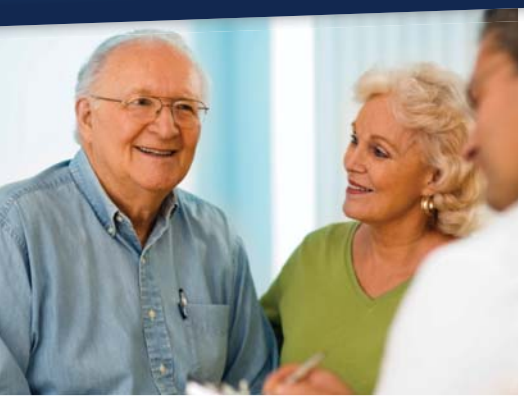
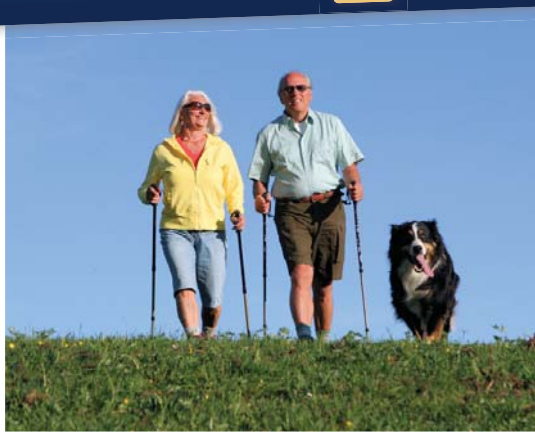
NINE-MONTHLY REPORT





JANUARY - SEPTEMBER 2012

FIRST NINE MONTHS

- Net revenue increased by nine percentage points and amounted to SEK 15.6 million (14.3).
- The net loss after tax totaled SEK 10.2 million (11.9). This represented an improvement in result of SEK 1.7 million compared to the corresponding period the previous year.
- Earnings per stock unit amounted to SEK -0.02 (-0.10).
- The aim of achieving a positive cash flow before changes in working capital on a monthly basis during the fourth quarter 2012 will be moved forward to the second half of 2013 due to lower sales growth in the USA.

THIRD QUARTER

- Net revenue amounted to SEK 3.3 million (4.7).
- The net loss after tax totaled SEK 4.7 million (2.9).
- Earnings per stock unit amounted to SEK -0.01 (-0.02).
- The USA study of Artelon® Tissue Reinforcement for rotator cuff injuries has been published. The study shows positive results with regard to functioning of the shoulder and patients' perceived improved quality of life.

EVENTS AFTER THE PERIOD-END

- Initial positive results have been presented from a two-year study of Artelon® CMC Spacer.

** 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
Degradable Materials for Optimal Tissue Repair

ABOUT ARTIMPLANT

Artimplant is a biomaterials company where the focus is on innovative, orthopedic solutions.

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

The products, which are made from Artelon®, a patented biomaterial developed by the Company, satisfy clinical needs and are used in a number of different treatment areas. The first implants using Artelon® were carried out in 1997, which means that there is 15 years of clinical experience of the material.

Artelon® Tissue Reinforcement, ATR

The product is a degradable mesh used as reinforcement in conjunction with the repair of soft tissue, e.g. Achilles tendon ruptures, rotator cuff injuries and severe sprains. The product has been granted regulatory clearance in Europe and the USA.

Artelon® Tissue Reinforcement is available in a range of formats and sizes to cover the needs of the market.

Artelon® Spacer

Artelon® Spacer is intended for the treatment of osteoarthritis (wearing of the cartilage) and helps the body to build up a new joint surface.

The implants for the thumb basal joint (CMC) and the STT joint in the wrist have been granted regulatory clearance in Europe, the USA and a number of other countries.

An implant is available for the treatment of osteoarthritis in the big toe joint (MTP) which has also been granted regulatory clearance in Europe.

Company operations are carried on through the Parent Company, Artimplant AB, and the Company's wholly owned subsidiary Artimplant USA Inc. Production, administration, clinical affairs and sales and marketing are conducted at the Parent Company in Gothenburg, Sweden. The US subsidiary is responsible for sales and marketing activities on the North American market, based at the office in Dallas, Texas.

