SIX-MONTHLY REPORT
JANUARY-JUNE 2011

Artimplant
Degradable Materials for Optimal Tissue Repair

First six months

- Net revenue amounted to SEK 9.7 million (9.8).*
- The net loss totaled SEK 9.0 million (9.8).
- Earnings per stock unit amounted to SEK -0.08 (-0.16).
- The result was affected by one-off items amounting to -0.9 million (-).
- Artimplant's own sales as a proportion of total sales continued to increase and accounted for 72% (57) of product sales.
- The Company has revised its cash flow target and the aim now is that a positive cash flow before changes in working capital will be achieved on a monthly basis during the first quarter of 2012 (previously the target was by the end of 2011).

Second quarter

- Net revenue amounted to SEK 4.3 million (5.1).*
- The net loss totaled SEK 5.2 million (5.0).
- Earnings per stock unit amounted to SEK -0.04 (-0.08).
- The result was affected by one-off items amounting to -0.9 million (-).

Events after the period-end

- Decision has been taken by the Company to open its own sales office in the USA.

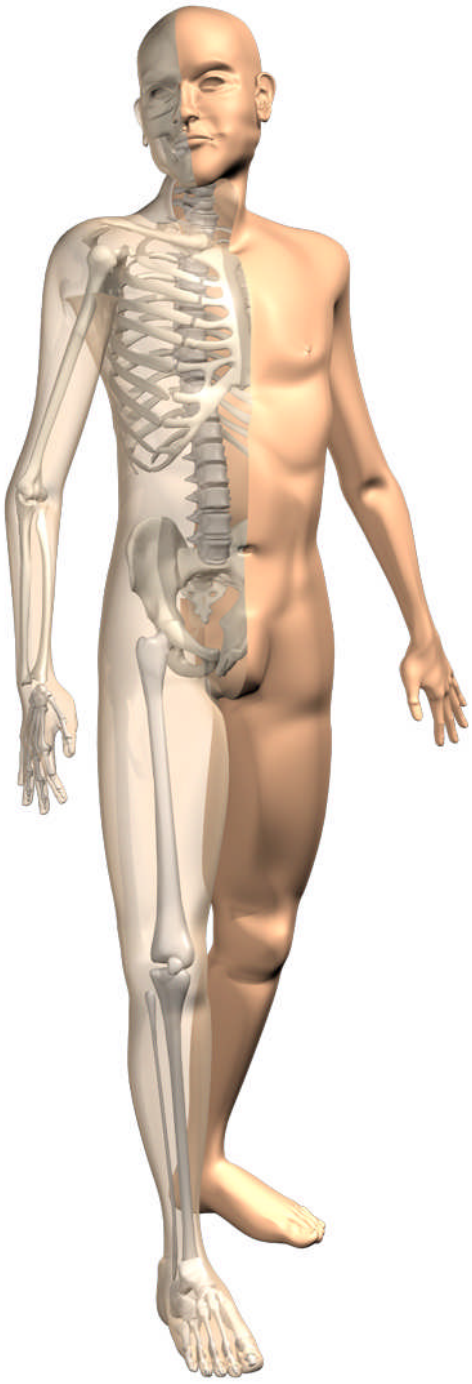
* Figures in brackets refer to the corresponding period last year.

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

Artimplant

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

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



Artelon® CMC Spacer and Artelon® STT Spacer

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

Artelon® MTP Spacer

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

Artelon® Tissue Reinforcement, ATR

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

Artelon® Cosmetic

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

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

Introduction

At the Annual General Meeting for 2011, what was for the most part a newly elected Board of Directors took up their positions. At the same time the CEO at the time, opted to step down from his position with the company. Kjell Thörnbring, the Company's CFO was appointed as acting CEO and with effect from June 22 he was appointed permanent CEO.

Artimplant has for long time been struggling with profitability problems and has experienced difficulty achieving established objectives. The new Board, together with the CEO, has commenced an examination of the Company with the aim of identifying and taking necessary measures to create a profitable, competitive company. During the initial phase of the examination a number of areas have been identified were the present management does not agree with the previous managements view of how the Company should be managed.

Part of this work involves improving and bringing clarity to both internal and external communication.

