



MEDIVIR, INTERIM REPORT, 1 January - 30 June 2006

- Phase III study on Lipsovir® (ME-609) against labial herpes has started
- New license agreement on HIV protease with Tibotec
- MIV-21 0 (HIV and hepatitis B) outlicensed to Tibotec for onward clinical development
- Extended collaboration agreement on hepatitis C protease with Tibotec
- Positive results from preclinical studies on the protease project against COPD
- Consolidated net sales were SEK 18.5 (27.2) m in the period 1 January - 30 June 2006.
- The loss after tax was SEK -108.4 (-73.4) m; earnings per share were SEK -8.40 (-5.69)

FOR MORE INFORMATION, PLEASE CONTACT

Rein Piir, CFO and VP, Investor Relations: +46 8 5468 3123 or +46 (0)70 853 7292.

FORTHCOMING FINANCIAL INFORMATION

The Nine-month Interim Report will be published on 23 October 2006.

The Financial Statement for 2006 will be published on 14 February 2007.

The Three-month Interim Report will be published on 24 April 2007.

Medivir's financial reports are available on its Website, www.medivir.com from these dates under the 'Investor/Media' heading.

The Medivir group

Medivir develops drugs against major, widespread diseases based on proteases as targets. The objective is to be a sustainable, profitable research-based pharmaceutical company with products on the market developed in-house. Medivir is located in Huddinge, Sweden and at Chesterford Research Park, Essex, UK.

The group consists of Medivir AB, its subsidiary Medivir UK Ltd., Medivir HIV Franchise AB and Medivir Personal AB. As of 31 December 2005, the group had 133 employees. Medivir was listed on the Stockholm Exchange O-list in 1996.

Medivir's research portfolio includes projects against hepatitis C, labial herpes, osteoporosis, osteoarthritis, RA (rheumatoid arthritis), asthma, MS (multiple sclerosis) and autoimmune disorders. Medivir has seven individual projects in development, one of which is in phase III. Medivir HIV Franchise AB focuses on developing and divesting HIV/HSV projects and is defining the clinical strategy for MIV-606 against shingles and other indications.

*Medivir AB (publ), Lunastigen 7, 141 44 Huddinge, Sweden,
tel (switchboard): +46 (0)8 5468 3100.*

Significant events in April-June

Two new agreements and extension of existing collaboration agreement with Tibotec

In late June, Medivir signed two new licensing agreements with Tibotec (a Johnson & Johnson group company) and extended its existing research collaboration against hepatitis C. The first agreement relates to Medivir's new preclinical HIV protease inhibitor project, and the second is the outlicensing of the polymerase inhibitor MIV-210 against HIV and hepatitis B (HBV).

Hepatitis C

Medivir's and Tibotec's antiviral projects in the hepatitis C segment are continuing to progress positively, with advances in joint preclinical research, resulting in Tibotec extending its research collaboration and support to July 2007 at the earliest. The CD (candidate drug) designated in December is making brisk advances towards phase I, and at present, research is targeted on identifying what are known as follow-up compounds.

HIV PI

The HIV PI drug project is targeted at inhibiting HIV's protease enzyme and is in its preclinical phase. Alongside Tibotec, Medivir will continue to develop compounds on this project ahead of a future CD designation. Tibotec is paying pre-determined research support for Medivir's continued involvement on the project. This agreement implies that upon signing, Tibotec pays EUR 2 m, followed subsequently by up to EUR 62 m subject to the achievement of specific predetermined milestones within preclinical research, clinical development and regulator processing. Medivir possesses the right to royalties from global sales of future products, apart from on the Nordic market, which Medivir has retained the rights to.

MIV-210 (HIV and hepatitis B)

As part of the divestment of Medivir's polymerase inhibitors, administered by Medivir HIV Franchise AB, a license agreement has been entered with Tibotec on antiviral compound MIV-210, against hepatitis B and HIV.

This agreement implies that upon signing, Tibotec pays USD 0.5 m, followed subsequently by up to USD 29.5 m subject to the successful achievement of specific predetermined milestones within clinical development and regulator processing. Medivir possesses the right to royalties from global sales of a future product, apart from on the Nordic market, which Medivir has retained the rights to.

Chronic obstructive pulmonary disorder (COPD)—positive efficacy data in preclinical model

In collaboration with a French research institution, Medivir has evaluated a compound produced by Medivir in a preclinical test model against COPD, with positive efficacy data generated. This project is now heading for its preclinical optimization phase, with its next milestone being the designation of a CD.

