YEAR-END REPORT
JANUARY-DECEMBER 2011

- Net revenue amounted to SEK 18.3 million (18.5).*
- The net loss totaled SEK 17.9 million (22.4).
- Earnings per stock unit amounted to SEK -0.15 (-0.32).
- Own sales as a proportion of total sales continued to increase and accounted for 75% (61) of product sales.
- The Company's cash flow objective is to achieve a positive cash flow before changes in working capital on a monthly basis during the fourth quarter of 2012.
- The Board proposes that no dividend be paid for 2011.

Fourth quarter

- Net revenue amounted to SEK 4.0 million (3.5).*
- The net loss totaled SEK 6.0 million (7.4).
- Earnings per stock unit amounted to SEK -0.05 (-0.07).
- A head of Artimplant USA Inc. has been recruited. He has considerable experience of the US orthopedic market.
- Own sales in December were the highest to date.

Events after the year-end

- A proposed new share issue amounting to SEK 28.4 million is guaranteed up to 80%
- Focus on expanded own sales in the USA following termination of a license agreement.
- Sales and distribution taken over in the Nordic Region.
- Total sales in January increased with 32 % compared to last year.

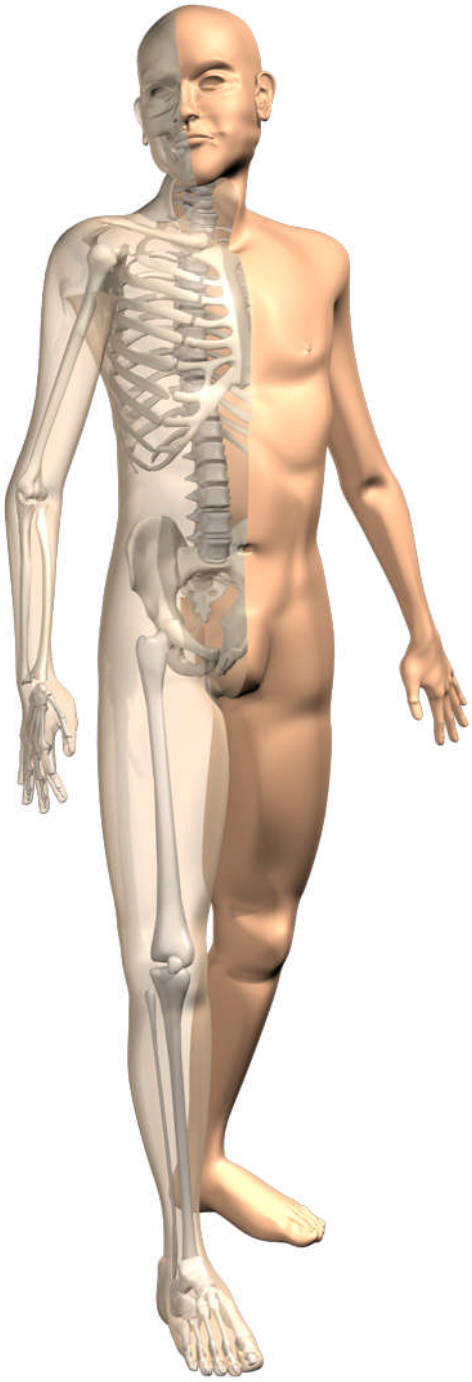
N. B. This is a translation from Swedish. The Swedish version shall always take precedence.

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

Artimplant

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

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



Artelon® CMC Spacer and Artelon® STT Spacer

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

Artelon® MTP Spacer

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

Artelon® Tissue Reinforcement, ATR

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

Artelon® Cosmetic

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

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

Statement by the President

The past year has been eventful for Artimplant. A new Board of Directors and a new management team have been appointed and they have marked out the direction the Company will take over the coming years. During the fall, it was decided to implement a new stock issue to reinforce the Company's financial position. Significant changes have also been made in the organization, the overall aim being to reinforce the competitiveness of the Company and to increase our presence on the market.

