



PRESS RELEASE, 18 February 2005

MEDIVIR, FINANCIAL STATEMENT, 1 January - 31 December 2004

- Medivir's new issue was fully subscribed in June, raising the company SEK 322.5 m before deducting issue costs.
- In July, Medivir and Biovitrum entered a research collaboration on type 2 diabetes.
- In late November, Medivir signed a licensing and collaboration agreement in the hepatitis C (protease) segment with Tibotec Pharmaceuticals Ltd., a Johnson & Johnson group company.
- GSK (GlaxoSmithKline) concluded its research collaboration with Medivir on the HIV compound MIV-210 in late December. Medivir will now take this project onwards in phase IIa studies.
- Net sales in the Group amounted to SEK 82.6 m (previous year SEK 63.9 m excluding CCS and SEK 149.0 m including CCS).
- The Group's operating profit amounted to SEK -125.0 (-112.3) m and the net profit after tax were SEK -110.5 m (previous year of SEK -40.3 m including gains of SEK 63.4 m from the divestiture of CCS). Earnings per share were SEK -10.29 (-4.69).

FOR MORE INFORMATION, PLEASE CONTACT

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FORTHCOMING FINANCIAL INFORMATION

The Three-month Interim Report will be published on 21 April 2005.

The Annual General Meeting will be held on 21 April 2005, from 3 p.m.

The Six-month Interim Report will be published on 7 July 2005.

The Nine-month Interim Report will be published on 26 October 2005.

Medivir's financial reports are available from its Website, www.medivir.se from these dates, under the 'Financial Information' heading.

The Medivir Group

Medivir is an innovative, specialist research corporation that develops drugs with the objective of becoming a sustaining, profitable pharmaceuticals corporation. Medivir is located in Huddinge, Sweden and near Cambridge, UK.

Medivir's research is oriented on developing new drug compounds based on polymerases and proteases as target enzymes. The group consists of Medivir AB, its subsidiary Medivir UK Ltd. and Medivir Personal AB. As of 31 December 2004, the group had 126 employees. Medivir was listed on the Stockholm Exchange O-list in 1996.

Medivir's research portfolio includes projects against HIV, jaundice, shingles, cold sores, osteoporosis, RA (rheumatoid arthritis), asthma and MS (multiple sclerosis). Medivir has five projects in clinical development phases, each with a unique clinical profile. The company's broad-based preclinical research portfolio houses six defined projects and nearly ten activities in various preclinical phases.

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EVENTS IN Q4 2004

In November, Medivir signed a licensing and collaboration agreement in the hepatitis C (protease) segment with Tibotec Pharmaceuticals Ltd., a Johnson & Johnson group company. The goal of the collaboration is to produce and develop orally active inhibitors of the HCV protease NS3/4A against hepatitis C. This project is in its preclinical optimization phase. Tibotec and Medivir will jointly run this project through the preclinical phase, with Johnson & Johnson then taking responsibility for clinical development. Tibotec/Johnson & Johnson will meet all R&D costs. This contract could raise Medivir a maximum of EUR 68.5 m in milestone payments, of which SEK 6.5 m was received up-front. Medivir will also receive royalties on total sales outside the Nordic region, where Medivir has retained all the rights to market the product. The contract also encompasses significant research support and options on Nordic product rights for one Johnson & Johnson product, with a predetermined product profile at an agreed timepoint.

GSK concluded its research collaboration with Medivir on the HIV compound MIV-210 in December. The compound did not demonstrate GSK's desired profile, for first line treatment. Based on the preclinical results from Medivir and GSK, including data relating to MIV-210's resistance profile, Medivir resolved to concentrate on MIV-210's development for treating HIV patients that have developed resistance to extant drugs.

