Uppsala
February 14, 2007

YEAR-END REPORT 2006

- The Group's revenues from sales of goods and royalties amounted to SEK 1,303.7 (976.0) million, an increase of 34 percent.
- Operating income amounted to SEK 300.0 (111.7) million.
- Net income after tax amounted to SEK 212.4 (77.1) million.
- Earnings per share after full dilution were SEK 2.14 (0.78).
- Net income after tax for the fourth quarter amounted to SEK 25.7 (30.3) million.
- Collaboration agreement concerning the development and commercialization of botulinum toxin products, entered into with Medy-Tox Inc. in February 2007.
- Q-Med's product for fecal incontinence, SOLESTA, approved for sales in Europe.
- The Board has adopted a new dividends policy, whereby it is proposed that approximately 50 percent of profit after tax is paid out as a regular dividend.
- The Board intends to propose to the AGM a dividend of SEK 2 per share, of which SEK 1 is regular dividend and SEK 1 extra dividend.

Q-Med AB is a rapidly growing and profitable biotechnology/medical device company. The company develops, produces, markets and sells implants for esthetic and medical use. All products are primarily based on the company's patented technology for the production of stabilized non-animal hyaluronic acid, NASHA™. The product portfolio today contains: RESTYLANE for the filling out of lips and facial wrinkles and for facial contouring, DUROLANE, for the treatment of osteoarthritis of the hip and knee joints, DEFLUX for the treatment of vesicoureteral reflux, VUR, (a malformation of the urinary bladder) in children, ZUIDEX, for the treatment of stress urinary incontinence in women and SOLESTA, for the treatment of fecal incontinence. Sales are made through the company's own subsidiaries or distributors in over 70 countries. Q-Med today has just over 600 co-workers, with approximately 400 at the company's head office and production facility in Uppsala, Sweden. The Q-Med share is listed in the Large Cap segment of the OMX Nordic Stock Exchange in Stockholm.

In the US, Q-Med AB's affiliate is the wholly-owned subsidiary Q-Med Scandinavia, Inc.

GROUP REVENUES FROM SALES OF GOODS AND ROYALTIES

Q-Med's sales of goods increased by 26 percent during the whole of 2006 to SEK 1,227.7 (976.0) million. The development of sales within the Esthetics Product Area was very positive and growth amounted to 33 percent. In percentage terms growth was strongest during the year in Latin America and Asia. Sales within the Hospital Healthcare Product Area increased 5 percent in all during 2006. Fluctuations in exchange rates negatively affected sales by SEK 4.6 million.

During the fourth quarter sales of goods increased by 7 percent to SEK 329.8 (306.9) million, compared with the same period the previous year. Sales in Asia within the Esthetics Product Area displayed negative development during the fourth quarter. This is largely due to the fact that the comparative quarter in 2005 had unusually large sales. Demand in the Asian market continues to be strong. Revenues for the Hospital Healthcare Product Area were affected during the fourth quarter by the change of sales channel for DUROLANE and are not fully comparable with 2005.

Royalties for the year regarding DUROLANE amounted to a total of SEK 76.0 (0.0) million, of which SEK 1.7 (0.0) million was during the fourth quarter. Total revenues from sales of goods and royalties amounted to SEK 1,303.7 (976.0) million, of which SEK 331.5 (306.8) million was during the final quarter.

Sales of goods per geographic area January – December 2006

	Esthetics			Hospital Healthcare			Total		
(SEK millions)	2006	2005	+/- %	2006	2005	+/- %	2006	2005	+/- %
Nordic countries	41.0	31.1	32%	6.2	12.6	-51%	47.2	43.7	8%
Rest of Europe	421.9	371.4	14%	96.7	99.1	-2%	518.6	470.5	10%
North America	143.6	89.7	60%	167.3	147.8	13%	310.9	237.5	31%
Latin America	29.2	11.0	165%	0.5	0.0	-	29.7	11.0	170%
Asia	250.9	156.1	61%	6.4	3.2	100%	257.3	159.3	62%
Rest of the world	64.0	54.0	19%	0.0	0.0	-	64.0	54.0	19%
Total	950.6	713.3	33%	277.1	262.7	5%	1, 227.7	976.0	26%