It is vitally important to create an organization founded on a delegated working approach and an increased responsibility-taking. The Company's employees possess considerable know-how and skills and to achieve success it is crucial to capitalize on this vital asset. By implementing a delegated working approach the potential is being created for individuals to assume far greater personal responsibility and thus contribute to the development of the Company.

Artimplant has previously been a company with a strong focus on product development. The Company will now to a wider extent center on becoming considerably more market-oriented with greater attentiveness to customer requirements. A key element will be to improve our support for the market. An initial step has been taken by establishing Clinical Affairs as a separate department. Clinical Affairs will be responsible for clinical trials and clinical documentation and will work closely with the sales and marketing department.

Artimplant's sales in recent years have not developed as anticipated. A contributing factor has been a lack of clarity in market prospecting. It has taken significantly longer than expected to build up effective own sales in the USA; sales are increasing continuously but not at the rate that had been envisaged. Through a greater focus on prioritized target groups, the aim is to achieve a more immediate impact on the US market. In the past, market prospecting has been too broad, resulting in a loss of focus in the efforts to achieve rapid market growth.

The earlier assessment regarding the considerable potential of the products still stands. The assessment, however, is that it will take longer than was previously expected to become established on the market.

Artimplant's prospecting of the European market has been too broad. A number of interesting countries and markets have been identified and prospecting of these markets will continue to be more focused than was the case previously.

Another obvious area to priorities will be the Company's liquidity and cash flow. As a result of poor sales, cash flow has been weaker than expected. Achieving a positive cash flow in the short term is not realistic. Initiatives linked to working capital could possibly bring about a slight improvement in liquidity but by far the most important task is bringing about an increase in sales.

A summary of the current examination of the Company so far is that there is significant potential for improvement in a number of areas. The work will now involve a greater focus on sales and market prospecting, increased market orientation, development of the organization and a greater focus on liquidity.

It is the opinion of the Board of Directors and the senior management that this will lead to positive development for the Company although it will take longer than was previously reported.

Revenue and financial results

First six months

Net revenue for the first six months amounted to SEK 9.7 million (9.8) and was primarily revenue from product sales. Direct sales by agents and sales to Artimplant's distributors (termed own sales) during the first six months accounted for 72% (57) of product sales. Own sales increased with SEK 1.6 million during the period whilst sales to licensees and royalties decrease with SEK 1.4 million.

The gross margin for product sales during the first six months was 94% (80). The improvement compared with the previous year can be attributed in part to lower fixed production costs and in part to a change in the product mix, primarily an increase in the proportion of ATR products.

The operating loss for the first six months amounted to SEK 9.1 million (9.8). The cost base has shifted compared with the previous year from research and development costs to sales costs. The result was affected by one-off items amounting to -0.9 million (-) due to accruals of bad depts and costs relating to resigning CEO.
The net loss for the first six months was SEK 9.0 million (9.8) including a currency exchange rate fluctuation of SEK -0.2 million (-0.3) . Earnings per stock unit for the first six months SEK -0.08 (-0.16).

Second quarter

Net revenue for the second quarter amounted to SEK 4.3 million (5.1) and was primarily revenue from product sales. Direct sales by agents and sales to Artimplant's local distributors (termed own sales) during the second quarter accounted for 71% (62) of product sales.

The operating loss for the second quarter amounted to SEK 5.3 million (5.1). The result was affected by one-off items amounting to -0.9 million (-) due to accruals of bad depts and costs relating to resigning CEO.

The net loss for the second quarter was SEK 5.2 million (5.0). Earnings per stock unit for the second quarter were SEK -0.04 (-0.08).

Seasonal effects

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

Investments and cash position

No investments were made during the first six months.

At the end of the period, cash and cash equivalents amounted to SEK 21.2 million (11.5). Total cash flow for the first six months amounted to SEK -15.7 million (-4.1). The deterioration compared with the previous year can be attributed largely to the repayment of a working capital facility of SEK 4.0 million (which was raised during the first half of the previous year). Aan increase of SEK 3.4 million in short-term receivables also contributed, of which SEK 1.3 million refers to costs for counsel in relation to the legal proceedings in the USA and where insurance settlement has yet to be made.