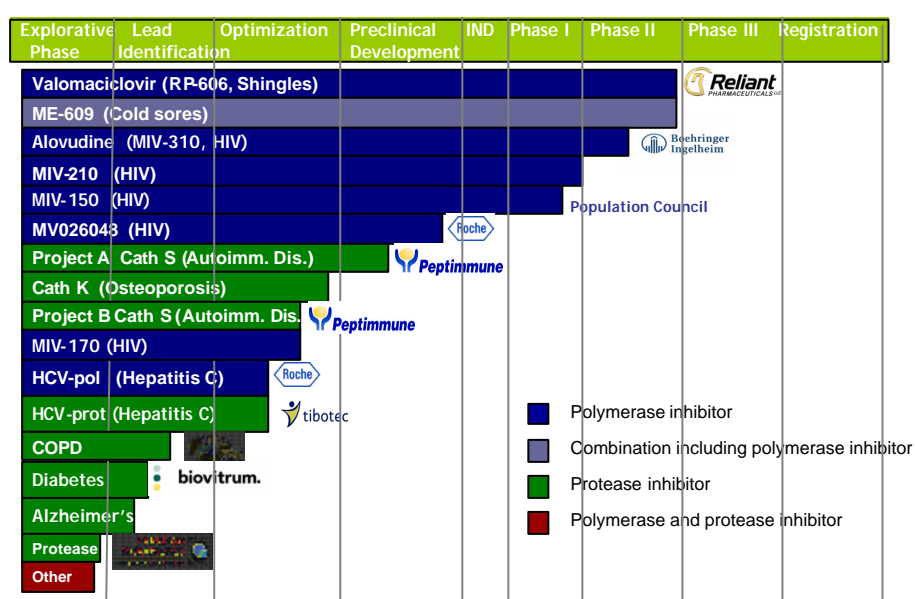
Medivir will continue clinical development, starting a phase IIa study on HIV patients that are not responding to current therapies. The study will begin and run during 2005 at an estimated cost of less than USD 1 m. This is a growing segment of the HIV market where current therapy choices are inadequate. Medivir's ambition is to secure a new partner on a suitable occasion for the project.

THE YEAR IN BRIEF

In 2004, Medivir's focus was on bringing its preclinical protease projects closer to clinical development. In the spring, Medivir consummated a new issue intended to create the financial room to maneuver to run its protease projects optimally, and these projects made major advances in the year. Two new partnerships were signed in the protease segment in the year: one with Biovitrum on type 2 diabetes, and the second with Johnson & Johnson (Tibotec) of the US, targeted at hepatitis C.

On those clinical polymerase projects where Medivir has partners, the partners have taken projects onwards. On Medivir's ME-609 herpes project and the shingles project licensed to Reliant, efforts were oriented on preparations ahead of continued clinical studies and discussions with US regulator, the FDA. Late in the year, GSK concluded the collaboration on MIV-210.

At year-end 2004, Medivir had five projects in clinical development, seven in the preclinical optimization and development phase and nearly ten explorative activities, as illustrated in the following:



INFECTIOUS DISEASES

Valomaciclovir (RP-606)—data from a phase IIb study on the **shingles** indication suggested that valomaciclovir is more effective than current therapies for alleviating the PHN (post-herpetic neuralgia, or chronic pain) occurring after severe shingles infections. This project is outlicensed to Reliant Pharmaceuticals, which successfully concluded extensive synthesis development and formulation work in the year. The new tablets have been trialed in a number of phase I studies on various age groups to verify the results of previous pharmacokinetic studies, with positive results. Onward clinical development and the forthcoming clinical studies will provide that RP-606 is effective against the PHN associated with shingles. In late summer, Reliant initiated discussions with the FDA regarding the design of further studies to demonstrate a palpable effect on PHN optimally. The design of forthcoming studies is crucial, because a significant difference in efficacy against PHN over and above extant drugs might imply an opportunity to position valomaciclovir as first line therapy for treating shingles. Reliant is funding, and is responsible for, ongoing clinical development and application for market registration in North America and Europe.

ME-609 is a project against oral herpes pursued by Medivir. Data from a phase II study on the **labial herpes** indication (cold sores) proves that with early treatment start, ME-609 can prevent the incidence of lesions and cold sores. These results suggest a possibility that ME-609 is superior to extant drugs for treating cold sores.

Medivir worked on various preparations ahead of forthcoming phase III studies in the year and is pursuing discussions with the FDA regarding study design and ultimate objectives. Medivir's ambition is to secure a partnership for the onward development of this project once discussions with the FDA conclude.

