NINE-MONTHLY REPORT
JANUARY-SEPTEMBER 2011

First nine months

- Net revenue amounted to SEK 14.3 million (14.9).*
- The net loss totaled SEK 11.9 million (15.0).
- Earnings per stock unit amounted to SEK -0.10 (-0.25).
- Artimplant's own sales as a proportion of total sales continued to increase and accounted for 72% (59) of product sales.
- The Company has revised the target of achieving a positive cash flow before changes in working capital on a monthly basis. This will now be achieved by the fourth quarter of 2012 (previously the first quarter of 2012).
- The Board of Directors is examining the possibility of reinforcing the Company's liquidity.

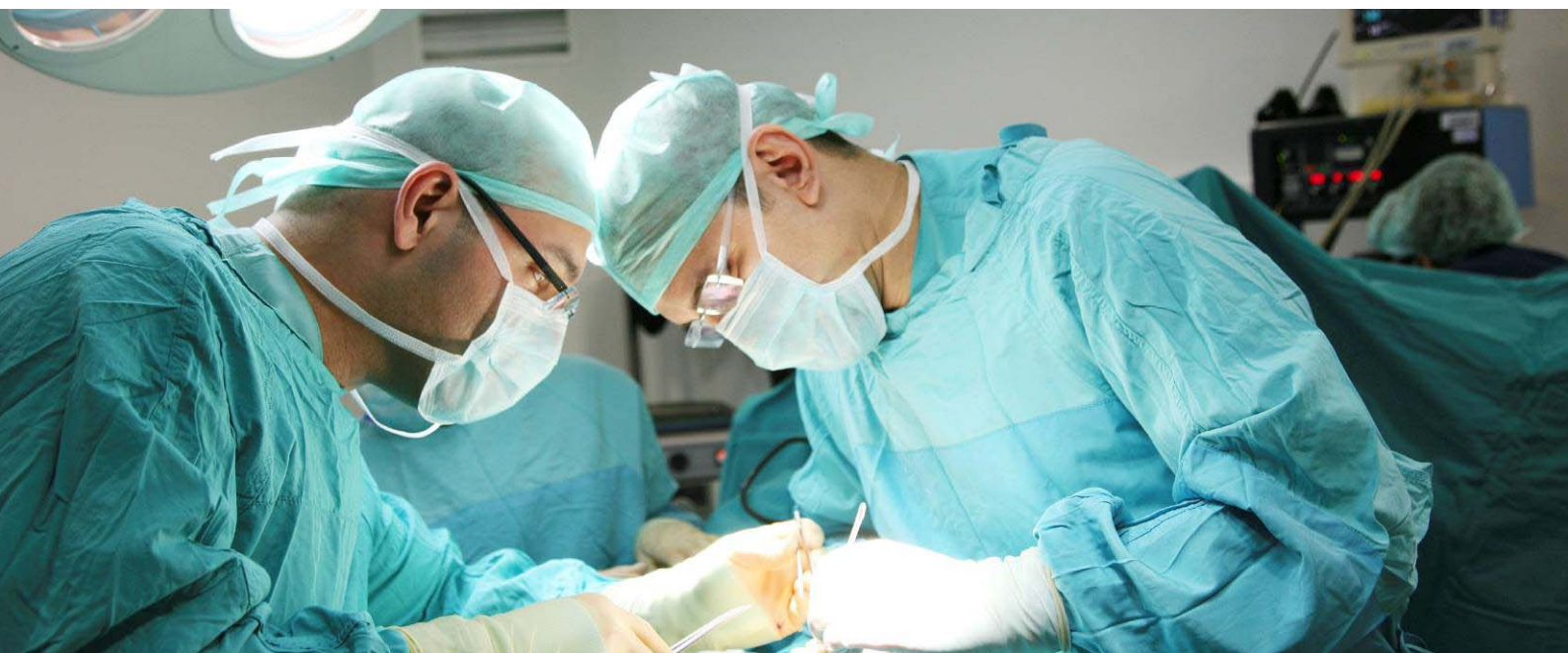
Third quarter

- Net revenue amounted to SEK 4.7 million (5.1).*
- The net loss totaled SEK 2.9 million (5.2).
- Earnings per stock unit amounted to SEK -0.02 (-0.09).

Events after the period-end

- Experienced Manager from the Orthopedic market in the US recruited

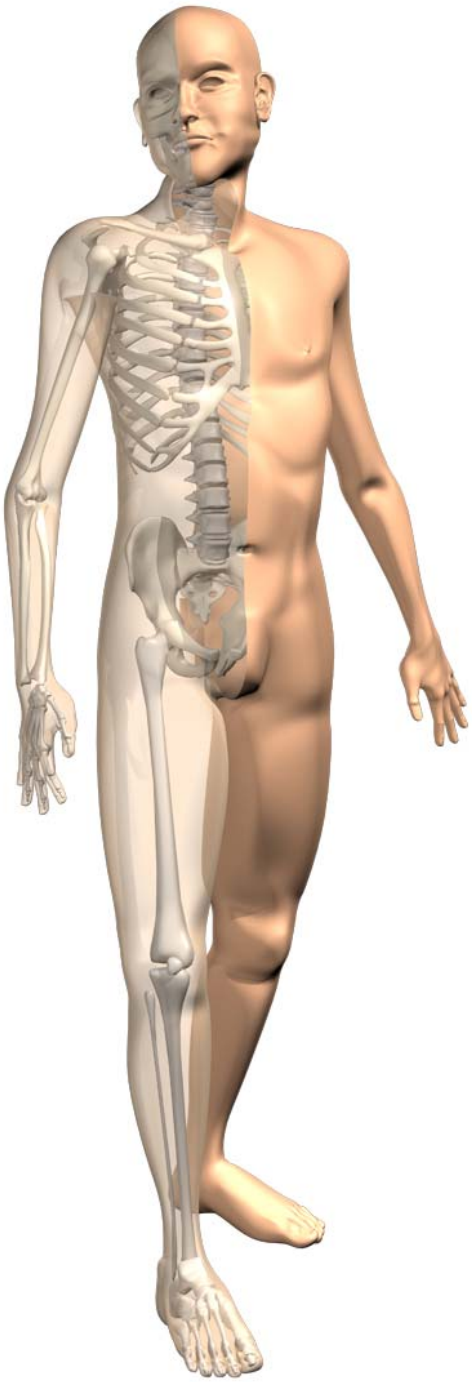
* Figures in brackets refer to the corresponding period last year.
N. B. This is a translation from Swedish. The Swedish version shall always take precedence.



