

FINANCIAL REPORT 2006

Management summary	88
Risk assessment	92
Selected financial information	94

STRAUMANN GROUP

Consolidated balance sheet	100
Consolidated income statement	101
Consolidated cash flow statement	102
Consolidated statement of changes in equity	103
Notes to the consolidated financial statements	104
Report of the Group auditors	146

STRAUMANN HOLDING AG

Balance sheet	150
Income statement	151
Notes to the financial statements	152
Proposal of the Board of Directors for the appropriation of the available earnings	155
Report of the statutory auditors	156



EXECUTIVE INTERVIEW

FOCUS: FINANCIAL CHALLENGES PRESENT AND FUTURE

Marco Gadola, CFO, Executive Vice President Finance & Operations

WHAT HAVE BEEN THE MAJOR FINANCIAL CHALLENGES FOR STRAUMANN IN 2006?

The biggest challenge has been managing our production costs, which have been impacted on the one hand by the further build up of our new facility in Andover, and on the other by the production of our new SLActive technology, which is more complex and expensive to produce than the conventional SLA implant surface. To compensate for the increase in the Cost of Goods Sold, we have had to steer and reduce our operating expenses and align them so that our selling and innovation power aren't compromised. And lastly, we have worked hard to optimize our tax structure.

HAS ANYTHING CHANGED FROM AN ACCOUNTING POINT OF VIEW?

Not essentially. In contrast to the previous years, when there were many IFRS changes, 2006 was a relatively 'light' year.

HOW HAS STRAUMANN'S FINANCE TEAM MANAGED WITH THE RAPID ORGANIZATIONAL GROWTH?

The installation of SAP across the organization has been important. Now it's a question of tuning and making sure we have the right systems and processes for the future in place: for example a harmonized chart of accounts, comprehensive profit-center accounting, and value-driver reporting. We also changed the organization of our finance organization at headquarters by establishing dedicated Group Accounting, Group Controlling and Internal Audit functions and by strengthening the controlling of the sales regions and business units.

WHAT - APART FROM TOP-LINE GROWTH - ARE THE BIGGEST FINANCIAL CHALLENGES FOR 2007?

We want to improve the EBIT margin, which will mean tight expense management and production efficiency gains to offset the negative gross margin effect of SLActive as its share of our sales increases.

ARE CURRENCIES LIKELY TO HAVE A BIG IMPACT?

Obviously, I can't predict how the main currencies that affect us will move. The great majority of our revenues are generated in Euros or US dollars and consolidated in Swiss francs. To limit our exposure (to the potential transaction risk) we enter into currency hedging forward contracts if appropriate.

MANAGEMENT SUMMARY

STRAUMANN ACHIEVES NET REVENUE GROWTH OF 18 %

In 2006, the Straumann Group's net revenue climbed 16% in local currencies (l. c.) to CHF 599 million. After currency translations, the growth rate in Swiss francs amounted to 18%. Operating profit rose 12% to CHF 175 million, contributing to an 11% increase in net profit to CHF 142 million. The operating and net profit margins reached 29.3% and 23.7% respectively, while earnings per share climbed to CHF 9.09, corresponding to an improvement of 11%.

OPERATIONAL AND STRATEGIC ACHIEVEMENTS

One of our biggest undertakings in 2006 was the full-scale roll-out of our unique third-generation implant surface, SLActive, on all our major implant types throughout of our two largest regions, Europe and North America. Another major achievement was the build-up of our production plant in the USA, which opened in mid 2005. The costs associated with this project and the production of SLActive weighed considerably on the gross margin and constrained overall profit growth.

INNOVATION AND NEW LAUNCHES

In addition to SLActive, we introduced two new regenerative products, Straumann BoneCeramic and Emdogain PLUS, in Europe. To support and position these and other products, and to drive innovation, we continued to invest in research & development. In 2006, we had a larger number of ongoing clinical studies in more centers worldwide than ever before. In addition, we continued our marketing efforts for new and in-market products, for instance through a strong presence at major congresses and meetings.

INFRASTRUCTURE

Following the large-scale relocations of 2005, the only major change in infrastructure in 2006 was the transfer of our UK country headquarters to larger, more accessible premises. The production expansion in the US continued according to plan: we added further CNC machines, almost doubled our production team, and began operating in two shifts. As a result, our US production capacity doubled.

DISTRIBUTION CHANNELS TAKEN OVER

With regard to distribution channels, we achieved our aspiration of gaining direct access to all our customers in Western Continental Europe following the integration of our Danish distributor at the beginning of 2006. At year-end we took over direct distribution in New Zealand. Shortly after, we signed a memorandum of understanding that paves the way for us to acquire the Straumann-related business of our Japanese distributor. Once completed, the transaction will give us direct access to our customers in Japan as of the second-half of 2007.

INCREASED GLOBAL WORKFORCE

We continued to invest in recruiting and training new talent, creating just under 200 new jobs worldwide and bringing our global workforce to 1534 at year-end. We conducted an extensive corporate alignment program to train every employee about our core values, brand, new visual identity and other key differentiators, and we carried out a major reorganization program to streamline and drive innovation and sales excellence.

ORGANIC GROWTH EXPANDS 15%

15% points of revenue expansion were generated organically. 1% point was due to 'acquired' businesses, namely our Danish distributor (which was integrated at the beginning of 2006) and our distribution in Australia (which we took over in mid 2005). Currency developments, which were influenced mainly by the US Dollar and the Euro, amounted to just over 1% point.

EUROPE

European revenues rose 19% in local currencies (20% in CHF) to CHF 381 million, which corresponds to 63% of Group revenues. While Germany continued to be the main contributor to our European business, particularly strong performances were achieved in the UK and France. Belgium and Spain also posted dynamic growth. Elsewhere, performances were generally solid with all countries yielding double-digit underlying revenue growth.

NORTH AMERICA

In North America, revenues grew 12% in local currencies (14% in CHF) to CHF 149 million, lifted by the introduction of SLActive. North America continues to generate 25% of Group revenues, and although the year was short of our ambitious expectations for the region, key managerial appointments were made and important initiatives in sales and education were taken. As a result, we believe that Straumann is positioned for stronger regional growth in 2007.

ASIA/PACIFIC AND ROW

In the Asia/Pacific region, revenues increased 12% (in CHF) to CHF 57 million. The region was characterized by strong quarterly fluctuations reflecting the fact that customer access is predominantly through distributors. Consistent strong growth was posted by our new Australian subsidiary, which took over distribution in New Zealand at year-end.

Elsewhere, in the rest of the world, revenues climbed 12% in Swiss francs to CHF 12 million, on top of the particularly strong performance of the prior year.

OPERATING PROFIT (EBIT) RISES 12%

The aforementioned production expansion costs and our innovative product mix lifted the cost of goods sold from 18.2 to 19.9% of net revenue, with the result that the gross profit margin was squeezed to 80.1%. Operating costs remained more or less stable as a proportion of net revenue despite the many initiatives outlined above. In percent of net revenue, selling costs rose slightly from 38.7 to 38.9%, while research and development eased from 5.2 to 5.1%, and general administration costs rose from 7.9 to 8.2%. The EBITDA margin increased to 36.4% from the prior year level of 35.5%. Depreciation and amortization rose strongly – primarily due to the aforementioned production factors and an impairment charge related to our former headquarters in Waldenburg. These costs, combined with gains from licensing and successful litigation, resulted in an operating profit of CHF 175.3 million and an EBIT margin of 29.3%.

NET PROFIT INCREASES 11%

The Group's net profit rose 11% to CHF 142 million and would have been considerably higher had it not been for the unfavourable impact of foreign exchange rates on financial income. In the second half of 2006, we successfully optimized our tax structure in Sweden leading to a full-year tax rate of 18.4%. As a result, the net profit margin reached 23.7%. Earnings per share consequently increased 11% to CHF 9.09.

FREE CASH FLOW INCREASES FIVEFOLD

Cash generated from operating activities climbed 21% to CHF 176 million, leading to a continued strong operating cash-flow margin of 29.4%. Following the high investment cycle of 2005, Straumann's capex returned to a 'normal' level of 7% in 2006. Cash used for investments in 2006 amounted to CHF 49.8 million, including CHF 7.8 million for the acquisition of the remaining Biora shares and our Danish distributor. A net cash amount of CHF 15.7 million was used for treasury shares. This and a lower level of acquisitions than in 2005 resulted in a five-fold increase in free cash flow to CHF 126.4 million.

After a dividend payment of CHF 39 million, liquidity amounted to CHF 172 million at year-end. Total assets increased by CHF 114 million to CHF 650 million, due mainly to the higher cash balance. Net working capital increased only slightly from CHF 35.5 million to CHF 38.1 million or 6.1% of net revenue.

The equity ratio decreased from 78.8 to 77.9% mainly due to the treasury share purchase. Return on equity (ROE) decreased to 31%, while return on capital employed (ROCE) decreased to 38% due to our operational expansion. Based on a weighted average cost of capital of 9%, Straumann achieved an economic profit of CHF 98.4 million, an increase of CHF 5.2 million over the prior year.

33% DIVIDEND ON NET PROFIT

On the basis of the full-year performance, the Board of Directors will propose an ordinary dividend of CHF 3.00 per share to the General Meeting of the Shareholders. This corresponds to a total dividend of CHF 46.8 million and a payout ratio of 33%, which is approximately in line with the previous year.

OUTLOOK

Looking ahead, we remain very optimistic about the inherent growth opportunities in the field of implant dentistry and oral tissue regeneration. By virtue of our innovation and service leadership, we are confident that, in the coming years, we will be able to grow above market in terms of revenue, while expanding our margins, thanks to further improvements in operational excellence.

RISK ASSESSMENT

BUSINESS EXECUTION RISKS

The implant dentistry and dental tissue regeneration market is growing rapidly due to, among other factors, the low level of penetration, the aging population, the increasing level of education on implantology and the growing awareness among patients and dental professionals of the benefits of implants and oral tissue regeneration products. Today, there are no discernible reasons why this market should not continue to offer attractive prospects for future growth.

One of the main challenges facing Straumann is the need to expand organizationally in order to capture the significant market potential. Straumann's future revenues depend on the Group's ability to expand its business with existing customers, to increase its customer base, and to develop innovative products and services that meet customers' needs and to bring them to market in a timely manner. In addition, competitive conditions have intensified as the number of companies supplying cheaper 'copycat' alternatives has increased in all markets.

Recent concerns about bone loss in connection with a specific implant design marketed by a competitor have highlighted the potential risks associated with product safety and performance. Straumann seeks to minimize these by going well beyond the minimum legal requirements and conducting thorough large-scale trials, followed by controlled selective introductions and long-term product surveillance wherever appropriate.

'LEAP-FROG' TECHNOLOGIES

While interesting and promising results in basic research of novel tooth replacement technologies may continue to emerge, we believe that such technologies do not pose a substitution risk to current implant treatment methods in the medium-/long-term.

POTENTIAL CHANGES IN HEALTHCARE REGULATION

Reimbursement or subsidization of implant treatment is rare, which places treatment costs largely on the patient. Even though materials make up only about 15 % of the overall treatment costs, implant manufacturers may nevertheless be touched by changes in healthcare regulation affecting the total cost burden on the patient, as was experienced with the change in healthcare regulation in Germany in 2005.

FINANCIAL RISK MANAGEMENT

Approximately 85 % of Group sales are generated in currencies other than the Swiss franc and are therefore exposed to translation risk. Straumann invoices its subsidiaries in local currencies. Therefore, foreign transaction risks only concern the headquarters. Our transaction exposure to continental European currencies is approximately 56 %; to the US, Canadian and Australian dollars, and the British pound it is collectively 44 %. Our exposure to Asian currencies including the Yen is negligible. To limit the potential transaction risk on foreign currency cash flows, Straumann enters – if deemed appropriate – into currency hedging forward contracts; limited, however, to its major foreign currencies, the USD and the Euro.

Straumann has no considerable concentration of commercial credit risk, as no individual customer accounts for a substantial share of Group sales.

To reduce investment risk on cash and cash like positions, Straumann manages the liquid funds centrally. The available funds are invested mainly into short- and mid-term money market instruments. Liquidity risk is minimized by ensuring that sufficient cash and cash equivalents are maintained to cover operational needs. For strategic acquisitions, Straumann may consider entering into loan agreements, with the goal of repaying loans with operating cash flow within a reasonable time frame. Straumann aims to maintain an equity ratio of at least 50 %.

Straumann's interest expenses are minimal, as the Group has no significant interest-bearing liabilities.

Further information on financial risk can be found on pages 114–115.

..... LEGAL AND INTELLECTUAL PROPERTY RISKS

Straumann operates in a competitive market in which intellectual property rights are of significant importance. The Group therefore actively pursues a strategy of protecting its intellectual property, especially its know-how, patents and trademarks. Consequently the Group is currently, and may continue to be engaged in litigations related to intellectual property, either as a claimant or a defendant. The Group is also involved in other litigations which are not IP-related and are not considered to be material.