Financially, 2011 was a disappointment. Own sales increased during the year but were insufficient to compensate for lower sales from our licensees. Nonetheless, it is important to note that despite increased marketing initiatives, we were able to reduce our overall costs. Being able to utilize our resources effectively is one of the factors that will ultimately lead to success. Over the coming years, all available resources will be focused on the marketing initiatives that need to be taken.

The strategy of increasing own sales through agents and distributors still holds. The major difference now is that will take place in a more structured and more forceful way. An important aspect of this has been to establish a functioning sales organization in the USA to be as close to the customer as possible. In the first instance, we will focus on the states with a large population and where the Company has already established a presence. Furthermore, the Company will be much more alert when choosing the distributors the Company will work with.

During the fall, we opened our first sales office in the USA. This will allow us to bring finances, administration and inventories together in one function but also to increase support for customers.

Another important element in the task of increasing own sales is that with effect from 2012 Artimplant will discontinue collaboration with the former licensee Small Bone Innovations Inc.(SBi). Many of the Company's existing distributors in the USA have also been distributors for SBi, and we expect the transition to be relatively smooth.

With our new team in place in the USA, the focus is much firmer. Artimplant's market in the medical technology sector is based very much on building up and maintaining key relationships, which in the past Artimplant has largely failed to do. That is why we will now focus essentially on reinforcing our existing relationships and developing new relationships.

A vital source of support in our market prospecting is a focus on more extensive documentation of the medical benefits of Artimplant products. For many customers, sometimes as a direct result of the healthcare system, the existence of clinical documentation is crucial. Documentation is created through clinical studies of patients who are being treated or have been treated using Artimplant products. The aim, apart from demonstrating how the products can be used in the treatment of injuries and other conditions, is to link up a number of important orthopedic experts who can act as Key Opinion Leaders and thus be prepared to speak in support of the products at trade fairs, symposia and similar events. Although it is an extremely important success factor, this is something which Artimplant has focused on far too little in the past. However, clinical studies take a long time to conduct, up to five years, and the Company will therefore also focus on smaller studies with fewer patients and which subsequently produce more rapid results.

Apart from the investment on the market in the USA, Artimplant will concentrate on

prospecting selected markets in Europe. The Company has previously employed broad-based prospecting of several countries in Europe although the volumes on each individual market have been small. Consequently, we will now focus sales on a small number of countries which the Company considers offers the greatest market potential. In the Nordic Region, we will assume direct responsibility for sales. We are well acquainted with the end-customers on these markets and we feel that even here direct sales are the most effective means of reaching out with Artimplant's products.

The change process that is currently taking place within the Company means that many employees will not only work in a different way but also with a considerably larger element of marketing and customer support. Understanding the needs of the market and in doing so increasing customer benefit is of crucial significance to achieving success. Through the changes that have been made in a number of countries, including the USA, opportunities such as these are being created. The time has come to capitalize on them.

After experiencing a weak sales month at the beginning of the last quarter in conjunction with the changes in the USA, December was Artimplant's best month ever for own sales in the USA. The upward trend in sales continued into the beginning of the New Year. In January, sales exceeded the figure for the previous year by 117 %. This is something we can all derive satisfaction from although at the same time we must show great respect for the challenge that Artimplant is now facing.

The aim is to achieve a positive operating cash flow during the fourth quarter of 2012. This is a tough target although we feel it is realistic. Signals up from the market are positive. We can see there is a need for our products and that through a more efficient market organization there is considerable potential to increase our shares rapidly on our present markets.

The proposed new stock issue will provide us with the liquidity necessary to build up Artimplant into a profitable company. What we need to do is to use the funds that are generated wisely and to invest in markets where in the short term we feel we can achieve the quickest return.

Financial results

January – December

Net revenue during the period January - December amounted to SEK 18.3 million (18.5) and comprised mainly revenue from product sales. Direct sales by agents and sales to Artimplant's distributors (termed own sales) accounted for 75% (61) of product sales.

The gross margin for product sales during the period January-December was 88% (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 was SEK 18.3 million (22.0). The cost base has shifted compared with the previous year from research and development costs to sales costs. The loss includes non-recurring costs of SEK 1.4 million (0.5) in respect of a provision for doubtful receivables, costs for the former CEO and an inventory impairment of SEK 0.2 (0.5) for products in conjunction with the termination of the license agreement with Small Bone Innovations Inc.