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

> Artimplant's products function as scaffolding for the body cells and helps the body to heal.

STATEMENT BY THE CEO

During the quarter, a study was published that shows the beneficial results arising from the use of Artelon® Tissue Reinforcement for complicated soft tissue injuries in the shoulder. The study was conducted in the USA and shows an improvement in patients' quality of life. In addition, a group of Swedish physicians presented interim results from a current two-year study of treatment for wearing of the thumb basal joint. The conclusion was that the procedure was uncomplicated and resulted in good thumb function with a functional joint space and satisfied patients. Non-sponsored publications of this type contribute in building up confidence in our products within the medical world and raising the profile of our products and the company. Our market share is still small and the potential is substantial – if we do the right things.

The sales trend during the third quarter has been mixed. In Europe, the strategy of focusing on a small number of markets has proved successful and generated further growth. In the USA, growth has been weaker than expected.

Own sales on the US market are higher than previously although not in line with our expectations. This can be attributed in part to weak growth in the US economy and the impending presidential election, both of which are leading to restraint, causing many to hold back on carrying out operations. Despite the lower rate of growth during the third quarter, our positive assessment of the US market still holds.

Our strategy for the US market is based as far as possible on the Company assuming direct responsibility for sales via agents. In December last year, the license agreement with SBi was terminated and during the first quarter of this year, a settlement was reached with Biomet to conclude the agreement in the middle of April this year. This means that we are now directly responsible for all sales on the US market. This major and important step has put us in a position to influence sales fully. The transfer of customers from our former licensees has not proceeded as smoothly as we had anticipated although we are on the right path.

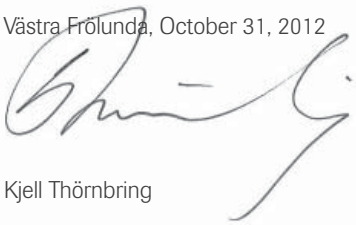
Sales in Europe have increased by 65% compared to the previous year. From the turn of the year, we assumed full responsibility for sales to end-customers in the Nordic region following termination of the agreement with the former distributor. This has meant improved results for the Nordic countries. Throughout the rest of Europe, we have pursued a strategy of focusing on three countries with good potential. We will now intensify prospecting of the European market even further by reinforcing our marketing and sales organization. There is significant potential in Europe and expanding the organization will give us the scope to reinforce our existing markets even more and commence prospecting of further countries that are considered to be of interest.

The complaints process in the USA is ongoing. It would appear that the first hearings will take place during the second quarter of next year at the earliest. It was previously announced that insurance cover was felt to be adequate for all complaints that have been received in the current proceedings in the USA although at present it is unclear to what extent the losses fall under Artimplant's previous or present insurance. Pending final confirmation of where responsibility for compensation lies, an agreement has been reached that will assure Artimplant of ongoing compensation for the costs incurred to pursue the complaints process. Consequently, these costs will not have any impact on Artimplant's liquidity. It is difficult to assess how sales will be affected by this but I do not believe it will have any critical impact on sales expansion in the future.

Growth during the third quarter in the USA has meant that we will adjust our cash flow target of achieving a positive cash flow before changes in working capital on a monthly basis during the forth quarter of this year. This will now be adjusted for realization during the second half of 2013.

Generally, I can see that Artimplant has developed positively during the first nine months of the year albeit not at the rate expected. It is also reassuring that in my contact with our customers I have encountered a positive response and confirmation that the investments we are making are an effective means of reinforcing our market position. Although a great deal remains to be done, I am firmly convinced that we are on the right path even if it will take longer than was stated previously.

Västra Frölunda, October 31, 2012



Kjell Thörnbring

NINE-MONTH REPORT

REVENUE AND FINANCIAL RESULTS

January – September

Net revenue for the first nine months of the year amounted to SEK 15.6 million (14.3) and was primarily revenue from product sales. During the same period the previous year, sales to licensees accounted for approximately 27 percent of net sales.

