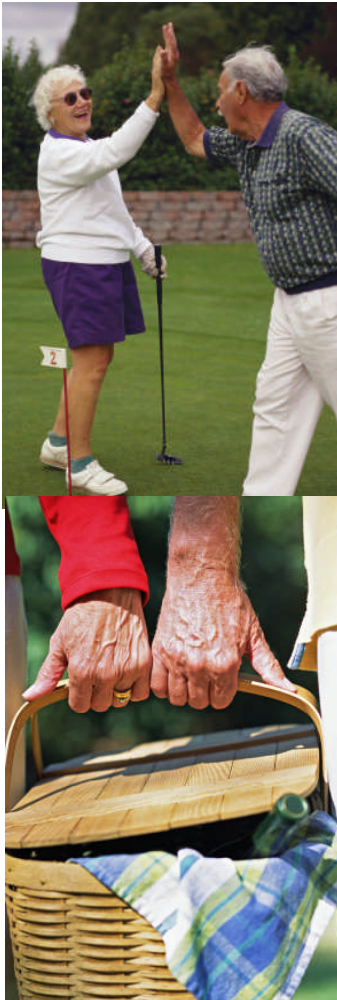


## ARTIMPLANT INTERIM REPORT JANUARY – JUNE 2008



- Net revenue for the second quarter amounted to SEK 3.1 million (4.7) and for the first six months to SEK 5.2 million (8.7)\*
- The net loss for the first quarter totaled SEK 6.2 million (4.8) and for the first six months SEK 12.3 million (7.7)
- Earnings per share for the second quarter amounted to SEK -0.10 (-0.08) and for the first six months to SEK -0.21 (-0.13)
- Sales of Artelon® Spacer totaled approximately 1,600 (2,100) units, of which 800 (800) were during the second quarter
- Licensees have failed to meet the minimum volumes for the first half of the year
- Sales have commenced in the USA through the Company's own sales organization
- Over 8,000 patients were treated with Artelon® implants up to and including June 2008
- Clearance has been granted by the Swedish Medical Products Agency regarding the Artelon® Bone Scaffold study for bone replenishment in the upper jaw and the first patient has undergone surgery

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

No telephone conference will be held by reason of this report. For further information see [www.artimplant.com](http://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<sup>®</sup>, 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 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 second quarter fell to SEK 3.1 million (4.7) and for the second half of the year to SEK 5.2 million (8.7). Net sales derived almost entirely from product sales with associated license revenue, 89% of which originated from Artimplant's two US licensees, Small Bone Innovations and Biomet Sports Medicine.

The gross margin was 57% for both the second quarter and for the first six months. 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 second quarter was SEK 6.5 million (5.3) and for the first six months SEK 13.0 million (8.8). Operating expense, excluding the cost of goods and services sold, is on a par with the preceding year.

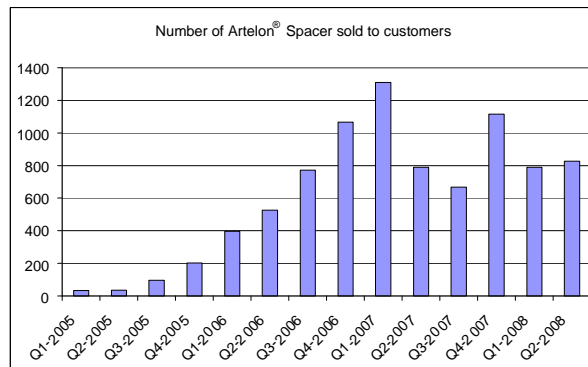
The net loss for the second quarter amounted to SEK 6.2 million (4.8) and for the first six months SEK 12.3 million (7.7). The net loss for the period has not been affected materially by exchange rate fluctuations. Earnings per share for the second quarter amounted to SEK -0.10 (0.08) and for the first six months SEK -0.21 (-0.13).

**Investments and cash position**

Investments during the first six months of 2008 totaled SEK 0.3 million (0.7) with SEK 0.2 million (0.2) attributable to investments in intangible assets. Cash flow deteriorated compared with the first half of 2007, which can be attributed largely to the fall in net sales compared with the preceding year. Both the change in working capital and the operating expense level were consistent with last year. At the end of the period cash and cash equivalents amounted to SEK 38.9 million (61.2).

**Sales of Artelon<sup>®</sup> products**

Since the launch of Artelon<sup>®</sup> more than 8,000 patients have been treated with Artelon<sup>®</sup> implants. Sales of Artelon<sup>®</sup> Spacer to Small Bone Innovations (SBI) customers and Artimplant's end-customers in the second quarter totaled approximately 800 (800) units and approximately 1,600 (2,100) during the first six months.



