ARTIMPLANT INTERIM REPORT JANUARY – JUNE 2007

- **Net revenue of SEK 8.7 million (3.0)***
- **Net loss of SEK -7.7 million (-30.7)**
- **Net loss of SEK -6.1 million (-19.1) excluding a non-recurring item of SEK -1.6 million (-11.6)**
- **Earnings per share, including non-recurring item, of SEK -0.13 (SEK -0.52)**
- **Sales for Artelon® CMC Spacer – approximately 2,100 (900) units were sold to end-customers, of which 800 (500) were during Q2 2007**
- **Since the launch approximately 5,000 patients have been treated with Artelon® implants**
- **FDA clearance for marketing for Artelon® CMC Spacer Arthro and Artelon® STT Spacer**
- **A head of marketing has been appointed and will commence on October 1**

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

* 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 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 applications. All product development and production is carried on by Artimplant. The Company's products are marketed by established companies through exclusive, global license agreements with Artimplant. The Company is developing its operations to secure long-term establishment via 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 January – June 2007

Net sales amounted to SEK 8.7 million (3.0). A total of 74% of revenue derives from product sales with associated license revenues and 26% from milestone payments for FDA clearance for marketing for two new Spacer products sold by Small Bone Innovations (SBI).

Artimplant's head of operations in the USA left his position during Q2 2007. This has resulted in a non-recurring cost of SEK 1.6 million, which has been charged in full to the results for the second quarter.

The operating loss was SEK -8.8 million (-31.4). The net loss amounted to SEK -7.7 million (-30.7). The net loss was SEK -6.1 (-19.1) if non-recurring items of SEK -1.6 million for January-June 2007 and SEK -11.6 million for January-June 2006 are excluded. The net result for the period has not been affected materially by exchange rate fluctuations. Earnings per share, including the non-recurring item, were SEK -0.13 (-0.52).

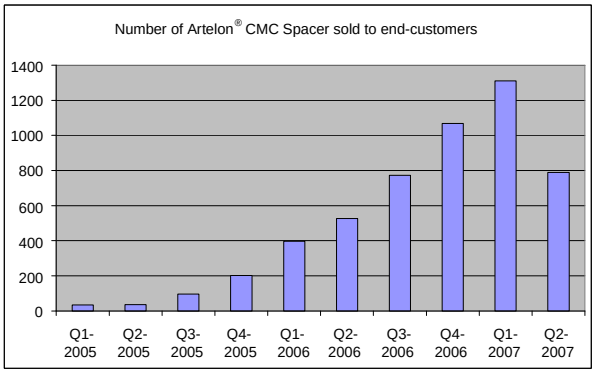
Investments and cash position

Investments during the period totaled SEK 0.7 million (1.1) with SEK 0.2 million (0.5) attributable to investments in intangible fixed assets. At the end of the period cash and cash equivalents amounted to SEK 61.2 million (86.7).

Sales of Artelon® products

Since the launch of Artelon® approximately 5,000 patients have been treated with Artelon® implants. At the end of the first quarter approximately 700 American customers had bought Artelon® CMC Spacer. This significant increase in sales has put considerable pressure on Artimplant's licensees to train their customers in order to ensure good medical results. The increase in the number of patients also offers more experience and a more detailed basis for reinforcing the different product concepts.

The sale of Artelon® CMC Spacer to SBI customers increased during the first half of 2007 to approximately 2,100 (900) units, of which 800 (500) units were sold during the second quarter, a decrease of 40% on the first quarter.



The new sales management at SBI has carried out corrective measures and is resuming sales support with a focus on Artimplant's products. An enhanced operating method for Artelon® CMC Spacer was introduced during the second quarter. The management stresses the strategic importance of Artelon® Spacer to the Company and they have confirmed their intention to return to the previous level of sales growth.

In June, Artelon® STT Spacer and Artelon® CMC Spacer Arthro were cleared by the FDA for keyhole surgery. SBI estimates that 10% of the hand surgeons in the USA use arthroscopic surgery. As regards the market for osteoarthritis in the STT joint, Artimplant estimates that approximately 25% of the patients who present with thumb-base osteoarthritis in the CMC joint also have osteoarthritis in the STT joint.

Marketing of Artelon® Tissue Reinforcement started during Q4 2006 (sold exclusively by Biomet Sports Medicine as SportMesh™ for the rotator cuff application). Marketing is now under way in Europe and the USA.
During the second quarter of 2007 approximately 150 units were sold. During the first quarter of 2007 approximately 100 were sold and approximately 50 units during the fourth quarter of 2006.
Biomet feels that the product has considerable potential and has taken measures that should generate a strong growth in sales in the future. The response in the patients who have been followed up to date has been positive.
The market for the rotator cuff application is felt to be greater than for Artelon® CMC Spacer.