The gross margin for product sales during the period January-September was 89 percent (89).

Sales costs increased during the period by SEK 0.9 million compared to the same period the previous year due to increased marketing initiatives in the USA. Research and development costs fell by SEK 2.5 million, which is in line with the previously adopted market-oriented strategy. Administration costs increased by SEK 0.3 million and refer to extraordinary legal costs in conjunction with negotiations regarding insurance cover. The operating loss in total improved by SEK 1.9 million and amounted to SEK 10.3 million (12.2).

The result after tax for the period was SEK -10.2 million (-11.9). Earnings per stock unit were SEK -0.02 (-0.10).

As of January 1, 2012, the Company changed functional currency to USD for translation of the American subsidiary. As the subsidiary now has its own administration and its own staff, it can no longer be regarded as an integral part of the Parent Company and is instead an independent company. With the change in functional currency, the operating result for the Group and the Parent Company will be affected negatively to the amount of SEK -0.2 million in respect of translation differences for the Parent Company's current receivables from the subsidiary.

The Parent Company has also reclassified SEK 10 million from a current to a non-current receivable from the subsidiary as this is considered a long-term investment in the subsidiary.

Third quarter

Revenue during the third quarter amounted to SEK 3.3 million (4.7) and referred mainly to revenue from product sales. Turnover fell compared with the previous period following a weak quarter in terms of sales on the North American market.

There were also extraordinary legal costs of SEK 0.3 million, which together with the weak sales outcome produced an operating loss during the third quarter of SEK 4.7 million (-3.2).

The result after tax for the third quarter was SEK -4.7 million (-2.9).

The earnings per stock unit for the third quarter were SEK -0.01 (-0.02).

INVESTMENTS AND CASH POSITION

During the period, financial assets were acquired at a value of SEK 0.1 million (-) and refer to the acquisition of Artimplant Intressenter AB (the company administers Artimplant's former personal stock option programs) as well as SEK 2.6 million for the acquisition of sales rights on the North American market from the former licensee Biomet. The acquisitions affected liquidity during the period to the amount of SEK 0.8 million.

At the end of the period, cash and cash equivalents amounted to SEK 14.5 million (15.9). The new stock issue during the first quarter generated capital input for the Company of SEK 19.4 million following issue costs of approximately SEK 4.3 million.

Cash flow has been affected negatively to the amount of SEK -3.7 million in respect of legal costs attributable to the complaints in the USA and which have yet to be settled through the Company's insurance carrier. Artimplant previously announced that the insurance cover was considered adequate for all complaints that have been received in the current proceedings in the USA although at present it is unclear to what extent the losses fall under Artimplant's previous or present insurance. Pending final confirmation of where responsibility for compensation lies, an agreement has been reached that will assure Artimplant in the foreseeable future of ongoing funding of the costs incurred to pursue the complaints process. Consequently, these costs will not have any impact on Artimplant's liquidity.

PERSONNEL

As of September 30, 2012, Artimplant had 16 employees (19), of whom 8 (9) were women and 8 (10) were men. Four people are employed at Artimplant USA, Inc. The remainder are employed by Artimplant AB. In the USA, there are also three people working as consultants.

MARKET DEVELOPMENT

The market for orthopedic products is largest in the developed part of the world with Europe, the USA and Japan accounting for around 80 percent of the total market. The market is driven by a number of factors linked to demography and standard of living, where increasing welfare is a strong driving force for growth.

Previously, Artimplant's sales took place largely through two licensees, SBi and Biomet. The trend in sales by licensees has been negative in recent years, due mainly to the renegotiation of the license agreements, which resulted in a decline in interest in Artimplant products among the licensees.

As part of the new strategy of assuming direct responsibility for sales of the Company's products on all markets, Artimplant chose to terminate the license agreements. The agreement with SBi ceased in December last year and the agreement with Biomet ceased in April this year.

With effect from the middle of April, sales in the USA will take place entirely through agents. This is common on the medical technology market in the USA. Artimplant delivers directly from its own inventory, bills the end-customer and pays sales-based commission to the 35 or so agents. The local distributor has an important role to play as sales are founded largely on relationships. This makes the recruitment of distributors extremely important and they are chosen with great care.