Artimplant

Artimplant's mission is to restore the health of patients by offering medical professionals degradable implants that help the body to heal.

Artimplant is a medical technology company that restores health through the development, production and marketing of degradable implants that regenerate body functions following disease and injury to locomotor organ tissue, thus improving quality of life. Our products are made from Artelon®, a biomaterial developed by the Company. Artimplant produces implants for the treatment of osteoarthritis and the reinforcement of weakened soft tissue. The Company's products are sold through agents and distributors under the Artimplant brand and also through licensees.



Artelon® CMC Spacer and Artelon® STT Spacer

These were Artimplant's first products, used to treat osteoarthritis (wearing of the cartilage) in the thumb base joint and the STT joint in the wrist. The products have been granted regulatory clearance and have been launched in Europe, the USA and a small number of other countries.

Artelon® MTP Spacer

A product for the treatment of osteoarthritis in the big toe joint. The product is in the launch phase in Europe.

Artelon® Tissue Reinforcement, ATR

The product is a mesh used as reinforcement in conjunction with the repair of soft tissue e.g. tendons, ligaments, joint capsule etc. The product is currently in the market introduction phase in Europe and the USA.

Artelon® Cosmetic

A product for soft tissue augmentation in the mouth. Cleared for sale in Europe. The Company is not planning to sell the product under its own auspices as it is aimed at dental surgeons.

Artimplant is a public company listed on the NASDAQ OMX Stockholm Exchange in the Small Cap segment and in the Healthcare sector.

Introduction

Artimplant has been struggling with profitability problems for a long time and has experienced difficulty achieving established objectives. The examination by the CEO and the new Board has now resulted in an analysis of less successful decisions taken in recent years and a plan of action for the Company.

Artimplant was in the past a company with a strong focus on research and development. When the first products were due to be launched, Artimplant's began changing into a more market-oriented company. This transformation has taken far too long and both strategic and operative mistakes have been made along the way. These mistakes are still having a negative impact on the Company today.

Initially, an agreement was signed with licensees whose remit was to market Artimplant products. These agreements were signed subject to terms and conditions that were disadvantageous for Artimplant. They also meant that Artimplant waived the right to conduct necessary clinical trials and instead assigned this task to the licensees. In doing so, Artimplant surrendered a great deal of control over its current and present products. Coupled with a less than satisfactory dialogue with the licensees this has clearly caused problems for the Company

Despite that Artimplant on a couple of occasions over the years have had the opportunity to renegotiate the agreements these strategically important rights have not been secured. The outcome of the renegotiations contributed to that sales by licensees fell continuously and the Company failed to compensate for this by increasing own sales. The primary reason for the fall in sales by the licensees was on both occasions that they lost their exclusive right to sell the products. In one of the cases, Artimplant opted to begin competing with the licensee. In the other case there was no plan in place for how Artimplant should act. Neither Artimplant nor the licensees are benefiting from the current situation. The Company has therefore started discussions with the licensees to examine how the relationship between the companies can be improved and if we can reach a new agreement on what form a future relationship could take.

The Company's previous attempts to build up its own sales organization in the USA have been less successful. After testing a number of models over some years, the Company began working with agents from summer 2010. As marketing and sales activities were controlled from Gothenburg, the full potential of having employees in situ was not utilized, which has had a negative impact on the relationship with both agents and customers.

Artimplant has previously announced that the Company and its licensee, SBi, are involved in a legal process in the USA. Artimplant has contested all allegations and the assessment is that it will be at least a year before any ruling is made. What is causing Artimplant problems at the moment, both in terms of resources and liquidity, is discussions with the insurance companies. During the period to which the complaints refer (turn of the year 2009-2010) Artimplant changed insurance company, which means that at least two insurance companies and one insurance agent are involved. At the present time, neither of the insurance companies wants to come forward and consequently Artimplant is handling and meeting the cost of its defense itself. The reason for this is that there are a number of unclear issues which arose in conjunction with the change of insurance company and the new management must now address those issues. However, we are of the opinion that

we have full insurance cover but that it will take some time before we reach an agreement with all the parties involved.

It is also clear that Artimplant previously opted to present very positive assessments of its future prospects. This means of course that Artimplant's credibility among stockholders, the finance market and other stakeholders is at present very low. It is the ambition of the new management team to provide a picture of the Company that is as clear as possible, both with regard to risks and opportunities, in order to restore confidence in the Company.

The by far most important asset in the Company is our products and our material. They are very strong and the feeling is that there is good potential to develop Artimplant into a successful company if we can overcome the current problems.

The new initiative that is ongoing in the USA, including a new manager in situ with good experience of the US orthopedic market, will lead to increased sales in the USA. However, the assessment is that it will take longer than was previously stated to achieve the sales level required to secure a positive cash flow.