Product development and approvals

During the second quarter Artimplant was granted clearance to market two new Spacer products in the USA, Artelon® STT Spacer and Artelon® CMC Spacer Arthro. As with Artelon® CMC Spacer, the products will be marketed by Small Bone Innovations.

Artelon® Cosmetic for the augmentation of soft tissues in dental applications is currently being documented in close cooperation with, among others, the Brånemark Clinic in Gothenburg and the Faculty of Odontology at Göteborg University where two post-market studies were commenced during the second quarter of 2007.

Artimplant is developing a new design of Artelon® Bone Scaffold for bone augmentation in the upper jaw in conjunction with a sinus lift. A clinical evaluation is planned to start during 2007.

Personnel

A head of marketing has been appointed and will commence on October 1. Further information will be issued during September.
The head of Artimplant USA, Inc left during the second quarter.
As of June 30, 2007, Artimplant employed 25 people (30), of whom 13 are women and 12 are men.

Operative direction 2007

Artimplant’s prioritized development projects during 2007 extend from the Company’s three product concepts:

- Spacer (resurfacing): Commencement of the development of a number of new products within hand and foot surgery.
- Tissue Reinforcement (reinforcement): New sizes are being developed and an FDA application for extended indication is planned.
- Scaffold (replenish): Two post-market studies have commenced to verify Artelon® Cosmetic. A new Artelon® Bone Scaffold design is being developed.

There are numerous potential application areas for Artelon® with its unique property to help the body to heal. Not all can be exploited by Artimplant. In 2007, Artimplant plans to outlicense Artelon® for certain single application areas.

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. The Company considers that the presentation also applies to this report with the addition that as Artimplant sales in the USA increase so does the currency exchange risk. No derivatives were used during the first half of 2007.

Parent Company

The majority of operations are run through the Parent Company, Artimplant AB. Artimplant USA, Inc. is the only subsidiary and is at present fully funded by the Parent Company. The Parent Company's revenue, investments and cash position during January-June 2007 correspond in all material respects to those of the Group. See Parent Company Income Statement and Balance Sheet on page 8.

Events after the period-end

There are no material events after the period-end to report.

Accounting principles

Artimplant applies IFRS. This interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act.

As of 2007 the Company does not capitalize product development costs, since difficulty predicting future revenue streams is part of the nature of the business.

During 2006, Artimplant developed its production facilities to meet the increased demand for Artelon® products. As of 2007, the cost of goods and services sold includes a larger share of the fixed cost of the production facility in addition to variable production costs.

Forthcoming reports

Nine-monthly report…….. November 9, 2007
Annual Report…… February 22, 2008
Three-monthly report…….. May 6, 2008
Six-monthly report…….. August 7, 2008

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 2006, which is available on the Company's website.

For further information please contact

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INCOME STATEMENT

Amounts in SEK thousand	Group Apr-June 2007	Group Jan-June 2007	Group Apr-June 2006	Group Jan-June 2006	Group Jan-Dec 2006
Net sales	4,731	8,673	1,904	3,013	5,536
Cost of goods and services sold*	-721	-1,828	-86	-129	-616
Gross profit/loss	**4,010**	**6,845**	**1,818**	**2,884**	**4,920**
Research and development costs (1,2)	-4,236	-7,551	-17,908	-25,596	-43,177
Selling costs	-3,709	-5,748	-2,960	-5,626	-12,090
Administration costs	-1,390	-2,369	-1,611	-3,041	-7,183
Operating loss	**-5,325**	**-8,823**	**-20,661**	**-31,379**	**-57,530**
Interest income and other financial income	532	1,153	456	874	1,841
Interest expenses and other financial expenses	-5	-50	-125	-162	-330
Net financial items	**527**	**1,103**	**331**	**712**	**1,511**
Loss after financial items	**-4,798**	**-7,720**	**-20,330**	**-30,667**	**-56,019**
Taxes	-	-	-	-	-
Loss for the period	**-4,798**	**-7,720**	**-20,330**	**-30,667**	**-56,019**

*) Thereof SEK 437 thousand in variable costs in 2007

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

Amounts in SEK thousand	Group Apr-June 2007	Group Jan-June 2007	Group Apr-June 2006	Group Jan-June 2006	Group Jan-Dec 2006
(1) Capitalized R&D cost*	546	1,092	13,121	14,634	21,236
(2) Patents	125	245	185	352	779
Machinery and equipment	164	315	143	273	669
Total depreciation	**835**	**1,652**	**13,449**	**15,259**	**22,685**

