

ARTIMPLANT YEAR-END REPORT JANUARY – DECEMBER 2008



- Net revenue for the fourth quarter amounted to SEK 4.6 million (5.0) and for January-December to SEK 12.1 million (16.3)*
- The net loss for the fourth quarter totaled SEK 6.0 million (2.1) and for January-December SEK 22.6 million (13.5)
- Earnings per share for the fourth quarter amounted to SEK -0.10 (-0.04) and for January-December SEK -0.38 (-0.23)
- Sales of Artelon® Spacer to end-customers totaled approximately 3,500 (3,900) units, of which 900 (1,100) were during the fourth quarter
- Sales of Artelon® Tissue Reinforcement to end-customers totaled approximately 1,000 (600) units, of which 300 (200) were during the fourth quarter
- An exclusive distributor agreement for the USA regarding Artelon® CCL for cruciate ligament reconstruction in dogs has been signed with BioMedtrix
- Proof-of-concept animal study commenced for treatment with Artelon® of osteoarthritis in the knee
- Over 11,000 patients have been treated with Artelon® implants up to and including December 2008

EVENTS AFTER THE PERIOD-END

- Spacer agreements with Small Bone Innovations have been made non-exclusive and Artimplant's margin per unit sold has been increased significantly

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

Artimplant will hold a telephone conference by reason of this report on February 20, 2009 at 11 am (GMT+1). For further information see www.artimplant.com.

* Figures in brackets refer to the corresponding period last year



Artimplant

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

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

Artimplant's mission

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

Artimplant's vision

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

Financial results

Net sales for the fourth quarter amounted to SEK 4.6 million (5.0) and for the full year SEK 12.1 million (16.3). Net sales derived primarily from product sales with associated license revenue and during the period January-December, 79% of revenue originated from Artimplant's two US licensees, Small Bone Innovations (SBI) and Biomet Sports Medicine. Product sales for the whole year were on a par with the preceding year and consequently the reduction in turnover compared with the preceding year refers primarily

to one-off and project milestone income. The net sales for the fourth quarter include a positive effect of SEK 1.3 million from a transition to reporting license revenue in the quarter during which it is generated instead of with a delay of one quarter as was the case previously.

The gross margin for the third quarter was 80% and 65% for the full year. The low production volume had a negative impact. Production capacity was scaled up during 2007 and has been adapted to higher production volumes. With an increase in volume the gross margin will improve considerably.

The operating loss for the fourth quarter was SEK 6.0 million (2.7) and for the full year SEK 24.3 million (15.6). Operating expense, excluding the cost of goods and services sold, was slightly higher than the preceding year, for both the fourth quarter as well as for the full year. It is mainly investments in sales and marketing, which for the full year have driven up costs by SEK 2.6 million compared with the same period last year.

The net loss for the fourth quarter amounted to SEK 6.0 million (2.1) and for the full year SEK 22.6 million (13.5). The net loss for the full year has not been materially affected by currency exchange fluctuations. Earnings per share for the third quarter amounted to SEK -0.10 (-0.04) and for the full year SEK -0.38 (-0.23).

Investments and cash position

Investments during January-December 2008 totaled SEK 0.6 million (3.8) with SEK 0.5 million (3.2) attributable to investments in intangible assets.

The total cash flow for the year was SEK -17.9 million (-19.5). The deterioration in results compared with the preceding year was compensated for by a change in operating capital, which in the main was affected positively by an advance royalty payment from SBI and lower investments. At the end of the period cash and cash equivalents amounted to SEK 31.4 million (49.2). Artimplant's Board of Directors and executive management are continually reviewing the Company's liquidity situation and are currently

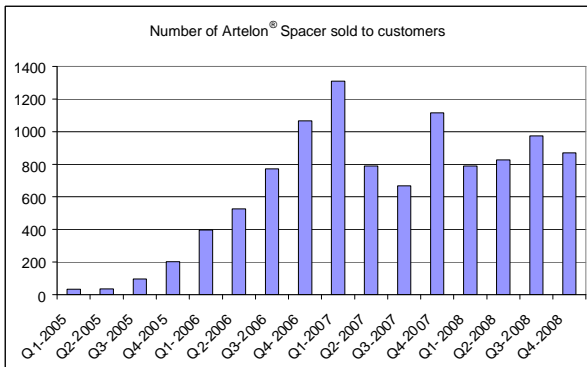
examining the possibility of securing an operating capital credit facility.