Sales during the second quarter did not meet Artimplant's or SBI's expectations. Sales during the first six months are also below the minimum level agreed between the parties. This means that during the third quarter SBI will purchase products and will also pay royalties in advance in respect of the volume deviation for the first six months. Purchased products will be taken up as revenue immediately whilst royalties paid in advance are taken up as revenue as these units are sold to the end-customer. SBI expanded its sales force during spring 2008 and is planning for an increase in sales during the next quarter.

Sales of Artelon<sup>®</sup> Tissue Reinforcement (ATR) commenced during the fourth quarter of 2006. The product has been cleared as reinforcement for soft tissue injuries. It is sold non-exclusively by Biomet Sports Medicine as SportMesh<sup>™</sup>. Sales during the second quarter totaled around 200 (150) units. The sales run rate during the second quarter is below the minimum level agreed between the parties. Clinical experience shows that ATR is easy to use and is less dependent on surgical procedure and rehabilitation than Artelon<sup>®</sup> CMC Spacer. Medical experience from the patients who have been treated with ATR is positive in all applications that have been tested. However, to achieve solid market penetration published clinical data is required.

Sales volumes during the first six months were below the undertakings made by both Artimplant's licensees. This increases the significance of Artimplant's current sales support activities, such as clinical studies and build-up of reference clinics. This will take place in addition to SBI's and Biomet's own activities.

Artimplant's sales management has 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 with ATR. Artimplant's aim is to sign agreements and commence clinical studies during the second half of 2008. During the period, Artimplant's newly recruited US sales management sold the first Artelon<sup>®</sup> Tissue Reinforcement products in the USA under Artimplant's own auspices.

## **Personnel**

A new sales representative was engaged during the second quarter for the international market. As of June 30, 2008, Artimplant had 27 employees (25), of whom 14 (13) were women and 13 (12) were men.

## **Clearances and product development**

The Swedish Medical Products Agency has granted clearance for a study regarding Artelon<sup>®</sup> 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 first patient has been treated within the framework of the study, which is being conducted in co-operation with Swedish dental surgery experts.

In collaboration with Schulthess Klinik in Zurich Artimplant is planning, after requisite clearances have been granted, to run a clinical pilot study for the treatment of osteoarthritis in the facet joints in the spine. An agreement was signed with the Schulthess Klinik during the second quarter governing the terms and conditions for the running of the study. The study is planned to commence once official clearance has been granted.

A multicenter study initiated by doctors has commenced in the treatment of Hallux rigidus using Artelon<sup>®</sup> MTP Spacer. The patient follow-up period is one year.

Artimplant has acquired positive experience of using Artelon<sup>®</sup> Cosmetic for replenishment of soft tissue in dental applications. The Company has therefore decided to initiate a pre-launch of the products at a limited number of important reference clinics in Europe. Artimplant is planning for the first patients to be treated during the autumn. 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<sup>®</sup> has been used successfully in the treatment of cruciate ligament injuries in dogs. By using Artelon<sup>®</sup> the surgical procedure is

simplified and the operating time is reduced by a couple of hours. Moreover, rehabilitation, which is important for a successful result, can commence much earlier. Artelon<sup>®</sup> has proved to have significantly better properties than the biological material used previously. To date, around 20 dogs have been treated successfully. Artimplant is planning a retrospective study as a commercial basis for future market penetration.

### Prospects for 2008

Artimplant's business operations are based on exploiting the Company's unique biomaterial platform Artelon<sup>®</sup>. 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<sup>®</sup> Artimplant has the opportunity to build up the brand more quickly in new product applications. As earlier announced Artimplant has the following operative direction for 2008:

- Increase sales of Artelon<sup>®</sup> CMC Spacer and Artelon<sup>®</sup> Tissue Reinforcement in the USA and Europe through our licensees.
- Artelon<sup>®</sup> Tissue Reinforcement will be introduced by the Company at a number of reference clinics in Europe and the USA.
- 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 clinical study regarding Artelon<sup>®</sup> Bone Scaffold for bone replenishment in the upper jaw.

### 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. With the aid of funding from the Parent Company the subsidiary commenced direct sales of Artelon<sup>®</sup> 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. 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. In addition, the Company is subject to the Swedish Code of Corporate Governance with effect from July 1, 2008. Further accounting principles can be found in the Company's Annual Report for 2007, which is available on the Company's website.