Personnel

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

Market development

Artimplant's own sales in the USA are developing positively albeit at a slow rate. The ATR product, which is intended for reinforcement of soft tissue, continues to convince surgeons and patients of its user-friendliness and positive treatment outcome. Sales to date have taken place mainly through the Company's own agents. Experience up to now reveals considerable potential for increased growth. Artimplant has during the period launched complementary ATR products which facilitate and broaden use in conjunction with reinforcement of soft tissue. With four product specialists in place the foundation for the Company's planned market expansion in the USA has been laid and will now be stepped up with better support for new and existing agents.

During the period, total own sales increased to SEK 6.9 million (5.3). Artimplant's work on producing market support documentation based on reported clinical experience and published data has been intensified. These activities will be of major significance in supporting growth in sales.

ATR, which has been cleared as general reinforcement for soft tissue injuries, is sold both by Artimplant and also non-exclusively by the licensee Biomet. Biomet sales during the period took place from their own inventory. Sales are stable but continue to be on a low level. During the fourth quarter of 2010, the agreement with Biomet was renegotiated, whereupon Artimplant took back the exclusive right to sell ATR outside the USA in return for Artimplant meeting in full the cost of post-market studies for ATR. In the USA, ATR products have been marketed and sold in parallel by Artimplant and Biomet since 2009.

Artelon® Spacer products are used for the treatment of osteoarthritis in a number of joints in the hand and foot and are sold non-exclusively by the licensee Small Bone Innovations (SBi). The licensee's sales of Artelon® CMC Spacer continued to fall during 2011.

In co-operation with SBi, Artimplant is developing a new Artelon® CMC Spacer, which has a user-friendly textile design similar to ATR. The product, which will be sold under the brand name Artelon® CMC Soft, was granted CE Marking in Europe during the period and is now being evaluated at a number of selected European clinics. Published studies and a new launch are considered to be key activities if the licensee is to regain lost sales volumes. SBi is responsible for the majority of Spacer sales.

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

On both the US and European markets, Artimplant will concentrate its efforts on specifically selected regions, clinics and physicians, where the Company consider there to be the potential to achieve more rapid growth. In doing so, conditions will be improved for achieving greater sales success and more cost-effective operations.

Clinical affairs

With the aim of supporting the Company's marketing, Clinical Affairs has been set up as a separate department that will be responsible for clinical documentation of Artimplant's products. The new department will work in close collaboration with the sales and marketing department.

In recent years, the Company's focus on clinical trials has been a low priority. Furthermore, existing clinical material has not been utilized satisfactorily. This is a major factor behind the Company's weak rate of growth.

The aim of the renewed focus on clinical documentation is to disseminate, and to utilize to a greater extent, the clinical know-how and experience that already exist regarding Artelon® products. With 14 years' clinical experience of Artelon® it can be stated that 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 a rise in the demand to select treatment that is 'evidence-based medicine' (EBM), which means awareness and systematic use within medicine of the best available scientific evidence, coupled with clinical experience and patient preferences. The term 'best available scientific evidence' often refers to clinically relevant research/trials. Consequently, even if current clinical experience covering thousands of patients and with 14 years' clinical experience of Artelon® implants, the Company needs to conduct further clinical trials in the future in order to satisfy the demand for 'evidence-based medicine'.

The post-market trials mentioned in previous finical reports are moving forward, if not as rapidly as Artimplant would like in every case. The ATR trial involving patients with rotator cuff injuries has been concluded and the results are currently being compiled for publication. In the current ATR trial on patients with chronic Achilles tendon injuries, the inclusion period came to an end during the spring and clinical follow-up will take place over the next year.

With a greater focus and increased resources at Clinical Affairs, it will be possible to conduct all types of clinical trials more efficiently in the future. The focus on resources at Clinical Affairs reflects Artimplant's realization that clinical documentation is by far one of the most important success factors on our market. Producing clinical documentation based on long-term follow-up of patients is, nonetheless, a long-term undertaking.

In summary, the Company feels secure with regard to the safety of the materials and products. The efforts to document the benefit of the products will beintensified, in the first instance through case series compiled by leading opinion-formers although in time also with our internally initiated prospective clinical trials.

Quality

Apart from following up and improving customer-perceived quality, quality work at Artimplant also means ensuring that the Company satisfies the requirements laid down by different authorities regarding working methods in order to be permitted to supply Artelon® products on their respective markets.

