Interim report January-June 2007 / Media release

Straumann posts 34% rise in first-half net profit

- *Net revenue rises 13% in local currencies (15% in CHF) to CHF 352 million*
- *Operating and net profit grow over-proportionately by 18% and 34% respectively*
- *Cash flow generated from operating activities jumps 56% and earnings per share increase by 34% to CHF 6.10*
- *Combination with etkon provides immediate presence in CAD/CAM tooth restoration business; etkon franchise partners in US and Benelux sell shareholdings to Straumann*
- *Japanese and Korean distributors acquired, giving direct access to Asia's two largest markets*
- *Experienced global sales executive completes Group Management team; job creation continues as international business expands*

Key figures

(in CHF million)	H1, 2007	H1, 2006
Net revenue	351.7	305.4
Growth in %	15.2	19.3
Growth in local currencies in %	13.1	16.6
Operating profit	107.8	91.4
Margin in %	30.7	29.9
Growth in %	17.9	13.7
Net profit	94.9	70.9
Margin in %	27.0	23.2
Growth in %	33.9	4.1
Earnings per share (in CHF)	6.10	4.54

Basel, 8 August 2007: In the first six months of 2007, Straumann net revenue grew 13% in local currencies (l.c.), or 15% in Swiss francs, to CHF 352 million. Operating profit climbed 18% to CHF 108 million, contributing to a 34% jump in net profit to CHF 95 million. As a result, the operating and net profit margins expanded to 31% and 27% respectively, while earnings per share rose 34% from the first half of 2006 to CHF 6.10. Cash generated from operating activities surged 56% to CHF 93 million.

Entry into promising CAD/CAM dental market through acquisition of etkon
One of the main strategic highlights in the first half of 2007 was Straumann's friendly acquisition of etkon AG, a rapidly emerging company in the fast-growing market for CAD/CAM-based restorative dentistry. The combination of the two companies positions Straumann as a unique dental partner providing regenerative, restorative and replacement solutions.

The acquisition took place at the beginning of March and Straumann currently owns 78% of etkon shares, which were purchased for EUR 78 million. The remaining shares will be acquired in the near future, bringing the total purchase consideration for etkon AG to EUR 100 million.

In addition to this, Straumann recently acquired the outstanding shares of the etkon franchise partners in the US and Benelux countries: on 19 July, Straumann bought the outstanding 49% of etkon BeNeLux & France N.V. for EUR 2.1 million in cash with an additional performance-related payment of up to EUR 0.8 million, and on 31 July, the Group signed an agreement to acquire the remaining 46% of the shares of etkon USA, Inc. for a cash consideration of USD 3.8 million.

Direct access to customers in Asia's two largest markets
In the course of the first half, Straumann worked towards its goal of gaining direct access to its customers in Asia's two largest markets for dental implants. On 2 July, the Group gained control of Daishin Implant System Co. Ltd, the exclusive distributor of Straumann implant products and services in Japan for CHF 75 million plus a performance-based consideration of up to CHF 10 million. Even more recently, on 7 August, Straumann succeeded in acquiring its Korean distributor B.I. Trading for up to CHF 12 million. These transactions provide Straumann with its own fully-fledged local subsidiaries to serve the Japanese and Korean dental markets directly.

Progress towards resolving the Biora import detention in US
Straumann's Biora products are subject to an import detention in the US in connection with the FDA 'warning letter' received by the company in January. At the end of the first quarter, the FDA completed its review of the company's response to the letter and determined that Biora's responses to the observations appeared to be adequate. However, a re-inspection is required before the import detention can be lifted. The company does not expect this to happen before year end. Full-year US sales of the products in question would normally amount to approximately CHF 11 million.

