ARTIMPLANT INTERIM REPORT JANUARY – SEPTEMBER 2008

- **Net revenue for the third quarter amounted to SEK 2.3 million (2.6) and for January-September to SEK 7.5 million (11.2)***
- **The net loss for the third quarter totaled SEK 4.3 million (3.6) and for January-September SEK 16.6 million (11.3)**
- **Earnings per share for the third quarter amounted to SEK -0.07 (-0.06) and for January-September to SEK -0.28 (-0.19)**
- **Sales of Artelon® Spacer to end-customers totaled approximately 2,600 (2,800) units, of which 1,000 (700) were during the third quarter**
- **Sales of Artelon® Tissue Reinforcement to end-customers totaled approximately 700 (400) units, of which 300 (150) were during the third quarter**
- **Over 10,000 patients have been treated with Artelon® implants up to and including September 2008**

EVENTS AFTER THE PERIOD-END

- **The first patients were treated in a US-based study for treatment of rotator cuff tears**
- **The nomination committee was formed**
  - **Anders Algotsson, AFA Insurances**
  - **John Arnold, J&C Arnold Revocable Trust**
  - **Sven Zetterqvist, The Life Insurance Company Skandia**
  - **Ingemar Kihlström, Chairman Artimplant AB**

N.B. This is a translation from Swedish. The Swedish version shall always take precedence.

Artimplant will hold a telephone conference by reason of this report on November 11, 2008 at 11 am (GMT+1). For further information see www.artimplant.com.

* Figures in brackets refer to the corresponding period last year

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Artimplant

Artimplant is a biomaterials company focused on solutions to problems in orthopedic and oral surgery. We restore health through the development, production and marketing of degradable implants that regenerate body functions and improve quality of life. Our products, made from Artelon®, a biomaterial developed by the Company, satisfy a number of clinical needs and are marketed in a growing number of therapy areas. Artimplant produces implants for the treatment of osteoarthritis in the hands and feet, for shoulder and other soft tissue injuries as well as oral surgery and veterinary medical applications. All product development and production is carried on by Artimplant. The Company's products have up to now been marketed by established companies through global license agreements with Artimplant. The Company is developing its operations to secure long-term establishment through a number of market channels, including future establishment through in-house brands on a growing market.

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

Artimplant's mission

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

Artimplant's vision

Artimplant’s vision is to improve the quality of life for millions of people by helping their bodies to heal.

Financial results

Net sales for the third quarter fell to SEK 2.3 million (2.6) and for January-September to SEK 7.5 million (11.2). Net sales derived almost entirely from product sales with associated license revenue and during the period January-September, 87% of revenue originated from Artimplant's two US licensees, Small Bone Innovations and Biomet Sports Medicine.

The gross margin for the third quarter was 56% and 57% for the first nine months. A low production volume had a negative impact. Production capacity was scaled up during 2007 and has been adapted to higher production volumes. With an increase in volume the gross margin will improve considerably.

The operating loss for the third quarter was SEK 5.3 million (4.1) and for the first nine months SEK 18.3 million (13.0). Operating expense, excluding the cost of goods and services sold, was slightly higher than the preceding year. It is mainly investments in sales and marketing for the first nine months that have driven up costs by SEK 1.0 million compared with the same period last year.

The net loss for the third quarter amounted to SEK 4.3 million (3.6) and for the first nine months SEK 16.6 million (11.3). The net loss for the first nine months has been affected positively by currency exchange fluctuations to the amount of SEK 800,000. Earnings per share for the third quarter amounted to SEK -0.07 (-0.06) and for January-September SEK -0.28 (-0.19).

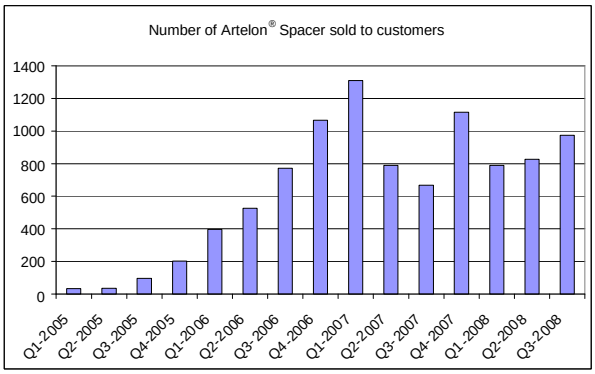
Investments and cash position

Investments during January-September 2008 totaled SEK 0.5 million (1.0) with SEK 0.4 million (0.4) attributable to investments in intangible assets.