Personnel

As of December 31, 2008, Artimplant had 28 employees (25), of whom 15 (12) were women and 13 (13) were men.

Sales of Artelon[®] products

Since the launch of Artelon[®] more than 11,000 patients have been treated with Artelon[®] implants. Sales of Artelon[®] Spacer to SBI customers and Artimplant's end-customers during the fourth quarter totaled approximately 900 (1,100) units and approximately 3,500 (3,900) during the full year.



Sales of Spacer products during 2008 were below the minimum level agreed between SBI and Artimplant. As a direct result of the poor growth in sales, Artimplant renegotiated after the period-end the terms and conditions in the agreement. Artimplant has taken back the right to sell Artelon[®] Spacer globally, which also includes the countries in which SBI was entitled to sell Spacer products. The new agreement grants SBI a non-exclusive right to sell Artelon[®] Spacer in five countries in which SBI is strong. For further information see 'Events after the period-end'.

The use of Artelon[®] CMC Spacer is a tried and tested and successful form of treatment for thumb base arthritis when the product is used by trained surgeons. The challenge for SBI has been to assure the level of training in conjunction with what was initially very rapid market penetration with more than 900 new customers. The majority of surgeons have only carried out a small number operations, which was a contributing factor to the

increase in the number of incidents reported, which reached a peak at mid-year 2008. This had negative impact on SBI's Spacer sales during parts of 2007 and 2008. SBI and Artimplant have during the financial year carried out corrective measures, including an improved surgical procedure, which have contributed to stabilizing sales. More than 98% of all Spacer operations are successful and the reported explantation frequency is less than 1%, which is lower than the average explantation frequency in the orthopedic industry. Artimplant is continuing to support SBI to regain the trust that had been impaired during the initial marketing phase.

Artelon[®] Tissue Reinforcement (ATR) has been cleared as general reinforcement for soft tissue injuries. It is sold non-exclusively by Biomet Sports Medicine as SportMesh[™]. Sales of Artelon[®] Tissue Reinforcement totaled approximately 1,000 (600) units of which 300 (200) were during the fourth quarter. Biomet Sports Medicine accounts for the majority of the sales although Artimplant's sales in the Nordic region and the USA have also contributed. Medical experience from the patients who have been treated with ATR is positive in all applications that have been tested. Clinical experience of ATR is growing continuously and confirms that the product is easy to use. Artimplant's ongoing activities, such as clinical studies and case reports are crucial to creating the commercial base for the product. For a significant increase in market penetration, published clinical data is required.

Product and business development

Knee joint osteoarthritis is a very common disorder. More extensive injuries in elderly patients are normally treated by means of a prosthesis whilst for younger patients there is no good treatment alternative. During the fourth quarter Artimplant commenced a proof-of-concept animal study to demonstrate that Artelon[®] can provide support in restoring a functional surface in the knee joint. It is Artimplant's many years of experience in the treatment of osteoarthritis in joints in the hand that form the basis for this indication, which from a business point of view is of considerable interest.

Artimplant is planning to run a clinical pilot study for the treatment of osteoarthritis in the facet joints in the spine in cooperation with the Schulthess Clinic in Zurich. An agreement was signed during the second quarter with the Schulthess Clinic governing the terms and conditions for the running of the study. During the fourth quarter the study was granted ethical clearance whereupon an application was filed with the Swiss drugs administration, Swissmedic. The study is planned to commence once official clearance has been granted.

Artimplant and Tulsa Bone & Joints Associates, Tulsa, Oklahoma, USA, have commenced a clinical study for patients with soft tissue tears in the rotator cuff tendons. Around ten patients have undergone surgery with Artelon[®] Tissue Reinforcement. The study comprises a maximum of 25 patients with a one-year follow-up. The final patient is due to undergo surgery in May 2009.

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

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

Artimplant has decided to commence the launch of Artelon[®] Cosmetic for replenishment of soft tissue in dental applications at a limited selection of important reference clinics in Europe. A market study has been conducted by the Brånemark Clinic in Gothenburg and the results will be compiled during Q1 2009.

In 2008, the Swedish Medical Products Agency gave the go-ahead for a study of Artelon[®] Bone Scaffold with the aim of securing regulatory clearance for the product. The product will be used for bone replenishment in the upper jaw in conjunction with the fitting of dental implants. The study is being conducted in co-operation with Swedish dental surgery experts. All patients in the study have now undergone surgery with Artelon[®] Bone Scaffold. Fitting of dental implants will take place during 2009.