SLActive surface technology: the success story continues and a new chapter unfolds
Less than two years after its initial launch, Straumann's third generation implant surface SLActive is now sold on every fifth Straumann implant in most markets as customers increasingly appreciate the reduction of implant failure as major benefit. The superiority of SLActive is further supported by a new study in 35 patients, which showed successful outcomes despite early loading in very poor quality bone[1]. In the first half of 2007, SLActive was the subject of no fewer than six peer-reviewed articles, of which one has been published, one is in press, and four have been accepted for publication. SLActive will be one unique differentiating attribute of an entirely new generation of bone-level implant pioneered by Straumann.

A new generation of bone-level implant coming soon
In the second quarter, important research findings were presented on Straumann's exciting new bone-level implant, including intermediate data from the first clinical study[2]. Excellent esthetic results were reported with regard to both hard and soft tissues indicating a low risk for recession, and no esthetic complications. At launch, this implant will be backed by an unprecedented scientific and clinical program, which together with the compelling data on SLActive, will set a new benchmark in implant dentistry. With its array of innovative features,

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[1] Roccuzzo M: Data presented at the Osteology Congress, Monaco, May 2007
[2] Buser D (University of Bern) and Belser U (University of Geneva): Data presented at the ITI World Symposium, New York, April 2007

it will give Straumann access to a significant market segment in 2008 and will offer clinicians every implant option in Straumann quality, with Straumann simplicity and the unique proven benefits of SLActive.

New clinical evidence supporting Straumann regenerative products

Results were also presented from a multicenter randomized controlled clinical trial of Straumann BoneCeramic involving 48 sinus floor elevations and 110 dental implants[3]. The study incorporated a direct head-to-head comparison with a leading competitor and further confirmed the excellent osteoconductivity and convenient handling characteristics of Straumann BoneCeramic, which make it an ideal fully-synthetic alternative for guided bone regeneration.

Clinical results were also presented on Straumann's innovative, *in situ*-forming membrane[4]. The study, which included 37 patients with bone dehiscence defects around implants, underlined that the membrane can be successfully used to treat bony defects. Importantly it also showed significant time savings and handling convenience. Straumann's activities towards launching the product will continue as soon as the FDA re-inspection of Biora has been successfully completed.

Top executive recruited and job creation continued

In the course of the first six months, Straumann's global workforce increased by 146 to 1680, as the Group continues to expand and grow its global business. Of the increase, approximately half were newly created jobs.

To lead and drive global sales, Franz Maier was appointed Executive Vice President, Head of Global Sales, a newly created top management position in the Straumann Group. Mr Maier, who joined Straumann from Procter & Gamble in July, is an accomplished and experienced manager with a strong track record in international sales and marketing in a business-to-business environment. His addition completes Straumann's Executive Management Board, which was established at the beginning of the year.

New significant shareholder

In the second quarter, Baillie Gifford, an independent investment management firm based in Edinburgh, UK, informed Straumann that it had increased its stake in the company to 789 525 registered shares, representing 5.1% of Straumann Holding AG.

Financial performance

Double-digit net revenue growth continues

In the first six months of 2007, Straumann's net revenue rose 13% in local currencies. 2% points of revenue growth was due to the acquisition of etkon, which contributed CHF 10 million to first-half revenues. The remaining 11% points were generated organically, although this would have amounted to 13% excluding the impact of the US import detention on Biora products. In Swiss-franc terms, net revenues rose 15%, reflecting a strengthening of the Euro against the franc.

Europe

Europe saw growth accelerate in the second quarter, boosted among other things by the addition of etkon. Regional first-half revenues climbed 15% in l.c. or 20% in Swiss francs to CHF 233 million, representing 66% of Group net revenue. Germany continued to post double-digit growth, and strong growth was maintained by Straumann's UK and Iberian subsidiaries. Excluding etkon, European revenue grew 11% in local currencies or 15% in Swiss francs.

