Press release, 24 February 2014

Financial Statement, 1 January – 31 December 2013*

Financial summary for the year as a whole. Continuing Group operations, excluding Cross Pharma.

- Net turnover totalled SEK 446.1 million (SEK 170.6 m), SEK 258.5 (4.4) million of which represented non-recurrent payments.
- The profit/loss after tax was SEK 16.0 million (SEK -234.1 m).
- Basic and diluted earnings per share totalled SEK 0.51 (SEK -7.49).
- The cash flow from operating activities amounted to SEK 43.0 million (SEK -139.5 m), while liquid assets and short-term investments totalled SEK 402.2 million (SEK 296.7 m) at the period end.

Q4 2013 (October - December). Continuing Group operations, excluding Cross Pharma.

- Net turnover totalled SEK 147.1 million (SEK 48.8 m), SEK 88.0 (4.4) million of which represented non-recurrent payments.
- The profit/loss after tax was SEK 19.3 million (SEK -70.6 m).
- Basic and diluted earnings per share totalled SEK 0.62 (SEK -2.26).
- The cash flow from operating activities amounted to SEK 75.6 million (SEK -49.5 m), while liquid assets and short-term investments totalled SEK 402.2 million (SEK 296.7 m) at the period end.
- Positive data were obtained from the phase I study with MIV-711 (cathepsin K) for the treatment of osteoarthritis and other bone-related disorders. MIV-247 (a cathepsin S inhibitor) was selected as a candidate drug and has entered pre-clinical development for the treatment of neuropathic pain.

Simeprevir

- Simeprevir was approved in Canada and the USA for the treatment of hepatitis C, and was made available to patients in Japan, the USA and Canada.
- The first royalty from global pharmaceutical sales totalled SEK 10.5 million.
- Positive data were reported from two phase III studies of simeprevir in hepatitis C subpopulations – HCV/HIV co-infected and HCV genotype 4 infected patients.
- Positive results were presented from the COSMOS study with simeprevir and sofosbuvir in cirrhotic and non-cirrhotic patients.
- A phase II combination study with simeprevir, TMC647055 and samatasvir (IDX719) was initiated.
- A phase IIa combination study with simeprevir, TMC647055 and JNJ56914845 (GSK805) was initiated.

Significant events after the end of Q4

- Interim results from a phase II combination study with simeprevir and samatasvir (IDX719) were presented.
- Medivir's Board has decided to initiate a process to find a new CEO with a strong marketing and sales profile to lead and develop the company´s business further. Maris Hartmanis will remain as Medivir's CEO until his successor has taken up the position.

CONSOLIDATED INCOME STATEMENT SUMMARY*	**2013**	**2012**	**2013**	**2012**
Continuing operations (SEK m)	**Oct-Dec**	**Oct-Dec**	**Jan-Dec**	**Jan-Dec**
Net turnover	147.1	48.8	446.1	170.6
Gross profit	126.5	32.4	374.3	109.3
Operating profit before depreciation and amortisation (EBITDA)	32.0	-44.9	76.4	-165.3
Operating profit (EBIT)	20.6	-53.8	25.2	-201.4
Profit/loss before tax	22.8	-58.7	27.7	-210.8
Profit/loss after tax	19.3	-70.6	16.0	-234.1
Operating margin, %	14.0	-110.0	5.6	-118.0
Basic and diluted earnings per share, SEK	0.62	-2.26	0.51	-7.49

* All figures refer to the Group, unless otherwise stated. Comparisons in this Interim Report are, unless otherwise stated, with the corresponding period in 2012. Cross Pharma was divested from the Group on 30 June 2013.

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 2013

"Patients with hepatitis C can now be treated with Simeprevir in Japan, Canada and the USA"
2013 was a successful and intensive year. We made important progress in our in-house projects during the year, and simeprevir was approved for the treatment of patients with genotype 1 chronic hepatitis C virus. This means that simeprevir is now available to patients in a number of important markets and that seriously ill patients can be treated with the drug. Simeprevir was approved in Japan in September and in the USA and Canada in November 2013. Simeprevir generated milestone payments corresponding to EUR 30 million during the year. Our partner, Janssen, filed a marketing authorisation application for simeprevir to the European Medicines Agency (EMA) in April 2013, and we anticipate European approval during the first half of 2014. We also received the first royalty income for simeprevir, totalling SEK 10.5 million for December.

A number of important structural changes were also carried out within the company during the year. We streamlined the company's operations by divesting Cross Pharma AB and conducted a review of our project portfolio, which resulted in more focused activities.

Research and development
One of the important goals of the further development of simeprevir is to produce a completely interferon-free and ribavirin-free treatment. Two additional interferon-free phase II studies, now with the addition of two direct acting antiviral agents to simeprevir, were accordingly initiated during the fourth quarter. In the first study, the patients will be treated with simeprevir, TMC647055 and two different doses of JNJ56914845, without ribavirin, while in the other study, HELIX-2, simeprevir, samatasvir and TMC647055 will be evaluated, with and without ribavirin.

Positive interim data from the interferon-free COSMOS study were presented in November. The aim was to study the efficacy and safety of combination treatment with simeprevir and sofosbuvir, with or without ribavirin, in the most difficult-to-treat patient groups. Additional data from this study will be presented in 2014.

In October 2013, the cathepsin S inhibitor, MIV-247, was designated as a candidate drug for the treatment of neuropathic pain. MIV-247 therefore enters pre-clinical development.

The in-house developed cathepsin K inhibitor, MIV-711, for the treatment of bone-related disorders showed positive results in clinical phase I studies now completed.

Work on nucleotide-based polymerase inhibitors targeting hepatitis C has continued successfully during the year.

These events all illustrate the clear progress being made by our in-house projects.

Pharmaceuticals
Our pharmaceutical portfolio generated solid full-year sales of SEK 176.1 million, corresponding to a year-on-year growth of 7% in net turnover and of 4% in the number of units sold. We have established a strong Nordic sales organisation during the year, with an increased presence in the Nordic countries. This is an important stage in our preparations for the market launch of new specialist pharmaceuticals such as simeprevir and Adasuve.

2013 saw the 25th anniversary of Medivir's foundation as a company. It is impressive to see how much has happened over these years. Today, Medivir is a growing Nordic pharmaceuticals company that combines successful research and development activities with a strong Nordic commercial pharmaceutical sales organisation. Now that simeprevir has reached the market, the company will enter a commercialisation phase that brings new opportunities and challenges.