In Europe, there are country-specific distribution agreements and the distributor maintains its own inventory of products and bills the end-customer. The 20 or so European distributors are supported by the head office in Sweden. With effect from January this year, sales will take place directly to customers in the Nordic region.

Sales during the first nine months of 2012

Sales during the first nine months of the year increased by nine percentage points on the same period last year. With the termination of the two license agreements in the USA, no sales took place to our licensees during the period and sales are entirely own sales.

On other markets, where Europe is by far the most dominant, sales increased by 71 percentage points on last year. The increased focus on a small number of markets in Europe and taking over responsibility for sales in the Nordic Region from the turn of the year has had a positive effect on sales figures.

CLINICAL AFFAIRS

Clinical Affairs is responsible for clinical documentation of Artimplant's products and has close collaboration with the Sales and Marketing Department. The departments work together to disseminate and utilize to a greater extent the clinical knowledge and experience that already exists regarding Artelon® products. With 15 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 for the healthcare sector to use the methods that offer the best outcome. Despite thousands of treated patients and up to 15 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.

STUDIES/ PRODUCT	FOCUS AREA	STUDY	STUDY SITE	NO. OF PATIENTS	FOLLOW-UP	STATUS	FINALIZED
ATR II	Foot and ankle	Chronic injuries and re-ruptures of tendons (Achilles)	UC Davis Sports Medicine, Sacramento, USA	10	2 year	Clinical follow-up in progress	2012/2013
ATR III	Foot and ankle	Chronic injuries and re-ruptures of tendons (Achilles)	Orthopedic Foot & Ankle Center, Westerville, USA	10	1 year	Patient recruitment in progress	2013
ATR IV	Foot and ankle	Lateral ankle stabilization	Community Medical Center, Scranton, USA	20	1 year	Patient recruitment in progress	2014/2015
ATR V	Foot and ankle	Posterior tibial tendon dysfunction	Community Medical Center, Scranton, USA	30	1 year	Patient recruitment in progress	2014/2015
CMC	Hand	Treatment of thumb base joint osteoarthritis	Sahlgrenska University Hospital, Gothenburg, Sweden	15	10 years	Clinical follow-up planned for 2012	2013

All studies are what are termed post-studies, referring to products that have been approved for marketing.

An important study trial for Artimplant in the shoulder area refers to ATR for patients with rotator cuff injuries (ATR 1) has been concluded and compiled during 2012. The study, which has been published in the journal Shoulder & Elbow, included 17 patients with complicated rotator cuff ruptures and poor tissue quality and where reinforcement of the primary suturing ("repair") was required. Following surgical reinforcement with ATR, the patients were followed up over a 12-month period. During this period, the patients reported a marked reduction in pain, increased mobility and a return to daily activities. The physician responsible for the study feels that the results are positive with regard to shoulder function and the patient's quality of life following treatment with ATR.

The table, page 5, shows the studies that are currently in progress. All studies are post-studies, which means that the physician responsible is currently studying and documenting the clinical outcome of a product that has been cleared for marketing. At present, there are five studies at different phases. Two ATR studies of patients with chronic Achilles tendon injuries (ATR II and ATR III) are in progress and two further post-studies related to the foot and ankle have commenced (ATR IV and ATR V). The two latter studies are being conducted by a physician, who is also an opinion leader. The aim is to document the use of the new sizes of ATR. All the studies described above are what are termed case series, initiated and conducted by physicians in the USA. A Swedish, long-term follow-up of patients treated with Artelon® CMC Spacer has been granted ethical approval and clinical follow-up is planned for 2012.

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 prominent opinion leaders although in time also through our internally initiated, prospective clinical trials.

Clinical Affairs became a priority area at Artimplant in June 2011 when the Department was separated from Research & Development to work with the sales and marketing organization. The aim was to focus more closely on clinical trials as a market support resource. The focusing of resources on Clinical Affairs reflects the realization on the part of Artimplant that clinical documentation is one of the most important factors in achieving market success.