..... INTERNAL AUDIT

Straumann has created an internal audit position, which became effective on 1 January 2007. One of its tasks will be to focus on assessing internal processes and controls and improving them if necessary, with the objective of safeguarding the Group's material and immaterial assets.

..... INSURANCE POLICIES

Straumann covers its inherent key business risks in the same way that it covers product or employer liability risks, i.e. through corresponding insurance policies held with reputed insurance companies.

..... PENSION LIABILITY RISKS

The Group offers its staff competitive pensions. The pension funds are managed locally and invested by independent financial institutions. The investment strategy is determined by the Pension Fund Board and executed by the financial institution. Neither Straumann nor the trustees are allowed to influence the specific investment decision. The pension funds publish regular reports for all members. At 31 December 2006, the Swiss pension fund, which covers the largest staff contingent was more than 100 % covered.

SELECTED FINANCIAL INFORMATION

OPERATING PERFORMANCE

(in CHF million)	2006	2005 ¹
Net revenue	599.2	509.6
Growth in %	17.6	21.2
Gross profit	479.7	416.6
Margin in %	80.1	81.8
Operating result before depreciation and amortization (EBITDA)	217.8	181.1
Margin in %	36.4	35.5
Growth in %	20.3	16.1
Operating result before amortization (EBITA)	185.2	162.2
Margin in %	30.9	31.8
Growth in %	14.2	18.5
Operating profit (EBIT)	175.3	155.9
Margin in %	29.3	30.6
Growth in %	12.4	22.2
Net profit	141.9	128.2
Margin in %	23.7	25.2
Growth in %	10.7	27.5
Earnings per share (in CHF)	9.09	8.22
Value added (economic profit)	98.4	93.2
Increase in value added	5.2	13.1
Increase in value added in %	5.5	16.4
In % of net revenue	16.4	18.3
Number of employees (year-end)	1 534	1 342
Number of employees (average)	1 483	1 236
Sales per employee (average) in CHF 1 000	404	412

¹ The presentation of 2005 figures has been adapted to the 2006 format throughout this report.

FINANCIAL PERFORMANCE

(in CHF million)	2006	2005 ¹
Cash and short-term bank deposits	171.8	94.2
Net working capital (net of cash)	38.1	35.5
In % of net revenue	6.1	5.2
Inventories	59.0	48.1
Inventory days	161	162
Trade receivables	85.3	69.6
Trade receivable days	47	42
Balance sheet total	650.1	536.3
Return on assets in % (ROA)	23.9	27.3
Equity	506.8	420.0
Equity ratio in %	77.9	78.8
Return on equity in % (ROE)	30.6	35.0
Capital employed	506.8	420.0
Return on capital employed in % (ROCE)	37.8	42.6
Cash generated from operating activities	176.2	145.4
In % of net revenue	29.4	28.5
Investments	49.8	122.0
In % of net revenue	8.3	23.9
Capital expenditures	42.1	59.4
Acquisitions	7.8	61.7
Free cash flow	126.4	23.4
In % of net revenue	21.1	4.6
Dividend	39.0	31.1
Pay-out ratio in %	30.5	31.0

¹ The presentation of 2005 figures has been adapted to the 2006 format throughout this report.

SALES BY REGION

(in CHF million)	H1	H2	Total 2006	Total 2005
Europe	194.6	185.9	380.5	316.1
Growth in %	18.5	22.5	20.4	20.6
Growth in local currencies in %	17.4	20.0	18.6	20.5
In % of net revenue	63.7	63.3	63.5	62.0
North America	74.2	75.1	149.3	131.3
Growth in %	22.5	6.1	13.7	19.0
Growth in local currencies in %	14.6	10.0	12.2	17.7
In % of net revenue	24.3	25.6	24.9	25.8
Asia/Pacific	30.1	26.9	57.0	51.1
Growth in %	17.7	5.3	11.5	25.8
In % of net revenue	9.9	9.2	9.5	10.0
Rest of the World	6.5	5.9	12.4	11.1
Growth in %	17.8	5.9	11.9	54.1
In % of net revenue	2.1	2.0	2.1	2.2
Total	305.4	293.8	599.2	509.6
Growth in %	19.3	15.9	17.6	21.2
Growth in local currencies in %	16.6	15.6	16.1	20.7
In % of full-year sales	51.0	49.0	100.0	100.0

..... QUARTERLY SALES BY REGION

(in CHF million)	Q1	Q2	Q3	Q4	Total 2006
Europe	99.9	94.7	80.4	105.5	380.5
Growth in %	25.5	11.8	17.2	26.9	20.4
Growth in local currencies in %	24.6	10.6	15.6	23.7	18.6
In % of net revenue	62.9	64.6	61.0	65.2	63.5
North America	36.9	37.3	36.7	38.4	149.3
Growth in %	27.8	17.7	9.3	3.2	13.7
Growth in local currencies in %	14.6	14.6	11.8	8.3	12.2
In % of net revenue	23.2	25.4	27.8	23.7	24.9
Asia/Pacific	19.1	11.0	12.4	14.5	57.0
Growth in %	35.4	(3.9)	14.3	(1.4)	11.5
In % of net revenue	12.0	7.5	9.4	9.0	9.5
Rest of the World	3.0	3.5	2.4	3.5	12.4
Growth in %	(0.9)	40.1	2.5	8.5	11.9
In % of net revenue	1.9	2.4	1.8	2.2	2.1
Total	158.9	146.5	131.9	161.9	599.2
Growth in %	26.5	12.4	14.3	17.1	17.6
Growth in local currencies in %	22.5	10.8	14.1	16.8	16.1
In % of full-year sales	26.5	24.5	22.0	27.0	100.0

STRAUMANN GROUP

Consolidated balance sheet	100
Consolidated income statement	101
Consolidated cash flow statement	102
Consolidated statement of changes in equity	103
Notes to the consolidated financial statements	104
Report of the Group auditors	146

CONSOLIDATED BALANCE SHEET

ASSETS

(in CHF 1 000)	Notes	31 Dec 2006	31 Dec 2005
Property, plant and equipment	1	129 468	132 233
Investment properties	2	9 000	12 200
Intangible assets	3	156 032	142 229
Financial assets	4	400	432
Deferred income tax assets	14	24 821	25 428
Total non-current assets		319 721	312 522
Inventories	6	58 974	48 141
Trade receivables	8	85 348	69 648
Income tax receivables		1 152	632
Other receivables	9	13 123	11 144
Cash and short-term bank deposits	10	171 807	94 195
Total current assets		330 404	223 760
Total assets		650 125	536 282

EQUITY AND LIABILITIES

(in CHF 1 000)	Notes	31 Dec 2006	31 Dec 2005
Share capital	11	1 562	1 558
Retained earnings and reserves		505 190	416 920
Total equity attributable to the shareholders of the parent company		506 752	418 478
Minority interests	12	0	1 511
Total equity		506 752	419 989
Provisions	13	1 925	2 378
Deferred income tax liabilities	14	16 368	16 226
Pension liabilities	21	4 514	3 487
Total non-current liabilities		22 807	22 091
Trade payables		25 001	24 220
Income tax liabilities		29 580	26 881
Provisions	13	39	149
Other liabilities	7/15	65 946	42 952
Total current liabilities		120 566	94 202
Total liabilities		143 373	116 293
Total equity and liabilities		650 125	536 282

The notes on pages 104 to 145 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(in CHF 1 000)	Notes	2006	2005 ¹
Net revenue	16/27	599 204	509 553
Cost of goods sold		(119 455)	(92 905)
Gross profit		479 749	416 648
Other income	17	8 257	3 078
Selling costs		(232 863)	(197 051)
General administrative costs		(49 346)	(40 333)
Research and development costs		(30 476)	(26 404)
Operating profit		175 321	155 938
Financial income	24	1 649	3 099
Financial expense	25	(3 003)	(543)
Profit before income taxes		173 967	158 494
Income taxes and deferred income taxes	14	(32 039)	(30 287)
Net profit		141 928	128 207
Attributable to:			
Shareholders of the parent company		141 725	127 863
Minority interests	12	203	344
Basic earnings per share (in CHF)	26	9.09	8.22
Diluted earnings per share (in CHF)	26	9.07	8.19

1 2005 reclassified due to the reallocation of the 'outbound freights' from 'cost of goods sold' to 'selling costs'.

The notes on pages 104 to 145 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(in CHF 1 000)	Notes	2006	2005 ¹
Operating profit		175 321	155 938
Depreciation, amortization and impairment	1/2/3	42 519	25 117
Change in provisions		(354)	(497)
Change in pension assets/liabilities		905	(382)
Issuance of share options and employee shares		3 039	2 705
Gains and losses from disposals of property, plant and equipment		415	(123)
Changes in net working capital	28	(16 721)	(17 128)
Foreign exchange impact on intra-group payments		778	0
Foreign exchange gains and losses		(2 288)	2 181
Interests paid		(716)	(543)
Interests received		1 649	919
Income tax paid		(28 317)	(22 777)
Net cash from operating activities		176 230	145 410
Purchase of property, plant and equipment	1/2	(28 461)	(49 673)
Purchase of intangible assets	3	(13 631)	(11 467)
Acquisition of subsidiaries, net of cash acquired	5	(2 924)	(61 697)
Acquisition of minority interests	5	(4 837)	(943)
Proceeds from the sale of financial assets		38	1 788
Net cash used in investing activities		(49 815)	(121 992)
Dividends paid		(39 040)	(31 135)
Proceeds from options exercised/shares issued		5 512	8 368
Repayment of loans		0	(14 079)
Purchase of treasury shares		(18 005)	0
Sale of treasury shares		2 345	0
Net cash used in financing activities		(49 188)	(36 846)
Effect of exchange rate differences on cash held		385	518
Net increase/decrease in cash and short-term bank deposits		77 612	(12 910)
Cash and short-term bank deposits at 1 January	10	94 195	107 105
Cash and short-term bank deposits at 31 December	10	171 807	94 195

¹ Prior year's presentation has been adapted to the 2006 format.

The notes on pages 104 to 145 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the shareholders of the parent company									
(in CHF 1 000)	Notes	Share capital	Capital reserves and share premium	Treasury shares	Other reserves	Translation reserves	Retained earnings	Minority interests	Total equity
Balance at 1 January 2005¹		1 552	36 336	0	0	(1 982)	273 591	2 131	311 628
Currency translation adjustments						1 180		(21)	1 159
Effect of cash flow hedges, net of tax									0
Total gains and losses recognized directly in equity		0	0	0	0	1 180	0	(21)	1 159
Net profit							127 863	344	128 207
Total recognized income and expense		0	0	0	0	1 180	127 863	323	129 366
Dividends paid							(31 135)		(31 135)
Issue of share capital	11	1	8 367						8 368
Issue of share options and employee shares	11/22	5	2 700						2 705
Acquisition of minority interests	12							(943)	(943)
Purchase of treasury shares									0
Sale of treasury shares									0
Balance at 31 December 2005		1 558	47 403	0	0	(802)	370 319	1 511	419 989
Balance at 1 January 2006		1 558	47 403	0	0	(802)	370 319	1 511	419 989
Currency translation adjustments						7 870		12	7 882
Effect of cash flow hedges, net of tax					(301)				(301)
First time recognition defined benefit plans							129		129
Total gains and losses recognized directly in equity		0	0	0	(301)	7 870	129	12	7 710
Net profit							141 725	203	141 928
Total recognized income and expense		0	0	0	(301)	7 870	141 854	215	149 638
Dividends paid							(39 040)		(39 040)
Issue of share capital	11		5 508						5 508
Issue of share options and employee shares	11/22	4	2 355	684					3 043
Acquisition of minority interests	12							(1 726)	(1 726)
Issuer's own equity instruments	15			(15 000)					(15 000)
Purchase of treasury shares				(18 005)					(18 005)
Sale of treasury shares				2 345					2 345
Balance at 31 December 2006		1 562	55 266	(29 976)	(301)	7 068	473 133	0	506 752

1 Prior year's presentation has been adapted to the 2006 format.

The share capital is presented by 15 615 978 issued shares (2005: 15 576 761 issued shares) of CHF 0.10 par value, fully paid in. The number of treasury shares amounted to 54 500 (2005: 0).

The notes on pages 104 to 145 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE INFORMATION

Straumann Holding AG is a public company whose shares are traded on the Swiss Exchange (SWX).

Headquartered in Basel, Switzerland, the Straumann Group is a global leader in implant dentistry and oral tissue regeneration. In collaboration with leading clinics, research institutes and universities, the Group researches and develops implants, instruments and tissue regeneration products for use in tooth replacement solutions or to prevent tooth loss. The Group manufactures implant system components and instruments in Switzerland and the US, and dental tissue regeneration products in Sweden. Straumann also offers comprehensive services to the dental profession worldwide including training and education, which is provided in collaboration with the International Team for Implantology (ITI). Altogether, Straumann employs 1534 people worldwide, and its products and services are available in more than 60 countries through the Group's 18 distribution subsidiaries and broad network of distribution partners.