We look forward to an eventful 2014 that will see continued growth and important steps in the development and provision of innovative pharmaceuticals that improve peoples' health and quality of life.

Maris Hartmanis,
President & CEO

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Conference call for investors, analysts and the media

The 2013 Financial Statement will be presented by the CEO, Maris Hartmanis, and members of Medivir's management group.

Date: 24 February 2014
Time: 14.00 (CET)

Phone numbers for participants from:
Sweden +46 (0) 8 505 564 87
Europe +44 (0) 20 7660 2078
USA +1 855 716 1592

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

Financial calendar

The Annual General Meeting will be held on 8 May 2014.
The Interim Report for January-March will be published on 8 May 2014.
The Interim Report for January-June will be published on 21 August 2014.

Significant events during Q4 2013

Positive data obtained from two phase III studies with Simeprevir in hepatitis C subpopulations – HCV/HIV co-infected and genotype 4 infected patients

Preliminary data from two phase III studies were presented at the European AIDS conference, EACS. The studies were designed to evaluate simeprevir in genotype 4 chronic hepatitis C infected patients or in genotype 1 hepatitis C and HIV-1 co-infected patients.

Only the data for those patients who had reached the study visit 4 weeks after completion of treatment were included in the interim analysis. SVR4 (sustained virologic response 4 weeks after completion of treatment) was achieved in 91% of treatment-naïve patients and in 89% of treatment experienced prior relapsers.

The results of the study of patients with HCV/HIV co-infection showed a high cure rate, regardless of previous hepatitis C treatment response. SVR12 was achieved in 79% of the treatment-naïve patients, in 87% of prior relapsers, in 70% of partial responders, and in 57% of null responders.

Results presented from the COSMOS study with Simeprevir and Sofosbuvir in cirrhotic and non-cirrhotic patients

Data from the interferon-free COSMOS study were presented in a late-breaking session at the Annual Meeting of the American Association for the Study of Liver Diseases (AASLD). COSMOS is an open-label phase IIa study investigating the safety and efficacy of simeprevir in combination with sofosbuvir, with or without ribavirin, for either 12 or 24 weeks. The study enrolled HCV genotype 1 patients who were divided into two cohorts: Cohort 1 – patients who were prior null responders to treatment with interferon and ribavirin with METAVIR F0-F2 scores; and Cohort 2 – treatment-naïve patients and null responders with METAVIR F3-F4 scores. The METAVIR scale is used to quantify the degree of inflammation and fibrosis/cirrhosis of the liver on a four-point scale where F4 corresponds to cirrhosis.

Summary of results: Virologic response to treatment, once daily, with 150 mg of simeprevir (SMV) and 400 mg of sofosbuvir (SOF), with or without ribavirin (RBV). Intent-to-treat (ITT) population.

Cohort 1: Prior null responder HCV patients with METAVIR scores F0-F2				
% (n)	SMV / SOF + RBV 24 weeks	SMV / SOF 24 weeks	SMV / SOF + RBV 12 weeks	SMV / SOF 12 weeks
SVR12	**79* (19/24)**	**93 (14/15)**	**96 (26/27)**	**93 (13/14)**

*17% (4/24) non-virologic failure

Cohort 2: Prior null responder and treatment-naïve HCV patients with METAVIR scores F3 or F4**				
% (n)	SMV / SOF + RBV Naïve (12-weeks)	SMV / SOF Naïve (12 weeks)	SMV / SOF + RBV Null responders (12 weeks)	SMV / SOF Null responders (12 weeks)
SVR4	**100 (12/12)**	**100 (7/7)**	**93 (14/15)**	**100 (7/7)**

***SVR4 data were only available for 12-week arms at time of interim analysis cut-off.*

The COSMOS study's interim results showed no benefit from adding ribavirin to simeprevir and sofosbuvir in these difficult-to-treat HCV patient groups and that 12-week treatment conferred similar clinical benefits to 24-week treatment. Simeprevir + sofosbuvir, with or without ribavirin, were generally well tolerated. Anaemia and bilirubin increases occurred mainly in the ribavirin containing arms of treatment.

Simeprevir approved in Canada and the USA as a treatment for hepatitis C and made available for patients in Japan, the USA and Canada

Simeprevir was approved by the U.S. Food and Drug Administration (FDA) and the Canadian pharmaceutical authority, Health Canada. The approvals relate to treatment with simeprevir in combination with pegylated interferon and ribavirin for the treatment of chronic hepatitis C genotype 1 infection. The treatment has been approved for adult patients with compensated liver disease (including cirrhosis) who are treatment-naïve, have relapsed or failed previous interferon-based therapy.

Simeprevir was also launched in three markets and can now be prescribed for the treatment of chronic hepatitis C patients in Japan (Sovriad™), Canada (Galexos™) and the USA (Olysio™). Simeprevir is administered once daily for 12 weeks in combination with pegylated interferon and ribavirin, followed by pegylated interferon and ribavirin only for an additional 12 or 36 weeks.

The US approval triggered a milestone payment of EUR 10 million to Medivir.

Phase II combination study with Simeprevir, TMC647055 and Samatasvir (IDX719) initiated

Idenix Pharmaceuticals Inc. initiated HELIX-2, a clinical phase II study that is the second trial to have been initiated under the non-exclusive partnership agreement between Idenix and Janssen. The aim of HELIX-2 is to evaluate an all-oral, direct-acting antiviral combination therapy for hepatitis C of simeprevir, samatasvir and TMC647055 with a pharmacokinetic enhancer. The study enrolled genotype 1 HCV infected patients who are either treatment-naïve or who have relapsed after prior treatment with interferon and ribavirin. The patients will receive 75 mg of simeprevir, 50 mg of samatasvir and 450 mg of TMC647055 plus a low dose of ritonavir as a pharmacokinetic enhancer improving bioavailability, each once daily for 12 weeks, with or without the addition of ribavirin.