Significant events after 30 June

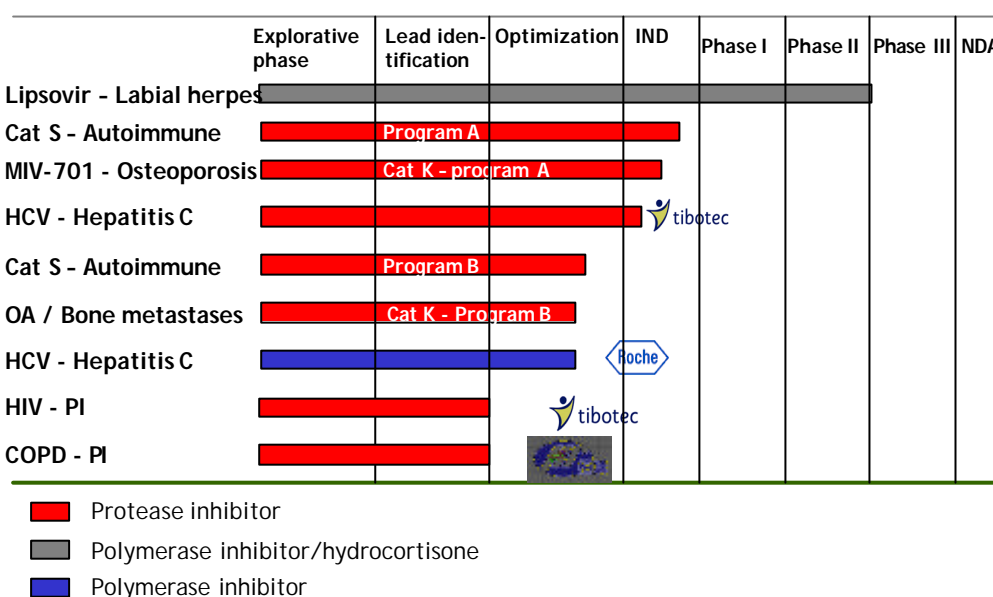
Lipsovir® (ME-609)

Phase III studies on Lipsovir® began in early July, several months before previously forecast and the announced start-date. The studies will be conducted in the US and Canada, involving some 50 study centers and are scheduled for completion in autumn 2007, with the objective of securing FDA market approval in late-2008.

MEDIVIR'S PROJECT PORTFOLIO

Medivir's project portfolio consists of Lipsovir® (previously ME-609) against labial herpes and protease projects against osteoporosis, osteoarthritis, rheumatoid arthritis, multiple sclerosis, HIV, hepatitis C and the polymerase inhibitor project against hepatitis C owned by Roche.

Additionally, early protease research activities are being conducted in collaboration with partners or in networks with a range of universities. These activities are intended to generate new ideas for Medivir, thus safeguarding the long-term generation of projects. These early activities include the HIV PI project, which was outlicensed to Tibotec, and the COPD (chronic obstructive pulmonary disorder) project conducted alongside Chinese drug corporation Hengrui. These two activities are now heading for their optimization phase, and thus transfer to 'project' status in Medivir's project portfolio.



Lipsovir®—phase III study started in early July

Lipsovir® (ME-609) is a project against labial herpes conducted by Medivir in-house. Data from a phase II study on the **labial herpes** (cold sores) indication demonstrates that upon early treatment onset, Lipsovir® can prevent the incidence of cold sores and lesions. These study results indicate that Lipsovir® is superior to existing drugs for treating cold sores.

In December, Medivir resolved to bring Lipsovir® through registration studies (phase III) in-house. This project features low development risk, and has the potential to offer patients treatment that prevents the incidence of herpes cold sores for the first time.

Medivir began the phase III study in early July, which is a few months earlier than previously foreseen. The study will be conducted in North America at nearly 50 study centers. The purpose of the study is to demonstrate that Lipsovir® prevents cold sores developing. Over 2,000 patients will be recruited to the study, with nearly 1,300 treated.

During 2006 the cost of the phase III study is limited to some SEK 45 m. Medivir considers that market approval from the FDA may be possible in late-2008.

Lipsovir® recently secured consolidated and extended patent protection in the US, which applies until 2020.

Inhibition of Cathepsin K—several clinical indications evaluated

Cathepsin K is a protease whose activity leads to skeletal resorption. Based on Medivir's aggregate know-how on inhibiting the Cathepsin K enzyme, several parallel activities are being conducted to evaluate various clinical indications. Osteoporosis, osteoarthritis and bone metastases are the indications currently under evaluation.

Cathepsin K inhibitor MIV-701 against osteoporosis heading for clinical studies

Osteoporosis arises coincident with increased Cathepsin K activity, or an imbalance between skeletal formation and resorption.

The objective is to develop drugs that reduce the resorption of skeletal tissue, and restore the balance between the formation and resorption of bone. In disease models, it has been demonstrated that the pathological resorption of skeletal tissue can be markedly reduced if Cathepsin K activity is inhibited.