The consolidated financial statements of Straumann for the year ended 31 December 2006 were authorized for issue in accordance with a resolution of the Board of Directors on 1 February 2007.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements of Straumann have been prepared in accordance with International Financial Reporting Standards (IFRS). They are based on the financial statements of the individual Straumann companies prepared for the same reporting period using consistent accounting policies. The consolidated financial statements are prepared using the historical cost convention, except for financial assets and liabilities, which are carried at fair value.

All figures included in these financial statements and notes to the financial statements are rounded to the nearest CHF 1000 except where otherwise indicated.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Straumann has adopted the following new and amended IFRS and IFRIC interpretations during 2006. Adoption of these revised standards and interpretations did not have any material effect on the financial statements of the Group. They did however give rise to additional disclosures:

(a) Amendments to published standards effective in 2006

- IAS 19 (Amendment): Employee Benefits:

IAS 19 is mandatory for Straumann's accounting periods beginning on or after 1 January 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As Straumann does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures presented in the accounts.

- IAS 21 (Amendment): Net Investment in a Foreign Operation:

As of January 2006, Straumann has adopted the amendments to IAS 21. As a result, all exchange differences arising from a monetary item that forms part of Straumann's net investment in a foreign operation are recognized in a separate component of equity in the consolidated financial statements, regardless of the currency in which the monetary item is denominated. This change has had no significant impact as at 31 December 2006 or 31 December 2005.

- IFRIC 4: Determining whether an Arrangement contains a Lease:

Straumann adopted IFRIC Interpretation 4 as of 1 January 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This change in accounting policy had no significant impact on Straumann as at 31 December 2006 or 31 December 2005.

(b) Standards, amendments and interpretations effective in 2006 but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant for Straumann's operations in the period under review:

- IAS 39: (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- IAS 39: (Amendment), The Fair Value Option
- IAS 39: and IFRS 4 (Amendment), Financial Guarantee Contracts
- IFRS 1: (Amendment), First-time Adoption of International Financial Reporting Standards
- IFRS 6: Exploration for and Evaluation of Mineral Resources
- IFRIC 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds and
- IFRIC 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.

(c) Interpretations to existing standards that are not yet effective and have not been early adopted by Straumann.

The following interpretations to existing standards have been published that are mandatory for Straumann's accounting periods beginning on or after 1 May 2006 or later periods but which Straumann has not adopted early:

- IFRS 7: Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures:
IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of Straumann's financial instruments.
- IFRS 8: Segment Reporting (effective for annual periods beginning on or after 1 January 2009):
IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. The impact of IFRS 8 on Straumann's operations is currently being evaluated.
- IFRIC 8: Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006):
IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. Straumann will apply IFRIC 8 from 1 January 2007, but it is not expected to have any significant impact on Straumann accounts.

- IFRIC 9: Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006):
IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the Straumann entities have changed their terms of their contracts, IFRIC 9 is not relevant to Straumann's operations.
- IFRIC 10: Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006):
IFRIC 10 prohibits the impairment losses recognized in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. Straumann will apply IFRIC 10 from 1 January 2007, but it is not expected to have any significant impact on Straumann's accounts.
- IFRIC 11: Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007):
IFRIC 11 requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. Straumann will apply IFRIC 11 from 1 March 2007, but it is not expected to have any significant impact on Straumann's accounts.

(d) Interpretations to existing standards that are not yet effective and not relevant for Straumann's operations.

The following interpretations to existing standards have been published that are mandatory for Straumann's accounting periods beginning on or after 1 May 2006 or later periods but are not relevant for Straumann's operations:

- IFRIC 7: Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006):
IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the Group's subsidiaries use the currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to Straumann's operations.

BASIS OF CONSOLIDATION

The consolidated financial statements of Straumann include the financial statements of Straumann Holding AG and all its domestic and foreign subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date on which control is transferred to Straumann and cease to be consolidated from the date on which control is transferred out of Straumann.

INVESTMENTS IN SUBSIDIARIES

In cases where Straumann Holding AG directly or indirectly holds a majority of voting rights or otherwise exercises any other form of direct or indirect control, the assets and liabilities, expense and income of the companies concerned are included in full in the consolidated financial statements. Minority interests in the profit and equity of subsidiaries are disclosed separately.

The purchase method of accounting is used to account for the acquisition of subsidiaries by Straumann. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Sales are made and services performed at arm's length between Straumann companies. Intercompany profits from inventory and supplies not yet realized through sales to third parties are eliminated. Intercompany transactions and balances are eliminated in the consolidated financial statements.

INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for using the equity method of accounting. These are entities in which Straumann has significant influence (20–50 % ownership) and which are neither subsidiaries nor joint ventures of Straumann. The investment in associates is carried in the balance sheet at cost plus post-acquisition changes in Straumann's share of net assets of the associates, less any impairment in value. The income statement reflects Straumann's share of the results of operations of these associates. Straumann did not own any investment in associates during the period under review.

INTEREST IN JOINT VENTURES

Interest in joint ventures is accounted for by proportionate consolidation, which involves recognizing a proportionate share of the joint venture's assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. No joint venture was held by Straumann during the period under review.

SEGMENT REPORTING

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which differ from those of segments operating in other economic environments.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

The consolidated financial statements are expressed in Swiss francs (CHF). The functional currency of each Straumann company is the applicable local currency. Transactions in foreign currencies are accounted for at the rates prevailing at the dates of the transaction. Translation differences from financial transactions are included in the financial result along with any related hedge effects.

Gains and losses resulting from foreign currency transactions and from the adjustment of foreign-currency monetary assets and liabilities at the balance sheet date are recognized in the income statement.

Assets and liabilities of foreign entities are translated into Swiss francs using the balance sheet exchange rates at year-end. Income and expenses are translated on a monthly basis at monthly average exchange rates. The exchange differences arising on consolidation are taken directly to the translation reserve within equity.

Exchange differences arising on intercompany loans of an equity nature that essentially form part of the company's net investment in the foreign entity are classified as translation reserve within equity until the disposal of the net investment, at which time they are included in income as part of the gain or loss on disposal.

Currency	Unit	31 Dec 2006	Average 2006	31 Dec 2005	Average 2005
EUR	1	1.60	1.57	1.56	1.55
GBP	1	2.38	2.31	2.28	2.26
SEK	100	17.88	17.00	16.48	16.68
NOK	100	19.66	19.55	19.34	19.30
USD	1	1.21	1.26	1.31	1.24
CAD	1	1.05	1.11	1.13	1.03
BRL	100	56.19	57.58	56.28	51.20
AUD	1	0.95	0.94	0.96	0.95
MXN	1	0.11	0.12	0.12	0.11
DKK	1	0.21	0.21	0.21	0.21

TANGIBLE ASSETS

Tangible assets are stated at cost, less accumulated depreciation and any impairment in value. Depreciation is computed on a straight-line basis over the estimated useful life of the asset or the lease term. The useful lives applied are 30 years for manufacturing and administration buildings, and three to ten years for production facilities, machinery, equipment and vehicles. 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.

The carrying value of tangible fixed assets 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, Straumann estimates the future cash flows expected to result from the use of the asset and its eventual disposal. If the sum of such expected cash flows 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 market value.

INVESTMENT PROPERTY

Investment property is held for long-term purposes and is not operationally used by Straumann itself. Such properties are treated as non-current investments and are carried at cost, less accumulated depreciation and any impairment in value. Depreciation is computed on a straight-line basis over the estimated useful life of the investment property. The useful lives applied for such properties are 20–30 years. Land is not depreciated as it is deemed to have an indefinite life. The carrying value of investment property 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 as determined by 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 market value.

INTANGIBLE ASSETS***Goodwill***

Goodwill represents the excess of the cost of an acquisition over the fair value of Straumann's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisitions of entities is included in intangible assets. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity disposed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the lowest level of separately identifiable cash flows.

Patents, licenses and brands with definite useful lives

Costs related to patents, licenses and brands acquired are capitalized and amortized on a straight-line basis over their useful life, but not exceeding five years.

Patents, licenses and brands with indefinite useful lives

Costs related to patents, licenses and brands acquired are capitalized and not amortized. The carrying amount of patents, licenses and brands with indefinite useful lives is reviewed annually for impairment and, in addition, when events or changes in circumstances indicate that the carrying value is not recoverable.

Research and development costs

Research and development costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognized only when Straumann can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during the development. Deferred development costs are amortized on a straight-line basis over the period of their expected benefit, but not exceeding three years, starting from the date of full commercial use of the product. Capitalized development costs for products which are not yet amortized are tested annually for impairment.

Other intangibles

Intangible assets acquired in a business combination are identified separately and recognized at fair value at the date of acquisition. The mentioned intangible assets have a definite useful life and are amortized. Amortization is calculated using the straight-line method over three to five years.

Other purchased intangible assets such as computer software are capitalized at cost in the balance sheet and amortized over a period of three to five years or over the duration of their effective use.

Costs associated with developing or maintaining IT systems are recognized as an expense, except for those costs that are directly associated with ERP (Enterprise Resource Planning) projects whose economic benefits are expected to exceed costs for longer than 1 year. Expenditure which enhances or extends the performance of ERP systems beyond their original specifications is recognized as a capital improvement and added to the original costs. These costs are recognized and disclosed as other intangibles. Amortization is calculated using the straight-line method over three years.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

LEASING

Leases of assets under which Straumann essentially assumes all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the future value of the leased property or, if lower, at the present value of the minimum lease payments. The assets acquired under these contracts are depreciated over the shorter of the estimated useful life of the asset or the lease term. The corresponding financial obligations are included in the liabilities. Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases, and payments made are charged to the income statement as they occur. No finance lease was held by Straumann during the period under review.

INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Costs of raw materials are determined using the weighted average purchase price. Work-in-progress and finished goods are valued at manufacturing costs, including the cost of materials, labor and production overheads. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions for impairments are set up in the case of slow-moving and obsolete stock.

TRADE RECEIVABLES

Trade receivables are recognized initially at fair value and subsequently remeasured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment for trade receivables is established when there is objective evidence that Straumann will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

CASH AND CASH EQUIVALENTS

This item includes cash in hand and at banks, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of short-term bank overdrafts.

FINANCIAL ASSETS

Straumann classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. During the period under review, Straumann did not hold any investments in this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Straumann provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance-sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity. During the period under review, the Group did not hold any investments in this category.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance-sheet date. During the period under review, the Group did not hold any investments in this category.

Purchases and sales of investments are recognized on trade date. This is the date on which Straumann commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and Straumann has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair-value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent 'arm's-length' transactions, reference to other instruments that are substantially the same, discounted cash-flow analysis, and option-pricing models refined to reflect the issuer's specific circumstances.

At each balance-sheet date Straumann assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

PROVISIONS

Provisions are recognized when Straumann has a present obligation (legal or constructive) as a result of a past event, where it is probable that a cash outflow will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

TAXES

Current income taxes are calculated on the basis of the results of the reporting period of the individual companies, and are recognized as current tax liabilities. Deferred income taxes are provided for using the liability method on all temporary differences at the balance-sheet date arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets relating to tax loss carry-forwards are recognized when it is probable that such tax losses can be utilized in the future.

SHAREHOLDER'S EQUITY

Dividends are recognized in equity in the period in which they are approved by the company's shareholders. Where the parent company or a subsidiary purchases the company's equity, the consideration paid (including any attributable transaction costs) is deducted from the total shareholder's equity as treasury stock until the shares concerned are withdrawn. Where treasury stock is subsequently sold or reissued, any consideration received is also included in shareholders' equity.

EMPLOYEE BENEFITS

Pension obligations

The employees of all Straumann companies are eligible for retirement benefits under defined benefit and defined contribution plans provided through separate funds, insurance plans, or unfunded arrangements. The pension plans are generally funded through regular contributions made by the employer and the employee and through the income generated by their capital investments, taking account of the recommendations of independent actuaries. Where, due to local conditions, a plan is not funded, a liability is recorded in the financial statements. In the case of defined contribution plans, the net periodic pension cost to be recognized in the income statement equals the contributions made by the employer.

In the case of defined benefit plans, the net periodic pension cost is assessed using the projected unit credit method. The defined benefit obligation is measured at the present value of the estimated future cash flows. The net periodic pension cost less employee contributions is included in the personnel expenses where the employees are located. Plan assets are recorded at their fair value. Significant gains or losses arising from adjustments posted, changes in actuarial assumptions, and amendments to pension plans, are recognized over the average remaining service lives of the related employees, where these differences exceed 10 % of the higher amount of the discounted value of the obligation and the fair value of assets at the beginning of the year under review.

Cash bonus plan

As part of the annual compensation, a cash target bonus is defined for each employee as well as for management. This cash target bonus is multiplied based on the improvement of the economic profit. For the management team, the bonus is subject to a partial retention in a 'bonus bank'.

Straumann recognizes a liability and an expense when contractually obliged or where a past practice has created a constructive obligation.

Share-based compensation

The parent company offers management a stock option plan as part of the management equity compensation program. The options have a term up to six years and are subject to a vesting period of one to three years. The value of the options is equivalent to the market value at grant date, calculated using the Black-Scholes method based on the share price at year-end. The options granted are recognized as personnel expenses from service commencement date until the end of the vesting period.

