

Interim report January-March 2009

January-March

- Group revenues from sales of goods and royalties amounted to 339 (289) MSEK.
- Earnings per share amounted to 0.42 (0.10) SEK.
- Operating income amounted to 54 (10) MSEK.
- Revenues within the Esthetics product area amounted to 269 (233) MSEK and operating income was 50 (55) MSEK.
- Net income after tax amounted to 42 (10) MSEK.

Important events after the end of the period

- On April 22 Q-Med announced that Q-Med AB and Oceana Therapeutics, LCC., based in the US, have entered into global agreements regarding commercialization rights to Deflux® and Solesta™. The agreements also include future products that utilize Q-Med's proprietary NASHA™ technology within the areas of gastroenterology and urology. As part of the transaction Oceana Therapeutics is acquiring Q-Med Scandinavia Inc., which accounts for the majority of the business for Deflux and Solesta.
Under the terms of the agreements Oceana will make an initial payment of 60 MUSD for the shares of Q-Med Scandinavia, Inc. and an additional payment of 15 MUSD upon the US approval of Solesta. Under the agreements, if certain sales targets are achieved, Q-Med AB may receive additional milestone payments of up to 45 MUSD. Oceana will also pay a royalty for the licensing rights based on the net sales of the products. The parties will share the clinical development cost of Solesta. The transaction is subject to authority approval and to the closing conditions between the parties being met.

Q-Med AB is a medical device company. The company develops, manufactures, markets, and sells primarily medical implants. The majority of the products are based on the company's patented technology, **NASHA™**, for the production of stabilized non-animal hyaluronic acid. The product portfolio today contains: **Restylane®** for filling lines and folds, contouring and creating volume in the face, **Macrolane™** for body 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, 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 650 coworkers, with close to 400 at the company's head office and production facility in Uppsala, Sweden. Q-Med AB is listed in the Mid Cap segment of NASDAQ OMX Nordic.

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

GROUP REVENUES FROM SALES OF GOODS AND ROYALTIES

The Group's total revenues from sales of goods and royalties amounted to 339 (289) MSEK. Of this figure, royalties regarding Durolane™ amounted to 4 (4) MSEK.

Fluctuations in exchange rates affected sales revenues by 47(-8) MSEK.

Sales of goods per region and product area

| | Esthetics | | | Hospital Healthcare | | | Total | | |
|---------------|-----------------|------------|------------|---------------------|-----------|------------|------------|------------|------------|
| | January - March | | | January - March | | | | | |
| (MSEK) | 2009 | 2008 | +/- % | 2009 | 2008 | +/- % | 2009 | 2008 | +/- % |
| Europe | 162 | 135 | 20% | 18 | 18 | - | 180 | 153 | 18% |
| North America | 12 | 22 | -45% | 46 | 34 | 35% | 58 | 56 | 4% |
| Latin America | 10 | 9 | 11% | 1 | 0 | - | 11 | 9 | 22% |
| Asia | 75 | 55 | 36% | 1 | 1 | - | 76 | 56 | 36% |
| Rest of World | 10 | 12 | -17% | 0 | 0 | - | 10 | 12 | -17% |
| Total | 269 | 233 | 15% | 66 | 53 | 25% | 335 | 286 | 17% |

Total sales of goods within the Esthetics product area amounted to 269 (233) MSEK. Esthetic sales have been negatively affected as a result of the global economic downturn. Deliveries to Medicis have decreased due to the continued weak economic climate.

GROUP INCOME

The Group's gross income amounted to 276 (248) MSEK. The gross margin for sales of goods amounted to 81 (86) percent. The deterioration of the gross margin is due, amongst other things, to shifts in the product portfolio mix and currency effects.

Marketing and selling expenses amounted to 147 (153) MSEK, which corresponds to 43 (53) percent of revenues.

Costs for research and development amounted to 55 (64) MSEK, which corresponds to 16 (22) percent of revenues.

Depreciation and amortization amounted to 17 (16) MSEK.

Net financial income during the period amounted to 6 (3) MSEK. Fluctuations in exchange rates affected net financial income by 6 MSEK. Net income after tax for the period amounted to 42 (10) MSEK.