Sales of goods per geographic area October – December 2006

	Esthetics			Hospital Healthcare			Total		
(SEK millions)	2006	2005	+/- %	2006	2005	+/- %	2006	2005	+/- %
Nordic countries	11.1	8.7	28%	1.1	1.2	-8%	12.2	9.9	23%
Rest of Europe	121.2	106.4	14%	17.9	26.9	-33%	139.1	133.3	4%
North America	51.0	27.9	83%	38.9	44.0	-12%	89.9	71.9	25%
Latin America	9.8	3.4	188%	0.3	0.0	-	10.1	3.4	197%
Asia	56.8	67.5	-16%	1.3	1.3	0%	58.1	68.8	-16%
Rest of the world	20.4	19.6	4%	0.0	0.0	-	20.4	19.6	4%
Total	270.3	233.5	16%	59.5	73.4	-19%	329.8	306.9	7%

GROUP INCOME

The Group's gross income from sales of goods during 2006 amounted to SEK 1,044.1 (835.8) million. The gross margin from sales of goods amounted to 85 (86) percent. Gross income from sales of goods for the fourth quarter amounted to SEK 277.7 (252.5) million, with a gross margin from sales of goods of 84 (82) percent. As a first step in the collaboration with Smith & Nephew regarding DUROLANE, Q-Med received a payment of USD 10 million (SEK 73.5 million) in June 2006. This revenue is recorded as a royalty. During the second half of 2006 sales of DUROLANE have been gradually transferred to Smith & Nephew. The transfer will not be completed until 2007 for certain distributors. Gross income amounted to SEK 1,120.1 (835.8) million. Marketing and selling expenses amounted to SEK 522.9 (460.4) million, which means an increase of 14 percent. In the fourth quarter these expenses amounted to SEK 152.9 (137.2) million.

Costs for research and development amounted to SEK 202.4 (201.4) million, of which SEK 57.5 (49.5) million was during the fourth quarter. A large part of these costs are constituted by costs for clinical studies. Research costs for 2005 included costs of SEK 14.3 million for the research company Ixion during the first two quarters. After June 2005 there are no further costs for Ixion. No development expenses have been recorded as intangible assets. Depreciation and amortization of SEK 43.2 (32.4) million have been charged against income. Operating income for the year 2006 amounted to SEK 300.0 (111.7) million. The operating margin thereby amounted to 23.0 (11.4) percent. Operating income for 2005 included, under Other operating expenses, SEK 10.9 million which arose in connection with the patent dispute with Inamed that was discontinued during 2005.

Net financial income for the year amounted to SEK 8.1 (12.2) million. Fluctuations in exchange rates affected net financial income by SEK -0.1 million. Net income for the year after tax amounted to SEK 212.4 (77.1) million. Net income for the fourth quarter amounted to SEK 25.7 (30.3) million.

INVESTMENTS AND CASH FLOW

The cash flow from operating activities amounted to SEK 258.0 (43.0) million during the year, of which SEK 35.6 million was in the fourth quarter. The cash flow from 2005 includes the final payment of SEK -16.7 million to Genzyme in January and payments of SEK -20.1 million regarding the patent legal action involving Inamed that has now been discontinued.

The cash flow from investing activities amounted to SEK -171.6 (-105.8) million, of which SEK -63.0 million was during the fourth quarter. During the year SEK 128.2 million was invested in buildings and land, of which SEK 33.8 million was during the fourth quarter. The investments are primarily for the construction of the new office building in Uppsala, which it is estimated will be first used during June 2007, and a new warehouse. The warehouse was inaugurated according to plan in January 2007. Current investments in machinery and equipment amounted to SEK 42.8 (27.3) million.

In May SEK 74.4 (198.5) million was paid as a dividend to the shareholders in accordance with the resolution of the Annual General Meeting. The cash flow for 2006 includes a payment of SEK 73.5 million from Smith & Nephew regarding DUROLANE. In total the cash flow was positive: SEK 16.3 (-261.3) million. At the end of the period Q-Med had liquid funds of SEK 470.2 (458.2) million.