Employees have the right to buy between ten and 100 shares on the basis of the employee equity compensation program. The parent company offers employees a discount of 25 % based on the average share price over the seven trading days period following the ex-dividend day, which is recognized as personnel expenses at the date of the creation of the shares. The shares are subject to a two-year lock-up period.

The Annual Shareholder Meeting of the parent company has created conditional share capital for both plans. Non-employee shareholders are excluded from subscribing for these shares.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for such benefits. Straumann recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

REVENUE RECOGNITION***Sales of goods***

Sales represent amounts received and receivable for goods supplied to customers after deducting trade discounts, cash discounts and volume rebates and excluding sales and value added taxes. Revenues from the sale of products are recognized upon transfer to the customer of all significant risks and rewards, usually upon shipment.

Sales of services

Sales of services are recognized when the services are rendered.

License revenue

License revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement. Revenue from licensees is disclosed as 'other income'.

FINANCIAL RISK FACTORS

Straumann operates worldwide and is therefore exposed to a variety of financial risks such as foreign exchange risk, credit risk, liquidity risk, and cash flow and fair value interest rate risk. Straumann's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Straumann uses derivative financial instruments to hedge certain financial risk exposures. Special guidelines exist for risk management, and are monitored by Straumann management. Straumann only concludes contracts with selected high-quality financial institutions of good reputation.

Risk management is carried out by a central treasury department (Corporate Treasury) under policies approved by the Board of Directors. Corporate Treasury identifies, evaluates and hedges financial risks in close cooperation with Straumann's operating units.

Foreign exchange risk

Straumann operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities of Straumann use forward contracts, transacted with Corporate Treasury. 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. Corporate Treasury is responsible for managing the net positioning each foreign currency by using external forward currency contracts.

Each subsidiary designates contracts with Corporate Treasury as fair value hedges or cash-flow hedges, as appropriate. 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 anticipated transactions (mainly export sales) in each major currency for a maximum of 12 months based on budget and currency expectations. Approximately 85% (2005: 85%) of projected sales in each major currency qualify as 'highly probable' forecast transactions for hedge accounting purposes.

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

Credit risk

Straumann has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

Liquidity risk

Prudent liquidity-risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

Cash-flow and fair-value interest rate risk

As Straumann has no significant interest-bearing liabilities and has no significant income from interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Straumann designates derivatives as either fair value hedges, cash flow hedges, hedges of net investments in foreign operations, and derivatives that do not qualify for hedge accounting.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash-flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash-flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are transferred in the income statement in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

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 existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash-flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity; the gain or loss relating to the ineffective portion is transferred immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

Derivatives that do not qualify for hedge accounting

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 the income statement.

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, has an interest in the entity that gives it significant influence over the entity, has joint control over the entity or is an associate or a joint venture of the entity. In addition, members of the key management personnel of the entity or close members of the family are also considered related parties as well as post-employment benefit plans for the benefit of employees of the entity.

Transactions with related parties are conducted at arm's length.

GOVERNMENT GRANTS

Government grants are recognized at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Straumann did not receive any government grants in the period under review.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Straumann makes estimates and assumptions concerning the future. The resulting accounting will not necessarily equal the related actual results. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed below.

Goodwill

Straumann tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The underlying calculations require the use of estimates (Note 3: Intangible assets).

A sensitivity analysis shows that a deterioration of free cash flow of 10 % below the projected level would not result in an impairment of goodwill.

Income taxes

Straumann is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Investment properties

Straumann reports its former headquarters in Waldenburg, Switzerland as investment properties. Meanwhile two long-term leasing contracts were concluded for both buildings with third-party lessees. A review of the carrying amount based on these contracts resulted in an impairment of CHF 2.95 million recognized in the income statement in 2006.

1 PROPERTY, PLANT AND EQUIPMENT

2006

(in CHF 1 000)	Land	Buildings	Machinery and fixtures	Furniture, equipment, cars	Property, plant and equipment 2006
Cost					
At 1 January	799	87 266	84 271	66 234	238 570
Change in consolidation scope (see Note 5)			350		350
Additions		4 636	11 155	12 670	28 461
Disposals		(3 755)	(3 279)	(3 744)	(10 778)
Currency translation adjustments		(889)	(460)	(200)	(1 549)
At 31 December	799	87 258	92 037	74 960	255 054
Accumulated depreciation					
At 1 January		31 682	39 361	35 294	106 337
Depreciation charge (see Note 18)		9 236	9 516	10 697	29 449
Disposals		(3 755)	(3 194)	(3 209)	(10 158)
Currency translation adjustments		(8)	57	(91)	(42)
At 31 December		37 155	45 740	42 691	125 586
Net book value	799	50 103	46 297	32 269	129 468

2005¹

(in CHF 1 000)	Land	Buildings	Machinery and fixtures	Furniture, equipment, cars	Property, plant and equipment 2005
Cost					
At 1 January	2 130	89 192	59 639	50 998	201 959
Change in consolidation scope		1 226		120	1 346
Additions	156	8 500	24 617	16 400	49 673
Disposals		(36)	(36)	(1 716)	(1 788)
Reclassifications to 'investment properties' (see Note 2)	(1 487)	(12 444)			(13 931)
Currency translation adjustments		828	51	432	1 311
At 31 December	799	87 266	84 271	66 234	238 570
Accumulated depreciation					
At 1 January		29 795	32 831	27 175	89 801
Depreciation charge (see Note 18)		3 595	6 498	8 768	18 861
Disposals		(12)	(26)	(1 078)	(1 116)
Reclassifications to 'investment properties' (see Note 2)		(1 731)			(1 731)
Currency translation adjustments		35	58	429	522
At 31 December		31 682	39 361	35 294	106 337
Net book value	799	55 584	44 910	30 940	132 233

¹ Prior year's presentation has been adapted to the 2006 format.

Repair and maintenance expenses for property, plant and equipment for the business year 2006 amounted to CHF 4.2 million (2005: CHF 4.1 million).

2 INVESTMENT PROPERTIES

(in CHF 1 000)	2006	2005
Cost		
At 1 January	13 931	0
Reclassification from 'Property, plant and equipment' (see Note 1)	0	13 931
At 31 December	13 931	13 931
Accumulated depreciation and impairment		
At 1 January	1 731	0
Depreciation charge (see Note 18)	250	0
Impairment (see Note 18)	2 950	0
Reclassification from 'Property, plant and equipment' (see Note 1)	0	1 731
At 31 December	4 931	1 731
Net book value	9 000	12 200
Fair value	9 000	12 200

Investment properties are treated as non-current investments and are carried at cost, less accumulated depreciation and any impairment in value. This refers to the former headquarters in Waldenburg comprising two buildings.

An impairment loss of CHF 2.95 million was recognized to writedown the investment properties to its current fair value. An independent valuation was obtained in August 2006 to determine fair value, which is the amount for which the investment properties could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's-length transaction at the valuation date.

(in CHF 1 000)	2006	2005
Rental income	473	0
Direct operating expenses arising from investment properties that generate rental income	67	0
Direct operating expenses that did not generate rental income	95	132

From the beginning of 2006, the two buildings were fully rented out.

3 INTANGIBLE ASSETS

2006

(in CHF 1 000)	Goodwill	Development costs	Other intangibles	Total 2006
Cost				
At 1 January	116 864	17 731	28 802	163 397
Change in consolidation scope (see Note 5)	2 067			2 067
Additions	3 178	6 698	6 933	16 809
Disposals		(183)	(2 360)	(2 543)
Currency translation adjustments	4 712	203	274	5 189
At 31 December	126 821	24 449	33 649	184 919
Accumulated amortization and impairment				
At 1 January		5 471	15 697	21 168
Amortization charge (see Note 18)		3 133	6 737	9 870
Disposals		(183)	(2 338)	(2 521)
Currency translation adjustments		202	168	370
At 31 December		8 623	20 264	28 887
Net book value	126 821	15 826	13 385	156 032

2005¹

(in CHF 1 000)	Goodwill	Development costs	Other intangibles	Total 2005
Cost				
At 1 January	50 145	12 441	18 287	80 873
Change in consolidation scope	65 853		4 994	70 847
Additions	656	5 290	5 521	11 467
Disposals				0
Currency translation adjustments	210			210
At 31 December	116 864	17 731	28 802	163 397
Accumulated amortization and impairment				
At 1 January		3 813	11 092	14 905
Amortization charge (see Note 18)		1 658	4 597	6 255
Disposals				0
Currency translation adjustments			8	8
At 31 December		5 471	15 697	21 168
Net book value	116 864	12 260	13 105	142 229

¹ Prior year's presentation has been adapted to the 2006 format.

(in CHF 1 000)	2006	2005
Breakdown of development costs at 31 December		
Development projects	9 323	10 190
Projects in commercial use	6 503	2 070
At cost	12 570	5 089
Accumulated amortization	(6 067)	(3 019)
Net book value development costs	15 826	12 260

Additions to development costs amounting to CHF 6.7 million (2005: CHF 5.3 million) include costs relating to the design and testing of new products lines.

Other intangibles include patents and capitalized IT-related costs.

IMPAIRMENT TEST FOR GOODWILL

Goodwill is allocated to cash-generating units (CGU) for the purpose of impairment testing. The 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 implant dentistry and dental tissue regeneration.

Based on the impairment tests conducted none of the listed goodwill positions were impaired.

A summary of the goodwill allocation per cash-generating units is presented below:

(in CHF 1 000)	2006	2005
Straumann Italia srl, Milan, Italy	68 206	66 307
Biora AB, Malmö, Sweden ¹	50 625	44 974
Straumann SA, Madrid, Spain	5 131	4 987
Straumann Danmark ApS, Greve, Denmark	2 265	
Straumann Pty Ltd, Victoria, Australia	594	596
Total goodwill	126 821	116 864

¹ Cash flows and assets used for the purpose of impairment testing are those originally acquired with Biora AB, Sweden regardless of their subsequent transfer within the Group.

The following key assumptions have been made for the goodwill impairment test in 2006 of Straumann Italia srl and Biora AB:

(in %)	Straumann Italia srl	Biora AB
Gross profit margin ¹	39.4	60.0
Terminal growth rate ²	2.5	1.5
Weighted average cost of capital (WACC) ³	15.0	11.9

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

Management determined budgeted gross margin based on past performance and its expectations for the market development. The growth rates used are consistent with the forecasts included in industry reports. The WACCs used are pre-tax and reflect specific risks relating to the relevant cash generating units.

4 FINANCIAL ASSETS

(in CHF 1 000)	2006	2005 ¹
Long-term loans	0	120
Long-term rent deposits	354	230
Liability insurance	43	40
Other long-term financial assets	3	42
At 31 December	400	432

- 1 Prior year's presentation has been adapted to the 2006 format.

5 INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements of Straumann include the financial statements of Straumann Holding AG and the subsidiaries listed in the following table:

	Purpose	Currency	Share capital	Interest and voting rights 2006 (in %)	Interest and voting rights 2005 (in %)
Institut Straumann AG, Basel, Switzerland	Production/Sales	CHF	9 000 000	100	100
Straumann Services AG, Basel, Switzerland	Sales	CHF	100 000	100	-
Straumann GmbH, Freiburg, Germany	Sales	EUR	170 000	100	100
Straumann USA LLC, Andover, USA	Sales	USD	1	100	100
Straumann Ltd., Crawley, UK	Sales	GBP	100 000	100	100
Straumann B.V., IJsselstein, Netherlands	Sales	EUR	18 151	100	100
Straumann SARL, Marne-la-Vallée, France	Sales	EUR	192 000	100	100
Straumann AB, Gothenburg, Sweden	Sales	SEK	100 000	100	100
Straumann AS, Oslo, Norway	Sales	NOK	1 000 000	100	100
Straumann Oy, Helsinki, Finland	Sales	EUR	32 000	100	100
Straumann SA, Madrid, Spain	Sales	EUR	60 101	100	100
Straumann Canada Ltd, Burlington, Canada	Sales	CAD	1 500 000	100	100
Straumann GmbH, Vienna, Austria	Sales	EUR	40 000	100	100
Straumann Brasil Ltda, São Paulo, Brazil	Sales	BRL	465 999	100	100
Straumann SA/NV, Zaventem, Belgium	Sales	EUR	100 000	100	100
Straumann Holding Italy srl, Milan, Italy	Holding	EUR	1 510 000	-	100
Straumann Italia srl, Milano, Italy	Sales	EUR	270 000	100	100
Straumann Manufacturing Inc, Andover, USA	Production/Holding	USD	1	100	100
Straumann Pty Ltd, Victoria, Australia	Sales	AUD	100	100	100
Straumann Mexico SA de CV, Mexico DF, Mexico	Sales	MXN	19 407 008	100	100
Straumann Danmark ApS, Greve, Denmark	Sales	DKK	125 000	100	-
Straumann Holding Sweden AB, Malmö, Sweden	Holding	SEK	100 000	100	100
Biora AB, Malmö, Sweden	Production/Sales	SEK	950 152	100	94
Bioventures BV, Amsterdam, Netherlands	Patents	EUR	18 151	100	94
Biora BioEx AB, Malmö, Sweden	Patents	SEK	100 000	100	94
Biora Ltd, London, UK	Dormant	GBP	2	-	100

STRAUMANN HOLDING ITALY SRL, ITALY

Straumann Holding Italy srl was liquidated in July 2006. The purpose of this company was limited to the holding of the investment of Straumann Italy srl.

