

ARTIMPLANT INTERIM REPORT JANUARY – MARCH 2008



- Net revenue for the first quarter amounted to SEK 2.1 million (3.9)*
- The net loss for the first quarter totaled SEK -6.2 million (-2.9)
- Earnings per share for the first quarter amounted to SEK -0.10 (-0.05)
- Sales of Artelon® Spacer totaled approximately 800 (1,300) units
- Over 7,000 patients were treated with Artelon® implants up to and including the first quarter of 2008
- Positive clinical experience from soft tissue treatment using Artelon® – a decision has been taken to commence the pre-launch of Artelon® Cosmetic in dental applications
- New sales management recruited for Artimplant USA, Inc.

Event after the period-end

- An agreement was signed regarding a clinical pilot study for the treatment of osteoarthritis in the facet joints in the spine

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

Artimplant will present this report at the Annual Meeting on May 6, 2008, at 5pm, Central European Time (GMT+1). The presentation will be published on the Company's website after the meeting. No telephone conference will be held by reason of this report. 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 clinical needs and are marketed in a growing number of therapy areas. Artimplant produces implants for the treatment of osteoarthritis in the hands and feet, for shoulder and other soft tissue injuries as well as oral applications. All product development and production is carried on by Artimplant. The Company's products are marketed by established companies and up to now this has been 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 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 first quarter totaled SEK 2.1 million (3.9). Net sales derived almost entirely from product sales with associated license revenue. Some of the sales in the first quarter of 2007 referred to an inventory build-up at Small Bone Innovations.

The gross margin for the first quarter was 56%. This was affected by a low production volume during the first quarter. With an increase in volume the gross margin will be improved. The operating loss for the first quarter was SEK 6.5 million (-3.5). Operating expenses, excluding the

cost of goods and services sold, increased slightly during the first quarter compared with the preceding year as a result of a high level of activity in the Company.

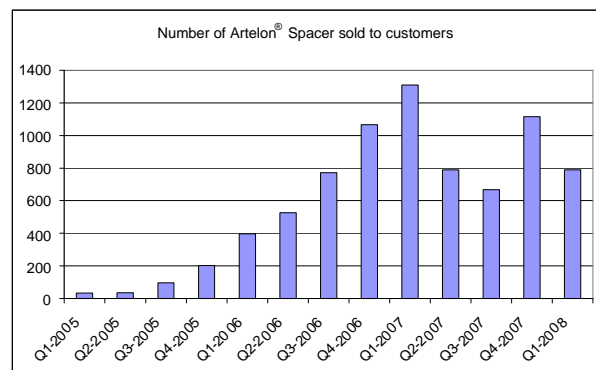
The net loss for the first quarter amounted to SEK -6.2 million (-2.9). The net loss for the period has not been affected materially by exchange rate fluctuations. Earnings per share for the first quarter amounted to SEK -0.10 (0.05).

Investments and cash position

Investments during the first quarter of 2008 totaled SEK 0.2 million (0.1) with SEK 0.1 million (0.1) attributable to investments in intangible assets. At the end of the period cash and cash equivalents amounted to SEK 46.2 million (63.4).

Sales of Artelon[®] products

Since the launch of Artelon[®] more than 7,000 patients have been treated with Artelon[®] implants. Sales of Artelon[®] Spacer to Small Bone Innovations (SBI) customers during the first quarter totaled approximately 800 (1,300) units. Although there was a certain inventory build-up among SBI's customers prior to the end of 2007 sales during the first quarter did not come up to Artimplant's and SBI's expectations.



SBI has decided to expand its sales force by approximately 50% during spring 2008 and is planning for an increase in sales during the next quarter.

Sales of Artelon[®] Tissue Reinforcement (ATR) commenced during the fourth quarter of 2006. The product has been cleared as reinforcement for soft tissue injuries. It is sold by Biomet Sports



Medicine as SportMesh™. Sales during the period totaled almost 250 (100) units. Clinical experience shows that ATR is easy to use and is less dependent on surgical procedure and rehabilitation than Artelon® CMC Spacer. Medical experience from the patients who have been treated with ATR is positive in all applications that have been tested. Sales growth has been steady despite the lack of published clinical data.

Artimplant's new sales management had commenced the build-up of reference clinics in Europe and the USA with the aim of creating a scientific and commercial base for future market penetration.