### Forthcoming reports

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

Financial reports are available on the Company's website [www.artimplant.com](http://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	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun	Jan-Dec
	2008	2008	2007	2007	2007
Net sales	3,084	5,213	4,731	8,673	16,275
Cost of goods and services sold	-1,319	-2,261	-721	-1,828	-2,603
<b>Gross profit/loss</b>	<b>1,765</b>	<b>2,952</b>	<b>4,010</b>	<b>6,845</b>	<b>13,672</b>
Other income	169	193	149	206	305
Research and development costs (1,2)	-4,181	-7,991	-4,236	-7,551	-14,722
Selling costs	-2,730	-5,209	-3,709	-5,748	-9,134
Administrative costs	-1,443	-2,634	-1,354	-2,345	-5,343
Other costs	-52	-281	-185	-230	-408
<b>Operating loss</b>	<b>-6,472</b>	<b>-12,970</b>	<b>-5,325</b>	<b>-8,823</b>	<b>-15,630</b>
Interest income and other financial income	471	996	532	1,153	2,251
Interest expense and other financial expenses	-150	-357	-5	-50	-71
<b>Net financial items</b>	<b>321</b>	<b>639</b>	<b>527</b>	<b>1,103</b>	<b>2,180</b>
<b>Loss after financial items</b>	<b>-6,151</b>	<b>-12,331</b>	<b>-4,798</b>	<b>-7,720</b>	<b>-13,450</b>
Taxes	-	-	-	-	-
<b>Loss for the period</b>	<b>-6,151</b>	<b>-12,331</b>	<b>-4,798</b>	<b>-7,720</b>	<b>-13,450</b>
Earnings per stock unit, SEK	-0.10	-0.21	-0.08	-0.13	-0.23
Earnings per stock unit after dilution, SEK	-0.10	-0.21	-0.08	-0.13	-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	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun	Jan-Dec
	2008	2008	2007	2007	2007
(1) Capitalized R&D cost	546	1,092	546	1,092	2,184
(2) Patents and brands	221	436	125	245	1,053
Machinery and equipment	180	357	164	315	671
<b>Total depreciation</b>	<b>947</b>	<b>1,885</b>	<b>835</b>	<b>1,652</b>	<b>3,908</b>

## ALLOCATION OF NET SALES

Amounts in KSEK	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun	Jan-Dec
	2008	2008	2007	2007	2007
<b>Source of revenue</b>					
Royalty from product sales by licensees	1,062	2,367	1,725	3,228	5,198
Product sales	2,003	2,740	1,759	4,195	6,520
One-off and project milestone income	-	-	1,208	1,208	4,500
Contract product development and other sales	19	106	39	42	57
	<b>3,084</b>	<b>5,213</b>	<b>4,731</b>	<b>8,673</b>	<b>16,275</b>
<b>Geographic areas</b>					
Scandinavia	365	579	148	492	891
USA*	2,719	4,634	4,583	8,181	15,384
	<b>3,084</b>	<b>5,213</b>	<b>4,731</b>	<b>8,673</b>	<b>16,275</b>

\* Licensees in the USA sell Artimplant's products globally

## CONSOLIDATED BALANCE SHEETS

Amounts in KSEK	6/30/2008	6/30/2007	12/31/2007
<b>ASSETS</b>			
Capitalized product development	3,917	6,101	5,009
Patents and brands	2,870	1,048	3,087
<b>Total intangible fixed assets</b>	<b>6,787</b>	<b>7,149</b>	<b>8,096</b>
Machinery and equipment	1,620	2,114	1,910
<b>Total tangible fixed assets</b>	<b>1,620</b>	<b>2,114</b>	<b>1,910</b>
<b>Total fixed assets</b>	<b>8,407</b>	<b>9,263</b>	<b>10,006</b>
Raw materials, semi-finished and finished goods	4,488	2,379	4,373
<b>Total inventories, etc.</b>	<b>4,488</b>	<b>2,379</b>	<b>4,373</b>
Accounts receivable	1,663	874	3,538
Other receivables	1,390	1,829	1,092
Prepaid expenses and accrued income	2,511	2,458	1,363
<b>Total short-term receivables</b>	<b>5,564</b>	<b>5,161</b>	<b>5,993</b>
Cash and bank accounts	38,904	61,202	49,240
<b>Total current assets</b>	<b>48,956</b>	<b>68,742</b>	<b>59,606</b>
<b>TOTAL ASSETS</b>	<b>57,363</b>	<b>78,004</b>	<b>69,612</b>
<b>Amounts in KSEK</b>	<b>6/30/2008</b>	<b>6/30/2007</b>	<b>12/31/2007</b>
<b>STOCKHOLDERS' EQUITY &amp; LIABILITIES</b>			
Capital stock	5,924	5,924	5,924
Other capital reserves / Statutory reserve	58,270	71,660	71,989
<b>Total restricted equity</b>	<b>64,194</b>	<b>77,584</b>	<b>77,913</b>
Retained loss / Retained earnings	275	-14	-210
Translation difference	53	4	-3
Loss for the period	-12,331	-7,720	-13,450
<b>Total retained loss</b>	<b>-12,003</b>	<b>-7,730</b>	<b>-13,663</b>
<b>Total equity</b>	<b>52,191</b>	<b>69,854</b>	<b>64,249</b>
<b>Provisions</b>	<b>38</b>	<b>84</b>	<b>52</b>
Accounts payable	775	2,297	948
Other current liabilities	1,717	2,605	1,651
Accrued expenses and prepaid income	2,642	3,164	2,712
<b>Total current liabilities</b>	<b>5,134</b>	<b>8,066</b>	<b>5,311</b>
<b>TOTAL STOCKHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>57,363</b>	<b>78,004</b>	<b>69,612</b>