Phase IIa combination study with Simeprevir, TMC647055 and JNJ56914845 initiated

A clinical phase IIa study with chronic genotype 1 hepatitis C infected patients was initiated. The aim is to evaluate the efficacy, safety and tolerability of a 12-week combination therapy of simeprevir, the non-nucleoside polymerase inhibitor TMC647055, and the NS5A replication complex inhibitor JNJ56914845. The study enrolled hepatitis C patients who are treatment-naïve or who have relapsed after prior treatment with interferon and ribavirin. The patients will receive 75 mg simeprevir, 30 or 60 mg JNJ56914845 and 450 mg TMC647055, plus a low dose of ritonavir as a pharmacokinetic enhancer, each once daily for 12 weeks.

Positive data obtained from a phase I study with MIV-711 for the treatment of osteoarthritis and other bone-related disorders

The company's in-house developed cathepsin K inhibitor, MIV-711, for the treatment of osteoarthritis and other bone-related disorders, showed positive results in a clinical phase I study. The aim of the study was to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics (effects on biomarkers for bone and cartilage turnover) of treatment with 50 mg, 100 mg and 200 mg of MIV-711 or placebo once daily for 7-28 days. The results demonstrate that treatment with MIV-711 is safe and well tolerated in doses that effectively decrease biomarkers of cartilage degradation and bone resorption. MIV-711 reduced the biomarkers for bone resorption and cartilage degradation by up to 72% and 55%, respectively, compared with placebo. Recent research has shown that both bone resorption and cartilage degradation play an important part in the development of osteoarthritis and that any future optimal treatment for osteoarthritis should, therefore, have a suppressing effect on both of these processes if it is to slow the progression of the disease.

MIV-247 designated as a candidate drug and enters pre-clinical development for the treatment of neuropathic pain

MIV-247, a potent and selective cathepsin S inhibitor, was designated as a candidate drug for the treatment of neuropathic pain. MIV-247 now enters pre-clinical development and will undergo the safety studies required before it can be tested on human subjects in clinical trials. Cathepsin S is an enzyme that plays an important role in neuropathic pain through its action in releasing fractalkine (a pro-inflammatory peptide), which is important for pain sensation. MIV-247 has shown good efficacy in experimental models of neuropathic pain, with no evidence of tolerance induction.

Approximately 25 million people in the USA, Europe and Japan suffer from neuropathic pain, which is defined as pain caused by a disease or injury that affects pain and sensory nerves. Conditions of this kind include diabetes, disk herniation or other chronic lower-back disorders and herpes zoster infection. The currently marketed drugs have limited efficacy and poor side effect profiles and there is, therefore, a great need for efficacious new drugs with improved adverse event profiles.

Significant events after the end of the financial period

Interim results (SVR4) presented from a phase II combination study with Simeprevir and Samatasvir (IDX719)

Idenix Pharmaceuticals Inc. presented interim data from the on-going phase II clinical study, HELIX-1, for the treatment of hepatitis C. The trial is evaluating an all-oral, direct-acting antiviral combination therapy with simeprevir (150 mg) and samatasvir (50, 100 or 150 mg) and ribavirin for 12 weeks. Simeprevir is a protease inhibitor and samatasvir (which is being developed by Idenix) is a pan-genotypic NS5A replication complex inhibitor administered once daily. The results show that the combination treatment was well tolerated and that in the 50 mg cohort, 85% of the patients (n=17/20) achieved SVR4 (sustained virologic response four weeks after completion of treatment). 50 mg of samatasvir corresponds to the selected dose in the on-going triple study, HELIX-2, which involves simeprevir, samatasvir and TMC647055.

Decision to initiate a process to find a new CEO

Medivir has executed a number of important structural changes during 2012 and 2013, including focusing its R&D portfolio and divesting Cross Pharma. A number of key people have also joined the company, for example a new EVP of Discovery Research. This makes the company well-positioned to continue and accelerate its development as a research based pharmaceutical company.

With the anticipated launch of simeprevir and Adasuve throughout the Nordic region, Medivir is moving into a commercialization phase with new challenges and opportunities. To give Medivir the best possible foundation to build on these opportunities, the Board has, together with Maris Hartmanis, decided to initiate a process to find a new CEO.

Medivir is moving towards profitability and this will require a leadership with a focus on corporate strategy, sales and marketing. Maris Hartmanis will remain as Medivir's CEO until his successor has taken up the position.

Project portfolio

Medivir is a research-based pharmaceutical company. The research portfolio currently comprises three projects that focus on the development of antiviral pharmaceuticals. We also conduct research projects in other disease areas, such as bone-related disorders and neuropathic pain. The projects are based on Medivir's expertise in the polymerase and protease areas.

Medivir will continue to identify partners and to enter into future partnership agreements for product development, but it intends to retain commercial rights for its projects in the Nordic region.
In parallel with our in-house research projects Medivir will identify potential new opportunities for development through acquisitions or licensing.

The company's project portfolio is summarised in the chart below. Ongoing projects in the early research phase, e.g. in the areas of cancer and antimicrobial therapy are not included here. For additional information, please visit the company's website at www.medivir.com.

Therapeutic area	Product/Project	Partner	Preclinical phase: Research	Preclinical phase: Develop-ment	Clinical phase: Phase I	Clinical phase: Phase IIa	Clinical phase: Phase IIb	Clinical phase: Phase III	Market
Antivirals									
Labial herpes	Xerclear® (Zoviduo, Zovirax Duo)	GlaxoSmithKline (GSK)							
Hepatitis C	Simeprevir (TMC435), NS3 protease inhibitor	Janssen Pharmaceuticals							
Hepatitis C	NS5B nucleotide-based polymerase inhibitor	Janssen Pharmaceuticals							
Hepatitis C	NS5B nucleotide-based polymerase inhibitor								
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 refer to the Group, unless otherwise stated. Comparisons in this Interim Report are, unless otherwise stated, with the corresponding period in 2012. Cross Pharma was divested from the Group on 30 June 2013.