Despite the problems, our own sales (in terms of the number of units) have developed positively during the year. The increase during the first nine months was 40 per cent in the USA and 52 per cent in Europe. At the majority of companies this rate of growth would be deemed acceptable although under the current circumstances at Artimplant that is not the case. It should also be noted that no major changes in the sales price have been made.

The financial situation for Artimplant is serious, particularly with regard to liquidity. The main reasons for this are that the increase in sales forecast by the previous management team has not materialized and the current legal proceedings in the USA require substantial funding. Consequently, the Board of Directors will in the immediate future focus on examining the possibility of some form of capital acquisition.

Artimplant has unique and important assets in its products and its material platform. The Company sells its products in the USA and in Europe and has customers who make repeat purchases of the products. In the short term, Artimplant will increase sales under its own auspices and either stem or compensate for the loss of sales at the licensees through improved collaboration and dialogue. The focus in the first instance will be on the US market, where measures have been taken to noticeably reinforce our presence. By taking back control over our product and material documentation our communication with the various parties on the market will be eased and improved, facilitating the sales process significantly.

In the medium to long term there are opportunities for product development to satisfy further identified medical needs. With the Artelon® material platform there is major potential to adapt products to different needs and to combine materials and cells to support and facilitate the body's healing processes in conjunction with soft tissue damage.

Cost management is an important issue, the work has been intensified and has been demonstrated by a decreased cost level within the company.

It is the firm belief of the Board of Directors and the management team that if we are given the opportunities to make necessary operational rectifications at Artimplant we will over time create a successful, profitable company.

Revenue and financial results

January – September
Net revenue for the first nine months amounted to SEK 14.3 million (14.9) and was primarily revenue from product sales. Direct sales by agents and sales to Artimplant's local distributors (termed own sales) during the first nine months accounted for 72% (59) of product sales. Own sales increased during the period by SEK 1.6 million whilst sales to licensees and royalty revenue fell by SEK 2.0 million compared with the preceding period.

The gross margin for product sales during the first nine months was 89% (80). The improvement compared with the previous year can be attributed in part to lower fixed production costs and in part to a change in the product mix, primarily an increase in the proportion of ATR products.

The operating loss for the first nine months amounted to SEK 12.2 million (14.6). The cost base has shifted compared with the previous year from research and development costs to sales costs. The loss includes non-recurring costs in respect of a provision for doubtful receivables and costs for the former CEO, amounting to SEK 0.9 million (-).

The net loss for the first nine months was SEK 11.9 million (15.0), including currency exchange impact of SEK 0,0 million (-0,4). Earnings per stock unit for the first nine months were SEK -0.10 (-0.25).

Third quarter
Net revenue for the third quarter amounted to SEK 4.7 million (5.1) and was primarily revenue from product sales. Own sales during the third quarter accounted for 73% (65) of product sales.

During the third quarter inventory provisions affected the gross result to the amount of SEK -0.8 million

The operating loss for the third quarter amounted to SEK 3.2 million (4.8).

The net loss for the third quarter was SEK 2.9 million (5.2). Earnings per stock unit for the third quarter were SEK -0.02 (-0.09).

Seasonal effects
Artimplant has not been exposed during the reporting period to any material seasonal effects, neither in revenue nor in costs.

Investments and cash position
No investments were made during the first nine months.

At the end of the period, cash and cash equivalents amounted to SEK 15.9 million (7.7). Total cash flow for the first nine months amounted to SEK -21.0 million (-7.9). The deterioration compared with the previous year can be attributed largely to the repayment of a working capital facility of SEK 4.0 million (which was raised during the first half of the previous year), but also to an increase of SEK 4.4 million in short-term claims, of which SEK 1.8 million refers to costs for counsel in relation to the legal proceedings in the USA and which have yet to be settled through the Company's insurance.

Personnel
As of September 30, 2011, Artimplant had 19 employees (25), of whom 9 (13) were women and 10 (12) were men. Four product specialists are employed at Artimplant USA, Inc. The remainders are employed by Artimplant AB.

Market development

Artimplant's own sales in the USA are developing positively albeit at a slow rate. In the USA, the primary focus is on the Artelon® Tissue Reinforcement (ATR) product, which continues to convince surgeons and patients of its user-friendliness and positive treatment outcome in soft tissue reinforcement. During the period, Artimplant launched complementary ATR products, which facilitate and broaden use, mainly within different foot and ankle applications. Experience to date indicates potential for increased growth. With four product specialists in place the foundation for the Company's planned market expansion in the USA has been laid and will now be stepped up with better support for new and existing agents.

The complete ATR product line is sold mainly through the Company's own agents and a limited product offering through the licensee Biomet on a non-exclusive basis. Biomet sales during the period took place from their own inventory. The licensee's sales are stable and continue to be on a low level.

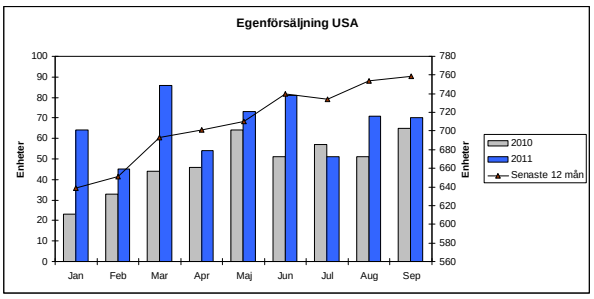
Artelon® Spacer products are used for the treatment of osteoarthritis in a number of joints in the hand and foot and are sold non-exclusively by the licensee Small Bone Innovations (SBi). The licensee's sales of Artelon® CMC Spacer continued to fall during 2011. Published studies and a new launch are considered to be key activities if the licensee is to regain lost sales volumes. SBi is responsible for the majority of Spacer sales.