The total cash flow for the first nine months of the year was on a par with the corresponding period the preceding year. The deterioration in results compared with the preceding year was compensated for by a change in operating capital, which in the main was affected positively by an advance royalty payment from Small Bone Innovations. At the end of the period cash and cash equivalents amounted to SEK 35.7 million (55.7).

Sales of Artelon® products

Since the launch of Artelon® more than 10,000 patients have been treated with Artelon® implants. Sales of Artelon® Spacer to Small Bone Innovations (SBI) customers and Artimplant's end-customers during the third quarter totaled approximately 1,000 (700) units and approximately 2,600 (2,800) during the first nine months of the year.



Sales during the first half of the year were below the minimum level agreed between SBI and Artimplant. This means that during the third quarter SBI purchased products and paid royalties in advance in respect of the volume deviation for the first six months. Purchased products are taken up as revenue immediately whilst royalties paid in advance are taken up as revenue as these units are sold to the end-customer.

Sales of Artelon® Tissue Reinforcement (ATR) commenced during the fourth quarter of 2006. The product has been cleared as general reinforcement for soft tissue injuries. It is sold non-exclusively by Biomet Sports Medicine as SportMesh™. Sales of Artelon® Tissue Reinforcement totaled approximately 700 (400) units of which 300 (150) were during the third quarter. Biomet Sports Medicine accounts for the majority of the sales although Artimplant's sales in the Nordic region and the USA have also contributed. Biomet sold fewer units during the first half of the year than had been agreed. This circumstance increases the significance of Artimplant's ongoing sales support activities, such as clinical studies and case reports. Artimplant's own undertakings are in addition to Biomet's activities. Clinical experience of ATR is growing continuously and confirms that the product is easy to use. Medical experience from the patients who have been treated with ATR is positive in all applications that have been tested. However, to achieve greater market penetration published clinical data is required.

Personnel

A new sales representative was employed during the third quarter for parts of Sweden and the international market. As of September 30, 2008, Artimplant had 27 employees (24), of whom 15 (12) were women and 12 (12) were men.

Clearances and product development

The Swedish Medical Products Agency has granted clearance for a study regarding Artelon® Bone Scaffold with the aim of securing regulatory clearance for the product. The product will be used for bone replenishment in the upper jaw in conjunction with the fitting of dental implants. The first patients have been treated within the framework of the study, which is being conducted in co-operation with Swedish dental surgery experts.

During the third quarter, Artimplant signed a research agreement with Stanford University in the USA. A study has commenced with the aim of evaluating the possibilities for accelerating the healing process. The study was initiated by researchers at Stanford and is expected to be concluded within a year.

In collaboration with leading Swedish veterinary experts, Artelon® is being used successfully in the treatment of cruciate ligament injuries in dogs. By using Artelon® as an artificial ligament the body is given the opportunity to recreate a functional cruciate ligament. To date, around 25 dogs have been treated successfully. A study with a one-year follow-up is currently on-going. If the results are successful, the study will form a vital base or future market penetration.

As reported previously, Artimplant is planning, after requisite clearances have been granted, to run a clinical pilot study for the treatment of osteoarthritis in the facet joints in the spine in co-operation with the Schulthess Clinic in Zurich. An agreement was signed during the second quarter with the Schulthess Clinic governing the terms and conditions for the running of the study. The study is planned to commence once official clearance has been granted.

A multicenter study initiated by doctors has commenced in the treatment of stiff big toe (Hallux Rigidus) using Artelon® MTP Spacer. The patient follow-up period in the study is one year.

Artimplant has decided to commence a limited launch of Artelon® Cosmetic for replenishment of soft tissue in dental applications at a limited selection of important reference clinics in Europe. The first patients were treated during the third quarter. This will take place alongside the two market studies being conducted by the Brånemark Clinic in Gothenburg and the Faculty of Odontology at the University of Gothenburg.

On behalf of SBI, Artimplant has produced a smaller size of Artelon® CMC Spacer Arthro. The product is expected to be launched by SBI during the first quarter of 2009.