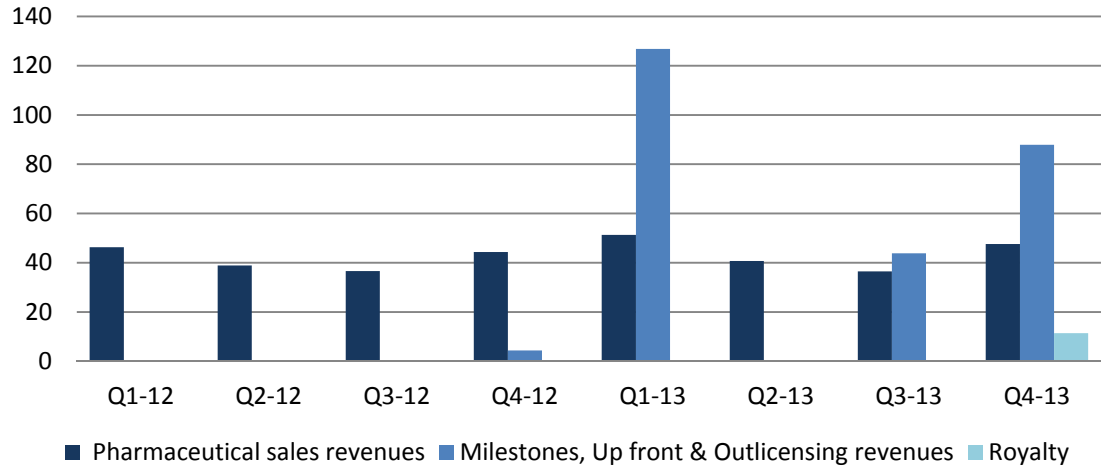
Medivir was, until 30 June 2013, organised into two operating segments. On 30 June, the wholly-owned subsidiary company, Cross Pharma AB, which conducted parallel imports of pharmaceuticals, was sold. The Group's continuing operations consist, as of the third quarter of 2013, of one segment comprising both research and development operations, and pharmaceutical sales.

Net turnover breakdown (SEK m)	**2013 Oct-Dec**	**2012 Oct-Dec**	**2013 Jan-Dec**	**2012 Jan-Dec**
Outlicensing and partnership agreements				
Non-recurrent payments	88.0	4.4	258.5	4.4
Pharmaceutical sales	47.6	44.3	176.1	164.9
Royalties	11.5	-	11.5	-
Other services	-	0.1	-	1.3
Total	**147.1**	**48.8**	**446.1**	**170.6**

Revenues and results, 1 October-31 December 2013

Net turnover totalled SEK 147.1 million (SEK 48.8 m), corresponding to an increase of SEK 98.3 million. Non-recurrent payments from outlicensing and partnership agreements totalled SEK 88.0 million (SEK 4.4 m) and referred to the marketing approval of simeprevir in the USA. Royalty income from pharmaceutical sales of simeprevir and Xerclear totalled SEK 11.5 million (SEK 0.0 m), SEK 10.5 million of which related to sales of simeprevir in December. Revenues from Medivir's own pharmaceutical sales totalled SEK 47.6 million, corresponding to an increase of SEK 3.3 million and resulting mainly from increases in the number of units sold and an increase in the price of Mollipect.

Net turnover continuing operations per quarter, SEK m



The gross profit was SEK 126.5 million (SEK 32.4 m), corresponding to an increase of SEK 94.1 million and equating to a gross margin of 86 per cent (66%). The increase is primarily the effect of non-recurrent payments and royalty income.

The total operating costs were SEK -105.9 million (SEK -86.1 m), corresponding to an increase of SEK 19.8 million. Selling expenses increased by SEK 8.1 million, while administrative expenses, which primarily involved preparations for an anticipated Nordic market introduction of simeprevir, increased by SEK 3.8 million. Research and development costs increased by SEK 10.5 million, largely due to an increase of SEK 4.5 million in royalty costs and to a write-down of SEK 3.3 million in respect of parts of R&D assets acquired from Novadex. Other operating income increased by SEK 2.6 million and was mainly attributable to exchange rate effects.

The operating profit/loss totalled SEK 20.6 million (SEK -53.8 m), corresponding to a positive change of SEK 74.4 million. The positive change was primarily due to higher net turnover. Net financial items totalled SEK 2.2 million (SEK -4.9 m). Net financial items for the corresponding period last year included a negative item in respect of the revaluation of third party shareholdings.

Revenues and results, 1 January-31 December 2013

Net turnover totalled SEK 446.1 million (SEK 170.6 m), corresponding to an increase of SEK 275.5 million. Non-recurrent payments from outlicensing and partnership agreements totalled SEK 258.5 million and referred both to the New Drug Application for simeprevir filed in Japan, and the approval, (EUR 10 million) and to the New Drug Application filed in the USA, and the approval, (EUR 20 million). Royalty income for pharmaceutical sales of simeprevir and Xerclear totalled SEK 11.5 million (SEK 0.0 m), SEK 10.5 million of which referred to simeprevir. Revenues from the company's own pharmaceutical sales totalled SEK 176.1 million (SEK 164.9 m), corresponding to an increase of SEK 11.2 million and resulting primarily from increases in the number of units sold and an increase in the price of Mollipect. The most important products in terms of the company's own pharmaceutical sales continued to be Mollipect, Lithionit and Citodon.

The gross profit was SEK 374.3 million (SEK 109.3 m), corresponding to an increase of SEK 265.0 million, and equating to a gross margin of 84 per cent (64%). The increase is primarily the effect of non-recurrent payments and royalty income.

The total operating costs were SEK -349.1 million (SEK -310.7 m), corresponding to an increase of SEK 38.4 million. Selling expenses increased by SEK 22.7 million, while administrative expenses fell by SEK 7.8 million reflecting a reclassification between types of cost after the divestment of the parallel imports operations of SEK 17.0 million, offset by preparations ahead of the anticipated Nordic market introduction of simeprevir. Research and development costs increased by SEK 26.0 million, primarily as a result of an increase of SEK 13.0 million in royalty costs and a write-down of SEK 10.0 million in respect of R&D assets acquired from Novadex. Other operating income increased by SEK 2.5 million, largely due to exchange rate effects.

The operating profit/loss totalled SEK 25.2 million (SEK -201.4 m), corresponding to an increase of SEK 226.6 million. The positive change was primarily due to higher net turnover.

Net financial items totalled SEK 2.5 million (SEK -9.4 m). Net financial items for the corresponding period last year included a negative item in respect of the revaluation of third party shareholdings.

The tax cost for the period amounted to SEK -11.7 million (SEK -23.3 m). The cost comprises a reduction in the deferred tax asset arising from the utilisation of capitalised tax loss carry forwards.

The profit/loss for the period from the continuing operations was SEK 16.0 million (SEK -234.1 m). Basic and diluted earnings per share from continuing operations amounted to SEK 0.51 (SEK -7.49).