THE ESTHETICS PRODUCT AREA

(SEK millions)	January - December 2006	2005	+/- %	September - December 2006	2005	+/- %
Revenues from sales of goods	950.6	713.3	33%	270.3	233.5	16%
Operating income	380.0	240.8	58%	97.4	75.3	29%
Operating margin	40%	34%		36%	32 %	

The development of sales and income has been very positive throughout 2006. Sales increased by 33 percent and amounted to SEK 950.6 (713.3) million, of which SEK 270.3 (233.5) million was in the fourth quarter. Fluctuations in exchange rates had a negative effect of SEK 3.5 million. Operating income amounted to SEK 380.0 (240.8) million, of which SEK 97.4 (75.3) million was during the period October - December. In December 2006 a settlement was reached between Q-Med and RHC USA Corporation regarding a dispute about alleged breach of contract. Q-Med paid a small sum at the same time as the parties waived all other claims against each other. The figures for 2005 included costs of SEK 10.9 million, which arose in connection with the patent dispute with Inamed which was discontinued during 2005. The operating margin amounted to 40 (34) percent during the period and to 36 (32) percent in the fourth quarter.

During autumn 2006 Q-Med's product MACROLANE received CE certification for the indication concave body deformities. MACROLANE is the first product to be approved within the field of body augmentation and Q-Med will develop different versions of MACROLANE, for example for breast augmentation.

One further product was added to the RESTYLANE range during 2006, RESTYLANE Lipp. The product was launched in Europe during the first quarter.

During the last quarter sales in Europe increased by 15 percent compared with the corresponding period in 2005. The Nordic countries together with Russia displayed the strongest growth, 28 percent.

Q-Med's partner in the USA, Medicis, increased its purchases from Q-Med by 83 percent in the fourth quarter compared with the corresponding period in 2005. Growth during the whole year amounted to 60 percent. The registration process for sales approval of RESTYLANE Perlane in the USA is ongoing and it is expected that approval will come during the first quarter of 2007. Clinical studies to obtain approval for RESTYLANE SubQ have been begun.

In Latin America the good growth is continuing. Sales increased by 188 percent during the fourth quarter. In Brazil all the registrations necessary for independent business activities in Q-Med's name have been obtained.

Development in Asia has been very strong during 2006 and growth amounted to 61 percent. However, the fourth quarter was 16 percent worse than the same period the previous year. This deterioration is mainly attributable to sales in Japan, which had extremely strong development during the fourth quarter of 2005. Demand in the market, however, continues to be very good.

Registration work on sales approval in China is progressing according to plan. During the year a regional office and an intermediate warehouse have been set up in Hong Kong. The first shipment from the new warehouse was made in December.

In February 2007 Q-Med AB and Medy-Tox Inc., a Soth Korean biopharmaceutical company, entered into an agreement regarding collaboration with regard to new products based on botulinum toxin. The collaboration will allow Q-Med to develop and commercialise new generations of botulinum toxin products for both esthetic and therapeutic indications. Medy-Tox will support Q-Med with its technology and know-how and Q-Med will support Medy-Tox in the establishment of its new facilities. Under the agreement, Q-Med will pay Medy-Tox milestones up to USD 8 million provided that specific targets have been met. In addition, Q-Med will support Medy-Tox with an additional conditioned USD 3 million to expand its facilities in Ochang-myeong in Soth Korea. The agreement also entitles Medy-Tox to a future royalty on botulinum toxin based products developed by Q-Med, which are based on Medy-Tox active pharmaceutical ingredients.

THE HOSPITAL HEALTHCARE PRODUCT AREA

	January - December			October - December		
Revenues from sales of goods (SEK millions)	2006	2005	+/- %	2006	2005	+/- %
ZUIDEX	19.1	29.3	-35%	3.3	5.9	-44%
DEFLUX	198.0	178.4	11%	49.7	50.5	-2%
DUROLANE	60.0	55.0	9%	6.5	17.0	-62%
Total revenues from sales of goods	277.1	262.7	5%	59.5	73.4	-19%
Royalty revenues DUROLANE	76.0	-		1.7	-	
Total revenues	353.1	262.7	34%	61.2	73.4	-17%
Operating income	24.3	-66.5	n/a	-22.4	-19.9	13%

The total revenues increased by 34 percent to SEK 353.1 (262.7) million and operating income was SEK 24.3 (-66,5) million. The operating margin thereby amounted to 7 (-25) percent.

