or advisors provide any assurance that the assumptions underlying forward-looking statements expressed in this Report are free from errors nor does any of them accept any responsibility for the future accuracy of such forward-looking statements.

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