PRESS RELEASE, 23 October 2003

INTERIM REPORT, 1 January - 30 September 2003

- In July, Medivir entered a licensing agreement with Boehringer Ingelheim (BI) on MIV-310.
- CCS group divested to the Segulah II L.P. investment fund as of 1 July 2003 for SEK 210 m.
- In July, Medivir entered a licensing agreement with the Population Council on MIV-150.
- Medivir's stock has been quoted on the Stockholm Exchange's Attract 40 list since 1 July.
- Medivir's net sales were SEK 148.2 (208.7)m, profit after tax stood at SEK 2.3 (-26.7)m and earnings per share amounted to SEK 0.27 (-3.16).

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FORTHCOMING FINANCIAL INFORMATION

The Annual Financial Statement will be published on 17 February 2004

The First-quarter Interim Report will be published on 22 April 2004

The Annual General Meeting will be held on 22 April 2004

The Second-quarter Interim Report will be published on 6 July 2004.

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 pharmaceuticals. The company is located in Huddinge, Sweden and Cambridge, UK. Medivir's research is focused on developing new drug compounds based on proteases and polymerases as target enzymes.

Until 1 July 2003, the group comprised Medivir AB, the subsidiary Medivir UK Ltd. and the CCS group. Since this date, the CCS group has been owned by the Segulah II L.P. investment fund. Medivir was floated on the Stockholm Exchange in 1996, and has been quoted on the Attract 40 list since 1 July 2003.

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, two of which are about to enter phase III after completing phase II. Two projects are in phase I and one is in phase II.

Medivir has some ten activities in the first preclinical—explorative—stage; the second, lead identification, encompasses two projects. The third stage, optimization, has three projects. One project—MV026048—is in preclinical development, the stage closest to clinical development.

INFECTIOUS DISEASES

RP-606 against Shingles; Phase II Complete, on its way to Phase III
Medivir's partner Reliant will fund clinical phase III trials, apply for market registration in the US and other countries, and after approval, market and sell RP-606 in North America. Medivir and Reliant have also entered a joint venture to seek marketing partners for RP-606 in Europe and Asia at a suitable occasion.
Reliant's efforts in the year have been oriented on synthesis and formulation development, substance production and planning ahead of forthcoming phase III trials. The extensive synthesis development process has been successful; substance production ahead of upcoming phase III trials will begin soon.

ME-609 against Labial Herpes (Cold Sores); Phase II Complete, on its way to Phase III
Efforts in the first half-year were focused on consolidating ME-609's European patents. The European patent authorities are currently considering this matter; additionally, during the past quarter, Medivir made preparations ahead of its forthcoming phase III trials.

MIV-310 against Multiresistant HIV; Phase II Trials
In July, Medivir entered a global licensing agreement with Boehringer Ingelheim (BI), who will be responsible for global drug development. BI possesses exclusive global market rights apart from the Nordic countries, which Medivir is retaining. Additionally, the agreement stipulates that Medivir may receive a total of EUR 122 m in up-front and milestone payments if all milestones are achieved. Moreover, Medivir will receive double-digit royalty on product sales.

Efforts during the autumn have been oriented on the project's tech transfer, which was recently completed.

MIV-210 against HIV and Hepatitis B Virus (Jaundice); Phase I Trials Concluded
Medivir entered a global licensing agreement with GlaxoSmithKline (GSK) in May, primarily to focus on the onward development of MIV-210 for the treatment of HIV.
GSK will be responsible for drug development and possesses global market rights excluding the Nordic countries, which Medivir will retain. The agreement also stipulates GSK paying up to EUR 86 m, dependent on the achievement of all milestones. Additionally, GSK will pay royalties on sales, providing the product reaches the market.

Efforts during the summer focused on the project's tech transfer, which is complete.

MIV-150 against HIV; Now in Phase I

In July, Medivir outlicensed MIV-150 to the Population Council of New York, to be used in a microbicide intended to inhibit HIV infections. The Population Council, a non-profitable organization, will be responsible for this product's funding and development.

The right to use MIV-150 in a vaginal microbicide in the developing countries has been made available cost free by Medivir. Use in other countries will entitle Medivir to income, and Medivir retains commercialisation rights in the Nordic territories.

MIV-150 is a non-nucleoside inhibitor of HIV polymerase, and was previously outlicensed to the Chiron Corporation, where it underwent phase I trials. These trials demonstrated that extensive formulation efforts would be necessary to secure good oral uptake, and the compound was returned to Medivir. The new application in a vaginal microbicide is not dependent on oral bioavailability, but on MIV-150's capacity to bind effectively to HIV polymerase and thereby deactivate the virus.