Medivir's drug compounds in this program possess very competitive characteristics. In 2005, a CD was designated that demonstrated powerful efficacy in a human cell-based model of skeletal resorption, with high selectivity. The project is now in its preclinical development phase, including the development of large-scale synthesis, production of high compound volumes and conducting safety studies. The objective is to start clinical phase I studies after the current safety studies. These are scheduled for start in early 2007.

Cathepsin K—osteoarthritis and bone metastases

A project in the osteoarthritis indication began in 2005, and is now in its optimization phase, with activities on setting up and evaluating efficacy in various test models to simulate the disease now in progress. These results will form the foundation for ongoing activities to optimize the structural classes of compounds that are in development.

Treating bone metastases by blocking Cathepsin K activity is another important indication currently under evaluation.

In its Cathepsin K program, Medivir's ambition is to conduct several parallel phase Ib studies, partly against osteoporosis but also against osteoarthritis and bone metastases. These two new indications may significantly enhance the project's commercial attractions. These phase Ib studies are likely to begin in late-2007.

The objective of the Cathepsin K program is to build a broad-based clinical and preclinical program for seeking partnerships at a later date.

Hepatitis C protease project making advances; heading for clinical studies

Hepatitis C protease is an enzyme that is essential to the virus's capacity to replicate. In late 2004, Medivir outlicensed this project to Tibotec, a Johnson & Johnson group company. The project is based on several mutually independent compound classes with very attractive characteristics.

The designation of a CD in December 2005 means that the project is now in its preclinical development phase, with clinical studies as its next milestone. There are a few projects from other companies in clinical development phase I/II at present, although these compounds have different characteristics to those developed through Medivir's collaboration with Tibotec.

Medivir's and Tibotec's hepatitis C antiviral projects are continuing to make very positive progress, resulting in Tibotec extending its collaboration agreement and research support until July 2007 at the earliest. Within the auspices of this agreement, Medivir received finance for a considerable number of researchers, who remain active on the project. In addition to this project finance, the agreement may raise a maximum of EUR 68.5 m for Medivir in various milestone

payments, of which EUR 11.5 m has been received, the most recent EUR 5 m payment being received in December 2005.

Additionally, Medivir will receive royalties on global sales outside the Nordic region, where it has retained all rights, and intends to conduct sales in-house. At an agreed time, this deal also encompasses product rights for one drug with a defined product profile from the Johnson & Johnson group.

Cathepsin S, two programs targeted at autoimmune disorders

The Cathepsin S project (protease inhibitor) is intended for the treatment of **autoimmune disorders**. This project is targeted on developing a new drug class for treating immunological disorders such as RA (rheumatoid arthritis), MS (multiple sclerosis) and allergies. In February, Medivir acquired all development rights to the Cathepsin S project from its partner, Peptimmune Inc. This acquisition was conducted by Medivir writing off Peptimmune's accrued deficit on the previous joint project finance. Additionally, Medivir will pay royalties on the future revenues generated on this Cathepsin S program to Peptimmune.

There are currently two programs within the auspices of the Cathepsin S project. Program A is in regulated preclinical development and program B is in preclinical optimization.

Program A designated a candidate drug (CD) in 2004, but activities have been shelved in anticipation of results from the subsequent program B, based on entirely different compound classes.

Program B, which entered the optimization phase in early summer 2005, has demonstrated differing, and in many respects, superior characteristics to program A compounds. Activities are now focused on pre-designating candidate drugs (CD), where multiple compounds are tested and evaluated, whereupon several are developed onwards to the objective of being able to designate a CD. Both programs will be evaluated in parallel with these activities. The objective is to bring those compounds with the most favorable characteristics on towards clinical development in the substantial autoimmune disorders segment.

Protease inhibitors against common lung disease

Chronic obstructive pulmonary disorder (COPD)—positive efficacy data in a preclinical model

In collaboration with a French research institution, Medivir has evaluated a Medivir compound in a preclinical test model against COPD, generating positive efficacy data. Medivir's new protease inhibitor demonstrated high efficacy in this disease model, effectively reducing the release of inflammatory biomarkers that are characteristic of COPD.

This project is being conducted alongside Chinese drug corporation Hengrui, with the objective of designating one or more CDs for onward development towards the clinic. This project is heading towards its preclinical optimization phase.

New HIV protease project

HIV protease project outlicensed to Tibotec—heading towards optimization phase

The project has been taken from its idea stage to outlicensing in approximately one year. The compounds Medivir has produced on its HIV PI project so far have very promising characteristics, and will now be developed jointly with Tibotec. Leads are currently being identified, and the project will soon enter the optimization phase.