The net loss for the period January-December was SEK 17.9 million (22.4), including the currency exchange impact of SEK 0.1 million (-0.4). Earnings per stock unit were SEK -0.15 (-0.32).

Fourth quarter

Net revenue for the fourth quarter amounted to SEK 4.0 million (3.5) and comprised mainly revenue from product sales. Own sales during the fourth quarter accounted for 85% (70) of product sales.

The operating loss for the fourth quarter amounted to SEK 6.0 million (7.3).

The net loss for the fourth quarter was SEK 6.0 million (7.4). Earnings per stock unit for the third quarter were SEK -0.05 (-0.07).

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 year.

At the end of the period, cash and cash equivalents amounted to SEK 11.0 million (36.9). Total cash flow for the full year amounted to SEK -25.9 million (21.3). During the year a working capital facility of SEK 4.0 million, which was raised during the first half of 2010, was repaid. SEK 2.6 million refers to costs for counsel in relation to the legal proceedings in the USA and which have yet to be settled through the Company's insurance.

Personnel

As of December 31, 2011, Artimplant had 19 employees (25), of whom 9 (11) were women and 10 (14) were men. Five persons are employed at Artimplant USA, Inc. The remaining is employed by Artimplant AB.

Market overview

The orthopedics market

Orthopedics involves the treatment of fractures and other injuries to the locomotor organs as well as congenital and inherited deformities in the locomotor system. The market for orthopedic implants is largest in the developed world, with Europe, North America and Japan accounting for around 80 per cent. The market is driven by a number of factors linked to demography and standard of living and where a rising standard of welfare is a strong driving force for growth.

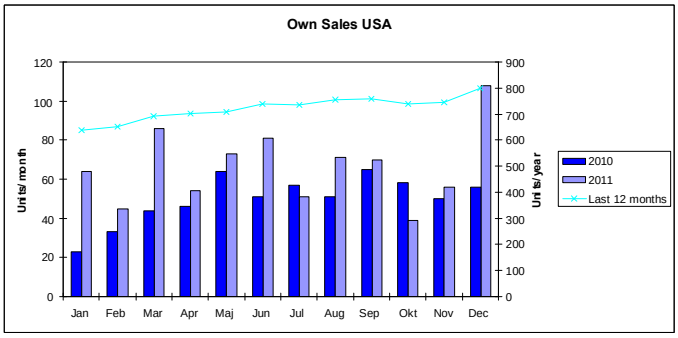
Pricing of orthopedic products differs significantly between the US and European markets, among other things as a result of differences in the funding models in the healthcare systems. For this reason, the US market is considered to offer the greatest potential. In Europe, Artimplant's focus at present is on Italy, Spain, the UK, Sweden, Norway and Finland.

Own sales - USA

In the USA, sales take place through distributors that have direct contact with the customers. Artimplant provides product specialists who educate and train the distributors and provide support during visits to customers and during procedures. Artimplant delivers directly from its own inventory, bills the end-customer and pays commission to the distributors based on sales. An extremely important success factor is naturally the choice, followed by collaboration with the distributors. This is something that Artimplant can develop and the new team of personnel opens up completely new conditions for this.

Artimplant's own sales in the USA are developing positively albeit at a slow rate. In the USA, the primary focus is on the Artelon® Tissue Reinforcement (ATR) product, which continues to convince surgeons and patients of its user-friendliness and positive treatment outcome in soft tissue reinforcement. During the period, Artimplant launched complementary ATR products, which facilitate and broaden use, mainly within different foot and ankle applications. Experience to date indicates potential for increased growth.

During the fourth quarter, a further step was taken in this initiative with the recruitment of a person with long experience in the orthopedics market to head the subsidiary in the USA. Previously, operations were controlled from Sweden which led to a certain lack of understanding of the US market. With effect from the beginning of 2012, the license agreement with SBi was terminated. This resulted in Artimplant taking direct control of sales of Spacer products on the US market. We feel that the Company is in a good position to achieve rapid growth in this area.