Personnel

A new sales manager was employed during the period as head of Artimplant USA, Inc. As of March 31, 2008, Artimplant had 26 employees (26), of whom 13 (12) were women and 13 (14) were men.

Clearances and product development

In collaboration with Swiss orthopedic surgeons at the Schulthess Klinik in Zurich Artimplant is, after requisite clearances have been granted, planning to run a clinical pilot study for the treatment of osteoarthritis in the facet joints in the spine. After the period-end an agreement was signed with the Schulthess Klinik governing the terms and conditions for the running of the study. Vertebrae and facet joints are basic components in the spine. The market for slipped disc surgery has grown strongly in recent years whilst there has been a consistent lack of function-preserving treatment for osteoarthritis in the facet joints. This condition is a common cause of pain in the lumbar region. Artimplant's experience in the treatment of osteoarthritis in the joints in the hand and foot form the scientific basis for surgical treatment of osteoarthritis in the facet joints. The spine is a rapidly growing area within orthopedics. In 2006, almost USD 5 billion was spent on the American market alone on implants and biomaterials for use in surgery of the spine. The use of Artelon® in the treatment of osteoarthritis in the facet joint is following a strong medical trend to preserve movement and function in the spine. The Artimplant management is of the opinion that the

Company can secure a very strong market position in the event of a positive outcome from the planned clinical pilot study.

The Annual Meeting of the Swedish Foot Association in February included a presentation of a one-year follow-up with case studies in which Artelon® was used for the treatment of rupture of the Achilles tendon and wear in the cartilage (osteoarthritis) in the joint of the big toe (Hallux rigidus). Artimplant attracted considerable interest following the presentations, which have resulted in new customer contacts and planned operations.

A clinic-initiated multicenter study has commenced on the treatment of Hallux rigidus using Artelon® MTP Spacer. The follow-up period for the study is one year.

Artimplant has acquired positive experience in using Artelon® Cosmetic for augmentation of soft tissue in dental applications. The Company has therefore decided to initiate a pre-launch of the products at a limited number of reference clinics in Europe. This will take place alongside the two market studies being conducted by the Brånemark Clinic in Gothenburg and the Faculty of Odontology at Göteborg University.

In collaboration with leading Swedish veterinary experts, Artelon® has been used successfully in the treatment of cruciate ligament injuries in 10 or so dogs. By using Artelon® the surgical procedure is simplified and the operating time is reduced by a couple of hours. In addition, rehabilitation, which is important for a successful result, can commence much earlier. Artelon® Tissue has proved to have significantly better properties than the biological material used previously.

Prospects for 2008

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.

Thanks to the increase in the clinically documented properties of Artelon[®] Artimplant has the opportunity to build up the brand more quickly in new product applications. Artimplant has the following operative direction for 2008:

- Increase sales of Artelon[®] CMC Spacer and Artelon[®] Tissue Reinforcement in the USA and Europe through our licensees.
- Artelon[®] Tissue Reinforcement will be introduced by the Company at a number of reference clinics in Europe and the USA.
- Establish sales of Artimplant products through distributors in the Nordic region.
- Commence development of products for soft tissue reconstruction in the CMF area (Cranio-Maxillofacial/head and face).
- Develop a new Spacer product together with SBI.
- Commence a study regarding Artelon[®] Bone Scaffold for bone replenishment in the upper jaw.

Events after the period-end

An agreement was signed with the Schulthess Klinik in Zurich on the running of a clinical pilot study for the treatment of osteoarthritis in the facet joints in the spine.

Significant risks and uncertainty factors

The Company's significant risks and uncertainty factors are presented in the Board of Directors' Report in the most recent annual report. The Company considers that this presentation 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's revenue, investments and

cash position during the first quarter of 2008 correspond in all material respects to those of the Group. It is expected that Artimplant USA, Inc. will commence direct sales during the second quarter of 2008 and will thus begin contributing to Group revenue. See summary of the Parent Company Income Statement and Balance Sheet on pages 8-9.

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. Further accounting principles can be found in the Company's Annual Report 2007, which is available on the Company's website.

Forthcoming reports

Six-monthly report..... August 7, 2008
 Nine-monthly report.....November 11, 2008
 Year-end report.....February 20, 2009
 Three-monthly report..... May 5, 2009

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 2007, which is available on the Company's website.