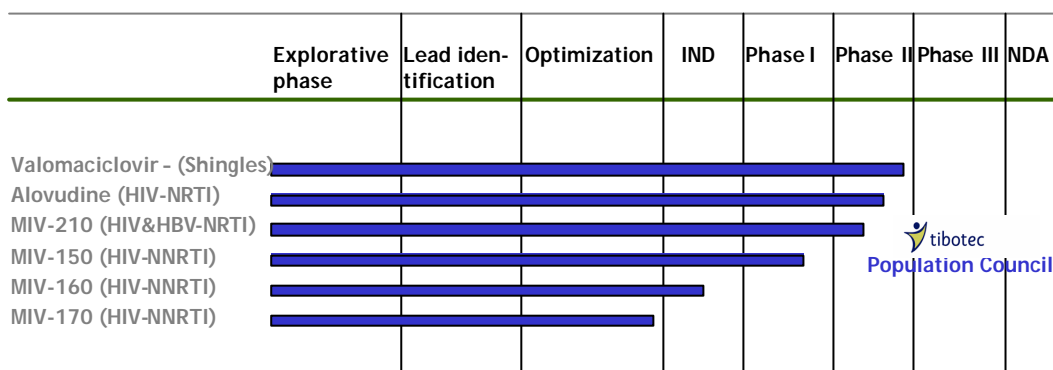
This agreement implies that upon signing, Tibotec pays EUR 2 m, followed subsequently by up to EUR 62 m subject to the achievement of specific predetermined milestones within preclinical

research, clinical development and regulator processing. Medivir possesses the right to royalties from global sales of future products, apart from on the Nordic market, which Medivir has retained the rights to.

HCV collaboration with Roche

HCV—Polymerase inhibitors. Medivir has a collaboration agreement with Roche on the joint development of drugs against chronic **hepatitis C (HCV)**. This research collaboration is based on the development of new compounds known as nucleoside analogues, which inhibit hepatitis C virus polymerase, and thereby, prevent virus replication. The project is in its late preclinical optimization phase, and several promising compounds have now been produced, implying that Roche will develop them further with the objective of designating a CD. Thus Medivir’s active commitment to the project, and accordingly its research support, ceased in January 2006 according to plan. Medivir will receive milestone payments as the project progresses towards clinical studies. Medivir will also receive royalty income at market launch, where it has retained rights to the Nordic markets.

Polymerase inhibitor projects administered by Medivir HIV Franchise AB



Valomaciclovir (MIV-606) Data from a phase IIb study on the **shingles** indication suggests that valomaciclovir is more effective than current therapy in alleviating the chronic pain (PHN) occurring after shingles episodes. This project was returned from Reliant Pharmaceuticals in late 2005, and Medivir HIV Franchise AB’s team is now working on evaluating and preparing new meetings with the FDA aimed at determining the project’s future clinical strategy in consultation with external consultants. The termination of Medivir’s and Reliant’s license agreement means Medivir now holds all rights, including all clinical and other data produced during the agreement term. The objective is to examine the possibility of a combined phase II/III study in consultation with the FDA. An initial meeting with the FDA is scheduled for the autumn.

Alovudine (MIV-310) is a project developed to treat patients with multiresistant **HIV**. Boehringer Ingelheim concluded clinical phase IIa studies on MIV-310 (alovudine) against HIV/AIDS in 2005. Although the studied dosages of MIV-310 demonstrated antiviral efficacy, at a dosage of 2mg, they did not match Boehringer Ingelheim’s predetermined target level, and accordingly, the agreement with Medivir was concluded. These results have been submitted for publication, and alovudine is in the compound group managed by Medivir HIV Franchise AB.

MIV-210 is a project developed for treating hepatitis B (HBV) and HIV.

As part of the divestment of Medivir's polymerase inhibitors, a licensing agreement has been entered with Tibotec regarding antiviral compound MIV-210 against hepatitis B and HIV.

This agreement implies that upon signing, Tibotec pays USD 0.5 m, followed subsequently by up to USD 29.5 m subject to the successful achievement of specified predetermined milestones within clinical development and regulator processing. Medivir possesses the right to royalties from global sales of a future product, apart from on the Nordic market, which Medivir has retained the rights to.

In autumn 2005, Medivir began a phase IIa study on HIV patients that had not responded to previous antiviral therapy as expected. Medivir intended to report its results when a final report on the study was available. However, no report could be completed before outlicensing to Tibotec.

In the March issue of Antimicrobial Agents and Chemotherapy, Professor Fabian Zoulim and his colleagues at INSERM in Lyon, France, reported that in laboratory studies, MIV-210 is effective against hepatitis B virus that has developed resistance to lamivudine and adefovir.

Results show that the two polymerase inhibitors, MIV-210 and adefovir block hepatitis B virus polymerase in different ways. The authors consider that MIV-210 should be suitable both for resistant hepatitis B and as first-line therapy, in combination with adefovir for example, to minimize the risk of resistance development and to enhance therapy effect.