Own sales - Europe

In Europe, there are country-specific distribution agreements with the difference that the distributors maintain their own inventories of Artimplant products. Artimplant bills the distributor, which in turn bills the end-customer.

Artimplant will focus on a small number of markets in Europe where the short-term potential is considered to be the greatest. From the beginning of the year, Artimplant

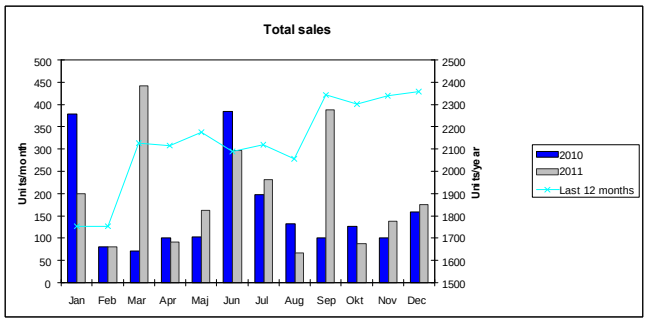
has also been able to assume direct responsibility for sales and distribution in the Nordic Region after the Nordic distributor went into bankruptcy. The assessment is that this will have a positive impact on sales on the Nordic market.

Licensee sales

Artimplant's sales over the years have largely taken place through two licensees. Small Bone Innovations (SBi) for all Spacer products for the hand and foot, and Biomet Sports Medicine (Biomet) for ATR products, which were sold under the name SportMesh. The trend for sales by licensees has been negative in recent years, mainly as a result of the renegotiation of the license agreements, which resulted in a decline in interest in Artimplant products among the licensees. The positive trend for own sales has not compensated fully for this loss. At the turn of the year, an agreement was reached with SBi regarding termination of the license agreement. This means that Artimplant will assume direct responsibility for sales, also with effect from the turn of the year.

Summary of the sales trend

During the period, total own sales rose to SEK 13.4 million (11.1), equivalent to 21%.



Clinical Affairs

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

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

Conducting trials that demonstrate the clinical benefit of Artimplant products is time-consuming and a long-term undertaking.

The table below shows the studies that are currently in progress. All studies are what are termed post- studies, which means that they refer to Artimplant products that have been cleared for marketing. An important study trial for Artimplant in the shoulder area is ATR for patients with rotator cuff injuries (ATR 1). The study was concluded and the results are currently being compiled. They are expected to be published during 2012. The doctor responsible for the study feels that the results are positive with regard to the function of the shoulder and the patient's quality of life following treatment with ATR.

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. The focus on resources at Clinical Affairs reflects Artimplant's realization that clinical documentation is one of the by far most important factors for success on the market.

Ongoing clinical studies of Artelon® products

Study/ product	Focus-area	Study	Study site	NO of patients	Follow -up	Status	Finalized
ATR I	Shoulder	Reinforcement of primary repair of large and complex tears of the Rotator cuff	Tulsa Bone & Joint Association, Tulsa, USA	17	1 yr	Follow-up completed, evaluation ongoing	2012
ATR II	Foot and ankle	Reinforcement of chronic and reruptures of the Achilles tendon	US Davis Sports Medicine, Sacramento, USA	10	1 yr	Clinical follow-up ongoing	2012/2013
ATR III	Foot and ankle	Reinforcement of chronic and reruptures of the Achilles tendon	Othopedic Foot & Ankle Center, Westerville, USA	10	1 yr	Patient recruitment ongoing	2013
ATR IV	Foot and ankle	Lateral ankle stabilization	Community Medical Center, Scranton, USA	20	1 yr	Pending IRB approval	2014/2015
ATR V	Foot and ankle	Posterior Tibial Tendon Dysfunction	Community Medical Center, Scranton, USA	30	1 yr	Patient recruitment planed 2012	2014/2015
CMC	Hand	Treatment of thumb base joint osteoarthritis	Sahlgrenska Universitetssjukhuset, Göteborg, Sverige	15	(3 yrs) 10 yrs	(Published) Clinical follow-up planed 2012	(2005) 2013
All studies above are post-market studies on products approved for marketing.							