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 and other aspects in order to be permitted to supply Artelon® products on their respective markets. If the Company satisfies the stipulations in the EU, USA and Canada, this offers considerable scope to secure easy access to other markets.

To check that stipulations in the EU and Canada are being satisfied, an independent certification body, Lloyds Register Quality Assurance (LRQA), conducts regular audits. The most recent audit was conducted in May 2012 with a successful outcome.

In the USA, the regulatory authority is the Food and Drug Administration (FDA). Instead of conducting regular audits, they make random checks of selected companies.

The assessment of the Company is that the products and the Artelon® material are of high quality. The first Artelon® implants took place in 1997. With a follow-up period of 15 years, the Company has good knowledge of the safety of the material and the products.

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

There is a strong trend within orthopedics towards biological solutions with the aim of regenerating tissue instead of replacing it with permanent replacement parts. The Company's extensive expertise within Artelon® related to clinical benefit, biocompatibility, material properties and processability, allows continued expansion of the product portfolio in the medium to long term. At present, minimum resources are being devoted to product development.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Initial results from a physician-initiated, two-year study of treatment using Artelon® CMC Spacer have been presented. The poster authors conclude that Artelon® CMC Spacer is a safe alternative in surgical treatment of osteoarthritis in the basal thumb joint. The procedure is considered uncomplicated and produces good thumb function with a functional joint space and satisfied patients. An improvement in the clinical outcome can be seen for up to two years post-operatively.

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 fourth quarter of 2012. In the light of the fact that growth in the USA during the third quarter was weaker than anticipated, the aim has now been corrected as follows: To achieve a positive cash flow before changes in working capital on a monthly basis during the second half of 2013.

One factor that is having an impact on the Company's sales is the complaints the Company is dealing with in the USA. It is difficult at present to assess the degree to which these complaints could affect sales of the Company's products.

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 for a new stock issue dated February 14, 2012. They are also presented on the Company's website www.artimplant.com.

Since the fourth quarter of 2010, Artimplant and its former licensee Small Bone Innovations, Inc. have been the subject of 42 complaints from patients in the USA. The amount of damages claimed has not yet been determined. Artimplant is contesting all allegations. Artimplant 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 or when the court will hear all the cases and how long it could take for the cases to be resolved.

PARENT COMPANY

The majority of Artimplant's operations are run through the Parent Company, Artimplant AB. Artimplant USA, Inc. is the Company's only operating subsidiary. The Parent Company is responsible for continuity at the subsidiary and during the period a reversal totaling SEK -2.2 million was made of receivables from Artimplant USA Inc. Together with an earlier impairment of SEK 21.4 million in the opening balance, the total impairment is SEK 23.5 million, which is equivalent to the subsidiary's negative equity. The impairment does not affect the Group's result.

ACCOUNTING PRINCIPLES

Artimplant applies IFRS. This interim 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 that came into effect in 2011 or 2012 have had any significant impact on the Group. Further accounting principles can be found in the Company's Annual Report for 2011, which is available on the Company's website.

FORTHCOMING INFORMATION

Year-End Report 2012	February 1, 2013
Interim Report, January-March 2013	May 7, 2013
Annual General Meeting	May 7, 2013

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 2011, which is available on the Company's website.

For further information please contact

Kjell Thörnbring, Chief Executive Officer
Phone + 46 31-746 56 46, +46 703-119 025
kjell.thornbring@artimplant.com

Artimplant AB
Hulda Mellgrens gata 5
SE-421 32 Västra Frölunda
Sweden

Phone	+46 31 746 56 00
Fax	+46 31 746 56 60
Web	www.artimplant.com

Reg. No.	556404-8394
Reg. office:	Municipality of Gothenburg, County of Västra Götaland, Sweden