Operating income per product area

| (MSEK) | January - March | | | Whole year |
|----------------------|-----------------|-----------|-------------|------------|
| | 2009 | 2008 | + / - % | 2008 |
| Esthetics | 50 | 55 | -9% | 172 |
| Hospital Healthcare | 21 | -22 | n/a | -19 |
| Development Projects | -2 | -5 | n/a | -12 |
| Not allocated* | -15 | -18 | n/a | -91 |
| Total | 54 | 10 | 440% | 50 |

* Not allocated comprises primarily common Group functions such as the Finance Department, IT and business development.

Operating income within the Esthetics product area has decreased compared with the previous year. The decrease is largely due to reduced esthetic deliveries to North America, but also to shifts in the product mix.

Operating income has improved within the Hospital Healthcare product area. The improvement in operating income is primarily attributable to changes in business operations that were carried out in connection with the decision to terminate production and sales of Zuidex™.

INVESTMENTS AND CASH FLOW

The cash flow from operating activities amounted to 10 (-20) MSEK during the period. The cash flow from investing activities amounted to -58 (-33) MSEK. The cash flow from investing activities for 2009 includes changes of -26 MSEK in short-term financial investments.

Ongoing investments are primarily measures to increase efficiency and capacity within production. The investments also comprise payments for the laboratory and production facilities that were begun earlier.

Current investments in machinery and inventories amounted to 24 (14) MSEK.

In all the cash flow was -48 (-53) MSEK and at the end of the period Q-Med had liquid funds of 187 MSEK.

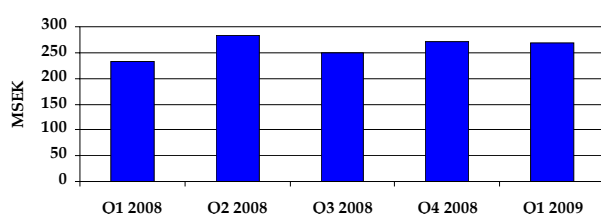
ESTHETICS PRODUCT AREA

The Esthetics product area comprises the Restylane® family, products for use in the treatment of facial wrinkles and folds and for contouring and sculpting of the face and lips, and Macrolane™ for body shaping.

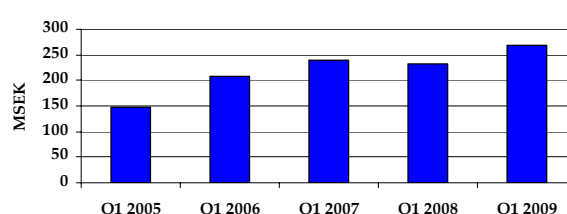
Sales of goods and operating income

| (MSEK) | January - March | | | Whole year |
|------------------------------|-----------------|------|-------|------------|
| | 2009 | 2008 | +/- % | 2008 |
| Revenues from sales of goods | 269 | 233 | 15% | 1,037 |
| Operating income | 50 | 55 | -9% | 172 |
| Operating margin | 19% | 24% | | 17% |

Sales Esthetics
Q1 2008 - Q1 2009



Sales Esthetics
Q1 2005 - Q1 2009



Sales of goods within the product area amounted to 269 (233) MSEK. Operating income was 50 (55) MSEK and the operating margin amounted to 19 (24) percent.

Fluctuations in exchange rates affected sales revenues by 36 (-6) MSEK.

Sales of goods per region

| (MSEK) | January - March | | | Whole year |
|---------------|-----------------|------------|------------|--------------|
| | 2009 | 2008 | +/- % | 2008 |
| Europe | 162 | 135 | 20% | 613 |
| North America | 12 | 22 | -45% | 78 |
| Latin America | 10 | 9 | 11% | 44 |
| Asia | 75 | 55 | 36% | 237 |
| Rest of World | 10 | 12 | -17% | 65 |
| Total | 269 | 233 | 15% | 1,037 |

Growth in Europe was 20 percent compared with the previous year. The financial unrest and economic downturn have continued to affect sales negatively.

