Press release, 22 August 2013

Interim Report, 1 January – 30 June 2013*

Q2 2013 (April – June) Remaining Group operations, excluding Cross Pharma

- Net turnover totalled SEK 40.7 million (SEK 39.0 m).
- The profit/loss after tax was SEK -63.7 million (SEK -65.4 m).
- Basic and diluted earnings per share totalled SEK -2.04 (SEK -2.09).
- The cash flow from operating activities amounted to SEK -8.3 million (SEK -5.2 m), while liquid assets and short-term investments totalled SEK 279.9 million (SEK 409.6 m) at the end of the period.

First six months (January – June) Remaining Group operations, excluding Cross Pharma

- Net turnover totalled SEK 218.8 million (SEK 85.2 m).
- The profit/loss after tax was SEK 7.5 million (SEK -107.2 m).
- Basic and diluted earnings per share totalled SEK 0.24million (SEK -3.43 m).
- The cash flow from operating activities amounted to SEK -27.2 million (SEK -51.0 m), while liquid assets and short-term investments totalled SEK 279.9 million (SEK 409.6 m) at the end of the period.

Significant events during Q2

- Positive results from the phase III studies, QUEST-1 and -2, with simeprevir in treatment-naïve patients were reported.
- Positive results from the phase III study, PROMISE, with simeprevir in treatment-experienced patients were reported.
- Positive efficacy and safety data from four phase III Japanese studies, CONCERTO 1-4, of simeprevir were reported.
- The U.S. Food and Drug Administration (FDA) granted a Priority Review for simeprevir.
- Marketing Authorisation Application for simeprevir for the treatment of patients with genotype 1 and genotype 4 chronic hepatitis C was filed with the European Medicines Agency (EMA).
- Interferon-free phase II trial with simeprevir and samatasvir (IDX719) was initiated.
- Positive clinical results from phase Ia study with MIV-711 for treatment of skeletal disorders.
- Medivir divested its wholly-owned subsidiary company, Cross Pharma.

Significant events after the end of Q2

- Increased focus within the company's proprietary hepatitis C portfolio through reallocation of resources to the nucleotide-based polymerase inhibitor programme and discontinuation of the NS5A programme.
- Medivir received a part payment of SEK 119 million for Cross Pharma. The outstanding balance of SEK 15 million will be paid over a three-year period.

CONSOLIDATED INCOME STATEMENT SUMMARY* Remaining operations (SEK M)	**2013 Apr-June**	**2012 Apr-June**	**2013 Jan-June**	**2012 Jan-June**	**2012 Jan-Dec**
Net turnover	40.7	39.0	218.8	85.2	170.6
Gross profit	23.5	24.3	183.8	54.1	109.3
Operating profit/loss before depreciation and amortisation (EBITDA)	-46.9	-47.7	43.6	-79.6	-165.3
Operating profit/loss (EBIT)	-62.0	-56.4	14.7	-99.0	-201.3
Profit/loss before tax	-62.1	-57.0	14.5	-98.4	-210.8
Profit/loss after tax	-63.7	-65.4	7.5	-107.2	-234.1
Operating margin, %	-152.3	-144.9	6.7	-116.2	-118.0
Basic and diluted earnings per share, SEK	-2.04	-2.09	0.24	-3.43	-7.49

* All figures refer to the remaining Group operations after the divestment of Cross Pharma, unless otherwise stated. Comparisons in this Interim Report are, unless otherwise stated, with the corresponding period in 2012.

Medivir is a collaborative and agile pharmaceutical company with an R&D focus on infectious diseases and a leading position in hepatitis C. We are passionate and uncompromising in our mission to develop and commercialize innovative pharmaceuticals that improve people's health and quality of life.

The CEO's comments on Q2 2013

"We streamlined operations and sharpened our focus"

The first half of 2013 was an eventful period and one in which we made important progress in a number of areas.

We streamlined the company's operations and sharpened the focus on our proprietary prescription pharmaceuticals in the Nordic region by divesting Cross Pharma AB, the wholly-owned subsidiary engaged in parallel imports of pharmaceuticals. The sale of Cross Pharma AB to Unimedic AB further strengthens Medivir's financial position.

Medivir's key clinical phase product, simeprevir, has continued to develop according to plan and our partner, Janssen, has filed Marketing Authorisation Applications in three different regions of the world over the course of a two-month period. Simeprevir is now being evaluated by regulatory authorities for approval for the treatment of chronic hepatitis C in three major geographical territories, namely the USA, Europe and Japan and has, as a consequence, moved one step closer to the market. Additional efficacy and safety data were presented for simeprevir during the period. The results confirm that simeprevir, in combination with pegylated interferon and ribavirin, has a high level of efficacy and a good safety profile. In the USA, the FDA decided to grant simeprevir a "Priority Review", which may shorten the time to market introduction of simeprevir. New interferon-free studies of simeprevir were initiated in partnership with Idenix, and other interferon-free studies proceeded according to plan.

Pharmaceutical sales developed according to plan during the quarter and posted an increase of SEK 1.7 million in comparison with the corresponding period in 2012 while retaining profitability. Mollipect, Citodon and Lithionit continued to be the biggest-selling products.

We recruited Henrik Krook as the new head of Commercial Operations. This recruitment brings in additional expertise and experience of Nordic markets other than Sweden, and this will be important for the establishment of a Nordic marketing organisation.

Medivir's proprietary protease inhibitor projects against cathepsin K and cathepsin S developed well. The phase I trials with the cathepsin K inhibitor were concluded, and the data obtained from the phase Ib trials are now being analysed. The results will be presented at a scientific congress later this year. The cathepsin S project is currently evaluating a number of compounds and we are planning to select a candidate drug during the latter half of the year for further development and preparation for clinical trials.

In August we decided, within the framework of Medivir's proprietary hepatitis C project, to focus our resources on the polymerase inhibitor programme as there is a clear need for nucleotide-based polymerase inhibitors. We also decided, at the same time, to discontinue our hepatitis C NS5A inhibitor programme as the competitive landscape includes numerous NS5A programmes with a similar profile.

Maris Hartmanis,
President & CEO

For further information, please contact:
Rein Piir, EVP Corporate Affairs & IR, +46 (0) 708 537292
Maris Hartmanis, President & CEO, +46 (0) 8 407 64 30

Conference call for investors, analysts and the media

The Interim Report for the second quarter of 2013 will be presented by the CEO, Maris Hartmanis, and members of Medivir's management group.
Time: Thursday, 22 August 2013 at 14.00 (CET).

Phone numbers for participants from:
Sweden +46 (0) 8 505 564 77
Europe +44 (0) 20 336 453 72
USA +1 877 788 9023

The conference call will also be streamed via a link on the website, www.medivir.com

Financial calendar, 2013

The Interim Report for January–September will be published on 21 November 2013.

Significant events during Q2 2013

Results of Simeprevir phase III studies, QUEST-1 and -2, in treatment-naïve hepatitis C patients

Simeprevir (TMC435) is a potent investigational HCV protease inhibitor for the treatment of chronic hepatitis C currently in registration phase. A low dose of simeprevir, 150 mg, is administered once daily for twelve weeks. Data from two phase III studies of simeprevir (QUEST-1 and -2) were presented at a scientific conference organised by the European Association for the Study of the Liver (EASL): 394 and 391 treatment-naïve patients with genotype 1 chronic hepatitis C were enrolled in the studies, respectively, 22-30 per cent of whom had compensated liver disease (METAVIR scores of F3 or F4). Patients received simeprevir or placebo plus pegylated interferon and ribavirin for 12 weeks, followed by pegylated interferon and ribavirin only for 12 or 36 weeks based on pre-determined response-guided therapy (RGT) criteria.

