Press Release, 8 July 2002

MEDIVIR, INTERIM REPORT, 1 January – 30 June 2002

- MIV-310 demonstrated powerful antiviral effect on patients with multiresistant HIV; these results, from a phase IIa trial, were reported in May.
- A research breakthrough in the treatment of MS (multiple sclerosis) was announced in May, under the auspices of Medivir's and Peptimmune's collaboration on Cathepsin S.
- In May, an EGM (Extraordinary General Meeting) approved the Board's proposal regarding the new issue of 301,478 class B shares to Roche.
- MIV-150 against HIV: in April, Chiron announced that it was returning this project to Medivir.
- MV026048 against HIV: in April, Medivir entered an agreement with Roche.
- MIV-606 against shingles: rights to the US market were outlicensed to Reliant Pharmaceuticals in February. Medivir also entered a strategic alliance with Reliant for rights to the European and Asian markets.
- As of the 1st of July the Medivir share is listed on the Attract40 list.
- Profit after financial items increased to SEK 4.3 (-68.0) m; net sales amounted to SEK 165.5 (63.6) m.
- CCS net sales gains to SEK 76.7 (63.8) m; operating profit was SEK 9.7 (9.7) m.

Forthcoming Financial Reports

The Nine-month Interim Report will be published on 4 November 2002
The Financial Statement will be published on 14 February 2003

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

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The Medivir Group

Medivir is an innovative, specialist pharmaceuticals research and development corporation. Medivir's research is focused on developing substances into new pharmaceuticals based on proteases and polymerases as target enzymes. Research and development is pursued at Cambridge, UK and Huddinge, Sweden. The group comprises Medivir AB, the subsidiaries Medivir UK Ltd. and CCS AB, plus second-tier subsidiaries CCS (UK) Ltd. and Nordic Care Sweden AB. Medivir has been quoted on the Stockholm Stock Exchange O-list since 1996, and on the Attract 40 list since 1 July 2002.
Medivir's research portfolio includes projects against HIV, jaundice, shingles, cold sores, osteoporosis, asthma, MS (multiple sclerosis) and RA (rheumatoid arthritis).
Medivir has four projects in clinical development phases, two of which are entering phase III after completing phase II. One project is in phase I and one is in phase II.
Medivir's preclinical research encompasses a number of projects, one of which is entering, and two are in, the optimization phase. One project is in its late preclinical development phase. Medivir also has some ten specific activities in early preclinical research.

Summary

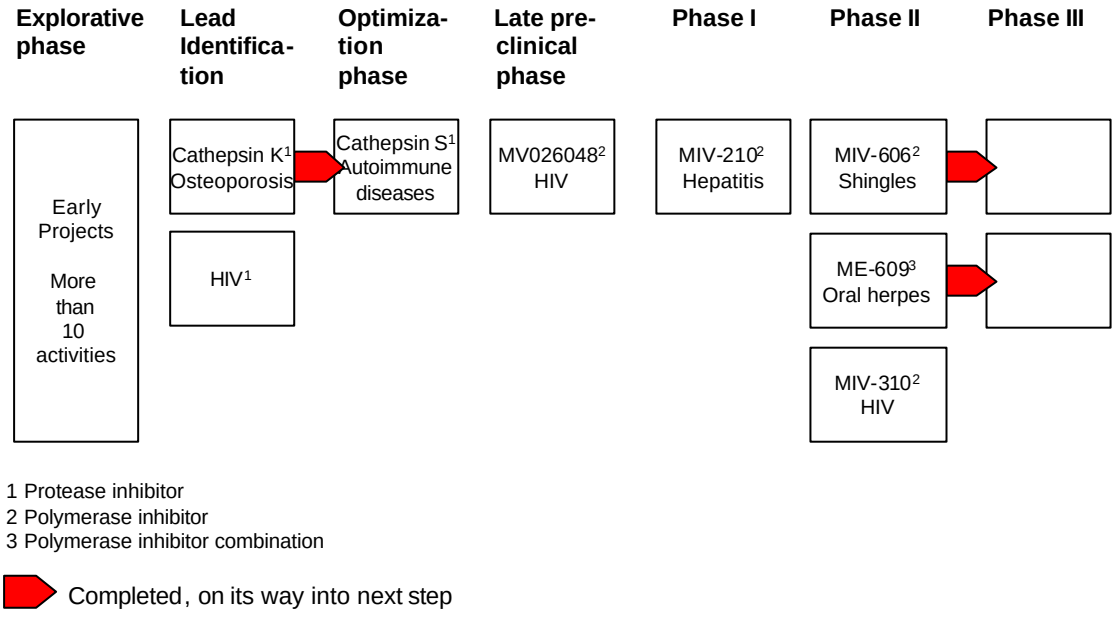
In the past half-year, Medivir signed a licensing agreement with Reliant Pharmaceuticals for MIV-606 (shingles), and with Roche for Medivir's MV026048 (HIV). These agreements generate up-front payments amounting to SEK 100 m of which SEK 80 m will be accounted as revenues and SEK 20 m in a share issue. The efforts of the business development unit are continuously oriented on securing partnerships on Medivir's other clinical projects, and to evaluate various business and research collaborations.