MIV-150 Preclinical data illustrates MIV-150's good efficacy against **HIV**. Medivir has voluntarily donated the rights for topical use of MIV-150 in a vaginal microbicide in developing countries to the Population Council, a New York-based non-profit organization. The Population Council will be responsible for the development and funding of forthcoming clinical studies. Medivir has rights to sales in other markets, and Medivir has an option on exclusive rights on the Nordic markets. MIV-150 is currently in clinical phase I.

MIV-160—polymerase inhibitors—HIV-NNRTI are in preclinical development. However, Medivir has decided not to invest more resources on this project.

MIV-170—polymerase inhibitor. This project is one of an entirely new structural class of **HIV-NNRTI** compounds. MIV-170 is an exceptionally active inhibitor of wild-type virus and clinical NNRTI-resistant HIV.

A candidate drug, MIV-170, was designated on this research program in February. In comparison with its competitors, the compound has very positive characteristics, such as very good oral bioavailability and good pharmacokinetics. This suggests that MIV-170 may be an effective HIV drug for administration through only a single daily dose. The project can now go into preclinical development, the stage before clinical studies. Activities are oriented on preparation and documentation ahead of future preclinical safety studies, and other activities ahead of a filing an IND (investigational new drug application ahead of the start of clinical studies). External activities on preparing methods for scaling-up synthesis were recently completed successfully. However, as announced in December 2005, Medivir's ambition is to work towards divesting or outlicensing its polymerase projects, which include this project, via the subsidiary Medivir HIV Franchise AB.

MEDIVIR'S CONSOLIDATED TURNOVER AND COSTS

The group

Consolidated net sales for continuing operations, encompassing Medivir AB and Medivir UK Ltd., were SEK 18.5 (27.2) m. The sales are mainly attributable to remuneration for research collaboration on HCV protease inhibitors from Tibotec Pharmaceuticals Ltd.

The EUR 2 m received for the HIV PI project and USD 0.5 m received for the MIV-210 project will be allocated over the term of the collaboration agreement. This implies that from Q3, 2006 revenue from the upfront payment will be recognized pursuant to the estimated or determined contract term. Operating costs for continuing operations were SEK -123.6 (-100.4) m, comprising external costs of SEK -63.2 (-40.1) m, personnel costs of SEK -51.6 (-49.9) m and depreciation and amortization of SEK -8.9 (-10.3) m. The operating loss for continuing operations was SEK -104.5 (-72.7) m, the net financial position was SEK 1.7 (6.9) m and the loss after financial items was SEK -102.8 (-65.8) m.

As reviewed above, in late December 2005, Medivir decided that activities on polymerase projects against HIV/hepatitis B and shingles would be divested. Costs incurred of SEK -5.8 (-7.8) m, relating to all projects to be divested, have been accounted separately in the Income Statement as "discontinued operations".

The net loss amounted to SEK -108.4 (-73.4) m.

Medivir AB, corporate identity no. 556238-4361, parent company

Medivir AB's business comprises research operations and group-wide administrative functions.

Parent company net sales for continuing operations amounted to SEK 23.4 (29.7) m, and as stated above, primarily comprised remuneration for research collaboration on HCV protease inhibitors from Tibotec Pharmaceuticals Ltd.

Operating costs for continuing operations were SEK -106.8 (-93.8) m, divided between external costs of SEK -65.9 (-54.2) m, personnel costs of SEK -36.4 (-34.2) m and depreciation and amortization of SEK -4.5 (-5.4) m. The external costs item includes SEK -19.8 (-28.1) m of remuneration to Medivir UK for contracted preclinical research conducted by Medivir UK. These costs are on market terms.

Operating profit for continuing operations was SEK -82.8 (-63.6) m, and profit after financial items and profit after tax was SEK -102.4 (-61.6) m. Profit after financial items includes a cost for covering Medivir UK Ltd.'s and Medivir HIV Franchise AB's losses of SEK -22.1 (-5.8) m.

As stated above under "group", costs incurred of SEK -5.4 (-7.8) m, relating to all projects to be divested, have been accounted separately in the Income Statement as "discontinued operations". These projects have not been assigned any value in the Balance Sheet. The net loss was SEK -107.8 (-69.4) m.

Liquid assets including short-term investments with a maximum maturity of three months were SEK 242.8 (346.8) m. Investments, primarily in research equipment and existing research premises, were SEK 1.4 (8.0) m.

Financial position

Consolidated liquid assets including short-term investments with a maximum maturity of three months stood at SEK 243.7 (346.9) m. The group's total value of liquid assets including short-term investments with maturities of over three months is SEK 243.7 (371.9) m. As of 30 June, interest-bearing liabilities were SEK 13.7 (23.5) m. Shareholders' equity stood at SEK 269.1 (409.0) m; and the consolidated equity ratio was 73.9 (84.0)%.

