



Q-Med develops and produces non-animal, innovative hyaluronic acid based implants and sells them to consumers, doctors and medical institutions. The company's operations are based on methods and products that derive from a new form of hyaluronic acid. The product is a stabilized, natural, non-animal substance that is produced from bacteria. Hyaluronic acid is a natural polysaccharide that is a part of the connective tissue that is to be found in all the organs in the body. Q-Med is ISO9001/EN46001-certified.

PRESS RELEASE

August 20, 1998

Uppsala, Sweden

Q-MED'S REPORT FOR THE FIRST HALF OF 1998

- **Revenues increased by 91% to SEK 36.6 million.**
- **Income after financial items amounted to SEK 7.9 (4.2) million.**
- **Subsidiary companies have been started in USA and Canada.**
- **Restylane® has been approved for the Canadian market.**

Revenues and income

Q-Med continues to grow at a rapid rate and the Group reports revenues of SEK 36.6 (19.2) million for the first six months of 1998. The majority of these revenues are accounted for by Restylane®, Q-Med's product for filling out lips, facial wrinkles and facial folds. Restylane's distribution network has been extended and now covers all of Europe as well as Australia/New Zealand. Subsidiaries have also been started during the period in USA and Canada. Restylane was approved for registration in Canada at the end of June, which means that sales can be started and that the product can be marketed targeting the consumer.

Operating income for the first half of 1998 amounted to SEK 8.2 (4.5) million. Amortization and depreciation of SEK 1.2 (0.6) million have been charged against income, of which SEK 0.3 (-) million was amortization of goodwill. Income after financial items amounted to SEK 7.9 (4.2) million.

(SEK million)	Jan - June			Apr - June			Whole
	1998	1997	? %	1998	1997	? %	year 1997*
Revenues	36.6	19.2	+ 91	22.4	10.9	+ 106	46.0
Operating income	8.2	4.5	+ 82	6.9	2.9	+ 138	6.0
Income after financial items	7.9	4.2	+ 88	6.6	2.7	+ 144	5.9

* pro forma

Balance sheet in summary

(SEK million)	June 30, 1998	Dec 31, 1997	June 30, 1997
Fixed assets	35.8	15.1	10.7
Inventories	3.8	2.0	1.0
Accounts receivable	14.3	11.0	8.3
Other current receivables	4.0	1.9	1.8
Liquid assets	6.5	18.8	25.2
Total current assets	28.6	33.7	36.3
Total assets	64.4	48.8	47.0
Shareholders' equity	37.3	31.4	30.4
Provision for taxation	0.7	0.5	0.4
Long-term liabilities	10.8	6.1	9.1
Current liabilities	15.6	10.8	7.1
Total liabilities and shareholders' equity	64.4	48.8	47.0

Investments

The extension of the new premises in Uppsala, both for administration and production, is being carried out and it is estimated that they will be in use at the end of the year. This investment amounts to just over SEK 20 million for the building work and in addition just over SEK 10 million for the machinery. It is financed partly through company funds and partly through an extended overdraft facility. At the end of the accounting period, SEK 4.7 million of the overdraft facility had been used. The ongoing building work constitutes SEK 10.4 million of the fixed assets.

Personnel

Q-Med employed 18 people during the first half of the year and the total number of employees now amounts to 54 people, 41 of whom work at the Parent Company in Uppsala and the remainder at the subsidiary companies in France, Australia/New Zealand, Germany, USA/Canada and England.

August 20, 1998
Uppsala, Sweden

Q-Med AB (publ)
The Board

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