The Population Council previously developed Carraguard, a vaginal preparation (microbicide) tried by African women to reduce the risk of HIV infection, and to inhibit other sexually transmitted diseases. Laboratory trials suggest that adding MIV-150 to this preparation may significantly enhance opportunities to inhibit HIV infection.

MV026048 against HIV; in Preclinical Development
MV026048 is an NNRTI polymerase inhibitor now in late preclinical development. In 2002, Medivir outlicensed this project to Roche, which will undertake onward development.

MIV-170 against HIV; in the Preclinical Optimization Phase
MIV-170 is a new NNRTI polymerase inhibitor, focusing specifically on treatment of the growing patient population with multiresistant HIV. Major advances have been made in the year, and the project is now in optimization phase.

IMMUNOLOGICAL DISEASES

Cathepsin S against RA and MS; in Preclinical Optimization
Medivir's Cathepsin S (protease inhibitor) project is intended as therapy against autoimmune deficiencies. This project is being pursued against indications such as RA and MS, jointly with Peptimmune of the US, and is well advanced in optimization phase. Cathepsin S inhibitors have recently accessed a major new potential indication, with reported efficacy against acute and chronic pain.

OTHER THERAPY AREAS

Cathepsin K against Osteoporosis; in Preclinical Optimization
Cathepsin K is a protease whose activity results in the breakdown of skeletal tissue. If Cathepsin K activity increases, or upon an imbalance between skeletal accumulation and breakdown, osteoporosis (brittle bones) results. It has been demonstrated that the pathogenic resorption of skeletal tissue can be radically retarded if Cathepsin K activity is reduced. Medivir's inhibitor has demonstrated good efficacy in a human cellular model of skeletal resorption (breakdown). Key advances have been made on this project, which is now in optimization phase.

CCS
Medivir divested the CCS group to the Segulah II L.P. investment fund as of 1 July 2003. This divestiture is an element of Medivir's strategy of creating a world-leading research corporation in the protease and polymerase segment, and in the future, to accumulate proprietary sales and marketing resources in the Nordic region.

MEDIVIR'S CONSOLIDATED TURNOVER AND COSTS

Medivir received SEK 210 m upon divesting the CCS group on 1 July 2003. Proceeds from the sale of the CCS group are accounted in Medivir's Income Statement under the 'profit from financial investments' item. Consolidated figures include the CCS group's turnover and costs up to and including 30 June, whereupon the turnover and costs are from Medivir AB and Medivir UK Ltd.'s research activities only.

The Group

In the period 1 January - 30 September 2003, consolidated net sales were SEK 148.2 (208.7) m. Operating costs amounted to SEK -214.0 (-239.6) m, costs which include SEK -2.1 (-2.5) m of goodwill amortization. Medivir's net financial position, including the divestiture of CCS, was SEK 64.9 (2.7) m. Profit after financial items amounted to SEK 2.3 (-26.7) m.

Medivir's Research Activities

The net sales of Medivir's research activities, which encompass Medivir AB and Medivir (UK) Ltd., totaled SEK 63.1 (92.4) m in the period. Net sales largely comprise the outlicensing of MIV-210 to GSK and MIV-310 to BI.
The previous year's turnover comprised the outlicensing of RP-606 and MV026048 to Reliant Pharmaceuticals and Roche respectively.
Operating costs stood at SEK -141.2 (-137.6) m, divided between external costs of SEK -62.8 (-72.6) m, personnel costs of SEK -67.2 (-53.8) m and depreciation of SEK -11.2 (-11.2) m.
To some extent, increased personnel expenses are attributable to costs relating to the divestiture of CCS. Medivir generated an operating loss of SEK -77.3 (-45.2) m; profit after financial items was SEK 0.4 (-42.4) m.

CCS
CCS' consolidated figures relate to the period 1 January – 30 June; the group encompasses CCS AB, Nordic Care Sweden AB and CCS (UK) Ltd. CCS' net sales grew to SEK 85.6 (76.7) m. CCS' consolidated operating profit rose to SEK 16.9 (9.7) m, while profit after financial items was SEK 16.8 (9.6) m; 35 (34)% of CCS AB's product sales comprise contract manufacture and 17 (17)% exports.

Financial Position
Consolidated liquid assets including short-term investments stood at SEK 270.8 (156.2) m as of 30 September, with the market value of listed equities of SEK 9.6 (9.3) m being additional. As of 30 September, interest-bearing liabilities were SEK 3.3 (2.4) m. Shareholders' equity was SEK 320.4 (353.7) m. The consolidated equity ratio was 93.4 (88.9)%.