Deliveries to Medicis, Q-Med's partner in North America, decreased by 45 percent compared with the previous year. Deliveries to North America are affected by a weaker total market for fillers as a result of the economic downturn in North America.

Sales to Latin America increased by 11 percent compared with the previous year. Mexico and Brazil are at present Q-Med's largest markets in Latin America. Sales to the region have been affected negatively by the global economic downturn.

Sales to Asia increased by 36 percent compared with the previous year. There has been a certain amount of recovery in Japan and other markets in Asia continue to develop well even though the financial crisis has affected sales negatively, primarily in South Korea. At the beginning of January 2009 Q-Med obtained registration approval for Restylane® in China. It is estimated that sales of the product will begin at the end of the second quarter in 2009.

Development per product

Restylane®

In January, in connection with IMCAS (International Master Course on Aging Skin) in Paris, Q-Med launched Restylane® Injector, an injection pen for simple treatment with Restylane Vital™ Light. Restylane Injector is an injection pen that can distribute NASHA™ gels with high precision over large treatment areas. Using the new injector the doctor can more easily treat particularly sensitive areas of the skin, such as the throat, the décolletage and hands.

Macrolane™

The launch of Macrolane™ in Europe has continued to develop positively even if sales of Macrolane have been negatively affected by the economic slowdown, as it is a more expensive form of treatment for the patients.

HOSPITAL HEALTHCARE PRODUCT AREA

The Hospital Healthcare product area comprises Q-Med's products for medical indications – Deflux®, which is used in the treatment of vesicoureteral reflux (VUR) in children, Durolane™ for the treatment of osteoarthritis of the hip and knee joints, and Solesta™ for the treatment of fecal incontinence.

Sales of goods and royalties amounted to 70 (57) MSEK, of which royalties were 4 (4) MSEK.

Operating income was 21 (-22) MSEK. The improvement in operating income is primarily due to changes in business operations that were carried out in connection with the decision to terminate production and sales of Zuidex™ and other changes that have been carried out as part of the company's work on focusing the business on the Esthetics product area.

Fluctuations in exchange rates affected sales by 11 (-2) MSEK.

Sales of goods per region

| (MSEK) | January - March | | | Whole year |
|---------------|-----------------|-----------|------------|------------|
| | 2009 | 2008 | +/- % | 2008 |
| Europe | 18 | 18 | - | 65 |
| North America | 46 | 34 | 35% | 145 |
| Latin America | 1 | 0 | - | 2 |
| Asia | 1 | 1 | - | 5 |
| Rest of World | 0 | 0 | - | 1 |
| Total | 66 | 53 | 25% | 218 |

Development per product: sales of goods and royalties

| (MSEK) | January - March | | | Whole year |
|------------------------------------|-----------------|------|-------|------------|
| | 2009 | 2008 | +/- % | 2008 |
| Deflux | 54 | 42 | 29% | 179 |
| Durolane | 11 | 7 | 57% | 30 |
| Zuidex | 0 | 2 | -100% | 5 |
| Solesta | 0 | 1 | -100% | 2 |
| Other products | 1 | 1 | - | 2 |
| Total revenues from sales of goods | 66 | 53 | 25% | 218 |
| Royalty revenues Durolane | 4 | 4 | - | 17 |
| Total revenues | 70 | 57 | 23% | 235 |
| Operating income | 21 | -22 | n/a | -19 |

Deflux®

Sales of Deflux amounted to 54 (42) MSEK.

Durolane™

Sales of Durolane amounted to 11 (7) MSEK and royalty revenues amounted to 4 (4) MSEK. The registration process in the USA is ongoing.

Solesta™

Sales of Solesta amounted to 0 (1) MSEK. Introduction of the product to a small number of specialists in Europe is proceeding according to plan.

DEVELOPMENT PROJECTS

The majority of the research and development that does not as yet generate any sales is gathered in the Development Projects product area. Operating income amounted to -2 (-5) MSEK.