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in KSEK	JUL-SEP 2012	JAN-SEP 2012	JUL-SEP 2011	JAN-SEP 2011	JAN-DEC 2011
Net sales	3,323	15,552	4,652	14,304	18,287
Cost of goods and services sold	-517	- 1,773	-1,048	-1,602	-2,201
Gross profit	2,806	13,779	3,604	12,702	16,086
Other income	38	512	230	611	619
Research and development costs	-1,403	-4,722	-2,122	-7,215	-9,384
Selling costs	-4,415	-14,522	-3,868	-13,606	-19,305
Administrative costs	-1,329	-4,717	-982	-4,374	-5,868
Other costs	-407	-650	-21	-348	-413
Operating loss	-4,710	-10,320	-3,159	-12,230	-18,265
Interest income and other financial income	65	295	277	463	565
Interest expense and other financial expense	-53	-134	-	-142	-236
Net financial items	12	161	277	321	329
Loss after financial items	-4,698	-10,159	-2,882	-11,909	-17,936
Tax	-	-	-	-	-
Loss for the period	-4,698	-10,159	-2,882	-11,909	-17,936
Exchange differences arising on translation of foreign operations	290	-7	-	-	-
Total comprehensive loss for the period	-4,408	-10,166	-2,882	-11,909	-17,936
Loss attributable to the Parent Company's stockholders	- 4,698	-10,159	-2,882	-11,909	-17,936
Earnings per stock unit, SEK	-0.01	-0.02	-0.02	-0.10	-0.15
Earnings per stock unit after dilution, SEK	-0.01	-0.02	-0.02	-0.10	-0.15

The statements include depreciations and amortization of tangible assets and intangible non-current assets as shown in the following table:

Amounts in KSEK	JUL-SEP 2012	JAN-SEP 2012	JUL-SEP 2011	JAN-SEP 2011	JAN-DEC 2011
(1) Capitalized R&D costs	30	90	30	90	120
(2) Patents and brands	32	96	177	531	708
Machinery and equipment	22	67	40	120	160
Total depreciation	84	253	247	741	988

CONSOLIDATED ALLOCATION OF NET SALES

Amounts in KSEK	JUL-SEP 2012	JAN-SEP 2012	JUL-SEP 2011	JAN-SEP 2011	JAN-DEC 2011
SOURCE OF REVENUE					
Product sales to licensees	-	-	1,238	3,890	4,469
Product sales to end-customers and distributors	3,252	15,458	3,399	10,254	13,652
Contract product development and other sales	71	94	15	160	166
Total	3,323	15,552	4,652	14,304	18,287
GEOGRAPHIC AREAS					
North America	2,664	12,006	3,932	12,236	15,979
Europe	523	3,410	720	2,068	2,308
Other areas	136	136	-	-	-
Total	3,323	15,552	4,652	14,304	18,287

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in KSEK

ASSETS	9/30/2012	9/30/2011	12/31/2011
Capitalized product development costs	350	470	440
Patents and brand names	153	425	249
Sales rights	2,633	-	
Total intangible non-current assets	3,136	895	688
Machinery and equipment	54	161	121
Total tangible non-current assets	54	161	121
Total non-current assets	3,190	1,056	809
Raw materials, semi-finished and finished goods	4,631	3,518	3,570
Total inventories etc.	4,631	3,518	3,570
Accounts receivable	3,461	4,038	2,840
Other receivables	7,305	3,014	4,238
Prepaid expenses and accrued income	2,363	2,346	1,771
Total current receivables	13,129	9,398	8,848
Cash and bank accounts	14,536	15,857	11,042
Total current assets	32,296	28,773	23,460
TOTAL ASSETS	35,486	29,829	24,269

STOCKHOLDERS' EQUITY & LIABILITIES	9/30/2012	9/30/2011	12/31/2011
Capital stock	10,280	11,849	11,849
Other capital reserves	74,361	53,387	53,387
Other contributed capital	-49,208	-31,382	-31,354
Loss for the period	-10,166	-11,909	-17,936
Total equity	25,267	21,945	15,946
Provisions	-	-	-
Accounts payable	3,181	2,591	3,078
Other current liabilities	3,235	690	945
Accrued expenses and prepaid income	3,803	4,603	4,300
Total current liabilities	10,219	7,884	8,323
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	35,486	29,829	24,269