Simeprevir in combination with pegylated interferon and ribavirin led to a sustained virologic response 12 weeks after the end of treatment (SVR12) in 80 and 81 per cent of patients, respectively, in comparison with 50 per cent of the patients in the respective groups without simeprevir (placebo arm). A majority of the patients treated with simeprevir were able to stop all treatment after 24 weeks (81 and 85 per cent, respectively) and of these, 86 and 91 per cent, respectively, achieved SVR12. With simeprevir treatment, SVR12 was achieved by 66 and 70 per cent, respectively, of the patients with compensated liver disease. The simeprevir treatment was well-tolerated and no serious adverse effects were reported.

Results of the Simeprevir phase III PROMISE study in treatment-experienced hepatitis C patients

Data from the phase III PROMISE study were presented at the Digestive Disease Week 2013 scientific conference in Orlando in the USA. 393 patients with genotype 1 chronic hepatitis C who relapsed after previous interferon-based therapy were enrolled in the study. The patients received simeprevir or placebo plus pegylated interferon and ribavirin for 12 weeks, followed by pegylated interferon and ribavirin only for 12 or 36 weeks, based on response-guided therapy criteria.

Simeprevir in combination with pegylated interferon and ribavirin resulted in 79 per cent of patients achieving SVR12, in comparison with 37 per cent in the placebo arm. A majority (93 per cent) of the patients treated with simeprevir were able to stop all treatment after 24 weeks, and 83 per cent of them achieved SVR12. Among patients with METAVIR scores of F3 or F4, 73 per cent and 74 per cent of patients treated with simeprevir and 20 per cent and 26 per cent treated without simeprevir (the

placebo arm) achieved SVR12, respectively. The simeprevir treatment was well-tolerated and no serious adverse effects were reported.

Efficacy and safety data from four phase III Japanese studies of Simeprevir presented

The results of four clinical phase III studies (CONCERTO 1-4) of simeprevir in Japan were presented at the Japan Society of Hepatology's Annual Meeting in Tokyo. The studies enrolled patients with genotype 1 chronic hepatitis C who were treatment naïve or who had relapsed following treatment, or who were non-responders to prior interferon-based therapy. Simeprevir or placebo was administered together with pegylated interferon and ribavirin for 12 weeks, followed by pegylated interferon and ribavirin only for 12 or 36 weeks, based on response-guided therapy criteria.

The combined results show that SVR12 was achieved by 89-91 per cent of the treatment-naïve patients, 96-100 per cent of relapsed patients and 39-53 per cent of the non-responder patients. The simeprevir treatment was safe and well-tolerated. These studies provided the basis for the New Drug Application for simeprevir, which was submitted to the Japanese regulatory authorities in February 2013.

The U.S. Food and Drug Administration (FDA) granted Priority Review for Simeprevir

The U.S. Food and Drug Administration (FDA) has granted Priority Review for the New Drug Application for simeprevir filed by Janssen in March 2013. The Application refers to the treatment of genotype 1 chronic hepatitis C in adult patients with compensated liver disease.

The FDA grants Priority Review to medicines that may offer major advances in care or provide a treatment option where no adequate therapy exists. FDA review will begin approximately 60 days after receipt of the application and will aim to be complete within six months from when the review period begins.

Marketing Authorisation Application for Simeprevir filed with the European Medicines Agency (EMA) for the treatment of patients with genotype 1 and genotype 4 chronic hepatitis C

In April 2013, Medivir's partner, Janssen, submitted a Marketing Authorisation Application in respect of simeprevir treatment of adult patients with genotype 1 and genotype 4 chronic hepatitis C. The application is in respect of treatment-naïve patients and patients who have either relapsed or not responded to prior treatment.

Interferon-free phase II trial of Simeprevir and Samatasvir (IDX719) for the treatment of patients with hepatitis C initiated

Idenix Pharmaceuticals Inc. initiated a phase II clinical trial (HELIX-1) evaluating an interferon-free all-oral combination therapy of simeprevir and samatasvir (IDX719). Samatasvir is being developed by Idenix and is a once-daily pan-genotypic NS5A inhibitor.

The HELIX-1 trial is a 12-week, randomised, double-blind, parallel group study evaluating the safety and tolerability of simeprevir and samatasvir in addition to antiviral endpoints, with a target enrolment of 90 treatment-naïve, genotype 1b or 4 chronic hepatitis C patients. Patients will be randomised equally across three treatment arms, receiving 50, 100 or 150 mg samatasvir for 12 weeks in combination with 150 mg simeprevir plus ribavirin.

The HELIX-1 trial is the first study in HCV-infected patients to commence under the non-exclusive collaboration agreement signed between Janssen and Idenix in January 2013. A second trial (HELIX-2) of simeprevir, samatasvir and TMC647055, a non-nucleoside polymerase inhibitor being developed by Janssen, is expected to commence in the second half of 2013.

Positive clinical results from a phase Ia study with MIV-711 for the treatment of skeletal disorders presented

Positive results from the first part of the phase I study on the investigational cathepsin K inhibitor, MIV-711, were presented at the European Calcified Tissue Society (ECTS) Annual Meeting in Lisbon. MIV-711 is a potent and selective investigational cathepsin K inhibitor for the treatment of skeletal disorders such as osteoarthritis and osteoporosis.

A double-blind, placebo-controlled, randomised study was designed to assess the safety, tolerability, pharmacokinetics and pharmacodynamics (effect on biomarkers) of single and multiple oral doses of MIV-711 in healthy male and female subjects.

The data from the first part of the study showed that single doses of MIV-711 were safe and well-tolerated in healthy subjects (N=27) and displayed linear pharmacokinetics over the investigated dose range (20 – 600 mg). Treatment with MIV-711 also had a pronounced effect on serum levels of the bone resorption marker, CTX-1, with up to 79 per cent reduction in levels at 24 h post dose.

Preclinical data with MIV-711 have demonstrated significant reductions of biomarkers for bone and cartilage degradation and protective effects in an experimental *in-vivo* model of osteoarthritis.

Medivir divests its wholly-owned subsidiary, Cross Pharma

In June, Medivir signed an agreement to sell its parallel import business, Cross Pharma AB, to Unimedic AB, a subsidiary of the Swedish listed company, MedCap AB. The operations were transferred on June 30, 2013. The consideration was SEK 134 million, including an outstanding balance of SEK 15 million.

Significant events after the end of the financial period

Reallocation of resources within the in-house preclinical hepatitis C projects

Medivir has made a strategic decision to focus its proprietary hepatitis C research resources on the discovery of new NS5B nucleotide-based polymerase inhibitors, which is an area that still requires improved products. Based on an evaluation of the competitive landscape and the expected evolution of therapies for HCV infection, Medivir has decided to focus exclusively on nucleotide-based polymerase inhibitors and to discontinue its NS5A inhibitor program.

Project portfolio

Medivir is a research-based pharmaceutical company whose focus is on infectious diseases. The research portfolio currently comprises four projects that focus on the development of antiviral pharmaceuticals and the company will continue to focus on developing this pipeline while also continuing with our research projects in other disease areas, such as skeletal disorders and neuropathic pain. Medivir will also continue to seek out partners and enter into future partnership agreements for product development, but it intends to retain commercial rights for its projects in the Nordic region.

Medivir also seeks, in tandem with our in-house research projects, to identify potential new opportunities for development through acquisitions or licensing.

