2015 Financial Report

straumann
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About Straumann

Straumann is a global leader in tooth replacement solutions including dental implants, prosthetics and regenerative products. Headquartered in Basel, Switzerland, the Group is present in more than 100 countries through its broad network of distribution subsidiaries and partners.

Straumann Group
Contents

This detailed Financial Report is a separate volume of the Straumann Annual Report. The full version is available online and can be ordered at www.straumann.com.

Consolidated statement of financial position

ASSETS

(in CHF 1 000)	Notes	31 Dec 2015	31 Dec 2014
Property, plant and equipment	5	103 841	78 545
Investment properties	6	1 637	4 001
Intangible assets	7	246 500	68 987
Investments in associates	8	48 232	266 589
Financial assets	9	54 396	48 676
Other receivables		2 751	834
Deferred income tax assets	19	43 730	29 948
Total non-current assets		501 087	497 580
Inventories	10	76 113	69 193
Trade and other receivables	11	140 598	128 482
Financial assets	9	1 059	2 995
Income tax receivables		9 142	3 110
Cash and cash equivalents	12	318 297	459 421
Total current assets		545 209	663 201
TOTAL ASSETS		1 046 296	1 160 781

EQUITY AND LIABILITIES

(in CHF 1 000)	Notes	31 Dec 2015	31 Dec 2014
Share capital	13	1 572	1 568
Retained earnings and reserves		603 398	735 268
Total equity attributable to the shareholders of the parent company		604 970	736 836
Straight bond	14	199 520	199 410
Other liabilities	16	6 975	6 954
Financial liabilities	15	618	3 587
Provisions	17	28 832	29 913
Retirement benefit obligations	21	44 496	37 492
Deferred income tax liabilities	19	1 503	9 353
Total non-current liabilities		281 944	286 709
Trade and other payables	18	124 173	105 264
Financial liabilities	15	925	1 326
Income tax payable		15 572	18 697
Provisions	17	18 712	11 949
Total current liabilities		159 382	137 236
Total liabilities		441 326	423 945
TOTAL EQUITY AND LIABILITIES		1 046 296	1 160 781

The notes on pages 10 – 65 are an integral part of these consolidated financial statements.

Consolidated income statement

(in CHF 1 000)	Notes	2015	2014
Revenue	4	798 600	710 270
Cost of goods sold		(183 662)	(151 618)
Gross profit		614 938	558 652
Other income	22	2 161	2 236
Distribution costs		(173 439)	(168 459)
Administrative expenses		(271 092)	(244 112)
Operating profit		172 568	148 317
Finance income	25	44 115	17 016
Finance expense	25	(60 326)	(24 192)
Loss on consolidation of Neodent	25	(63 891)	0
Share of results of associates	8	(12 268)	36 281
Profit before income tax		80 198	177 422
Income tax expense	19	(8 687)	(19 597)
NET PROFIT		71 511	157 825
Attributable to:			
Shareholders of the parent company		70 679	157 825
Non-controlling interests		832	0
Basic earnings per share attributable to ordinary shareholders of the parent company (in CHF)	26	4.52	10.15
Diluted earnings per share attributable to ordinary shareholders of the parent company (in CHF)	26	4.47	10.03

The notes on pages 10 – 65 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(in CHF 1 000)	2015	2014
Net profit	71 511	157 825
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net foreign exchange gain on net investment loans	(1 859)	806
Net movement on cash flow hedges	227	(227)
Income tax effect	141	(13)
Exchange differences on translation of foreign operations	(20 057)	(8 232)
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(21 548)	(7 666)
Items not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial instruments designated through other comprehensive income	4 056	12 302
Remeasurements of retirement benefit obligations	(11 884)	(18 365)
Income tax effect	1 265	1 644
Items not to be reclassified to profit or loss in subsequent periods	(6 563)	(4 419)
Other comprehensive income, net of tax	(28 111)	(12 085)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	43 400	145 740
Attributable to:		
Shareholders of the parent company	49 811	145 740
Non-controlling interests	(6 411)	0

The notes on pages 10 – 65 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

(in CHF 1 000)	Notes	2015	2014
Net profit		71 511	157 825
Adjustments for:			
Taxes charged	19	8 687	19 597
Interest and other financial result		3 181	3 425
Foreign exchange result		(259)	1 275
Fair value adjustments		5 356	(397)
Loss on consolidation of Neodent		63 891	0
Share of results of associates	8	12 268	(36 281)
Depreciation and amortization of:			
Property, plant and equipment	5, 23	23 215	22 801
Investment properties	6, 23	288	346
Intangible assets	7, 23	9 455	4 738
Impairment of investment properties	6, 23	2 076	0
Change in provisions, retirement benefit obligations and other liabilities		(10 482)	8 264
Share-based payments expense	20, 24	3 599	4 865
Gains on disposal of property, plant and equipment		109	218
Working capital adjustments:			
Change in inventories		(740)	(5 942)
Change in trade and other receivables		6 383	(15 463)
Change in trade and other payables		14 310	4 242
Interest paid		(4 461)	(4 339)
Interest received		3 373	1 008
Income tax paid		(26 162)	(20 022)
Net cash from operating activities		185 598	146 160

(in CHF 1 000)	Notes	2015	2014
Purchase of financial assets		(9 479)	(31 652)
Proceeds from sale of financial assets		0	20 834
Purchase of property, plant and equipment		(32 063)	(16 876)
Purchase of intangible assets		(3 114)	(1 964)
Purchase of investments in associates		(14 206)	0
Deemed acquisition of a subsidiary, net of cash acquired		8 083	0
Contingent consideration paid		(3 153)	(3 961)
Proceeds from loans		3 149	0
Disbursement of loans		(1 401)	(9 828)
Dividends received from associates		3 388	16 444
Net proceeds from sale of non-current assets		700	1 075
Net cash used in investing activities		(48 096)	(25 928)
Purchase of shares of non-controlling interests		(224 532)	0
Transaction costs paid		(813)	0
Dividends paid to the equity holders of the parent	27	(58 564)	(58 264)
Dividends paid to non-controlling interests		(5 016)	0
Proceeds from finance lease		18	158
Proceeds from exercise of options		13 321	11 533
Sale of treasury shares		912	1 582
Net cash used in financing activities		(274 674)	(44 991)
Exchange rate differences on cash held		(3 952)	385
Net change in cash and cash equivalents		(141 124)	75 626
Cash and cash equivalents at 1 January	12	459 421	383 795
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12	318 297	459 421

The notes on pages 10 – 65 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

2015

(in CHF 1 000)

At 1 January 2015
Net profit
Other comprehensive income
Total comprehensive income
Issue of share capital
Dividends to equity holders of the parent
Dividends to non-controlling interests
Share-based payment transactions
Sale of treasury shares
Changes in consolidation group
Purchase of non-controlling interests
AT 31 DECEMBER 2015

2014

(in CHF 1 000)

At 1 January 2014
Net profit
Other comprehensive income
Total comprehensive income
Dividends paid
Share-based payment transactions
Sale of treasury shares
AT 31 DECEMBER 2014

The notes on pages 10 – 65 are an integral part of these consolidated financial statements.

Notes	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of the parent company								
	1 568	18 280	(8 877)	(197)	(131 338)	857 400	736 836	0	736 836
						70 679	70 679	832	71 511
				197	(14 501)	(6 564)	(20 868)	(7 243)	(28 111)
	0	0	0	197	(14 501)	64 115	49 811	(6 411)	43 400
13	4						4		4
27						(58 564)	(58 564)		(58 564)
							0	(5 016)	(5 016)
20, 24						5 828	5 828		5 828
			7 954			6 278	14 232		14 232
3							0	92 782	92 782
3						(143 177)	(143 177)	(81 355)	(224 532)
	1 572	18 280	(923)	0	(145 839)	731 880	604 970	0	604 970

Notes	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of the parent company								
	1 568	18 280	(20 725)	0	(123 869)	756 126	631 380		631 380
						157 825	157 825		157 825
				(197)	(7 469)	(4 419)	(12 085)		(12 085)
	0	0	0	(197)	(7 469)	153 406	145 740		145 740
									0
27						(58 264)	(58 264)		(58 264)
20, 24						4 865	4 865		4 865
			11 848			1 267	13 115		13 115
	1 568	18 280	(8 877)	(197)	(131 338)	857 400	736 836		736 836

Notes to the consolidated financial statements

1 CORPORATE INFORMATION

Headquartered in Basel, Switzerland, the Straumann Group (SIX: STMN) is a global leader in implant and restorative dentistry and oral tissue regeneration. In collaboration with leading clinics, research institutes and universities, Straumann researches, develops and manufactures dental implants, instruments, prosthetics and tissue regeneration products for use in tooth replacement and restoration solutions or to prevent tooth loss. Straumann employs approximately 3 500 people worldwide, and its products and services are available in more than 100 countries through its broad network of distribution subsidiaries and partners.

The consolidated financial statements of the Straumann Group for the year ended 31 December 2015 were authorized for issue in accordance with a resolution of the Board of Directors on 10 February 2016 and are subject to approval by the Annual General Meeting on 8 April 2016.

2.1 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The consolidated financial statements of the Straumann Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

They have been prepared on a historical cost basis except financial assets and financial liabilities (including derivative financial instruments), which have been measured at fair value. The consolidated financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest thousand except where otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Straumann Holding AG and its subsidiaries as at 31 December 2015.

SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as for the parent company, using consistent accounting policies. All intra-Group balances, income and expenses and unrealized gains and losses resulting from intra-Group transactions are eliminated in full.

Changes in equity interests in Group subsidiaries that reduce or increase Straumann's percentage ownership without loss of control are accounted for as an equity transaction between owners.

ASSOCIATES

Associates are those entities over which the Group has significant influence, but neither control nor joint control. Significant influence is the power to participate in the financial and operating policy decisions. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of changes in equity of the investee after the date of acquisition. The Group's share of results of operations is recognized in profit or loss, while any change in other comprehensive income of the associates is presented as part of the Group's other comprehensive income.

For entities over which the Group has joint control together with one or more partners (joint arrangements), the Group assesses whether a joint operation or a joint venture exists. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For joint ventures, the equity method is applied.

2.2 CHANGES IN ACCOUNTING POLICIES

NEW STANDARDS AND AMENDMENTS EFFECTIVE IN 2015

The accounting policies adopted are consistent with those of the previous financial year. The following amendments to existing standards, issued by the IASB, are mandatory for the Group's accounting periods beginning on or after 1 January 2015:

Amendments to IAS 19 ('Defined Benefit Plans: Employee Contributions'):
– The amendment to IAS 19 "Employee Benefits" clarifies the accounting recognition of contributions to defined benefit plans paid by employees or third parties. In certain circumstances, these amounts can reduce the service cost during the period when the service was rendered. This amendment has no impact on the Group's financial statements.

Annual Improvements (2011–2013 Cycle / 2010–2012 Cycle) (effective 1 July 2014):
– The annual improvements for the 2011–2013 cycle and 2010-2012 cycle are either not relevant for the Group or are clarifications that are consistent with the Group's financial statements or accounting policies and thus those improvements have no impact for the Group.

STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2016 or later periods, and the Group has not adopted them early:

– IFRS 9 (2014) Financial Instruments (effective 1 January 2018)
– IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
– IFRS 16 Leases (effective 1 January 2019)
– IFRS 10, IFRS 12 and IAS 28 (Amendments) Investment Entities: Applying the Consolidation Exception (effective 1 January 2016)
– IFRS 10 and IAS 28 (Amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2016)
– IFRS 11 (Amendments) Accounting for Acquisitions of Interests in Joint Operations (effective 1 January 2016)
– IAS 1 (Amendments) Disclosure Initiative (effective 1 January 2016)
– IAS 12 (Amendments) Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 January 2017)
– IAS 16 and IAS 38 (Amendments) Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
– IAS 27 (Amendments) Equity Method in Separate Financial Statements (effective 1 January 2016)
– Annual Improvements (2012-2014 Cycle) (effective 1 January 2016)

2.3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of Straumann's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are stated below.

INVESTMENT IN ASSOCIATES

On the date of acquisition, a positive difference between cost of acquisition and Straumann's share of the fair values of the identifiable assets and liabilities of the associated company or joint venture are determined and recognized as investor level goodwill. The goodwill is included in the carrying amount of the equity-method investment. If an equity interest in an existing associated company is increased without any resulting change in significant influence, goodwill and fair values are determined for the additionally acquired interest; the previous investment is not remeasured at fair value.

Management has assessed the level of influence that the Group has on Medentika GmbH, Instradent Deutschland GmbH and Dental Wings Inc. and determined that it only has significant influence and not control even though the share holding for these companies is above 50% because of the board representation and contractual terms. Consequently, those investments have been classified as associates. Further details are provided in Note 8.

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, they are measured using valuation techniques like discounted cash flow or the binominal model. Data for the models are taken from observable markets when possible. If this is not available, management judgment is required for inputs such as interest and credit risk. The sensitivity of the fair values to those risks are disclosed in Note 31.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable or when an annual impairment test is required.

When value-in-use calculations are undertaken, Management has to estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

DEFERRED INCOME TAX ASSETS

Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available, against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of recognized tax losses at 31 December 2015 was CHF 149.5 million (2014: CHF 21.8 million) and the unrecognized tax losses at 31 December 2015 were CHF 61.0 million (2014: CHF 15.4 million). Further details are provided in Note 19.

INCOME TAXES

Straumann is subject to income taxes in numerous jurisdictions. Management judgment is required in determining the worldwide liabilities for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. When the final tax outcome differs from the amounts that were initially recognized, the difference impacts current earnings. Details on tax-related provisions are disclosed in Note 19.

PENSION AND OTHER EMPLOYMENT BENEFITS

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations, which involve making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The net employee retirement benefit obligation at 31 December 2015 was CHF 44.5 million (2014: CHF 37.5 million). Further details are given in Note 21.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in Swiss francs (CHF), which is Straumann Holding AG's functional and presentation currency. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using this functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate at the balance sheet date. All differences are taken to profit or loss with the exception of differences arising on monetary items that in substance form part of an entity's net investment in a foreign operation. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The assets and liabilities of foreign operations are translated into Swiss francs at the exchange rate on the balance sheet date, and their income statements are translated at the average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment when that cost is incurred. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

A straight-line method of depreciation is applied over the estimated useful life. Estimated useful lives of major classes of depreciable assets are:

- Buildings: 20 – 30 years
- Plant, machinery and other equipment: 3 – 10 years

Land is not depreciated as it is deemed to have an indefinite life. Leasehold improvements are depreciated over the lease term including optional extension of the lease period but not exceeding its economic life.