Alovudine (MIV-310)—is a project developed for treating patients with multiresistant **HIV** and has unique efficacy on a number of resistant strains. The project is outlicensed to Boehringer Ingelheim, which began a phase II study in the year intended to specify the optimal clinical dose for future clinical development. Long-term toxicology studies for evaluating the safety of long-term therapy are underway in parallel. Boehringer Ingelheim is funding, and responsible for, onward clinical development, retaining global rights outside the Nordic market.

MIV-210 is a project developed for treating **HIV** patients that have developed resistance to extant drugs. In 2005, Medivir will conduct a phase IIa study on HIV patients that have not responded to treatment as expected. The results of this study will offer guidance on MIV-210's efficacy for this patient group and will be the foundation of the project's future market potential. Medivir intends to find a new partner for this project in parallel with ongoing clinical studies.

MIV-150 preclinical data demonstrates that MIV-150 has a pronounced effect against **HIV**. Medivir has outlicensed MIV-150 to the Population Council, a New York-based non-profit organization. The Population Council is responsible for development and funding of forthcoming clinical studies. Medivir has voluntarily donated the rights for topical use of MIV-150 in a vaginal microbicide in developing countries, while retaining rights to sales in other countries, and an option on exclusive rights to the Nordic market.

MV0826048 HIV NNRTI is in late preclinical development. Medivir conducted some selective research in the year, with the results being evaluated in-house. Roche has an opt-in on this project when this data is evaluated.

HCV protease—Medivir has very rapidly developed several new types of highly potent inhibitors of viral **hepatitis C** protease, an enzyme essential to viral replication. The compounds produced effectively inhibit virus replication in an in vitro model that closely predicts effect on HCV-infected patients. Major patenting efforts have been concluded, and the project advanced to its preclinical optimization phase in the year. In late November, Medivir outlicensed this project to Johnson & Johnson (Tibotec), which is now responsible for further development. Medivir has a significant number of researchers on this project and remains strongly committed within the auspices of this agreement.

MIV-170 polymerase—this project is an example of an entirely new structural class of NNRTI compounds with promising resistance profile data. MIV-170 is a new polymerase inhibitor also intended as therapy for the growing patient population with multiresistant **HIV**. Two highly active inhibitors were identified in the year, with evaluation efforts underway in several test models to document safety and efficacy against the multiresistant virus. This work is proceeding according to plan, and results remain very positive. At a suitable time, Medivir will seek a partner for ongoing project development after this evaluation process.

HCV Polymerase—Medivir has a collaboration agreement with Roche to jointly develop a drug against chronic HCV (**hepatitis C virus**). Medivir will receive research contributions, milestone payments and royalties within the auspices of this collaboration, while Medivir also retains rights to the Nordic markets. This collaboration is based on the development of new compounds called ribonucleoside analogues that inhibit hepatitis C virus polymerase, thereby preventing virus replication. Promising compounds have been identified in the year. Synthesis efforts are based on extensive shared know-how regarding how these nucleoside analogues should be developed to block HCV replication and on Roche's extensive knowledge in the hepatitis C segment.

AUTOIMMUNE DISORDERS

The cathepsin S project (protease inhibitor) is intended for the treatment of **autoimmune disorders**. This project is being run alongside Peptimmune of the US, and is targeted on developing a new drug for treating autoimmune disorders such as RA (rheumatoid arthritis), MS (multiple sclerosis) and allergies. A first CD was designated in late March, the project is now in the regulated preclinical development phase and the goal is to file an IND (Investigational New Drug) application and proceed to clinical studies.

Another project targeted at cathepsin S was initiated in the spring and is making very rapid progress thanks to cumulative experience on the project. This may result in new CDs with differing physical chemistry characteristics and biological activity profiles for onward screening in the extensive autoimmune disorder segment.

OTHER THERAPY AREAS

Cathepsin K is a protease whose activity results in skeletal deterioration. **Osteoporosis** (brittle bones) arises coincident with increased Cathepsin K activity or an imbalance between skeletal formation and resorption. This project is being run by Medivir, and since entering its optimization phase in autumn 2003, has made momentous advances. Medivir possesses sizeable cumulative know-how relating to cysteine proteases, used on this project. The goal is to develop a drug that reduces bone degradation. In disease models, Medivir has proved that the pathological resorption of bone can be radically reduced if cathepsin K activity is suppressed. Medivir's inhibitor demonstrates powerful efficacy in a human cell-based model of bone resorption. The next step on this project is to designate a CD for onward development towards clinical studies.