The company's project portfolio is summarised in the chart below. Early research projects are ongoing but are not included in the project chart below. For additional information, please visit the company's website at www.medivir.com.

Field	Project	Partner	Preclinical phase: Re-search	Preclinical phase: Deve-lopment	Clinical phase: Phase I	Clinical phase: Phase IIa	Clinical phase: Phase IIb	Clinical phase: Phase III	Market
Anivirals									
Labial herpes	Xerclear (Zoviduo, Zovirax Duo)	GlaxoSmithKline (GSK)							
Hepatitis C	Simeprevir (TMC435), NS3 protease inhibitor	Janssen Pharmaceuticals							
Hepatitis B	Lagociclovir valactate (MIV-210)	Daewoong							
Hepatitis C	NS5B nucleotide-based polymerase inhibitor	Janssen Pharmaceuticals							
Hepatitis C	NS5B nucleotide-based polymerase inhibotor								
HIV	Protease inhibitor	Janssen Pharmaceuticals							
Other indications									
Bone related disorders	Cathepsin K inhibitor								
Neuropathic pain	Cathepsin S inhibitor								

Consolidated results and financial position*

*All figures are for the remaining Group operations after the divestment of Cross Pharma, unless otherwise stated. Comparisons in this Interim Report are, unless otherwise stated, with the corresponding period in 2012.

Net turnover breakdown (SEK m)	**2013 April-June**	**2012 April-June**	**2013 Jan-June**	**2012 Jan-June**	**2012 Jan- Dec**
Outlicensing and partnership agreements					
Non-recurrent payments	-	-	126.8	-	4.4
Pharmaceutical sales	40.7	39.0	92.0	85.2	164.9
Other services	-	-	-	-	1.3
Total	**40.7**	**39.0**	**218.8**	**85.2**	**170.6**

Revenues and results, 1 April – 30 June 2013

Net turnover totalled SEK 40.7 million (SEK 39.0 m), with the increase attributable to a growth in pharmaceutical sales of SEK 1.7 million. Sales increased primarily as a result of an adjustment in the price of Mollipect. No non-recurrent payments for outlicensing or partnership agreements were received during the period.

The gross profit was SEK 23.5 million (SEK 24.3 m), corresponding to a decrease of SEK 0.8 million and equating to a gross margin of 58% (62%). The gross margin fell primarily as a result of an increase in the indirect cost of goods sold.

The total operational costs were SEK -86.3 million (SEK -81.7 m), corresponding to an increase of SEK 4.6 million. Research and development costs increased by SEK 7.1 million, primarily as a result of a write-down of SEK 6.7 million in respect of some elements of the R&D operations acquired from Novadex and some expansion of the early research operations. Selling expenses increased by SEK 5.7 million, while administrative expenses fell by SEK 8.2 million. SEK 5.5 million in depreciation has been transferred from administrative expenses to selling expenses since the sale of Cross Pharma.

Administrative expenses also fell as a result of reductions in staff overheads. Other operating income totalled SEK 0.8 million (SEK 1.0 m).

The operating profit/loss totalled SEK -62.0 million (SEK -56.4 m), corresponding to a negative change of SEK 5.6 million. The negative change was primarily attributable to write-downs during the period.

Revenues and results, 1 January – 30 June 2013

Net turnover totalled SEK 218.8 million (SEK 85.2 m), corresponding to an increase of SEK 133.6 million. Non-recurrent payments for outlicensing and partnership agreements totalled SEK 126.8 million and referred to the New Drug Applications for simeprevir filed with the Ministry of Health & Welfare in Japan (EUR 5 m) and the FDA in the USA (EUR 10 m). Pharmaceutical sales increased by SEK 6.8 million, primarily as a result of an adjustment in the price of Mollipect.

The gross profit was SEK 183.8 million (SEK 54.1 m), corresponding to an increase of SEK 129.7 million and equating to a gross margin of 84% (63%). The increase in the gross profit was mainly attributable to higher non-recurrent payments. The gross margin excluding non-recurrent payments for the period was 62% (63%).

Operational costs totalled SEK -169.2 million (SEK -153.5 m), corresponding to an increase of SEK 15.7 million. Research and development costs increased by SEK 15.8 million, primarily as a result of an increase of SEK 6.4 million in royalty costs, a write-down of SEK 6.7 million in respect of some elements of the R&D operations acquired from Novadex, and some expansion of the early research operations. Selling expenses increased by SEK 7.3 million, while administrative expenses fell by SEK 7.4 million. SEK 5.5 million in depreciation has been transferred from administrative expenses to selling expenses since the sale of Cross Pharma. Administrative expenses also fell as a result of reductions in staff overheads. Other operating income totalled SEK 0.1 million (SEK 0.5 m).

The operating profit/loss totalled SEK 14.7 million (SEK -99.0 m), corresponding to an increase of SEK 113.7 million. The positive change was primarily due to the higher gross profit/loss that resulted from the period's non-recurrent payments. Net financial items totalled SEK 0.2 million (SEK 0.6 m).

The tax cost for the period amounted to SEK -7.1 million (SEK -8.9 m) and represents a decrease in the deferred tax asset arising from the utilisation of capitalised tax loss carried forward during the period.

The profit/loss for the period from remaining Group operations totalled SEK 7.5 million (SEK -107.2 m). Basic and diluted earnings per share from the remaining operations amounted to SEK 0.24 (SEK -3.43).

Pharmaceuticals segment

Pharmaceuticals segment (SEK m)	**2013 April-June**	**2012 April-June**	**2013 Jan-June**	**2012 Jan-June**	**2012 Jan-Dec**
Net turnover	40.7	39.0	218.8	85.2	170.6
EBITDA	-36.6	-45.5	43.6	-79.6	-165.3
EBITDA %	-90.0	-117.0	19.9	-93.4	-96.9

Revenues and results, 1 April – 30 June 2013

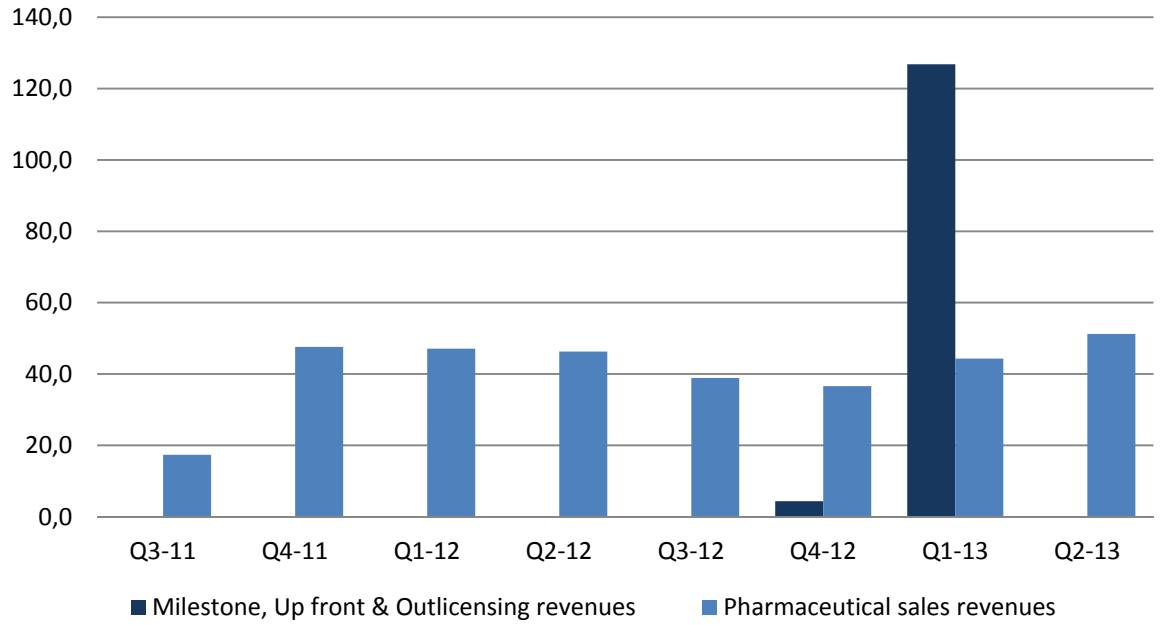
Net turnover for the period totalled SEK 40.7 million (SEK 39.0 m), with the increase due to a growth in pharmaceutical sales of SEK 1.7 million. Sales increased primarily as a result of an adjustment in the price of Mollipect. No non-recurrent payments for outlicensing and partnership agreements were received during the period. The operating profit/loss before depreciation and amortisation (EBITDA)