An item of property, plant and equipment is derecognized when it is abandoned, removed or classified as 'held for sale'. For assets that are abandoned or removed, any remaining net carrying value is charged to profit or loss.

The residual values, useful lives and methods of depreciation of assets are reviewed, and adjusted if appropriate, at the end of each financial year.

INVESTMENT PROPERTIES

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized on a straight-line basis over the estimated useful life of 20–30 years. Land is not depreciated as it is deemed to have an indefinite life. The carrying value of investment properties is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If this occurs, the market value is determined by internal or external appraisers. If the market value is less than the carrying amount of the asset, an impairment loss is recognized in the amount by which the asset's book value exceeds its fair value.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquistion method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date, irrespective of any non-controlling interests. The excess of the costs of the acquisition above the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is initially measured at cost. If the costs of the acquisition are less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into use. Intangible assets acquired in a business combination are identified separately and recognized at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding development costs, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

The amortization methods applied to the Group's intangible assets are summarized as follows:

	Customer relationships	Technology	Brands & trademarks	Development costs	Software
Useful life	Finite	Finite	Finite / infinite	Finite	Finite
Amortization method	Straight-line basis	Straight-line basis	Straight-line basis / none	Straight-line basis	Straight-line basis
Time period	Usually 7–10 years	Usually 10 years	Usually 20 years / not applicable	Over period of expected sales from the related project but not exceeding 3 years	Over estimated useful life but not exceeding 3 years
Internally generated or acquired	Acquired	Acquired	Acquired	Internally generated	Acquired

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

RESEARCH AND DEVELOPMENT COSTS

Development expenditure on an individual project is recognized as an intangible asset if the Group can demonstrate:
– the technical feasibility of completing the intangible asset so that it will be available for use or sale
– its intention to complete the asset
– its ability to use or sell the asset
– how the asset will generate future economic profit
– the availability of resources to complete the asset
– the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost, less any accumulated amortization and accumulated impairment losses. The asset is amortized on a straight-line basis over the period of its expected benefit, starting from the date of full commercial use of the product in key markets. During the period of development, the asset is tested for impairment annually.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries, or other available fair value indicators.

Impairment losses of continuing operations are recognized in profit or loss in the expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If there is such an indication, the Group makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Goodwill is tested annually for impairment or whenever there are impairment indicators. Impairment for goodwill is determined by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill on 30 November.

FINANCIAL ASSETS

For the classification of financial assets the Group applies IFRS 9 (2010).

The Group recognizes financial assets on the trade date at which it becomes a party to the contractual obligations of the instrument. Financial assets are initially measured at fair value. Acquisition-related costs are to be included, unless the financial asset is measured at fair value in subsequent periods. The Group subsequently measures financial assets at either amortized cost or fair value.

FINANCIAL ASSETS MEASURED AT AMORTIZED COST

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

FINANCIAL ASSETS MEASURED AT FAIR VALUE

Financial assets other than those classified as measured at amortized cost are subsequently measured at fair value with all changes in fair value recognized in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss and no impairments are recognized in profit or loss. Dividends earned from such investments are recognized in profit or loss unless the dividend clearly represents a repayment of part of the cost of the investment.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. In the case of financial instruments for which there is no active market, fair value is determined using valuation techniques such as recent arm's length market transactions, the current market value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured at amortised cost using the effective interest method less any impairment losses. Non-interest receivables are discounted by applying rates that match their maturity upon first-time recognition.

IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date, the Group assesses whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets measured at amortized cost has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (taking the future expected credit losses into consideration) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.

INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Raw material costs are determined by using the weighted average cost method. The cost of finished goods and work in progress comprises direct materials and labor and a proportion of manufacturing overhead, valued at standard cost. Standard costs are regularly reviewed and, if necessary, revised to reflect current conditions.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Work in progress and finished goods are valued at manufacturing cost, including the cost of materials, labor and production overheads. Inventory write-downs are recorded in the case of slow-moving or obsolete stock.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash on hand, and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of short-term bank overdrafts.

SHARE CAPITAL

The share capital of Straumann Holding AG consists of one class of registered shares with a par value of CHF 0.10 per share.

TREASURY SHARES

Equity instruments which are re-acquired by the Group (treasury shares) are deducted from equity and disclosed separately. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

FINANCIAL LIABILITIES

For the classification of financial liabilities the Group applies IFRS 9 (2010).

INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated as 'at fair value through profit or loss'. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time-value of money is material, provisions are discounted. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

EMPLOYEE BENEFITS

PENSION OBLIGATIONS

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in the income statement.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

SHORT-TERM EMPLOYEE BENEFITS – BONUSES

As part of the annual compensation, most employees receive a bonus which depends on the course of business. The individual bonus is calculated by multiplying an individual base amount with a mix of financial, functional and individual target achievements which varies by hierarchical level and function. The bonus is usually settled in cash during the first quarter of the subsequent year.

The Group recognizes a liability and an expense for these bonuses based on calculations which adequately consider all these parameters.

SHARE-BASED COMPENSATION

The Board of Directors, Executive Management and Senior Management receive part of their remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments (‘equity-settled transactions’).

The cost of equity-settled transactions is measured with reference to the fair value at the date on which they are granted. The fair value is determined either based on observable market prices or by external valuation experts using an appropriate pricing model, further details of which are given in Note 20.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the Board of Directors and the relevant employees become fully entitled to the award (‘the vesting date’). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest. Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date of grant, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding performance share units (PSUs) and options is reflected as additional share dilution in the computation of earnings per share (Note 26).

Selected employees have the right to buy Straumann shares. The employees are offered a discount of 25% based on the average share price over the seven trading day period following the ex-dividend day. The difference between the fair value at grant and the cash consideration paid by the employees is immediately recognized as personnel expense. The shares are subject to a two-year blocking period.

Conditional share capital was approved for an unlimited period at an extraordinary Shareholders' General Meeting in 1998 for share-based compensation. Non-employee shareholders are excluded from subscribing for these shares.

REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the remuneration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

SALE OF GOODS

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

REVENUE FROM CUSTOMER TRAINING AND EDUCATION

Revenue from customer training and education is recognized once the related services are performed.

INTEREST INCOME

Income is recognized as interest accrued (using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

DIVIDENDS

Income is recognized when the Group's right to receive the payment is established.

RENTAL INCOME

Income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

RELATED PARTIES

A party is related to an entity if: the party directly or indirectly controls, is controlled by or is under common control with the entity; or if it has an interest in the entity that gives it significant influence over the entity; or if it has joint control over the entity or is an associate or a joint venture of the entity. In addition, members and dependents of the Key Management Personnel of the entity (Board of Directors and Executive Management Board) are also considered related parties.

TAXES

CURRENT INCOME TAX

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

DEFERRED INCOME TAX

Deferred income tax is determined using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect to taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forwards of unused tax credits and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect to deductible temporary differences associated with investments in subsidiaries and associates. Deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply for the year in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.
Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set current income tax assets off against current income tax liabilities, and the deferred income taxes relate to the same taxable entity and the same taxation authority.

SALES TAXES

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item
- in the case of receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its risks associated with fluctuations in interest rates and foreign currencies. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in profit or loss.

For the purpose of hedge accounting, hedges are classified as:
– fair value hedges – when hedging the exposure to changes in the fair value of a recognized asset, or liability, or an unrecognized firm commitment (except for foreign currency risk)
– cash flow hedges – when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
– hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income, while any ineffective portion is recognized immediately in profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in other comprehensive income are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment occurs.

DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognized in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 BUSINESS COMBINATION

NEODENT: CONSOLIDATION WITH 49% VOTING RIGHTS

In 2012, the Group purchased 49% of the shares of JJGC Indústria e Comércio de Materiais Dentários S.A. ('Neodent'), Latin America's leading dental implant company. Neodent was accounted for using the 'equity method' and therefore the Group's share of its results was reported as 'share of results of associates' in the Group's income statement until 28 February 2015. The majority shareholders granted the Group three call options to purchase all remaining shares in Neodent exercisable at various times. On 1 March 2015, the first of these options to obtain a majority stake in Neodent became exercisable and was considered to be substantive. As a result, the Group considered that it had obtained control over Neodent and started to consolidate Neodent in its financial statements based on its ownership interests of 49% on 1 March 2015 with 51% non-controlling interests.

The fair values of the identifiable assets and liabilities of Neodent on 1 March 2015 were:

(in CHF 1 000)	Fair Value
Assets	
Property, plant and equipment	24 514
Brand	61 266
Customer relationships	48 224
Other intangible assets	799
Deferred tax assets	52 081
Inventories	15 746
Trade receivables	31 584
Other receivables	8 286
Cash and cash equivalents	8 083
Total assets	250 583
Liabilities	
Deferred tax liabilities	(41 712)
Provisions	(20 006)
Trade payables	(5 297)
Other liabilities	(5 674)
Total liabilities	(72 689)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	177 894
Deemed consideration: Fair value 49 % stake after revaluation	212 673
Non-controlling interests	92 782
	305 455
GOODWILL	127 561
Cash flow	
Net cash from subsidiary	8 083
Cash paid	0
NET CASH INFLOW	8 083

At the date of the business combination the fair value of the trade receivables was CHF 31.6 million. The gross contractual amount for trade receivables is CHF 35.1 million, of which CHF 3.5 million is expected to be uncollectable.

Goodwill, which is not deductible for tax purposes, comprises intangible assets that are not separable such as expected synergy effects and employee know-how. The goodwill has been provisionally allocated to 'Sales LATAM'.

The 51% non-controlling interest of CHF 92.8 million was measured on the basis of the proportionate fair value of the identifiable net assets.

The Group recognized an overall loss of CHF 63.9 million as a result of derecognizing its 49% equity interest in Neodent held before the business combination. The fair value of the 49% stake in Neodent was CHF 212.7 million and the associate carrying amount was CHF 191.2 million on 1 March 2015. The revaluation gain resulting from the revaluation to fair value of the 49% equity instrument in Neodent immediately before the deemed acquisition amounted to CHF 21.5 million. The related portion of translation differences of CHF 85.4 million loss resulting from the devaluation of the Brazilian Real against the Swiss franc since 2012 has been reclassified from comprehensive income to the income statement. Both effects are shown in a separate line in the income statement under 'Loss on consolidation of Neodent'.

NEODENT: ACQUISITION OF 51% NON-CONTROLLING INTERESTS

Negotiations between the existing shareholders Geninho Thomé and Clemilda Thomé and the Group started in April 2015 and led to a new agreement on the acquisition of the remaining 51% interest in Neodent. The purchase price for the outstanding 51% was BRL 680 million (CHF 225 million) paid in cash to the company's founding shareholders on 24 April 2015. The acquisition extends the Group's overall leadership in implant dentistry and makes it a substantial contender in the global value segment.

The purchase of this non-controlling interest has been accounted for as an equity transaction. The difference of CHF 143 million between the consideration paid and the carrying amount of the non-controlling interest acquired has been recorded in equity and attributed to the shareholders of the parent company.

In the period from 1 March to 31 December 2015, Neodent contributed revenues of CHF 63.0 million and a net income of CHF 6.9 million to the Group. If Neodent had been included as of 1 January 2015, management estimates the impact on consolidated revenues and consolidated net result for the 12 months ended 31 December 2015 would have been CHF 73.8 million and CHF -3.2 million.

4 OPERATING SEGMENTS

Operating segments requiring to be reported are determined on the basis of the management approach. Accordingly, external segment reporting reflects the internal organizational and management structure used within the Group as well as the internal financial reporting to the Chief Operating Decision Maker (CODM), which has been identified as the Executive Management Board (EMB). The EMB is responsible for the operational management of the Group, in line with the instructions issued by the Board of Directors. It is also responsible for global strategy and stakeholder management.

The reporting segments are presented in a manner consistent with the internal reporting to the CODM. The centralized headquarter support functions (e.g. finance, internal audit, information technology, human resources) as well as the functions 'Customer Solutions & Education' and 'Research & Development' are not operating segments as they do not earn separate revenues. These functions are grouped in the column 'Not allocated items'.

In 2014, the Group created the Instradent business platform to drive and manage the distribution and internationalization of its value brands through its own network. The Instradent businesses in LATAM and Central Europe are directly and independently steered by the CODM of the regions.

The reporting structure was implemented as of 1 March 2015 when Neodent was consolidated for the first time. Comparative information was adapted to the structure prevailing at the balance sheet date.

The disclosed operating segments are defined as follows:

Sales CE: 'Sales CE' comprises the Group's premium distribution businesses in Germany, Switzerland, Austria, Hungary, the Czech Republic and Russia, as well as the premium business with European, African and Middle Eastern distributors. It also acts as the principal (excluding the premium distribution businesses performed by 'Operations') towards all Instradent businesses of the Group and incorporates the Instradent distribution business in the Czech Republic. It includes segment-related management functions located inside and outside Switzerland.

Sales WE: 'Sales WE' comprises the Group's premium distribution businesses in Scandinavia, the UK, France, the Benelux countries, Iberia and Italy, as well as the Instradent businesses in Italy and Iberia. It includes segment-related management functions located inside and outside Switzerland.

Sales NAM: 'Sales NAM' comprises the Group's premium distribution businesses in the United States and Canada, as well as the Instradent business in the United States. It includes segment related management functions located inside and outside Switzerland.

Sales APAC: 'Sales APAC' comprises the Group's premium distribution businesses in Japan, China, Korea, Australia and New Zealand, as well as the business with Asian distributors. It includes segment-related management functions located inside and outside Switzerland.

Sales LATAM: 'Sales LATAM' comprises the Group's premium distribution businesses in Brazil, Argentina, Colombia and Mexico as well as the business with Latin American distributors. It also includes Neodent's distribution business in Brazil, as well as Neodent's business with Latin American distributors. It contains Neodent's manufacturing plant in Brazil (which produces implants, regeneratives and CADCAM products), as well as the Instradent businesses in Argentina, Colombia and Mexico. It includes segment-related management functions located inside and outside Switzerland.

Operations: 'Operations' acts as the principal towards all premium distribution businesses of the Group; it does not include the Instradent distribution activities of fully-controlled Group companies. It includes the global manufacturing network (i.e. the manufacturing plants, production of implants, regenerative and CADCAM products) as well as all Corporate logistics functions. It does not include Neodent's manufacturing site in Brazil.