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[3] Cordaro L (Eastman Dental Institute, Rome); Data presented at the ITI World Symposium, New York, April 2007

[4] Jung R (University of Zurich): Data presented at the ITI World Symposium, New York, April 2007

North America
Revenue growth in North America was impacted by the import detention on Biora products in the US. With the exception of January, first-half revenue growth was thus driven by the non-regenerative business, which grew 14% in local currencies over the full six-month period. Overall, Straumann's North American revenues edged up 7% in l.c. to CHF 77 million, or 22% of Group net revenue. The increase in Swiss francs was 3%, reflecting the weakening of the dollar against the Swiss franc.

Asia/Pacific and RoW
Revenue in the Asia/Pacific region increased a moderate 5% to CHF 32 million, or 9% of Group net revenue. Relatively strong first-quarter revenue growth was followed by a decline in the second quarter as both Japanese and Korean sales slowed in the lead up to the transition of the businesses to Straumann. Australia and New Zealand posted continued strong growth. Elsewhere, in the rest of the world, revenues rose 56% to CHF 10 million.

Operating profit rises to CHF 108 million
As a proportion of net revenue, total costs, excluding other income, decreased 0.6% points to 69.8%. The cost of goods sold dropped from 19.5% to 17.9% as the expenses resulting from the production expansion in 2006 diminished and production processes, especially SLActive production, improved. Consequently, the gross profit margin exceeded 82% for the first time in the company's history.

In contrast, selling and general administrative costs collectively increased to 48% of net revenue, mainly due to staff increases at Straumann's subsidiaries, to expand the global business, and due to charges arising from the etkon acquisition, including the amortization of CHF 1.6 million for intangible assets. (The purchase price for etkon has been preliminarily allocated to recognize EUR 32 million of the difference between the fair value of the consideration paid and the fair value of the net assets acquired as intangible assets including technology, customer relationships and brand, which will be amortized over 10 and 20 year periods.)

Licensing revenues, rent from Straumann's former site in Waldenburg and disposals of fixed assets contributed to other income of CHF 1.7 million.

As a result of all these factors, first-half operating profit (EBIT) rose 18% to CHF 108 million, and the EBIT margin expanded by almost one percentage point to 30.7%.

Operating profit before depreciation and amortization (EBITDA) increased 17% to CHF 127 million, resulting in an improvement of the EBITDA margin from 35.4 to 36.0%.

Net profit increases to CHF 95 million
The acquisition of etkon was financed through a Euro loan, which will be repaid using revenues generated in Euro. This loan resulted in first-half interest payments, which together with other financial expenses amounted to CHF 2.5 million. This was offset by financial income of CHF 2.5 million.

A one-time revaluation of deferred tax liabilities and an improved tax structure resulted in a first-half tax rate of 12%. The underlying tax rate going forward is expected to be between 17 and 18%. After tax, first-half net profit amounted to CHF 95 million, corresponding to a net profit margin of 27%.

Capital expenditure returns to normal level
Net cash flow from operating activities reached CHF 93 million, leading to an improved operating cash flow margin of 26% compared with 19% for the first six months of 2006. Net cash flow for investing activities amounted to CHF 142 million, of which CHF 126 million

were due to the etkon acquisition and CHF 15 million due to capital expenditures. As a result of this, free cash flow was a negative CHF 49 million.

The combination of all these activities together with a dividend payment of CHF 47 million meant that overall cash and cash equivalents on 30 June 2007 amounted to CHF 202 million.

Outlook
Barring unforeseen circumstances, Straumann foresees 2007 full-year net revenue growth of around 21% in local currencies or 22% in Swiss francs including the acquisition effects of etkon and the Japanese and Korean distributors as well as the import detention on Biora products in the US.

While the acquired businesses will contribute to Group revenues and profits, they will not contribute to margin expansion in the near term. Taking this into account, Straumann's full-year operating and net profit margins are expected to reach 27% and 22% respectively. The operating profit margin of the underlying business is anticipated to be around 30%.

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About Straumann
Headquartered in Basel, Switzerland, the Straumann Group (SWX: 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 currently employs approximately 1790 people worldwide and its products and services are available in more than 60 countries through its broad network of distribution subsidiaries and partners.