For further information please contact

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CONSOLIDATED INCOME STATEMENTS

Amounts in SEK thousand	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Net sales	2,129	3,942	16,275
Cost of goods and services sold	-942	-1,107	-2,603
Gross profit/loss	1,187	2,835	13,672
Research and development costs (1,2)	-3,810	-3,315	-14,722
Selling costs	-2,479	-2,039	-9,134
Administrative costs	-1,396	-979	-5,446
Operating loss	-6,498	-3,498	-15,630
Interest income and other financial income	525	621	2,251
Interest expenses and other financial expenses	-207	-45	-71
Net financial items	318	576	2,180
Loss after financial items	-6,180	-2,922	-13,450
Taxes	-	-	-
Loss for the period	-6,180	-2,922	-13,450
Earnings per stock unit, SEK	-0.10	-0.05	-0.23
Earnings per stock unit after dilution, SEK	-0.10	-0.05	-0.23

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

Amounts in SEK thousand	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
(1) Capitalized R&D cost	546	546	2,184
(2) Patents and brands	215	120	1,053
Machinery and equipment	177	151	671
Total depreciation	938	817	3,908

ALLOCATION OF NET SALES

Amounts in SEK thousand	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Source of revenue			
Royalty from product sales of licensees	1,305	1,503	5,198
Product sales	737	2,439	6,523
One-off and project milestone income	-	-	4,554
Contract product development and other income	87	-	-
	2,129	3,942	16,275
Geographic areas			
Scandinavia	214	344	891
USA*	1,915	3,598	15,384
	2,129	3,942	16,275

* Licensees in the U.S. sell Artimplant's products globally

CONSOLIDATED BALANCE SHEETS

Amounts in SEK thousand	3/31/2008	3/31/2007	12/31/2007
ASSETS			
Capitalized product development	4,463	6,647	5,009
Patents and brands	2,976	1,092	3,087
Total intangible fixed assets	7,439	7,739	8,096
Machinery and equipment	1,785	1,744	1,910
Total tangible fixed assets	1,785	1,744	1,910
Total financial fixed assets	-	-	-
Total fixed assets	9,224	9,483	10,006
Raw materials, semi-finished and finished goods	4,648	1,441	4,373
Total inventories, etc.	4,648	1,441	4,373
Accounts receivable	339	963	3,538
Other receivables	1,327	1,470	1,092
Prepaid expenses and accrued income	1,987	2,009	1,363
Total short-term receivables	3,653	4,442	5,993
Cash and bank accounts	46,240	63,397	49,240
Total current assets	54,541	69,280	59,606
TOTAL ASSETS	63,765	78,763	69,612

Amounts in SEK thousand	3/31/2008	3/31/2007	12/31/2007
STOCKHOLDERS' EQUITY & LIABILITIES			
Capital stock	5,924	5,924	5,924
Other capital reserves / Statutory reserve	71,988	127,042	71,989
Total restricted equity	77,912	132,966	77,913
Retained loss / Retained earnings	-13,570	-55,696	-210
Translation difference	56	-30	-3
Loss for the period	-6,180	-2,922	-13,450
Total retained loss	-19,694	-58,648	-13,663
Total equity	58,218	74,318	64,249
Provisions	60	238	52
Accounts payable	802	818	948
Other current liabilities	1,536	1,363	1,651
Accrued expenses and prepaid income	3,149	2,026	2,712
Total current liabilities	5,487	4,207	5,311
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	63,765	78,763	69,612

CHANGES IN STOCKHOLDERS' EQUITY DURING THE PERIOD

Amounts in SEK thousand	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Capital Stock	5,924	5,924	5,924
Other capital reserves at the beginning of the period	71,989	127,042	127,042
Reduction of statutory reserve	-	-	-55,263
Translation difference	-1	-	-
Recovered VAT	-	-	329
Reclassification	-	-	-119
Total other capital reserves	71,988	127,042	71,989
Retained loss at the beginning of the period	-13,664	-55,352	-55,352
Reduction of statutory reserve	-	-	55,263
Reclassification	-	-	119
Benefit employee stock option (IFRS2)	94	-344	-241
Translation difference	56	-30	-3
Loss for the period	-6,180	-2,922	-13,450
Total retained loss	-19,694	-58,648	-13,664
Equity at the period-end	58,218	74,318	64,249