Investments

Gross investments in consolidated intangible and tangible fixed assets amounted to SEK 2.5 (12.4) m in the period, mainly in research equipment and existing research premises. Medivir's future investments primarily comprise the acquisition of additional research equipment.

The share and stock options

There are a total of 12,902,611 outstanding shares, comprising 660,000 class A and 12,242,611 class B shares. The total number of outstanding options is 676,995, and upon full conversion, the total number of shares would be 13,598,306.

ACCOUNTING PRINCIPLES

The group

Medivir prepares its consolidated financial statements pursuant to IFRS, as endorsed by the EU. Apart from the aforementioned IFRS, the group also observes RR's (Redovisningsrådet, the Swedish Financial Accounting Standards Council) recommendations RR 30 (complementary accounting standards for corporate groups) and RR 31 (interim reporting for corporate groups) and applicable RR Emerging Issues Task Force statements. These are the same principles as applied in the Annual Report for 2005. Thus, the Interim Report has been prepared pursuant to IAS 34 Interim Financial Reporting.

Parent company

In its accounting, as previously, Medivir AB applies the principles applicable to legal entities that prepare consolidated financial statements and are listed on a stock exchange. Briefly, this still implies the application of RR's recommendations to the extent they are applicable to a group parent company. Thus Medivir AB observes RR 32:2005 'Accounting for Legal Entities'.

Discontinued operations

In late December, Medivir decided that its HIV, hepatitis B (HBV) and shingles projects based on the older research platform of polymerase inhibition, would be divested.

Accordingly, Medivir is accounting the polymerase projects to be divested pursuant to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, separately in its income statement. No assets or liabilities directly attributable to these projects existed as of 30 June, and accordingly, no divestment groups are accounted in the Balance Sheet. Revenues and costs attributable to these operations are accounted separately in the Income Statement as "discontinued operations".

Revenues, upfront payment

IAS 18 stipulates that upfront payments of licensing agreements, where there are also commitments remaining to conduct services on the licensor's part, are considered as advance payments for a right acquired by the buyer to utilize patented technology in the future. As a consequence, the licensor has not concluded its earning of revenues before the estimated or determined contract term expires. This implies that Medivir allocates the remuneration of upfront payments received pursuant to the estimated or determined contract term.

OUTLOOK

Medivir's ability to produce new CDs, to enter partnerships on its projects, and to bring its development projects to market launches and sales, is decisive to its future. The progress of existing partnerships and securing new partnerships will exert a major influence on Medivir's revenues and cash position, although scheduling revenue flows is impossible.

The Board
Medivir

Huddinge, Sweden, 10 July 2006.

REVIEW REPORT

We have conducted a limited review of the interim financial statements for the period 1 January – 30 June 2006. The preparation and presentation of these financial statements in accordance with the Swedish Annual Accounts Act and IAS 34 are the responsibility of the company's management. Our responsibility is to report our conclusions concerning these interim financial statements on the basis of our limited review.

Focus and scope of the limited review

We have conducted our limited review in accordance with the Standard for Limited Review (SÖG) 2410 *Limited review of interim financial information conducted by the company's appointed auditor*, issued by FAR. A limited review consists of making inquiries, primarily of individuals having responsibility for financial and accounting matters, as well as performing analytical procedures and taking other limited review procedures. A limited review has a different focus and is significantly smaller in scope than an audit according to Auditing Standards in Sweden, RS, and generally accepted auditing practice. The review procedures undertaken during a limited review do not enable us to obtain a level of assurance at which we would be aware of all important circumstances which would have been identified had an audit been conducted. Therefore, a conclusion reported on the basis of a limited review does not reach the level of certainty of a conclusion reported on the basis of an audit. Based on our limited review, no conditions have come to our attention which would give us reason to believe that the interim financial statements are not, in all material respects, prepared in accordance with the Swedish Annual Accounts Act and IAS 34.

Stockholm, Sweden, 10 July 2006
PricewaterhouseCoopers AB

Liselott Stenudd
Authorized Public Accountant

Peter Clemedtson
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT
SEK m

	2006 Jan-Jun	2005 Jan-Jun	2004 Jan-Jun	2005 Jan-Dec
Continuing operations				
Turnover, etc.				
Net sales	18.5	27.2	12.5	102.6
Other revenue	0.6	0.5	0.6	2.2
Total	19.1	27.7	13.1	104.8
Operating costs				
Other external costs	-63.2	-40.1	-46.8	-87.2
Personnel costs	-51.6	-49.9	-44.7	-99.5
Depreciation and amortization	-8.9	-10.3	-7.9	-20.2
Total operating costs	-123.6	-100.4	-99.4	-206.9
Operating profit	-104.5	-72.7	-86.3	-102.1
Profit from financial investments	1.7	6.9	1.0	8.3
Profit after financial items	-102.8	-65.8	-85.3	-93.8
Tax	0.2	0.2	0.2	3.2
Net profit from continuing operations	-102.6	-65.6	-85.1	-90.6
Discontinued operations				
Net profit from discontinued operations	-5.8	-7.8	-7.8	-14.1
Net profit	-108.4	-73.4	-92.9	-104.7
Earnings per share, SEK	-8.40	-5.69	-8.64	-8.10
Average number of shares, 000	12,903	12,903	8,595	12,903
Number of shares at end of period, 000	12,903	12,903	8,599	12,903