Discontinued operations, Parallel Imports segment

The wholly-owned subsidiary company, Cross Pharma AB, which conducted parallel imports of pharmaceuticals, was divested on 30 June 2013. Organisationally, parallel imports had been a discrete segment prior to the sale. For details of the divestment, see the supplementary information on page 18.

Parallel imports segment	**2013**	**2012**	**2013**	**2012**
(SEK m)	**Oct-Dec**	**Oct-Dec**	**Jan-Dec**	**Jan-Dec**
Net turnover	-	106.6	213.0	384.4
EBITDA	-	5.0	8.2	14.4
EBITDA %	-	4.7	3.8	3.7

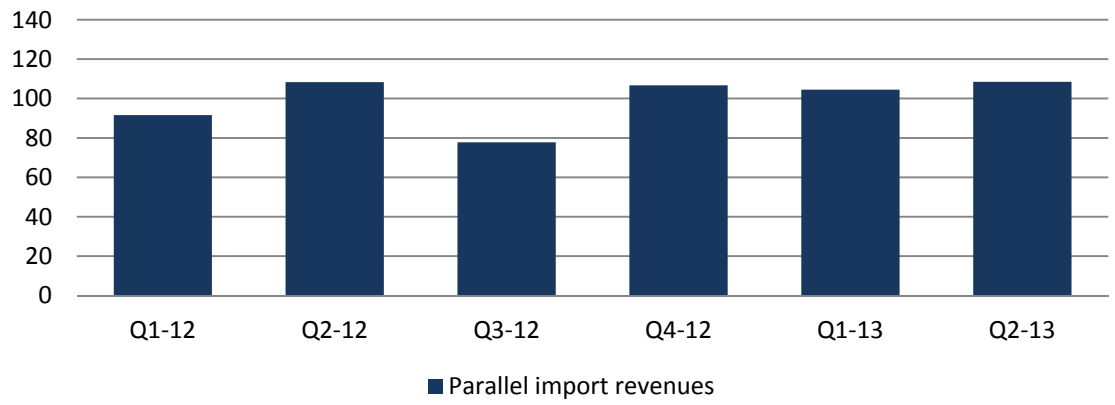
Revenues and results, 1 October-31 December 2013

The parallel imports operations were divested on 30 June 2013 and the segment consequently has no net turnover or profit/loss to report for the fourth quarter.

Revenues and results, 1 January-31 December 2013

Net turnover for the period totalled SEK 213.0 million (SEK 384.4 m). The operating profit/loss before depreciation and amortisation (EBITDA) totalled SEK 8.2 million (SEK 14.4 m), corresponding to a margin of 3.8 per cent (3.7%). The parallel imports operations were divested on 30 June 2013 and the segment consequently has no net turnover or profit/loss to report during the latter half of the year.

Parallel imports segment, net turnover per quarter, SEK m



Cash flow and financial position, 1 January-31 December 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 to SEK 402.2 million (SEK 296.7 m) at the end of the period, corresponding to a change of SEK 105.5 million (SEK -239.6 m). Pledged assets at the end of the period totalled SEK 54.3 million (SEK 148.4 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 43.0 million (SEK -139.5 m), with changes in working capital accounting for SEK -24.2 million (SEK 7.9 m).

Cash flow from investing activities totalled SEK 111.0 million (SEK -7.3 m), and referred primarily to the sale of the subsidiary company, Cross Pharma AB. Other changes in investing activities comprised primarily investments in research equipment and software totalling SEK 4.0 million (SEK 15.7 m).

Cash flow from financing activities totalled SEK -48.6 million (SEK -92.8 m) and referred to the amortisation of loans and bank overdrafts totalling SEK -98.6 million and to the raising of loans for SEK 40.0 million.

Investments, depreciation and amortisation, 1 January-31 December 2013

Investments in tangible fixed assets during the period amounted to SEK 3.6 million (SEK 10.6 m) and comprised research equipment. Investments in intangible fixed assets totalled SEK 4.2 million (SEK 10.0 m) and primarily comprised the acquisition of product rights. Depreciation of tangible fixed assets and of intangible fixed assets totalling SEK -33.5 million (SEK -34.4 m) were charged to the profit/loss for the period. SEK -9.9 million (SEK -9.8 m) of this sum referred to tangible fixed assets, while SEK -23.6 million (SEK -24.6 m) referred to intangible fixed assets. Write-downs of intangible fixed assets of SEK -10.0 million (SEK -0.0 m) were charged to the profit/loss during the period.

Employees

Medivir had 117 (103) employees at the period end, 55 per cent (64) 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 Swedish universities. Medivir is consequently entitled to the revenues generated by these projects but obliged to pay royalties on their commercialisation. In addition, 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 13.6 million (SEK 2.2 m) and comprised royalties payable to university consortia.

The Parent Company in brief, 1 January-31 December 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 327.3 million (SEK 34.3 m), corresponding to an increase of SEK 293.0 million. Non-recurrent payments from outlicensing and partnership agreements totalled SEK 258.5 million and related both to the New Drug Application for simeprevir filed in Japan, and the approval, (EUR 10 million) and to the New Drug Application filed in the USA, and approval, (EUR 20 million). Royalty income for pharmaceutical sales of simeprevir and Xerclear totalled SEK 11.5 million (SEK 0.0 m), SEK 10.5 million of which referred to simeprevir.

The gross profit totalled SEK 313.7 million (SEK 34.0 m), corresponding to an increase of SEK 279.7 million.

The operating costs totalled SEK -295.1 million (SEK -258.8 m), corresponding to an increase of SEK 36.3 million. Research and development costs increased by SEK 22.6 million with the increase deriving from royalties totalling SEK 13.0 million and a write-down of SEK 10.0 million in respect of

R&D assets acquired from Novadex. Selling expenses increased by SEK 17.8 million while administrative expenses increased by SEK 5.2 million attributable primarily to expanded infrastructure and to preparations ahead of the anticipated Nordic market introduction of simeprevir.

Other operating income totalled SEK 16.7 million (SEK 7.4 m), corresponding to an increase of SEK 9.3 million and primarily comprising services to Group companies.

The operating profit/loss was SEK 18.6 million (SEK -224.8 m), corresponding to an increase of SEK 243.4 million. The positive change is mainly due to a higher net turnover.

Net financial items totalled SEK 80.2 million (SEK -25.1 m), corresponding to an increase of SEK 105.3 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 totalled SEK 98.8 million (SEK -249.9 m).