## CHANGES IN STOCKHOLDERS' EQUITY DURING THE PERIOD

Amounts in KSEK	Jan-Jun 2008	Jan-Jun 2007	Jan-Dec 2007
<b>Capital stock</b>	<b>5,924</b>	<b>5,924</b>	<b>5,924</b>
Other capital reserves at the beginning of the period	71,989	127,042	127,042
Reduction of statutory reserve	-13,718	-55,263	-55,263
Translation difference	-1	-	-
Recovered VAT	-	-	329
Reclassification	-	-119	-119
<b>Total other capital reserves</b>	<b>58,270</b>	<b>71,660</b>	<b>71,989</b>
Retained loss at the beginning of the period	-13,664	-55,352	-55,352
Reduction of statutory reserve	13,718	55,263	55,263
Reclassification	-	119	119
Benefit, employee stock option (IFRS2)	221	-373	-241
Recovered VAT	-	329	-
Translation difference	53	4	-3
Loss for the period	-12,331	-7,720	-13,450
<b>Total retained loss</b>	<b>-12,003</b>	<b>-7,730</b>	<b>-13,664</b>
Equity at the period-end	<b>52,191</b>	<b>69,854</b>	<b>64,249</b>

## CONSOLIDATED CASH FLOW STATEMENTS

Amounts in KSEK	Jan-Jun 2008	Jan-Jun 2007	Jan-Dec 2007
<b>Operating activities</b>			
Net loss after financial items	-12,331	-7,720	-13,450
Adjustment for items not effecting cash flow	2,156	1,344	3,825
<b>Cash flow from operating activities before changes in working capital</b>	<b>-10,175</b>	<b>-6,376</b>	<b>-9,625</b>
<b>Cash flow from changes in working capital</b>			
Changes in inventories etc.	-115	-1,476	-3,470
Changes in receivables	429	-1,905	-2,737
Changes in liabilities	-177	2,956	201
<b>Cash flow from operating activities</b>	<b>-10,038</b>	<b>-6,802</b>	<b>-15,632</b>
<b>Investment activities</b>			
Acquisition of intangible fixed assets	-220	-162	-3,236
Acquisition of tangible fixed assets	-79	-539	-627
Sale of tangible fixed assets	-	-	30
<b>Cash flow from investment activities</b>	<b>-298</b>	<b>-701</b>	<b>-3,832</b>
<b>Financing activities</b>			
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flow for the period</b>	<b>-10,336</b>	<b>-7,502</b>	<b>-19,464</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>49,240</b>	<b>68,704</b>	<b>68,704</b>
<b>Cash and cash equivalents at end of period</b>	<b>38,904</b>	<b>61,202</b>	<b>49,240</b>

## KEY RATIOS

	Apr-Jun 2008	Jan-Jun 2008	Apr-Jun 2007	Jan-Jun 2007	Jan-Dec 2007
Earnings per stock unit, SEK	-0.10	-0.21	-0.08	-0.13	-0.23
Earnings per stock unit after dilution, SEK	-0.10	-0.21	-0.08	-0.13	-0.23
Equity per stock unit, SEK	0.88	0.88	1.18	1.18	1.08
Equity per stock unit after dilution, SEK	0.88	0.88	1.18	1.18	1.08
No. of stock units issued at the period-end	59,244,790	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	59,244,790
No. of stock units after dilution	60,894,681	60,894,681	60,446,582	60,446,582	60,446,582
Return on equity, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg	neg
Return on capital, %	neg	neg	neg	neg	neg
Equity/assets ratio, %	91	91	90	90	92