Producing clinical documentation based on long-term follow-up of patients is, nonetheless, a long-term undertaking. Clinical Affairs has become a priority area at Artimplant since June 2011 when the Department was separated from Research & Development to work with the sales and marketing organization to focus more closely on clinical trials as a market support resource.

Quality

Quality work at Artimplant involves following up and improving customer-perceived quality and that the Company is satisfying the requirements laid down by different authorities regarding working methods in order to be permitted to supply Artelon® products on their respective markets. The quality management system satisfies the stipulations in the EU, USA and Canada, which also allows us access to other markets. To check that stipulations in the EU and Canada are satisfied, an independent inspection body, Lloyds Register Quality Assurance (LRQA), conducts a quality audit twice a year. The latest audit in November 2011 was successful. The next planned audit will be in May 2012. New products undergo a rigorous inspection by LRQA before they are CE-marked and allowed to be sold. On the US market the regulatory authority is the Food and Drug Administration (FDA). Instead of conducting audits continuously they make random checks of selected companies. This means that Artimplant needs to ensure that the current market stipulations in the USA are satisfied. Artimplant is well prepared for an audit by the FDA.

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

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

Artelon® is a degradable biomaterial that has been developed and patented by Artimplant. Development of the material was initiated by doctors at the end of the 1980s to satisfy an identified need and has been used in human applications since 1997.

Artimplant products comprise different implants manufactured from the Company's own material Artelon® for different applications within orthopedic surgery:

- Treatment of damaged joint surfaces (osteoarthritis) – Resurfacing
- Reinforcement of damaged soft tissue – Reinforcement

All products are based on the capacity of the body, under advantageous conditions, to heal and they function as a scaffold for the body's cells. When it comes into contact with water, the Artelon® material undergoes a controlled degradation process. During the time it takes to break down, it provides sufficient support for the body to build up new tissue.

The Company's products and product development projects are summarized in the table below

Artelon®-produkter

Product Concept	Intended use	Product	Explore	Develop	Market Intro.	Established
Resurfacing	Osteoarthritis in the thumb base joint and ST joint in the wrist	Artelon® CMC Spacer Artelon® CMC Arthro[3] Artelon® CMC Soft[1,2] Artelon® STT Spacer				
	Osteoarthritis in the big toe joint	Artelon® MTP Spacer[1] Artelon® MTP Soft[1,2]				
Reinforcement	Soft tissue reinforcement	Artelon® Tissue Reinforcement				

Artimplant's approved products and development 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). Focus is on marketing (including post-market clinical studies) and sales of approved products.

[1] Not cleared for sale in the USA
[2] The product is under early phase of launch in Europe
[3] Adapted for Arthroscopy

There is a strong trend in orthopedics towards biological solutions and the aim of regenerating tissue instead of using permanent replacement parts. The Company's extensive know-how that has been built up around Artelon® with regard to clinical benefit, biocompatibility, material features and processability, will facilitate the future expansion of the product portfolio in the medium to long term.

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 year-end

Sales have continued to develop positively during the opening part of the year. In January, own sales increase by 117 % compared with the previous year. Licensee sales continued to decrease. The total sales in January increased with 32 %.

Collaboration with Artimplant's licensee in the USA, SBi, was terminated at the year-end. This means that Artimplant has taken over responsibility for sales of Spacer products for the US market. As SBi reported falling sales in recent years, it is the Company's assessment that with Artimplant's new team in place in the USA there is good potential to turn this negative trend around and capitalize on market demand.

Following the bankruptcy of Artimplant's distributor on the Nordic market, Artimplant has taken over both sales and distribution. This will mean that we will come considerably closer to our customers and we feel that there is good potential for growth for our products on the Nordic market.

Proposed new stock issue

The Board of Directors has presented a proposal to carry out a new stock issue to strengthen the Company's liquidity and thus facilitate future marketing investments. The proposal by the Board of Directors will be dealt with at an extraordinary meeting of the stockholders to be held on February 9 2012 at 5 pm. The proposed new stock issue, if fully subscribed, will result in a capital input for the Company of around SEK 28.4 million before issue costs. The issue is guaranteed up to 80% through subscription undertakings and guarantee agreements. The complete proposal made by the Board of Directors is available on www.artimplant.com.