The group has estimated accrued tax-deductible losses of at least SEK 650 m until 2005 inclusive.

CONSOLIDATED INCOME STATEMENT

SEK m

	2006 Apr-Jun	2005 Apr-Jun	2004 Apr-Jun
Continuing operations			
Turnover, etc.			
Net sales	9.1	13.6	7.6
Other revenue	0.3	0.4	0.4
Total	9.4	14.0	8.0
Operating costs			
Other external costs	-34.4	-20.7	-23.6
Personnel costs	-25.8	-26.0	-24.4
Depreciation and amortization	-4.4	-5.3	-3.9
Total operating costs	-64.6	-52.0	-51.9
Operating profit	-55.2	-38.0	-43.9
Profit from financial investments	1.0	4.3	0.3
Profit after financial items	-54.2	-33.7	-43.6
Tax	0.1	0.1	0.1
Net profit from continuing operations	-54.1	-33.6	-43.5
Discontinued operations			
Net profit from discontinued operations	-4.2	-3.6	-4.1
Net profit	-58.4	-37.2	-47.6

CONSOLIDATED BALANCE SHEET

SEK m

	2006 30 June	2005 30 June	2004 30 June	2005 31 Dec
Assets				
Fixed assets				
Intangible fixed assets	8.0	10.1	9.9	9.1
Tangible fixed assets	75.1	88.0	50.6	81.7
Financial fixed assets	0.0	0.0	3.1	0.0
Total fixed assets	83.1	98.1	63.6	90.8
Current assets				
Current receivables	37.6	16.7	21.9	63.3
Short-term investments	235.7	349.9	373.0	283.5
Cash and bank balances	8.0	22.0	91.8	18.3
Total current assets	281.2	388.7	486.8	365.1
Total assets	364.3	486.8	550.3	456.0
Liabilities and shareholders' equity				
Shareholders' equity	269.1	409.0	497.7	378.0
Long-term liabilities, interest-bearing	4.5	14.3	3.6	9.2
Deferred tax liability	1.8	2.3	2.7	2.0
Current liabilities, interest-bearing	9.2	9.2	0.0	9.2
Current liabilities, non interest-bearing	79.8	52.0	46.3	57.7
Total liabilities and shareholders' equity	364.3	486.8	550.3	456.0

STATEMENT OF CHANGES TO SHAREHOLDERS' EQUITY

SEK m

	2006 30 Jun	2005 30 Jun	2004 30 Jun	2005 31 Dec
Opening balance of shareholders' equity	378.0	475.7	274.8	475.7
Effect of revised principle, IAS 39	-	1.5	-	1.5
Exchange rate differences	-1.3	4.3	1.3	3.3
Total revenue and costs accounted directly in shareholders' equity	-1.3	5.8	1.3	4.8
Net profit	-108.4	-73.4	-92.9	-104.7
Total accounted revenue and costs	-109.7	-67.5	-91.6	-99.9
New issue	0.0	0.0	313.8	0.0
Staff stock option plans, value of employee service	0.7	0.8	0.6	2.0
Closing balance of shareholders' equity	269.1	409.0	497.7	378.0