The cash flow from operating activities totalled SEK -13.0 million (SEK -229.8 m), with changes in working capital accounting for SEK -56.9 million (SEK -27.5 m).

Investments in tangible and intangible fixed assets totalled SEK 7.5 million (SEK 14.5 m) and comprised investments in research equipment and product rights.

Liquid assets, including short-term investments with a maximum term of 3 months, amounted to SEK 380.4 million (SEK 272.4 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 852.6 million (SEK 874.9 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 was 31,260,027 (31,256,927).

Share structure 31 December 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 continuing operations, based on a weighted average number of outstanding shares, were SEK 0.51 (SEK -7.49). Shareholders’ equity per share totalled SEK 27.27 (SEK 27.99). The equity/assets ratio was 85.7 per cent (81.3%).

Shareholders

On 31 December 2013, Medivir AB had 12,696 shareholders. The table below shows the list of Medivir's shareholders registered by Euroclear Sweden AB on that date.

Name	Class A shares	Class B shares	% of votes	% of capital
Bo Öberg	284,000	262,475	8.3%	1.8%
Nils Gunnar Johansson	284,000	66,575	7.8%	1.1%
Staffan Rasjö	0	2,049,428	5.5%	6.6%
AFA Försäkring	0	1,629,229	4.4%	5.2%
Skandia Fonder	0	1,545,618	4.2%	4.9%
Gladiator	0	1,482,732	4.0%	4.7%
UNIONEN	0	1,204,200	3.2%	3.9%
Christer Sahlberg	92,000	29,881	2.6%	0.4%
DnB Carlsson Fonder	0	939,540	2.5%	3.0%
Avanza Pension	0	804,255	2.2%	2.6%
Tredje AP-Fonden	0	742,713	2.0%	2.4%
Alecta Pensionsförsäkring	0	710,000	1.9%	2.3%
Swedbank Robur Fonder	0	687,421	1.9%	2.2%
Catella Fondförvaltning	0	684,570	1.8%	2.2%
JPM Chase NA	0	531,730	1.4%	1.7%
Total, 15 largest shareholders	**660,000**	**13,370,367**	**53.7%**	**44.9%**
Total, other shareholders		17,229,660	46.3%	55.1%
TOTAL	**660,000**	**30,600,027**	**100%**	**100%**

Annual General Meeting

The Annual General Meeting will be held on 8 May 2014 at the "7A Odenplan" conference centre at Norrtullsgatan 6, Stockholm. Shareholders wishing to contact the Nomination Committee may do so by letter addressed to: Nomination Committee, Medivir AB, Blasieholmsgatan 2, SE-111 48 Stockholm, or by email to: valberedning@medivir.se.

Annual Report

Medivir's Annual Report is scheduled to be available on the company's website, www.medivir.com, as of 7 April 2014. Printed copies of the Annual Report will be distributed to those shareholders who have requested it.

Dividend

The Board of Directors proposes that no dividend be paid for the 2013 financial year.

Outlook

Medivir is a research-based pharmaceutical company whose focus is on infectious diseases. Its goal is to become a high-growth pharmaceutical company with sustainable profitability. 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. New Drug Approval applications were filed for simeprevir in Japan and the USA in the first quarter and in Europe in the second quarter of 2013. Marketing approval was received in Japan in September 2013 and in the USA and Canada in November, while European approval is expected during the first half of 2014. Medivir has several attractive projects in the development phase, such as its in-house cathepsin K project for bone-related disorders, the cathepsin S project for neuropathic pain, and at Janssen, a number of different combination studies with simeprevir aiming to develop an interferon-free therapy for hepatitis C, and early discovery projects. These factors, coupled with Medivir's ambition to identify new business opportunities in the Nordic region, form the basis of our on-going efforts to develop Medivir towards sustainable profitability.

CONSOLIDATED INCOME STATEMENT SUMMARY (SEK m)	**2013 Oct-Dec**	**2012 Oct-Dec**	**2013 Jan-Dec**	**2012 Jan-Dec**
Continuing operations				
Net turnover	147.1	48.8	446.1	170.6
Cost of goods sold	-20.6	-16.5	-71.8	-61.3
Gross profit	**126.5**	**32.3**	**374.3**	**109.3**
Selling expenses	-22.3	-14.2	-70.4	-47.7
Administrative expenses	-14.3	-10.5	-51.9	-59.7
Research and development costs	-71.1	-60.6	-229.4	-203.4
Other operating income/expenses	1.8	-0.8	2.6	0.1
Operating profit/loss	**20.6**	**-53.8**	**25.2**	**-201.4**
Net financial items	**2.2**	**-4.9**	**2.5**	**-9.4**
Profit/loss after financial items	**22.8**	**-58.7**	**27.7**	**-210.8**
Tax	**-3.5**	**-11.9**	**-11.7**	**-23.3**
Net profit/loss for the period from continuing operations	**19.3**	**-70.6**	**16.0**	**-234.1**
Profit/loss for the period from discontinued operations (page 18)	**-0.2**	**5.3**	**-37.3**	**15.0**
Net profit/loss for the period	**19.1**	**-65.3**	**-21.3**	**-219.1**
Net profit/loss for the period attributable to:				
Parent Company shareholders	**19.1**	**-65.3**	**-21.3**	**-219.1**
Earnings per share, calculated from the net profit/loss attributable to Parent Company shareholders during the period				
Basic and diluted earnings per share				
Continuing operations, SEK	0.62	-2.26	0.51	-7.49
Discontinued operations, SEK	-0.01	0.17	-1.19	0.48
Total operations, SEK	**0.61**	**-2.09**	**-0.68**	**-7.01**
Average number of shares, 000	31,260	31,260	31,260	31,257
Number of shares at period end, 000	31,260	31,260	31,260	31,260

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)	**2013 Oct-Dec**	**2012 Oct-Dec**	**2013 Jan-Dec**	**2012 Jan-Dec**
Net profit/loss for the period	**19.1**	**-65.3**	**-21.3**	**-219.1**
Other comprehensive income				
Items that may be reclassified in the Income Statement				
Exchange rate differences	-0.8	-3.7	-2.2	-2.2
Other comprehensive income for the period, net after tax	**-0.8**	**-3.7**	**-2.2**	**-2.2**
Total comprehensive income for the period	**18.3**	**-69.0**	**-23.5**	**-221.3**
Total comprehensive income attributable to:				
Continuing operations	18.5	-74.0	14.9	-236.0
Discontinued operations	-0.2	5.0	-38.4	14.7
	18.3	**-69.0**	**-23.5**	**-221.3**