Recently, Medivir announced very positive data from its phase IIa trial on MIV-310 (HIV) and promising preclinical research results for Cathepsin S against MS.

Chiron returned MIV-150 to Medivir in the period.

Medivir is continuing to run efficient, high-quality and commercial research. Its ambition is to produce new CDs (candidate drugs) regularly, based on polymerases and proteins as targets, and to develop these further through clinical trials.

MEDIVIR'S PROJECT PORTFOLIO



The figure above schematically depicts the current development phase for the various Medivir projects.

Medivir's Clinical Development Portfolio

MIV-150 against HIV

Medivir and Chiron had two collaborations, within HIV and Hepatitis C.
In April, Chiron decided to conclude its HIV collaboration with Medivir. This project will revert to Medivir as a consequence of the regular re-prioritization of Chiron's development projects. Medivir's present project portfolio includes new and innovative HIV substances. Considering the very promising nature of these current projects, Medivir will not assign further resources to MIV-150.

MIV-606 against Shingles
The agreement Medivir entered with Reliant in February is based on three key elements.

Reliant will be Medivir's partner, liable for, and financing, clinical phase III trials, applying for market registration in the US and other countries, and marketing and selling MIV-606 in North America subsequent to approval. The value of licensing rights on the North American market is USD 17 m, of which USD 5 m will be paid up-front. Additionally, Medivir will receive double-digit percentage royalties on sales in North America.

Medivir will retain the rights to MIV-606 on the Nordic markets.

The two corporations have also entered a strategic alliance, whereby Reliant and Medivir will continue to secure marketing partners in all countries outside their own territories. Future revenues from partnerships outside North America will be shared, apart from Medivir retaining a larger share in Europe as a consequence of its UK and Swedish presence.

The transfer of data and documentation related to MIV-606 to Reliant is complete. The planning of ongoing trials, substance production and developing synthesis, continues. The two corporations have also appointed an advisory board consisting of world-renowned clinical scientists in this field.

ME-609 against Labial Herpes (Cold Sores)
Efforts to outlicense this project are ongoing.

MIV-310 against Multiresistant HIV
The results of this proof of concept trial demonstrate that MIV-310 (NRTI) is effective, and that it may constitute part of future treatment of patients with multiresistant HIV. All 15 patients responded positively to the treatment, with generally, MIV-310 being well tolerated. All patients underwent treatment without any serious side-effects occurring. The patients responded to the treatment with a decrease in viral load of a median 1.13 $\log_{10}$, equivalent to a 92.6% reduction. Patients whose treatment did not include d4T (stavudine) responded with a median 1.88 $\log_{10}$ reduction, equivalent to a 98.7% decrease in viral load. The results from the phase IIa study were presented during the XI International HIV Drug Resistance Workshop in Sevilla on 5 July and will be presented on the XIV International AIDS Conference in Barcelona on 11 July 2002.

