

MediTeam Dental AB (publ) 556249-4293**Interim report, January-September 2000**

- Sales totalled SEK 5.7 M (SEK 8.6 M).
- Operating income after net financial items was SEK –22.7 M (SEK –18.9 M).
- Increased activity in Germany.
- The power-operated instrument Carisolv™ Power Drive is being tested in clinical trials.
- MediTeam is launching training on Carisolv™ on the Internet and on CD.
- Public market research confirms the patient need.

Sales and results

Sales during the period totalled SEK 5.7 M (SEK 8.6 M). Sales during the third quarter of 2000 totalled SEK 1.3 M (SEK 1.6 M). The decline in sales when calculated in SEK is an effect of the change in MediTeam's market strategy of offering starting kits at a far lower price in order more rapidly to expand the base of dentists using Carisolv™.

Sales of starting kits (instruments and gel) increased from some 450 during quarter 3 of 1999 to around 650 during quarter 3 of 2000. As the price of instruments has been reduced, this means, however, that MediTeam's revenue from the sale of instruments declined from some SEK 0.9 M during quarter 3 of 1999 to SEK 0.6 M during quarter 3 of 2000. This is the same trend that was seen during the first half of 2000.

Sales of gel to repurchase customers corresponding, according to the company's calculations, to some 4,000 patient treatments during quarter 3 of 1999 increased to more than 12,000 patient treatments during quarter 3 of 2000. In all, it is estimated that some 60,000 treatments with Carisolv™ have been performed in 2000. In countries with organised dental care, somewhere in the region of one billion caries treatments are performed every year.

The comparison between turnover during the first six months of 1999 and 2000 is significantly affected by the establishment of stocks by a number of distributors in 1999.

Operating expenses totalled SEK 31.8 M (SEK 28.2 M). All the development costs have been written off.

Net interest income/expense totalled SEK 3.2 M (SEK 0.5 M). The result after financial items was SEK –22.7 M (SEK –18.9 M). The result for the third quarter was SEK –8.2 M (SEK –5.1 M).

Market trends

Activities designed significantly to increase the company's presence on the most important markets have been initiated. In the long term, the company expects this to lead to more rapid international market development.

In order to improve profitability for dentists using Carisolv™, product development is focusing on making the method faster and easier to use. A number of important product improvements will be introduced during the next two years.

MediTeam is also developing an information programme to give dentists a knowledge and understanding of the potential for improving their profitability using Carisolv™.

One important prerequisite when it comes to speeding up market development is that patients should be informed about the opportunity to be treated using the new method. The patients are the people who stand to gain the most from treatment with Carisolv™ and they are prepared to pay more if the quality of dental care is enhanced. The extensive research that has been conducted on Carisolv™ reveals, among other things, that patients find the treatment virtually painless and that healthy tooth tissue is not removed. The method is, however, unknown among patients. As a result, an increasing amount of future information will be aimed directly at the patient. A special patient Website has been launched, www.carisolv.com, and public campaigns are being prepared.

Sweden

During the period, sales of gel to repurchase customers increased significantly compared with the corresponding period in 1999. The number of dentists who use Carisolv™ frequently has increased. The recruitment of new users has been slow as only a few market activities were run during the period. Carisolv™ is currently a method of which most Swedish dentists are aware, but it is still relatively unknown among patients.

A recently-published public survey in Linköping revealed that only 20% had heard of the method. After being given a short description of Carisolv™, 70% of the people who were interviewed said that they thought that Carisolv™ was an alternative they would prefer. The percentage that said that they did not need treatment with Carisolv™ was 13%, while 17% said they did not know. The most common reasons that were given for answering "no" or "don't know" to the question of whether Carisolv™ was a desirable alternative were that the person who had been asked did not have caries (holes in their teeth) or had no teeth or that people wanted more information. This survey in Linköping clearly demonstrates that Carisolv™ is the answer to an important patient need. Dentists' uncertainty about changing working methods is slowing market development. MediTeam feels that it is essential to increase patient awareness of Carisolv™ and information campaigns aimed at patients will be tested.