PARENT COMPANY

Sales in the Parent Company, Q-Med AB (publ), amounted to 225 (183) MSEK including sales of 144 (115) MSEK to affiliated companies. Income after financial items amounted to 74 (6) MSEK. The Parent Company's liquid funds at March 31, 2009 amounted to 113 (141) MSEK.

PERSONNEL

The number of employees decreased by 2 people and at March 31, 2009 amounted to 663 (745) people, including 394 (485) in Sweden.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

On April 22 Q-Med announced that Q-Med AB and Oceana Therapeutics, LCC., based in the US, have entered into global agreements regarding commercialization rights to Deflux® and Solesta™. The agreements also include future products that utilize Q-Med's proprietary NASHA™ technology within the areas of gastroenterology and urology. As part of the transaction Oceana Therapeutics is acquiring Q-Med Scandinavia Inc., which accounts for the majority of the business for Deflux and Solesta.

Under the terms of the agreements Oceana will make an initial payment of 60 MUSD for the shares of Q-Med Scandinavia, Inc. and an additional payment of 15 MUSD upon the US approval of Solesta. Under the agreements, if certain sales targets are achieved, Q-Med AB may receive additional milestone payments of up to 45 MUSD. Oceana will also pay a royalty for the licensing rights based on the net sales of the products. The parties will share the clinical development cost of Solesta. The transaction is subject to authority approval and to the closing conditions between the parties being met.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

The recent economic downturn has entailed increased general uncertainty, which has also entailed increased risks and increased uncertainty for Q-Med. Due to Q-Med's continued high equity/assets ratio, this has not meant any dramatically increased financial risks. Q-Med's strategic, operative and financial risks are described in the Report of the Board of Directors in the Annual Report for 2008. For further information, see also note 21 in the Annual Report for 2008.

PROSPECTS FOR THE FUTURE

Q-Med's aim is to defend its strong position, with a retained or increased market share in all principal markets. In parallel new markets will be developed, primarily in Asia and Latin America.

Q-Med's overall objective is high growth together with good profitability. The launch of Macrolane™ and new products within the area of hydro balance means that the market for Q-Med's products is growing. The effects of the global economic downturn on the market for esthetic products are, however, difficult to assess.

The Esthetics product area is in focus. The product portfolio will be broadened through in-house development and through strategic partnerships.

| Group income statement (MSEK) | January - March | | | Whole year |
|--|-----------------|------------|-------------|--------------|
| | 2009 | 2008 | + / - % | 2008 |
| Revenues from sales of goods | 335 | 285 | 18% | 1,255 |
| Royalty revenues | 4 | 4 | 0% | 17 |
| Total revenues | 339 | 289 | 17% | 1,272 |
| Cost of goods sold | -63 | -41 | 54% | -225 |
| Gross income | 276 | 248 | 11% | 1,047 |
| Other operating revenues | 4 | 10 | -60% | 40 |
| Selling expenses | -147 | -153 | -4% | -634 |
| Administrative expenses | -23 | -28 | -18% | -146 |
| R&D costs | -55 | -64 | -14% | -256 |
| Other operating expenses | -1 | -3 | -67% | -1 |
| Operating income | 54 | 10 | 440% | 50 |
| Result from financial items | 6 | 3 | | 12 |
| Income after financial items | 60 | 13 | 362% | 62 |
| Tax on income for the period | -18 | -3 | | -29 |
| Net income for the period | 42 | 10 | 320% | 33 |
| Other comprehensive income | | | | |
| Translation difference | 3 | -6 | | 21 |
| Total comprehensive income for the period | 45 | 4 | | 54 |
| Earnings per share, SEK* | 0.42 | 0.10 | | 0.34 |
| Number of outstanding shares at closing day | 99,382,000 | 99,382,000 | | 99,382,000 |
| Average number of outstanding shares | 99,382,000 | 99,382,000 | | 99,382,000 |

* Earnings per share is defined as the earnings for the period in relation to the average number of outstanding shares for the period.