Medivir will use experiences from this and previous clinical trials to perform further safety and dosage trials under guidance from pharmaceuticals authorities. Medivir was also recently granted patent number 6,358,840 by the US patent authorities, protecting MIV-310 as an antiviral substance against HIV. The patent runs until 2019.

MIV-210 against Hepatitis B (Jaundice) and HIV
A phase one trial demonstrating that MIV-210, administrated in capsules, has very good oral uptake with no side-effects observed, was reported in 2001. MIV-210 also demonstrated good efficacy against multiresistant HIV in cell culture studies. More clinical efficacy and toxicology trials were in executed during the first half-year, demonstrating very good efficacy against hepatitis. All data is currently being composed to constitute supporting data for the orientation of future out-licensing.

Medivir's Preclinical Research

Project Progress

Medivir has more than fifteen specific activities in preclinical research, of which four are described below.

The first is MV026048, an NNRTI polymerase inhibitor that is in late preclinical development. Medivir outlicensed this project to Roche in April, an agreement stipulating Roche's liability for its development into a drug, with exclusive rights to the world market apart from the Nordic countries, which Medivir will retain. Roche will make up-front and milestone payments to Medivir totaling USD 42 m if the product reaches the market. Roche's up-front payment amounts to USD 5 m, including USD 2 m in newly issued Medivir stock, a payment that has been received. Moreover, Roche will pay a royalty on sales. Roche, which has taken over responsibility for clinical development, intends to start clinical trials in 2003. Medivir has three professionals salaried by Roche during the first year, in order to support the project optimally and efficiently, a project whose efforts are now oriented on preparations ahead of forthcoming clinical trials.

Medivir's second project in the late preclinical phase is Cathepsin S inhibitor against autoimmune deficiencies, which is now in its optimization phase. This project is being run jointly with Peptimmune of the US, and is oriented on deficiencies such as RA (rheumatoid arthritis) and MS (multiple sclerosis). In May, Medivir reported that a low-molecular inhibitor of the protease enzyme Cathepsin S, which Medivir has developed, suppresses the development of MS in a model of this disease. This is a distinct extension of previously reported positive research results into RA.

Cathepsin K protease is involved in the breakdown of skeletal tissue, a process that is distinctly retarded if this enzyme is blocked. Medivir's Cathepsin K project, targeted on osteoporosis, is heading into its optimization phase.

Protease inhibitors are the group of HIV pharmaceuticals associated with the most problematic side-effects, and are the only group whose sales are declining. Against this background, in spring 2002, Medivir decided to orient its HIV protease project to produce new model substances, which can satisfy the challenging demands we set for the next generation of HIV protease inhibitors.

Medivir has more than ten specific activities in early preclinical research, which eventually, will result in more late preclinical phase projects.

CCS

CCS has sustained its positive sales performance, registering 20% gains, mainly attributable to the distinct sales increases of CCS' proprietary products. CCS' biggest product groups—ordinary retail goods and pharmaceuticals—traced 15% and 13% advances respectively.

The fine-tuning of facilities for eye-care products and the contract manufacture of nasal decongestant Nezeril was completed in the period. Production, delivery and the associated revenues from eye-care products and Nezeril got underway late in the second quarter. Revenues from these products will further consolidate CCS' sales performance, starting in the second half-year.

Operating profit in the period was burdened by costs for the restructuring of Nordic Care AB, and the take-over of AstraZeneca's eye-care products, plus the contract manufacture of Nezeril.
CCS' operating margins are expected to return to normalized levels, at a pace with the full-scale start of eye-care product sales and the contract manufacture of Nezeril.