Media and analysts' conference

Straumann will present the 2007 first-half results to representatives of the media and financial community at 10.00h Swiss time in Basel. The event will be webcast live on the internet and a playback will be available. A telephone dial-in service is also offered for analysts and journalists.
Dial in: Switzerland: +41 44 580 34 09, International: +44 1452 560 068,
Pin-code: 10106095.

Further information and the **presentation slides** are available at www.straumann.com.

Photographs
A selection of photographs of Straumann, its activities, locations and executives is available at www.straumann.com.

Further key reporting dates

2 November 2007	Q3 and 9M sales
7 February 2008	FY 2007
28 April 2008	Q1 sales
7 August 2008	Q2 sales and H1 results
30 October 2008	Q3 and 9M sales

Details of Straumann roadshows and other events for investors are published on www.straumann.com.

Interim Selected Financial Information

Sales by region

(in CHF million)	Q1, 2007	Q2, 2007	H1, 2007	H1, 2006
Europe	113.2	119.9	233.1	194.6
Growth in %	13.3	26.6	19.8	18.5
Growth in local currencies in %	9.7	20.9	15.2	17.4
In % of net revenue	63.4	69.3	66.3	63.7
North America	37.9	38.9	76.8	74.2
Growth in %	2.6	4.3	3.4	22.5
Growth in local currencies in %	8.8	5.8	7.2	14.6
In % of net revenue	21.2	22.5	21.8	24.3
Asia/Pacific	22.4	9.2	31.6	30.1
Growth in %	17.3	(15.8)	5.2	17.7
In % of net revenue	12.5	5.3	9.0	9.9
Rest of the World	5.2	5.0	10.2	6.5
Growth in %	75.0	39.6	55.8	17.8
In % of net revenue	2.9	2.9	2.9	2.1
Total	178.7	173.0	351.7	305.4
Growth in %	12.5	18.1	15.2	19.3
Growth in local currencies in %	11.6	14.8	13.1	16.6

Operating performance

(in CHF million)	H1, 2007	H1, 2006
Net revenue	351.7	305.4
Growth in %	15.2	19.3
Gross profit	288.8	245.8
Margin in %	82.1	80.5
Operating profit before depreciation and amortization (EBITDA)	126.6	108.0
Margin in %	36.0	35.4
Growth in %	17.2	17.8
Operating profit before amortization (EBITA)	114.2	95.5
Margin in %	32.5	31.3
Growth in %	19.6	14.9
Operating profit (EBIT)	107.8	91.4
Margin in %	30.7	29.9
Growth in %	17.9	13.7
Net profit	94.9	70.9
Margin in %	27.0	23.2
Growth in %	33.9	4.1
Earnings per share (in CHF)	6.10	4.54
Number of employees (period end)	1 680	1 522
Number of employees (average)	1 694	1 365

Financial Performance

(in CHF million)	H1, 2007	H1, 2006[1]
Cash and cash equivalents	202.0	94.9
Net working capital	70.0	65.9
In % of net revenue	10.8	11.8
Inventories	71.3	55.9
Days of supplies	200	190
Trade receivables	106.3	87.2
Days of sales outstanding	55	54
Balance sheet total	887.1	578.1
Return on assets in % (ROA)	24.7	25.5
Equity	548.9	459.1
Equity ratio in %	61.9	79.4
Return on equity in % (ROE)	35.9	32.2
Capital employed[2]	515.3	354.4
Return on capital employed in % (ROCE)	37.2	47.2
Cash generated from operating activities	92.6	59.5
In % of net revenue	26.3	18.9
Investments	141.7	27.7
In % of net revenue	40.3	9.1
Capital expenditures	15.3	23.1
Acquisitions	126.4	4.6
Free Cash Flow	(49.0)	31.8
In % of net revenue	(13.9)	10.4
Dividend	46.7	39.0
Pay-out ratio in %	32.9	30.5

[1] The presentation of 2006 figures has been adopted to the 2007 format throughout this report.