Consequently, the quality management system and the products now satisfy the stipulations in the EU, USA and Canada, which also allows access to other markets.

To check that stipulations in the EU and Canada are satisfied, an independent inspection body, Lloyds Register Quality Assurance (LRQA), conducts a quality audit at Artimplant twice a year. During the most recent audit at the end of June/beginning of July, no remarks were made. New products undergo a rigorous inspection by LRQA before they are CE-marked and allowed to be sold. Since the fall of 2010, LRQA have examined and approved the new Artelon® CMC Soft as well as new sizes of Artelon® Tissue Reinforcement. Product clearance is valid for five years and during the year LRQA also examined and recertified our existing products Artelon® Tissue Reinforcement, Artelon® MTP Spacer and Artelon® STT Spacer.

On the US market the regulatory authority is the Food and Drug Administration (FDA). Instead of conducting audits continuously they make random checks of selected companies. This means that Artimplant need to ensure that the current market stipulations in the USA are satisfied. As part of this process, Artimplant has ensured that all the US quality system requirements are being met. During the past year, the Company has also critically examined and updated internal documentation for key products. This extensive pre-emptive work has meant that Artimplant is now well placed to successfully undergo a possible inspection by the FDA.

Product quality is high and the Company is satisfied with the material. The first Artelon® implantations took place in 1997 and the first implantation of the potential major seller Artelon® Tissue Reinforcement (ATR) took place in 2006. With a follow-up period of 14 years for the material and five years for the

ATR products, there is a good basis for assessing the quality of the products. Despite the fact that more than 5,000 ATR products have been implanted through to mid-2011, only four explantations have been reported. There is a well-founded evidence that the risk of adverse event resulting from ATR is very low and that no unusual, late or unexpected side-effects have been seen. Even if the Spacer products have, relatively speaking, more reported cases compared with ATR, the explantation frequency is only around 1%. This frequency ought to be regarded as low for implants intended for osteoarthritis in the thumb base joint.

In summary, the ongoing quality program has simplified and improved many of internal working processes, resulting in a 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 and business development

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

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

Artimplant's products and projects can be viewed in four phases: concept evaluation/proof-of-concept (Explore), product development and documentation for market registration (Develop), launch and post-market studies (Market Introduction) and a product established on the market (Established). A phase marked by lines means that the Company is about to enter this phase.

** Not cleared for sale in the USA*

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

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

Events after the end of the reporting period

To further reinforce our presence and our prospecting of the important US market, a decision has been reached to set up a sales office in the USA. The office will be opened during the fall of 2011.

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 second half of 2011.

In the light of the Company's sales development and the current examination of the Company, it would be more realistic to say that Artimplant is working with the aim of achieving a positive cash flow before changes in working capital by the first quarter of 2012 at the earliest.

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

Significant risks and uncertainty factors

The Company's significant risks and uncertainty factors are presented in the Board of Directors' Report in the most recent Annual Report and in a prospectus dated September 24, 2010 for the new stock issue. Apart from the complaints in the USA mentioned below, there have been no material changes.

Artimplant and its licensee Small Bone Innovations, Inc. have since the fourth quarter of 2010 been the subject of complaints by 13 CMC patients in the USA, all filed through the same plaintiffs' counsel. The amount of damages claimed has not yet been determined. Artimplant is fighting all allegations. The Company has filed a notice of loss with its insurance carrier and its assessment is that there is adequate insurance cover for any damages that may arise over and above the deductible. It is too early to assess if and when the court will hear all the cases and how long it could take for these cases to be resolved. It is unlikely that any ruling will be made before the second half of 2012 at the earliest. The net loss for the first six months has been affected by approximately SEK -0.3 million in respect of the deductible and Artimplant anticipates that future costs will be met through insurance.

Parent Company

The majority of Artimplant's operations are run through the Parent Company, Artimplant AB. Artimplant USA, Inc. is the Company's only subsidiary and is at present fully funded by the Parent Company. The Parent Company is responsible for continuity at the subsidiary and during the first six months an impairment was made of receivables from Artimplant USA totaling SEK -2.8 million. Together with an impairment of SEK -12.2 million in the opening balance, the total impairment is SEK -15 million, which is equivalent to the subsidiary's negative equity. The impairment does not affect the Group's result. The difference in the Parent Company's equity compared with the Group's equity can be explained by the internal profit on products sold by the Parent Company to the subsidiary.