Events after the period-end

Artimplant and Tulsa Bone & Joints Associates, Tulsa, Oklahoma, USA, have commenced a clinical study for patients with soft tissue tears in the rotator cuff tendons. The first patients in the study underwent surgery with Artelon® Tissue Reinforcement. The study comprises 25 patients with a one-year follow-up and is expected to be concluded during the first quarter of 2010.

In conjunction with the American College of Veterinary Medicine Annual Meeting, a presentation was made of Artelon® CCL (Cranial Cruciate Ligament) as a method of treatment for the reconstruction of the anterior cruciate ligament in dogs. The aim was to define the prerequisites for the sales support studies required for market penetration in the USA

Prospects for 2008

Artimplant's business operations are based on exploiting the Company's unique biomaterial platform Artelon®. Signing agreements with other parties is a natural, ongoing part of this business. There is considerable interest in Artimplant and the technology the Company controls. The largest orthopedic areas, hip, knee and spine, offer very exciting market potential, which has yet to be exploited by Artimplant.

Thanks to the increase in the clinically documented properties of Artelon® Artimplant has the opportunity to build up the brand more quickly in new product applications. As announced earlier, Artimplant has the following operative direction for 2008:

- Increase sales of Artelon® CMC Spacer and Artelon® Tissue Reinforcement in the USA and Europe through our licensees.
- Artelon® Tissue Reinforcement will be introduced by the Company at a number of reference clinics in Europe and the USA.
- Sales of Artimplant products through distributors in the Nordic region.
- Commence development of products for soft tissue reconstruction in the CMF area (Cranio-Maxilliofacial/head and face).
- Develop a new Spacer product together with SBI.
- Commence a clinical study regarding Artelon® Bone Scaffold for bone replenishment in the upper jaw.

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. During the latter half of the third quarter, global financial unrest intensified. If this were to persist it could affect the financing situation for Artimplant's customers. Furthermore, it is mostly the patient who meets the product cost. The health service payment system is not expected to be affected by the current crisis. In general, the Company considers that the presentation in the most recent annual report also applies to this report.

Parent Company

The majority of 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 January-September 2008 it made an impairment of receivables from Artimplant USA totaling SEK 2.5 million. Together with the provision of SEK 1.4 million in the opening balance, the total impairment is SEK 3.9 million, which is equivalent to the subsidiary's negative equity. The impairment does not affect the Group 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. With the aid of funding from the Parent Company the subsidiary commenced direct sales of Artelon® Tissue Reinforcement to

hospitals and clinics in the USA during the second quarter of 2008. In addition, stocks of products supplied by the Parent Company have been built up locally in the USA. During the third quarter repeat orders were noted from existing customers and the aim is that the subsidiary will become self-financing during 2009. See summary of the Parent Company Income Statement and Balance Sheet on pages 9-10.

Accounting principles

Artimplant applies IFRS. This interim report has been prepared in accordance with IAS 34, the Swedish Annual Accounts Act and RFR 1.1. The Parent Company's financial statements are prepared in accordance with exceptions and addenda in RFR 2.1. In addition, the Company has been subject to the Swedish Code of Corporate Governance since July 1, 2008. During the fourth quarter Artimplant will switch to reporting license revenue during the quarter in which it is generated instead of with a delay of one quarter as was the case previously. Further accounting principles can be found in the Company's Annual Report for 2007, which is available on the Company's website.

Annual Report and election committee

Artimplant AB's Annual General Meeting will be held on May 5, 2009, at 5 pm at the Company's head office, located at Hulda Mellgrens gata 5, SE-421 32 Västra Frölunda. Shareholders who wish to have a matter taken up at the Annual General Meeting can submit the proposal to the Company by e-mail at agm2009@artimplant.com or to Artimplant AB, Attn: Annual General Meeting 2009 at the above address. Proposals must be submitted by March 13, 2009 at the latest to ensure that they are included in the summons to the meeting and thus also in the agenda for the Annual General Meeting.