[2] Calculated as 'Net working capital + Property, plant and equipment + Investment properties + Intangible assets ./. Non-current provisions ./. Pension liabilities'

Interim Consolidated Balance Sheet

Assets

(in CHF 1 000)	30 Jun 2007	31 Dec 2006
Property, plant and equipment	135 395	129 468
Investment properties	8 875	9 000
Intangible assets	309 612	156 032
Financial assets	1 880	400
Deferred income tax assets	26 818	24 821
Total non-current assets	**482 580**	**319 721**
Inventories	71 346	58 974
Trade receivables	106 292	85 348
Income tax receivables	1 072	1 152
Other receivables	23 899	13 123
Cash and cash equivalents	201 950	171 807
Total current assets	**404 559**	**330 404**
Total assets	**887 139**	**650 125**

Interim Consolidated Balance Sheet

Equity and liabilities

(in CHF 1 000)	30 Jun 2007	31 Dec 2006
Share capital	1 564	1 562
Retained earnings and reserves	538 157	505 190
Total equity attributable to the shareholders of the parent company	**539 721**	**506 752**
Non-controlling interests	9 134	0
Total equity	**548 855**	**506 752**
Interest-bearing loans and borrowings	3 870	0
Financial liabilities measured at amortized costs	5 189	0
Provisions	4 096	1 925
Deferred income tax liabilities	31 010	16 368
Pension liabilities	4 514	4 514
Total non-current liabilities	**48 679**	**22 807**
Interest-bearing loans and borrowings	123 673	0
Trade payables	23 094	25 001
Financial liabilities measured at amortized costs	33 359	0
Income tax liabilities	39 908	29 580
Provisions	7 671	39
Other liabilities	61 900	65 946
Total current liabilities	**289 605**	**120 566**
Total liabilities	**338 284**	**143 373**
Total equity and liabilities	**887 139**	**650 125**

Interim Consolidated Income Statement

(in CHF 1 000)	H1, 2007	H1, 2006
Net revenue	**351 712**	**305 416**
Cost of goods sold	(62 922)	(59 580)
Gross profit	**288 790**	**245 836**
Selling and general administrative costs	(168 646)	(141 124)
Research and development costs	(14 063)	(14 413)
Other income	1 723	1 074
Operating profit	**107 804**	**91 373**
Financial income	2 532	588
Financial expense	(2 531)	(929)
Profit before income taxes	**107 805**	**91 032**
Income taxes and deferred income taxes	(12 939)	(20 176)
Net profit	**94 866**	**70 856**
Attributable to:		
Shareholders of the parent company	95 028	70 653
Non-controlling interests	(162)	203
Basic earnings per share (in CHF)	6.10	4.54
Diluted earnings per share (in CHF)	6.09	4.53

2006 figures include net operating foreign exchange gains of CHF 0.6 million, recognized in ‘selling and administrative costs’.

Operating foreign exchange results are recognized from 2007 onwards as ‘financial income’ or ‘financial expense’. For the six months ended 30 June 2007, net operating foreign exchange gains amounted to CHF 1.1 million.