BIORA LTD, UK

Biora Ltd was liquidated in December 2006. Biora Ltd was a dormant company since March 2004.

BUSINESS COMBINATIONS

Straumann Danmark ApS, Denmark

In January 2006, Straumann acquired 100% of the share capital of its former third-party distributor in Denmark, DenTech Danmark ApS, which was renamed Straumann Danmark ApS. The acquisition occurred on 31 January 2006, and net revenue and profit of the combined entity correspond to the consolidated net revenue and net profit of Straumann as of 31 December 2006. These amounts have been calculated using Straumann's accounting policies.

Details of net assets acquired and goodwill are as follows:

(in CHF 1 000)	Purchase consideration
Cash paid	3 400
Direct costs relating to the acquisition	0
Fair value of net assets acquired	(1 333)
Total goodwill (see Note 3)	2 067

The goodwill is attributable to the continuous growth expectation of the acquired business, the significant market expansion potential and key personnel.

The assets and liabilities arising from the acquisition are as follows:

(in CHF 1 000)	Fair value	Acquiree's carrying amount
Current assets	1 968	1 968
Non-current assets (see Note 1)	350	350
Liabilities	(985)	(985)
Net assets acquired	1 333	1 333

(in CHF 1 000)	2006
Purchase consideration settled in cash	3 400
Cash and cash equivalents acquired	(476)
Cash outflow on acquisition	2 924

STRAUMANN SERVICES AG, SWITZERLAND

In addition, a new subsidiary Straumann Services AG was established in December 2006 for the purpose of splitting Institut Straumann AG into a production and sales unit in the first quarter 2007.

BIORA AB, SWEDEN

In June 2006, Straumann acquired all outstanding shares and votes of Biora AB, Sweden, the biologics company acquired by Straumann through a friendly takeover in 2003. Following successful arbitration with the minor shareholders, Straumann purchased the outstanding shares for SEK 17 per share (the price paid in the original offer in 2003) plus interest as from June 2003. The outstanding shares represented 6.3% of the overall share capital of Biora AB, and the amount paid, including interest, totaled CHF 4.8 million (see Note 12).

The excess of the cost of an acquisition of minority interests over the fair value of net identifiable assets acquired is recorded as goodwill.

6 INVENTORIES

(in CHF 1 000)	2006	2005
Raw materials (at cost)	10 915	6 794
Work in progress (at cost)	21 626	16 554
Finished goods (at the lower of cost and net realizable value)	26 433	24 793
Total inventories at the lower of cost and net realizable value	58 974	48 141

The amount of write-down of inventories recognized as an expense is CHF 3.0 million (2005: CHF 1.2 million) which is recognized in cost of goods sold.

7 DERIVATIVE FINANCIAL INSTRUMENTS

(in CHF 1 000)	2006		2005	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts - cash flow hedges	0	401	0	0
Forward foreign exchange contracts - fair value hedges	0	467	0	0
Total current position (see Note 15)	0	868	0	0

The Group began using derivative financial instruments for the first time in 2006.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

FORWARD FOREIGN EXCHANGE CONTRACTS

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2006 are CHF 112.2 million (EUR 70.0 million). The corresponding amount in 2005 was zero.

Gains and losses recognized in the hedging reserve in equity on forward foreign exchange contracts as of 31 December 2006 will be released to the income statement at various dates between three months to seven months from the balance sheet date.

8 TRADE RECEIVABLES

(in CHF 1 000)	2006	2005
Trade receivables	87 840	71 563
Provision for impairment	(2 492)	(1 915)
Total trade receivables	85 348	69 648

The trade receivables are contractually due within a period of 30 to 90 days.

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

The changes of provisions for impaired trade receivables are booked against net revenue in the income statement.

9 OTHER RECEIVABLES

(in CHF 1 000)	2006	2005 ¹
Value added tax	5 170	2 774
Withholding tax	1 252	189
Prepayments	4 823	6 280
Rent deposits	647	21
Vendors with debit balances	46	0
Accrued income	218	752
Others	967	1 128
Total other receivables	13 123	11 144

¹ Prior year's presentation has been adapted to the 2006 format.

10 CASH AND SHORT-TERM BANK DEPOSITS

(in CHF 1 000)	2006	2005
Cash at banks and on hand	121 773	94 195
in EUR	10 009	16 367
in CHF	79 500	52 825
in SEK	27 796	17 819
in USD	1 361	4 630
other currencies	3 107	2 554
Short-term bank deposits	50 034	0
Total cash and short-term bank deposits	171 807	94 195

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term bank deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term bank deposit rates.

The effective interest rates on short-term bank deposits obtained during 2006 vary between 1.5 % and 1.8 % (2005: not applicable).

The Group entered into a Discounted Share Purchase Program (DSPP) for treasury shares with a financial institution. In this connection, a cash amount of CHF 15 million is restricted until the final fixing date of the DSPP as on 5 June 2007.

11 SHARE CAPITAL

(in CHF 1 000)	2006	2005
At 1 January	1 558	1 552
Issuance of new shares		
Compensation plan – shares	0	1
Compensation plan – options	4	5
At 31 December	1 562	1 558

The share capital is presented by 15 615 978 issued shares (2005: 15 576 761) of CHF 0.10 par value, fully paid in.

In 2006, share capital increased by CHF 3922 (2005: CHF 5764). In the course of 2006, 39 217 (2005: 48 340) options were exercised at an average strike price of CHF 140.55 (2005: 127.80). No shares were issued in current year for the employee share plan (2005: 9301 shares).

Treasury shares are valued at weighted average cost and have been deducted from equity. The fair value of the treasury shares as of 31 December 2006 amounted to CHF 16.1 million (2005: zero). As of 31 December 2006, the number of outstanding shares amounted to 15 561 478 (2005: 15 576 761) and the number of treasury shares to 54 500 (2005: 0). During the financial year 132 treasury shares were sold, 64 834 purchased and 10 202 transferred to the employee share plan.

The number of shares outstanding developed as follows:

	2006	2005
Number of shares		
At 1 January	15 576 761	15 519 120
Issuance of new shares		
Compensation plan – shares	0	9 301
Compensation plan – options	39 217	48 340
Treasury shares		
Sold	132	0
Purchased	(64 834)	0
Transferred to employee share plan	10 202	0
At 31 December	15 561 478	15 576 761

The additional share capital was created from conditional share capital that can be used for the employee share plan and the option plan for management. Non-employee shareholders are excluded from subscribing for these shares. The effective amount of registered conditional share capital at year-end was CHF 38 402 equivalent to 384 022 shares with a par value of CHF 0.10 each at year-end (2005: CHF 42 324 equivalent to 423 239 shares with a par value of CHF 0.10 each at year-end).

(in CHF)	2006	2005
Conditional share capital		
At 1 January	42 324	48 088
Issuance of new shares		
Compensation plan – shares	0	(930)
Compensation plan – options	(3 922)	(4 834)
At 31 December	38 402	42 324

	2006	2005
Conditional shares (number)		
At 1 January	423 239	480 880
Issuance of new shares		
Compensation plan – shares	0	(9 301)
Compensation plan – options (see Note 22)	(39 217)	(48 340)
At 31 December	384 022	423 239

12 MINORITY INTERESTS

(in CHF 1 000)	2006	2005
At 1 January	1 511	2 131
Minority interests in profit	203	344
Purchase of minority interests Biora AB	(1 726)	(943)
Currency translation differences	12	(21)
At 31 December	0	1 511

The Straumann Holding Sweden AB, a subholding company of Straumann Holding AG, acquired the remaining minority interests of Biora AB (corresponding to 6.3 % of the shares of Biora AB) and is now the sole shareholder of Biora AB (see Note 5).

13 PROVISIONS

(in CHF 1 000)	Warranties	Other	Total 2006	Total 2005
At 1 January	656	1 871	2 527	1 902
Change in consolidation scope			0	1 362
Utilization	(70)	(46)	(116)	(234)
Reversal	(446)	(195)	(641)	(726)
Additions		160	160	223
Currency translation adjustment	4	30	34	0
At 31 December	144	1 820	1 964	2 527
current 2006	39	0	39	
non-current 2006	105	1 820	1 925	
Total provisions 2006	144	1 820	1 964	
current 2005	70	79		149
non-current 2005	586	1 792		2 378
Total provisions 2005	656	1 871		2 527

The 'warranty provision' relates to the settlement with the insurance company of a previous insurance case.

'Other provisions' include CHF 1.4 million indemnities required by law in Italy for external sales agents.

14 INCOME TAXES AND DEFERRED INCOME TAXES

(in CHF 1 000)	2006	2005
Income tax expense		
Current income tax expense	30 516	26 369
Deferred income tax expense	1 523	3 918
Total income tax expense	32 039	30 287
Effective current income tax rate (in %)	18.4	19.1

RECONCILIATION FROM INCOME TAX EXPENSE AT THE APPLICABLE TAX RATE TO EFFECTIVE INCOME TAX EXPENSE

The applicable Group tax rate of 27.4% (2005: 24.6%) is a weighted tax rate, calculated from the income tax expense based on the results before taxes of each Group company, adjusted by extraordinary non-recurring items, multiplied with the individual applicable tax rate. This rate reflects the actual economic benefit in the different tax legislations. 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)	2006	2005
Income tax expense at the applicable Group tax rate	47 659	38 909
Taxes on items not tax deductible	(712)	277
Changes in recognition of tax losses or tax credits	4	0
Previously unrecognized tax losses or tax credits used to offset current taxes	(633)	(886)
Tax losses or tax credits from current year that are not recognized	1	(2)
Effect of changes in tax rates or the imposition of new taxes	(1 339)	0
Current taxes from previous years	(585)	0
Tax impact on items not taxable	(12 378)	(9 101)
Others	22	1 090
Effective income tax expense	32 039	30 287

TAX LOSS CARRY FORWARDS

(in CHF 1 000)	2006	2005
Tax loss carry forwards		
Available tax loss carry forwards at 1 January	68 996	90 253
Less tax loss carry forward adjustments to beginning balance	(5 711)	0
Tax loss arising from current year	846	0
Tax loss expired during current year	0	0
Tax loss utilized against current profit	(24 733)	(21 257)
Available tax loss carry forwards at 31 December	39 398	68 996

Deferred tax assets of CHF 10.2 million (2005: CHF 15.8 million) were recorded in respect of available tax loss carry forwards and tax credits of CHF 33.5 million (2005: CHF 53.1 million). Deferred tax assets for unused tax losses are recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized in the respective countries, or to the extent that the individual enterprises have sufficient taxable temporary differences.

Previous years' utilization of tax loss carry forwards are mainly related to taxable financial restructuring gains.

92.8% (2005: 92.3%) of tax loss carry forwards are within Europe.

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

(in CHF 1 000)	2006	2005
2007	0	0
2008	0	0
2009	0	0
2010	0	0
2011	0	0
after 2011	5 864	3 256
Unused tax loss carry forwards at 31 December	5 864	3 256

DEFERRED INCOME TAXES

Deferred income tax assets and liabilities by type of balance sheet items:

(in CHF 1 000)	2006			2005		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	505	(2 040)		136	(3 956)	
Intangible assets	4 383	(3 927)		0	(3 042)	
Inventories	6 142	(3 749)		5 370	(2 994)	
Trade receivables	419	(1 363)		690	(1 134)	
Provisions (non-current)	2 200	(4 117)		2 808	(3 730)	
Pension liability	99	0		0	0	
Trade payables	2	0		0	0	
Other liabilities	831	(1 172)		655	(1 370)	
Subtotal by balance sheet items	14 581	(16 368)	(1 787)	9 659	(16 226)	(6 567)
Deferred income tax assets on tax loss carry forwards	10 240	0		15 769	0	
Total deferred income tax assets and liabilities	24 821	(16 368)	8 453	25 428	(16 226)	9 202

Deferred income tax assets have been offset with liabilities on an individual basis where there is a legally enforceable right to do so and it is possible to settle on a net basis, and if the underlying asset and liability is settled simultaneously.

15 OTHER LIABILITIES

(in CHF 1 000)	2006	2005 ¹
Accrued wages and social security	25 217	21 274
Customer bonuses/Sales commissions	5 446	4 567
Discounted Share Purchase Program (DSPP)	15 000	0
ITI Foundation (see Note 30)	1 588	1 821
Value added tax	3 331	1 529
Other tax liabilities	2 228	1 735
Marketing/freight/shipping	3 966	731
Accrued legal and rent expenses	2 179	2 227
Customers with credit balances	1 657	308
Hedged firm commitments (see Note 7)	868	0
Other	4 466	8 760
Total other liabilities	65 946	42 952

¹ Prior year's presentation has been adapted to the 2006 format.