CONSOLIDATED CHANGES IN EQUITY

Amounts in KSEK	JAN-SEP 2011	JAN-SEP 2011	JAN-DEC 2011
Capital stock at the beginning of the period	11,849	11,849	11,849
Reduction	-9,479	-	-
New stock issue	7,910	-	-
Total equity	10,280	11,849	11,849
Other capital reserves at the beginning of the period	53,387	53,387	53,387
New stock issue	15,817	-	-
New stock issue costs	-4,325	-	-
Reduction	9,479	-	-
Other capital reserves	3	-	-
Total, other capital reserves	74,361	53, 387	53,387
Other equity at the beginning of the period	-49,290	-30,834	-30,834
Benefit, employee stock option	82	-548	-520
Loss for the period	-10,166	-11,909	-17,936
Total, other equity	-59,374	-43,291	-49,290
Total equity at period end	25,267	21,945	15,946

* Other capital reserves have been reduced annually to cover the retained loss. Total other capital reserves before issue costs amount to SEK 486 MSEK.

KEY RATIOS

	JUL-SEP 2012	JAN-SEP 2012	JUL-SEP 2011	JAN-SEP 2011	JAN-DEC 2011
Gross margin, %	84	89	77	89	88
Loss per stock unit, SEK	-0.01	-0.02	-0.02	-0.10	-0.15
Loss per stock unit after dilution, SEK[1]	-0.01	-0.02	-0.02	-0.10	-0.15
Equity per stock unit, SEK	0.05	0.05	0.19	0.19	0.13
Equity per stock unit after dilution, SEK	0.04	0.04	0.19	0.19	0.13
No. of stock units at the period-end	513,982,256	513,982,256	118,489,580	118,489,580	118,489,580
No of stock units at the period-end after dilution	714,879,117	714,879,117	118,949,363	118,949,363	119,078,102
Average no. of stock units during the period	513,982,256	426,094,995	118,489,580	118,489,580	118,489,580
Average no. of stock units during period after dilution	714,879,117	581,340,510	118,949,363	118,949,363	119,078,102
Cash flow per stock unit, SEK	0.01	0.01	-0.18	-0.18	-0.22
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, %	71	71	74	74	66

[1)] The impact of dilution has not been reported in those cases where dilution would have resulted in an improvement in the key ratios.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in KSEK	JAN-SEP 2012	JAN-SEP 2011	JAN-DEC 2011
OPERATING ACTIVITIES			
Net loss after financial items	-10,159	-11,909	-17,936
Adjustment for items not affecting cash flow	479	31	306
Cash flow from operating activities before changes in working capital	-9,680	-11,878	-17,630
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Changes in inventories etc.	-1,061	-308	-360
Changes in receivables	-4,445	-4,392	-3,842
Changes in liabilities	171	-605	-166
Cash flow from operating activities	-14,915	-17,183	-21,988
INVESTMENT ACTIVITIES			
Acquisition of intangible non-current assets	-819	-	-
Acquisition of tangible non-current assets	-	-	-
Sale of tangible non-current assets	-	150	150
Cash flow from investment activities	-819	150	150
FINANCING ACTIVITIES			
Loan	-	-4,000	-4,000
New stock issue	19,405	-	-
Cash flow from financing activities	19,405	-4,000	-4,000
Cash flow for the period	3,571	-21,033	-25,848
Cash and cash equivalents at beginning of the period	11,042	36,890	36,890
Translation of foreign cash	-77	-	-
Cash and cash equivalents at end of the period	14,536	15,857	11,042