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 at the earliest.

One factor that is having an effect 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.

Artimplant and its licensee Small Bone Innovations, Inc. have since the fourth quarter of 2010 been the subject of complaints from 33 patients in the USA.

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

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 period an impairment was made of receivables from Artimplant USA totaling SEK 9.2 million. Together with an impairment of SEK 12.2 million in the opening balance, the total impairment is SEK 21.4 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 Year-End 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 2010 or 2011 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.

Extraordinary stockholders' meeting

An extraordinary stockholders meeting will be held on February 9, 2012 at 5 pm at the Company's head office at Hulda Mellgrens gata 5, SE-421 32 Västra Frölunda. At the meeting, the proposal by the Board of Directors to carry out a stock issue will be dealt with. A summons to the meeting was published on January 9.

Annual General Meeting and Election Committee

Artimplant AB's Annual General Meeting will be held on May 3, 2012, at 5 pm at the Company's head office, located at Hulda Mellgrens gata 5, SE-421 32 Västra Frölunda. Stockholders who wish to have a matter taken up at the Annual General Meeting can submit the proposal to the Company by e-mail at agm2012@artimplant.com or to Artimplant AB, Attn: Annual General Meeting 2012, at the above address. Proposals must be submitted by March 9, 2012 at the latest to ensure that they are included in the summons to the meeting and thus also in the agenda for the Annual General Meeting.

Dividend

The Board proposes that no dividend be paid for 2011.

Election Committee

The Election Committee for the 2012 Annual General Meeting comprises

- Lars Peterson, private stockholder and chairman of the Election Committee
- John Arnold, private stockholder
- Bo Kaunitz, private stockholder
- Anders Cedronius, private stockholder and Chairman of the Board of Directors

Stockholders who wish to contact the Election Committee can do so by e-mail to Susan Linke at susan.linke@artimplant.com or by phone on +46 (0)746 56 00.

Forthcoming information

Annual Report 2011	March 30, 2012
Interim Report, Jan-March 2012	May 3, 2012
Annual General Meeting 2012	May 3, 2012
Interim Report, Apr-June 2012	August 23, 2012
Interim Report July-Sept 2012	October 31, 2012
Year-End Report 2012	February 1, 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 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	okt-dec 2011	jan-dec 2011	okt-dec 2010	jan-dec 2010
Net sales	3,983	18,287	3,526	18,466
Cost of goods and services sold	-599	-2,201	-1,029	-4,024
Gross profit/loss	**3,384**	**16,086**	**2,497**	**14,442**
Other income	8	619	589	947
Research and development costs (1, 2)	-2,169	-9,384	-4,151	-14,637
Selling costs	-5,699	-19,305	-4,151	-15,917
Administrative costs	-1,494	-5,868	-1,640	-5,831
Other costs	-65	-413	-493	-966
Operating loss	**-6,035**	**-18,265**	**-7,349**	**-21,962**
Interest income and other financial income	102	565	81	155
Interest expense and other financial expenses	-94	-236	-85	-558
Net financial items	**8**	**329**	**-4**	**-403**
Loss after financial items	**-6,027**	**-17,936**	**-7,353**	**-22,365**
Taxes	-	-	-	-
Loss for the period*	**-6,027**	**-17,936**	**-7,353**	**-22,365**
Loss attributable to the Parent Company's stockholders	-6,027	-17,936	-7,353	-22,365
Earnings per stock unit, SEK	-0.05	-0.15	-0.07	-0.32
Earnings per stock unit after dilution, SEK	-0.05	-0.15	-0.07	-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	okt-dec 2011	jan-dec 2011	okt-dec 2010	jan-dec 2010
(1) Capitalized R&D cost	30	120	621	631
(2) Patents and brands	177	708	190	755
Machinery and equipment	40	160	120	474
Total depreciation	**247**	**988**	**930**	**1,859**

ALLOCATION OF CONSOLIDATED NET SALES

Amounts in KSEK Source of revenue	okt-dec 2011	jan-dec 2011	okt-dec 2010	jan-dec 2010
Product sales by licensees	579	4,469	1,073	6,966
Product sales by end customer and distributors	3,398	13,652	2,449	11,064
Contract product development and other sales	6	166	4	436
	3,983	**18,287**	**3,526**	**18,466**