Extraordinary General Meeting
On 24 May, an EGM resolved to approve the Board's proposal to increase Medivir's share capital by SEK 1,507,390 through the issue of 301,478 class B shares, equivalent to 3.4% of Medivir's shares after full dilution. These new shares will be subscribed by Roche, as part-payment for the licensing agreement it has entered on Medivir's MV026048. These shares were issued at a price of SEK 68, and subsequent to this transaction, Medivir has 8,589,600 outstanding shares, and 8,903,000 after full conversion of the three outstanding stock option programs 1998-2006.

Medivir's Consolidated Turnover and Costs

The Group
Consolidated net sales amounted to SEK 165,543,000 (63,589,000) in the period; operating costs were SEK -164,917,000 (-138,188,000), including goodwill amortization of SEK -1,683,000 (-1,683,000). The net financial position was SEK 1,814,000 (6,954,000). Profit after financial items was SEK 4,308,000 (-68 006,000).

Medivir
The net sales of Medivir's research operation - encompassing Medivir AB and Medivir UK Ltd. - were SEK 89,337,000 (153,000) in the period. The revenue gains are attributable to the outlicensing of MIV-606 against shingles to Reliant, and of MV026048 against HIV, to Roche. Operating costs were SEK -94,945,000 (-83,089,000), distributed between external costs of SEK -50,907,000 (-43,371,000), personnel costs of SEK -36,554,000 (-33,275,000) and depreciation of SEK -7,485,000 (-6,443,000). External costs include some SEK 7,500,000, part of MIV-606 stocks within Medivir AB, which was posted to costs. Operating profits amounted to SEK –5,501,000 (-82,935,000); the earnings gains are mainly due to the outlicensing of MIV-606 and MV026048. Profit after financial items stood at SEK -3,584,000 (-76,122,000).

CCS
The CCS group includes CCS AB, NCS AB (Nordic Care Sweden AB) and CCS UK Ltd. CCS' net sales stood at SEK 76,709,000 (63,783,000). The CCS group's consolidated operating profit stood at SEK 9,678,000 (9,658,000); profit after financial items was SEK 9,575,000 (9,798,000).

The sales gains are due to the sustained positive sales performance of CCS' proprietary products, with its two biggest product groups - ordinary retail goods and pharmaceuticals - registering 15% and 13% gains respectively. In the period, CCS' UK subsidiary began the launch of CCS' foot-care products at Lloyds, while Boots has also been distributing CCS products for some time.
Of CCS AB's product sales, 32 (35)% comprise contract manufacture and 17 (14)% export sales.

In the period, operating profit was subject to costs for the restructuring of NCS AB, the take-over of AstraZeneca's eye-care products and the contract manufacture of Nezeril. Production, supply and the associated eye-care product revenues, and Nezeril, began at the end of the period.
The addition of over 40 staff in 2001, for reasons including CCS' increasing share of contract manufacture in the skin-care segment, the forthcoming manufacture and sale of CCS' new eye-care product range, the contract manufacture of Nezeril and from the acquired enterprise NCS AB, explain the increase in the CCS group's personnel costs.

Financial Position
Consolidated liquid assets including short-term investments were SEK 184,392,000 (182,732,000 as of 31 December 2001), with the market value of listed equities of SEK 10,958,000 (15,554,000 as of 31 December 2001) being additional. Interest-bearing liabilities were SEK 2,285,000 (691,000) as of 30 June. Shareholders' equity stood at SEK 384,401,000 (428,359,000). The consolidated equity ratio was 87.9%, against 88.1% at year-end 2001.

Investments
Gross investments in consolidated tangible fixed assets were SEK 3,370,000 (16,653,000) in the period, primarily attributable to the acquisition of research equipment for Medivir, and production equipment within CCS.