totalled SEK -36.6 million (SEK -45.5 m), corresponding to a decrease in costs of SEK 8.9 million. EBITDA includes SEK -56.6 million (SEK -49.5 m) in research and development costs, corresponding to an increase of SEK 7.1 million that resulted primarily from the write-down of SEK 6.7 million in respect of certain elements of the R&D operations acquired from Novadex, and some expansion of the early research operations.

Revenues and results, 1 January – 30 June 2013

Net turnover totalled SEK 218.8 million (SEK 85.2 m), corresponding to an increase of SEK 133.6 million. Pharmaceutical sales comprised SEK 92.0 million (SEK 85.2 m) of the total net turnover while non-recurrent payments for outlicensing and partnership agreements comprised SEK 126.8 million (SEK 0.0 m). Sales of pharmaceuticals rose by SEK 6.8 million, primarily as a result of an adjustment in the price of Mollipect. The most important products were Mollipect, Citodon and Lithionit. Non-recurrent payments referred to the New Drug Applications for simeprevir filed with the Ministry of Health & Welfare in Japan and the FDA in the USA. The operating profit/loss before depreciation and amortisation (EBITDA) totalled SEK 43.6 million (SEK -79.6 m), corresponding to a positive change of SEK 123.2 million that resulted mainly from higher non-recurrent payments. EBITDA includes SEK -112.0 million (SEK -96.2 m) in research and development costs, corresponding to an increase of SEK 15.8 million that resulted principally from an extra SEK 6.4 million in royalty costs, SEK 6.7 million in write-downs in relation to certain elements of the R&D operations acquired from Novadex, and some expansion of the early research operations.

Net turnover, Pharmaceuticals segment, Q3 2011 – Q2 2013



Parallel imports segment, divested operations

The wholly-owned subsidiary company, Cross Pharma, which conducts parallel imports of pharmaceuticals, was divested on 30 June. Organisationally, parallel imports were, up until the time of the sale, a discrete segment. For details of the divestment, see the supplementary information on page 19.

Parallel imports segment (SEK m)	2013 April-June	2012 April-June	2013 Jan-June	2012 Jan-June	2012 Jan-Dec
Net turnover	108.5	108.3	213.0	199.9	384.4
EBITDA	3.7	3.0	8.2	7.2	14.4
EBITDA %	3.4	2.8	3.8	3.6	3.7

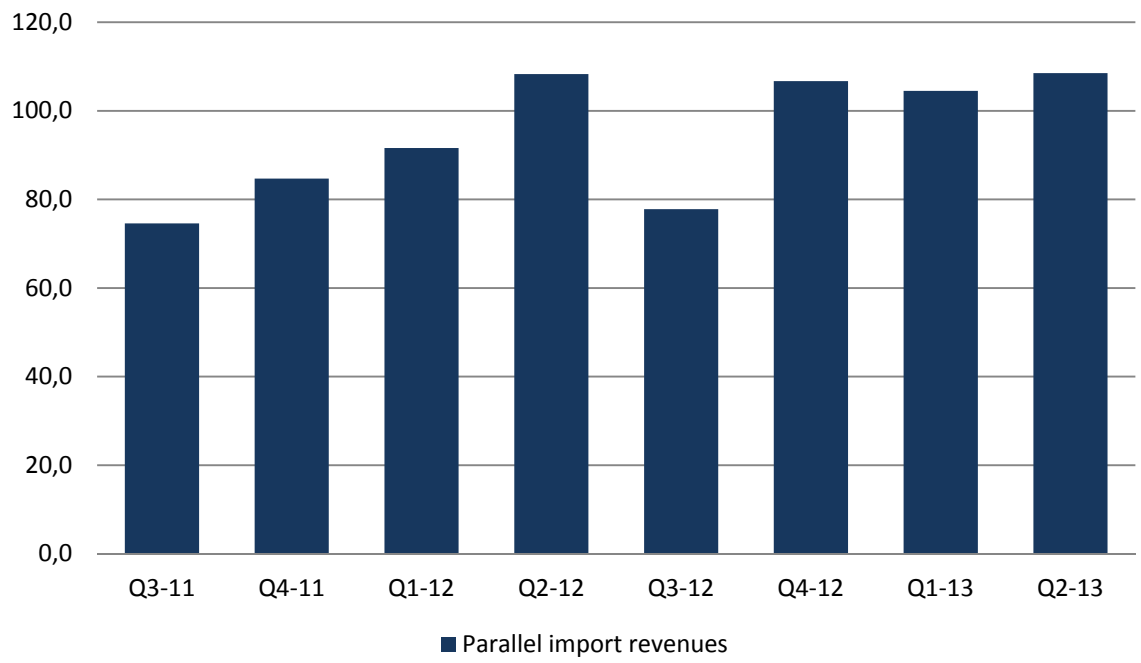
Revenues and results, 1 April – 30 June 2013

Net turnover for the period totalled SEK 108.5 million (SEK 108.3 m), corresponding to an increase of SEK 0.2 million. The ambition was to ensure continued growth by offering pharmacy chains a greater range of pharmaceutical products by means of the expansion of the product portfolio. The operating profit/loss before depreciation and amortisation (EBITDA) for the period increased to SEK 3.7 million (SEK 3.0 m), corresponding to a margin of 3.4% (2.8%).

Revenue and results, 1 January – 30 June 2013

Net turnover for the period totalled SEK 213.0 million (SEK 199.9 m), corresponding to an increase of SEK 12.9 million. The ambition was to ensure continued growth by offering pharmacy chains a greater range of pharmaceutical products by means of the expansion of the product portfolio. The operating profit/loss before depreciation and amortisation (EBITDA) for the period increased to SEK 8.2 million (SEK 7.2 m), corresponding to a margin of 3.8% (3.6%).

Parallel imports segment, net turnover per quarter, Q3 2011 – Q2 2013, SEK m



Cash flow and financial position, 1 January – 30 June 2013

Liquid assets, including short-term investments with a maximum term of 3 months, amounted to SEK 296.7 million (SEK 536.3 m) at the beginning of 2013 and SEK 279.9 million (SEK 409.6 m) at the end of the period, corresponding to a change of SEK -16.9 million (SEK -126.7 m). Pledged assets at the end of the period totalled SEK 54.3 million (SEK 138.3 m). Medivir's financial assets are, in accordance with its financial policy, invested in low-risk interest-bearing securities. The company's current financial assets are, in Medivir's opinion, sufficient to ensure operational financing.