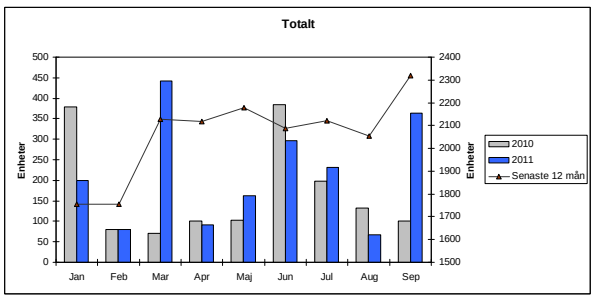
Sales of Artimplant products to end-customers in Europe are growing although they have been assigned lower priority as resources have been concentrated on the US market, which in terms of value is the most important market. Sales in Europe take place from the distributor's own inventory, explaining why invoiced sales from Artimplant vary from quarter to quarter as the distributor organization is expanded.

In co-operation with SBi, Artimplant is developing a new Artelon® CMC Spacer for osteoarthritis in the thumb base joint and which has the same user-friendly textile design as ATR. The product, which will be sold under the brand name Artelon® CMC Soft, was granted CE Marking in Europe during the period and is currently being evaluated at a number of selected European clinics.

Artimplant has also developed a new Artelon® MTP Spacer for osteoarthritis in the big toe joint, which has the same user-friendly textile design as ATR. The product will be sold under the brand name Artelon® MTP Soft. It was granted CE Marking in Europe during the period and evaluation is scheduled to commence during the fourth quarter of 2011 at a number of selected European clinics.

During the period, total own sales increased to SEK 10.3 million (8.6) to the equivalent of 20%. The increase in volume is 26%





Clinical Affairs

Clinical Affairs is responsible for clinical documentation of Artimplant's products and has commenced close collaboration with the Sales and Marketing Department. Together the departments will work on disseminating and to a greater extent utilizing the clinical knowledge and experience that already exists regarding Artelon® products. With 14 years' clinical experience of Artelon® it can be stated that the Artelon® material is safe for use both in joints and soft tissue on condition that the products are used in the manner intended.

A clear trend within the healthcare sector throughout the world is an increase in demand for evidence-based medicine/care, which means awareness and systematic use of treatment based on the best available scientific evidence, i.e. clinically relevant research/trials, coupled with clinical experience and patient preferences. The aim is that the healthcare sector should use the methods that offer the best outcome. Despite extensive clinical experience, thousands of treated patients and up to 14 years' clinical experience of Artelon® implants, Artimplant needs to conduct further clinical trials and demonstrate the benefit of the products in order to meet the increasing demand for evidence-based medicine/care. Conducting trials that demonstrate the clinical benefit of Artimplant products is time-consuming and a long-term undertaking.

The post-market trials mentioned in previous financial reports are moving forward albeit not as rapidly as Artimplant would wish. The ATR trial on patients with rotator cuff injuries has been completed and the results are being compiled for publication. In the current ATR study in patients with chronic Achilles tendon injuries, inclusion was concluded during the spring and clinical follow-up will take place over the next year. The first patient in a further ATR trial on patients with chronic Achilles tendon injuries has been included in Westerville, Ohio. Patients will be included over the next year after which there will be a clinical follow-up.

In summary, Artimplant feels secure with regard to the safety of Artelon® materials and products. Artimplant has intensified efforts to document the benefit of the products, in the first instance through case series compiled by leading opinion-formers although in time also through our internally initiated prospective clinical trials. The focus on resources at Clinical Affairs reflects Artimplant's realization that clinical documentation is one of the by far most important factors for success on the market. Producing clinical documentation based on long-term follow-up of patients is, nonetheless, a long-term undertaking.

Quality

Quality work at Artimplant involves following up and improving customer-perceived quality and that the Company is satisfying the requirements laid down by different authorities regarding working methods in order to be permitted to supply Artelon® products on their respective markets. The quality management system satisfies the stipulations in the EU, USA and Canada, which also allows us access to other markets. To check that stipulations in the EU and Canada are satisfied, an independent inspection body, Lloyds Register Quality Assurance (LRQA), conducts a quality audit twice a year. The next audit is scheduled for November 2011. New products undergo a rigorous inspection by LRQA before they are CE-marked and allowed to be sold. On the US market the regulatory authority is the Food and Drug Administration (FDA). Instead of conducting audits continuously they make random checks of selected companies. This means that Artimplant needs to ensure that the current market stipulations in the USA are satisfied. Artimplant is well prepared for an audit by the FDA.

Product quality is high and the Company is satisfied with the Artelon® material. The first Artelon® implantations took place in 1997 and the first implantation of the potential major seller Artelon® Tissue Reinforcement (ATR) took place in 2006. With a follow-up period of 14 years for the material and five years for ATR, there is a good basis for assessing the quality of the products. There is well-founded evidence that the risk of injury resulting from ATR is very low and that we have not seen any unusual, late or unexpected side-effects.

Even if the Spacer products have, relatively speaking, more reported cases compared with ATR these are falling and during the third quarter the number of known explantations, apart from the complaints, have been much fewer than expected.

In summary, our ongoing quality program has simplified and improved many of our working processes, resulting in a very high level of internal quality in day-to-day operations. Using this as a foundation, the focus can now be switched to customer satisfaction.

Product development

Artimplant's existing focus on new applications based on the unique Artelon® platform is continuing with projects in the clinical phase. The Company's products and product development projects are summarized in the table below.