Accounting principles

Artimplant applies IFRS. This six-monthly report has been prepared in accordance with IAS 34, the Swedish Annual Accounts Act and RFR 1.3. The Parent Company's financial statements are prepared in accordance with exceptions and addenda in RFR 2.3. No new or amended IFRS which came into effect in 2010 or the first half of 2011 have had any significant impact on the Group.

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

Forthcoming information

Nine-monthly report	November 1, 2011
Year-end report	February 9, 2012
Three-monthly report	May 3, 2012
Annual General Meeting	May 3, 2012

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

For further information please contact

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in KSEK	Apr-Jun 2011	Jan-Jun 2011	Apr-Jun 2010	Jan-Jun 2010	Jan-Dec 2010
Net sales	4,273	9,652	5,054	9,810	18,466
Cost of goods and services sold	-174	-554	-1,298	-2,275	-4,024
Gross profit/loss	**4,099**	**9,098**	**3,756**	**7,535**	**14,442**
Other income	381	381	58	130	947
Research and development costs (1, 2)	-2,527	-5,093	-3,474	-6,989	-14,637
Selling costs	-5,085	-9,738	-3,988	-7,573	-15,917
Administrative costs	-1,883	-3,392	-1,407	-2,855	-5,831
Other costs	-280	-327	-8	-57	-966
Operating loss	**-5,295**	**-9,071**	**-5,063**	**-9,809**	**-21,962**
Interest income and other financial income	145	186	15	74	155
Interest expense and other financial expenses	-27	-142	23	-33	-558
Net financial items	**118**	**44**	**38**	**41**	**-403**
Loss after financial items	**-5,177**	**-9,027**	**-5,025**	**-9,768**	**-22,365**
Taxes	-	-	-	-	-
Loss for the period*	**-5,177**	**-9,027**	**-5,025**	**-9,768**	**-22,365**
Loss attributable to the Parent Company's stockholders	-5,177	-9,027	-5,025	-9,768	-22,365
Earnings per stock unit, SEK	-0.04	-0.08	-0.08	-0.16	-0.32
Earnings per stock unit after dilution, SEK	-0.04	-0.08	-0.08	-0.16	-0.32

** Same as the comprehensive income for the period*

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

Amounts in KSEK	Apr-Jun 2011	Jan-Jun 2011	Apr-Jun 2010	Jan-Jun 2010	Jan-Dec 2010
(1) Capitalized R&D cost	30	60	-	-	631
(2) Patents and brands	177	354	189	374	755
Machinery and equipment	40	80	114	235	474
Total depreciation	**247**	**494**	**303**	**609**	**1,859**

ALLOCATION OF CONSOLIDATED NET SALES

Amounts in KSEK Source of revenue	Apr-Jun 2011	Jan-Jun 2011	Apr-Jun 2010	Jan-Jun 2010	Jan-Dec 2010
Product sales by licensees	1,216	2,652	1,811	4,094	6,966
Product sales by end customer and distributors	3,038	6,855	2,937	5,319	11,064
Contract product development and other sales	19	145	306	397	436
	4,273	**9,652**	**5,054**	**9,810**	**18,466**

Geographic areas	Apr-Jun 2011	Jan-Jun 2011	Apr-Jun 2010	Jan-Jun 2010	Jan-Dec 2010
North America	4,081	8,304	4,604	8,945	16,804
Europe	192	1,348	450	865	1,662
	4,273	**9,652**	**5,054**	**9,810**	**18,466**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in KSEK	6/30/2011	6/30/2010	12/31/2010
ASSETS			
Capitalized product development	499	1,191	559
Patents and brands	603	1,307	957
Total intangible fixed assets	*1,102*	*2,498*	*1,516*
Machinery and equipment	201	520	281
Total tangible fixed assets	*201*	*520*	*281*
Total fixed assets	**1,303**	**3,018**	**1,797**
Raw materials, semi-finished and finished goods	3,434	3,817	3,210
Total inventories, etc.	*3,434*	*3,817*	*3,210*
Accounts receivable	3,317	2,586	1,794
Other receivables	2,405	1,378	916
Prepaid expenses and accrued income	2,663	3,089	2,297
Total short-term receivables	*8,385*	*7,053*	*5,007*
Cash and bank accounts	21,203	11,521	36,890
Total current assets	**33,022**	**22,391**	**45,107**
TOTAL ASSETS	**34,325**	**25,409**	**46,904**