Interim Consolidated Statement of Changes in Equity

(in CHF 1 000)	Share capital	Capital reserves and share premium	Treasury shares	Cash Flow Hedge reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of the parent company								
Balance at 1 January 2006	**1 558**	**47 403**		**0**	**(802)**	**370 319**	**418 478**	**1 511**	**419 989**
Currency translation adjustments					(1 025)		**(1 025)**		**(1 025)**
Effect of cash flow hedges, net of tax				(55)			**(55)**		**(55)**
Total gains and losses directly recognized in equity	**0**	**0**	**0**	**(55)**	**(1 025)**	**0**	**(1 080)**	**0**	**(1 080)**
Net profit						70 653	**70 653**	203	**70 856**
Total recognized income and expense	**0**	**0**	**0**	**(55)**	**(1 025)**	**70 653**	**69 573**	**203**	**69 776**
Dividends paid						(39 040)	**(39 040)**		**(39 040)**
Exercise of options	4	8 854					**8 858**		**8 858**
Share-based payments		1 257					**1 257**		**1 257**
Acquisition of non-controlling interests							**0**	(1 714)	**(1 714)**
Balance at 30 June 2006	**1 562**	**57 514**	**0**	**(55)**	**(1 827)**	**401 932**	**459 126**	**0**	**459 126**
Balance at 1 January 2007	**1 562**	**55 266**	**(29 976)**	**(301)**	**7 068**	**473 133**	**506 752**	**0**	**506 752**
Currency translation adjustments					2 790		**2 790**		**2 790**
Effect of cash flow hedges, net of tax				(1 889)			**(1 889)**		**(1 889)**
Result from the sale of treasury shares						(165)	**(165)**		**(165)**
Total gains and losses directly recognized in equity	**0**	**0**	**0**	**(1 889)**	**2 790**	**(165)**	**736**	**0**	**736**
Net profit						95 028	**95 028**	(162)	**94 866**
Total recognized income and expense	**0**	**0**	**0**	**(1 889)**	**2 790**	**94 863**	**95 764**	**(162)**	**95 602**
Dividends paid						(46 730)	**(46 730)**		**(46 730)**
Exercise of options	2	1 982					**1 984**		**1 984**
Share-based payments						2 072	**2 072**		**2 072**
Changes in scope of consolidation							**0**	9 296	**9 296**
Issuer's own equity instruments			15 000				**15 000**		**15 000**
Purchase of treasury shares			(2 877)				**(2 877)**		**(2 877)**
Sale of treasury shares			3 022				**3 022**		**3 022**
Put options granted to the holders of non-controlling interests						(35 266)	**(35 266)**		**(35 266)**
Balance at 30 June 2007	**1 564**	**57 248**	**(14 831)**	**(2 190)**	**9 858**	**488 072**	**539 721**	**9 134**	**548 855**

In the first half of 2007, the Company issued 14 693 shares (2006: 39 217) in conjunction with the employee share ownership program.

Interim Consolidated Cash Flow Statement

(in CHF 1 000)	H1, 2007	H1, 2006
Operating profit	**107 804**	**91 373**
Depreciation and amortization	18 824	16 643
Change in provisions	2 781	1 192
Change in pension assets/liabilities	0	318
Share-based payments expense	2 072	1 257
Gains and losses from disposals of property, plant and equipment	(203)	115
Changes in working capital	(28 398)	(34 634)
Foreign exchange impact on intra-group payments	(365)	0
Foreign exchange gains/losses	401	(716)
Interest paid	(2 531)	(283)
Interest received	2 131	588
Income tax paid	(9 876)	(16 400)
Net cash from operating activities	**92 640**	**59 453**
Purchase of property, plant and equipment	(12 729)	(11 919)
Purchase of intangible assets	(2 455)	(11 181)
Acquisition of subsidiaries, net of cash acquired	(126 437)	(2 924)
Aquisition of non-controlling interests	0	(1 714)
Net proceeds from sale of financial assets	(53)	62
Net cash used in investing activities	**(141 674)**	**(27 676)**
Dividends paid	(46 730)	(39 040)
Net proceeds from options exercised/shares issued	1 984	8 858
Proceeds from loans and borrowings	123 673	0
Purchase of treasury shares	(2 877)	0
Sale of treasury shares	3 022	0
Net cash used in financing activities	**79 072**	**(30 182)**
Effect of exchange rate differences on cash held	105	(894)
Net increase in cash and cash equivalents	**30 143**	**701**
Cash and cash equivalents at 1 January	**171 807**	**94 195**
Cash and cash equivalents at 30 June	**201 950**	**94 896**

Notes to the interim condensed consolidated financial statements

1 Corporate information

The interim condensed consolidated financial statements of the Straumann Group for the six months ended 30 June 2007 were authorized for issue in accordance with a resolution of the Board of Directors on 6 August 2007.