EXPLORATIVE ACTIVITIES

At year-end 2004, Medivir's explorative activities, pursued in-house, in collaboration with partners or in a network of university collaborations, encompassed nearly ten activities targeted at proteases. Explorative activities are in segments such as diabetes, COPD (chronic obstructive pulmonary disease), Alzheimer's disease and HIV. Additionally, identification of protease as new targets is underway via partners.

In July, Medivir and Biovitrum signed a research collaboration within type 2 diabetes. The intention of this agreement is to utilize both participants' strengths to develop a CD for treating type 2 diabetes. With its know-how within proteases and its technologies, Medivir will complement Biovitrum's current research in this segment.

In the COPD segment, Medivir is collaborating with Chinese corporation Hengrui, responsible for the chemical synthesis of new protease inhibitors.

Medivir and Paradigm Therapeutics have a collaboration agreement to identify proteases as new targets with the intention of producing new pharmaceuticals. The compounds produced within this partnership agreement will be commercialized through licensing or product sales.

Several early activities are also being pursued in collaboration with eminent university research groups.

MEDIVIR'S CONSOLIDATED TURNOVER AND COSTS

The Group

Consolidated net sales in 2004 amounted to SEK 82.6 (149.0) m, and operating costs were SEK -210.1 (-264.9) m, which include goodwill amortization of SEK -1.7 (-2.5) m. The net financial position was SEK 12.4 m (previous year: SEK 69.6 m including the divestiture of CCS), while the profit after financial items was SEK -112.5 (-42.7) m.

The consolidated figures for 2003 include the CCS group's turnover and costs until 30 June 2003 inclusive, whereupon they exclusively comprise the turnover and costs of the research operations of Medivir AB and Medivir UK Ltd. The CCS group was divested on 1 July 2003, and the gains from this transaction are accounted in the Income Statement for 2003 under the 'profit from financial investments' item.

Medivir's Research Operations

The net sales of Medivir's research operations, encompassing Medivir AB and Medivir UK Ltd., were SEK 82.6 (63.9) m. Sales are attributable to outlicensing of HCV protease inhibitors to Tibotec Pharmaceuticals Ltd. and remuneration from Roche for the HCV polymerase research collaboration. The previous year's turnover comprised the outlicensing of MIV-210 to GlaxoSmithKline and MIV-310 to Boehringer Ingelheim. Operating costs amounted to SEK -210.1 (-193.4) m, divided between external costs of SEK -99.1 (-87.9) m, personnel costs of SEK -94.3 (-89.1) m and depreciation and amortization (including goodwill amortization) of SEK -16.6 (-16.4) m. Operating profit was SEK -125.0 (-128.2) m and profit after financial items to SEK -112.5 m (SEK -45.9 m including the divestiture of CCS).

In 2004, staff headcount increased by nine employees within Medivir AB and eight within Medivir UK Ltd.

Medivir AB, Corporate Identity No. 556238-4361, Parent Company

Medivir AB's business comprises research operations and group-wide administrative functions. In the period, parent company net sales amounted to SEK 84.4 (67.1) m, and as stated above, primarily comprised remuneration for outlicensing of HCV protease inhibitors to Tibotec Pharmaceuticals Ltd. and remuneration from Roche in the HCV polymerase research collaboration.

Operating costs were SEK -193.1 (-169.2) m, comprising external costs of SEK -119.6 (-96.0) m, personnel costs of SEK -64.4 (-64.1) m and depreciation and amortization of SEK -9.1 (-9.1) m. The external costs item includes SEK -60.1 (-41.4) m of remuneration to Medivir UK for contracted preclinical research conducted in Cambridge. These costs are on market terms.

Operating profit was SEK -107.3 (-100.8) m and profit after financial items, and profit after tax, were SEK -94.1 m (previous year: SEK -40.3 m including the divestiture of CCS).

Profit in the previous year included a cost related to the write-down of an SEK -21.9 m unconditional shareholders' contribution to Medivir UK Ltd. provided by Medivir AB to consolidate the subsidiary's shareholders' equity.

Liquid assets were SEK 439.6 (237.7) m, with investments primarily in research equipment and existing research premises, of SEK 16.8 (4.8) m.