Cash flow from operating activities totalled SEK -27.2 million (SEK -51.0 m), with changes in working capital accounting for SEK -24.2 million (SEK 20.7 m). Current receivables increased by SEK 124.3 million due to the sale of Cross Pharma while the working capital commitment decreased by SEK 86.1 million due to reductions in stock levels, accounts receivable and accounts payable.

Cash flow from investing activities totalled SEK 44.2 million (SEK 2.2 m), SEK 45.0 million of which referred to the divestment of shares in Cross Pharma. Other changes in investing activities comprised investments in research equipment totalling SEK 0.8 million (SEK 6.2 million).

Cash flow from financing activities totalled SEK -33.7 million (SEK -78.0 m) and primarily comprised the amortisation of loans and bank overdrafts.

Investments, depreciation and amortisation, 1 January – 30 June 2013

A total of SEK 0.8 million (SEK 6.2 m) was invested in tangible fixed assets during the period and comprised research equipment. Depreciation of tangible fixed assets and of intangible fixed assets totalled SEK -5.1 million (SEK -5.6 m) and SEK -10.9 million (SEK -12.0 m), respectively, during the period. Write-downs of intangible fixed assets during the period totalled SEK -5.3 million (SEK -0.0 m).

Employees

Medivir had 105 (108) employees at the period end, 58% (58%) of whom were women.

Royalty undertakings

A significant percentage of Medivir's research and development project work has been carried out exclusively in-house and Medivir is consequently entitled to all revenues in respect of these inventions. A smaller percentage of Medivir's projects originate from agreements between Swedish universities and Medivir. Medivir is consequently obliged to pay royalties on the revenues generated by these projects. Some of Medivir's projects were previously outlicensed to third parties but have now reverted to Medivir, and Medivir has undertaken to pay royalties to the former licensees. The combined royalty costs during the period were SEK 6.4 million (SEK 0.0 m) and comprised royalties payable to university consortia.

The Parent Company in brief, 1 January – 30 June 2013

Medivir AB (publ.), corporate ID no. 556238-4361, is the Parent Company of the group. Its operations consist of research and development, marketing and sales, and administrative and company management functions.

The Parent Company's net turnover totalled SEK 126.9 million (SEK 0.4 m), corresponding to an increase of SEK 126.5 million resulting from higher non-recurrent payments. The period's non-recurrent payments comprised the new drug applications for simeprevir filed with both the Ministry of Health & Welfare in Japan (EUR 5 m) and the FDA in the USA (EUR 10 m).

The gross profit totalled SEK 126.1 million (SEK 0.3 m), corresponding to an increase of SEK 125.8 million.

The total operational costs were SEK -153.6 million (SEK -128.9 m), corresponding to an increase of SEK 24.7 million. Research and development costs increased by SEK 16.6 million, primarily as a result of an increase of SEK 6.4 million in royalty costs, a write-down of SEK 6.7 million in respect of some elements of the R&D operations acquired from Novadex and some expansion of the early research operations. Selling expenses increased by SEK 5.9 million, largely as a result of the preparation work ahead of a Nordic market introduction of simeprevir. Administrative expenses were on a level with the previous year.

Other operating income totalled SEK 13.1 million (SEK 3.4 m), corresponding to an increase of SEK 9.7 million and primarily comprising re-invoiced transaction costs in connection with the divestment of Cross Pharma and services to Group companies.

The operating profit/loss was SEK -14.4 million (SEK -125.2 m), corresponding to an increase of SEK 110.8 million. The positive change is mainly due to the higher gross profit resulting from the period's non-recurrent payments.

Net financial items totalled SEK 120.7 million (SEK 6.9 m), corresponding to an increase of SEK 113.8 million. Net financial items include dividends totalling SEK 120.0 million received from the BioPhausia AB subsidiary company.

The net profit/loss for the period was SEK 106.3 million (SEK -118.3 m).

The cash flow from operating activities totalled SEK -5.5 million (SEK -110.7 m), with changes in working capital accounting for SEK -2.2 million (SEK 2.0 m) of this total. An adjustment has been made for the dividend of SEK 120.0 million received, which will be paid during the third quarter.

Investments in tangible and intangible fixed assets totalled SEK 0.8 million (SEK 6.2 m) and comprised investments in research equipment.

Liquid assets, including short-term investments with a maximum term of 3 months, amounted to SEK 266.4 million (SEK 400.1 m).

Please see the section entitled "Consolidated results and financial position" for further comments on the operations.

Share structure, earnings per share and shareholders' equity

The total share capital at the period end was SEK 156.3 million (SEK 156.3 m) and the total shareholders' equity, SEK 843.7 million (SEK 998.1 m). There were a total of 31,260,027 (31,260,027) shares in Medivir AB at the period end, 660,000 (660,000) of which were class A shares and 30,600,027 (30,600,027) of which were class B shares with a nominal value of SEK 5. The average number of shares during the period was 31,260,027 (31,256,927).

Share structure, 30 June 2013 Share class	Number of shares	Number of votes	% of capital	% of votes	Shares after full exercise of options
A, 10 votes	660,000	6,600,000	2.1%	17.7%	660,000
B, 1 vote	30,600,027	30,600,027	97.9%	82.3%	31,004,401
Total	**31,260,027**	**37,200,027**	**100.0%**	**100.0%**	**31,664,401**

Basic and diluted earnings per share for the remaining Group operations, based on a weighted average number of outstanding shares, were SEK 0.24 (SEK -3.43). Shareholders' equity per share totalled SEK 26.99 (SEK 31.93). The equity/assets ratio was 85.6% (80.7%).

Shareholders

On 28 June 2013, Medivir AB had 11,284 shareholders. The table below shows the list of Medivir's shareholders registered by Euroclear Sweden AB on 28 June.

Name	Class A shares	Class B shares	% of votes	% of capital
Bo Öberg	284,000	262,475	8.3%	1.8%
Staffan Rasjö	0	2,967,348	8.0%	9.5%
Nils Gunnar Johansson	284,000	76,575	7.8%	1.2%
AFA Försäkring	0	1,607,529	4.3%	5.1%
Skandia Fonder	0	1,515,251	4.1%	4.9%
UNIONEN	0	1,204,200	3.2%	3.9%
Christer Sahlberg	92,000	29,881	2.6%	0.4%
DnB Carlsson Fonder	0	925,276	2.5%	3.0%
Alecta Pensionsförsäkring	0	900,000	2.4%	2.9%
Tredje AP-Fonden	0	829,233	2.2%	2.7%
Goldman Sachs & Co	0	633,708	1.7%	2.0%
Gladiator	0	600,960	1.6%	1.9%
Handelsbanken Fonder	0	580,849	1.6%	1.9%
Avanza Pension	0	571,917	1.5%	1.8%
JPM Chase NA	0	526,467	1.4%	1.7%
Total, 15 largest shareholders	**660,000**	**13,231,669**	**53.2%**	**44.7%**
Total, other shareholders		17,368,358	46.8%	55.3%
TOTAL	**660,000**	**30,600,027**	**100%**	**100%**

Outlook

Medivir is a research-based pharmaceutical company whose focus is on infectious diseases. Its goal is to become a high-growth, profitable Nordic pharmaceutical company within the next few years. Medivir is working resolutely and strategically to generate the best possible prospects for developing the company quickly while also balancing risks. The company has a solid financial position.