Germany

Germany, the world's third largest dental market, is one of the top-priority markets. MediTeam's presence has now been significantly boosted by measures such as having its own subsidiary in Düsseldorf with responsibility for market support.

Demedis GmbH, Germany's largest dental company, has initiated the sale of Carisolv™. MediTeam has agreements with a number of other dental distributors relating to the sale of Carisolv™ on the German market. Discussions are in progress with other dental distributors.

A growing number of dentists have contacted MediTeam to obtain more information about the method. After a long period of declining sales figures as a result of poor market presence, sales have once again picked up since the summer. A joint venture has been initiated with a public relations company with a view to running information campaigns for dentists and patients.

Italy

Italy is the fifth largest dental market in the world and has more than 35,000 active dentists. During the autumn, AstraZeneca's subsidiary began introducing Carisolv on the Italian market. AstraZeneca will also be introducing the new instrument kit during the autumn. The distributor believes that these new

instruments will facilitate the recruitment of new users. However, as the price of the instrument kit has been reduced, MediTeam's sales revenue will decline initially.

Brazil

Brazil, with some 110,000 active dentists, is the fourth largest dental market in the world. MediTeam has set up its own subsidiary, MediTeam do Brasil LTDA, for imports. Local production is being prepared. These measures will significantly reduce the problems associated with import duty. A launch is planned late in the autumn of 2000.

USA

North America is the world's largest dental market. There are some 140,000 active dentists in the USA. Approved FDA registration is expected at the beginning of next year at the very earliest. Discussions about the marketing of Carisolv™ are in progress with specially-selected American dental companies.

Japan

Japan has 75,000 active dentists and is the world's second largest dental market. Denics, MediTeam's Japanese distributor, has persuaded all the Japanese universities and leading moulders of opinion to test the method and expects to begin the launch no more than two months after product registration is obtained. Registration is expected in the spring of 2001.

Other markets

In the UK, MediTeam has opened its own offices in order to step up market presence. Three leading dental distributors, Wright-Cottrell & Co., Dental Directory and Henry Schein's British subsidiary, are distributors for Carisolv™.

In the Netherlands, the media have focused on Carisolv™, following a stagewise introduction in the spring. TV channels and newspapers have carried a number of balanced reports about Carisolv™ in which dentists have spoken about the benefits of the method.

During the autumn, Carisolv™ has been introduced on the markets in Russia, Belgium and Hungary. The method will also be introduced in Israel later this autumn. The distributor Pharmadent is preparing the launch on the French market towards the end of the year. MediTeam is currently conducting negotiations relating to sales on the Spanish market where the launch is planned to begin in the spring of 2001. The work associated with registration by the authorities and the appointment of distributors is in progress for a number of additional markets outside Europe and the launch on some of these markets is planned to begin during the spring of 2001.

Other market activities

In order to facilitate the effective supply of information to MediTeam's most important target groups – universities, dentists and patients – various news items and new products/features are gradually being launched on MediTeam's Website. In September, course literature for dental students and an introductory course for dentists were introduced on this site.

The need to inform patient groups about the use of Carisolv™ is becoming increasingly clear. A special Website, www.carisolv.com, for the general public will be launched during the autumn. Information campaigns aimed at patients will be tested in Sweden and Germany.

Research and development

Current product development is focusing first and foremost on making the method faster and easier for dentists to use. Improved technology is currently being tested in Sweden and abroad. A number of improvements will be introduced over the next two years.

The scientific reference list is growing the whole time and documents the safety and efficacy of the method, as well as its clinical use. This reference list, which now comprises 50 publications, can be accessed on MediTeam's Website at: www.mediteam.com.

Carisolv™ Power Drive

During the past two years, MediTeam has developed an instrument for power-operated scraping. The aim has been to comply with the dentist's call for a faster and easier way to work with Carisolv™. This power-operated instrument, Carisolv™ power drive, has been developed in collaboration with researchers at schools of dentistry and a German development company.