Investments
Gross investments in consolidated tangible fixed assets were SEK 8.0 (14.1) m in the period, primarily attributable to Medivir's acquisition of research equipment and the renovation of existing premises.

Accounting Principles
The group observed the Swedish Annual Accounts Act when preparing this Interim Report. The accounting and valuation principles applied are consistent with RR (the Swedish Financial Accounting Standards Council) recommendations and statements.

Outlook
Medivir's capacity to produce new CDs (candidate drugs) cost efficiently for development into new drugs through clinical trials, to create partnerships on its projects, and finally, for clinical development projects to transform into successful marketing initiatives and generate sales, is decisive to its future.

Medivir's objective is to enter additional partnerships, which although they may have a major impact on Medivir's turnover and cash position, are impossible to timetable. As a consequence of difficulties in determining the timing of new partnerships and outlicensing, Medivir will not publish any profit forecast for 2003.

Medivir
The Board
Huddinge, Sweden
23 October 2003

This Report has not been subject to specific review by Medivir's auditors.

CONSOLIDATED INCOME STATEMENT, AGGREGATE

Summary, SEK m

	2003 Jan.-Sep.	2002 Jan.-Sep.	2001 Jan.-Sep.	2002 Jan.-Dec.
Turnover, etc.				
Net sales	148.2	208.7	96.7	256.3
Change in inventories and other revenue	3.2	1.5	-0.3	3.1
Total	**151.4**	**210.2**	**96.4**	**259.4**
Operating costs				
Raw materials and supplies	-33.7	-50.2	-39.7	-63.4
Other external costs	-76.7	-90.4	-78.2	-131.1
Personnel costs	-87.1	-81.1	-71.9	-111.2
Depreciation	-16.5	-17.9	-15.9	-24.3
Total operating costs	**-214.0**	**-239.6**	**-205.7**	**-330.0**
Operating profit	**-62.6**	**-29.4**	**-109.3**	**-70.6**
Profit from financial investments	64.9	2.7	9.9	6.4
Profit after financial items	**2.3**	**-26.7**	**-99.4**	**-64.2**
Tax*	0	0	0	4.4
Net profit	**2.3**	**-26.7**	**-99.4**	**-59.8**
Earnings per share, SEK	0.27	-3.16	-11.99	-7.09
Average number of shares, 000	8,590	8,439	8,288	8,439
Number of shares, closing balance, 000	8,590	8,590	8,288	8,590

* The group has estimated accrued tax-deductible losses of at least SEK 340 m until 2002 inclusive.
The positive tax amount is mainly attributable to Medivir UK's tax credits, a consequence of UK fiscal legislative support for research.

CONSOLIDATED INCOME STATEMENT, QUARTERLY

Summary, SEK m

	2003 Jul.-Sep.	2002 Jul.-Sep.	2001 Jul.-Sep.
Turnover, etc.			
Net sales	9.6	43.1	33.1
Change in inventories and other revenue	0.8	-0.4	0.1
Total	**10.4**	**42.7**	**33.2**
Operating costs			
Raw materials and supplies	0	-15.4	-13.8
Other external costs	-17.0	-27.9	-25.5
Personnel costs	-18.4	-25.4	-22.7
Depreciation	-4.0	-6.0	-5.5
Total Operating costs	**-39.4**	**-74.7**	**-67.5**
Operating profit	**-29.0**	**-31.9**	**-34.3**
Profit from financial investments	64.6	1.0	2.9
Profit after financial items	**35.6**	**-31.0**	**-31.4**
Tax	0	0	0
Net profit	**35.6**	**-31.0**	**-31.4**

CONSOLIDATED BALANCE SHEET

Summary, SEK m

	2003 30 Sep.	2002 30 Sep.	2001 30 Sep.	2002 31 Dec.
Assets				
Fixed assets				
Intangible fixed assets	11.1	38.0	38.1	37.1
Tangible fixed assets	40.9	105.6	109.3	109.5
Financial fixed assets	3.2	3.1	3.3	3.1
Total fixed assets	**55.2**	**146.7**	**150.7**	**149.7**
Current assets				
Inventories	5.4	42.4	47.6	34.0
Current receivables	11.5	52.6	27.7	42.9
Short-term investments	264.8	130.2	202.1	110.4
Cash and bank balances	6.0	26.1	11.0	33.4
Total current assets	**287.7**	**251.3**	**288.4**	**220.7**
Total assets	**342.9**	**398.0**	**439.1**	**370.4**
Liabilities and shareholders' equity				
Restricted equity	585.3	588.5	573.3	585.4
Accumulated deficit/non-restricted equity	-264.9	-234.8	-177.1	-265.4
Total shareholders' equity Note 1	**320.4**	**353.7**	**396.2**	**320.0**
Provisions	0	4.5	5.2	3.7
Long-term liabilities	3.3	2.4	0.9	4.5
Current liabilities	19.2	37.4	36.8	42.2
Total liabilities and shareholders' equity	**342.9**	**398.0**	**439.1**	**370.4**