In cooperation with Swedish veterinary experts Artelon[®] CCL has been used successfully in the treatment of cruciate ligament injuries in dogs. By using Artelon[®] as an artificial ligament (Artelon[®] CCL) the conditions are created for the body to restore a functional ligament. Approximately 35 dogs have been successfully treated to date with Artelon[®] CCL. A study with a one-year follow-up is in progress. Positive results from the study will create an important basis for future market penetration. During the fourth quarter, Artimplant signed an exclusive distributor agreement for the product with BioMedtrix Inc. for the USA. BioMedtrix is responsible for training veterinary surgeons, establishing reference clinics and conducting prospective studies that are necessary for a future launch in the USA.

Summary of 2008

Prior to 2008, Artimplant reported the following operative direction:

- Continued increase in sales of Artelon[®] CMC Spacer and Artelon[®] Tissue Reinforcement in the USA and Europe.
- A new American sales team will be established with a focus on introducing Artelon[®] Tissue Reinforcement at a number of reference clinics in the USA.
- Artelon[®] Tissue Reinforcement will be introduced at a number of reference clinics in Europe.
- Establishment of sales of Artimplant products through distributors in the Nordic region.
- Development of products for soft tissue reconstruction in the CMF area (Cranio-Maxillofacial/head and face) will commence.
- A new Spacer product will be developed together with SBi.
- A multicenter study will be commenced for Artelon[®] MTP Spacer.
- To complete post market studies regarding Artelon[®] Cosmetic for soft tissue replenishment in dental applications.
- To commence a study regarding Artelon[®] Bone Scaffold for bone replenishment in the upper jaw.

The operational direction prior to 2008 has been generally followed. A number of activities have been reduced in priority as the Company has given priority to Artelon[®] CCL in veterinary

medicine, the focus on osteoarthritis in the spine through cooperation with the Schulthess Clinic in Zurich and the recently commenced animal study of knee joint osteoarthritis. Artimplant considers these to be very attractive areas which in the event of a positive outcome could generate considerable value. The biggest deviation for 2008 is in the weak Spacer sales. The aim to establish ATR at reference clinics in Europe has been moved down the priority list. Other activities in the above operational direction have commenced or are being implemented. During the year a very important agreement was signed with BioMedtrix Inc. regarding Artelon[®] CCL for cruciate ligament reconstruction in dogs, and the negotiation of the Spacer agreement was commenced with SBi (see also under 'Events after the period-end') A couple of local distributor agreements were also signed.

Events after the period-end

Artimplant has negotiated the agreements for Artelon[®] Spacer with SBi. The changes come into effect on January 1, 2009.

- The agreement has been amended to become non-exclusive.
- Artimplant's margin per sold unit has increased significantly.
- Purchasing and sales undertakings by SBi have been reduced and the geographical area in which SBi is permitted to sell has been limited.
- Artimplant undertakes to support SBi with clinical studies regarding Artelon[®] MTP Spacer.
- The agreement which gave Artimplant the right to sell and SBi the right to purchase existing product clearances has been terminated.

In the long-term the new agreement is very positive and strategically correct for Artimplant. Artimplant will take back the sales right for Artelon[®] Spacer and SBi retains a non-exclusive right to sell in the USA, France, Venezuela, Italy as well as an option in Germany. The new agreement offers Artimplant the conditions to actively pursue sales within and outside the USA. For sales for 2008, the improvement in the margin would have been equivalent to a doubling of income from SBi.

In the short term the new agreement will have a negative effect on Artimplant's cash flow. The half-yearly minimum undertakings in the original

agreement governing SBi's purchases and sales will be reduced and SBi's option to acquire existing clearances from Artimplant will be terminated.

Prospects for 2009

Artimplant has the following operational direction for 2009:

- At least double sales compared to 2008
 - Increased income in the USA and Europe through Artimplant's licensees.
 - Increased sales under the company's auspices, primarily through local distributors in the USA and Europe.
- Commencement of a limited launch of Artelon[®] CCL for cruciate ligament reconstruction in dogs
- File the application with the FDA for the marketing of products within the CMF area (head and face).
- Conclude a clinical study and apply for product registration in Europe for Artelon[®] Bone Scaffold for bone replenishment in the upper jaw.
- Develop a new Spacer product together with SBi.
- Complete an evaluation of the potential to develop a product for knee joint osteoarthritis.
- Continually reinforce the scientific and clinical base for Artelon[®].