Medivir has several attractive projects in the development phase, of which simeprevir is the most advanced. New drug applications for simeprevir have been filed in Japan and the USA during the first quarter and in Europe during the second quarter, thereby increasing the likelihood of simeprevir reaching the market in 2014. These factors, coupled with Medivir's ambition to identify new business opportunities in the Nordic region, form the basis of our ongoing efforts to develop Medivir into a profitable company.

CONSOLIDATED INCOME STATEMENT SUMMARY (SEK m)	**2013 April-June**	**2012 April-June**	**2013 Jan-June**	**2012 Jan-June**	**2012 Jan-Dec**
Remaining operations					
Net turnover	40.7	39.0	218.8	85.2	170.6
Cost of goods sold	-17.2	-14.7	-35.1	-31.1	-61.3
Gross profit	**23.5**	**24.3**	**183.8**	**54.1**	**109.3**
Selling expenses	-17.8	-12.1	-30.6	-23.3	-47.7
Administrative expenses	-11.9	-20.1	-26.6	-34.0	-59.7
Research and development costs	-56.6	-49.5	-112.0	-96.2	-203.4
Other operating income/expenses	0.8	1.0	0.1	0.5	0.1
Operating profit/loss	**-62.0**	**-56.4**	**14.7**	**-99.0**	**-201.3**
Net financial items	**-0.1**	**-0.6**	**-0.2**	**0.6**	**-9.4**
Profit/loss after financial items	**-62.1**	**-57.0**	**14.5**	**-98.4**	**-210.8**
Tax	**-1.6**	**-8.5**	**-7.1**	**-8.9**	**-23.3**
Net result for the period from remaining operations	**-63.7**	**-65.4**	**7.5**	**-107.2**	**-234.1**
Net result for the period from divested operations (page 19)	**-43.3**	**4.6**	**-36.9**	**8.7**	**15.0**
Net result for the period	**-107.0**	**-60.8**	**-29.4**	**-98.6**	**-219.1**
Net result for the period attributable to:					
Parent Company shareholders	**-107.0**	**-60.8**	**-29.4**	**-98.6**	**-219.1**
Earnings per share, calculated from the result attributable to Parent Company shareholders during the period					
Remaining operations, SEK	-2.04	-2.09	0.24	-3.43	-7.49
Divested operations, SEK	-1.39	0.15	-1.18	0.28	0.48
Total operations, SEK	**-3.43**	**-1.95**	**-0.94**	**-3.15**	**-7.01**
Average number of shares, 000	31,260	31,257	31,260	31,257	31,257
Number of shares at period end, 000	31,260	31,260	31,260	31,260	31,260

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)	**2013 April-June**	**2012 April-June**	**2013 Jan-June**	**2012 Jan-June**	**2012 Jan-Dec**
Net result for the period	**-107.0**	**-60.8**	**-29.4**	**-98.6**	**-219.1**
Other comprehensive income					
Items that can subsequently be reversed in the Income Statement					
Exchange rate differences	-2.6	0.6	-1.7	0.5	-2.2
Other comprehensive income for the period, net after tax	**-2.6**	**0.6**	**-1.7**	**0.5**	**-2.2**
Total comprehensive income for the period	**-109.6**	**-60.2**	**-31.2**	**-98.1**	**-221.3**
Total comprehensive income attributable to:					
Remaining operations	-64.6	-64.7	6.8	-107.0	-236.0
Divested operations	-45.0	4.5	-38.0	9.0	14.7
	-109.6	**-60.2**	**-31.2**	**-98.1**	**-221.3**

CONSOLIDATED BALANCE SHEET SUMMARY (SEK m)	**2013 30 June**	**2012 30 June**	**2012 31 Dec**
Assets			
Intangible fixed assets	442.8	516.7	514.5
Tangible fixed assets	29.7	36.6	36.0
Financial fixed assets	10.0	9.7	0.0
Deferred tax receivable	48.0	69.9	49.2
Inventories	13.9	86.7	87.3
Current receivables	161.5	107.2	92.5
Short-term investments	249.2	385.5	257.5
Cash and bank balances	30.7	24.1	39.2
Total assets	**985.8**	**1 236.4**	**1 076.2**
Equity and liabilities			
Equity	843.7	998.1	874.9
Long-term liabilities	25.0	55.6	40.5
Current liabilities	117.2	182.7	160.8
Total equity and liabilities	**985.8**	**1 236.4**	**1 076.2**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK m)	**Share capital**	**Other paid-up capital**	**Exchange rate difference**	**Accumulated deficit**	**Total equity**
Opening balance, 1 Jan. 2012	**156.3**	**1 757.3**	**5.8**	**-823.8**	**1 095.6**
Total comprehensive income for the period			-2.2	-219.1	-221.3
Conversion of options		0.4			0.4
Staff stock option plans: value of employee service		0.2			0.2
Closing balance, 31 Dec. 2012	**156.3**	**1 757.9**	**3.6**	**-1 042.9**	**874.9**
Opening balance, 1 Jan. 2012	**156.3**	**1 757.3**	**5.8**	**-823.8**	**1 095.6**
Total comprehensive income for the period			0.5	-98.6	-98.1
Conversion of options		0.4			0.4
Staff stock option plans: value of employee service		0.2			0.2
Closing balance, 30 June 2012	**156.3**	**1 757.9**	**6.3**	**-922.4**	**998.1**
Opening balance, 1 Jan. 2013	**156.3**	**1 757.9**	**3.6**	**-1 042.9**	**874.9**
Total comprehensive income for the period			-1.7	-29.5	-31.2
Closing balance, 30 June 2013	**156.3**	**1 757.9**	**1.9**	**-1 072.4**	**843.7**

CONSOLIDATED CASH FLOW STATEMENT SUMMARY (SEK m)	**2013 April-June**	**2012 April-June**	**2013 Jan-June**	**2012 Jan-June**	**2012 Jan-Dec**
Cash flow from operating activities before changes in working capital	**-94.2**	**-43.7**	**-3.0**	**-71.7**	**-147.4**
Changes in working capital	85.9	38.5	-24.2	20.7	7.9
Cash flow from operating activities	**-8.3**	**-5.2**	**-27.2**	**-51.0**	**-139.5**
Investing activities					
Acquisition/sale of fixed assets	44.0	-0.4	44.2	2.2	-7.3
Cash flow from investing activities	**44.4**	**-0.4**	**44.2**	**2.2**	**-7.3**
Financing activities					
Conversion of options	-	-	-	-	0.4
Amortisation of loans	-7.5	-70.5	-15.0	-78.0	-93.2
Other changes in liabilities	-13.0	0.0	-18.6	0.0	0.0
Cash flow from financing activities	**-20.6**	**-70.5**	**-33.7**	**-78.0**	**-92.8**
Cash flow for the period					
Liquid assets at beginning of period	264.4	485.5	296.7	536.3	536.3
Change in liquid assets	15.5	-76.1	-16.8	-126.8	-239.6
Exchange rate difference, liquid assets		0.1	-0.1	0.1	0.0
Liquid assets at period end	**279.9**	**409.6**	**279.9**	**409.6**	**296.7**