Geographic areas	okt-dec 2011	jan-dec 2011	okt-dec 2010	jan-dec 2010
North America	3,743	15,979	3,062	16,804
Europe	240	2,308	464	1,662
Other areas	-	-	-	-
	3,983	**18,287**	**3,526**	**18,466**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in KSEK	12-31-2011	12-31-2010
ASSETS		
Capitalized product development	440	559
Patents and brands	249	957
Total intangible fixed assets	*688*	*1 516*
Machinery and equipment	121	281
Total tangible fixed assets	*121*	*281*
Total fixed assets	**809**	**1 797**
Raw materials, semi-finished and finished goods	3 570	3 210
Total inventories, etc.	*3 570*	*3 210*
Accounts receivable	2 840	1 794
Other receivables	4 238	916
Prepaid expenses and accrued income	1 771	2 297
Total short-term receivables	*8 848*	*5 007*
Cash and bank accounts	11 042	36 890
Total current assets	**23 460**	**45 107**
TOTAL ASSETS	**24 269**	**46 904**

Amounts in KSEK	12-31-2011	12-31-2010
STOCKHOLDERS' EQUITY & LIABILITIES		
Capital stock	11 849	11 849
Other capital reserves	53 387	53 387
Retained loss	-31 354	-8 469
Loss for the period	-17 936	-22 365
Total equity	**15 946**	**34 402**
Provisions	-	**12**
Accounts payable	3 078	2 342
Current interest-bearing liabilities	-	4 000
Other current liabilities	945	548
Accrued expenses and prepaid income	4 300	5 600
Total current liabilities	**8 323**	**12 490**
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	**24 269**	**46 904**

CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY DURING THE PERIOD

Amounts in KSEK	jan-dec 2011	jan-dec 2010
Capital stock at the beginning of the period	11,849	5,924
Issue new stock	-	5,924
Capital stock	**11,849**	**11,849**
Other capital reserves at the beginning of the period*	53,387	39,953
Issue new stock	-	32,585
Expenses issue new stock	-	-5,869
Reduction in other capital reserves	-	-13,282
Total other capital reserves	**53,387**	**53,387**
Retained loss at the beginning of the period	-30,834	-22,024
Reduction in other capital reserves	-	13,282
Benefit, employee stock option (IFRS 2)	-520	273
Loss for the period	-17,936	-22,365
Total retained loss	**-49,290**	**-30,834**
Equity at the period-end	**15,946**	**34,402**

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

CONSOLIDATED CASH FLOW STATEMENTS

Amounts in KSEK	jan-dec 2011	jan-dec 2010
Operating activities		
Net loss after financial items	-17,936	-22,365
Adjustment for items not effecting cash flow	306	2,189
Cash flow from operations before changes in working capital	**-17,630**	**-20,176**
Cash flow from changes in working capital		
Changes in inventories etc.	-360	928
Changes in receivables	-3,842	2,240
Changes in liabilities	-166	1,910
Cash flow from operations	**-21,998**	**-15,098**
Investment activities		
Acquisition of intangible fixed assets	-	-226
Acquisition of tangible fixed assets	-	-39
Sale of tangible fixed assets	150	-
Cash flow from investment activities	**150**	**-265**
Financing activities		
Long-term loan	-4,000	4,000
Share issue	-	32,640
Cash flow from financing activities	**-4,000**	**36,640**
Cash flow for the period	**-25,848**	**21,277**
Cash and cash equivalents at the beginning of the per	**36,890**	**15,613**
Cash and cash equivalents at the period-end	**11,042**	**36,890**