In preparation for the 2009 Annual General Meeting the election committee, which according to a decision reached at the Annual General Meeting in 2008, shall be elected by representatives from the three largest shareholders as of September 30, 2008, has been formed. It consists of:

- Anders Algotsson, AFA Insurances
- John Arnold, J&C Arnold Revocable Trust
- Sven Zetterqvist, The Life Insurance Company Skandia
- Ingemar Kihlström, Chairman Artimplant AB

Forthcoming reports

Year-end report……February 20, 2009
Three-monthly report…….. May 5, 2009
Six-monthly report…….. August 5, 2009
Nine-monthly report……November 6, 2009

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, see Artimplant's Annual Report for 2007, which is available on the Company's website.

For further information please contact

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CONSOLIDATED INCOME STATEMENTS

Amounts in KSEK	Jul-Sep 2008	Jan-Sep 2008	Jul-Sep 2007	Jan-Sep 2007	Jan-Dec 2007
Net sales	2,333	7,546	2,560	11,233	16,275
Cost of goods and services sold	-1,021	-3,282	-298	-2,126	-2,603
Gross profit/loss	**1,312**	**4,264**	**2,262**	**9,107**	**13,672**
Other income	749	942	24	230	305
Research and development costs (1,2)	-3,443	-11,434	-4,140	-11,691	-14,722
Selling costs	-2,875	-8,084	-1,319	-7,067	-9,134
Administrative costs	-1,044	-3,678	-869	-3,259	-5,343
Other costs	-17	-298	-104	-289	-408
Operating loss	**-5,318**	**-18,288**	**-4,146**	**-12,969**	**-15,630**
Interest income and other financial income	1,000	1,996	531	1,684	2,251
Interest expense and other financial expenses	-	-357	-13	-63	-71
Net financial items	**1,000**	**1,639**	**518**	**1,621**	**2,180**
Loss after financial items	**-4,318**	**-16,649**	**-3,628**	**-11,348**	**-13,450**
Taxes	-	-	-	-	-
Loss for the period	**-4,318**	**-16,649**	**-3,628**	**-11,348**	**-13,450**
Earnings per stock unit, SEK	-0.07	-0.28	-0.06	-0.19	-0.23
Earnings per stock unit after dilution, SEK	-0.07	-0.28	-0.06	-0.19	-0.23

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

Amounts in KSEK	Jul-Sep 2008	Jan-Sep 2008	Jul-Sep 2007	Jan-Sep 2007	Jan-Dec 2007
(1) Capitalized R&D cost	545	1,637	546	1,638	2,184
(2) Patents and brands	229	665	148	393	1,053
Machinery and equipment	183	540	177	492	671
Total depreciation	**957**	**2,842**	**871**	**2,523**	**3,908**

ALLOCATION OF NET SALES

Amounts in KSEK Source of revenue	Jul-Sep 2008	Jan-Sep 2008	Jul-Sep 2007	Jan-Sep 2007	Jan-Dec 2007
Royalty from product sales by licensees	965	3,332	1,025	4,253	5,198
Product sales	1,368	4,108	1,474	5,669	6,520
One-off and project milestone income	-	-	-	1,208	4,500
Contract product development and other sales	-	106	61	103	57
	2,333	**7,546**	**2,560**	**11,233**	**16,275**

Geographic areas	Jul-Sep 2008	Jan-Sep 2008	Jul-Sep 2007	Jan-Sep 2007	Jan-Dec 2007
Scandinavia	188	767	119	611	891
USA*	2,145	6,779	2,441	10,622	15,384
	2,333	**7,546**	**2,560**	**11,233**	**16,275**

* Licensees in the USA sell Artimplant's products globally

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CONSOLIDATED BALANCE SHEETS

Amounts in KSEK	9/30/2008	9/30/2007	12/31/2007
ASSETS			
Capitalized product development	3,372	5,555	5,009
Patents and brands	2,835	924	3,087
Total intangible fixed assets	6,207	6,479	8,096
Machinery and equipment	1,467	2,029	1,910
Total tangible fixed assets	1,467	2,029	1,910
Total fixed assets	**7,674**	**8,508**	**10,006**
Raw materials, semi-finished and finished goods	5,077	2,626	4,373
Total inventories, etc.	5,077	2,626	4,373
Accounts receivable	1,096	644	3,538
Other receivables	1,539	1,601	1,092
Prepaid expenses and accrued income	3,035	2,786	1,363
Total short-term receivables	5,670	5,031	5,993
Cash and bank accounts	35,656	55,668	49,240
Total current assets	**46,403**	**63,325**	**59,606**
TOTAL ASSETS	**54,077**	**71,832**	**69,612**