Note 1

Change in shareholders' equity (SEK m)

	Restricted equity	Accumulated deficit/ non-restricted equity	Total shareholders' equity
Balance Sheet, 31 Dec. 2002	585.4	-265.4	320.0
Transfer between restricted and non-restricted reserves	-0.1	0.1	0
Translation differences		-1.9	-1.9
Net profit		2.3	2.3
Balance Sheet, 30 Sep. 2003	**585.3**	**-264.9**	**320.4**

CONSOLIDATED CASH FLOW STATEMENT

Summary, SEK m

	2003 Jan.-Sep.	2002 Jan.-Sep.	2001 Jan.-Sep.	2002 Jan.-Dec.
Ongoing operations				
Operating profit after financial items	2.3	-26.7	-99.4	-64.2
Estimated subsidiary tax credit	0	0	0	4.1
Adjustment for items not included in cash flow:				
Divestment of subsidiaries	-53.7	0	0	0
Depreciation, amortization and write-downs	16.5	17.9	15.9	24.3
Capital gain/loss on divestment of fixed assets and exchange rate difference	-2.1	-0.4	-2.9	-1.2
Tax paid/received	0.8	-1.8	-1.8	-1.2
Cash flow from ongoing operations before change in working capital	**-36.2**	**-11.0**	**-88.2**	**-38.3**
Change in working capital	-1.8	-23.3	-17.6	-0.9
Cash flow from ongoing operations	**-38.0**	**-34.3**	**-105.8**	**-39.2**
Investment activity				
Acquisition/divestment of tangible fixed assets	-7.8	-10.7	-24.9	-20.3
Acquisitions of intangible fixed assets	0	-3.4	0	-3.4
Divestment of subsidiaries	114.1	0	0	0
Decrease in long-term receivables	59.5	0	0	0
Cash flow from investment activity	**165.8**	**-14.1**	**-24.9**	**-23.7**
Financing activity				
Financial payments	0	20.5	0	20.5
Increase (+) / decrease (-) in long-term liabilities	-0.8	1.5	0.9	3.6
Cash flow from financing activity	**-0.8**	**22.0**	**0.9**	**24.1**
Cash flow for the period				
Liquid assets, opening balance*	143.9	182.7	342.8	182.7
Change in liquid assets	127.0	-26.4	-129.8	-38.9
Exchange rate difference, liquid assets	-0.1	-0.1	0.1	0
Liquid assets, closing balance*	**270.8**	**156.2**	**213.1**	**143.9**

* Liquid assets comprise cash and bank balances, plus short-term investments.
The market value of listed equities, of SEK 9.6 m (9.7 m at year-end 2002) is additional to the above.

KEY FIGURES

	2003 Jan.-Sep.	2002 Jan.-Sep.	2001 Jan.-Sep.	2002 Jan.-Dec.
Return on:				
- equity, %	0.71	-7.46	-22.26	-17.60
- capital employed, %	0.88	-7.34	-22.21	-18.50
- total capital, %	0.80	-6.52	-20.05	-16.30
Average number of shares, 000	8,590	8,439	8,288	8,439
Number of shares, closing balance, 000	8,590	8,590	8,288	8,590
Outstanding warrants, 000	513.4	313.4	313.4	513.4
Earnings per share, SEK	0.27	-3.16	-11.99	-7.09
Shareholders' equity per share, SEK	37.30	41.18	47.80	37.26
Cash flow per share after investments, SEK	14.86	-5.75	-15.64	-7.45
Earnings per share, SEK*	0.44	-2.89	-11.40	-6.42
Shareholders' equity per share, SEK*	42.42	45.62	52.15	42.44
Equity ratio, %	93.44	88.86	90.23	86.40

For forecast year-2003 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) instruction No. 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 warrants. Thus, the above should not be considered a calculation of dilution effects but a theoretical calculation of profit and shareholders' equity per share, after the full exercise of outstanding warrants.