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

Significant risks and uncertainty factors

The Company's significant risks and uncertainty factors are presented in the Board of Directors' Report in the most recent annual report. During the latter half of the third quarter, global financial unrest intensified. If this were to persist it could affect the financing situation for Artimplant's customers. Deterioration in personal finances could affect the willingness to pay on the part of those patients who meet the cost of the implant

themselves. The health service payment system is not expected to be affected by the current crisis. In general, the Company considers that the presentation in the most recent annual report also applies to this report.

Parent Company

The majority of operations are run through the Parent Company, Artimplant AB. Artimplant USA, Inc. is the Company's only subsidiary and is at present fully funded by the Parent Company. The Parent Company is responsible for continuity at the subsidiary and during the full year 2008 it made an impairment of receivables from Artimplant USA totaling SEK 4.7 million. Together with the provision of SEK 1.4 million in the opening balance, the total impairment is SEK 6.1 million, which is equivalent to the subsidiary's negative equity. The impairment does not affect the Group result. The difference in the Parent Company's equity compared with the Group's equity can be explained by the internal profit on products sold by the Parent Company to the subsidiary and amounts to SEK 3.9 million. With the aid of funding from the Parent Company the subsidiary commenced direct sales of Artelon[®] Tissue Reinforcement to hospitals and clinics in the USA during the second quarter of 2008. In addition, stocks of products supplied by the Parent Company have been built up locally in the USA. During the second half of the year Artimplant USA received repeat orders from its first customers and the aim is that the subsidiary will become self-financing during 2009. See summary of the Parent Company Income Statement and Balance Sheet on pages 10-11.

Accounting principles

Artimplant applies IFRS. This interim report has been prepared in accordance with IAS 34, the Swedish Annual Accounts Act and RFR 1.1. The Parent Company's financial statements are prepared in accordance with exceptions and addenda in RFR 2.1. In addition, the Company has been subject to the Swedish Code of Corporate Governance since July 1, 2008. During the fourth quarter Artimplant switched to reporting license revenue during the quarter in which it is generated instead of with a delay of one quarter as was the case previously. During the fourth quarter, Artimplant also changed the

principle for currency translation of the integrated subsidiary Artimplant USA. This means that all currency effects are reported in the income statement. Further accounting principles can be found in the Company's Annual Report for 2007, which is available on the Company's website.

Annual Report and election committee

Artimplant AB's Annual General Meeting will be held on May 5, 2009, at 5 pm at the Company's head office, located at Hulda Mellgrens gata 5, SE-421 32 Västra Frölunda. Shareholders who wish to have a matter taken up at the Annual General Meeting can submit the proposal to the Company by e-mail at agm2009@artimplant.com or to Artimplant AB, Attn: Annual General Meeting 2009 at the above address. Proposals must be submitted by March 13, 2009 at the latest to ensure that they are included in the summons to the meeting and thus also in the agenda for the Annual General Meeting. The Board proposes that no dividend be paid for 2008. The election committee for the Annual General Meeting for 2009 can be found on the Company's website. The election committee can be reached by contacting the Company's Chief Financial Officer or the Chairman of the Board.

Forthcoming reports

Annual report 2008	April 21, 2009
Three-monthly report.....	May 5, 2009
Six-monthly report.....	August 5, 2009
Nine-monthly report.....	November 6, 2009
Year-end report	February 11, 2010

Financial reports are available on the Company's website www.artimplant.com and are also distributed to the media. For information regarding the business model, technology and products, see Artimplant's Annual Report for 2007, which is available on the Company's website.

For further information please contact

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CONSOLIDATED INCOME STATEMENTS

Amounts in KSEK	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
	2008	2008	2007	2007
Net sales	4,568	12,114	5,042	16,275
Cost of goods and services sold	-912	-4,194	-477	-2,603
Gross profit/loss	3,656	7,920	4,565	13,672
Other income	417	1,359	75	305
Research and development costs (1,2)	-4,068	-15,502	-3,031	-14,722
Selling costs	-3,604	-11,688	-2,067	-9,134
Administrative costs	-1,517	-5,195	-2,084	-5,343
Other costs	-911	-1,209	-119	-408
Operating loss	-6,027	-24,315	-2,661	-15,630
Interest income and other financial income	288	2,284	567	2,251
Interest expense and other financial expenses	-245	-602	-8	-71
Net financial items	43	1,682	559	2,180
Loss after financial items	-5,984	-22,633	-2,102	-13,450
Taxes	-	-	-	-
Loss for the period	-5,984	-22,633	-2,102	-13,450
Earnings per stock unit, SEK	-0.10	-0.38	-0.04	-0.23
Earnings per stock unit after dilution, SEK	-0.10	-0.38	-0.04	-0.23