On 4 December 2006, the Group entered into a Discounted Share Purchase Program (DSPP) for treasury shares with a financial institution for the amount of CHF 15 million until the final fixing date of the DSPP, 5 June 2007, the Group can purchase maximum 54 924 Straumann Holding AG shares at an exercise price of CHF 273.10. Until 31 December 2006, the financial institution acquired 6591 Straumann Holding AG shares under this program.

16 NET REVENUE

(in CHF 1 000)	2006	2005 ¹
Sales of goods	589 085	500 519
Sales of services	9 557	8 263
Other sales-related income	562	771
Total net revenue	599 204	509 553

¹ Prior year's presentation has been adapted to the 2006 format.

17 OTHER INCOME

(in CHF 1 000)	2006	2005 ¹
License income	2 529	1 012
Rental income	673	135
Gain on disposal of property, plant and equipment	106	184
Other	4 949	1 747
Total other income (see Note 18)	8 257	3 078

¹ Prior year's presentation has been adapted to the 2006 format.

The position 'Other' includes an amount of CHF 3.5 million from successful legal settlements.

..... 18 OPERATING EXPENSE AS PER NATURE OF EXPENSE

(in CHF 1 000)	Notes	2006	2005 ¹
Operating expense as per nature of expense			
Other income	17	8 257	3 078
Cost of material and goods	19	(58 262)	(52 111)
Personnel expense	20	(175 212)	(143 012)
Depreciation of property, plant and equipment	1	(29 449)	(18 861)
Depreciation and impairment of investment properties	2	(3 200)	0
Amortization of intangible assets	3	(9 870)	(6 255)
Other operating expense	23	(156 147)	(136 454)
Total operating expense		(423 883)	(353 615)

1 The 2005 presentation has been adapted: Reallocation of 'outbound freights' from 'raw material and consumables used' to 'other operating expense' (see Note 19/23).

..... 19 COST OF MATERIAL AND GOODS

(in CHF 1 000)	2006	2005 ¹
Raw materials and consumables used	69 095	64 707
Change in inventories and work-in-progress	(10 833)	(12 596)
Total cost of material and goods (see Note 18)	58 262	52 111

1 The 2005 presentation has been adapted: Reallocation of 'outbound freights' from 'raw material and consumables used' to 'other operating expense' (see Note 23).

In the fiscal year 2005, outbound freight expenses were stated under 'raw materials and consumables used'. To increase transparency, Straumann has reported 'outbound freights' under 'sales expenses' for 2006. The 2005 presentation has been adapted. Accordingly, based on this reallocation, raw materials and consumables used decreased and sales expenses correspondingly increased by CHF 6.5 million in the prior year.

Raw materials and consumables used includes inventory write-offs of CHF 3.0 million (2005: 1.2 million).

..... 20 PERSONNEL EXPENSE

(in CHF 1 000)	2006	2005
Wages and salaries	137 423	111 809
Social security cost	27 364	21 510
Other personnel expense	10 425	9 693
Total personnel expense (see Note 18)	175 212	143 012

21 POST-EMPLOYMENT BENEFITS

Apart from the legally required social security schemes, the Group has several independent pension plans, principally in Switzerland, USA and Italy. The assets are principally held externally. For certain Group companies, however, no independent assets exist for the pension plan and other long-term employee benefit obligations. In these cases, the related liability is included in the balance sheet.

The amounts recognized in the balance sheet are as follows:

(in CHF 1 000)	2006	2005
At 1 January	3 487	3 340
Change in consolidation scope	777	405
Currency loss	127	0
Expense recognized in income statement	5 328	3 828
Employer's contributions	(5 205)	(4 086)
At 31 December	4 514	3 487

(in CHF 1 000)	2006	2005
Balance sheet		
Fair value of plan assets	64 619	56 002
Present value of benefit obligation	(76 071)	(67 635)
	(11 452)	(11 633)
Present value of unfunded benefit obligation	(4 103)	0
Unrecognized actuarial losses	11 041	8 146
Pension liabilities in the balance sheet	(4 514)	(3 487)

The amounts recognized in the income statement are as follows:

(in CHF 1 000)	2006	2005
Net pension costs for defined benefit plans		
Service cost	(7 670)	(5 648)
Interest cost	(2 101)	(1 735)
Expected return on plan assets	2 086	1 534
Actuarial losses outside corridor recognized in year	(173)	(772)
Past service cost recognized in year	(6)	0
Actuarial losses recognized due to asset ceiling	(945)	0
Curtailement	0	69
Other pension cost	31	0
Periodic pension cost	(8 778)	(6 552)
Employee contributions	3 450	2 724
Expense recognized in the income statement	(5 328)	(3 828)

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

(in CHF 1 000)	2006	2005
Development of defined benefit obligation		
Present value of benefit obligation	(67 635)	(51 863)
Change in consolidation scope	(334)	(10 845)
Service cost	(7 669)	(5 648)
Past service cost	(6)	0
Interest cost	(2 101)	(1 735)
Curtailments	0	69
Benefits paid	(1 331)	496
Actuarial gains	(969)	1 890
Foreign currency exchange losses	(129)	0
Present value of benefit obligation	(80 174)	(67 636)

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

(in CHF 1 000)	2006	2005
Development of plan assets		
Fair value of plan assets	56 002	36 096
Change in consolidation scope	(443)	10 440
Expected return on plan assets	2 086	1 534
Employer contributions	5 205	4 086
Employee contributions	3 450	2 724
Benefits paid	1 331	(496)
Actuarial gains/(losses)	(3 013)	1 618
Foreign currency exchange gains	0	0
Fair value of plan assets	64 618	56 002

The actual return on plan assets in 2006 is CHF –0.9 million (2005: 4.0 million).

Plan assets are comprised as follows:

(in CHF 1 000)	2006		2005	
Cash	10 533	16.3%	4 480	8.0%
Bonds	24 038	37.2%	26 265	46.9%
Equity	17 059	26.4%	21 001	37.5%
Properties	3 813	5.9%	4 032	7.2%
Other	9 175	14.2%	224	0.4%
Total	64 618	100.0%	56 002	100.0%

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected return on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to post-employment benefit plans for the year ending 31 December 2007 are CHF 5.3 million.

(in CHF 1 000)	2006	2005
Present value of defined benefit obligation	(76 071)	(67 635)
Fair value of plan assets	64 619	56 002
Deficit	(11 452)	(11 633)
Experience adjustments on plan liabilities	(4 436)	
Experience adjustments on plan assets	(3 013)	

The principal actuarial assumptions for the plan in Switzerland and Italy that are determined with respect to local conditions were as follows:

Switzerland	2006	2005
Discount rate	3.00%	2.75%
Expected return on plan assets	4.00%	3.75%
Average future salary increase	2.00%	1.50%
Expected future pension increase	0.25%	0.25%
Average retirement age (in years)	62	62
Inflation rate	1.00%	1.00%
Italy	2006	2005
Discount rate	4.40%	4.25%
Expected return on plan assets	n/a	n/a
Average future salary increase	3.00%	3.50%
Expected future pension increase	0.00%	0.00%
Average retirement age (in years)	65	65
Inflation rate	2.00%	2.00%

..... 22 SHARE-BASED PAYMENTS

Part of the compensation paid to the Board of Directors, Executive Management and other members of senior management takes the form of stock options. The options have a term of up to six years and a vesting period of one to three years. The options, which are issued in the form of warrants (one option = 50 warrants), can be exercised 1:1 into shares. The fair value of the options granted is determined using the Black-Scholes valuation model. The calculation of the option value was performed by independent specialists, applying the following significant inputs into the model:

	2006	2005
Black-Scholes parameters		
Dividend yield (in %)	1.10	0.90
Expected volatility (in %)	22.00	22.50
Risk-free interest rate (in %)	2.80	2.14
Expected life of options (years)	6.00	5.00
Weighted average share price (CHF)	295.00	304.50

The options granted are recognized as personnel expense from service commencement to the end of the vesting period. In 2006, 48 000 options were granted. 39 217 options were exercised during 2006 and a corresponding number of shares issued. The weighted average share price at the date of exercise was CHF 295.00 (2005: CHF 304.50).

The option program developed as follows:

	2006	2005
Equity compensation plan – outstanding options		
At 1 January	202 675	199 535
Granted options	48 000	51 480
Exercised options (see Note 11)	(39 217)	(48 340)
Forfeited options	(5 227)	0
At 31 December	206 231	202 675
Options available for exercise at period-end	86 505	63 382

Unvested options are forfeited when an employee leaves the company.

The options are structured as private placement. Since 2000, a Swiss bank has functioned as market maker for the quoted and private placement warrants. The range of exercise prices of the options outstanding at period-end is between CHF 135.00 and CHF 304.50. The exercise period and the expiry date of the outstanding options are as follows:

	Options available for exercise	Options expiring at year-end
2006	86 505	0
2007	96 821	14 693
2008	131 883	50 524
2009	47 136	45 878
2010		47 136
2012		48 000
Total		206 231

In 2006, Employees had the right to buy shares on the basis of the employee equity compensation program. Straumann offered employees a discount of 25 % based on the share price on 31 December 2005. This discount was recognized as personnel expense at the date of the issue of the shares. The shares are subject to a two-year lock-up period. During the reporting period, employees subscribed to 10 202 of those shares. Share-based payments for option and employee share plans are shown under personnel expense.

The cost of share-based payment was as follows:

(in CHF)	2006	2005
Employee share plan	684 327	548 759
Option plan	2 354 861	2 151 192
Total share based payments	3 039 188	2 699 951

..... 23 OTHER OPERATING EXPENSE

(in CHF 1 000)	2006	2005 ¹
Administration expense	27 613	24 831
Sales expense	82 848	71 879
Contribution to the International Team for Implantology Foundation (see Note 30)	8 260	7 842
External research and development expense	4 979	4 871
Other operating expense	32 447	27 031
Rental	16 023	13 916
Maintenance, repairs and utilities	10 400	9 179
Insurance and other fees	3 615	3 363
Other minor items	2 799	1 626
Operating exchange result	(390)	(1 053)
Total other operating expense (see Note 18)	156 147	136 454

1 The 2005 presentation has been adapted: Reallocation of 'outbound freights' from 'raw material and consumables used' to 'other operating expense' (see Note 18/19).

24 FINANCIAL INCOME

(in CHF 1 000)	2006	2005
Interest income	1 649	918
Exchange gains, net	0	2 181
Total financial income	1 649	3 099

25 FINANCIAL EXPENSE

(in CHF 1 000)	2006	2005
Interest expense	(716)	(543)
Exchange loss, net	(2 287)	0
Total financial expense	(3 003)	(543)

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 (see Note 11):

	2006	2005
Net profit attributable to shareholders (in CHF 1 000)	141 725	127 863
Weighted average number of ordinary shares	15 588 406	15 560 767
Basic earnings per share (in CHF)	9.09	8.22

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 options 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.

	2006	2005
Net profit used to determine diluted earnings per share (in CHF 1 000)	141 725	127 863
Weighted average number of ordinary shares outstanding	15 588 406	15 560 767
Adjustments for:		
- Share option program	33 511	46 205
Weighted average number of ordinary shares for diluted earnings per share	15 621 917	15 606 972
Diluted earnings per share (in CHF)	9.07	8.19

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.

..... 27 SEGMENT INFORMATION

The primary 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. As Straumann is organized into one business segment only, no secondary information is reported by business segments.

(in CHF 1 000)	Europe	North America	Asia/Pacific	Rest of World	Corporate/ unallocated	Eliminations	Group
2006							
Segment assets	557 768	64 481	3 973	5 803		0	632 025
Corporate/unallocated assets					18 100	0	18 100
Consolidated total assets	557 768	64 481	3 973	5 803	18 100	0	650 125
Segment liabilities	104 993	15 764	788	561		0	122 106
Corporate/unallocated liabilities					21 267	0	21 267
Consolidated total liabilities	104 993	15 764	788	561	21 267	0	143 373
Capital expenditures	44 178	5 227	76	333			49 814
Net revenue to external customers	380 551	149 273	56 979	12 401			599 204
Net revenue with other segments	83 067					(83 067)	0
Total net revenue	463 618	149 273	56 979	12 401	0	(83 067)	599 204
Other income	4 343	0	0	233	3 681	0	8 257
Segment result before depreciation and amortization	181 433	8 549	1 245	(837)	27 450	0	217 840
Depreciation/amortization	31 136	5 072	118	196	3 047	0	39 569
Impairment	2 950						2 950
Operating profit	147 347	3 477	1 126	(1 033)	24 403	0	175 321
Financial result							(1 354)
Income tax expenses							(32 039)
Net Profit							141 928
2005¹							
Segment assets	447 799	65 122	3 422	3 519		0	519 862
Corporate/unallocated assets					16 420	0	16 420
Consolidated total assets	447 799	65 122	3 422	3 519	16 420	0	536 282
Segment liabilities	92 915	15 621	494	554		0	109 584
Corporate/unallocated liabilities					6 709	0	6 709
Consolidated total liabilities	92 915	15 621	494	554	6 709	0	116 293
Capital expenditures	100 248	19 526	1 688	530			121 992
Net revenue to external customers	316 060	131 297	51 110	11 086			509 553
Net revenue with other segments	67 224	0	0	0		(67 224)	0
Total net revenue	383 284	131 297	51 110	11 086	0	(67 224)	509 553
Other income	3 020	18	0	3	37	0	3 078
Segment result before depreciation and amortization	153 606	7 392	132	(358)	20 281	0	181 053
Depreciation/amortization	21 265	2 922	47	91	790	0	25 115
Operating profit	132 341	4 470	85	(449)	19 491	0	155 938
Financial result							2 556
Income tax expenses							(30 287)
Net Profit							128 207

¹ Prior year's presentation has been adapted to the 2006 format.