During the spring and summer, the instrument was tested at Swedish schools of dentistry. Experience thus far indicates that the Carisolv™ power drive facilitates treatment, produces treatment that is as painless as manual scraping and is just as kind to the healthy part of the tooth. The patient benefits are maintained, but the technical limitations for the dentist are significantly reduced.

A large-scale market test will be initiated in conjunction with the Swedish odontological congress in Stockholm at the end of October. The international launch will begin at the large dental fair in Cologne at the end of March 2001. The company expects the Carisolv™ power drive to increase the use of the method and reduce resistance among dentists.

MediTeam's liquidity and financial position

On 30 September 2000, cash, bank accounts and current investments totalled SEK 123.6 M (SEK 28.0 M). Equity totalled SEK 133.9 M (SEK 21.8 M). The equity/assets ratio was 96%.

Miscellaneous

At the end of the period, the company had 26 employees. Investments in shares, machinery and equipment during the period totalled SEK 3.0 M.

The subsidiary company Medi Team Dentalutveckling i Göteborg AB, corporate ID number 556585-4393, was set up at the beginning of 2000 to protect the new company name MediTeam Dental AB. This subsidiary company runs no operations, has no employees and no assets, apart from liquid assets corresponding to the share capital. The share capital of this subsidiary totals SEK 0.1 M.

The registration of a subsidiary company in Germany, MediTeam Dental Deutschland GmbH, has been completed. The share capital totals EUR 25,000 (SEK 0.2 M).

A subsidiary company in Brazil, MediTeam do Brasil LTDA, was registered during the quarter. The share capital totals BRL 1,000 (SEK 5 k). MediTeam Dental AB owns 99.9% of this company.

No consolidated accounts have been drawn up as they would be essentially the same as the following parent company accounts.

	2000 Quarter 3 July–Sept	1999 Quarter 3 July–Sept	2000 January- September	1999 January- September	1999 January- December
PROFIT AND LOSS ACCOUNT (SEK k)					
Net turnover	1 333	1 610	5 722	8 592	11 256
Other income	0	88	84	149	306
Operating expense	-10 949	-6 891	-31 760	-28 212	-38 480
Operating income	-9 616	-5 193	-25 954	-19 471	-26 918
Net interest income/expense	1 422	88	3 221	529	589
Result for the period	-8 194	-5 105	-22 733	-18 942	- 26 329
BALANCE SHEET (SEK k)					
			2000-09-30	1999-09-30	1999-12-31
Fixed assets			7 490	5 613	5 456
Current assets					
Other current assets			8 956	7 634	9 297
Cash, bank and current investments			123 566	27 974	20 070
Total assets			140 012	41 221	34 823
Equity			133 930	21 796	19 160
Liability to subscribers to shares			0	5 000	0
Convertible debenture			0	10 000	10 000
Current liabilities			6 082	4 425	5 663
Total equity and liabilities			140 012	41 221	34 823
KEY RATIOS					
Number of shares at end of period			6 940 649	3 200 000	3 300 000
Average number of shares			5 785 256	3 022 222	3 075 000
Equity/assets ratio, %			95,7	52,9	55,0
Return on equity, %			-29,7	-72,0	-105,3
Return on total capital, %			-26,0	-48,9	-73,6
Equity per share, SEK			19,30	6,81	5,81
Profit per share, SEK			-3,93	-6,27	-8,56
CASH-FLOW ANALYSIS (SEK k)					
Cash flow from current operations			-20 988	-17 641	-25 082
Cash flow from investment operations			-3 020	-947	-1 161
Cash flow from financing operations			127 504	24 896	24 646
Change in liquid assets and current					

investments

103 496

6 308

-1 597

Publication of financial information

Report on the whole of 2000

9 February 2001

Sävedalen, 17 October 2000

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This interim report has not been examined by the company's auditors.

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MediTeam is a Swedish dental company, which markets new treatment methods based on odontological research on the international market. At the present time, MediTeam is developing and marketing Carisolv™ – a method for tissue-preserving caries removal with a minimum of pain and trauma for the patient.

www.mediteam.com

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