Financial Position

Consolidated liquid assets including short-term investments stood at SEK 440.6 (239.2) m, with the increase in liquid assets primarily due to factors including the new issue consummated in the second quarter, which raised SEK 322.5 m before issue costs. Listed equities with a book value of SEK 2.2 m were divested in the year for SEK 6.0 m. As of 31 December, interest-bearing liabilities were SEK 27.9 (3.4) m. Shareholders' equity stood at SEK 478.2 (277.8) m. The consolidated equity ratio at year-end was 85.9 (90.3)%.

Investments

Gross investments in consolidated tangible fixed assets amounted to SEK 57.3 (10.1) m in 2004, of which SEK 33.7 m in new research premises for Medivir UK, SEK 0.9 m for investment in Medivir AB's existing research premises and SEK 5.8 m in construction in progress at Medivir AB's existing research premises. The remainder largely relates to the acquisition of research equipment within Medivir AB and Medivir UK Ltd. Medivir's planned future investments primarily comprise the acquisition of further research equipment. During the autumn, Medivir raised an SEK 27.5 m loan as part funding of new premises in the UK.

New Premises

Medivir UK Ltd. relocated to new research premises at Chesterford Research Park outside Cambridge in the autumn. Although these premises are rented, Medivir has paid for all internal construction work. The rental and operating costs of the new premises are estimated at just below previous premises costs.

Human Resources

As of 31 December 2004, the Medivir group had 126 (109) employees, with the average in the year being 115 (99).

The Share and Stock Options

The AGM of 22 April 2004 approved the execution of a new issue with preferential rights for existing shareholders. The transaction offered the rights to subscribe for one new class B share for SEK 75 for every two class A and/or class B shares held, raising SEK 322.5 m for Medivir.

Additionally, the AGM approved a new staff stock option plan (2004/2009) encompassing 210,000 options of which 166,000 were allotted to the employees of the Medivir group, with the remainder used to cover social security costs.

In February, Medivir issued 9,765 new class B shares through outstanding staff stock options; in June, the number of class B shares increased by a further 4,299,682 through the aforementioned new issue, each share with a nominal value of SEK 5. In September, 2,849 class B shares were issued through outstanding staff stock options and in December, 715 new class B shares were issued through outstanding staff stock options. Thus, as of 31 December 2004, the total number of outstanding shares was 12,902,611, comprising 660,000 class A and 12,242,611 class B shares. Previous staff stock option plans from 2000, 2001 and 2002 have been recalculated due to the new issue. This means that in total, the number of outstanding options is 646,895, and upon full conversion, the total number of shares would be 13,593,196.

Dividends

The Board of Directors proposes that no dividends are paid for the financial year 2004.

Annual General Meeting

The Annual General Meeting will be held at the Polstjärnan Conference Centre, Sveavägen 77, Stockholm, Sweden on Thursday, 21 April 2005 at 3 p.m.

Nomination Committee

Proposals for Board members are referred to the Nomination Committee comprising Carl Harald Janson of Carnegie Fonder, Staffan Grefbäck representing Alecta, Anders Vedin and Bo Öberg.

Accounting Principles

This Interim Report has been prepared pursuant to the Swedish Annual Accounts Act and RR's (*Redovisningsrådet*, the Swedish Financial Accounting Standards Council) recommendation RR 20 Interim Reports. The accounting and valuation principles are consistent with RR recommendations and statements.

From 1 January 2004, Medivir is applying RR's recommendation RR 29 Employee Benefits. Medivir AB's ITP (supplementary pensions for salaried employees) are insured with Alecta, and should be regarded as a defined-benefit pension plan, pursuant to statement URA 42 from the RR Emerging Issues Task Force. Because Alecta is unable to provide sufficient information at present, the plan is accounted as a defined-contribution plan. The group's other pension plans are defined contribution. Accordingly, the application of RR 29 has not implied any change to Medivir's accounting of pension commitments compared to its Annual Report 2003.

Overheads associated with the new issue reduced both the parent company's and consolidated restricted equity.

In its Annual Report for 2003, Medivir reviewed the accounting principles it observes. Accounting principles and calculation methods utilized in this report are identical to the Annual Report for 2003. A disclosure regarding the adoption of IFRS, compulsory for all quoted corporations' consolidated financial statements from 2005 onwards, and their implications for Medivir, follows. More information is in the 'Effects of the Adoption of IFRS' section below.