Straumann Holding AG is a public limited company incorporated and domiciled in Switzerland, whose shares are publicly traded on the Swiss Stock Exchange (SWX: STMN).

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2007 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Group's annual financial statements as at 31 December 2006.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except for the adoption of the new interpretations, noted below. Adoption of these did not have any effect on the financial positions or performance of the Group.

- IFRIC 8 *Scope of IFRS 2*
  The Group adopted IFRIC Interpretation 8 as of 1 January 2007, which requires IFRS 2 to be applied to any arrangements where equity instruments are issued for considerations that appear to be less than fair value.

- IFRIC 9 *Reassessment of Embedded Derivatives*
  The Group adopted IFRIC Interpretation 9 as of 1 January 2007, which states that the date to assess the existence of an embedded derivative is the date an entity first becomes party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows.

- IFRIC 10 *Interim Financial Reporting and Impairment*
  The Group adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

3 Seasonality of operations

The Group operates in industries where significant seasonal or cyclical variations in the total sales are not experienced during the financial year.

4 Dividends paid

On 4 April 2007 the Company paid a dividend of CHF 3.00 (2006: CHF 2.50) per share, less 35% withholding tax, to its shareholders. The total amount of the gross dividend paid was CHF 46.7 million (2006: CHF 39.0 million)

5 Business combination

Acquisition of etkon AG

In March 2007, the Group acquired 77.71% of the voting shares of etkon AG ("etkon") a company based in Germany specializing in CAD/CAM tooth restoration. The acquisition has been accounted for using the purchase method of accounting. The interim condensed consolidated financial statements include the results of etkon for the four-month period from the acquisition to the end of June 2007.

The total acquisition costs of CHF 126.2 million comprised a cash payment of CHF 125.7 million and costs of 0.5 million directly attributable to the acquisition.

Cash outflow on acquisition:

(in CHF 1 000)

Net cash acquired with the subsidiary	6
Cash paid	(126 229)
Net cash outflow	**(126 223)**

Based on a preliminary estimate, goodwill of CHF 95.5 million has been recorded.

Between the date of the acquisition and 30 June 2007, etkon contributed CHF -0.7 million to the operating profit of the Group and CHF -1.2 million to net profit. If the combination had taken place at the beginning of year, the revenue for the Group would have been CHF 355.3 million. The net profit of the combined entity corresponds to the consolidated net profit of Straumann as of 30 June 2007. These amounts have been calculated using Straumann's accounting policies.

The goodwill recognized above is attributed to the expected synergies and other benefits from combining the assets and activities as well as from the roll-out of etkon's existing business model – previously limited to its home market – to other markets in which Straumann is already present.

6 Segment information

The segment reporting format is determined to be geographical segments as Straumann's risk and rates of return are affected predominately by differences in the geographical areas.

The following tables present revenue and profit information regarding the Group's geographical segments for the six months ended 30 June 2007 and 2006, respectively.

(in CHF 1 000)	Europe	North America	Asia/Pacific	Rest of World	Corporate/ unallocated	Eliminations	Group
H1 2007							
Net revenue to external customers	266 721	75 754	5 596	3 641			**351 712**
Net revenue with other segments	41 038	6 250				(47 288)	
Net revenue based on location of assets	**307 759**	**82 004**	**5 596**	**3 641**		**(47 288)**	**351 712**
Operating profit	**83 879**	**2 545**	**749**	**(392)**	**21 023**		**107 804**
Financial result							**1**
Income taxes							**(12 939)**
Net profit							**94 866**
Net revenue based on geographical location of customers	**233 161**	**76 754**	**31 621**	**10 176**			**351 712**