CONSOLIDATED BALANCE SHEET SUMMARY (SEK m)	**2013 31 Dec**	**2012 31 Dec**
Assets		
Fixed assets		
Intangible fixed assets	431.7	514.5
Tangible fixed assets	28.3	36.0
Financial fixed assets	10.0	0.0
Deferred tax receivable	43.2	49.2
Inventories	24.0	87.3
Current receivables	56.1	92.5
Short-term investments	370.6	257.5
Cash and bank balances	31.6	39.2
Total assets	**995.5**	**1,076.2**
Shareholders' equity and liabilities		
Shareholders' equity	852.6	874.9
Long-term liabilities	40.0	40.5
Current liabilities	102.9	160.8
Total shareholders' equity and liabilities	**995.5**	**1,076.2**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SEK m)	**Share capital**	**Other paid-in capital**	**Exchange rate difference**	**Accumulated loss**	**Total equity**
Opening balance, 1 January 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**
Share incentive plan: value of employee service		0.2			**0.2**
Closing balance, 31 December 2012	**156.3**	**1,757.9**	**3.6**	**-1,042.9**	**874.9**
Opening balance, 1 January 2013	**156.3**	**1,757.9**	**3.6**	**-1,042.9**	**874.9**
Total comprehensive income for the period			-2.2	-21.3	-23.5
Share incentive plan: value of employee service		1.2			1.2
Closing balance, 31 December 2013	**156.3**	**1,759.1**	**1.4**	**-1,064.2**	**852.6**

CONSOLIDATED CASH FLOW STATEMENT SUMMARY (SEK m)	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Cash flow from operating activities before changes in working capital	**23.9**	**-39.8**	**67.2**	**-147.4**
Changes in working capital	51.7	-9.7	-24.2	7.9
Cash flow from operating activities	**75.6**	**-49.5**	**43.0**	**-139.5**
Investing activities				
Acquisition/sale of fixed assets	-3.5	-2.9	-4.0	-15.7
Sale of operations	0.1	-	115.0	8.4
Cash flow from investing activities	**-3.4**	**-2.9**	**111.0**	**-7.3**
Financing activities				
Conversion of options	-	-	-	0.4
Loans raised	40.0	-	40.0	-
Loans amortised	-47.8	-7.5	-70.0	-93.2
Other changes in liabilities	-	-	-18.6	-
Cash flow from financing activities	**-7.8**	**-7.5**	**-48.6**	**-92.8**
Cash flow for the period				
Liquid assets at beginning of period	337.7	356.6	296.7	536.3
Change in liquid assets	64.4	-59.9	105.4	-239.6
Exchange rate difference, liquid assets	0.1	0.0	0.1	0.0
Liquid assets at period end	**402.2**	**296.7**	**402.2**	**296.7**

KEY RATIOS, SHARE DATA Continuing operations	2013 Jan-Dec	2012 Jan-Dec
Return on:		
- shareholders' equity, %	3.2	-21.4
- capital employed, %	3.7	-17.6
- total capital, %	3.3	-16.6
Number of shares at beginning of period, 000	31,260	31,254
New share issues	0	6
Number of shares at period end, 000	31,260	31,260
- of which class A shares	660	660
- of which class B shares	30,600	30,600
Average number of shares, 000	31,260	31,257
Outstanding warrants, 000	249	394
- entitlement to class B shares upon conversion, 000	249	430
Share capital at period end, SEK m	156.3	156.3
Shareholders' equity at period end, SEK m	852.6	874.9
Basic and diluted earnings per share, SEK		
- Continuing operations	0.51	-7.49
- Discontinued operations	-1.19	0.48
- Total operations	-0.68	-7.01
Shareholders' equity per share, SEK	27.27	27.99
Net worth per share, SEK	27.27	27.99
Cash flow per share after investments, SEK	4.93	-4.69
Equity/assets ratio, %	85.7	81.3
EBITDA	76.4	-165.3
EBIT	25.2	-201.3
Operating margin, %	5.6	-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 the 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 Oct-Dec**	**2012 Oct-Dec**	**2013 Jan-Dec**	**2012 Jan-Dec**
Net turnover	150.9	32.7	327.3	34.3
Cost of goods and services sold	-7.1	-0.2	-13.6	-0.3
Gross profit	**143.8**	**32.5**	**313.7**	**34.0**
Selling expenses	-9.9	-2.8	-21.6	-3.8
Administrative expenses	-13.5	-10.4	-61.3	-56.1
Research and development costs	-70.7	-61.7	-228.9	-206.3
Other operating income/expenses	4.2	-0.7	16.7	7.4
Operating profit/loss	**53.9**	**-43.0**	**18.6**	**-224.8**
Net financial items	**-42.2**	**-29.0**	**80.2**	**-25.1**
Profit/loss after financial items	**11.7**	**-72.0**	**98.8**	**-249.9**
Net profit/loss for the period	**11.7**	**-72.0**	**98.8**	**-249.9**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)	**2013 Oct-Dec**	**2012 Oct-Dec**	**2013 Jan-Dec**	**2012 Jan-Dec**
Net profit/loss for the period	**11.7**	**-72.0**	**98.8**	**-249.9**
Other comprehensive income for the period, net after tax	**11.7**	**-72.0**	**98.8**	**-249.9**
Total comprehensive income for the period	**11.7**	**-72.0**	**98.8**	**-249.9**

PARENT COMPANY BALANCE SHEET SUMMARY (SEK m)	2013 31 Dec	2012 31 Dec
Assets		
Fixed assets		
Intangible fixed assets	6.6	13.3
Tangible fixed assets	27.6	33.0
Financial fixed assets	604.2	604.3
Inventories	0.0	0.0
Current receivables	84.1	24.8
Short-term investments	370.6	257.5
Cash and bank balances	9.8	14.9
Total assets	**1,102.9**	**947.8**
Shareholders' equity and liabilities		
Shareholders' equity	983.4	883.4
Long-term liabilities	40.0	-
Current liabilities	79.5	64.4
Total shareholders' equity and liabilities	**1,102.9**	**947.8**