## PARENT COMPANY INCOME STATEMENTS

Amounts in KSEK	Apr-Jun 2008	Jan-Jun 2008	Apr-Jun 2007	Jan-Jun 2007	Jan-Dec 2007
Net sales	4,453	9,567	4,693	8,635	16,240
Cost of goods and services sold	-1,430	-2,551	-721	-1,828	-2,603
<b>Gross profit/loss</b>	<b>3,023</b>	<b>7,016</b>	<b>3,972</b>	<b>6,807</b>	<b>13,637</b>
Other income	169	193	149	206	305
Research and development costs (1,2)	-4,181	-7,991	-4,236	-7,551	-14,722
Selling costs	-1,965	-2,626	-2,789	-4,738	-9,202
Administrative costs	-1,443	-2,634	-1,354	-2,324	-5,267
Other costs	-52	-281	-185	-230	-408
<b>Operating loss</b>	<b>-4,449</b>	<b>-6,323</b>	<b>-4,443</b>	<b>-7,830</b>	<b>-15,657</b>
<b>Net financial items</b>	<b>340</b>	<b>658</b>	<b>527</b>	<b>1,103</b>	<b>2,180</b>
<b>Loss after financial items</b>	<b>-4,109</b>	<b>-5,665</b>	<b>-3,916</b>	<b>-6,727</b>	<b>-13,477</b>
Taxes	-	-	-	-	-
<b>Loss for the period</b>	<b>-4,109</b>	<b>-5,665</b>	<b>-3,916</b>	<b>-6,727</b>	<b>-13,477</b>

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

Amounts in KSEK	Apr-Jun 2008	Jan-Jun 2008	Apr-Jun 2007	Jan-Jun 2007	Jan-Dec 2007
(1) Capitalized R&D cost	546	1,092	546	1,092	2,184
(2) Patents and brands	221	436	125	245	1,053
Machinery and equipment	179	355	163	313	666
<b>Total depreciation</b>	<b>946</b>	<b>1,883</b>	<b>834</b>	<b>1,650</b>	<b>3,903</b>

## PARENT COMPANY BALANCE SHEETS

Amounts in KSEK	6/30/2008	6/30/2007	12/31/2007
<b>ASSETS</b>			
Total intangible fixed assets	6,787	7,149	8,096
Total tangible fixed assets	1,612	2,100	1,901
Stock and participation in subsidiaries	10	10	10
Receivables from affiliated companies	2,972	-	-
Total financial fixed assets	2,982	10	10
<b>Total fixed assets</b>	<b>11,381</b>	<b>9,259</b>	<b>10,007</b>
<b>Total current assets</b>	<b>52,522</b>	<b>68,151</b>	<b>59,500</b>
<b>TOTAL ASSETS</b>	<b>63,903</b>	<b>77,409</b>	<b>69,506</b>

Amounts in KSEK	6/30/2008	6/30/2007	12/31/2007
<b>STOCKHOLDERS' EQUITY &amp; LIABILITIES</b>			
<b>Total equity</b>	<b>58,750</b>	<b>70,811</b>	<b>64,195</b>
<b>Provisions</b>	<b>38</b>	<b>84</b>	<b>52</b>
Accounts payable	766	2,281	942
Liabilities, subsidiaries	-	-	534
Other current liabilities	1,703	1,150	1,608
Accrued expenses and prepaid income	2,646	3,083	2,175
<b>Total current liabilities</b>	<b>5,115</b>	<b>6,514</b>	<b>5,259</b>
<b>TOTAL STOCKHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>63,903</b>	<b>77,409</b>	<b>69,506</b>

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, August 7, 2008  
Artimplant AB (publ)

Ingemar Kihlström  
Chairman of the Board

Hans Rosén  
President

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 August 7, 2008 at 3pm (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<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> Augmentation Device ACL. Artimplant's Artelon<sup>®</sup> CMC Spacer for treating thumb base osteoarthritis receives clearance for marketing in Europe. Artelon<sup>®</sup> Surgical Suture is given clearance by the FDA for sales on the American market. The subsidiary Gothenburg Medical Center is sold.

2004 - Artelon<sup>®</sup> 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<sup>™</sup>. Cooperation with Atlantech for the sale of Artelon<sup>®</sup> 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<sup>®</sup> Surgical Suture in North America is signed with ArthroCare. Artelon<sup>®</sup> 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<sup>™</sup> 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<sup>®</sup> Augmentation Device ACL is discontinued. Sales of Artelon<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> implants.