EFFECTS OF THE ADOPTION OF IFRS

Quantitative Review of the Effects of the Adoption of IFRS

A quantitative reconciliation of the most significant items, including information on how Medivir's year-2004 profit and financial position would have been influenced if IFRS had been adopted instead of the prevalent accounting principles, is provided below. However, readers should note that the estimated effects of the adoption of IFRS are preliminary because this regulatory structure may be revised in 2005.

Adoption of IFRS 3 for the Acquisition of Medivir UK

If Medivir had adopted IFRS 3 (which would have simultaneously implied the retroactive adoption of the updated standards IAS 38 and IAS 36) in its acquisition analysis of Medivir UK in 2000, this would have meant Medivir's consolidated financial statements including acquisitions of Medivir UK's research and development in progress of SEK 17.1 m instead of accounted goodwill of the same amount.

The assessed useful life of the acquired research and development at the time of acquisition was ten years. The depreciation period of the currently accounted goodwill is also ten years. Because the useful life is equal, no effect would have arisen in the 2004 Income Statement from the revised depreciation amount after the acquisition analysis was repeated. Accordingly, with the aforementioned adoption of IFRS 3, the opening balance of intangible assets in 2004 would not have changed, but would have instead implied the accounting of acquired research and development of SEK 10.7 m and no goodwill item. The depreciation and amortization costs of intangible assets in the Income Statement (the acquired research and development) would have been SEK 1.7 m, the same as the currently accounted goodwill amortization for 2004.

If the acquisition was recalculated pursuant to the aforementioned standards, a deferred tax effect of SEK 4.8 m would have arisen. The residual impact of this effect on an opening balance sheet in 2004 would have implied a SEK 3.0 m deferred tax liability and the corresponding deficit brought forward. A deferred tax revenue of SEK 0.5 m would have been accounted in 2004, and the deferred tax liability would have reduced by the same amount.

Adoption of IFRS 2 for Staff Stock Option Plans

If Medivir had applied IFRS 2 to the accounting of staff stock option plans issued after 7 November 2002, this revised standard would have exerted an opening effect on shareholders' equity as of 1 January 2004 of SEK 0.6 m, accounted as an increase to restricted reserves and the corresponding increase of the accumulated deficit. In 2004, the effect would have been an SEK 1.4 m increase to personnel expenses and the corresponding increase to restricted reserves.

Significant Differences between Current Accounting Principles and IFRS to be Adopted from 1 January 2005

Medivir will be adopting IFRS in its consolidated financial statements from 1 January 2005 onwards, which will imply the following significant discrepancies:

- IFRS 3 will be applied for the acquisition of subsidiaries, also applying retroactively pursuant to the transitional rule of IFRS 1. The above section 'Adoption of IFRS 3 for the Acquisition of Medivir UK' reviews the effect for Medivir.
- The adoption of IFRS implies that staff stock option plans should be accounted at fair value, resulting in increased personnel costs for Medivir. The above section 'Adoption of IFRS 2 for Staff Stock Option Plans' reviews the quantifiable effect for Medivir. Pursuant to previous standards, the option plans themselves do not imply any costs for Medivir, with the exception of provisioning of social security costs.
- From year-end 2004, accounting for financial instruments at fair value pursuant to IAS 39, is a significant new standard for Medivir. Medivir has not utilized the facility of IFRS 1 to adopt IAS 39 retroactively for 2004. The immediate transitional effect will be accounted in Medivir's First-quarter Interim Report for 2005. Briefly, this new standard implies that the actual value changes on short-term investments will be accounted in Medivir's Income Statement. The transitional effect that arises as of 1 January 2005 is a positive amount of some SEK 1.5 m, implying that short-term investments increased by that amount, and that the losses carried forward reduce correspondingly.