PARENT COMPANY CASH FLOW STATEMENT SUMMARY (SEK m)	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Cash flow from operating activities before changes in working capital	**61.9**	**-38.7**	**43.9**	**-202.3**
Changes in working capital	-2.0	-32.7	-56,9	-27.5
Cash flow from operating activities	**59.9**	**-71.4**	**-13.0**	**-229.8**
Investing activities				
Acquisition/sale of fixed assets	-3.5	1.5	-4.0	-14.5
Loans to subsidiary companies	-35.0	-	-35.0	-
Dividend received from subsidiary companies	-	-	120.0	-
Cash flow from investing activities	**-38.6**	**1.5**	**81.0**	**-14.5**
Financing activities				
Conversion of options	-	-	-	0.4
Loans raised	40.0	-	40.0	-
Cash flow from financing activities	**40.0**	**0.0**	**40.0**	**0.4**
Cash flow for the period	**61.3**	**-69.9**	**108.0**	**-243.9**
Liquid assets at beginning of period	319.1	342.3	272.4	516.3
Liquid assets at end of period	**380.4**	**272.4**	**380.4**	**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. On 30 June 2013, the wholly-owned subsidiary, Cross Pharma AB, which conducted parallel imports of pharmaceuticals, was divested. The Group's continuing operations consist, as of the third quarter of 2013, of one segment which comprises research and development operations and pharmaceutical sales.

Reporting of operating segments, Jan-Dec (SEK m)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	Pharmaceuticals		**Parallel imports**		**Eliminations**		**Total**	
Net turnover	446.1	170.6	213.0	384.4	-	-	659.1	555.0
EBITDA	76.4	-165.3	8.2	14.4	-6.8*	-	77.8	-150.9
Depreciation and amortisation							-43.5	-34.9
Net financial items							-44.5	-7.1
Profit/loss after financial items							-10.2	-192.9

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

Discontinued operations

On 25 June 2013, Medivir announced the sale of its parallel imports operations, Cross Pharma AB, including the Polish subsidiary company, Prodlekpol. The transaction of 30 June 2013 resulted in a capital loss of SEK 46.4 million. The consolidated value of Cross Pharma AB was SEK 57.3 million and primarily comprised goodwill and trademarks. The capital loss also includes transaction costs and exchange rate profits/losses totalling SEK 10.1 million. Payment for the shares totalled SEK 19.7 million.

During the third quarter, receivables from the purchaser, Unimedic, totalling SEK 119.7 million were paid. The balance of receivables due from Unimedic now totals SEK 15.0 million, which sum is amortised over a 36 month period.

The sale has been reported separately as a discontinued operation in the Income Statement in accordance with IFRS 5. A discontinued operation is reported separately from continuing operations in the Income Statement with retroactive effect for previous periods. The parallel imports operations are reported as a discontinued operation below.

Profit/loss for discontinued operations for the period, Parallel imports (SEK m)	**2013 Oct-Dec**	**2012 Oct-Dec**	**2013 Jan-Dec**	**2012 Jan-Dec**
Operating income	-	106.7	213.0	384.4
Operating expenses	-	-101.5	-203.8	-368.8
Profit/loss from divestment of operations	-0.2	-	-46.4	-
Financial items	-	3.4	-0.6	2.3
Profit/loss before tax	**-0.2**	**8.1**	**-37.8**	**17.9**
Tax	-	-3.3	0.5	-2.8
Profit/loss after tax	**-0.2**	**5.3**	**-37.3**	**15.0**

Cash flow attributable to discontinued operations (SEK m)	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Cash flow from operating activities	-	10.9	26.9	14.8
Cash flow from investing activities	-	-	0.0	-0.9
Cash flow from financing activities	-	-	-9.3	0.3
Cash flow for the period	**-**	**10.9**	**17.6**	**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 medications to treat respiratory infections are affected by the seasons' influenza and common cold intensity and timing, primarily in the first and fourth quarters. 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 4.4 million (SEK 0.0 m) occurred during the period. Other services were purchased from related parties for a total of SEK 0.1 million (SEK 0.4 m). Parent company purchases from Group companies totalled SEK 0.0 (SEK 2.7 m) and sales to Group companies totalled SEK 85.3 million (SEK 36.9 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 plans

The intention of share-related incentive plans 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 plan.

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 has been offered to all permanent employees of Medivir AB, on equal terms for the CEO, other senior executives, and other employees. Participation in LTI 2013 is contingent upon the employee making a personal investment and buying shares in Medivir at the market rate – so-called savings shares. The participant may, within the framework of LTI 2013 and over the course of one year, invest a sum corresponding to no more than one twelfth of their fixed annual basic salary before tax, provided that the participant stays with the company for three years. Participants receive one matching share warrant and three performance-based share warrants for every Savings share in which they invest. The performance-based share warrants are based on the strategic development of Medivir's research and product portfolios and earnings per share during the period from 2013 to 2015. 73 per

cent of all permanent employees have opted to participate in the plan, including the CEO, who has invested SEK 0.3 million (4,341 shares), and other senior executives, who have invested SEK 0.6 million (9,544 shares).

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, is 249,110 class B shares corresponding to approximately 0.79 per cent of the total number of shares and approximately 0.67 per cent of the total number of votes in Medivir. The maximum amount by which the share capital can increase is SEK 1.2 million. SEK 2.0 million in costs in connection with LTI 2013, including the cost of social security contributions, has, in accordance with certain assumptions such as share price performance, participation, and staff turnover, been charged to the profit/loss. The right of disposal must exist with regard to the warrants and the shares that will be disbursed through the exercise of the warrants in order to enable the shares to be disbursed to the participants at the end of the programme. Warrants have also been issued in order to hedge the cash flow costs of the programme for the Group, such as social security costs, that arise in connection with LTI 2013.

Stock option plan, 2010-2013

The staff stock option plan 2010-2013 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 pharmaceuticals take market share, 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 significant 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.

Stockholm, 24 February 2014

Björn C Andersson

Susana Ayesa Alvarez
Employee Representative

Rolf Classon

Anders Hallberg

Ingemar Kihlström

Anna Malm Bernsten

Göran Pettersson
Chairman of the Board

Birgitta Stymne Göransson

Christian Sund
Employee Representative

Bo Öberg

Maris Hartmanis
President & CEO

The Financial Statement has not been subject to review by the company's auditor.