Amounts in KSEK	6/30/2011	6/30/2010	12/31/2010
STOCKHOLDERS' EQUITY & LIABILITIES			
Capital stock	11,849	5,924	11,849
Other capital reserves	47,925	26,671	53,387
Retained loss	-25,839	-8,475	-8,469
Translation difference	-	-	-
Loss for the period	-9,027	-9,768	-22,365
Total equity	**24,908**	**14,352**	**34,402**
Provisions	**1**	**46**	**12**
Long-term interest-bearing liabilities	-	4,000	-
Total non-current liabilities	**-**	**4,000**	**-**
Accounts payable	2,885	1,168	2,342
Current interest-bearing liabilities	-	-	4,000
Other current liabilities	416	600	548
Accrued expenses and prepaid income	6,115	5,243	5,600
Total current liabilities	**9,416**	**7,011**	**12,490**
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	**34,325**	**25,409**	**46,904**

CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY DURING THE PERIOD

Amounts in KSEK	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Capital stock at the beginning of the period	11,849	5,924	5,924
Issue new stock	-	-	5,924
Capital stock	**11,849**	**5,924**	**11,849**
Other capital reserves at the beginning of the period*	53,387	39,953	39,953
Issue new stock	-	-	32,585
Expenses issue new stock	-	-	-5,869
Reduction in other capital reserves	-5,462	-13,282	-13,282
Total other capital reserves	**47,925**	**26,671**	**53,387**
Retained loss at the beginning of the period	-30,834	-22,024	-22,024
Reduction in other capital reserves	5,462	13,282	13,282
Benefit, employee stock option (IFRS 2)	-467	267	273
Loss for the period	-9,027	-9,768	-22,365
Total retained loss	**-34,866**	**-18,243**	**-30,834**
Equity at the period-end	**24,908**	**14,352**	**34,402**

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

CONSOLIDATED CASH FLOW STATEMENTS

Amounts in KSEK	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Operating activities			
Net loss after financial items	-9,027	-9,768	-22,365
Adjustment for items not effecting cash flow	-136	866	2,189
Cash flow from operations before changes in working capital	**-9,163**	**-8,902**	**-20,176**
Cash flow from changes in working capital			
Changes in inventories etc.	-224	320	928
Changes in receivables	-3,378	194	2,240
Changes in liabilities	928	429	1,910
Cash flow from operations	**-11,837**	**-7,959**	**-15,098**
Investment activities			
Acquisition of intangible fixed assets	-	-94	-226
Acquisition of tangible fixed assets	-	-39	-39
Sale of tangible fixed assets	150	-	-
Cash flow from investment activities	**150**	**-133**	**-265**
Financing activities			
Long-term loan	-4,000	4,000	4,000
Share issue	-	-	32,640
Cash flow from financing activities	**-4,000**	**4,000**	**36,640**
Cash flow for the period	**-15,687**	**-4,092**	**21,277**
Cash and cash equivalents at the beginning of the per	**36,890**	**15,613**	**15,613**
Cash and cash equivalents at the period-end	**21,203**	**11,521**	**36,890**

CONSOLIDATED KEY RATIOS

	Apr-Jun 2011	Jan-Jun 2011	Apr-Jun 2010	Jan-Jun 2010	Jan-Dec 2010
Earnings per stock unit, SEK	-0.04	-0.08	-0.08	-0.16	-0.32
Earnings per stock unit after dilution, SEK	-0.04	-0.08	-0.08	-0.16	-0.32
Equity per stock unit, SEK	0.21	0.21	0.24	0.24	0.29
Equity per stock unit after dilution, SEK	0.21	0.21	0.24	0.24	0.29
No. of stock units in issue at the period-end	118,489,580	118,489,580	59,244,790	59,244,790	118,489,580
No. of stock units in issue after dilution	119,093,548	119,093,548	61,288,676	61,288,676	120,532,181
Average no. of stock units in issue during period	118,489,580	118,489,580	59,244,790	59,244,790	69,118,922
Av. no. of stock units in issue during period after dilution	119,093,548	119,093,548	61,288,676	61,288,676	71,161,523
Cash flow per stock unit, SEK	-0.05	-0.13	-0.02	-0.07	0.31
Operating margin, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg	neg
Return on capital, %	neg	neg	neg	neg	neg
Equity/assets ratio, %	73	73	56	56	73