** Write-downs of capitalized R&D costs of SEK 17,118 thousand are included in Jan-Dec 2006.*

ALLOCATION OF NET SALES

Amounts in SEK thousand Source of revenue	Group Apr-June 2007	Group Jan-June 2007	Group Apr-June 2006	Group Jan-June 2006	Group Jan-Dec 2006
Licensing of product applications	1,725	3,228	446	446	1,031
Product sales	1,756	4,195	1,048	1,374	3,273
Milestone payments for product development projects	1,250	1,250	409	1,193	1,231
	4,731	**8,673**	**1,903**	**3,013**	**5,536**

Geographic areas	Apr-June 2007	Jan-June 2007	Apr-June 2006	Jan-June 2006	Jan-Dec 2006
Scandinavia	148	492	254	395	717
USA	4,583	8,181	1,649	2,618	4,819
	4,731	**8,673**	**1,903**	**3,013**	**5,536**

Artimplant
Degradable Materials for Optimal Tissue Repair

BALANCE SHEET

	Group		Group
Amounts in SEK thousand	**6/30/2007**	**6/30/2006**	**12/31/2006**
ASSETS			
Capitalized product development	6,101	13,578	7,193
Patents	1,048	1,181	1,131
Total intangible fixed assets	7,149	14,759	8,324
Machinery and equipment	2,114	1,670	1,890
Total tangible fixed assets	2,114	1,670	1,890
Stock and participation in subsidiaries*	-	1,707	-
Total financial fixed assets	-	1,707	0
Total fixed assets	**9,263**	**18,135**	**10,214**
Raw materials, semi-finished and finished goods	2,379	1,041	903
Total inventories, etc.	2,379	1,041	903
Accounts receivable	874	528	417
Other receivables	1,829	1,746	1,570
Prepaid expenses and accrued income	2,458	1,460	1,270
Total short-term receivables	5,161	3,734	3,256
Cash and bank accounts	61,202	86,714	68,704
Total current assets	**68,742**	**91,489**	**72,863**
TOTAL ASSETS	**78,004**	**109,625**	**83,077**

	Group		Group
Amounts in SEK thousand	**6/30/2007**	**6/30/2006**	**12/31/2006**
SHAREHOLDERS' EQUITY & LIABILITIES			
Equity			
Share capital	5,924	5,924	5,924
Premium reserve	71,660	126,922	127,042
Total restricted equity	77,584	132,846	132,966
Retained earnings	-14	222	557
Translation difference	4	0	110
Loss for the period	-7,720	-30,667	-56,019
Total retained loss	-7,730	-30,445	-55,352
Total equity	**69,854**	**102,402**	**77,614**
Provisions	**84**	**318**	**353**
Accounts payable	2,297	2,108	1,212
Liabilities, subsidiaries*	-	1,822	-
Other current liabilities	2,605	758	951
Accrued expenses and prepaid income	3,164	2,218	2,947
Total current liabilities	**8,066**	**6,906**	**5,110**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	**78,004**	**109,625**	**83,077**

* Only for dormant companies, not Artimplant USA

CHANGES IN SHAREHOLDERS' EQUITY DURING THE PERIOD

	Group		Group
Amounts in SEK thousand	**Jan-June 2007**	**Jan-June 2006**	**Jan-Dec 2006**
Equity at the beginning of the period	77,614	132,846	132,966
Benefit employee stock option (IFRS2)	-373	222	460
Regained VAT from share issue 2000	329	-	97
Translation difference	4	-	110
Loss for the period	-7,720	-30,667	-56,019
Equity at the period-end	**69,854**	**102,402**	**77,614**

Artimplant
Degradable Materials for Optimal Tissue Repair

CASH FLOW ANALYSIS

Amounts in SEK thousand	Group Jan-June 2007	Group Jan-June 2006	Group Jan-Dec 2006
Operating activities			
Net loss after financial items	-7,720	-30,667	-56,019
Adjustment for items not effecting cash flow	1,344	15,555	23,477
Cash flow from operating activities before changes in working capital	**-6,376**	**-15,112**	**-32,542**
Cash flow from changes in working capital			
Changes in inventories	-1,476	-98	41
Changes in receivables	-1,905	-1,162	-684
Changes in liabilities	2,956	-19	-5
Cash flow from operating activities	**-6,802**	**-16,391**	**-33,190**
Investment activities			
Acquisition of intangible fixed assets	-162	-532	-1,126
Acquisition of tangible fixed assets	-539	-549	-1,165
Cash flow from investment activities	**-701**	**-1,081**	**-2,292**
Financing activities			
Cash flow from financing activities	**-**	**-**	**-**
Cash flow for the period	**-7,502**	**-17,471**	**-35,482**
Liquid funds at beginning of period	**68,704**	**104,186**	**104,186**
Liquid funds at the period-end	**61,202**	**86,714**	**68,704**