INFORMATION ABOUT PROFIT OR LOSS, ASSETS AND LIABILITIES

2015

(in CHF 1 000)	Sales CE	Sales WE	Sales NAM	Sales APAC	Sales LATAM
Revenue third party	201 992	172 882	216 894	123 089	83 743
Revenue inter-segment	4 413	6	0	0	5 376
Total revenue	206 405	172 888	216 894	123 089	89 119
Depreciation & amortization	(743)	(903)	(960)	(694)	(8 063)
Other expenses / income	(192 588)	(171 763)	(215 374)	(115 101)	(74 860)
Operating profit	13 074	222	560	7 294	6 196
Financial result					
Loss on consolidation of Neodent					
Share of profit of associates					
Income tax expenses					
NET PROFIT					
Segment assets	42 828	53 077	59 108	35 488	258 862
Unallocated assets, thereof:					
Cash and cash equivalents					
Deferred income tax assets					
Financial assets					
Investments in associates					
GROUP					
Segment liabilities	(20 232)	(33 466)	(40 823)	(19 600)	(32 667)
Unallocated liabilities, thereof:					
Deferred income tax liabilities					
Straight bond					
Financial liabilities					
GROUP					
Addition in non-current assets	1 522	971	1 114	1 137	5 789

Transactions between the segments are eliminated in the course of consolidation and the eliminated amounts are shown in 'Eliminations'. The remaining operating profit under 'Eliminations' represents the net change in inter-segment elimination of unrealized profits from the transfer of goods between Group companies.

'Addition in non-current assets' consists of additions of property, plant and equipment and intangible assets.

	Operations	Not allocated items	Eliminations	Group
	0	0	0	798 600
	391 357	0	(401 152)	0
	391 357	0	(401 152)	798 600
	(14 858)	(8 813)	0	(35 034)
	(111 439)	(107 711)	397 838	(590 998)
	265 060	(116 524)	(3 314)	172 568
				(16 211)
				(63 891)
				(12 268)
				(8 687)
				71 511
	237 053	11 885	(117 719)	580 582
				318 297
				43 730
				55 455
				48 232
				1 046 296
	(93 277)	(65 521)	66 826	(238 760)
				(1 503)
				(199 520)
				(1 543)
				(441 326)
	19 577			30 110

2014

(in CHF 1 000)	Sales CE	Sales WE	Sales NAM	Sales APAC	Sales LATAM	
Revenue third party	213 306	175 284	193 130	106 761	21 789	
Revenue inter-segment	3 608	1	0	0	0	
Total revenue	216 914	175 285	193 130	106 761	21 789	
Depreciation & amortization	(673)	(967)	(1 395)	(446)	(332)	
Other expenses / income	(184 562)	(174 007)	(193 600)	(113 525)	(26 854)	
Operating profit	31 679	311	(1 865)	(7 210)	(5 397)	
Financial result						
Share of profit of associates						
Income tax expenses						
NET PROFIT						
Segment assets	37 325	52 941	49 243	45 321	11 717	
Unallocated assets, thereof:						
Cash and cash equivalents						
Deferred income tax assets						
Financial assets						
Investments in associates						
GROUP						
Segment liabilities	(21 045)	(26 458)	(30 477)	(19 084)	(10 614)	
Unallocated liabilities, thereof:						
Deferred income tax liabilities						
Straight bond						
Financial liabilities						
GROUP						
Addition in non-current assets	795	695	1 136	1 683	646	

	Operations	Not allocated items	Eliminations	Group
	0	0	0	710 270
	369 067	0	(372 676)	0
	369 067	0	(372 676)	710 270
	(14 996)	(9 076)	0	(27 885)
	(98 249)	(107 233)	363 962	(534 068)
	255 822	(116 309)	(8 714)	148 317
				(7 176)
				36 281
				(19 597)
				157 825
	239 378	15 164	(97 937)	353 152
				459 421
				29 948
				51 671
				266 589
				1 160 781
	(89 788)	(69 356)	56 553	(210 269)
				(9 353)
				(199 410)
				(4 913)
				(423 945)
	10 248			15 203

NON-CURRENT ASSETS PER LOCATION

(in CHF 1 000)	2015	2014
Switzerland	57 530	58 129
Brazil	204 323	221 842
Germany	45 756	50 195
United States of America	23 347	18 735
Other	69 254	69 221
GROUP	400 210	418 122

Non-current assets include property, plant and equipment; investment property; investments in associates; and intangible assets.

REVENUES WITH EXTERNAL PARTIES

(in CHF 1 000)	2015	2014
PER BUSINESS FRANCHISE		
Implant Solutions	499 286	444 222
Restorative Solutions	242 710	219 113
Other	56 604	46 935
GROUP	798 600	710 270
PER LOCATION OF CUSTOMER		
Switzerland	30 335	30 999
United States	195 222	169 964
Germany	125 762	134 293
Brazil	83 369	16 540
Other	363 912	358 474
GROUP	798 600	710 270

– The Business Franchise 'Implant Solutions' comprises primarily implants and related instruments
– The Business Franchise 'Restorative Solutions' comprises abutments and related parts as well as milling elements
– 'Other' comprises scanner hardware, software licenses, regenerative products, customer training and other miscellaneous products.

Revenues are allocated to countries based on the location of customers. The Group has a diverse and geographically widely spread customer base. No single customer accounts for 10% or more of total Group revenues.

5 PROPERTY, PLANT AND EQUIPMENT

2015

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other equipment	Total
COST					
At 1 January	799	103 059	152 980	84 039	340 877
Change in consolidation scope (Note 3)	7 422	4 605	10 090	2 397	24 514
Additions	0	6 929	16 176	8 958	32 063
Disposals	0	(348)	(2 841)	(5 123)	(8 312)
Currency translation adjustments	(1 054)	(3 521)	(2 093)	(4 902)	(11 570)
At 31 December	7 167	110 724	174 312	85 369	377 572
ACCUMULATED DEPRECIATION					
At 1 January	0	(75 019)	(115 253)	(72 060)	(262 332)
Depreciation charge (Note 23)		(4 036)	(12 945)	(6 234)	(23 215)
Disposals		279	2 540	4 634	7 453
Currency translation adjustments		429	1 453	2 481	4 363
At 31 December	0	(78 347)	(124 205)	(71 179)	(273 731)
NET BOOK VALUE	7 167	32 377	50 107	14 190	103 841

2014

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other equipment	Total
COST					
At 1 January	799	100 472	144 688	86 284	332 243
Additions	0	2 487	8 878	5 511	16 876
Disposals	0	(832)	(2 787)	(8 644)	(12 263)
Currency translation adjustments	0	932	2 201	888	4 021
At 31 December	799	103 059	152 980	84 039	340 877
ACCUMULATED DEPRECIATION					
At 1 January	0	(69 774)	(105 076)	(73 486)	(248 336)
Depreciation charge (Note 23)	0	(5 118)	(11 350)	(6 333)	(22 801)
Disposals	0	456	2 623	8 563	11 642
Currency translation adjustments	0	(583)	(1 450)	(804)	(2 837)
At 31 December	0	(75 019)	(115 253)	(72 060)	(262 332)
NET BOOK VALUE	799	28 040	37 727	11 979	78 545

As in the prior year the Group has no assets under finance lease. Repair and maintenance expenses for property, plant and equipment for the business year 2015 amounted to CHF 5.2 million (2014: CHF 5.0 million).

6 INVESTMENT PROPERTIES

(in CHF 1 000)	2015	2014
COST		
At 1 January	13 943	13 931
Additions	0	12
At 31 December	13 943	13 943
ACCUMULATED DEPRECIATION		
At 1 January	(9 942)	(9 596)
Depreciation charge (Note 23)	(288)	(346)
Impairment	(2 076)	0
At 31 December	(12 306)	(9 942)
Net book value	1 637	4 001
FAIR VALUE	1 637	4 335

Investment properties refer to the former headquarters in Waldenburg. They are treated as non-current investments and are carried at cost, less accumulated depreciation and any impairment in value.

The fair value which falls within 'Level 3' of fair value measurement hierarchy is determined by discounting future cash flows and comparisons with current market values for similar properties. After termination of leasing contracts with the existing tenants no new rental agreement could be signed. Owing to the difficult market situation future cash flows are expected to be very low and consequently, an impairment charge of CHF 2.1 million was recognized. The remaining net book value mainly represents the value of land.

AMOUNTS RECOGNIZED IN PROFIT OR LOSS FROM INVESTMENT PROPERTIES

(in CHF 1 000)	2015	2014
Rental income	216	528
Direct operating expenses arising from investment properties that generated rental income	(27)	(35)
Direct operating expenses that did not generate rental income	(2 631)	(405)

7 INTANGIBLE ASSETS

2015

(in CHF 1 000)	Goodwill	Brands	Customer Relationships	Other intangibles	Total
COST					
At 1 January	188 717	1 216	82 054	105 685	377 672
Change in consolidation scope	129 346	61 266	48 224	799	239 635
Additions	0	0	326	2 998	3 324
Disposals	0	0	0	(2 084)	(2 084)
Currency translation adjustments	(42 049)	(13 042)	(13 180)	(1 279)	(69 550)
At 31 December	276 014	49 440	117 424	106 119	548 997
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
At 1 January	(126 736)	(1 216)	(82 054)	(98 679)	(308 685)
Amortization charge (Note 23)	0	0	(5 247)	(4 208)	(9 455)
Disposals	0	0	0	1 956	1 956
Currency translation adjustments	9 004	0	3 597	1 086	13 687
At 31 December	(117 732)	(1 216)	(83 704)	(99 845)	(302 497)
NET BOOK VALUE	158 282	48 224	33 720	6 274	246 500

2014

(in CHF 1 000)	Goodwill	Brands [1]	Customer Relationships[1]	Other intangibles[1]	Total
COST					
At 1 January	192 755	1 216	83 408	107 683	385 062
Additions	0	0	0	2 546	2 546
Disposals	0	0	0	(4 359)	(4 359)
Currency translation adjustments	(4 038)	0	(1 354)	(185)	(5 577)
At 31 December	188 717	1 216	82 054	105 685	377 672
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
At 1 January	(129 624)	(1 216)	(83 408)	(98 536)	(312 784)
Amortization charge (Note 23)	0	0	0	(4 738)	(4 738)
Disposals	0	0	0	4 359	4 359
Currency translation adjustments	2 888	0	1 354	236	4 478
At 31 December	(126 736)	(1 216)	(82 054)	(98 679)	(308 685)
NET BOOK VALUE	61 981	0	0	7 006	68 987

[1] Prior year figures have been adjusted to the current presentation format.

While the customer relationships from Neodent are amortized over a period of seven years, management assessed that the Neodent brand has an indefinite useful life. The Group supports the brand's value through the internationalization of its commercial usage. 'Other intangibles' include mainly software and development costs.

DEVELOPMENT COSTS

(in CHF 1 000)	2015	2014
Development projects	210	582
Projects in commercial use	792	1 028
At cost	29 741	30 950
Accumulated amortization	(28 949)	(29 922)
NET BOOK VALUE AT 31 DECEMBER	1 002	1 610

In 2015, CHF 0.2 million of additional development costs were capitalized (2014: CHF 0.6 million). Existing development costs include costs relating to the design and testing of new product lines.

IMPAIRMENT TEST FOR GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

Goodwill and indefinite life intangible assets are allocated to cash-generating units (CGU) for the purpose of impairment testing. A summary of the goodwill allocation per CGU is presented below:

(in CHF 1 000)	2015	2014
Neodent Business	100 407	0
Global Premium Implant Business	55 119	59 579
Other	2 757	2 402
TOTAL GOODWILL	158 283	61 981

NEODENT BUSINESS:

The CGU 'Neodent Business' (which is part of the operating segment 'Sales LATAM') contains the manufacturing plant for Neodent products, the related sales activities in the Brazilian market as well as the export business towards the Group's value distribution principal and third party distributors. Both the goodwill and the Neodent brand have been recognized as part of the acquisition of Neodent. The acquistion is disclosed in Note 3.

GLOBAL PREMIUM IMPLANT BUSINESS:

The CGU 'Global Permium Implant Business' (which is part of the operating segment 'Operations') is the principal towards all distribution businesses of the Group for premium implant and restorative solutions and contains the goodwill allocated to the principal recognized as part of the following acquisitions:
– Straumann Italia srl, Italy
– Straumann Japan KK, Japan
– Manohay Dental SA, Spain
– Straumann Danmark ApS, Denmark
– Straumann LLC, Russia.

Goodwill has been tested for impairment. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the dental implant, restoration and tissue regeneration sector.

Key assumptions for the most material goodwill positions include:

(in %)	2015	2014
NEODENT BUSINESS		
Gross profit margin of the CGU[1]	74.7	
Terminal growth rate[2]	4.6	
Weighted average cost of capital (WACC)[3]	16.7	
GLOBAL PREMIUM IMPLANT BUSINESS		
Gross profit margin of the CGU[1]	67.9	69.0
Terminal growth rate[2]	1.5	1.5
Weighted average cost of capital (WACC)[3]	9.0	9.1

[1] Budgeted gross profit margin.
[2] Used for calculating the terminal value.
[3] Pre-tax discount rate applied to the cash flow projections.

Gross profit margin was determined by Management based on past performance and its expectations for market development. The growth rates used for the CGU 'Global Implant Business' are consistent with the forecasts included in industry reports. The WACCs used are pre-tax and reflect specific risks relating to the relevant CGUs.

Based on the impairment tests conducted, no impairments were recognized during the periods under review.

IMPAIRMENT TEST FOR FINITE LIFE INTANGIBLE ASSETS

No impairment has been recognized in the periods under review.

8 INVESTMENTS IN ASSOCIATES

The Group has investments which are accounted for as associated companies. In 2015 the Group invested in some immaterial associated companies for strategic purposes. Neodent is not included any more as the Group had obtained control over Neodent in 2015 and started to consolidate Neodent in its financial statements. The two associates Medentika Implant GmbH and Medentika GmbH have been merged in 2015.

By the sale of 49% of the shares of the formerly non-operating subsidiary Instradent Deutschland GmbH the group lost control of the entity and is now including this entity in its financial statements using the equity method.

From a Group perspective, the associates Medentika GmbH, Hügelsheim, Germany and Instradent Deutschland GmbH, Hügelsheim (together referred to as German associates) are material at the reporting date.