Product Concept	Intended use	Product	Explore	Develop	Market Intro.	Established
Resurfacing	Osteoarthritis in the thumb base joint and the ST joint in the wrist	Artelon® CMC/ STT Spacer	■	■	■	■
	Osteoarthritis in the big toe joint	Artelon® MTP Spacer*	■	■	■	
	Osteoarthritis in the facet joints of the lumbar spine	Facet Spacer	■			
	Osteoarthritis in the knee joint	Knee Resurfacing	■			
Reinforcement	Soft tissue reinforcement of tendons and ligaments	Artelon® Tissue Reinforcement	■	■	■	▤
	Knee ligament reconstruction in dogs	Artelon® CCL	■	■		
Replenishment	Soft tissue augmentation in the upper jaw	Artelon® Cosmetic*	■	■	▤	

Artimplant's products and projects can be viewed in four phases: concept evaluation/proof-of-concept (Explore), product development and documentation for market registration (Develop), launch and post-market studies (Market Introduction) and a product established on the market (Established). A phase marked by lines means that the Company is about to enter this phase.
* Not cleared for sale in the USA

There is a market for complementary products within the ATR family, mainly for reinforcement of soft tissue. The ATR sizes marketed at present are intended primarily for extensive soft tissue injuries. Artimplant has therefore introduced complementary ATR products that facilitate and broaden the use of ATR in the reinforcement of soft tissue.

ATR is used in conjunction with repairs where soft tissue has become weakened. ATR is thus not used primarily in every soft tissue operation. Artimplant's long-term plan is to demonstrate the benefit of using ATR as a general method when repairing soft tissue.

Events after the end of the reporting period

A prioritised measure has been to strengthen the organisation in the US with a manager with experience of the US orthopedic market. This recruitment has now been completed.

Future prospects

Previously, the Company announced that Artimplant would not provide any forecast, but would work towards achieving a positive cash flow before changes in working capital on a monthly basis during the first quarter of 2012 at the earliest.

Following examination, it can be noted that sales have not been developing at the rate that was previously forecast. This means that the previous target has been corrected and has now been moved forward to the fourth quarter of 2012.

One factor that is having an impact on the Company's sales are the lawsuits the Company are dealing with in the USA. At the present time it is difficult to assess the degree to which these lawsuits could affect sales by the Company and the licensees.

Significant risks and uncertainty factors

The Company's significant risks and uncertainty factors are presented in the Board of Directors' Report in the most recent Annual Report and in a prospectus dated September 24, 2010 for the new stock issue.

Artimplant and its licensee Small Bone Innovations, Inc. have since the fourth quarter of 2010 been the subject of lawsuits by 28 patients in the USA.

The amount of damages claimed has not yet been determined. Artimplant is contesting all allegations. The Company has filed a notice of loss with its insurance carrier and its assessment is that there is adequate insurance cover for any damages that may arise over and above the deductible. It is too early to assess if and when the court will hear all the cases and how long it could take for these cases to be resolved. It is unlikely that any ruling will be made before the second half of 2012 at the earliest.
The net loss for the first six months has been affected by approximately SEK -0.3 million in respect of the deductible and Artimplant anticipates that future costs will be met through insurance.

Another risk factor is the Company's liquidity situation. Due to the fact that growth in the Company's sales has not taken place at the rate previously predicted, cash flow has not shown the same positive development. One of the most important tasks of the Board of Directors at the present time therefore is to work with and focus on Artimplant's future funding requirements.

Parent Company

The majority of Artimplant's operations are run through the Parent Company, Artimplant AB. Artimplant USA, Inc. is the Company's only subsidiary and is at present fully funded by the Parent Company. The Parent Company is responsible for continuity at the subsidiary and during the first six months an impairment was made of receivables from Artimplant USA totaling SEK 7.0 million. Together with an impairment of SEK 12.2 million in the opening balance, the total impairment is SEK 19.2 million, which is equivalent to the subsidiary's negative equity. The impairment does not affect the Group's result. The difference in the Parent Company's equity compared with the Group's equity can be explained by the internal profit on products sold by the Parent Company to the subsidiary.

Accounting principles

Artimplant applies IFRS. This nine-monthly report has been prepared in accordance with IAS 34, the Swedish Annual Accounts Act and RFR 1. The Parent Company's financial statements are prepared in accordance with exceptions and addenda in RFR 2. No new or amended IFRS which came into effect in 2010 or the first nine months of 2011 have had any significant impact on the Group.

Further accounting principles can be found in the Company's Annual Report for 2010, which is available on the Company's website.

Forthcoming information

Year-end report	February 9, 2012
Three-monthly report	May 3, 2012
Annual General Meeting	May 3, 2012

Financial reports are available on the Company's website www.artimplant.com and are also distributed to the media. For information regarding the business model, technology and products, please see Artimplant's Annual Report for 2010, which is available on the Company's website.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in KSEK	jul-sep 2011	jan-sep 2011	jul-sep 2010	jan-sep 2010	jan-dec 2010
Net sales	4 652	14 304	5 130	14 940	18 466
Cost of goods and services sold	-1 048	-1 602	-720	-2 995	-4 024
Gross profit/loss	**3 604**	**12 702**	**4 410**	**11 945**	**14 442**
Other income	230	611	228	358	947
Research and development costs (1, 2)	-2 122	-7 215	-3 497	-10 486	-14 637
Selling costs	-3 868	-13 606	-4 193	-11 766	-15 917
Administrative costs	-982	-4 374	-1 336	-4 191	-5 831
Other costs	-21	-348	-416	-473	-966
Operating loss	**-3 159**	**-12 230**	**-4 804**	**-14 613**	**-21 962**
Interest income and other financial income	277	463	-	74	155
Interest expense and other financial expenses	-	-142	-440	-473	-558
Net financial items	**277**	**321**	**-440**	**-399**	**-403**
Loss after financial items	**-2 882**	**-11 909**	**-5 244**	**-15 012**	**-22 365**
Taxes	-	-	-	-	-
Loss for the period*	**-2 882**	**-11 909**	**-5 244**	**-15 012**	**-22 365**
Loss attributable to the Parent Company's stockholders	-2 882	-11 909	-5 244	-15 012	-22 365
Earnings per stock unit, SEK	-0,02	-0,10	-0,09	-0,25	-0,32
Earnings per stock unit after dilution, SEK	-0,02	-0,10	-0,09	-0,25	-0,32

** Same as the comprehensive income for the period*

The statements include depreciation and amortization of tangible fixed assets and amortization of intangible fixed assets as shown in the following table.