KEY RATIOS

	Group Apr-June 2007	Group Jan-June 2007	Group Apr-June 2006	Group Jan-June 2006	Group Jan-Dec 2006
Earnings per share, SEK	-0.08	-0.13	-0.34	-0.52	-0.95
Earnings per share after full dilution, SEK	-0.08	-0.13	-0.34	-0.52	-0.95
Equity per share, SEK	1.18	1.18	1.73	2.51	1.31
Equity per share after full dilution, SEK	1.18	1.18	1.73	2.51	1.31
No. of shares at the period-end	59,244,790	59,244,790	59,244,790	59,244,791	59,244,790
Average no. of shares	59,244,790	59,244,790	59,244,790	59,244,791	59,244,790
No. of shares after full dilution	60,446,582	60,446,582	61,004,406	61,004,407	60,348,628
Yield on equity, %	neg	neg	neg	neg	neg
Yield on capital employed, %	neg	neg	neg	neg	neg
Equity/assets ratio, %	90	90	93	95	93

Parent Company in brief

INCOME STATEMENT

Amounts in SEK thousand	Parent Company Apr-June 2007	Parent Company Jan-June 2007	Parent Company Apr-June 2006	Parent Company Jan-June 2006	Parent Company Jan-Dec 2006
Net sales	4,693	8,635	1,904	3,013	5,536
Cost of goods and services sold*	-721	-1,828	-86	-129	-616
Gross profit/loss	**3,972**	**6,807**	**1,818**	**2,884**	**4,920**
Research and development costs (1,2)	-4,236	-7,551	-17,908	-25,596	-42,146
Selling costs	-2,789	-4,738	-2,277	-4,272	-11,802
Administration costs	-1,390	-2,348	-1,611	-3,041	-7,011
Operating loss	**-4,443**	**-7,830**	**-19,978**	**-30,025**	**-56,039**
Net financial items	**527**	**1,103**	**331**	**711**	**1,511**
Loss after financial items	**-3,916**	**-6,727**	**-19,647**	**-29,314**	**-54,528**
Appropriations	-	-	-	-	76
Taxes	-	-	-	-	-
Loss for the period	**-3,916**	**-6,727**	**-19,647**	**-29,314**	**-54,452**

*) Thereof SEK 437 thousand in variable costs in 2007

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

Amounts in SEK thousand	Parent Company Apr-June 2007	Parent Company Jan-June 2007	Parent Company Apr-June 2006	Parent Company Jan-June 2006	Parent Company Jan-Dec 2006
(1) Capitalized R&D cost*	546	1,092	13,121	14,634	21,236
(2) Patents	125	245	185	352	779
Machinery and equipment	163	313	143	273	666
Total depreciation	**834**	**1,649**	**13,449**	**15,259**	**22,681**

** Write-downs of capitalized R&D costs of SEK 17,118 thousand are included in Jan-Dec 2006.*

BALANCE SHEET

Amounts in SEK thousand	Parent Comp. 6/30/2007	Parent Company 6/30/2006	Parent Company 12/31/2006
ASSETS			
Total intangible fixed assets	7,149	14,759	8,324
Total tangible fixed assets	2,100	1,670	1,879
Stock and participation in subsidiaries*	10	1,718	10
Total fixed assets	**9,259**	**18,146**	**10,213**
Total inventories, etc.	2,379	1,041	903
Total short-term receivables	5,107	5,225	3,239
Cash and bank accounts	60,665	86,466	68,628
Total current assets	**68,151**	**92,732**	**72,770**
TOTAL ASSETS	**77,409**	**110,878**	**82,982**

Amounts in SEK thousand	Parent Comp. 6/30/2007	Parent Company 6/30/2006	Parent Company 12/31/2006
SHAREHOLDERS' EQUITY & LIABILITIES			
Total equity	**70,811**	**103,756**	**77,583**
Liabilities, subsidiaries*	-	1,822	-
Total current liabilities	**6,514**	**6,805**	**5,046**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	**77,409**	**110,878**	**82,982**

* Only for dormant companies, not Artimplant USA

This report has not been reviewed by the Company's auditors.

The Board of Directors and the CEO certify that this Six-monthly 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 which form part of the Group.

Gothenburg, August 8, 2007
Artimplant AB (publ)

Ingemar Kihlström Chairman of the Board	Hans Rosén President	Rickard Söderberg Board Member
Lennart Ribohn Board Member	Wenche Rolfsen Sandsborg Board Member	Anna Malm Bernsten Board Member

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. The sale of Artelon® CMC Spacer to end-customers increases by over 600% compared with 2005. Over 3,000 patients have been given an Artelon® implant at 500 clinics.