CONSOLIDATED KEY RATIOS

	okt-dec 2011	jan-dec 2011	okt-dec 2010	jan-dec 2010
Earnings per stock unit, SEK	-0,05	-0,15	-0,07	-0,32
Earnings per stock unit after dilution, SEK	-0,05	-0,15	-0,07	-0,32
Equity per stock unit, SEK	0,13	0,13	0,29	0,29
Equity per stock unit after dilution, SEK	0,13	0,13	0,29	0,29
No. of stock units in issue at the period-end	118 489 580	118 489 580	118 489 580	118 489 580
No. of stock units in issue after dilution	119 078 102	119 078 102	120 532 181	120 532 181
Average no. of stock units in issue during period	118 489 580	118 489 580	98 741 317	69 118 922
Av. no. of stock units in issue during period after dilution	119 078 102	119 078 102	100 783 918	71 161 523
Cash flow per stock unit, SEK	-0,22	-0,22	0,30	0,31
Operating margin, %	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg
Return on capital, %	neg	neg	neg	neg
Equity/assets ratio, %	66	66	73	73

PARENT COMPANY INCOME STATEMENTS

Amounts in KSEK	okt-dec 2011	jan-dec 2011	okt-dec 2010	jan-dec 2010
Net sales	5,132	20,586	3,634	17,038
Cost of goods and services sold	-770	-2,836	-1,155	-4,206
Gross profit/loss	**4,362**	**17,750**	**2,479**	**12,832**
Other income	2,318	6,423	837	3,398
Research and development costs (1,2)	-2,169	-9,384	-4,151	-14,637
Selling costs	-2,927	-9,366	-2,191	-8,821
Administrative costs	-1,494	-5,868	-1,640	-5,831
Other costs	-1,966	-5,061	-653	-4,559
Operating loss	**-1,876**	**-5,506**	**-5,319**	**-17,618**
Interest income and other financial income	465	1,571	270	1,105
Interest expense and other financial expenses	-409	-1,128	-231	-1,751
Impairment of receivebles subsidiaries	-2,097	-9,117	-1,722	-3,262
Net financial items	**-2,041**	**-8,674**	**-1,683**	**-3,908**
Loss after financial items	**-3,917**	**-14,180**	**-7,002**	**-21,526**
Taxes	-	-	-	-
Loss for the period*	**-3,917**	**-14,180**	**-7,002**	**-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	okt-dec 2011	jan-dec 2011	okt-dec 2010	jan-dec 2010
(1) Capitalized R&D cost	30	120	621	631
(2) Patents and brands	177	708	190	755
Machinery and equipment	39	155	118	468
Total depreciation	**246**	**983**	**928**	**1,853**

PARENT COMPANY BALANCE SHEETS

Amounts in KSEK	12-31-2011	12-31-2010
ASSETS		
Total intangible fixed assets	*688*	*1 516*
Total tangible fixed assets	*115*	*270*
Stock and participation in subsidiaries	10	10
Receivables from affiliated companies	4 040	6 177
Total financial fixed assets	*4 050*	*6 187*
Total fixed assets	**4 853**	**7 973**
Total inventories, etc.	*2 796*	*2 870*
Accounts receivable	667	530
Receivables from affiliated companies	12 605	5 243
Other receivables	3 934	911
Prepaid expenses and accrued income	1 444	2 036
Total short-term receivables	*18 650*	*8 720*
Cash and bank accounts	9 654	35 853
Total current assets	**31 100**	**47 443**
TOTAL ASSETS	**35 953**	**55 416**

Amounts in KSEK	12-31-2011	12-31-2010
STOCKHOLDERS' EQUITY & LIABILITIES		
Total equity	**29 284**	**43 982**
Provisions	**-**	**12**
Accounts payable	3 004	2 288
Current interest-bearing liabilities	-	4 000
Other current liabilities	931	477
Accrued expenses and prepaid income	2 734	4 657
Total current liabilities	**6 669**	**11 422**
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	**35 953**	**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, February 9, 2012
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 February 9, 2012 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.

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.

2012 – With effect from January, Artimplant takes over the sale of Artelon® CMC Spacer and other products for the repair of joint surfaces from the former licensee Small Bone Innovations, in order to focus fully on own sales of these products, primarily via agents on the US market. From the turn of the year, Artimplant also assumes direct responsibility for sales in the Nordic Region. The development of new products is once again put on hold as the strategic focus on sales of existing products is intensified, underpinned by a concentration on gradually increased clinical documentation of the medical benefit of Artelon® products.