| Other key ratios | January - March | | Whole year |
|-------------------------------------|-----------------|-------|------------|
| | 2009 | 2008 | 2008 |
| Gross margin | 81% | 86% | 82% |
| Operating margin | 16% | 3% | 4% |
| Operating margin before R&D costs | 32% | 26% | 24% |
| Number of employees | 663 | 745 | 665 |
| Equity/assets ratio | 79% | 80% | 75% |
| Shareholders' equity per share, SEK | 13.33 | 13.87 | 12.88 |

| Group balance sheet (MSEK) | Mar 31, 2009 | Mar 31, 2008 | Dec 31, 2008 |
|---|-----------------|-----------------|-----------------|
| Fixed assets | | | |
| Patents and other intellectual property | 28 | 24 | 30 |
| Goodwill | 50 | 43 | 50 |
| Tangible assets | 860 | 725 | 842 |
| Deferred prepaid tax | 19 | 20 | 19 |
| Other financial assets | 52 | 59 | 52 |
| Current assets | | | |
| Inventories | 162 | 158 | 169 |
| Accounts receivable | 246 | 223 | 233 |
| Other current receivables | 26 | 27 | 43 |
| Prepaid expenses and accrued revenues | 32 | 38 | 32 |
| Short term investments | 25 | - | - |
| Liquid funds | 187 | 399 | 228 |
| Total assets | 1,687 | 1,716 | 1,747 |
| Shareholders' equity | 1,325 | 1,378 | 1,280 |
| Long-term liabilities | | | |
| Interest-bearing long-term liabilities | 50 | 50 | 50 |
| Provisions | 7 | 9 | 10 |
| Deferred tax liability | 102 | 94 | 98 |
| Current liabilities | | | |
| Interest-bearing current liabilities | 28 | 24 | 28 |
| Accounts payable | 52 | 55 | 85 |
| Other interest-free current liabilities | 23 | 26 | 29 |
| Accrued expenses and prepaid revenues | 100 | 80 | 118 |
| Total liabilities and shareholders' equity | 1,687 | 1,716 | 1,698 |
| Pledged assets for own liabilities | 38 | 56 | 38 |
| Contingent liabilities | none | none | none |

| Change in shareholders' equity during the period (MSEK) | January - March 2009 | January - March 2008 |
|---|---|---|
| | Attributable to Parent Company's shareholders | Attributable to Parent Company's shareholders |
| Opening balance | 1,280 | 1,374 |
| Total comprehensive income for the period | 45 | 4 |
| New share issue | 0 | 0 |
| Dividend | 0 | 0 |
| Closing balance | 1,325 | 1,378 |

| Group cash flow statement (MSEK) | January - March | |
|--|-----------------|-------------|
| | 2009 | 2008 |
| Cash flow from operating activities before working capital changes | 62 | 44 |
| Cash flow from working capital changes: | | |
| Increase(-)/Decrease(+) in inventories | 11 | -20 |
| Increase(-)/Decrease(+) in receivables | -3 | -13 |
| Increase(-)/Decrease(+) in operating liabilities | -60 | -31 |
| Total cash flow from working capital changes: | -52 | -64 |
| Cash flow from operating activities | 10 | -20 |
| Change in short term investments | -26 | - |
| Cash flow from other investing activities | -32 | -33 |
| Cash flow from financing activities | 0 | 0 |
| Cash flow for the period | -48 | -53 |
| Cash and cash equivalent at the beginning of the period | 228 | 457 |
| Exchange rate differences in cash and cash equivalents | 7 | -4 |
| Cash and cash equivalents at the end of the year | 187 | 399 |

PARENT COMPANY Q-MED AB

| Income statement for the Parent Company (MSEK) | January - March | | Whole year |
|--|-----------------|----------|------------|
| | 2009 | 2008 | 2008 |
| Operating income | 69 | 7 | 29 |
| Result from financial items | 5 | -2 | 13 |
| Appropriations | -18 | -1 | -35 |
| Tax on income for the period | -15 | -1 | -14 |
| Net income for the period | 41 | 3 | -7 |