ZUIDEX
Sales for the period amounted to SEK 19.1 (29.3) million, of which SEK 3.3 (5.9) million was in the fourth quarter. The reason for the negative development is primarily the building up of inventories during 2005 and then the subsequent returns of products that there had not been time to use before the expiration date. The levels of knowledge and preparedness within society regarding the treatment of stress urinary incontinence are very low. In many countries stress urinary incontinence is considered a problem that women should be able to manage themselves, without support from the health care system. However, interest in the treatment of stress urinary incontinence using ZUIDEX is growing but the product is still relatively unknown. The work on achieving more extensive cost reimbursement for patients and on establishment in outpatient care is ongoing in order to achieve higher sales. Information is also being spread to women suffering from stress urinary incontinence, in Sweden amongst other things via a new home page: www.vagafraga.se. The USA study is progressing according to plan, and follow-up of the 326 patients is ongoing. The last patients will leave the study during the spring, and then the work on analyzing the data can be begun.

DEFLUX
Sales increased by 11 percent during the period to SEK 198.0 (178.4) million. In the fourth quarter sales amounted to SEK 49.7 (50.5) million. It is above all in the USA that the rate of development has waned somewhat towards the end of the year. DEFLUX is well-established among treating specialist doctors. In order to increase sales, work is now being directed at the pediatricians and family doctors who make the first diagnosis and then refer the children to the specialist. This group of doctors is considerably larger and therefore trying to influence them demands more resources than the first category.

DUROLANE
In June 2006 Q-Med and Smith & Nephew Inc. announced that they had entered into a strategic alliance within orthopedics. Smith & Nephew obtained the global rights to market, sell and distribute DUROLANE and other products that will be developed within the framework of this collaboration.

The primary source of income for Q-Med will be constituted by royalty payments based on the sales of products within the framework of the collaboration, of which Q-Med has received a one-time payment of USD 10 million (SEK 73.5 million) and will receive four further payments provided that the approval and commercialization process for DUROLANE in the USA is carried out successfully. These four future payments can together amount to approximately USD 60 million.

Sales of DUROLANE have been transferred to Smith & Nephew during the fourth quarter, though a few old distributors still remain. It will not be until the beginning of 2007 that the transfer will have been completed and Q-Med's revenues will consist solely of sales of goods and royalties. Total revenues from DUROLANE in 2006 increased by 148 percent compared with the same period the previous year and amounted to SEK 136.0 (55.0) million, primarily due to the first one-time revenue. However, it is difficult to make a fair comparison between the years due to the transfer to Smith & Nephew.

COSMOFER

Q-Med has an agreement with the Danish manufacturer Nebo/Pharmacosmos A/S concerning sales rights for the pharmaceutical Cosmofer (low molecular iron dextran) on the Swedish market. The product is used for treatment by injection or drip in cases of severe iron deficiency. Q-Med has previous experience of intravenous iron and had sales of a similar preparation under license up until 2000. In July 2006 Cosmofer was approved for sales in Sweden by the Swedish Medical Products Agency. The first delivery of products to Kronans Droghandel's warehouse was made in December. A small sales force of two people will work up the market.

DEVELOPMENT PROJECTS

	January - December			October - December		
(SEK millions)	2006	2005	+/- %	2006	2005	+/- %
Operating income	-40.4	-42.3	-4%	-13.2	-8.4	57%

This product area has not generated any revenues. Operating income for 2006 amounted to SEK -40.4 (-42.3) million and during the fourth quarter to SEK -13.2 (-8.4) million.

In November 2006 Q-Med's product for the treatment of fecal incontinence, SOLESTA, obtained a CE certificate. This is an important step in the development of the product, which is now continuing with further documentation on effect before registration in the USA. The major clinical study that is planned with 200 patients in all has been begun in Europe and the USA. In parallel with this work is proceeding with the launch in Europe, primarily in the form of user studies.

PARENT COMPANY

Sales in the Parent Company, Q-Med AB (publ), amounted to SEK 854.6 (647.2) million during 2006, including sales of SEK 246.3 (290.3) million to affiliated companies. During the fourth quarter sales amounted to SEK 233.6 (229.4) million. Income after financial items amounted to SEK 272.9 (77.5) million, of which SEK 49.3 (48.3) million was during the fourth quarter.
The Parent Company's liquid funds at December 31, 2006 amounted to SEK 412.9 (399.2) million. The majority of the Group's investments are in the Parent Company.