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

Amounts in KSEK	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
	2008	2008	2007	2007
(1) Capitalized R&D cost	546	2,183	546	2,184
(2) Patents and brands	230	895	660	1,053
Machinery and equipment	181	721	179	671
Total depreciation	958	3,800	1,385	3,908

ALLOCATION OF NET SALES

Amounts in KSEK	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
	2008	2008	2007	2007
Source of revenue				
Royalty from product sales by licensees	2,904	6,236	945	5,198
Product sales	1,319	5,427	851	6,520
One-off and project milestone income	81	81	3,292	4,500
Contract product development and other sales	264	370	-46	57
	4,568	12,114	5,042	16,275
Geographic areas				
Scandinavia	234	1,001	280	891
USA*	4,334	11,113	4,762	15,384
	4,568	12,114	5,042	16,275

* Licensees in the USA sell Artimplant's products globally

CONSOLIDATED BALANCE SHEETS

Amounts in KSEK	12/31/2008	12/31/2007
ASSETS		
Capitalized product development	2,826	5,009
Patents and brands	2,547	3,087
Total intangible fixed assets	5,373	8,096
Machinery and equipment	1,307	1,910
Total tangible fixed assets	1,307	1,910
Total fixed assets	6,680	10,006
Raw materials, semi-finished and finished goods	4,726	4,373
Total inventories, etc.	4,726	4,373
Accounts receivable	1,123	3,538
Other receivables	1,071	1,092
Prepaid expenses and accrued income	2,018	1,363
Total short-term receivables	4,212	5,993
Cash and bank accounts	31,371	49,240
Total current assets	40,309	59,606
TOTAL ASSETS	46,989	69,612

Amounts in KSEK	12/31/2008	12/31/2007
STOCKHOLDERS' EQUITY & LIABILITIES		
Capital stock	5,924	5,924
Other capital reserves / Statutory reserve	58,270	71,989
Total restricted equity	64,194	77,913
Retained earnings / Retained loss	404	-210
Translation difference	-	-3
Loss for the period	-22,633	-13,450
Total retained loss	-22,229	-13,663
Total equity	41,965	64,249
Provisions	20	52
Accounts payable	1,114	948
Other current liabilities	1,445	1,651
Accrued expenses and prepaid income	2,445	2,712
Total current liabilities	5,004	5,311
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	46,989	69,612

CHANGES IN STOCKHOLDERS' EQUITY DURING THE PERIOD

Amounts in KSEK	Jan-Dec 2008	Jan-Dec 2007
Capital stock	5,924	5,924
Other capital reserves at the beginning of the period	71,989	127,042
Reduction of statutory reserve	-13,718	-55,263
Recovered VAT	-	329
Reclassification	-1	-119
Total other capital reserves	58,270	71,989
Retained loss at the beginning of the period	-13,664	-55,352
Reduction of statutory reserve	13,718	55,263
Reclassification	-54	119
Benefit, employee stock option (IFRS2)	404	-241
Translation difference	-	-3
Loss for the period	-22,633	-13,450
Total retained loss	-22,229	-13,664
Equity at the period-end	41,965	64,249

CONSOLIDATED CASH FLOW STATEMENTS

Amounts in KSEK	Jan-Dec 2008	Jan-Dec 2007
Operating activities		
Net loss after financial items	-22,633	-13,450
Adjustment for items not effecting cash flow	4,151	3,825
Cash flow from operating activities before changes in working capital	-18,482	-9,625
Cash flow from changes in working capital		
Changes in inventories etc.	-353	-3,470
Changes in receivables	1,829	-2,737
Changes in liabilities	-351	201
Cash flow from operating activities	-17,357	-15,632
Investment activities		
Acquisition of intangible fixed assets	-471	-3,236
Acquisition of tangible fixed assets	-129	-627
Sale of tangible fixed assets	10	30
Cash flow from investment activities	-590	-3,832
Financing activities		
Cash flow from financing activities	-	-
Cash flow for the period	-17,948	-19,464
Cash and cash equivalents at beginning of period	49,240	68,704
Translation of foreign liquid funds	79	-
Cash and cash equivalents at end of period	31,371	49,240