(in CHF 1 000)	2015		2014	
	Balance sheet value	Net income statement effect	Balance sheet value	Net income statement effect
Neodent, Brazil (until February 2015)	0	(6 090)	220 939	37 086
Medentika GmbH, Germany	25 870	2 423	38 057	2 004
Instradent Deutschland GmbH, Germany	8 421	(530)	0	0
Others	13 941	(8 071)	7 593	(2 809)
TOTAL	48 232	(12 268)	266 589	36 281

GERMAN ASSOCIATES:

Medentika GmbH, is a provider of implant prosthetics that are used with leading implant and CADCAM systems. It is a private entity that is not listed on any public exchange. Instradent Deutschland GmbH is the distributing entity for Medentika products in Germany. The Group has interests of 51% in each entity. Management has assessed the level of influence that the Group has on the German associates and determined that it only has significant influence and not control because of the board representation and the contractual terms.

The tables below provide summarized financial information for the German associates. The information disclosed reflects the amounts presented in the financial statements of the German associates, and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

(in CHF 1 000)	2015		2014
	Medentika GmbH	Instradent Deutschland GmbH	Medentika GmbH
Current assets	10 788	1 824	11 926
Non-current assets	12 937	22 112	40 438
Current liabilities	(1 897)	(1 263)	(3 503)
Non-current liabilities	(3 939)	(6 162)	(10 670)
Net assets	17 889	16 511	38 191
RECONCILIATION TO CARRYING AMOUNT:			
Opening net assets	38 191	0	38 758
Profit for the period	2 870	(1 038)	2 047
Other comprehensive income	0	0	0
Dividends declared	(1 901)	0	(1 864)
Currency translation adjustments	(4 078)	324	(750)
Transfer German distribution business	(17 193)	17 193	0
Change in consolidation scope	0	32	0
Closing net assets as of 31 December	17 889	16 511	38 191
Group share's in %	51.0	51.0	51.0
Group share's in CHF	9 123	8 421	19 477
Goodwill	18 962	0	18 962
Currency translation adjustments on goodwill	(2 215)	0	(382)
CARRYING AMOUNT	25 870	8 421	38 057

Instradent Deutschland GmbH is consolidated at equity since March 2015. The change in net assets in Medentika GmbH results from the spin-off of the German distribution business of Medentika GmbH to Instradent Deutschland GmbH.

Summarized comprehensive income statement of the German associates:

(in CHF 1 000)	2015		2014
	Medentika GmbH	Instradent Deutschland GmbH	Medentika GmbH
Revenue	17 222	7 272	16 803
Profit from continuing operations	2 870	(1 038)	2 047
PROFIT FOR THE PERIOD	2 870	(1 038)	2 047
Other comprehensive income	0	0	0
TOTAL COMPREHENSIVE INCOME	2 870	(1 038)	2 047

The information in the table above reflects the amounts presented in the financial statements of the German associates (and not the Group's share of those amounts) adjusted for fair value adjustments and differences in accounting policies between the Group and the associates.

OTHER INVESTMENTS:
In addition to the interests in the German associates disclosed above, the Group also has interests in a other associates that are accounted for using the equity method. Considered individually they are immaterial for the presentation of the Group's financial statemtens.

The following table shows aggregated financial information about these other investments in associates:

(in CHF 1 000)	2015	2014
Aggregate carrying amount of individually immaterial associates	13 941	7 593
AGGREGATE AMOUNT OF GROUP'S SHARE OF:		
Loss from continuing activities	(2 128)	(1 849)
Dividends	0	0
Impairment charges	(4 983)	0
TOTAL COMPREHENSIVE INCOME	(7 111)	(1 849)

The investment in T-Plus (Taiwan) has been partially impaired and an expense of CHF 5.0 million has been recognized within 'share of results of associates'. The impairment is caused by a reduction of the associate's value in use, mainly related to a reduced sales growth rate forecast. The pre-tax rate applied to discount future cashflows amounts to 12.0%.

9 FINANCIAL ASSETS

(in CHF 1 000)	2015	2014
Financial assets at fair value through profit or loss	29 867	27 035
Financial assets at fair value through other comprehensive income	15 322	11 265
Loans and other receivables	9 207	10 376
TOTAL NON-CURRENT FINANCIAL ASSETS	54 396	48 676
Financial assets at fair value through profit or loss	1 059	1 655
Loans and other receivables	0	1 320
Finance lease receivables	0	20
TOTAL CURRENT FINANCIAL ASSETS	1 059	2 995

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The non-current position consists of convertible bonds from Biodenta Corp. and MegaGen Implant Co. Ltd. Biodenta is specialized in comprehensive solutions for dentists and dental laboratories, with a main focus on emerging markets. MegaGen Implant Co. Ltd. is a Korean implant company with its own subsidiaries and distributors offering implant systems, supplemented by digital and regenerative tools and products to support implant procedures. In March 2015 the Group purchased a second secured, convertible bond from MegaGen Implant Co. Ltd, for a total of CHF 9.5 million. Current financial assets classified as 'Fair value through profit or loss' contain mainly derivative financial instruments used by the Group to hedge its foreign currency risk.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at fair value through other comprehensive income represent non-derivative equity instruments in the medical device sector and an investment in a fund. The Group did not recognize any dividend income relating to these instruments during the periods under review.

LOANS AND OTHER RECEIVABLES

This position includes various non-derivative financial assets carried at amortized cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

10 INVENTORIES

(in CHF 1 000)	2015	2014
Raw materials and supplies	15 248	13 071
Work in progress	22 096	20 048
Finished goods	38 769	36 074
TOTAL INVENTORIES	76 113	69 193
Inventories recognized as an expense in 'Cost of goods sold'	(151 618)	(125 900)
Obsolete inventories written down and recognized as an expense	(437)	(2 564)

The Group performed an analysis of its product lines to investigate whether the average price at which they were sold was below the current consolidated stock value. In both periods under review, no write-down to the net realizable value had to be conducted. No reversal of the net realizable value write-down emerged in 2015 (2014: 1.3 million).

11 TRADE AND OTHER RECEIVABLES

(in CHF 1 000)	2015	2014
Trade receivables, net	125 207	106 767
Other receivables, thereof:	15 391	21 715
Sales related	6 115	5 233
VAT and other non-income taxes	5 398	8 723
Salary and social security prepayments	1 038	1 483
Prepaid rent	900	1 220
Cash deposits	578	506
Other	1 362	4 550
TOTAL TRADE AND OTHER RECEIVABLES	140 598	128 482
thereof: financial assets as defined by IFRS 7	1 478	4 805
thereof:		
CHF	13 043	28 414
EUR	39 567	30 408
USD	36 891	26 004
Other	51 097	43 656

Trade receivables are non-interest bearing. There is no concentration of credit risk with respect to trade receivables, as Straumann has a large number of customers who are dispersed internationally.

Movements in the provision for impairment of trade receivables were as follows:

(in CHF 1 000)	2015	2014
At 1 January	(5 250)	(5 087)
Charge for the year	(5 649)	(1 339)
Utilized	402	740
Unused amounts reversed	360	476
Currency translation adjustments	391	(40)
AT 31 DECEMBER	(9 746)	(5 250)

There is no provision on other receivables.

The analysis of overdue trade receivables is as follows:

(in CHF 1 000)	2015	2015	2014	2014
	Gross	Allowance	Gross	Allowance
Not past due	101 406	(512)	84 653	(442)
Past due, thereof:	33 547	(9 234)	27 364	(4 808)
< 30 days	10 752	(132)	9 475	(76)
31–60 days	5 473	(85)	6 406	(42)
61–90 days	3 742	(68)	2 300	(238)
91–120 days	2 342	(341)	2 110	(496)
> 120 days	11 238	(8 608)	7 073	(3 956)
TOTAL	134 953	(9 746)	112 017	(5 250)

12 CASH AND CASH EQUIVALENTS

(in CHF 1 000)	2015	2014
Cash at banks and on hand, thereof:	312 477	458 925
CHF	281 470	414 500
EUR	10 955	28 492
CNY	7 617	6 502
Other	12 435	9 431
Short-term bank deposits, thereof:	5 820	496
BRL	5 292	0
Other	528	496
TOTAL CASH AND CASH EQUIVALENTS	318 297	459 421

Cash at banks earns interest at floating rates based on daily bank deposit rates in the respective currency.

13 SHARE CAPITAL

The share capital is represented by 15 722 939 issued shares (2014: 15 676 549) of CHF 0.10 par value, fully paid in. On 23 April 2015 the authorized share capital was increased by CHF 4 639 by the issue of 46 390 shares of CHF 0.10 each. The additional share capital was created from conditional share capital and was used for the Performance share plan for Executive and Senior Management.

The conditional share capital was approved for an unlimited period at an extraordinary General Meeting in 1998 for use in equity participation plans for employees and management. At 31 December 2015 the conditional share capital amounted to CHF 27’706.10 (2014: CHF 32’345.10) and the number of conditional shares was 277 061 (2014: 323 451).

Treasury shares are valued at weighted average cost and have been deducted from equity. The fair value of the treasury shares at 31 December 2015 amounted to CHF 2.3 million (2014: CHF 15.7 million). At 31 December 2015 the number of outstanding shares amounted to 15 715 403 (2014: 15 613 849) and the number of treasury shares to 7 536 (2014: 62 700).

The number of shares outstanding developed as follows:

	2015	2014
At 1 January	15 613 849	15 533 158
Issuance of new shares		
Compensation plan - PSU	46 390	0
Treasury shares		
Used	55 164	80 691
AT 31 DECEMBER	15 715 403	15 613 849

14 STRAIGHT BOND

The Group launched and fully placed an inaugural CHF-denominated domestic straight bond issue for an aggregate amount of CHF 200 million with issue date 30 April 2013 and interest rate of 1.625% p.a, payable annually in arrears on 30 April. The maturity date of the bond is 30 April 2020 with redemption at par. Denominations of the bond are CHF 5 000 nominal and multiples thereof.

The bond has been admitted to trading on the SIX Swiss Exchange with effect from 26 April 2013 until 27 April 2020 and listed in accordance with the Standard for Bonds on the SIX Swiss Exchange.

The interest-bearing borrowings recognized in the financial position are calculated as follows:

(in CHF 1 000)	2015	2014
Straight bond at 1 January	199 410	199 301
Interest expense	3 380	3 379
Redemption	(3 270)	(3 270)
thereof:		
Recognized in trade and other payables (Note 18)	(2 180)	(2 180)
Disbursement	(1 090)	(1 090)
STRAIGHT BOND AT 31 DECEMBER	199 520	199 410

15 FINANCIAL LIABILITIES

(in CHF 1 000)	2015	2014
Unpaid purchase price consideration	568	3 557
Finance lease payables	50	30
TOTAL NON-CURRENT FINANCIAL LIABILITIES	618	3 587
Unpaid purchase price consideration	782	0
Financial liabilities at fair value through profit or loss (Note 31)	143	1 326
TOTAL CURRENT FINANCIAL LIABILITIES	925	1 326

16 OTHER LIABILITIES (NON-CURRENT)

(in CHF 1 000)	2015	2014
Other long-term employee benefits	4 271	3 942
Government grants	1 375	1 667
Rent payable	857	927
Other	472	418
TOTAL OTHER LIABILITIES	6 975	6 954
thereof: financial liabilities as defined by IFRS 7	857	927

Government grants relate to grants recognized in Germany in connection with investments in the manufacturing facilities of Etkon GmbH.

17 PROVISIONS

(in CHF 1 000)	Sales-related	Tax-related	Other	Total 2015	Total 2014
At 1 January	24 515	15 350	1 997	41 862	38 291
Change in consolidation scope (Note 3)	415	936	18 655	20 006	0
Utilization	(9 550)	(14)	(5 852)	(15 416)	(11 951)
Reversal	(563)	(570)	(529)	(1 662)	(3 999)
Additions	1 236	1 098	4 884	7 218	17 232
Reclassification	0	0	0	0	(66)
Currency translation adjustment	(862)	(225)	(3 377)	(4 464)	2 355
At 31 December	15 191	16 575	15 778	47 544	41 862
Non-current 2015	7 595	16 090	5 147	28 832	
Current 2015	7 596	485	10 631	18 712	
TOTAL PROVISIONS 2015	15 191	16 575	15 778	47 544	
Non-current 2014	13 053	14 863	1 997		29 913
Current 2014	11 462	487	0		11 949
TOTAL PROVISIONS 2014	24 515	15 350	1 997		41 862

The position ‘Sales-related’ contains provisions for product warranties and similar items. In connection with the Group’s go-to-market approach in the People’s Republic of China, a provision in the amount of CHF 26.5 million was recorded in previous years. Several installments in the amount of CHF 9.5 million were paid out to the former Chinese distributor in 2015. It is expected that the last payments will be completed in 2017.

The position ‘Tax-related’ contains provisions to income taxes as well as VAT and other non-income tax cases in a number of jurisdictions. The Group reassessed its provision for tax risks to reflect recent developments in a number of jurisdictions including all ongoing disputes with tax authorities. As a result of this reassessment the Group increased non-current provisions by CHF 1.1 million. The non-current provisions for VAT risks remained unchanged in relation to the previous year.

As of 1 March 2015, the Group obtained control over Neodent and recorded a provision in the amount of CHF 18.7 million under the position ‘Other’. The provision is mainly related to the separation of a distributor in Brazil and litigations in the United States. The Group utilized CHF 5.9 million in 2015. The additional increase in the amount of CHF 4.9 million consists of a number of separate legal matters, including claims arising from trade, in various Group companies. By their nature the amounts and timings of any outflows are difficult to predict.

18 TRADE AND OTHER PAYABLES

(in CHF 1 000)	2015	2014
Trade payables	23 390	24 538
Other payables, thereof:	100 783	80 726
Salary and social security	57 522	49 235
Sales related	30 777	22 704
VAT and other non-income taxes	5 584	4 369
Interest accrued on straight bond (Note 14)	2 180	2 180
Rent payable	476	416
Other	4 244	1 822
TOTAL TRADE AND OTHER PAYABLES	124 173	105 264
thereof: financial liabilities as defined by IFRS 7	2 656	2 596

19 INCOME TAX

INCOME TAX EXPENSE

(in CHF 1 000)	2015	2014
Income taxes from current period	(21 276)	(21 802)
Income taxes from other periods	2 336	(499)
Deferred	10 253	2 704
Total income tax expense	(8 687)	(19 597)

EFFECTIVE INCOME TAX RATE (IN %)	10.8	11.1

For 2015, the applicable Group tax rate is 11.3% (2014: 18.1%), which represents the weighted tax rate, calculated by multiplying the accounting profits (or losses) of each Group company by the respective statutory tax rate over the total pre-tax profit of the Group.