28 CHANGES IN NET WORKING CAPITAL

(in CHF 1 000)	2006	2005
Changes in net working capital		
Inventories	9 849	10 193
Trade receivables	16 058	11 292
Other receivables	3 702	(2 589)
Prepaid expenses and accrued income	(2 668)	3 015
Trade payables	(179)	(3 041)
Other liabilities	1 212	(2 554)
Accrued expenses and deferred income	(11 253)	812
Total changes in working capital	16 721	17 128

29 CONTINGENCIES AND COMMITMENTS

(in CHF 1 000)	2006	2005
Operating lease commitments	104 088	101 457
The maturity schedule is as follows:		
Within 1 year	14 257	12 740
After 1 year but not more than 5 years	54 469	48 617
More than 5 years	35 362	40 100
Rental and operating lease expenses	16 023	13 916

The majority of the operating lease commitments are in connection with non-cancellable operating lease agreements for the global headquarters and the US headquarters. The non-cancellable leases have remaining terms of between five and 15 years. In addition, the Group entered into various cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

(in CHF 1 000)	2006	2005
Contingent liabilities		
Guarantees	0	63
Securities	3 640	3 930

CONTINGENT ASSETS AND LIABILITIES

In the US, the Company has entered into USD 3.0 million letter-of-credit facilities as a deposit for future lease payments.

Some Group companies are involved in litigation arising from the normal course of their business and might be liable to pay compensation. 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 litigation will not significantly affect the Group's financial position.

..... 30 RELATED-PARTY TRANSACTIONS

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

(in CHF 1 000)	2006	2005
Transactions – purchase of services		
International Team for Implantology Foundation (see Note 23)	8 260	7 842
Pension fund	4 902	4 070
VISCHER, Attorneys-at-law	302	204
Total related-party transactions	13 464	12 116
Open balances at period-end		
International Team for Implantology Foundation (see Note 15)	1 588	1 821
Pension fund	0	0
VISCHER, Attorneys-at-law	26	60
Total open balances due to related parties, included in other liabilities	1 614	1 881

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.

BOARD OF DIRECTORS AND MANAGEMENT COMPENSATION

Compensation of the Board of Directors depends on the course of business. The Board of Directors receives a cash bonus and a fixed number of options, which are issued in the form of warrants (one option = 50 warrants). The options have a term of up to six years and are subject to a vesting period of one to three years. The price of the options is based on the share price at the end of December. The fair value of the options granted is determined using the Black-Scholes valuation model.

The compensation of the management consists of a fixed portion and a variable portion, which depends on the course of business. Besides a fixed salary, management receives an individual performance-based bonus and a fixed number of options. The options have a term of up to six years and are subject to a vesting period of one to three years. The price of the options is based on the share price at the end of December. The fair value of the options granted is determined using the Black-Scholes valuation model.

(in CHF 1 000)	2006	2005
Salaries and other short-term employee benefits	4 110	4 295
Termination benefits	0	0
Post-employment benefits	230	239
Other long-term benefits	0	0
Share-based payments	2 333	1 739
Total	6 673	6 273

..... **31 EVENTS AFTER THE BALANCE SHEET DATE**

There are no events after the balance sheet date to be disclosed.

REPORT OF THE GROUP AUDITORS

REPORT OF THE GROUP AUDITORS TO THE GENERAL MEETING OF STRAUMANN HOLDING AG, BASEL

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes – pages 100 to 145) of Straumann Holding AG for the year ended December 31, 2006.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

PricewaterhouseCoopers AG

PRICEWATERHOUSECOOPERS



Thomas Brüderlin
Auditor in charge



Gerhard Siegrist

Basel, 5 February 2007

STRAUMANN HOLDING

Balance sheet	150
Income statement	151
Notes to the financial statements	152
Proposal of the Board of Directors for the appropriation of the available earnings	155
Report of the statutory auditors	156

BALANCE SHEET

ASSETS

(in CHF 1 000)	Notes	31 Dec 2006	31 Dec 2005
Intangible assets		2 926	2 863
Investments	2	80 846	86 145
Intercompany loans		276 105	206 498
Total non-current assets		359 877	295 506
Treasury shares		11 668	0
Intercompany receivables		37 440	11 796
Other receivables		167	88
Cash and cash equivalents		15 070	11 434
Total current assets		64 345	23 318
Total assets		424 222	318 824

EQUITY AND LIABILITIES

(in CHF 1 000)	Notes	31 Dec 2006	31 Dec 2005
Share capital	3	1 562	1 558
General reserve		1 540	1 540
Additional paid-in capital		45 035	38 302
Special reserve		2 000	2 000
Reserve for treasury shares		14 976	0
Available earnings		335 028	258 679
Total equity		400 141	302 079
Other provisions		17 783	12 188
Total non-current liabilities		17 783	12 188
Tax liabilities		4 315	3 767
Intercompany payables		0	6
Other liabilities		1 983	784
Total current liabilities		6 298	4 557
Total liabilities		24 081	16 745
Total equity and liabilities		424 222	318 824

INCOME STATEMENT

INCOME STATEMENT

(in CHF 1 000)

	2006	2005
Income from investments	97 077	97 642
Financial income	12 019	6 461
License income	28 576	24 213
Other income	3 681	735
Income	141 353	129 051
Administration expense	(4 761)	(4 635)
Depreciation and amortization	(3 063)	(790)
Financial expense	(497)	(834)
Expenses	(8 321)	(6 259)
Profit before taxes	133 032	122 792
Income and capital tax expense	(2 667)	(2 200)
Net profit	130 365	120 592

NOTES TO THE FINANCIAL STATEMENTS

GENERAL

Straumann Holding AG is a public company whose shares are traded on the Swiss Exchange (SWX). As the parent company of the Straumann Group, the purpose of Straumann Holding AG is to acquire, dispose and manage investments in the field of dental and medical technology. These financial statements were drawn up in accordance with the regulations of the Swiss Code of Obligations.

1 GUARANTEES

In favor of its subsidiaries, the company has issued 'letters of subordination' in a total amount of CHF 3.5 million (2005: 5.4 million).

2 INVESTMENTS

In January 2006, Straumann acquired 100% of the share capital of its former third-party distributor in Denmark, DenTech Danmark ApS, which was renamed Straumann Danmark ApS. In addition, a new subsidiary Straumann Services AG was established in December 2006 for the purpose of splitting Institut Straumann AG into a production and sales unit in the first quarter 2007.

Straumann Holding AG holds the following investments:

(in CHF 1 000)	Interest and voting rights (in %) 2006	Investment value 2006	Interest and voting rights (in %) 2005	Investment value 2005
Institut Straumann AG, Basel, Switzerland	100	9 000	100	9 000
Straumann Services AG, Basel, Switzerland	100	100	-	-
Straumann GmbH, Freiburg, Germany	100	31 980	100	31 980
Straumann USA LLC, Andover, USA	100	1	100	1
Straumann Ltd, Crawley, UK	100	4 415	100	4 415
Straumann B.V., IJsselstein, Netherlands	100	58	100	58
Straumann SARL, Marne-la-Vallée, France	100	301	100	301
Straumann AB, Gothenburg, Sweden	100	26	100	26
Straumann AS, Oslo, Norway	100	4 183	100	94
Straumann Oy, Helsinki, Finland	100	633	100	102
Straumann SA, Madrid, Spain	100	6 726	100	6 726
Straumann Canada Ltd, Burlington, Canada	100	1 415	100	1 415
Straumann GmbH, Vienna, Austria	100	730	100	730
Straumann Brasil Ltda, São Paulo, Brazil	100	2 564	100	372
Straumann SA/NV, Zaventem, Belgium	100	147	100	147
Straumann Holding Sweden AB, Malmö, Sweden	100	2 470	100	2 470
Straumann Manufacturing Inc, Andover, USA	100	10 419	100	10 419
Straumann Holding Italy srl, Milan, Italy	-	-	100	17 882
Straumann Pty Ltd, Victoria, Australia	100	1	100	1
Straumann Mexico SA de CV, Mexico DF, Mexico	100	2 142	100	6
Straumann Danmark ApS, Greve, Denmark	100	3 535	-	-
Balance sheet		80 846		86 145

(in 1 000)	Purpose	Currency	Share capital
Details of the investments			
Institut Straumann AG, Basel, Switzerland	Production/Sales	CHF	9 000
This company holds:			
- Straumann Italia srl, Milano, Italy	Sales	EUR	270
Straumann Services AG, Basel, Switzerland	Sales	CHF	100
Straumann GmbH, Freiburg, Germany	Sales	EUR	170
Straumann Ltd, Crawley, UK	Sales	GBP	100
Straumann B.V., IJsselstein, Netherlands	Sales	EUR	18
Straumann SARL, Marne-la-Vallée, France	Sales	EUR	192
Straumann AB, Gothenburg, Sweden	Sales	SEK	100
Straumann A/S, Oslo, Norway	Sales	NOK	1 000
Straumann Oy, Helsinki, Finland	Sales	EUR	32
Straumann SA, Madrid, Spain	Sales	EUR	60
Straumann Canada Ltd, Burlington, Canada	Sales	CAD	1 500
Straumann GmbH, Vienna, Austria	Sales	EUR	40
Straumann Ltda, São Paulo, Brazil	Sales	BRL	466
Straumann SA/NV, Zaventem, Belgium	Sales	EUR	100
Straumann Holding Sweden AB, Malmö, Sweden	Holding	SEK	100
This company holds:			
- Biora AB, Malmö, Sweden (Biora Group)	Production/Sales	SEK	950
Straumann Manufacturing Inc, Andover, USA	Production/Holding	USD	1
This company holds:			
- Straumann USA LLC, Andover, USA	Sales	USD	1
Straumann Pty Ltd, Victoria, Australia	Sales	AUD	1
Straumann Mexico SA de CV, Mexico D.F., Mexico	Sales	MXN	19 407
Straumann Danmark ApS, Greve, Denmark	Sales	DKK	125

..... 3 EQUITY

The share capital of CHF 1.562 million (2005: CHF 1.558 million) consists of 15 615 978 (2005: 15 576 761) registered shares with a par value of CHF 0.10 each.

(in %)	31 Dec 2006	31 Dec 2005
Major shareholders		
Dr h. c. Thomas Straumann (Member of the Board)	32.4	36.6
Dr h. c. Rudolf Maag (Chairman of the Board)	12.3	8.2
Simone Maag de Moura Cunha	6.0	6.1
Total	50.7	50.9

There are no shareholder commitment contracts or other material agreements between shareholders.

CONDITIONAL SHARE CAPITAL

In 2006, share capital increased by CHF 3922. The additional share capital was created from conditional share capital that can be used for the employee share plan and the option plan for management. Non-employee shareholders are excluded from subscribing for these shares.

39 217 options were exercised in the option plan for management during 2006 and a corresponding number of shares issued.

The effective amount of registered conditional share capital on 31 December 2006 was CHF 38 402 (384 022 shares with a par value of CHF 0.10 each) at year-end.

4 TREASURY SHARES

The reserve for treasury shares was valued using the weighted average purchase price method. On the balance sheet of Straumann Holding AG, it amounted to CHF 14.976 million on 31 December 2006 (previous year CHF 0), and thereby covers the treasury shares recognized as assets on the balance sheets of Straumann Holding AG and Institut Straumann AG at year-end.

The number of treasury shares held directly or indirectly by Straumann Holding AG changed in 2006 as shown in the table below:

Shares held by:	
Straumann Holding AG	
Balance at 31 December 2005	0
Acquisitions in 2006	42 500
Disposals in 2006	0
Balance at 31 December 2006	42 500
Institut Straumann AG	
Balance at 31 December 2005	0
Acquisitions in 2006	22 334
Disposals in 2006	(132)
Transferred in 2006 to employee share plan	(10 202)
Balance at 31 December 2006	12 000

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF THE AVAILABLE EARNINGS

(in CHF 1 000)	2006	2005
Balance brought forward	219 639	138 087
Profit of the year	130 365	120 592
Increase reserve for treasury shares	(14 976)	0
Available earnings	335 028	258 679
Proposal of the Board of Directors:		
-Dividend (CHF 3.00 for 15 615 978 shares)	(46 848)	(39 040)
To be carried forward	288 180	219 639

Until the time of the shareholders' General Meeting, 158 231 free options could be exercised and converted into shares. The maximum dividends related to such options if exercised would be CHF 0.475 million.