KEY RATIOS, SHARE DATA	2013 Jan-June	2012 Jan-June	2012 Jan-Dec
Return on:			
- shareholders' equity,%	1.7	-5.4	-21.4
- capital employed,%	1.6	-4.7	-17.6
- total assets,%	1.4	-4.4	-16.6
Number of shares at beginning of period, 000	31 260	31 254	31 254
New share issues	0	6	6
Number of shares at period end, 000	31 260	31 260	31 260
- of which class A shares	660	660	660
- of which class B shares	30 600	30 594	30 600
Average number of shares, 000	31 260	31 257	31 257
Outstanding subscription rights, 000	404	394	394
- entitlement to class B shares upon conversion, 000	404	430	430
Share capital at period end, SEK m	156.3	156.3	156.3
Shareholders' equity at period end, SEK m	843.7	998.1	874.9
Basic and diluted earnings per share, (SEK per share)			
- Remaining operations	0.24	-3.43	-7.49
- Divested operations	-1.18	0.28	0.48
- Total operations	-0.94	-3.15	-7.01
Shareholders' equity per share, SEK	26.99	31.93	27.99
Net worth per share, SEK	26.99	31.93	27.99
Cash flow per share after investments, SEK	0.54	-1.56	-4.69
Equity/assets ratio, %	85.6	80.7	81.3
EBITDA	43.6	-79.6	-165.3
EBIT	14.7	-99.0	-201.3
Operating margin, %	6.7	-116.2	-118.0

Key ratio definitions

Average number of shares. The unweighted average number of shares during the year.
Basic earnings per share. Profit/loss per share after tax divided by the average number of shares.
Cash flow per share after investments. Cash flow after investments divided by the average number of shares.
Capital employed. Balance sheet total less non-interest-bearing liabilities including deferred tax liabilities.
Diluted earnings per share. Profit/loss per share after tax divided by the average number of shares and outstanding warrants, adjusted for any dilution effect.
EBIT (Earnings before interest and taxes). Operating profit/loss after depreciation and amortisation.
EBITDA (Earnings before interest, taxes, depreciation and amortisation). Operating profit/loss before depreciation and amortisation.
Equity/assets ratio. Shareholders' equity in relation to balance sheet total.
Net worth per share. Shareholders' equity plus hidden assets in listed equities divided by the number of shares at the period end.
Operating margin. Operating profit/loss as a percentage of net turnover.
Return on capital employed. Profit/loss after financial items plus financial expenses as a percentage of average capital employed.
Return on shareholders' equity. Profit/loss after financial items as a percentage of average shareholders' equity.
Return on total assets. Profit/loss after financial items plus financial expenses as a percentage of the average balance sheet total.
Shareholders' equity per share. Shareholders' equity divided by the number of shares at the period end.

PARENT COMPANY INCOME STATEMENT SUMMARY (SEK m)	**2013 Apr-June**	**2012 Apr-June**	**2013 Jan-June**	**2012 Jan-June**	**2012 Jan-Dec**
Net turnover	0.0	-0.7	126.9	0.4	34.3
Cost of goods sold	0.0	-0.1	-0.7	-0.1	-0.3
Gross profit	**0.0**	**-0.8**	**126.1**	**0.3**	**34.1**
Selling expenses	-1.6	-0.4	-6.6	-0.7	-3.8
Administrative expenses	-17.7	-17.6	-32.8	-30.6	-56.1
Research and development costs	-58.9	-50.4	-114.2	-97.6	-206.3
Other operating income/expenses	5.2	4.0	13.1	3.4	7.3
Operating profit/loss	**-73.0**	**-65.2**	**-14.4**	**-125.2**	**-224.8**
Net financial items	**120.1**	**3.6**	**120.7**	**6.9**	**-25.1**
Profit/loss after financial items	**47.1**	**-61.6**	**106.3**	**-118.3**	**-249.9**
Net result for the period	**47.1**	**-61.6**	**106.3**	**-118.3**	**-249.9**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)	**2013 April-June**	**2012 April-June**	**2013 Jan-June**	**2012 Jan-June**	**2012 Jan-Dec**
Net result for the period	**47.1**	**-61.6**	**106.3**	**-118.3**	**-249.9**
Other comprehensive income for the period, net after tax	**47.1**	**-61.6**	**106.3**	**-118.3**	**-249.9**
Total comprehensive income for the period	**47.1**	**-61.6**	**106.3**	**-118.3**	**-249.9**

PARENT COMPANY BALANCE SHEET SUMMARY (SEK m)	2013 30 June	2012 30 June	2012 31 Dec
Assets			
Intangible fixed assets	6.3	3.5	13.3
Tangible fixed assets	28.8	33.7	33.0
Financial fixed assets	604.3	614.0	604.3
Inventories	0.0	0.2	0.0
Current receivables	156.1	14.9	24.8
Short-term investments	249.2	385.5	257.5
Cash and bank balances	17.2	14.6	14.9
Total assets	**1 061.9**	**1 066.4**	**947.8**
Equity and liabilities			
Equity	989.7	1 015.0	883.4
Current liabilities	72.2	51.4	64.4
Total equity and liabilities	**1 061.9**	**1 066.4**	**947.8**

PARENT COMPANY CASH FLOW STATEMENT SUMMARY (SEK m)	2013 April- June	2012 April- June	2013 Jan- June	2012 Jan- June	2012 Jan- Dec
Cash flow from operating activities before changes in working capital	**-64.4**	**-58.6**	**-3.3**	**-112.7**	**-202.3**
Changes in working capital	82.0	3.3	-2.2	2.0	-27.5
Cash flow from operating activities	17.6	**-55.2**	-5.5	**-110.7**	**-229.8**
Investing activities					
Acquisition/sale of fixed assets	0.2	-0.4	0.5	-5.4	-14.5
Cash flow from investing activities	0.2	**-0.4**	0.5	**-5.4**	**-14.5**
Financing activities					
Dividend	-	-	-	-	-
Conversion of options	**-**	-	**-**	-	0.4
Cash flow from financing activities		**-**		**-**	**0.4**
Cash flow for the period					
Liquid assets at beginning of period	249.1	455.8	272.4	516.3	516.3
Change in liquid assets	17.4	-55.7	-6.0	-117.1	-243.9
Liquid assets at period end	**266.4**	**400.1**	**266.4**	**400.1**	**272.4**

Accounting principles

Medivir applies International Financial Reporting Standards (IFRS) as endorsed by the European Union. Significant accounting and valuation principles are presented on pages 59-66 of the 2012 Annual Report. The Group's Interim Report has been prepared in accordance with IAS 34. The Parent Company applies the principles recommended by the Swedish Financial Reporting Board in its recommendation, RFR 2. Other new or revised IFRS standards and IFRIC interpretations that have come into force since 31 December 2012 have had no significant effect on the Group's or Parent Company's financial position or results.

Segment reporting

Medivir was, until 30 June 2013, organised into two operating segments. The Pharmaceuticals segment includes the Group's research portfolio, the in-house developed cold sore pharmaceutical, Xerclear and the proprietary pharmaceuticals of the wholly owned subsidiary, BioPhausia. The other operating segment comprised parallel imports of pharmaceuticals via BioPhausia's Cross Pharma subsidiary.

Reporting of operating segments, Jan-June	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
(SEK m)	**Pharmaceuticals**		**Parallel imports**		**Eliminations**		**Total**	
Net turnover	218.8	85.2	213.0	199.9	0.0	0.0	431.8	285.1
EBITDA	43.6	-79.6	8.2	7.2	-6.8*	0.0	45.0	-72.4
Depreciation and amortisation							-21.1	-17.6
Net financial items							-46.8	-0.1
Profit/loss after financial items							-22.9	-90.1

*Refers to selling expenses for Cross Pharma which are included in the profit/loss for the period from divested operations.