PARENT COMPANY INCOME STATEMENTS

Amounts in KSEK	Apr-Jun 2011	Jan-Jun 2011	Apr-Jun 2010	Jan-Jun 2010	Jan-Dec 2010
Net sales	5,618	11,507	5,639	10,042	17,038
Cost of goods and services sold	-716	-1,435	-1,386	-2,380	-4,206
Gross profit/loss	**4,902**	**10,072**	**4,253**	**7,662**	**12,832**
Other income	1,381	1,489	1,466	1,953	3,398
Research and development costs (1,2)	-2,527	-5,093	-3,474	-6,989	-14,637
Selling costs	-2,506	-4,471	-2,380	-4,536	-8,821
Administrative costs	-1,883	-3,392	-1,407	-2,855	-5,831
Other costs	-1,304	-2,910	-285	-662	-4,559
Operating loss	**-1,937**	**-4,305**	**-1,827**	**-5,427**	**-17,618**
Interest income and other financial income	363	481	449	654	1,105
Interest expense and other financial expenses	-239	-706	-85	-254	-1,751
Impairment of receivebles subsidiaries	-1,308	-2,824	-2,216	-3,073	-3,262
Net financial items	**-1,184**	**-3,049**	**-1,852**	**-2,673**	**-3,908**
Loss after financial items	**-3,121**	**-7,354**	**-3,679**	**-8,100**	**-21,526**
Taxes	-	-	-	-	-
Loss for the period*	**-3,121**	**-7,354**	**-3,679**	**-8,100**	**-21,526**

** Same as the comprehensive income for the period*

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

Amounts in KSEK	Apr-Jun 2011	Jan-Jun 2011	Apr-Jun 2010	Jan-Jun 2010	Jan-Dec 2010
(1) Capitalized R&D cost	30	60	-	-	631
(2) Patents and brands	177	354	189	374	755
Machinery and equipment	39	78	116	233	468
Total depreciation	**245**	**491**	**305**	**607**	**1,853**

PARENT COMPANY BALANCE SHEETS

Amounts in KSEK	6/30/2011	6/30/2010	12/31/2010
ASSETS			
Total intangible fixed assets	*1,102*	*2,498*	*1,516*
Total tangible fixed assets	*192*	*504*	*270*
Stock and participation in subsidiaries	10	10	10
Receivables from affiliated companies	6,301	-	6,177
Total financial fixed assets	*6,311*	*10*	*6,187*
Total fixed assets	**7,605**	**3,012**	**7,973**
Total inventories, etc.	*2,830*	*3,441*	*2,870*
Accounts receivable	1,749	1,164	530
Receivables from affiliated companies	7,368	12,533	5,243
Other receivables	2,401	1,378	911
Prepaid expenses and accrued income	2,137	2,629	2,036
Total short-term receivables	*13,655*	*17,704*	*8,720*
Cash and bank accounts	20,135	10,903	35,853
Total current assets	**36,620**	**32,048**	**47,443**
TOTAL ASSETS	**44,225**	**35,060**	**55,416**

Amounts in KSEK	6/30/2011	6/30/2010	12/31/2010
STOCKHOLDERS' EQUITY & LIABILITIES			
Total equity	**36,163**	**24,762**	**43,982**
Provisions	**1**	**46**	**12**
Long term interest-bearing liabilities	-	4,000	-
Total long term liabilities	**-**	**4,000**	**-**
Accounts payable	2,756	1,034	2,288
Current interest-bearing liabilities	-	-	4,000
Other current liabilities	319	567	477
Accrued expenses and prepaid income	4,986	4,651	4,657
Total current liabilities	**8,061**	**6,252**	**11,422**
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	**44,225**	**35,060**	**55,416**

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

Gothenburg, August 3, 2011
Artimplant AB (publ)

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

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

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 August 3, 2011 at 9 am (CET).

History

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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