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
In 2002, research costs will be consistent with 2001, and after recently agreed outlicensing of MIV-606 and MV026048, Medivir will receive approximately SEK 100 m in liquidity injection whereof SEK 20 m is through a new share issue. CCS' full-year sales are expected to perform positively, as are its profits.

Medivir
The Board

Huddinge, Sweden, 8 July 2002

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

CONSOLIDATED INCOME STATEMENT
Summary, SEK 000

	2002 Jan-June	2001 Jan-June	2000 Jan-June	2001 Jan-Dec
Turnover etc.				
Net sales	165,543	63,589	54,720	125,891
Change in inventories	1,690	-409	85	805
Other turnover	178	48	20	199
Total turnover	**167,411**	**63,228**	**54,825**	**126,895**
Operating costs				
Raw materials and consumables	-34,872	-25,889	-18,054	-53,789
Other external costs	-62,474	-52,692	-40,054	-104,604
Personnel costs	-55,699	-49,261	-29,900	-100,096
Depreciation	-11,872	-10,346	-5,934	-21,302
Total operating costs	**-164,917**	**-138,188**	**-93,942**	**-279,790**
Operating profit	**2,494**	**-74,961**	**-39,117**	**-152,895**
Profit from financial investments				
Profit from other securities and receivables	132	128	256	213
Other interest income, etc.	1,968	6,899	5,049	13,433
Interest costs, etc.	-286	-73	-82	-168
Total profit from financial investments	**1,814**	**6,954**	**5,223**	**13,477**
Profit after financial items	**4,308**	**-68,006**	**-33,894**	**-139,418**
Tax*	0	0	0	3,625
Net profit	**4,308**	**-68,006**	**-33,894**	**-135,793**

* The Group has estimated accrued tax-deductible losses of at least SEK 300 m until 2001 inclusive.

CONSOLIDATED INCOME STATEMENT
Summary, SEK 000

	2002 Apr-June	2001 Apr-June	2000 Apr-June
Turnover etc.			
Net sales	78,983	33,339	29,717
Change in inventories	967	-2,333	-90
Other turnover	156	24	4
Total turnover	**80,105**	**31,030**	**29,631**
Operating costs			
Raw materials and consumables	-19,635	-11,153	-9,894
Other external costs	-25,570	-24,473	-22,852
Personnel costs	-28,244	-26,238	-18,353
Depreciation	-5,922	-5,346	-3,677
Total operating costs	**-79,371**	**-67,210**	**-54,776**
Operating profit	**734**	**-36,180**	**-25,145**
Profit from financial investments			
Profit from other securities and receivables	109	98	82
Other interest income, etc.	593	2,728	3,844
Interest costs, etc.	84	24	-48
Total profit from financial investments	**786**	**2,849**	**3,878**
Profit after financial items	**1,519**	**-33,331**	**-21,267**
Tax	0	0	0
Net profit	**1,519**	**-33,331**	**-21,267**

CONSOLIDATED BALANCE SHEET
Summary, SEK 000

	2002 30 June	2001 30 June	2000 30 June	2001 31 Dec
Assets				
Fixed assets				
Intangible fixed assets	35,587	38,953	42,040	37,270
Tangible fixed assets	103,018	105,507	74,540	110,948
Financial fixed assets	3,130	3,318	3,133	3,130
Total fixed assets	**141,735**	**147,777**	**119,713**	**151,348**
Current assets				
Inventories	45,249	48,032	38,842	50,306
Current receivables	65,942	30,909	28,458	25,734
Short-term investments	168,125	240,266	378,878	163,544
Cash and bank balances	16,267	12,310	21,685	19,188
Total current assets	**295,584**	**331,517**	**467,863**	**258,772**
Total assets	**437,319**	**479,294**	**587,576**	**410,120**
Liabilities and shareholders' equity				
Restricted equity	588,372	573,379	588,843	570,704
Accumulated deficit/non-restricted equity	-203,970	-145,021	-46,390	-209,525
Total shareholders' equity Note 1	**384,401**	**428,359**	**542,453**	**361,179**
Provisions	4,494	5,260	6,245	4,494
Long-term liabilities	2,285	0	0	953
Current liabilities	46,139	45,676	38,878	43,494
Total liabilities and shareholders' equity	**437,319**	**479,294**	**587,576**	**410,120**