| Balance sheet for the Parent Company | | | |
|---|--------------|--------------|--------------|
| (MSEK) | Mar 31, 2009 | Mar 31, 2008 | Dec 31, 2008 |
| Fixed assets | | | |
| Intangible assets | 11 | 12 | 12 |
| Tangible assets | 703 | 557 | 684 |
| Other financial assets | 200 | 416 | 201 |
| Current assets | | | |
| Inventories | 138 | 136 | 138 |
| Accounts receivable | 49 | 71 | 46 |
| Other current receivables | 196 | 152 | 193 |
| Prepaid expenses and accrued revenues | 25 | 27 | 25 |
| Short term investments | 26 | - | - |
| Liquid funds | 123 | 141 | 153 |
| Total assets | 1,471 | 1,512 | 1,452 |
| Shareholders' equity | 974 | 1,094 | 933 |
| Untaxed reserves | 287 | 234 | 268 |
| Long-term liabilities | | | |
| Interest-bearing long-term liabilities | 50 | 50 | 50 |
| Other long-term liabilities | 12 | 4 | 12 |
| Provisions | 1 | 5 | 2 |
| Current liabilities | | | |
| Interest-bearing current liabilities | 28 | 24 | 28 |
| Accounts payable | 38 | 43 | 66 |
| Other interest-free current liabilities | 15 | 6 | 22 |
| Accrued expenses and prepaid revenues | 66 | 52 | 71 |
| Total liabilities and shareholders' equity | 1,471 | 1,512 | 1,452 |

ACCOUNTING PRINCIPLES

As was the case for the annual accounts for 2008, the consolidated accounts for the first quarter of 2009 have been drawn up in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The Parent Company's accounts have been drawn up in accordance with recommendation RFR 2.2 of the Swedish Financial Reporting Board and the Annual Accounts Act.

This interim report has been drawn up in accordance with IAS 34, Interim Financial Reporting.

The accounting principles that are applied in this interim report are those described in the notes in the Annual Report for 2008, with the exception of new or reworked standards such as they are described below.

NEW OR REWORKED STANDARDS

As of January 1, 2009 a number of changes in the rules and regulations for financial reporting have come into force. Of these, it is the new standard IFRS 8, Operating Segments, and the changes in IAS 1, Presentation of Financial Statements, that are relevant to Q-Med.

IFRS 8 Operating Segments

This standard requires disclosure of the Group's operating segments and supersedes the requirement of determining primary and secondary segments in the Group. The implementation of this standard has not affected the Group's financial position.

Under IFRS 8, which supersedes IAS 14, segment information is to be reported from the perspective of how the Board and the company management follow up and control the business.

Q-Med's division into segments and segment reporting were previously already based on this principle, which means that the introduction of IFRS 8 has not affected the way in which segment information is presented in this interim report either.

Reworked IAS 1 Presentation of Financial Statements

This standard divides up changes in shareholders' equity into transactions with shareholders and other transactions, that is the revenues and expenses that have previously been recorded in the statement of shareholders' equity.

The term "Comprehensive income for the period" is introduced. This consists of "Net income for the period" and of the above-mentioned other transactions. "Comprehensive income for the period" may be presented either in a separate table or in two related tables.

Q-Med has chosen to present "Comprehensive income for the period" in a separate table and to exercise the option to retain in this table the previous designation "Group income statement" instead of "Statement of comprehensive income", as proposed by IAS 1.

This means that the table "Changes in shareholders' equity during the period", in addition to the fact that it contains "Comprehensive income for the period", only discloses detailed information concerning transactions with owners.

AUDITORS' REVIEW

This report has not been the subject of review by the company's auditors.

Q-Med AB (publ)

April 28, 2009

Uppsala

Bengt Ågerup
President and CEO

Queries should be addressed to:

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Coming reports:

| | |
|---------------------------------------|------------------|
| Interim report January-June 2009 | July 23, 2009 |
| Interim report January-September 2009 | October 23, 2009 |

Annual General Meeting:

April 29, 2009, in Uppsala

Election committee:

Robert Wikholm, robert.wikholm@vinge.com, Chairman
Anders Milton
Jan-Erik Erenius, AMF Pension

The information in this report is such as that which Q-Med is required to disclose in accordance with the Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was submitted for disclosure at 07.30 on April 28, 2009.