Amounts in KSEK	jul-sep 2011	jan-sep 2011	jul-sep 2010	jan-sep 2010	jan-dec 2010
(1) Capitalized R&D cost	30	90	10	10	631
(2) Patents and brands	177	531	191	565	755
Machinery and equipment	40	120	119	354	474
Total depreciation	**247**	**741**	**320**	**929**	**1 859**

ALLOCATION OF CONSOLIDATED NET SALES

Amounts in KSEK Source of revenue	jul-sep 2011	jan-sep 2011	jul-sep 2010	jan-sep 2010	jan-dec 2010
Product sales by licensees	1 238	3 890	1 799	5 893	6 966
Product sales by end customer and distributors	3 399	10 254	3 296	8 615	11 064
Contract product development and other sales	15	160	36	433	436
	4 652	**14 304**	**5 131**	**14 940**	**18 466**

Geographic areas	jul-sep 2011	jan-sep 2011	jul-sep 2010	jan-sep 2010	jan-dec 2010
North America	3 932	12 236	4 797	13 742	16 804
Europe	720	2 068	333	1 198	1 662
	4 652	**14 304**	**5 130**	**14 940**	**18 466**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in KSEK	2011-09-30	2010-09-30	2010-12-31
ASSETS			
Capitalized product development	470	1 181	559
Patents and brands	425	1 146	957
Total intangible fixed assets	*895*	*2 327*	*1 516*
Machinery and equipment	161	401	281
Total tangible fixed assets	*161*	*401*	*281*
Total fixed assets	**1 056**	**2 728**	**1 797**
Raw materials, semi-finished and finished goods	3 518	3 644	3 210
Total inventories, etc.	*3 518*	*3 644*	*3 210*
Accounts receivable	4 038	1 859	1 794
Other receivables	3 014	1 524	916
Prepaid expenses and accrued income	2 346	2 696	2 297
Total short-term receivables	*9 398*	*6 079*	*5 007*
Cash and bank accounts	15 857	7 710	36 890
Total current assets	**28 773**	**17 433**	**45 107**
TOTAL ASSETS	**29 829**	**20 161**	**46 904**

Amounts in KSEK	2011-09-30	2010-09-30	2010-12-31
STOCKHOLDERS' EQUITY & LIABILITIES			
Capital stock	11 849	5 924	11 849
Other capital reserves	53 387	26 671	53 387
Retained loss	-31 382	-8 574	-8 469
Loss for the period	-11 909	-15 012	-22 365
Total equity	**21 945**	**9 009**	**34 402**
Provisions	**-**	**8**	**12**
Long-term interest-bearing liabilities	**-**	**2 800**	**-**
Accounts payable	2 591	961	2 342
Current interest-bearing liabilities	-	1 200	4 000
Other current liabilities	690	494	548
Accrued expenses and prepaid income	4 603	5 689	5 600
Total current liabilities	**7 884**	**8 344**	**12 490**
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	**29 829**	**20 161**	**46 904**

CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY DURING THE PERIOD

Amounts in KSEK	jan-sep 2011	jan-sep 2010	jan-dec 2010
Capital stock at the beginning of the period	11 849	5 924	5 924
Issue new stock	-	-	**5 924**
Capital stock	**11 849**	**5 924**	**11 849**
Other capital reserves at the beginning of the period*	53 387	39 953	39 953
Issue new stock	-	-	32 585
Expenses issue new stock	-	-	-5 869
Reduction in other capital reserves	-	-13 282	-13 281
Total other capital reserves	**53 387**	**26 671**	**53 387**
Retained loss at the beginning of the period	-30 834	-22 024	-22 024
Reduction in other capital reserves		13 282	13 282
Benefit, employee stock option (IFRS 2)	-548	168	273
Loss for the period	-11 909	-15 012	-22 365
Total retained loss	**-43 291**	**-23 586**	**-30 834**
Equity at the period-end	**21 945**	**9 009**	**34 402**

** Other capital reserves have been reduced previous years to cover the retained loss.*
Total other capital reserves before issue expenses amount to SEK 470 million.