PERSONNEL

The number of employees increased by 71 people during the period and amounted to 608 (525) at December 31, 2006, including 402 (354) in Sweden. The number of employees in the Group in 2005 included up until July employees in Ixion, a company that has now been disposed of.

PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The Board proposes that of the earnings at the disposal of the Annual General Meeting, consisting of retained earnings of SEK 520.6 million and net income for the year of SEK 144.8 million, in total SEK 665.4 million, SEK 198.7 million be paid to the shareholders, and that SEK 466.7 million be carried forward. This dividend comprises SEK 2 per share, made up of a regular dividend of SEK 1 and an extra dividend of SEK 1.

FINANCIAL INFORMATION

The Annual Report for 2006 will be available on Q-Med's home page, www.q-med.com as from Tuesday April 10, 2007. It will also be available at the head office in Uppsala as from April 10, 2007 and will be sent to Q-Med's shareholders.

The Annual General Meeting will be held on Thursday May 3, 2007, at 3 pm on Q-Med's premises, Fyrisvallsgatan 7, Uppsala. Shareholders who wish to attend the Annual General Meeting must be entered in the register of shareholders maintained by VPC AB (Swedish Securities Register Centre) on Thursday April 26, 2007. Furthermore, Q-Med must be notified of shareholders' intention to attend no later than 12 o' clock noon on this day.

PROSPECTS FOR THE FUTURE

The market for injectable esthetic products is continuing to grow and Q-Med continues, despite increased competition, to be positive in its assessment of the demand situation with regard to RESTYLANE in all regions both in the short term and the long term. The aim of the company is to defend its strong position, with a retained or increased market share in all the principal markets. In parallel new, selected growth markets will be developed, primarily in Asia and Latin America. The work on broadening the product portfolio is continuing, where areas such as body contouring

and hydrovitalizing are prioritized. Furthermore, the development of new generations of products based on botulinum toxin will be begun.

Q-Med also anticipates growth for the products within Hospital Healthcare. The gradual establishment of ZUIDEX in Europe continues, and the aim is to penetrate outpatient care. DEFLUX will be given increased priority by the sales organizations in order to be able to take advantage of the leading position that the product has achieved as the primary method of treatment for VUR. For DUROLANE it is still too early to assess how quickly the collaboration with Smith & Nephew will have a positive impact on sales volume.

Q-Med's overall objective is unchanged: continued high growth together with good profitability.

Group income statement	January - December			October - December		
(SEK millions)	2006	2005	+/- %	2006	2005	+/- %
Revenues from sales of goods	1, 227.7	976.0	26%	329.8	306.9	7%
Royalty revenues	76.0	0.0	-	1.7	0.0	-
Total revenues	1, 303.7	976.0	34%	331.5	306.9	8%
Cost of goods sold	-183.6	-140.2	31%	-52.1	-54.4	-4%
Gross income	**1, 120.1**	**835.8**	**34%**	**279.4**	**252.5**	**11%**
Other operating revenues	9.8	21.7	-55%	4.1	2.1	95%
Selling expenses	-522.9	-460.4	14%	-152.9	-137.2	11%
Administrative expenses	-92.0	-61.3	50%	-28.1	-13.3	111%
R&D costs	-202.4	-201.4	0%	-57.5	-49.5	16%
Other operating expenses	-12.6	-22.7	-44%	-4.2	-1.9	121%
Operating income	**300.0**	**111.7**	**169%**	**40.8**	**52.7**	**-23%**
Result from financial items	8.1	12.2	-34%	1.0	-1.6	n/a
Income after financial items	**308.1**	**123.9**	**149%**	**41.8**	**51.1**	**-18%**
Tax on income for the period	-95.7	-46.8	104%	-16.1	-20.8	-23%
Net income for the period	**212.4**	**77.1**	**175%**	**25.7**	**30.3**	**-15%**

Earnings per share, SEK*,**	2.14	0.78	0.26	0.31
Earnings per share after full dilution, SEK**	2.14	0.78	0.26	0.31
Number of outstanding shares at closing day**	99,349.329	99,254.000	99,349.329	99,254.000
Average number of outstanding shares**	99,275.590	99,254.000	99,307.832	99,254.000

* Earnings per share is defined as the earnings for the period in relation to the average number of outstanding shares for the period.
**The statement of figures for 2005 has been adjusted for the 4:1 split that was carried out in June 2006.