PARENT COMPANY INCOME STATEMENTS

Amounts in KSEK

	JUL-SEP 2012	JAN-SEP 2012	JUL-SEP 2011	JAN-SEP 2011	JAN-DEC 2011
Net sales	2,266	15,809	3,947	15,454	20,586
Cost of goods and services sold	-873	-2,628	-631	-2,066	-2,836
Gross profit	1,393	13,181	3,316	13,388	17,750
Other income	34	512	2,616	4,105	6,423
Research and development costs (1,2)	-1,403	-4,722	-2,122	-7,215	-9,384
Selling costs	-1,681	-5,293	-1,968	-6,439	-9,366
Administrative costs	-1,321	-4,709	-982	-4,374	-5,868
Other costs	-403	-650	-185	-3,095	-5,061
Operating profit/loss	-3,381	-1,681	675	-3,630	-5,506
Interest income and other financial income	144	423	625	1,106	1,571
Interest expense and other financial expense	-44	-130	-13	-719	-1,128
Reversal/impairment of receivable, subsidiary	-35	-2,163	-4,196	-7,020	-9,117
Net financial items	65	-1,870	-3,584	-6,633	-8,674
Profit/loss after financial items	-3,316	-3,551	-2,909	-10,263	-14,180
Tax	-	-	-	-	-
Loss for the period*	-3,316	-3,551	-2,909	-10,263	-14,180

* Equals total comprehensive income

The statements include depreciations and impairment of of tangible assets and intangible non-current assets as shown in the following table:

Amounts in KSEK	JUL-SEP 2012	JAN-SEP 2012	JUL-SEP 2011	JAN-SEP 2011	JAN-DEC 2011
(1) Capitalized R&D costs	30	90	30	90	120
(2) Patents and brand names	32	96	177	531	708
Machinery and equipment	21	64	38	116	155
Total depriceation	83	250	245	737	983

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

Amounts in KSEK

ASSETS	9/30/2012	9/30/2011	12/31/2011
Total intangible non-current assets	3,136	896	688
Total tangible non-current assets	50	153	115
Stock and participation in subsidiaries	110	10	10
Receivables from subsidiaries	11,877	6,091	4,040
Total financial non-current assets	11,987	6,101	4,050
Total non-current assets	15,173	7,150	4,853
Total, inventory etc.	3,425	2,893	2,796
Accounts receivable	919	1,966	667
Receivables from subsidiary	12,292	8,140	12,605
Other receivables	7,305	3,010	3,934
Prepaid expenses and accrued income	2,071	1,932	1,444
Total current receivables	22,587	15,048	18,650
Cash and bank accounts	13,162	14,500	9,654
Total current assets	39,174	32,441	31,100
TOTAL ASSETS	54,347	39,591	35,953

STOCKHOLDERS' EQUITY & LIABILITIES	9/30/2012	9/30/2011	12/31/2011
Total equity	45,222	33,173	29,284
Provisions	-	-	-
Accounts payable	3,171	2,442	3,004
Other current liabilities	3,096	579	931
Accrued expenses and prepaid income	2,859	3,397	2,734
Total current liabilities	9,125	6,418	6,669
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	54,347	39,591	35,953

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 October 31, 2012
Artimplant AB (publ)

Anders Cedronius
Chairman of the Board

John Arnold Board Member	Lars Peterson Board Member	Rickard Brånemark Board Member
Håkan Johansson Board Member	Anders Strid 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 October 31, 2012 at 8.45 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, 2012 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 International Standards on Auditing (ISA) 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.

Göteborg, October 31, 2012

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. 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 have doubled and product sales to end-customers and distributors have multiplied, increasing its share of total sales to 37% (15). The agreement with Small Bone Innovations was renegotiated, making it non-exclusive from 2009. All patients 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 underwent 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.

2011 - In the USA, a new marketing and sales initiative commenced with the recruitment of a person to head the subsidiary Artimplant USA Inc., which also acquires a number of new co-workers. Administration and market support are brought together at Artimplant's newly opened office in Denver to create considerably better conditions for building up relationships with agents and customers. Own sales continue to increase, both in absolute numbers and as a proportion of total product sales, albeit from low levels, and account for 76 per cent of total product sales.

2012 With effect from January, Artimplant takes over the sale of the Spacer product group from the former licensee Small Bone Innovations. The agreement with the Nordic distributor was terminated on January 1. On April 1, the agreement with the licensee Biomet was terminated with the result that all sales take place on the company's own auspices.

Artimplant AB, Hulda Mellgrens Gata 5, SE-421 32 Västra Frölunda, Sweden
Phone +46 31 746 56 00, Fax +46 31 746 56 60, www.artimplant.com

Artimplant
Degradable Materials for Optimal Tissue Repair