CONSOLIDATED CASH FLOW STATEMENTS

Amounts in KSEK	jan-sep 2011	jan-sep 2010	jan-dec 2010
Operating activities			
Net loss after financial items	-11 909	-15 012	-22 365
Adjustment for items not effecting cash flow	31	1 151	2 189
Cash flow from operations before changes in working capital	**-11 878**	**-13 861**	**-20 176**
Cash flow from changes in working capital			
Changes in inventories etc.	-308	494	928
Changes in receivables	-4 392	1 168	2 240
Changes in liabilities	-605	561	1 910
Cash flow from operations	**-17 183**	**-11 638**	**-15 098**
Investment activities			
Acquisition of intangible fixed assets	-	-226	-226
Acquisition of tangible fixed assets	-	-39	-39
Sale of tangible fixed assets	150	-	-
Cash flow from investment activities	**150**	**-265**	**-265**
Financing activities			
Long-term loan	-4 000	**4 000**	4 000
Share issue	-	-	32 640
Cash flow from financing activities	**-4 000**	**4 000**	**36 640**
Cash flow for the period	**-21 033**	**-7 903**	**21 277**
Cash and cash equivalents at the beginning of the per	**36 890**	**15 613**	**15 613**
Translation of foreign liquid assets	**-**	**-**	**-**
Cash and cash equivalents at the period-end	**15 857**	**7 710**	**36 890**

CONSOLIDATED KEY RATIOS

	jul-sep 2011	jan-sep 2011	jul-sep 2010	jan-sep 2010	jan-dec 2010
Earnings per stock unit, SEK	-0,02	-0,10	-0,09	-0,25	-0,32
Earnings per stock unit after dilution, SEK	-0,02	-0,10	-0,09	-0,25	-0,32
Equity per stock unit, SEK	0,19	0,19	0,15	0,15	0,29
Equity per stock unit after dilution, SEK	0,19	0,19	0,15	0,15	0,29
No. of stock units in issue at the period-end	118 489 580	118 489 580	59 244 790	59 244 790	118 489 580
No. of stock units in issue after dilution	118 949 363	118 949 363	60 840 572	60 840 572	120 532 181
Average no. of stock units in issue during period	118 489 580	118 489 580	59 244 790	59 244 790	69 118 922
Av. no. of stock units in issue during period after dilution	118 949 363	118 949 363	60 840 572	60 840 572	71 161 523
Cash flow per stock unit, SEK	-0,18	-0,18	-0,06	-0,13	0,31
Operating margin, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg	neg
Return on capital, %	neg	neg	neg	neg	neg
Equity/assets ratio, %	74	74	45	45	73

PARENT COMPANY INCOME STATEMENTS

Amounts in KSEK	jul-sep 2011	jan-sep 2011	jul-sep 2010	jan-sep 2010	jan-dec 2010
Net sales	3 947	15 454	3 362	13 404	17 038
Cost of goods and services sold	-631	-2 066	-671	-3 051	-4 206
Gross profit/loss	**3 316**	**13 388**	**2 691**	**10 353**	**12 832**
Other income	2 616	4 105	608	2 561	3 398
Research and development costs (1,2)	-2 122	-7 215	-3 497	-10 486	-14 637
Selling costs	-1 968	-6 439	-2 094	-6 630	-8 821
Administrative costs	-982	-4 374	-1 336	-4 191	-5 831
Other costs	-185	-3 095	-3 244	-3 906	-4 559
Operating loss	**675**	**-3 630**	**-6 872**	**-12 299**	**-17 618**
Interest income and other financial income	625	1 106	181	835	1 105
Interest expense and other financial expenses	-13	-719	-1 266	-1 520	-1 751
Impairment of receivebles subsidiaries	-4 196	-7 020	1 533	-1 540	-3 262
Net financial items	**-3 584**	**-6 633**	**448**	**-2 225**	**-3 908**
Loss after financial items	**-2 909**	**-10 263**	**-6 424**	**-14 524**	**-21 526**
Taxes	-	-	-	-	-
Loss for the period*	**-2 909**	**-10 263**	**-6 424**	**-14 524**	**-21 526**

The statements include depreciation of and amortization of tangible fixed assets and amortization of intangible fixed assets as shown in the following table.

Amounts in KSEK	jul-sep 2011	jan-sep 2011	jul-sep 2010	jan-sep 2010	jan-dec 2010
(1) Capitalized R&D cost	30	90	10	10	631
(2) Patents and brands	177	531	191	565	755
Machinery and equipment	38	116	115	350	468
Total depreciation	**245**	**737**	**316**	**925**	**1 853**

PARENT COMPANY BALANCE SHEETS

Amounts in KSEK	2011-09-30	2010-09-30	2010-12-31
ASSETS			
Total intangible fixed assets	*896*	*2 327*	*1 516*
Total tangible fixed assets	*153*	*387*	*270*
Stock and participation in subsidiaries	10	10	10
Receivables from affiliated companies	6 091	-	6 177
Total fixed assets	**7 150**	**2 724**	**7 973**
Total inventories, etc.	*2 893*	*3 323*	*2 870*
Accounts receivable	1 966	287	530
Receivables from affiliated companies	8 140	11 764	5 243
Other receivables	3 010	1 524	911
Prepaid expenses and accrued income	1 932	2 430	2 036
Total short-term receivables	*15 048*	*16 005*	*8 720*
Cash and bank accounts	14 500	6 617	35 853
Total current assets	**32 441**	**25 945**	**47 443**
TOTAL ASSETS	**39 591**	**28 669**	**55 416**

Amounts in KSEK	2011-09-30	2010-09-30	2010-12-31
STOCKHOLDERS' EQUITY & LIABILITIES			
Total equity	**33 173**	**18 239**	**43 982**
Provisions	**-**	**8**	**12**
Long term interest-bearing liabilities	**-**	**2 800**	**-**
Accounts payable	2 442	911	2 288
Current interest-bearing liabilities	-	1 200	4 000
Other current liabilities	579	443	477
Accrued expenses and prepaid income	3 397	5 068	4 657
Total current liabilities	**6 418**	**7 622**	**11 422**
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	**39 591**	**28 669**	**55 416**

The Board of Directors and the CEO certify that this Report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and results and presents the material risks and uncertainty factors facing the Parent Company and the companies that form part of the Group.