The following elements explain the difference between the income tax expense at the applicable Group tax rate and the effective income tax expense:

(in CHF 1 000)	2015	2014
Profit before tax	80 198	177 422
Applicable Group tax rate	11.3 %	18.1 %
Income tax at the applicable Group tax rate	(9 057)	(32 019)
Non-taxable / non-tax-deductible positions	1 981	12 985
Changes in recognition of tax assets from losses or tax credits (and their expiry)	279	506
Utilization of previously unrecognized tax losses or tax credits to offset current taxes	147	0
Tax losses or tax credits from current year that are not recognized	(4 053)	(613)
Effect of changes in tax rates or imposition of new taxes	(110)	(11)
Current taxes from other periods	2 336	(499)
Other	(210)	54
EFFECTIVE INCOME TAX EXPENSE	(8 687)	(19 597)

AVAILABLE TAX LOSS CARRY-FORWARDS AND TAX CREDITS

(in CHF 1 000)	2015	2014
At 1 January	37 195	42 936
Change in consolidation scope	124 868	0
Currency translation adjustments	(25 879)	(773)
Adjustments of tax loss carry-forwards on opening balance	1 129	24
Tax losses and credits arising from current year	87 405	(93)
Tax losses and credits utilized against current year profits	(14 292)	(4 899)
AT 31 DECEMBER	210 426	37 195

Deferred income tax assets of CHF 40.0 million (2014: 7.7 million) were recorded in respect of available tax loss carry-forwards and tax credits of CHF 149.5 million (2014: CHF 21.8 million). Deferred income tax assets for unused tax losses and tax credits are recognized to the extent that it is probable that future taxable profits will be available, against which the unused tax losses and tax credits can be utilized in the respective countries, or to the extent that the individual companies have sufficient taxable temporary differences.

In 2012, the Group acquired 49% of Neodent through a fully owned acquisition vehicle and subsequently conducted a downstream merger into Neodent. This transaction has led to recognition of tax deductible goodwill and a capitalization of a deferred tax asset in Neodent's financial statements. In 2015, the Group obtained control over Neodent and started to consolidate Neodent in its financial statements. At 1 March 2015, the tax deductible goodwill amounted to CHF 124.9 million and the carrying amount of the respective deferred tax assets amounted to CHF 42.5 million. Further details to the Neodent consolidation are provided in Note 3.

Unused tax loss carry-forwards for which no deferred tax has been recognized will expire as follows:

(in CHF 1 000)	2015	2014
Expiry in next business year (current year +1)	1 236	0
Expiry current year +2	0	0
Expiry current year +3	548	0
Expiry current year +4	8 268	0
Expiry current year +5 and later	50 906	15 366
UNUSED TAX LOSS CARRY-FORWARDS AT 31 DECEMBER	60 958	15 366

DEFERRED INCOME TAXES

The movement in deferred income tax assets and liabilities is as follows:

2015

(in CHF 1 000)	Property, plant and equipment	Intangible assets	Inventory valuation	Tax loss carry-forwards, tax credits	Other	Total
Deferred tax assets at 1 January	279	108	11 032	7 693	10 836	29 948
Deferred tax liabilities at 1 January	(2 492)	(332)	(2 837)	-	(3 692)	(9 353)
Net deferred tax balance at 1 January	(2 213)	(224)	8 195	7 693	7 144	20 595
(Charged) / credited to income statement	853	(56)	8 981	(842)	1 317	10 253
Charged to statement of comprehensive income	-	-	-	-	1 406	1 406
(Charged) / credited to statement of changes in equity	-	-	-	-	2 229	2 229
Change in consolidation scope	(2 041)	(37 227)	426	42 455	6 756	10 369
Currency translation adjustments	414	7 920	(91)	(9 254)	(1 614)	(2 625)
NET DEFERRED TAX BALANCE AT 31 DECEMBER	(2 987)	(29 587)	17 511	40 052	17 238	42 227
Deferred tax assets at 31 December	214	78	20 272	40 052	20 712	81 328
Deferred tax liabilities at 31 December	(3 201)	(29 665)	(2 761)	-	(3 474)	(39 101)

2014

(in CHF 1 000)	Property, plant and equipment	Intangible assets	Inventory valuation	Tax loss carry-forwards, tax credits	Other	Total
Deferred tax assets at 1 January	358	198	9 574	8 149	8 113	26 392
Deferred tax liabilities at 1 January	(3 461)	(443)	(2 581)	-	(3 303)	(9 788)
Net deferred tax balance at 1 January	(3 103)	(245)	6 993	8 149	4 810	16 604
(Charged) / credited to income statement	1 236	25	1 193	(284)	534	2 704
Charged to statement of comprehensive income	-	-	-	-	1 631	1 631
Currency translation adjustments	(346)	(4)	9	133	(136)	(344)
NET DEFERRED TAX BALANCE AT 31 DECEMBER	(2 213)	(224)	8 195	7 693	7 144	20 595
Deferred tax assets at 31 December	279	108	11 032	7 693	10 836	29 948
Deferred tax liabilities at 31 December	(2 492)	(332)	(2 837)	-	(3 692)	(9 353)

At 31 December 2015, deferred tax assets and deferred tax liabilities of CHF 37.6 million (2014: nil) have been offset.

At 31 December 2015, there was no recognized deferred tax liability (2014: CHF nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group does not expect significant income tax liabilities from the distribution of retained earnings to the parent company.

20 SHARE-BASED PAYMENTS

The Group uses four different compensation plans involving share-based payment components:

– Option plan
– Performance share plan
– Board of Directors remuneration
– Employee share plan

OPTION PLAN

Up to 2011, tradable options (non-tradable for participants outside Switzerland) with a term of six years and a two-year vesting period were allocated to members of the Executive Management and Senior Management as part of their compensation. The exercise price was equal to the share price on 31 December. The value of the options was determined at grant date and has been expensed as a personnel expense from service commencement to the end of the vesting period. The fair value of the options granted was determined using the Black-Scholes valuation model. The calculation of the option value was performed by independent specialists. Unvested options are forfeited when an employee leaves the company. The options are structured as a private placement. The options, which were issued in the form of warrants (one option = 50 warrants), can be exercised 1:1 into shares. A Swiss bank functions as market maker for the quoted and private placement warrants. Since 2012, no further option allocations have been made.

PERFORMANCE SHARE PLAN

Under the Performance share plan introduced in 2012, Executive Management and Senior Management are granted 'Performance Share Units' (PSUs), which are convertible into shares after a three-year vesting period. The conversion factor is a linear function of the Group's total shareholder return (TSR) and can vary between 0 and a cap of 2.0. An annual TSR of 10% results in a conversion factor of 1.0, a TSR of 0% or below leads to a conversion factor of zero. Employees must remain in service for a period of three years from the date of grant. The fair value of PSUs granted is estimated at the date of grant using a Monte Carlo simulation model, taking into account the terms and conditions upon which the PSUs were granted.

BOARD OF DIRECTORS REMUNERATION

The Board of Directors is entitled to a fixed compensation, which is paid out in cash and shares. Approximately 40% of the compensation is paid out in shares; the shares allocated to the members of the Board of Directors are blocked for 2 years. The value of shares allocated is calculated using the average closing price of the shares over the seven trading days following the ex-dividend day.

EMPLOYEE SHARE PLAN

Selected employees in Switzerland had the right to buy between 10 and 500 shares (depending on the hierarchical level) in 2015. The employees were offered a discount of 25% based on the average share price over the seven trading day period following the ex-dividend day. The difference between the fair value at grant and the cash consideration paid by the employees was immediately recognized as personnel expense. The shares are subject to a two-year blocking period. During the reporting period, employees subscribed to 4 653 (2014: 11 495) of those shares.

The expense recognized for share-based payments during the year is shown in the following table:

(in CHF 1 000)	2015	2014
Performance share plan	2 601	3 495
Board of directors remuneration	828	1 173
Employee share plan	170	197
TOTAL SHARE-BASED PAYMENTS (NOTE 24)	3 599	4 865

There were no cancellations or modifications to the awards in 2015 or 2014.

Movements in the number of performance share units are as follows:

RECONCILIATION OF OUTSTANDING PERFORMANCE SHARE UNITS

	2015	2014
At 1 January	99 810	79 138
Granted	7 586	30 063
Exercised	(23 559)	0
Forfeited	(7 038)	(9 391)
TOTAL AT 31 DECEMBER	76 799	99 810
Exercisable at 31 December	0	0

The option program developed as follows:

RECONCILIATION OF OUTSTANDING OPTIONS

	2015		2014	
	Number of options	Weighted Average excercise price (CHF)	Number of options	Weighted Average excercise price (CHF)
At 1 January	131 702	229.48	199 470	213.95
Exercised	(47 447)	280.75	(62 796)	183.62
Expired	(7 055)	292.50	(4 972)	185.50
TOTAL AT 31 DECEMBER	77 200	192.21	131 702	229.48

The exercise prices, the exercise period and the expiry date of the outstanding options are as follows:

	Strike price	Options expiring at year-end	Total options available for exercise
2015	292.50	7 055	77 200
2016	214.00	44 783	77 200
2017	162.10	32 417	32 417

The following table lists the inputs to the models used for the performance share plan (PSU) and the option plan for the years ended 31 December 2015 and 2014, respectively:

INPUTS TO THE MODELS

	2015	2014
	PSU	PSU
Dividend yield (in %)	0.00	0.00
Expected volatility (in %)	31.75	31.81
Risk-free interest rate (in %)	(0.63)	0.14
Expected life of PSUs / options	3	3
Share price (in CHF) at grant date in April	262.50	184.00
Fair value (in CHF)	208.06	152.33
Model used	Monte Carlo	Monte Carlo

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the instruments is indicative of future trends, which may not necessarily be the actual outcome.

21 RETIREMENT BENEFIT OBLIGATIONS

Apart from the legally required social security schemes, the Group has several independent pension plans. In most cases these plans are externally funded in vehicles which are legally separate from the Group. For certain Group companies, however, no independent plan assets exist for the pension plan of subsidiaries. In these cases the related unfunded liability is included in the statement of financial position. The defined benefit obligations and related plan assets are reappraised annually by independent actuaries.

The Swiss pension plan represents the most significant portion of the Group's total defined benefit obligation and plan assets. Current pension arrangements for employees in Switzerland are made through plans governed by the Swiss Federal Occupational Old Age, Survivors and Disability Pension Act (BVG). The Group's pension plans are administered by separate legal foundations, and are funded by regular employer and employee contributions. The final benefit is contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plan is treated as a defined benefit plan for the purposes of these IFRS financial statements, although the plan has many of the characteristics of a defined contribution plan.

The amounts for the Group's pension plans recognized in the statement of financial position are as follows:

MOVEMENTS OF NET LIABILITIES RECOGNIZED IN STATEMENT OF FINANCIAL POSITION

(in CHF 1 000)	2015	2014
Net liabilities at 1 January	(37 492)	(18 482)
Currency translation adjustments	128	9
Expense recognized in consolidated income statement (Note 24)	(3 440)	(8 473)
Employer contributions	8 192	7 817
Benefits paid	0	2
Remeasurements	(11 884)	(18 365)
NET LIABILITIES AT 31 DECEMBER	(44 496)	(37 492)

BALANCE SHEET

(in CHF 1 000)	2015	2014
Fair value of plan assets	144 578	135 487
Present value of funded benefit obligations	(186 457)	(170 108)
Deficit in the plan	(41 879)	(34 621)
Present value of unfunded benefit obligations	(2 617)	(2 871)
TOTAL RETIREMENT BENEFIT OBLIGATIONS	(44 496)	(37 492)

The net periodic benefit costs recorded in the income statement consist of the following components:

(in CHF 1 000)	2015	2014
Current service cost	(9 491)	(7 977)
Interest expense on defined benefit obligation	(2 081)	(2 970)
Interest income on plan assets	1 605	2 546
Administration costs	(263)	(248)
Gains on curtailments, settlements and plan amendments	6 790	176
EXPENSE RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT	(3 440)	(8 473)

Plan amendment gains in 2015 are recorded mainly in respect of changes to the Swiss pension plan. The change represents the adoption of a lower conversion rate, which determines the annuity at the normal retirement age.

The most significant pension plan for the Group is the Swiss pension plan. The defined benefit obligation of the Swiss pension plan amounts to CHF 185.7 million (2014: CHF 169.3 million) , the plan assets to CHF 144.0 million (2014: CHF 135.0 million) and current service costs to CHF 9.1 million (2014: CHF 7.5 million).

The movement in the Group's defined benefit obligation over the year is as follows:

(in CHF 1 000)	2015	2014
Present value of benefit obligation at 1 January	(172 979)	(142 945)
Current service cost	(9 491)	(7 977)
Interest expense on defined benefit obligation	(2 081)	(2 970)
Curtailments, settlements and plan amendments	6 790	596
Employee contributions	(4 619)	(4 340)
Experience losses on defined benefit obligation	(2 735)	(4 878)
Benefits paid	5 896	7 647
Actuarial losses arising from change in financial assumptions	(10 064)	(18 156)
Actuarial gains arising from change in demographic assumptions	46	63
Currency translation adjustments	163	(19)
PRESENT VALUE OF BENEFIT OBLIGATION AT 31 DECEMBER	(189 074)	(172 979)
whereof due to active members	(159 459)	(145 388)
whereof due to pensioners	(29 615)	(27 591)

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 13 years (2014: 14 years).

The calculation of defined benefit obligation is based on actuarial assumptions. The principal actuarial assumptions for the plans, which are determined with respect to local conditions, were as follows:

	2015		2014	
	Switzerland	Other	Switzerland	Other
Discount rate	0.65 %	1.80 % - 2.58 %	1.15 %	1.70 % - 1.78 %
Future salary increases	1.00 %	1.00 % - 2.75 %	1.50 %	1.50 % - 2.75 %
Future pension increases	0.00 %	0.00 %	0.00 %	0.00 %

Generational mortality tables are used where this data is available.

The defined benefit pension obligation is significantly impacted by assumptions regarding the discount rate. Furthermore, the rate of future salary increases significantly affects the value of the plans.

A quantitative sensitivity analyses for significant assumptions is shown below :

(in CHF 1 000)	2015		2014	
	Defined benefit obligation		Defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25 % movement)	5 930	(6 308)	5 715	(6 102)
Future salary growth (0.25 % movement)	(1 027)	998	(840)	793

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined obligation as a result of reasonable changes in key assumptions occuring at the end of the reporting period.