(in CHF 1 000)	Europe	North America	Asia/Pacific	Rest of World	Corporate/ unallocated	Eliminations	Group
H1 2006							
Net revenue to external customers	224 996	73 827	4 092	2 501			**305 416**
Net revenue with other segments	39 984	4 393				(44 377)	
Net revenue based on location of assets	**264 980**	**78 220**	**4 092**	**2 501**		**(44 377)**	**305 416**
Operating profit	**83 131**	**(3 305)**	**905**	**(588)**	**11 230**		**91 373**
Financial result							**(341)**
Income taxes							**(20 176)**
Net profit							**70 856**
Net revenue based on geographical location of customers	**194 611**	**74 210**	**30 064**	**6 531**			**305 416**

7 Related-party transactions

The International Team for Implantology (ITI) Foundation, the Straumann Pension Fund, VISCHER Attorneys-at-law, the Board of Directors and the Executive Management were all identified as related parties. In the period under review, the following related-party transactions were made:

(in CHF 1 000)	H1, 2007	H1, 2006
Transactions -purchase of services		
International Team for Implantology Foundation	4 580	3 714
Pension fund	2 533	2 379
VISCHER, Attorneys-at-law	121	84
Total related-party transactions	**7 234**	**6 177**

(in CHF 1 000)	30 Jun 2007	31 Dec 2006	30 Jun 2006
Open balances at period-end			
International Team for Implantology Foundation	2 387	1 588	2 057
Pension fund	2 802	0	47
VISCHER, Attorneys-at-law	15	26	16
Total related-party transactions	**5 204**	**1 614**	**2 120**

The payments to the ITI Foundation are based on a collaboration agreement between Straumann and the ITI. The payments to VISCHER Attorneys-at-law were made for tax and legal consulting and are priced at arm's length.

Compensation for key management personnel

Compensation of the Board of Directors depends on the course of business. The Board of Directors comprises six non-executive members and receives a cash bonus and a fixed number of options, which are issued in the form of warrants. The compensation of the Executive Management consists of a fixed portion and a variable portion, which depends on the course of the business. Besides a fixed salary, the Executive Management receives an individual performance-based bonus and a fixed number of options. As a result of organizational changes in the second half of 2006, the Group's Executive Management now comprises an Executive Management Board of four positions, one of which was not filled until July 2007.

The total compensation for the Board of Directors and the Executive Management Board for the six months ended 30 June 2007 amounted to CHF 1.8 million. In the comparative period of 2006, when the Executive Management Committee comprised seven members, the total compensation was CHF 3.3 million.

8 Events after the balance sheet date

On 2 July 2007, the Group gained control of its Japanese business by acquiring 100% of the interest in its Japanese distributor Daishin Implant System, Co. Ltd, based in Osaka, Japan. The purchase price amounted to CHF 75 million paid in cash plus an earn-out component of up to a maximum CHF 10 million payable in 2014, which is conditional upon a set of performance criteria regarding the acquired business. The acquisition will be accounted for using the purchase method of accounting.

On 19 July 2007, Straumann entered an agreement to purchase the outstanding shares in etkon BeNeLux & France N.V. for a total cash consideration of CHF 3.5 million, plus an earn-out component of up to a maximum CHF 1.3 million payable in July 2008, conditional upon a set of performance criteria regarding the acquired business.

On 31 July 2007, Straumann entered an agreement to purchase the outstanding shares in etkon USA, Inc. for a cash consideration of CHF 4.7 million.

On 7 August 2007, the Group acquired 100% of the interest in its Korean distributor B.I. Trading in Seoul, Korea for up to CHF 12 million including the net assets acquired as per the closing date.

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Report on the Review of
condensed consolidated interim financial information
to the Board of Directors of
Straumann Holding AG

Introduction
We have reviewed the accompanying condensed consolidated interim financial information (balance sheet, income statement, cash flow statement, statement of changes in equity and notes) of Straumann Group for the period ended 30 June 2007. The Board of Directors is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review
We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers AG

Th. Brüderlin G. Siegrist

Basel, 8 August 2007