Gothenburg, November 1, 2011
Artimplant AB (publ)

John Arnold Board Member	Anders Cedronius Chairman of the Board	Rickard Brånemark Board Member
Håkan Johansson Board Member	Lars Peterson Board Member	Kjell Thörnbring CEO

This information is information which Artimplant is required to publish pursuant to the Swedish Financial Instruments Act and/or the Swedish Securities Exchange and Clearing Operations Act and/or stock market agreements. The information was published on November 1, 2011 at 9 am (CET).

Auditor's Review Report on condensed interim financial statements

Introduction

We have performed a review of the condensed interim financial statements for Artimplant AB at September 30, 2011 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of these interim financial statements in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the interim financial statements based on our review.

Scope of Review

We have conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity", issued by the Swedish Federation of Authorized Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different purpose and a substantially less scope than an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain such a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, an opinion based on a review does not constitute the same level of assurance as an opinion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material aspects, for the group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Emphasis of matter

Without qualifying our conclusion we would like to draw attention to the interim financial statements which describes an uncertainty of the ability to finance future operation and that additional capital contributions may be needed to ensure the ability to continue as a going concern.

Gothenburg, November 1, 2011

Ernst & Young AB
Björn Grundvall
Authorized Public Accountant

History

1986 – 1996 - A medical need is identified and the development of a new biomaterial commences. During subsequent years material, product and production development takes place and the technology is verified through preclinical trials.

1997 - The Company acquires a Swedish patent for Artelon® hydrolyzable fiber polymers for use in temporary implants. The Company is floated on the Stockholm Stock Exchange. The first cruciate ligament (ACL) operations on human patients using implants from Artimplant are carried out within the framework of a pilot study.

1998 - The Company acquires Gothenburg Medical Center, a clinic specializing in sports-related injuries.

1999 - Pilot studies in the treatment of damaged thumb ligament and thumb base osteoarthritis are initiated. Artimplant's first multicenter trial in ACL reconstruction begins. Artimplant begins cooperation with Mölnlycke Health Care AB in the field of wound care.

2000 - The first multicenter trial in ACL reconstruction is concluded. The second multicenter ACL reconstruction trial begins. Artimplant's Artelon® patent is approved in the USA and Europe. The marketing organization is expanded.

2001 - Artimplant's quality assurance system is certified by Lloyds Register Quality Assurance. Artimplant's first product, the Artelon® Augmentation Device ACL is granted CE-certification and can now be marketed in Europe. The task of building up the Company's own marketing and sales organization ceased during the autumn. Products and material technology will be commercialized through the granting of licenses to leading companies with a global presence.

2002 - Agreement on wound care signed with Mölnlycke Health Care AB. An extensive restructuring program is commenced to reduce the Company's cost base.

2003 - The Company signs an agreement with Atlantech for sales in the UK of its Artelon® Augmentation Device ACL. Artimplant's Artelon® CMC Spacer for treating thumb base osteoarthritis receives clearance for marketing in Europe. Artelon® Surgical Suture is given clearance by the FDA for sales on the American market. The subsidiary Gothenburg Medical Center is sold.

2004 - Artelon® CMC Spacer receives clearance for marketing from the FDA for sales on the US market. Licensing agreements signed with Small Bone Innovations. A licensing agreement is signed with Biomet Inc. for the production of SportMesh™. Cooperation with Atlantech for the sale of Artelon® Augmentation Device ACL is concluded. Cooperation between Artimplant and Mölnlycke Health Care within wound care is concluded.

2005 - Four new licensing and development agreements are signed with Small Bone Innovations. A distribution agreement for Artelon® Surgical Suture in North America is signed with ArthroCare. Artelon® implant for reinforcing rotator cuffs is cleared for marketing in Europe. Office opened in the United States.

2006 - The Company receives clearance for marketing by the FDA for the sale of the SportMesh™ rotator cuff implant in the USA. Four new Spacer products for the treatment of osteoarthritis in the hand and foot are granted clearance for marketing in Europe. The product Artelon® Augmentation Device ACL is discontinued. Sales of Artelon® CMC Spacer to end-customers increase significantly.

2007 - The Company's sales increase markedly and cash flow improves considerably. The FDA grants clearance to market Artelon® Tissue Reinforcement for soft tissue reinforcement in several new indications in the USA. Two new Spacer products for osteoarthritis in the hand are granted clearance by the FDA for marketing in the USA.

2008 - Sales of Artelon® Tissue Reinforcement increase significantly whilst there is a lack of growth in sales of Artelon® Spacer. The agreement with Small Bone Innovations is renegotiated, making it non-exclusive from 2009. Artimplant is initiating new development projects for the treatment of knee joint osteoarthritis and osteoarthritis in the facet joint in the spine. Agreement signed with BioMedtrix regarding the distribution in the USA of Artelon® CCL for cruciate ligament reconstruction in dogs.

2009 - Sales double and product sales to end-customers and distributors multiply, increasing its share of total sales to 37% (15). All patients are enrolled for the American post-market study of Artelon® Tissue Reinforcement for the treatment of patients with tears in the rotator cuff tendons. The first patients are included in a clinical study for the treatment of osteoarthritis in the facet joint in the spine with an Artelon® implant. Product design and procedure are developed further for Artelon® CCL. The first dogs in a prospective investigation in the USA undergo cruciate ligament reconstruction using Artelon® CCL.

2010 - Own sales have doubled and account for 61% (37) of total product sales whilst license revenue has halved. Artimplant's strategy is market oriented with a focus on the strategically important USA market and Artelon® Tissue Reinforcement. Four product specialists are employed in the USA and costs not related directly to marketing and sales are reduced in Sweden. The American post-market study on Artelon® Tissue Reinforcement for the treatment of the rotator cuff in the shoulder is concluded.