The movement in the fair value of plan assets over the year is as follows:

(in CHF 1 000)	2015	2014
Fair value of plan assets at 1 January	135 487	124 463
Interest income	1 605	2 546
Employer contributions	8 192	7 817
Employee contributions	4 619	4 340
Curtailments, settlements and plan amendments	0	(420)
Benefits paid	(5 896)	(7 645)
Return on plan assets	869	4 606
Administration costs	(263)	(248)
Currency translation adjustments	(35)	28
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	144 578	135 487

Plan assets are comprised as follows:

(in CHF 1 000)	2015		2014	
Cash and cash equivalents	9 215	6.4 %	11 606	8.6 %
Debt instruments	29 086	20.1 %	34 144	25.2 %
Equity instruments	34 846	24.1 %	30 095	22.2 %
Real estate	41 901	29.0 %	36 168	26.7 %
Other	29 530	20.4 %	23 474	17.3 %
TOTAL PLAN ASSETS	144 578	100.0 %	135 487	100.0 %

Cash and cash equivalents, as well as most of the debt and equity instruments and ‘Other’ (mainly consisting of commodities and insurance-linked securities) have a quoted market price in an active market. Half of the plan assets shown under ‘Real estate’ also have a quoted market price.

The strategic allocation of assets is determined with the objective of achieving an investment return which, together with the employer and employee contributions, is sufficient to maintain reasonable control over the various funding risks of the plan. The aim is to ensure that plan assets and liabilities are aligned in the medium and long term.

The funding of the Group's defined benefit plans is in the responsibility of an independent foundation. The Board of Trustees, which is constituted by an equal number of representatives of the employer and employees, is responsible for the management of the foundation. The Board of Trustees determines the investment strategy within the framework of the legal provisions taking into consideration the foundations risk objectives, benefit obligations and risk capacity. The foundation uses external actuarial reports to estimate the risk capacity.

Each year, the Board of Trustees reviews the level of funding as required by legislation. The duties of the Board of Trustees are laid down in the BVG and the pension fund regulations. In accordance with BVG, a temporary shortfall is permitted. The Board of Trustees must take appropriate measures in order to solve the shortfall within a reasonable time. Pursuant to BVG, additional employer and employee contributions may be incurred whenever a significant shortfall in accordance with BVG arises. At 31 December 2015, the funding ratio as defined by BVG was 113% (2014: 111%).

The expected amount of contribution to post-employment benefit plans for 2016 is CHF 8.2 million.

22 OTHER INCOME

(in CHF 1 000)	2015	2014
Rental income	1 792	1 696
Gain on disposal of property, plant and equipment	3	85
Other	366	455
TOTAL OTHER INCOME	2 161	2 236

23 DEPRECIATION AND AMORTIZATION

(in CHF 1 000)	2015	2014
Depreciation of property, plant and equipment	(23 215)	(22 801)
Depreciation of investment properties	(288)	(346)
Amortization of intangible assets	(9 455)	(4 738)
Impairment of investment properties	(2 076)	0
TOTAL DEPRECIATION AND AMORTIZATION	(35 034)	(27 885)

24 EMPLOYEE BENEFITS EXPENSE

(in CHF 1 000)	2015	2014
Wages and salaries	(257 798)	(229 167)
Share-based payments (Note 20)	(3 599)	(4 865)
Social security cost	(34 731)	(30 668)
Pension costs – defined benefit plan (Note 21)	(3 440)	(8 473)
Pension costs – defined contribution plan	(9 191)	(2 351)
Other personnel expense	(7 324)	(11 407)
TOTAL EMPLOYEE BENEFIT EXPENSE	(316 083)	(286 931)

25 FINANCE INCOME AND EXPENSE

(in CHF 1 000)	2015	2014
FINANCE INCOME	44 115	17 016
Interest income	3 330	1 056
from financial instruments at amortized cost	2 530	638
from financial instruments at fair value	800	418
Fair value and other financial income	1 748	3 677
Foreign exchange gains	39 037	12 283
FINANCE EXPENSE	(60 326)	(24 192)
Interest expense	(4 461)	(4 339)
from financial instruments at amortized cost	(3 985)	(3 915)
on defined benefit obliagtion (net)	(476)	(424)
Fair value and other financial expense	(8 342)	(3 422)
Foreign exchange losses	(47 523)	(16 431)
LOSS ON CONSOLIDATION OF NEODENT	(63 891)	0
Fair value income	21 487	0
Foreign exchange loss	(85 378)	0
TOTAL FINANCE EXPENSE NET	(80 102)	(7 176)

26 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of Straumann Holding AG by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	2015	2014
Net profit attributable to shareholders (in CHF 1 000)	70 679	157 825
Weighted average number of ordinary shares	15 653 490	15 550 496
BASIC EARNINGS PER SHARE (IN CHF)	4.52	10.15

DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of Straumann Holding AG by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential of outstanding equity instruments into ordinary shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2015	2014
Net profit used to determine diluted earnings per share (in CHF 1 000)	70 679	157 825
Weighted average number of ordinary shares outstanding	15 653 490	15 550 496
Adjustments for instruments issued	171 314	186 810
Weighted average number of ordinary shares for diluted earnings per share	15 824 804	15 737 306
DILUTED EARNINGS PER SHARE (IN CHF)	4.47	10.03

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

The dilutive effect on earnings per share is caused by outstanding options at the balance sheet date and the outstanding issues of Performance Share Units programs, which are 'in-the-money' at the balance sheet date.

27 DIVIDENDS PER SHARE

The dividend paid in 2015 and 2014 was CHF 3.75 per share, resulting in a total payout of CHF 58.6 million in 2015 and CHF 58.3 million in 2014. A dividend for the year ended 31 December 2015 of CHF 4.00 per share, amounting to a total dividend of CHF 62.9 million, will be proposed at the Shareholders' General Meeting on 8 April 2016. These financial statements do not reflect this payable dividend.

28 CONTINGENCIES AND COMMITMENTS

OPERATING LEASE COMMITMENTS

(in CHF 1 000)	2015	2014
MATURITY:		
Within 1 year	17 001	17 207
After 1 year but not more than 5 years	33 938	43 484
More than 5 years	3 002	4 891
TOTAL OPERATING LEASE COMMITMENTS	53 941	65 582
TOTAL RENTAL AND OPERATING LEASE EXPENSES	21 098	21 121

The majority of the operating lease commitments are in connection with non-cancellable operating lease agreements for office buildings in Switzerland, the US and the UK as well as for a office building and a manufacturing site in Germany. The non-cancellable leases mainly have remaining terms of between four and nine years. In addition, the Group entered into various cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

In 2015 there are no material finance lease contracts.

CONTINGENT ASSETS AND LIABILITIES

The Group has guarantee obligations with a maximum of CHF 3.2 million (2014: CHF 5.9 million). Some Group companies are involved in litigations arising from the normal course of their business and might be liable to pay compensations. The costs relating to these lawsuits may not be partially or fully covered by insurance. However, it is the view of the Group's management that the outcome of such litigations will not significantly affect the Group's financial position over and above the provisions already recognized in the statement of financial position.

CONTINGENT LIABILITIES

(in CHF 1 000)	2015	2014
Letter of credit facilities	3 159	5 946
Purchase commitments	439	4 642
Others	300	497
TOTAL	3 898	11 085

29 RELATED-PARTY DISCLOSURE

The Group has identified the following related parties:

Associates:
– JJGC Indústria e Comércio Materiais Dentários S.A. ('Neodent') until February 28, 2015
– Medentika GmbH ('Medentika')
– Instradent Deutschland GmbH
– Dental Wings Inc and Dental Wings GmbH ('Dental Wings')
– Open Digital Dentistry AG
– Medartis AG
– Createch Medical, SL
– Valoc AG
– T-Plus Implant Tech. Co., Ltd.

Key Management Personnel:
– Straumann Board of Directors
– Straumann Executive Management Board

Others:
– The International Team for Implantology (ITI) Foundation
– Straumann Pension Fund

In the period under review, the following related-party transactions were made:

(in CHF 1 000)		2015	2014
RELATED PARTY	NATURE		
The International Team for Implantology (ITI) Foundation	Collaboration agreement	(11 350)	(13 519)
Straumann Pension Fund	Employer´s contribution	(7 612)	(7 186)
Neodent	Purchase of goods	(2 152)	(7 242)
Dental Wings	Purchase of goods and services	(7 745)	(3 114)
Medentika	Purchase of goods	(318)	(830)
Instradent	Service level agreement	490	0
Createch Medical	Commission fees	554	263
TOTAL		(28 133)	(31 628)

The following open balances due to related parties are recognized in the statement of financial position:

(in CHF 1 000)	2015	2014
The International Team for Implantology (ITI) Foundation	(2 523)	(2 832)
Straumann Pension Fund	(149)	(85)
Associates	(281)	(3 696)
TOTAL	(2 953)	(6 613)

Payments to the ITI Foundation are based on a collaboration agreement between Straumann and the ITI.

The Group purchased
– dental design software, software licences and scanners from Dental Wings
– dental implants & prosthetic elements from Neodent
– dental implants & prosthetic elements from Medentika.

The Group received
– commission fees from Createch Medical for the sale of Createch products through the Group's sales channel.

The commission fees received from Createch Medical and the purchases of goods and services from Neodent, Medentika and Dental Wings are carried out under normal commercial terms and conditions.

At December 31, 2015 loans granted to associates amounted to CHF 2.8 million.

KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel comprises of the Board of Directors and the Executive Management Board (EMB).

The Board of Directors is entitled to a fixed compensation, which is paid out in cash and shares. Approximately 40% of the compensation is paid out in shares; the shares allocated to the members of the Board of Directors are blocked for 2 years.

The compensation of the Executive Management Board consists of a fixed portion and variable portion, which depends on the course of business and individual performance. In addition, Executive Management Board members participate in the Straumann Performance Share Plan.

COMPENSATION

The following table shows the compensation of Key Management Personnel recognized in profit or loss in line with the Group's accounting policies.

(in CHF 1 000)	2015	2014
Salaries and other short-term employee benefits	10 099	8 686
Post-employment benefits	1 745	1 240
Share-based payments	1 970	2 650
Termination benefits[1]	0	1 097
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION RECOGNIZED IN PROFIT OR LOSS	13 814	13 673

[1] Salary until end of notice period as the employee renders no further service that provides economic benefits to the entity.

30 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities, other than derivatives, comprise bank loans, a straight bond issued in the Swiss bond market, short-term overdrafts, finance leases, trade payables and hire-purchase contracts. The main purpose of these financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as trade receivables which arise directly from its operations and cash, cash equivalents and short-term deposits, which form part of the liquidity management managed by Corporate Treasury.

The Group also enters into derivative transactions, primarily into forward currency contracts, options and non-deliverable foreign exchange forwards (NDF). The purpose of these contracts is to manage the currency risks arising from the Group's operations conducted in foreign currencies.

It is, and has been throughout 2015 and 2014, the Group's policy not to use derivatives without an underlying operational transaction, nor for trading (i.e. speculative) purposes.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Audit Committee agrees and reviews policies for managing each of these risks, which are summarized below. All derivative activities for risk management purposes are carried out by a specialist team that has the appropriate skills, experience and supervision.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include deposits, investments and derivative financial instruments. The sensitivity analysis in the following sections relates to the position at 31 December 2015 and 2014. The sensitivity analysis has been prepared on the basis that the amount of net cash and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2015. The analysis excludes the impact of movements in market variables on the carrying value of pension and other post-retirement obligations, as well as on provisions and on non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

– The statement of financial position sensitivity relates to derivatives.
– The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2015 and 2014 including the effect of hedge accounting in 2015 and 2014.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term interest-bearing assets and short-term debt obligations with floating interest rates. No material hedging activities (such as interest rate swaps) were conducted during the period under review. The Group is not exposed to cash flow interest risk by non-current borrowings.

The Group's policy is to manage its interest cost using variable and fixed rates.

INTEREST RATE RISK SENSITIVITY

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact of floating rates on interest-bearing assets and borrowings). There is no material impact on the Group's equity.

(in CHF 1 000)	2015		2014	
CURRENCY	Increase / decrease (in base points)	Effect on profit before tax	Increase / decrease (in base points)	Effect on profit before tax
CHF	30	845	30	1 244
BRL	100	64	100	8
CHF	(30)	(845)	(30)	(1 244)
BRL	(100)	(64)	(100)	(8)

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Chinese renminbi, Brazilian real, Canadian dollar, Japanese yen and USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities of the Group use forward currency contracts transacted with or agreed with Corporate Treasury. Corporate Treasury is responsible for managing the net positioning of each foreign currency by using external forward currency contracts, options and NDF. Corporate Treasury decides what to hedge based on information about the currency exposure provided by each subsidiary. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

Straumann's risk management policy is to hedge recognized and anticipated transactions (mainly export sales) in each major currency for a maximum of 12 months based on actual exposures, budget assumptions and currency expectations. The forward currency contracts, NDF or options must be in the same currency as the hedged item. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness. At 31 December 2015, the Group had hedged foreign currency sales, mainly relating to sales in euros, USD, Japanese yen and Chinese renminbi, for which firm commitments existed at the balance sheet date, and also for anticipated transactions and short- and long-term loans, mainly in Japanese yen, USD and British pounds.

At 31 December 2015 the Group had hedged 94% of its foreign currency exposure (2014: 86%) for which firm commitments existed at the reporting date.

Straumann has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of Straumann's investments in foreign operations is not hedged.

FOREIGN CURRENCY RISK SENSITIVITY

The following table demonstrates the sensitivity of the net booked exposure to a reasonably possible change in the exchange rate of the Chinese renminbi and the euro against the Swiss franc, with all other variables held constant, in relation to the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives) and the Group's equity (due to changes in the fair value of forward exchange contracts designated as cash flow hedges). The Group's exposure to foreign currency changes for all other currencies is not material.

(in CHF 1 000)	2015			2014		
CURRENCY	Increase / decrease (in %)	Effect on profit before tax	Effect on equity	Increase / decrease (in %)	Effect on profit before tax	Effect on equity
EUR / CHF	5	(174)	0	5	(390)	0
CNY / CHF	5	(141)	0	5	(82)	0
EUR / CHF	(20)	695	0	(20)	1 561	0
CNY / CHF	(20)	563	0	(20)	329	0

CREDIT RISK

Credit risk is the risk that counterparties will not meet their obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group trades only with recognized, creditworthy third parties.

TRADE RECEIVABLES

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances, their overall maturity profile and their overdue profile are monitored on an ongoing basis. The Group reviews its provision for impairment on an ongoing basis. Overall the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 11. 95% of the transactions occur in the country of the relevant operating unit (2014: 94%). There are no significant concentrations of customer credit risk within the Group.