IFRS 1 Choices

The adoption of IFRS 1 implies a number of choices on standards, determined by the stipulations of IFRS

1. The fundamental considerations are summarized below:

- Medivir is adopting IFRS 3 retroactively. The acquisition of Medivir UK is recalculated.
- IFRS 2 is being applied to staff stock option plans retroactively for those plans encompassed by the time-frame stipulated by the transitional rules. Medivir will not adopt IFRS 2 for the earlier plans of 2000 and 2001.
- IAS 39 will not be adopted earlier than 1 January 2005.
- Medivir is using the acquisition cost method for accounting tangible and intangible assets, both as opening balances of the IFRS Opening Balance Sheet 1 January 2004 and subsequently.

OUTLOOK

Medivir's ability to produce new CDs, to enter partnerships on its projects, and to bring its clinical development projects to market launches and sales, is decisive to its future. Existing and new partnerships may exert a major influence on Medivir's revenues and cash position, although scheduling revenue flows is impossible. Medivir's estimated net research costs are SEK 165 m for 2005.

The Board
Medivir

Huddinge, Sweden, 18 February 2005.

Audit Report

We have performed a summary review of this Interim Report pursuant to the relevant recommendation issued by FAR (the Institute for the Accountancy Profession in Sweden). A summary review is far more limited than a full audit. Nothing has arisen to suggest that this Interim Report does not satisfy the stipulations of the Swedish Stock Exchange and Annual Accounts Acts.

Liselott Stenudd
Authorised Public Accountant

Peter Clemedtson
Authorised Public Accountant

Stockholm, Sweden, 18 February 2005.

CONSOLIDATED INCOME STATEMENT

Summary, SEK m

	2004	2003	2002
	Jan-Dec	Jan-Dec	Jan-Dec
Turnover, etc.			
Net sales	82.6	149.0	256.3
Change in inventories and other revenue	2.5	3.6	3.1
Total	85.1	152.6	259.4
Operating costs			
Raw materials and consumables	0.0	-33.7	-63.4
Other external costs	-99.1	-101.8	-131.1
Personnel costs	-94.3	-109.0	-111.2
Depreciation and amortization	-16.6	-20.4	-24.3
Total operating costs	-210.1	-264.9	-330.0
Operating profit	-125.0	-112.3	-70.6
Profit from financial investments	12.4	69.6	6.4
Profit after financial items	-112.5	-42.7	-64.2
Tax*	2.0	2.4	4.4
Net profit	-110.5	-40.3	-59.8
Earnings per share, SEK	-10.29	-4.69	-7.09
Average number of shares, 000	10,746	8,590	8,439
Number of shares, closing balance, 000	12,903	8,590	8,590

* The positive tax amount is mainly attributable to Medivir UK's tax credits, a consequence of UK fiscal legislative support for research. The group has estimated accrued tax-deductible losses of at least SEK 540 m until 2004 inclusive.

CONSOLIDATED INCOME STATEMENT

Summary, SEK m

	2004	2003	2002
	Oct-Dec	Oct-Dec	Oct-Dec
Turnover, etc.			
Net sales	64.2	0.8	47.5
Change in inventories and other revenue	1.7	0.4	1.7
Total	65.9	1.2	49.3
Operating costs			
Raw materials and consumables	0.0	0.0	-13.2
Other external costs	-24.5	-25.1	-40.7
Personnel costs	-25.9	-21.9	-30.1
Depreciation and amortization	-4.7	-3.9	-6.4
Total operating costs	-55.1	-50.9	-90.4
Operating profit	10.8	-49.7	-41.1
Profit from financial investments	8.2	4.7	3.5
Profit after financial items	19.0	-45.0	-37.6
Tax	2.0	2.4	4.5
Net profit	21.0	-42.6	-33.1

CONSOLIDATED BALANCE SHEET

Summary, SEK m

	2004	2003	2002
	31 Dec	31 Dec	31 Dec
Assets			
Fixed assets			
Intangible fixed assets	10.9	10.7	37.1
Tangible fixed assets	80.7	40.2	109.4
Financial fixed assets	0.0	3.1	3.1
Total fixed assets	91.7	54.0	149.7
Current assets			
Inventories	0.0	0.0	33.9
Current receivables	24.3	14.5	42.9
Short-term investments	419.6	229.0	110.4
Cash and bank balances	21.0	10.2	33.5
Total current assets	464.9	253.7	220.7
Total assets	556.6	307.7	370.4
Liabilities and shareholders' equity			
Restricted equity	860.6	552.1	585.4
Accumulated deficit	-382.4	-274.1	-265.4
Total shareholders' equity	478.2	277.8	320.0
Provisions	0.0	0.0	3.7
Long-term liabilities, interest-bearing	18.7	3.4	4.5
Current liabilities, interest-bearing	9.2	0.0	0.0
Current liabilities, non interest-bearing	50.5	26.5	42.2
Total liabilities and shareholders' equity	556.6	307.7	370.4
Pledged assets			
Pledged short-term investments	12.6	0.0	0.0
Property mortgages	0.0	0.0	3.0