Other key ratios	January – December	
	2006	2005
Gross margin	85.0%	85.6%
Operating margin	23.0%	11.4%
Operating margin before R&D costs	38.5%	32.1%
Number of employees	607	536
Equity/assets ratio	78.3%	78.2%
Shareholders' equity per share, SEK	12.56	11.20
Shareholders' equity per share after full dilution, SEK	12.56	11.19

Definitions: See page 11.

Group balance sheet		
(SEK millions)	Dec 31, 2006	Dec 31, 2005
Fixed assets		
Patents and other intellectual property	26.7	31.2
Goodwill	41.4	43.1
Tangible assets	645.7	514.0
Deferred prepaid tax	11.2	11.2
Other financial assets	13.0	12.1
Current assets		
Inventories	106.1	78.7
Accounts receivable	207.9	233.5
Other current receivables	15.4	5.3
Prepaid expenses and accrued revenues	56.7	42.1
Liquid funds	470.3	458.2
Total assets	**1, 594.4**	**1, 429.4**
Shareholders' equity	1, 248.0	1, 112.0
Long-term liabilities		
Interest-bearing long-term liabilities	50.0	50.0
Interest-free long-term liabilities	7.6	6.4
Deferred tax liability	79.0	53.9
Current liabilities		
Interest-bearing current liabilities	23.4	24.1
Accounts payable	53.8	54.7
Other interest-free current liabilities	64.1	61.5
Accrued expenses and prepaid revenues	68.5	66.8
	1, 594.4	**1, 429.4**
Collateral for own liabilities	55.6	55.6
Contingent liabilities	None	None

Change in shareholders' equity during the period	January – December			January – December		
(SEK millions)	2006 Attributable to Parent Company's shareholders	Attributable to minority interest	Total	2005 Attributable to Parent Company's shareholders	Attributable to minority interest	Total
Opening balance	1, 112.0	-	1, 112.0	1, 226.1	-	1, 226.1
Change of accounting principle, IAS 39	-	-	0.0	2.1	-	2.1
Translation difference	-6.4	-	-6.4	5.2	-	5.2
Net income for the period	212.4	-	212.4	77.1	-	77.1
New share issue	4.4	-	4.4	-	-	-
Dividend	-74.4	-	-74.4	-198.5	-	-198.5
Closing balance	1, 248.0		1, 248.0	1, 112.0		1, 112.0

Group cash flow analysis	January – December	
(SEK millions)	2006	2005
Cash flow from operating activities*	258.0	43.0
Cash flow from investing activities	-171.6	-105.8
Cash flow from financing activities	-70.1	-198.5
Cash flow for the period	**16.3**	**-261.3**
Liquid funds at beginning of period	458.2	717.3
Exchange rate differences in liquid funds	-4.3	2.2
Liquid funds at end of period	470.2	458.2
* Of which change in working capital	-27.8	-92.0

Definitions, Other key ratios:
Gross margin: Gross income from sales of goods as a percentage of Revenues from sales of goods.
Operating margin: Operating income as a percentage of Revenues from sales of goods and Royalties.
Operating margin before R&D costs: Operating income excluding R&D costs as a percentage of Revenues from sales of goods and Royalties.
Equity/assets ratio: Shareholders' equity as a percentage of total assets.

ACCOUNTING PRINCIPLES

This quarterly report has been drawn up in accordance with IAS 34, Interim Financial Reporting, which is in accordance with the requirements of the recommendation of the Swedish Financial Accounting Standards Council, RR31.

The accounting principles that are applied in this interim report are those described in the notes in the Annual Report for 2005.

Q-Med AB (publ)

February 14, 2007
Uppsala

Bengt Ågerup,
President and CEO

Queries should be addressed to:
Erika Kjellberg Eriksson, Vice President and CFO
Tel: + 46 70-974 90 20.

Coming reports:

Interim report January – March 2007	May 3, 2007
Interim report January – June 2007	July 26, 2007
Interim report January – September 2007	October 23, 2007

Annual General Meeting:
May 3, in Uppsala

Chairman of the election committee:
Robert Wikholm, robert.wikholm@vinge.se