FINANCIAL INSTRUMENTS AND CASH DEPOSITS

Credit risk from balances with banks and financial institutions is managed by Corporate Treasury in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

The table below shows the balance of the major counterparties at the balance sheet date.

(in CHF 1 000)	2015		2014	
BANK	Rating	Balance	Rating	Balance
Bank A	AAA	19 915	AAA	181 488
Bank B	AA	9 999	AA	43 113
Bank C	AA+	4 990	AA+	84 577
Bank D	A	158 088	A	82 515
Bank E	BBB+	32 448	A	5 424
Bank F	A	69 847	A	34 451
TOTAL		295 287		431 568

LIQUIDITY RISK

The Group monitors its liquidity risk to avoid shortage of funds through prudent liquidity management using a recurring liquidity planning tool. This tool considers the maturity of its financial investments and financial assets (e.g. accounts receivable and other financial assets) as well as projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, bonds and finance leases. Corporate Treasury maintains flexibility in funding by maintaining availability under uncommitted credit lines. Management monitors rolling forecasts of the Group's liquidity reserve (which comprises undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flow). The Group's policy follows the principle of maintaining liquidity reserves higher than the daily and monthly demand of operating cash and the target of maintaining a minimum cash on hand of CHF 60 million and available liquidity including credit lines of more than CHF 100 million.

The following table reflects all undiscounted contractually agreed payments for repayments and interest resulting from recognized financial liabilities at 31 December 2015 and 31 December 2014.

(in CHF 1 000)	2015			2014		
	< 1 year	1–5 years	> 5 years	< 1 year	1–5 years	> 5 years
Straight bond	1 090	210 920	0	1 090	13 080	201 110
Derivative financial liabilities	143	0	0	1 326	0	0
Other financial liabilities	782	618	0	0	3 587	0
Trade payables	23 390	0	0	24 538	0	0
Other payables	2 656	857	0	2 596	927	0
TOTAL	28 061	212 395	0	29 550	17 594	201 110

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and secure shareholder investments. The Group manages its capital structure and makes adjustments if required. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders by the means of share buy-backs, or issue new shares. No changes were made in the objectives, policies or processes during 2015 and 2014.
As the Group operates in a fast-moving industry, its policy is to maintain a high degree of flexibility in its capital structure by maintaining a high availability of liquid funds. The Group monitors its capital base using the equity ratio, which is equity divided by total assets. The Group's current policy is to maintain an equity ratio of 50% or higher.

EQUITY RATIO

(in CHF 1 000)	2015	2014
Total assets	1 046 296	1 160 781
Equity	604 970	736 836
EQUITY RATIO	57.8 %	63.5 %

31 FINANCIAL INSTRUMENTS

FAIR VALUES

The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables with a remaining term of up to twelve months, as well as other current financial assets and liabilities represent a reasonable approximation of their fair values, due to the short-term maturities of these instruments.

The fair value of equity instruments quoted in an active market is based on price quotations at the period-end date. The inaugural CHF 200 Mio. domestic straight bond is listed on the SIX Swiss Exchange and the fair value is derived from quoted market prices.

The fair value of derivatives is determined on the basis of input factors observed directly or indirectly on the market. The fair value of foreign exchange forward contracts and non-deliverable forwards are based on forward exchange rates. Currency options are valued based on option pricing models using observable input data.

The unquoted equity instruments allocated to 'Level 3' hierarchy relate to an investment in the medical device sector in the US and a fund that is dedicated exclusively to investments in dental-related opportunities in China. As the market for those investments is not active or no market is available, fair values are determined using other valuation techniques. The US investment is valued by discounting future cash flows. For the fund, the Group receives quarterly valuation statements which state the net asset value (NAV) based on the valuation techniques used by the fund.

The convertible bonds allocated to 'Level 3' hierarchy are valued using a model that calculates the fair value on observable and unobservable parameters including credit spreads, expected volatility and expected dividend yield. The model is calibrated on a regular basis. The underlying instruments are valued by discounting future cash flows. The associated American call options are determined using a modified binomial model.

The fair value of investments in 'Level 3' is reviewed regularly for a possible diminution in value.

FAIR VALUE HIERARCHY

The Group uses the following hierarchy for disclosure of the fair values of financial instruments by valuation technique:

– Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
– Level 2: Techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
– Level 3: Techniques which predominantly use unobservable input data and which are not based on observable market data.

At 31 December 2015 and 2014, the Group held the following financial instruments:

AT 31 DECEMBER 2015

(in CHF 1 000)	Carrying amount (by measurement basis)					Fair Value
	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
FINANCIAL ASSETS						
Derivative financial assets			1 059		1 059	
Equity instruments		9 572		5 750	15 322	
Convertible bonds				29 867	29 867	
Loans and other financial receivables	9 207				9 207	
Other receivables	1 478				1 478	
Trade receivables	125 207				125 207	
Cash and cash equivalents	318 297				318 297	
FINANCIAL LIABILITIES						
Straight bond	199 520				199 520	210 400
Derivative financial liabilities			143		143	
Other financial liabilities	1 400				1 400	
Trade payables	23 390				23 390	
Other payables	3 513				3 513	

AT 31 DECEMBER 2014

(in CHF 1 000)	Carrying amount (by measurement basis)					Fair Value
	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
Financial Assets						
Derivative financial assets			1 655		1 655	
Equity instruments		4 491		6 774	11 265	
Convertible bonds				27 035	27 035	
Loans and other financial receivables	11 716				11 716	
Other receivables	4 805				4 805	
Trade receivables	106 767				106 767	
Cash and cash equivalents	459 421				459 421	
Financial Liabilities						
Straight bond	199 410				199 410	208 440
Derivative financial liabilities			1 326		1 326	
Other financial liabilities	3 587				3 587	
Trade payables	24 538				24 538	
Other payables	3 523				3 523	

In March 2015 the Group purchased a second secured, convertible bond from MegaGen Implant Co. Ltd, for a total of CHF 9.5 million and allocated it to 'Level 3'. In April 2014, the Group initially invested an amount of CHF 17.7 million in a first secured, convertible bond of MegaGen. Both bonds bear 3% interest p.a. and mature in five years. The Group has options to convert the bonds into MegaGen shares in 2016 and to purchase further shares to obtain a majority stake in the company. MegaGen is a Korean implant company with its own subsidiaries and distributors offering implant systems, supplemented by digital and regenerative tools and products to support implant procedures.

The change in carrying values associated with 'Level 3' financial instruments during the year ended 31 December 2015 are set forth below:

(in CHF 1 000)	2015	2014
At 1 January	33 809	0
Purchases	9 479	31 652
Remeasurement recognized in OCI	(1 024)	224
Remeasurement recognized in profit or loss	(6 647)	1 933
AT 31 DECEMBER	35 617	33 809

The remeasurement amount recognized in profit or loss in 2015 largely belongs to the convertible bond of Biodenta Corp. The Group incorporated its current knowledge into the valuation of the bond component of the instrument and estimates its risk-adjusted discounted fair value.

The significant unobservable inputs for the convertible bonds and the fund used in the fair value measurement categorized within 'Level 3' of the fair value hierarchy together with a quantitative sensitivity analysis at 31 December 2015 are as shown below:

Instrument	Valuation technique	Significant unobservable input	Range	Sensitivity of the input to fair value
Convertible bonds	DCF method Binomial model	Interest rates	0.29% / 2.06%	50 basis points increase (decrease) in the interest rates would result in an decrease (increase) in fair value of kCHF - 6, resp. kCHF 80
		Credit spreads	4.00% / 5.16%	50 basis points increase (decrease) in the credit spreads would result in a decrease (increase) in fair value of kCHF - 42, resp. kCHF 42.
Fund	Net asset valuation	Fair value of the financial assets of the fund	-	500 basis points increase (decrease) in the financial assets of the fund would result in an increase (decrease) in fair value of kCHF 224, resp. kCHF - 224

The fair value of the fund is equal to its pro rata share of net asset value (NAV). The Group receives on a quarterly basis valuation statements from the fund which state the NAV based on valuation techniques used by the fund. Consequently, the Group does not determine the fair value of the fund itself. However, based on the information obtained in the quarterly valuation statements, the valuation performed by the fund deems to be representative for the fair value of the fund.

The most significant unobservable input used to determine the fair value of the investment in the medical device sector in the US is the cash flow forecast, which is mainly based on the future sales growth. As the investment amount for the Group is not material, any changes to the cash flow forecasts have no significant effects on the 'Other comprehensive income' of the Group.

HEDGES

At 31 December 2015, the Group had open option contracts in the amount of CHF 18.3 million (2014: CHF 28.5 million), forward exchange contracts for CHF 26.6 million (2014: 8.6 million) and NDF of CHF 0.3 million (2014: 15.8 million). Forward exchange contracts, NDF and options were used during 2015 and 2014 to hedge the Group's foreign currency risk of firm and not-firm commitments. The cash flow hedges of the expected future sales during 2015 and 2014 were assessed to be highly effective.

CASH FLOW HEDGES

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income (and accumulated in the hedging reserve within equity). The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts recognized in other comprehensive income are transferred to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in other comprehensive income is transferred to profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognized in other comprehensive income is immediately transferred to profit or loss.

The terms of the foreign currency forward contracts have been negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting has been claimed that have not occurred and no significant element of hedge ineffectiveness requiring recognition in profit or loss.

At the end of December 2015, there were no cash flow hedges for expected future sales in 2016 (2014 for sales in 2015: CHF 13.4 million.). As per 31 December 2015, the amount of unrealized losses resulting from cash flow hedges was CHF 0 million (2014: CHF 0.2 million).

32 PRINCIPAL CURRENCY TRANSLATION RATES

CURRENCY	Unit	31 Dec 2015	Average 2015	31 Dec 2014	Average 2014
ARS	100	7.62	10.39	-	-
AUD	1	0.72	0.72	0.81	0.82
BRL	100	25.62	29.47	36.52	38.95
CAD	1	0.72	0.75	0.85	0.83
CNY	100	15.26	15.34	15.92	14.86
COP	100	0.03	0.04	-	-
CZK	100	4.01	3.93	4.34	4.41
DKK	100	14.47	14.36	16.11	16.25
EUR	1	1.08	1.07	1.20	1.21
GBP	1	1.47	1.47	1.54	1.51
HUF	100	0.35	0.35	0.38	0.39
INR	100	1.49	1.50	1.56	1.50
JPY	100	0.82	0.80	0.83	0.86
KRW	100	0.08	0.09	0.09	0.09
MXN	100	5.73	6.09	6.69	6.87
NOK	100	11.36	11.96	13.28	14.45
NZD	1	0.68	0.68	0.77	0.76
RUB	100	1.36	1.58	-	-
SEK	100	11.81	11.46	12.56	13.27
SGD	1	0.70	0.70	0.75	0.72
TRY	1	0.34	0.36	-	-
TWD	1	0.03	0.03	-	-
USD	1	0.99	0.96	0.99	0.92

33 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

34 SUBSIDIARIES

The consolidated financial statements of the Group include:

NAME	Principal activities	Country of incorporation	Interest and voting rights 2015 (in %)	Interest and voting rights 2014 (in %)
SUBSIDIARIES:				
Institut Straumann AG	Sales / Principal	Switzerland	100.00	100.00
Straumann Villeret SA	Manufacturing	Switzerland	100.00	100.00
Straumann GmbH	Sales	Germany	100.00	100.00
Straumann USA, LLC	Sales	USA	100.00	100.00
Straumann Ltd.	Sales	UK	100.00	100.00
Straumann B.V.	Sales	Netherlands	100.00	100.00
Straumann S.á.r.l.	Sales	France	100.00	100.00
Straumann AB	Sales	Sweden	100.00	100.00
Straumann AS	Sales	Norway	100.00	100.00
Straumann OY	Sales	Finland	100.00	100.00
Manohay Dental S.A.	Sales	Spain	100.00	100.00
Straumann Canada Ltd	Sales	Canada	100.00	100.00
Straumann GmbH	Sales	Austria	100.00	100.00
Straumann Brasil Ltda	Sales	Brazil	100.00	100.00
Straumann SA / NV	Sales	Belgium	100.00	100.00
Straumann Italia s.r.l.	Sales	Italy	100.00	100.00
Straumann Manufacturing, Inc.	Manufacturing	USA	100.00	100.00
Straumann Pty Ltd	Sales	Australia	100.00	100.00
Manohay México S.A. de C.V.	Sales	Mexico	100.00	100.00
Straumann Danmark ApS	Sales	Denmark	100.00	100.00
Biora AB	Manufacturing	Sweden	100.00	100.00
Straumann Holding Deutschland GmbH	Sub-Holding	Germany	100.00	100.00
Etkon GmbH	Production	Germany	100.00	100.00
Straumann Japan K.K.	Sales	Japan	100.00	100.00
Straumann Dental Korea Inc.	Sales	Republic of Korea	100.00	100.00
Straumann Singapore Pte Ltd.	Management	Singapore	100.00	100.00
Straumann s.r.o.	Sales	Czech Republic	100.00	100.00
Straumann (Beijing) Medical Device Trading Co., Ltd.	Sales	China	100.00	100.00
Straumann Dental India Pvt. Ltd.	Sales	India	100.00	100.00
Instradent AG	Sub-Holding	Switzerland	100.00	100.00
Instradent USA, Inc	Sales	USA	100.00	100.00
Instradent Italia s.r.l.	Sales	Italy	100.00	100.00
Instradent Iberia S.L.	Sales	Spain	100.00	100.00
Manohay Argentina S.A.	Sales	Argentina	100.00	100.00
JJGC Indústria e Comércio de Materiais Dentários S.A. ('Neodent')	Manufacturing / Sales	Brazil	100.00	49.00
Manohay Colombia S.A.S.	Sales	Colombia	100.00	0.00
etkon Japan K. K.	Manufacturing	Japan	100.00	0.00
Instradent s.r.o.	Sales	Czech Republic	100.00	0.00
Instradent Limited	Sales	UK	100.00	0.00
Straumann LLC	Sales	Russia	100.00	0.00
Straumann New Zealand Ltd.	Sales	New Zealand	100.00	0.00

NAME	Principal activities	Country of incorporation	Interest and voting rights 2015 (in %)	Interest and voting rights 2014 (in %)
ASSOCIATES:				
Dental Wings Inc.	Manufacturing / Sales	Canada	55.00	44.42
Open Digital Dentistry AG (in liquidation)	Sales	Switzerland	44.39	44.39
Createch Medical, SL	Manufacturing / Sales	Spain	30.00	30.00
Medentika GmbH	Sales	Germany	51.00	51.00
Instradent Deutschland GmbH	Sales	Germany	51.00	100.00
T-Plus	Manufacturing / Sales	Taiwan	48.60	0.00
Valoc	Manufacturing / Sales	Switzerland	44.00	0.00
JOINT VENTURE:				
Zinedent	Manufacturing / Sales	Turkey	50.00	0.00

The next senior and ultimate holding company of the Straumann Group is Straumann Holding AG which is based and listed in Switzerland.