CONSOLIDATED CASH FLOW STATEMENT

SEK m

	2006 Jan-Jun	2005 Jan-Jun	2004 Jan-Jun	2005 Jan-Dec	
Ongoing operations					
Profit after financial items	-108.6	-73.6	-93.1	-107.8	A)
<i>Adjustment for items not included in cash flow, etc.</i>					
Depreciation, amortization and write-downs	8.9	10.3	7.9	20.2	
Profit from financial investments	-1.7	-6.9	-1.0	-8.3	
Other adjustments	2.8	5.9	0.9	2.8	
	-98.7	-64.3	-85.3	-93.1	
Interest, yields and dividends, etc.	-0.5	3.6	1.0	11.4	
Tax paid/received	-0.9	-0.8	-0.7	1.9	
Cash flow from ongoing operations before change in working capital	-100.0	-61.5	-85.0	-79.8	
Change in working capital	48.7	9.9	13.1	-33.7	
Cash flow from ongoing operations	-51.3	-51.6	-71.9	-113.5	B)
Investment activity					
Acquisition/divestment of fixed assets	-2.4	-12.3	-16.7	-15.4	
Acquisition/divestment of fixed-income securities	0.0	75.9	-60.0	100.9	C)
Cash flow from investment activity	-2.4	63.6	-76.7	85.5	D)
Financing activity					
New issue	0.0	0.0	313.8	0.0	
Loans raised/amortization	-4.6	-4.6	0.2	-9.7	
Cash flow from financing activity	-4.6	-4.6	314.0	-9.7	E)
Cash flow for the period					
Liquid assets, opening balance	301.9	339.6	239.2	339.6	F)
Change in liquid assets	-58.3	7.4	165.4	-37.7	
Exchange rate difference, liquid assets	0.0	0.0	0.2	0.0	
Liquid assets, closing balance	243.7	347.0	404.8	301.9	

A) Profit after financial items from continuing operations of the Medivir group, SEK -102.8 m (Jan.-Jun. 2005 -65.8, Jan.-Jun. 2004 -85.3, Jan.-Dec. 2005 -93.8) and from discontinued operations SEK -5.8 m (Jan.-Jun. 2005 -7.8, Jan.-Jun. 2004 -7.8, Jan.-Dec. 2005 -14.1).

B) Cash flow from ongoing operations from continuing operations of the Medivir group, SEK -45.5 m (Jan.-Jun. 2005 -43.8, Jan.-Jun. 2004 -64.1, Jan.-Dec. 2005 -99.4) and from discontinued operations SEK -5.8 m (Jan.-Jun. 2005 -7.8, Jan.-Jun. 2004 -7.8, Jan.-Dec. 2005 -14.1).

C) Reclassification of short-term investments with maturities of more than 3 months pursuant to IAS 7.

D) Cash flow from investment activity from continuing operations of the Medivir group, SEK -2.4 m (Jan.-Jun. 2005 63.6, Jan.-Jun. 2004 -76.7, Jan.-Dec. 2005 85.5) and from discontinued operations SEK 0 m (Jan.-Jun. 2005 0, Jan.-Jun. 2004 0, Jan.-Dec. 2005 0).

E) Cash flow from financing activity from continuing operations of the Medivir group, SEK -4.6 m (Jan.-Jun. 2005 -4.6, Jan.-Jun. 2004 314.0, Jan.-Dec. 2005 -9.7) and from discontinued operations SEK 0 m (Jan.-Jun. 2005 0, Jan.-Jun. 2004 0, Jan.-Dec. 2005 0).

F) Liquid assets comprise cash and bank balances and short-term investments with maximum maturity of 3 months.

For the loan of SEK 11.5 m as of 30 Jun. 2006 that Medivir AB raised, the company has pledged short-term investments of SEK 5.7 m as collateral.

KEY FIGURES

	2006	2005	2004	2005
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Dec
<i>Return on:</i>				
equity, %	-33.5	-16.6	-24.0	-24.5
capital employed, %	-31.8	-15.6	-23.9	-23.7
total capital, %	-26.3	-14.0	-21.7	-21.1
Average number of shares, 000	12,903	12,903	10,745	12,903
Number of shares at end of period, 000	12,903	12,903	12,899	12,903
Outstanding warrants, 000	677.0	887.0	650.1	887.0
Earnings per share, SEK	-8.40	-5.69	-8.64	-8.10
Shareholders' equity per share, SEK	20.85	31.70	38.58	29.29
Cash flow per share after investments, SEK	-4.16	0.92	-13.83	-2.17
Earnings per share, SEK A, B	-7.89	-5.20	-8.01	-7.34
Shareholders' equity per share, SEK A, B	24.50	35.86	41.86	33.72
Equity ratio, %	73.9	84.0	90.4	82.9

For forecast year-2006 earnings per share, please refer to the 'Outlook' heading in the section on Medivir's consolidated turnover and costs.

The key figures are for the group's total operations, i.e. key figures for continuing and discontinued operations are not disclosed separately.

A) After full utilization of outstanding warrants.

IAS 33 stipulates that any potential ordinary shares do not give rise to any dilution effect when their conversion into ordinary shares results in increased EPS, which would occur upon the conversion of Medivir's outstanding stock options. Thus, the above should not be considered a calculation of dilution effects but a theoretical calculation of earnings and shareholders' equity per share, after the full exercise of outstanding warrants.

B) Previous stock option plans from 2001 and 2002 have been recalculated due to the new issue consummated in June 2004. Warrants from these plans confer the rights to conversion of 1.10 shares per stock option, and the exercise price has been recalculated. The stock option plan from 2001 matured on 30 June 2006 without any conversion, and is not included in the key ratio calculations as of 30 June 2006.