Amounts in KSEK	9/30/2008	9/30/2007	12/31/2007
STOCKHOLDERS' EQUITY & LIABILITIES			
Capital stock	5,924	5,924	5,924
Other capital reserves / Statutory reserve	58,270	71,660	71,989
Total restricted equity	64,194	77,584	77,913
Retained loss / Retained earnings	340	-23	-210
Translation difference	-250	2	-3
Loss for the period	-16,649	-11,348	-13,450
Total retained loss	-16,559	-11,369	-13,663
Total equity	**47,635**	**66,215**	**64,249**
Provisions	**25**	**117**	**52**
Accounts payable	911	991	948
Other current liabilities	1,839	1,518	1,651
Accrued expenses and prepaid income	3,667	2,991	2,712
Total current liabilities	**6,417**	**5,500**	**5,311**
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	**54,077**	**71,832**	**69,612**

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CHANGES IN STOCKHOLDERS' EQUITY DURING THE PERIOD

Amounts in KSEK	Jan-Sep 2008	Jan-Sep 2007	Jan-Dec 2007
Capital stock	**5,924**	**5,924**	**5,924**
Other capital reserves at the beginning of the period	71,989	127,042	127,042
Reduction of statutory reserve	-13,718	-55,263	-55,263
Translation difference	-1	-	-
Recovered VAT	-	-	329
Reclassification	-	-119	-119
Total other capital reserves	**58,270**	**71,660**	**71,989**
Retained loss at the beginning of the period	-13,664	-55,352	-55,352
Reduction of statutory reserve	13,718	55,263	55,263
Reclassification	-	119	119
Benefit, employee stock option (IFRS2)	286	-335	-241
Recovered VAT	-	329	-
Translation difference	-250	-45	-3
Loss for the period	-16,649	-11,348	-13,450
Total retained loss	**-16,559**	**-11,369**	**-13,664**
Equity at the period-end	**47,635**	**66,215**	**64,249**

CONSOLIDATED CASH FLOW STATEMENTS

Amounts in KSEK	Jan-Sep 2008	Jan-Sep 2007	Jan-Dec 2007
Operating activities			
Net loss after financial items	-16,649	-11,348	-13,450
Adjustment for items not effecting cash flow	2,859	2,399	3,825
Cash flow from operating activities before changes in working capital	**-13,790**	**-8,949**	**-9,625**
Cash flow from changes in working capital			
Changes in inventories etc.	-704	-1,723	-3,470
Changes in receivables	323	-1,775	-2,737
Changes in liabilities	1,106	390	201
Cash flow from operating activities	**-13,065**	**-12,057**	**-15,632**
Investment activities			
Acquisition of intangible fixed assets	-413	-413	-3,236
Acquisition of tangible fixed assets	-107	-566	-627
Sale of tangible fixed assets	-		30
Cash flow from investment activities	**-519**	**-978**	**-3,832**
Financing activities			
Share issue	-	-	-
Cash flow from financing activities	**-**	**-**	**-**
Cash flow for the period	**-13,584**	**-13,035**	**-19,464**
Cash and cash equivalents at beginning of period	**49,240**	**68,704**	**68,704**
Cash and cash equivalents at end of period	**35,656**	**55,668**	**49,240**

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KEY RATIOS

	Jul-Sep 2008	Jan-Sep 2008	Jul-Sep 2007	Jan-Sep 2007	Jan-Dec 2007
Earnings per stock unit, SEK	-0.07	-0.28	-0.06	-0.19	-0.23
Earnings per stock unit after dilution, SEK	-0.07	-0.28	-0.06	-0.19	-0.23
Equity per stock unit, SEK	0.80	0.80	1.12	1.12	1.08
Equity per stock unit after dilution, SEK	0.80	0.80	1.12	1.12	1.08
No. of stock units issued at the period-end	59,244,790	59,244,790	59,244,790	59,244,790	59,244,790
Average no. of stock units issued	59,244,790	59,244,790	59,244,790	59,244,790	59,244,790
No. of stock units after dilution	60,793,245	60,793,245	60,446,582	60,446,582	60,446,582
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, %	88	88	92	92	92