Audit Report – Consolidated finacial statements

Report of the statutory auditor to the general meeting of Straumann Holding AG, Basel

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Straumann Holding AG, which comprise the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 2 to 65), for the year ended 31 December 2015.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Daniel Maiwald
Licensed audit expert

Basel, 10 February 2016

Straumann Holding
Contents

Balance sheet

ASSETS

(in CHF 1 000)	Notes	31 Dec 2015	31 Dec 2014
Cash and cash equivalents		219 284	412 075
Other short-term receivables		380	7 324
from third parties		145	4 867
from investments		235	2 457
Prepaid expenses		491	610
Total current assets		220 155	420 009
Financial assets	2.1	506 050	222 810
Investments		327 439	533 724
Intercompany receivables		747	475
Total non-current assets		834 236	757 009
TOTAL ASSETS		1 054 391	1 177 018

EQUITY AND LIABILITIES

(in CHF 1 000)	Notes	31 Dec 2015	31 Dec 2014
Trade payables		1 125	682
Other short-term liabilities to investments		14 956	5 626
Short-term provisions		801	5 274
Deferred income		2 442	2 436
Total current liabilities		19 324	14 018
Long-term interest-bearing liabilities	2.4	200 568	200 000
to third parties		200 568	200 000
Long-term provisions		3 000	3 000
Total non-current liabilities		203 568	203 000
Total liabilities		222 892	217 018
Share capital	2.5	1 572	1 568
Reserves from capital contributions[1]		23 206	14 331
Share premium		6 311	0
Legal retained earnings		4 071	12 581
Reserves for treasury shares		531	9 041
Statutory reserves		1 540	1 540
Extraordinary reserves		2 000	2 000
Voluntary retained earnings		796 894	931 767
Available earnings			
- Retained earnings		881 712	816 395
- Net result		(84 818)	115 372
Treasury shares	2.8	(555)	(247)
Total equity		831 499	960 000
TOTAL EQUITY AND LIABILITIES		1 054 391	1 177 018

[1] thereof CHF 10 450 526 not accepted by the Swiss Federal Tax Administration

Income statement

(in CHF 1 000)	Notes	2015	2014
Income from investments	2.9	96 004	75 559
Other financial income	2.10	33 462	28 312
Other operating income	2.11	46 887	46 766
Total income		176 353	150 637
Financial expense	2.12	(30 357)	(20 062)
Personnel expense		(1 736)	(2 497)
Other operating expense	2.13	(7 089)	(7 391)
Impairment losses on investments	2.14	(221 859)	(1 244)
Depreciation of property, plant and equipment		(227)	(271)
Total expenses		(261 268)	(31 465)
Result before income tax		(84 915)	119 172
Direct taxes		97	(3 800)
NET RESULT		(84 818)	115 372

Notes to the financial statements

1 PRINCIPLES

1.1 GENERAL

Straumann Holding AG is a public company whose shares are traded on the Swiss Exchange (SIX). As the parent company of the Straumann Group, the purpose of Straumann Holding AG is to acquire, dispose of and manage investments in the field of dental and medical technology.

These financial statements have been prepared in accordance with the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

The first-time adoption of the new Swiss Law on Accounting and Financial Reporting is fulfilled with these financial statements. The structure of previous years' figures has been adjusted accordingly. However comparability with the previous year is limited.

As Straumann Holding AG has prepared consolidated financial statements in compliance with accepted international accounting standards (IFRS), it has decided to forego presenting a cash flow statement in accordance with the law.

1.2 FINANCIAL ASSETS

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the exchange rate at the balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized.

1.3 TREASURY SHARES

Treasury shares are recognized at acquisition cost and deducted from shareholders‘ equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense.

1.4 SHARE-BASED PAYMENTS

Should treasury shares be used for share-based payments for the Board Members' compensation, the difference between the acquisition costs and any consideration paid is recognized as personnel expenses.

1.5 INTEREST-BEARING LIABILITIES

Interest-bearing liabilites are recognized at nominal value. Discounts and issuing costs are recognized as prepaid expenses and amortized on a straight line basis over the term of the liability.

2 INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1 FINANCIAL ASSETS

(in CHF 1'000)	31 Dec 2015	31 Dec 2014
Loans to subsidiaries	457 676	187 051
Loans to third parties	4 404	6 614
Financial assets	43 970	29 145
TOTAL	506 050	222 810

2.2 INVESTMENTS

The major direct and indirect investments of the company are listed in Note 34 to the Straumann Group Financial Statements. Ownership interests equal voting rights.

2.3 SHORT-TERM PROVISIONS

Short-term provisions include provisions for income taxes for the current and for the prior year.

2.4 LONG-TERM INTEREST-BEARING LIABILITIES

(in CHF)	31 Dec 2015	31 Dec 2014
Bond	200 000	200 000
Other	568	0
TOTAL	200 568	200 000
BOND CONDITIONS		
Nominal value	200 000	200 000
Interest rate in %	1.625	1.625
Maturity / Term in years	7	7
Due date / Maturity	4/30/2020	4/30/2020

2.5 SHARE CAPITAL

The share capital is CHF 1 572 293.90 and is represented by 15 722 939 registered shares of CHF 0.10 par value.

On 10 April, 2015 an option agreement between Institut Straumann AG and Straumann Holding AG was signed, which resulted in a capital increase of CHF 4 639. The new shares were created from conditional share capital.

2.6 RESERVES FROM CAPITAL CONTRIBUTION

The reserves for capital contribution contains the paid-in share premium of the increase of the share capital in 2015.

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital. The Swiss Federal Tax Administration (ESTV) acknowledged the reported reserves for capital contribution as a capital contribution in accordance to Article 5 Paragraph 1 bis VStG.

2.7 RESERVES FOR TREASURY SHARES

The shares of Straumann Holding AG on stock of Institut Straumann AG amount to 3 686 shares with an average value of CHF 144.19.

2.8 TREASURY SHARES

Straumann Holding AG holds 3 850 of its own shares with an average value of CHF 144.19.

	Number of Transactions	Lowest share price in CHF	Highest share price in CHF	Average share price in CHF	Amount of treasury shares
Balance as of 1. January 2014					50 000
Exercise of options of CS	1	235.61	235.61	235.61	(42 227)
Allocation of US options	42	181.00	250.50	215.75	(20 569)
Transfer of Institut Straumann	1	112.00	112.00	112.00	15 000
Balance as of 31. December 2014					2 204
Exercise of options of CS	1	292.50	292.50	292.50	(37 279)
Transfer of Institut Straumann	1	144.19	144.19	144.19	37 279
Transfer of Institut Straumann	1	144.19	144.19	144.19	6 814
Transfer of Institut Straumann	1	112.00	112.00	112.00	5 000
Allocation of US options	20	235.61	306.00	270.81	(10 168)
Balance as of 31. December 2015					3 850

At the balance sheet date the acquisition costs of the directly held treasury shares amount to CHF 0.555 million (2014: CHF 0.247 million).

2.9 INCOME FROM INVESTMENTS

In the reporting period the dividend income amounted to CHF 96.0 million (2014: CHF 75.6 million).

2.10 OTHER FINANCIAL INCOME

Other financial income amounts to CHF 33.5 million (2014: CHF 28.3 million) and contains mainly interest income from loans to subsidaries and realized foreign exchange gains.

2.11 OTHER OPERATING INCOME

Other operating income amounts to CHF 46.9 million (2014: CHF 46.8 million) and consists of income from licences.

2.12 FINANCIAL EXPENSE

(in CHF 1'000)	31 Dec 2015	31 Dec 2014
Interest on Bond	3 458	3 607
Foreign exchange losses	26 681	8 550
Impairment on financial assets	218	7 905
TOTAL	30 357	20 062

2.13 OTHER OPERATING EXPENSE

(in CHF 1'000)	31 Dec 2015	31 Dec 2014
Administrative expense	456	880
Consulting expense	5 990	5 934
Sundry expense	643	577
TOTAL	7 089	7 391

2.14 IMPAIRMENT LOSSES ON INVESTMENTS

Based on the concept of individual valuation of assets and liabilities contained in the new Swiss Law on Accounting and Financial Reporting, Straumann Holding AG has recognized impairment losses on investments in the total amount of CHF 221.9 million. The most material impairment is caused by the sharp depreciation of the Brazilian real in 2015. As a consequence, the indirect investment in the Brazilian subsidiary Neodent had to be impaired by CHF 190.0 million. Another material impairment charge of CHF 30.0 million relates to the investment in the Swedish manufacturing site Biora AB.

3 OTHER INFORMATION

3.1 FULL TIME EQUIVALENTS

Straumann Holding AG does not have any empoyees.

3.2 MAJOR SHAREHOLDERS

The following shareholders owned more than 5 percent of voting rights as at 31 December, 2015:

(in %)	31 Dec 2015[1]	31 Dec 2014
MAJOR SHAREHOLDERS		
Dr h.c. Thomas Straumann (Vice Chairman of the Board)	17.3	17.3
GIC Private Ltd	13.6	13.6
Dr h.c. Rudolf Maag	12.2	12.2
Black Rock Group[2]	5.0	n/a

[1] Or at last reported date if shareholdings are not registered in the share register
[2] Not registered in Straumann's share register

3.3 ALLOCATION OF EQUITY INSTRUMENTS TO THE BOARD OF DIRECTORS

According to the compensation plan, Board members' fees are paid in a fixed remuneration and shares. The number of shares is calculated based on the average price over the last seven days prior to the allocation.

The allocation was as follows:

	2015		2014	
	Number	Value in 1000 CHF	Number	Value in 1000 CHF
Allocated to the Board of Directors	3 064	713	6 400	1 174

3.4 AUDIT FEES

(in CHF 1'000)	31 Dec 2015	31 Dec 2014
Audit services	220	81
Other services	53	303
TOTAL	273	384

3.5 EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed in these financial statements.

4 EQUITY INSTRUMENTS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The following tables disclose the number of vested and non-vested equity instruments (shares, options and Performance Share Units) held on 31 December 2015 and 2014 by the members of the Board of Directors, the Executive Management Board and individuals related to them.

2015

	Shares	Options	Performance Share Units		
		Vested	16 Apr 2016	24 Apr 2017	22 Apr 2018
BOARD OF DIRECTORS					
Gilbert Achermann	19 166	0	0	0	0
Dr h.c. Thomas Straumann	2 723 197	0	0	0	0
Dr Sebastian Burckhardt	5 717	0	0	0	0
Roland Hess	4 004	0	0	0	0
Ulrich Looser	3 904	0	0	0	0
Dr Beat Lüthi	3 971	0	0	0	0
Stefan Meister	3 954	0	0	0	0
Total	2 763 913	0	0	0	0
EXECUTIVE MANAGEMENT BOARD					
Marco Gadola	900	0	9 577	5 121	0
Dr Peter Hackel	273	0	0	0	0
Wolfgang Becker	254	0	1 578	1 056	0
Guillaume Daniellot	1 252	0	782	810	0
Andy Molnar	161	1 000	1 858	967	0
Dr Alexander Ochsner	0	0	3 141	1 149	0
Frank Hemm	1 022	0	1 984	1 149	0
Dr Gerhard Bauer	1 034	0	1 134	1 231	0
Petra Rumpf	0	0	0	0	0
Total	4 896	1 000	20 054	11 483	0
TOTAL	2 768 809	1 000	20 054	11 483	0

2014

	Shares	Options	Performance Share Units		
		Vested	17 Apr 2015	16 Apr 2016	24 Apr 2017
BOARD OF DIRECTORS					
Gilbert Achermann	18 400	0	0	0	0
Dr h.c. Thomas Straumann	2 722 814	0	0	0	0
Dr Sebastian Burckhardt	5 334	0	0	0	0
Roland Hess	3 621	0	0	0	0
Ulrich Looser	3 521	0	0	0	0
Dr Beat Lüthi	3 588	0	0	0	0
Stefan Meister	3 571	0	0	0	0
Total	2 760 849	0	0	0	0
EXECUTIVE MANAGEMENT BOARD					
Marco Gadola	590	0	0	9 577	5 121
Dr Peter Hackel	273	0	0	0	0
Wolfgang Becker	254	0	1 295	1 578	1 056
Guillaume Daniellot	0	2 000	626	782	810
Andy Molnar	161	1 000	750	1 858	967
Dr Alexander Ochsner	0	0	0	3 141	1 149
Frank Hemm	1 022	0	1 588	1 984	1 149
Dr Gerhard Bauer	774	1 834	908	1 134	1 231
Thomas Dressendörfer	1 250	0	2 740	2 798	960
Total	4 324	4 834	7 907	22 852	12 443
TOTAL	2 765 173	4 834	7 907	22 852	12 443

Proposal of the Board of Directors for the appropriation of the available earnings

(in CHF 1 000)	2015	2014
Net result	(84 818)	115 372
Carried forward from previous year	873 202	804 547
Change in reserves from treasury shares	8 510	11 848
Profit available to the Annual General Meeting	796 894	931 767
Dividend paid out of the available earnings (CHF 3.75 per share)		(58 565)
BALANCE CARRIED FORWARD		873 202

The Board of Directors proposes to the Shareholders' General Meeting that a total dividend of CHF 4.00 per share be distributed, payable as of 14 April 2016. Calculated based on the total number of outstanding shares of 15 715 403, this corresponds to a total amount of CHF 62.9 million. In deciding on the appropriation of dividends, the Shareholders' General Meeting shall take into account that the Company will not pay a dividend on treasury shares held by the Company.

Until the time of the Shareholders' General Meeting, 77 200 free options could be exercised and converted into shares. The maximum dividends related to such options if exercised would be CHF 0.3 million.

The remaining amount of the available earnings is to be carried forward.

Audit Report – Financial statements Straumann Holding AG

Report of the statutory auditor to the General Meeting of Straumann Holding AG, Basel

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Straumann Holding AG, which comprise the balance sheet, income statement and notes (pages 70 to 78), for the year ended 31 December 2015.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Daniel Maiwald
Licensed audit expert

Basel, 10 February 2016

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