KEY RATIOS

	Oct-Dec 2008	Jan-Dec 2008	Oct-Dec 2007	Jan-Dec 2007
Earnings per stock unit, SEK	-0.10	-0.38	-0.04	-0.23
Earnings per stock unit after dilution, SEK	-0.10	-0.38	-0.04	-0.23
Equity per stock unit, SEK	0.71	0.71	1.08	1.08
Equity per stock unit after dilution, SEK	0.71	0.71	1.08	1.08
No. of stock units issued at the period-end	59,244,790	59,244,790	59,244,790	59,244,790
Average no. of stock units issued	59,244,790	59,244,790	59,244,790	59,244,790
No. of stock units after dilution	60,793,245	60,793,245	60,446,582	60,446,582
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, %	89	89	92	92

PARENT COMPANY INCOME STATEMENTS

Amounts in KSEK	Oct-Dec 2008	Jan-Dec 2008	Oct-Dec 2007	Jan-Dec 2007
Net sales	4,561	16,401	5,043	16,240
Cost of goods and services sold	-840	-4,407	-477	-2,603
Gross profit/loss	3,721	11,994	4,566	13,637
Other income	1,299	2,241	75	305
Research and development costs (1,2)	-4,068	-15,502	-3,031	-14,722
Selling costs	-2,958	-8,928	-2,005	-9,202
Administrative costs	-1,517	-5,195	-1,976	-5,267
Other costs	-911	-1,209	-119	-408
Operating loss	-4,434	-16,599	-2,490	-15,657
Interest income and other financial income	1,123	3,157	567	2,251
Interest expense and other financial expenses	-223	-612	-21	-71
Impairment of receivables subsidiaries	-2,143	-4,668	-	-
Net financial items	-1,243	-2,123	546	2,180
Loss after financial items	-5,677	-18,722	-1,944	-13,477
Taxes	-	-	-	-
Loss for the period	-5,677	-18,722	-1,944	-13,477

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

Amounts in KSEK	Oct-Dec 2008	Jan-Dec 2008	Oct-Dec 2007	Jan-Dec 2007
(1) Capitalized R&D cost	546	2,183	546	2,184
(2) Patents and brands	230	895	660	1,053
Machinery and equipment	180	715	177	666
Total depreciation	957	3,794	1,383	3,903

PARENT COMPANY BALANCE SHEETS

Amounts in KSEK	12/31/2008	12/31/2007
ASSETS		
Total intangible fixed assets	5,373	8,096
Total tangible fixed assets	1,293	1,901
Stock and participation in subsidiaries	10	10
Total fixed assets	6,676	10,007
Total inventories, etc.	4,543	4,372
Accounts receivable	848	3,538
Receivables from affiliated companies	4,480	-
Other receivables	1,071	1,073
Prepaid expenses and accrued income	2,158	1,363
Total short-term receivables	8,557	5,974
Cash and bank accounts	30,850	49,154
Total current assets	43,950	59,500
TOTAL ASSETS	50,626	69,506

Amounts in KSEK	12/31/2008	12/31/2007
STOCKHOLDERS' EQUITY & LIABILITIES		
Total equity	45,877	64,195
Provisions	20	52
Accounts payable	888	942
Liabilities, subsidiaries*	-	534
Other current liabilities	1,396	1,608
Accrued expenses and prepaid income	2,445	2,175
Total current liabilities	4,729	5,259
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	50,626	69,506

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

Gothenburg, February 20, 2009
Artimplant AB (publ)

Ingemar Kihlström
Chairman of the Board

Hans Rosén
CEO

Mats Lindquist
Board Member

Lennart Ribohn
Board Member

Wenche Rolfsen Sandsborg
Board Member

Anna Malm Bernsten
Board Member

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 the Swedish Securities Exchange and Clearing Operations Act and/or stock market agreements. The information was published on February 20, 2009 at 8:45 am (GMT+1).

History

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

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

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

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

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

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

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

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

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

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

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

2007 - The Company's sales increase markedly and cash flow improves considerably. The FDA grant clearance to market Artelon[®] Tissue Reinforcement for soft tissue reinforcement in several new indications in the USA. Two new Spacer products for osteoarthritis in the hand are granted clearance by the FDA for marketing in the USA. An agreement regarding new Spacer products for the hand and wrist is signed with Small Bone Innovations. Up to and including 2007 over 6,000 patients have been treated with Artelon[®] implants.