CONSOLIDATED CASH FLOW STATEMENTS

Amounts in SEK thousand	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Operating activities			
Net loss after financial items	-6,180	-2,922	-13,450
Adjustment for items not effecting cash flow	1,108	328	3,825
Cash flow from operating activities before changes in working capital	-5,072	-2,594	-9,625
Cash flow from changes in working capital			
Changes in inventories etc.	-275	-538	-3,470
Changes in receivables	2,340	-1,186	-2,737
Changes in liabilities	176	-903	201
Cash flow from operating activities	-2,831	-5,221	-15,632
Investment activities			
Acquisition of intangible fixed assets	-104	-81	-3,236
Acquisition of tangible fixed assets	-65	-5	-627
Sale of tangible fixed assets	-	-	30
Cash flow from investment activities	-169	-86	-3,832
Financing activities			
Share issue	-	-	-
Cash flow from financing activities	-	-	-
Cash flow for the period	-3,000	-5,307	-19,464
Cash and cash equivalents at beginning of period	49,240	68,704	68,704
Cash and cash equivalents at end of period	46,240	63,397	49,240

KEY RATIOS

	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Earnings per stock unit, SEK	-0.10	-0.05	-0.23
Earnings per stock unit after dilution, SEK	-0.10	-0.05	-0.23
Equity per stock unit, SEK	0.98	1.25	1.08
Equity per stock unit after dilution, SEK	0.98	1.25	1.08
No. of stock units in issue at the period-end	59,244,790	59,244,790	59,244,790
Average no. of stock units in issue	59,244,790	59,244,790	59,244,790
No. of stock units after dilution	60,446,582	60,348,628	60,446,582
Return on equity, %	neg	neg	neg
Return on capital employed, %	neg	neg	neg
Return on capital, %	neg	neg	neg
Equity/assets ratio, %	91	94	92

PARENT COMPANY INCOME STATEMENTS

Amounts in SEK thousand	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Net sales	5,114	3,942	16,240
Cost of goods and services sold	-1,121	-1,107	-2,603
Gross profit/loss	3,993	2,835	13,637
Research and development costs (1,2)	-3,810	-3,315	-14,722
Selling costs	-661	-1,949	-9,202
Administrative costs	-1,396	-1,018	-5,370
Operating loss	-1,874	-3,447	-15,657
Net financial items	318	576	2,180
Loss after financial items	-1,556	-2,871	-13,477
Taxes	-	-	-
Loss for the period	-1,556	-2,871	-13,477

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

Amounts in SEK thousand	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
(1) Capitalized R&D cost	546	546	2,184
(2) Patents and brands	215	120	1,053
Machinery and equipment	176	150	666
Total depreciation	937	816	3,903

PARENT COMPANY BALANCE SHEETS

Amounts in SEK thousand	3/31/2008	3/31/2007	12/31/2007
ASSETS			
Total intangible fixed assets	7,439	7,739	8,096
Total tangible fixed assets	1,777	1,729	1,901
Stock and participation in subsidiaries	10	10	10
Receivables from affiliated companies	1,834	-	-
Total financial fixed assets	1,844	10	10
Total fixed assets	11,060	9,478	10,007
Total current assets	57,161	69,271	59,500
TOTAL ASSETS	68,220	78,749	69,506

Amounts in SEK thousand	3/31/2008	3/31/2007	12/31/2007
STOCKHOLDERS' EQUITY & LIABILITIES			
Total equity	62,732	74,369	64,195
Provisions	60	238	52
Accounts payable	798	818	942
Liabilities, subsidiaries*	157	-	534
Other current liabilities	1,482	1,298	1,608
Accrued expenses and prepaid income	2,991	2,026	2,175
Total current liabilities	5,428	4,142	5,259
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	68,220	78,749	69,506

The Board of Directors and the CEO certify that this Interim 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, May 6, 2008
Artimplant AB (publ)

Ingemar Kihlström
Chairman of the Board

Hans Rosén
President

Rickard Söderberg
Board Member

Lennart Ribohn
Board Member

Wenche Rolfsen Sandsborg
Board Member

Anna Malm Bernsten
Board Member

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 May 6, 2008 at 4pm (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.