PARENT COMPANY INCOME STATEMENTS

Amounts in KSEK	Jul-Sep 2008	Jan-Sep 2008	Jul-Sep 2007	Jan-Sep 2007	Jan-Dec 2007
Net sales	2,273	11,840	2,562	11,197	16,240
Cost of goods and services sold	-1,016	-3,567	-298	-2,126	-2,603
Gross profit/loss	**1,257**	**8,273**	**2,264**	**9,071**	**13,637**
Other income	749	942	24	230	305
Research and development costs (1,2)	-3,443	-11,434	-4,140	-11,691	-14,722
Selling costs	-3,344	-5,970	-2,459	-7,197	-9,202
Administrative costs	-1,044	-3,678	-967	-3,291	-5,267
Other costs	-17	-298	-59	-289	-408
Operating loss	**-5,842**	**-12,165**	**-5,337**	**-13,167**	**-15,657**
Interest income and other financial income	1,019	2,034	531	1,684	2,251
Interest expense and other financial expenses	-32	-389	-13	-63	-71
Impairment of receivebles subsidiaries	-2,525	-2,525	-	-	-
Net financial items	**-1,538**	**-880**	**518**	**1,621**	**2,180**
Loss after financial items	**-7,380**	**-13,045**	**-4,819**	**-11,546**	**-13,477**
Taxes	-	-	-	-	-
Loss for the period	**-7,380**	**-13,045**	**-4,819**	**-11,546**	**-13,477**

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

Amounts in KSEK	Jul-Sep 2008	Jan-Sep 2008	Jul-Sep 2007	Jan-Sep 2007	Jan-Dec 2007
(1) Capitalized R&D cost	545	1,637	546	1,638	2,184
(2) Patents and brands	229	665	148	393	1,053
Machinery and equipment	179	534	176	489	666
Total depreciation	**954**	**2,837**	**870**	**2,520**	**3,903**

PARENT COMPANY BALANCE SHEETS

Amounts in KSEK	9/30/2008	9/30/2007	12/31/2007
ASSETS			
Total intangible fixed assets	6,207	6,479	8,096
Total tangible fixed assets	1,452	2,017	1,901
Stock and participation in subsidiaries	10	10	10
Receivables from affiliated companies	153	-	-
Total financial fixed assets	163	10	10
Total fixed assets	**7,822**	**8,506**	**10,007**
Total current assets	**49,804**	**63,098**	**59,500**
TOTAL ASSETS	**57,626**	**71,603**	**69,506**

Amounts in KSEK	9/30/2008	9/30/2007	12/31/2007
STOCKHOLDERS' EQUITY & LIABILITIES			
Total equity	**51,435**	**66,032**	**64,195**
Provisions	**25**	**117**	**52**
Accounts payable	763	989	942
Liabilities, subsidiaries	-	907	534
Other current liabilities	1,791	1,474	1,608
Accrued expenses and prepaid income	3,612	2,084	2,175
Total current liabilities	**6,166**	**5,454**	**5,259**
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	**57,626**	**71,603**	**69,506**

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

Gothenburg, November 11, 2008
Artimplant AB (publ)

Ingemar Kihlström	Hans Rosén	Mats Lindquist
Chairman of the Board	CEO	Board Member
Lennart Ribohn	Wenche Rolfsen Sandsborg	Anna Malm Bernsten
Board Member	Board Member	Board Member

This report has been reviewed by the Company's auditors.
See Review Report on the following page.

This information is information which Artimplant is required to publish pursuant to the Swedish Financial Instruments Act and the Swedish Securities Exchange and Clearing Operations Act and/or stock market agreements. The information was published on November 11, 2008 at 8.45 am (GMT+1).

Review Report

We have reviewed the interim report for Artimplant AB (publ) for the period from January 1 to September 30, 2008. It is the Board of Directors and the Managing Director who are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Standard on Review Engagements, (SÖG) 2410, Review of the Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope compared to an audit conducted according to Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared 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.

Gothenburg, November 11, 2008

Ernst & Young AB

Bertel Enlund

Certified 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 grant 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. An agreement regarding new Spacer products for the hand and wrist is signed with Small Bone Innovations. Up to and including 2007 over 6,000 patients have been treated with Artelon® implants.