



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

April 23, 1998

Uppsala, Sweden

Q-MED'S REPORT FOR THE FIRST QUARTER, 1998

- **Revenues increased sharply, to SEK 14.2 (8.3) million.**
- **Income after financial items amounted to SEK 1.3 (1.5) million.**
- **Subsidiary companies have been started in USA and Canada.**
- **At the Annual General Meeting held on April 22, 1998, it was decided that no dividend would be paid for the financial year May 1, 1997 to December 31, 1997. All the members of the Board were re-elected.**

Revenues and income

Q-Med continues to grow at a rapid rate and the Group reports revenues of SEK 14.2 (8.3) million for the first three 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. The registration process for Restylane is ongoing in Canada and it is estimated that it will be possible to start sales during the autumn.

Operating income for the quarter amounted to SEK 1.3 (1.6) million. The fact that the operating income for the period was somewhat worse than for the equivalent period for the previous year is attributable to considerable expansion, above all with regard to marketing and personnel. Amortization and depreciation of SEK 0.6 (0.2) million have been charged against income, of which SEK 0.2 (-) million was amortization of goodwill. Income after financial items amounted to SEK 1.3 (1.5) million.

(SEK million)	Jan - March 1998	Jan - March 1997	Whole year 1997*
Revenues	14.2	8.3	46.0
Operating income	1.3	1.6	6.0
Income after financial items	1.3	1.5	5.9

* pro forma

Balance sheet in summary

(SEK million)	Mar 31, 1998	Dec 31, 1997	Mar 31, 1997
Fixed assets	26.6	15.1	10.1
Inventories	3.8	2.0	0.7
Accounts receivable	9.7	11.0	6.1
Other current receivables	2.3	1.9	0.6
Liquid assets	9.0	18.8	2.4
Total current assets	24.8	33.7	9.8
Total assets	51.4	48.8	19.9
Shareholders' equity	33.1	31.4	3.0
Provision for taxation	1.0	0.5	0.3
Long-term liabilities	9.4	6.1	9.1
Current liabilities	7.9	10.8	7.5
Total liabilities and shareholders' equity	51.4	48.8	19.9

Investments

In March a medical development company, Qvestor, was purchased from Q-Med's main owner and Managing Director, Bengt Ågerup. As a result, Q-Med is the owner of all agreements and patents, and all the technology concerning Q-Med's unique way of chemically modifying hyaluronic acid. The purchase price for 100 % of the shares amounted to SEK 10 million plus substance of SEK 1.4 million. SEK 8.1 million was paid when the agreement was signed and the remaining SEK 3.3 million will be paid no later than August 1999.

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 and is financed partly through company funds and partly through loans. The building of the new premises had no effect on liquid assets up until March 31, 1998.

Personnel

Q-Med employed 10 people during the quarter and the total number of employees now amounts to 46 people, 36 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.

Annual General Meeting

At the Annual General Meeting of Q-Med AB (publ) on April 22, 1998, it was decided in accordance with the proposal of the Board and the Managing Director that no dividend would be paid for the financial year May 1, 1997 to December 31, 1997. The Annual General Meeting also decided to change the Articles of Association, so that the invitation to the Annual General Meeting can also be issued through an announcement in a national daily newspaper and so that shareholders must register in advance in order to attend the Annual General Meeting.

The members of the Board, Robert Wikholm, Bengt Ågerup, Tomas Billing, Anders Milton, Björn Odlander and Kurt Ågerup, were re-elected. The auditor Lennart Jakobsson was re-elected and Hans Karlsson was elected as new auditor. Both work for KPMG Bohlins. At the Board meeting following election after the Annual General Meeting Robert Wikholm was elected Chairman of the Board.

April 23, 1998

Uppsala, Sweden

Q-Med AB (publ)

The Board

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