Note 1
Change in shareholders' equity (SEK 000)

	Restricted equity	Accumulated deficit/ non-restricted equity	Total share-holders' equity
Balance sheet, 31 Dec 2001	570,704	-209,525	361,179
New share issue	20,501		20,501
Transfer between restricted and non-restricted reserves	-2,833	2,833	0
Translation differences		-1,586	-1,586
Net profit		4,308	4,308
Balance Sheet, 30 June 2002	**588,372**	**-203,970**	**384,401**

CONSOLIDATED CASH FLOW STATEMENT
Summary, SEK 000

	2002 Jan-June	2001 Jan-June	2000 Jan-June	2001 Jan-Dec
Ongoing operations				
Operating profit after financial items	4,308	-68,006	-33,894	-139,418
Adjustment for items not included in cash flow:				
Depreciation and write-downs	11,872	10,346	5,934	22,846
Exchange rate and translation differences	-501	-1,521	0	-1,599
Capital gains(-)/-loss(+) on divested fixed assets	26	0	-19	109
Tax paid	-1,374	-1,465	-582	-1,431
Cash flow from ongoing operations before change in working capital	**14,330**	**-60,646**	**-28,561**	**-119,492**
Change in working capital	-31,132	-12,724	-13,438	-12,039
Cash flow from ongoing operations	**-16,802**	**-73,370**	**-41,999**	**-131,531**
Investment activity				
Acquisitions of tangible fixed assets	-3,370	-16,653	-15,222	-31,342
Acquisitions of financial fixed assets	0	-202	-873	0
Divestments of tangible fixed assets	0	0	60	62
Divestments of financial fixed assets	0	3	0	3
Investment grant received	0	0	0	1,789
Cash flow from investment activity	**-3,370**	**-16,852**	**-16,035**	**-29,487**
Financing activity				
Financial payments	20,501	13	310,972	13
Increase in long-term liabilities	1,331	0	0	953
Cash flow from financing activity	**21,832**	**13**	**310,972**	**966**
Cash flow for the period				
Liquid assets, opening balance*	182,732	342,784	147,625	342,784
Change in liquid assets	1,660	-90,208	252,938	-160,052
Liquid assets, closing balance*	**184,392**	**252,576**	**400,563**	**182,732**

* Liquid assets refer to cash, bank balances and short-term investments.

The market value of listed equities, of SEK 10,958,000 (15,554,000 at year-end 2001) is additional to the above.

KEY FIGURES

	2002 Jan-June	2001 Jan-June	2000 Jan-June	2001 Jan-Dec
Return on:				
- equity, %	1.16	-14.70	-8.70	-31.64
- capital employed, %	1.22	-14.68	-8.70	-32.48
- total capital, %	1.08	-13.19	-7.80	-28.99
Average no. of shares, 000s	8,439	8,288	7,459	8,288
Number of shares at end of period, 000s	8,590	8,288	8,262	8,288
Outstanding warrants, 000s	313,4	313,4	266,8	313,4
Earnings per share, SEK	0.51	-8.21	-4.54	-16.38
Shareholders' equity per share, SEK	44.75	51.68	65.66	43.58
Cash flow per share after investments, SEK	-2.39	-10.89	-7.78	-19.43
Earnings per share, SEK*	0.60	-7.80	-4.27	-15.57
Shareholders' equity per share, SEK*	49.01	55.84	69.65	48.14
Equity ratio, %	87.90	89.37	92.32	88.07

For the EPS forecast for 2002, please refer to "Outlook" under the section on Medivir's consolidated turnover and costs.

* After full utilization of outstanding warrants.