Divested operations

On 25 June, Medivir announced the sale of its parallel imports operations, Cross Pharma AB, including the Polish subsidiary company, Prodlekpol. The transaction of 30 June is anticipated to result in a capital loss of SEK 46.0 million. The consolidated value of Cross Pharma was SEK 57.3 million and primarily comprised goodwill and trademark. The capital loss also includes transaction costs and exchange rate profits/losses totalling SEK 8.1 million. Payment for the shares was SEK 19.3 million.

On 1 July, receivables from the purchaser, Unimedic, totalling SEK 119.3 million were paid. The balance of receivables due from Unimedic now total SEK 15.0 million which sum will fall due for linear payment during a 36 month period.

The sale has been reported separately as a divested operation in the Income Statement in accordance with IFRS 5. A divested operation is reported separately from remaining operations in the Income Statement with retroactive effect for previous periods. Parallel Imports are reported as a divested operation below.

Profit/loss for divested operations for the period, Parallel Imports (SEK m)	2013 April-June	2012 April-June	2013 Jan-June	2012 Jan-June	2012 Jan-Dec
Operating income	108.5	108.3	213.0	199.9	384.4
Operating expenses	-105.6	-103.5	-203.8	-190.9	-368.8
Profit/loss from divestment of operations	-46.0	-	-46.0	-	-
Financial items	-0.7	-0.3	-0.6	-0.7	2.3
Profit/loss before tax	**-43.8**	**4.4**	**-37.4**	**8.4**	**17.9**
Tax	0.4	0.2	0.5	0.3	-2.8
Profit/loss after tax	**-43.3**	**4.6**	**-36.9**	**8.7**	**15.0**

Cash flow attributable to divested operations, Parallel Imports (SEK m)	2013 April-June	2012 April-June	2013 Jan-June	2012 Jan-June	2012 Jan-Dec
Cash flow from operating activities	-9.3	-8.5	-15.1	-5.2	14.8
Cash flow from investing activities	41.9	0.1	42.0	-0.8	-0.9
Cash flow from financing activities	-4.0	-0.2	-9.3	0.1	0.3
Cash flow for the period	**28.7**	**-8.5**	**17.6**	**-5.9**	**14.2**

Seasonal variations

Medivir's sales and operating profit/loss are, to some extent, dependent on external seasonal variations over which the company has no control. Sales of influenza and common cold medications in the first and fourth quarters are affected by the influenza and common cold season's intensity and timing. This risk is, however, mitigated by the fact that Medivir has a number of other products in other therapeutic areas.

Transactions with related parties

Transactions with related parties are on an arm's length basis. There are agreements between companies owned by senior key employees and Medivir, conferring entitlement to royalties on products that the company may develop based on patented inventions that the company has purchased from the parties in question. Payments to these parties of SEK 3.4 million (SEK 0.0 m) occurred during the period. Other services were purchased from related parties for a total of SEK 0.0 million (SEK 0.3 m).

Fair value measurement of financial assets and liabilities

IFRS 13 requires that financial instruments be classified in a 3-level hierarchy on the basis of the information used to determine their fair value. Level 1 inputs are when fair value is measured on the basis of quoted prices in active markets for identical financial assets or liabilities. Level 2 inputs are when fair value is measured on the basis of observable information other than quoted market prices included within level 1. Level 3 inputs are when the fair value is measured using valuation models in which significant inputs are based on unobservable data.

The Group has level 1 short-term investments. The short-term investments, in the form of fixed income funds, are managed as a group of financial assets and are reported at fair value in the Income Statement. The Group has saleable financial assets at level 3 and which are not adjudged to have any value.

Other financial assets and liabilities
The fair value of financial instruments such as accounts receivable, accounts payable, and other non-interest-bearing financial assets and liabilities which are reported at the accrued acquisition value less any depreciation, is adjudged to correspond to the reported value due to their short anticipated terms.

Share-related incentive programmes

The intention of share-related incentive programmes is to promote the company's long-term interests by motivating and rewarding the company's senior executives and other members of staff. Medivir currently has one active share-related incentive programme.

Share saving plan, 2013 (LTI 2013)
The Share saving plan, 2013 (LTI 2013) is a long-term, performance-based share-related incentive programme that was approved at the Annual General Meeting held on 6 May 2013. The Share saving plan comprises all permanent employees of Medivir AB. The plan is structured to enable a participant to invest in a number of shares and receive the corresponding number of shares, free of charge, if the participant stays with the company for 3 years. Employees may also receive additional shares in line with the strategic development of Medivir's research and product portfolio and earnings per share during the period from 2013 to 2015.

LTI 2013 will be reported in accordance with IFRS 2 – Share-based payment. The maximum number of class B shares in Medivir that may be disbursed in accordance with the plan, including those additional shares that may be obtained through the exercise of warrants to hedge the plan, is 404,374 class B shares corresponding to approximately 1.28 per cent of the total number of shares and approximately 1.08 per cent of the total number of votes in Medivir. The maximum amount by which the share capital can increase is SEK 2.0 million. The cost of LTI 2013 before tax and in the event of full fulfilment of the terms for the Performance-based Share warrants, including the cost of social security contributions, has, in accordance with certain assumptions, been estimated at a total of approximately SEK 32 million, which sum, on a yearly basis, corresponds to approximately 7.9 per cent of Medivir's total staff overheads during the 2012 financial year. No costs have been charged to the profit/loss during the period.

Stock option plan, 201 – 2013
A staff stock option plan was adopted at the 2010 Annual General Meeting. The plan comprised all permanent employees of Medivir AB. The term of the plan was from 30 April 2010 to 31 May 2013. The plan was forfeited during the second quarter of 2013 without any options having been exercised during the term of the plan. Detailed information on the stock option plan 2010-2013, is presented in Medivir's 2012 Annual Report.

Significant risks and uncertainty factors

An effective risk assessment reconciles Medivir's business opportunities and results with the requirements of shareholders and other stakeholders for stable, long-term value growth and control. The process of research and pharmaceutical development, all the way up to approved registration, is both high risk and capital-intensive. The majority of projects initiated will never achieve market registration. If competing products take market shares, or competing research projects achieve better efficacy and reach the market more quickly, the future value of Medivir's product and project portfolio may be lower than expected. Medivir's ability to produce new CDs (candidate drugs), to enter into partnerships for its projects, to successfully develop its projects to market launch and continued sale, and to secure funding for its operations, are decisive in terms of the company's future.

Medivir is exposed to the following main risk categories:

- Exogenous risks – such as regulatory approval, competition, price changes, external seasonality and patent protection;
- Operating risks – such as integration risk, production risk, and a reliance on key employees and partnerships;
- Financial risks – such as liquidity, interest, currency and credit risk.

No changes to the risks and uncertainty factors occurred during the period. A more detailed description of exposure to risk, and of the ways in which Medivir manages it, is provided in the 2012 Annual Report.

The Interim Report has not been subject to review by the company's auditors.

This report has been prepared in both a Swedish and an English version. In the event of any discrepancy between the two, the Swedish version shall apply.

Affirmation

The Board of Directors and the President & CEO hereby affirm that the Interim Report constitutes a fair review of the operations, position and results for the company and the Group and that it describes significant risks and uncertainty factors faced by the company and the companies that make up the corporate Group.

Stockholm, 22 August 2013

Björn C Andersson
Member of the Board

Rolf Classon
Member of the Board

Anders Hallberg
Member of the Board

Ingemar Kihlström
Member of the Board

Anna Malm Bernsten
Member of the Board

Göran Pettersson
Chairman of the Board

Birgitta Stymne Göransson
Member of the Board

Bo Öberg
Member of the Board

Maris Hartmanis
President & CEO