Statement of Changes in Shareholders' Equity (SEK m)

	2004	2003	2002
	Jan-Dec	Jan-Dec	Jan-Dec
Balance Sheet, 31 December	277.8	320.0	361.2
New issue	313.6		20.5
Exchange rate differences	-2.6	-1.9	-1.9
Net profit	-110.5	-40.3	-59.8
Balance Sheet, 31 December	478.2	277.8	320.0

CONSOLIDATED CASH FLOW STATEMENT

Summary, SEK m

	2004 Jan-Dec	2003 Jan-Dec	2002 Jan-Dec
Ongoing operations			
Operating profit after financial items	-112.5	-42.7	-64.2
Estimated subsidiary tax credit	2.0	2.4	4.1
Adjustment for items not included in cash flow:			
Divestment of subsidiaries	0.0	-53.7	0.0
Depreciation, amortization and write-downs	17.9	20.4	24.3
Capital gain/loss on divestment of fixed assets and exchange rate difference	-7.9	-2.6	-1.3
Tax received/paid	-1.4	3.2	-1.2
Cash flow from ongoing operations before change in working capital	-102.0	-72.9	-38.3
Change in working capital	16.6	5.5	-0.9
Cash flow from ongoing operations	-85.5	-67.4	-39.2
Investment activity			
Acquisition/divestment of tangible fixed assets	-55.4	-10.0	-20.3
Acquisition of intangible fixed assets	-1.9	0.0	-3.4
Divestment of subsidiaries	0.0	114.1	0.0
Sales of financial fixed assets	6.0	0.0	0.0
Reduction of long-term receivables	0.0	59.5	0.0
Cash flow from investment activity	-51.3	163.6	-23.7
Financing activity			
New issue	313.6	0.0	20.5
Loans raised	27.5	0.0	3.7
Amortization	-3.0	-0.8	-0.1
Cash flow from financing activity	338.1	-0.8	24.1
Cash flow for the period			
Liquid assets, opening balance*	239.2	143.9	182.7
Change in liquid assets	201.4	95.4	-38.9
Exchange rate difference, liquid assets	0.0	-0.1	0.0
Liquid assets, closing balance*	440.6	239.2	143.9

* Liquid assets comprise cash and bank balances, plus short-term investments.

Surplus value of listed equities, of SEK 1.5 m (at 31 Dec. 2004) is additional to the above. The market value of listed equities of SEK 10.4 m is additional at 31 Dec. 2003. Medivir AB has pledged short-term investments of SEK 12.6 m as collateral for raising its SEK 25.2 m loan.

KEY FIGURES

	2004 Jan-Dec	2003 Jan-Dec	2002 Jan-Dec
Return on:			
- equity, %	-29.27	-13.49	-7.46
- capital employed, %	-28.40	-13.91	-7.34
- total capital, %	-25.87	-12.42	-6.52
Average number of shares, 000	10,746	8,590	8,439
Number of shares, closing balance, 000	12,903	8,590	8,590
Outstanding warrants, 000	646.9	449.9	313.4
Earnings per share, SEK	-10.29	-4.69	-3.16
Shareholders' equity per share, SEK	37.06	32.35	41.18
Cash flow per share after investments, SEK	-12.72	11.20	-5.75
Earnings per share, SEK*,**	-9.44	-4.27	-2.89
Shareholders' equity per share, SEK*,**	40.84	36.33	45.62
Equity ratio, %	85.92	90.30	88.86

For forecast year-2005 earnings per share, please refer to the 'Outlook' heading in the section on Medivir's consolidated turnover and costs.

* After full utilization of outstanding warrants. RR's (the Swedish Financial Accounting Standards Council) recommendation RR 18 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.

** Previous stock option plans from 2000, 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.