REPORT OF THE STATUTORY AUDITORS

REPORT OF THE STATUTORY AUDITORS TO THE GENERAL MEETING OF STRAUMANN HOLDING AG, BASEL

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes – pages 150 to 155) of Straumann Holding AG for the year ended December 31, 2006.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

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

PricewaterhouseCoopers AG

PRICEWATERHOUSECOOPERS



Thomas Brüderlin
Auditor in charge



Gerhard Siegrist

Basel, 5 February 2007

APPENDIX

Five-year overview	160
Information for investors	162
Contact addresses	165
Country organizations (addresses)	166
GRI Index	167
Glossary	169
Index	172

FIVE-YEAR OVERVIEW

OPERATING PERFORMANCE

(in CHF million)	2002	2003	2004	2005 ¹	2006
Net revenue	274.9	343.9	420.3	509.6	599.2
Growth in %	18.7	25.1	22.2	21.2	17.6
Gross profit	220.8	274.9	342.4	416.6	479.7
Margin in %	80.2	80.0	81.5	81.8	80.1
Operating result before depreciation and amortization (EBITDA)	93.7	120.0	156.0	181.1	217.8
Margin in %	34.1	34.9	37.1	35.5	36.4
Growth in %	21.6	28.4	30.0	16.1	20.3
Operating result before amortization (EBITA)	81.2	102.3	136.8	162.2	185.2
Margin in %	29.5	29.7	32.6	31.8	30.9
Growth in %	24.5	27.0	33.8	18.5	14.2
Operating profit (EBIT)	75.1	97.5	127.0	155.9	175.3
Margin in %	27.3	28.4	30.2	30.6	29.3
Growth in %	21.3	30.2	30.2	22.2	12.4
Net profit	56.0	80.9	100.5	128.2	141.9
Margin in %	20.3	23.5	23.9	25.2	23.7
Growth in %	37.4	43.3	24.2	27.5	10.7
Earnings per share (in CHF)	3.62	5.22	6.44	8.22	9.09
Value added (economic profit)	38.7	59.2	80.1	93.2	98.4
Increase in value added	4.7	20.5	20.9	13.1	5.2
Increase in value added in %	13.8	52.9	35.4	16.4	5.5
In % of Group revenue	14.1	17.2	19.1	18.3	16.4
Number of employees (year-end)	750	903	1 104	1 342	1 534
Number of employees (average)	721	845	1 006	1 236	1 483
Sales per employee (average) in CHF 1 000	381	407	418	412	404

¹ The presentation of 2005 figures has been adapted to the 2006 format throughout this report.

FINANCIAL PERFORMANCE

(in CHF million)	2002	2003	2004	2005 ¹	2006
Cash and short-term bank deposits	70.3	88.4	107.1	94.2	171.8
Net working capital (net of cash)	41.1	31.6	17.0	35.5	38.1
In % of net revenue	14.9	10.6	5.8	5.2	6.1
Inventory	38.0	34.7	35.5	48.1	59.0
Inventory days	256	190	162	152	161
Trade receivables	33.6	42.4	48.8	69.6	85.3
Trade receivables days	41	40	39	42	47
Balance sheet total	251.0	351.8	404.5	536.3	650.1
Return on assets in % (ROA)	24.2	26.8	26.6	27.3	23.9
Equity	188.9	256.7	311.6	420.0	506.8
Equity ratio in %	75.3	73.0	77.0	78.8	77.9
Return on equity in % (ROE)	33.3	36.2	35.4	35.0	30.6
Long-term financial debt	14.2	14.2	0.0	0.0	0.0
Capital employed	203.1	270.9	311.6	420.0	506.8
Return on capital employed in % (ROCE)	41.1	41.1	43.6	42.6	37.8
Cash generated from operating activities	69.7	118.0	145.5	145.4	176.2
In % of net revenue	25.3	34.3	34.6	28.5	29.4
Investments	22.8	84.8	66.1	122.0	49.8
In % of net revenue	8.3	24.7	15.7	23.9	8.3
Capital expenditures	15.3	26.9	65.5	59.4	42.1
Acquisitions	7.5	57.9	0.6	61.7	7.8
Free Cash Flow	46.9	33.1	79.4	23.4	126.4
In % of net revenue	17.0	9.6	18.9	4.6	21.1
Dividend	9.3	17.4	48.1	31.1	39.0
Pay-out ratio in %	22.8	30.9	59.4	31.0	30.5

¹ The presentation of 2005 figures has been adapted to the 2006 format throughout this report.

INFORMATION FOR INVESTORS

CAPITAL STRUCTURE

(in CHF 1 000)	31 Dec 2006	31 Dec 2005
Equity	506 752	419 989
Share capital	1 562	1 558
Reserves	47 033	47 403
Retained earnings	473 132	370 319
Conditional share capital	38	42
Number of registered shares	15 615 978	15 576 761
Nominal value per share (in CHF)	0.10	0.10
Registration restrictions	none	none
Voting restrictions	none	none
Opting-out, opting-up	none	none

NUMBER OF SHAREHOLDERS

Shares	31 Dec 2006	31 Dec 2005
1 - 100	8 433	7 566
101 - 1 000	4 109	4 115
1 001 - 10 000	311	318
10 001 - 100 000	40	57
100 001 - 1 000 000	7	7
1 000 001 and more	2	2
Total	12 902	12 065

SHAREHOLDERS BY CATEGORY

(in %)	31 Dec 2006	31 Dec 2005
Major shareholders	50.7	50.9
Institutional shareholders	20.2	19.6
Private individuals	13.2	13.0
Non-registered shareholders	15.9	16.5

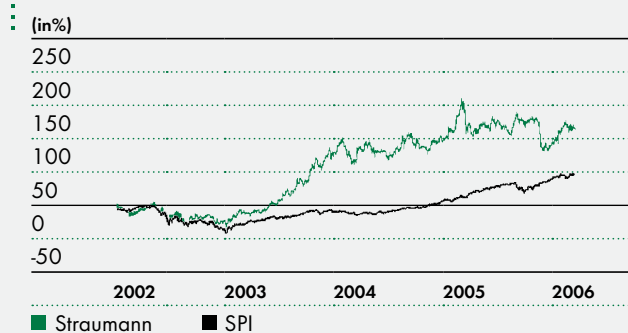
MAJOR SHAREHOLDERS

(in %)	31 Dec 2006	31 Dec 2005
Dr h.c. Thomas Straumann (Member of the Board)	32.4	36.6
Dr h.c. Rudolf Maag (Chairman of the Board)	12.3	8.2
Simone Maag de Moura Cunha	6.0	6.1
Total	50.7	50.9

SHARE PRICE DATA

(in CHF)	2006		2005	
First trading day	304.00	03.01.	236.00	03.01.
Lowest	235.30	22.08.	236.00	03.01.
Highest	330.00	17.05.	358.50	03.10.
Last trading day	295.00	29.12.	304.50	30.12.
Average	295.26		279.91	
Tax value	295.00		304.50	
Total shareholder return (in %)	(2.30)		29.90	
Market capitalization 31 Dec (in CHF million)	4 591		4 743	

SHARE PRICE



SHARE EARNINGS AND DIVIDEND

(in CHF)	2006	2005
Earnings	9.09	8.22
Ordinary dividend	3.00	2.50

STOCK EXCHANGE INFORMATION

Listing	SWX Swiss Exchange (STMN)
Bloomberg	STMN SW
Reuters	STMN.S
Investdata	STMN
Expected ex date	4 April 2007
Security ID	001 228 007
ISIN	CH 0012 280 076

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INFORMATION POLICY

The Straumann Annual Report is published in February and presented at the analysts and press conference. It is also available online at: www.straumann.com/annualreport. The half-year interim report is published in the form of a media release in August. Other media releases include the quarterly sales reports published in May for the first quarter and in November for the third quarter. Where necessary or appropriate, Straumann also publishes additional information on key significant events. Press releases and presentations can be downloaded from the Straumann homepage at www.straumann.com.

CALENDAR

KEY REPORTING DATES IN 2007

7 February: 2006 full-year results
30 March: Annual General Meeting
3 May: Q1 sales
9 August: Q2 sales and H1 results
2 November: Q3 and 9M sales

PLANNED INVESTOR RELATIONS EVENTS AND CONFERENCES IN 2007

Members of Straumann's Executive Management and/or Investor Relations team plan to take part in the following events, subject to availability.

19 February: Roadshow, UBS, Zurich
20 February: Roadshow, Credit Suisse, London

21 February: Roadshow, Bank Sarasin, Dublin
22 February: Roadshow, Kepler Equities, Frankfurt
23 February: Roadshow, Cheuvreux, Paris
20 March: Reverse roadshow, Citigroup, Basel
27 March: Morgan Stanley, Swiss Biotech and Medtech Trip, Basel
29 March: Kepler Equities, Small and Mid Cap Seminar, Zurich
24 April: Roadshow, Transatlantic IR, New York
15–16 May: Merrill Lynch, 4th Annual Pan-European Med Tech Conference, London
Early June: Reverse roadshow, Cheuvreux, Basel
22–23 August: UBS, Swiss Mid Cap Conference, Zurich
13 August: Roadshow, Vontobel, Zurich
14 August: Roadshow, Merrill Lynch, London
15 August: Roadshow, Helvea, Edinburgh
16 August: Roadshow, Vontobel, Paris
17 August: Roadshow, Frankfurt
5–6 September: Goldman Sachs, European Medtech and Healthcare Services Conference, London
26–27 September: UBS Life Science/Credit Suisse Swiss Equities, New York
28 September: Investor Day, Andover
Early November: Reverse roadshow, Vontobel, Health Care Days, Basel
29 November: Credit Suisse, Swiss Health Care Conference, Zurich

..... SELECTED DENTAL MEETINGS IN 2007

15–17 February: 5th World Congress of Osseointegration, Venice, Italy
8–10 March: 22nd Annual meeting of the Academy of osseointegration, San Antonio, USA
20–24 March: International Dental Show (IDS) 2007, Cologne, Germany
21–24 March: 85th Meeting of the International Association for Dental Research, New Orleans, USA
25–29 April: 29th Asia Pacific Dental Congress, Jakarta, Indonesia
26–28 April: ITI World Symposium, New York, USA
10–12 May: International Osteology Symposium, Monaco
5–7 October: 3rd European Conference on the Reconstruction of the Periodontally Diseased Patient, Paris, France
24–27 October: FDI World Dental Congress, Dubai, U.A.E.
25–27 October: 16th Annual European Association for Osseointegration (EAO) Congress, Barcelona, Spain
29 November–1 December: Gemeinschaftskongress DGI, ÖGOCI, SGI, Vienna, Austria

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Straumann's products and services are available in more than 60 countries through our subsidiaries and broad network of distributors.

GLOBAL REPORTING INITIATIVE (GRI)

SCOPE OF SUSTAINABILITY REPORTING WITH REGARD TO GRI

Straumann's 2006 Annual Report integrates elements of sustainability reporting based on the guidelines disseminated by GRI, a non-profit, multi-stakeholder organization that strives to provide companies with a systematic basis for disclosure regarding sustainability performance. The aim is to give stakeholders a framework that facilitates comparison and understanding of disclosed information. It has not been possible to incorporate every GRI performance indicator into the format of this annual report; full coverage would require a comprehensive dedicated sustainability report. As we at Straumann believe that sustainability is an integral part of business success, we consider that the integration of sustainability topics in our annual reporting is important because it provides the context to what we have or have not been able to achieve. It also increases transparency on our sustainability performance for our shareholders and other stakeholders including customers, employees, and members of the communities in which we operate.

Straumann's 2006 Annual Report is one of the first in the world to implement the new GRI-G3 standard and to successfully pass an Application-Level Check by GRI. Straumann is the first Swiss company and the first in the Med-Tech field to achieve this. As GRI-G3 was launched in October 2006, best practices have not yet been established and the integration of GRI-G3 into our annual reporting has to be understood as the beginning of an ongoing project that we will strive to improve in coming years.

GRI CONTENT INDEX

To help readers locate specific GRI-related information, the following table provides an overview of the main GRI elements discussed in this report, including: Economic (EC), Environmental (EN), Human Rights (HR), Labor (LA), Society (SO), and Product responsibility (PR) performance indicators, as well as Disclosures on Management Approach (DMA) to these topics. The GRI indicators referenced have been covered to the extent that data were available and as far as the format of Straumann's annual report allows. While a number of GRI points are discussed in more than one place, the table indicates those places in which the main information on each indicator is to be found. In cases where substantial information is presented in more than one place, multiple references are given.



Report part	Pages	GRI content elements
Key Facts & Figures	Inside front cover	2.8
Letter to shareholders	4-7	DMA-EC
Straumann in Brief	8-11	2.1, DMA-EC
Markets and Regions	14-21	2.7, DMA-EC
Products and Services	24-31	2.2, DMA-PR, PR1, PR2, PR5
Production and Logistics	34-35	2.9
Innovation and Partnership		
Research and Development	38-41	
Partnership	42-43	
Sustainability		
Our Responsibility	46-49	1.1, 1.2, 2.10, 4.7-4.17, DMA-EC, DMA-EN, DMA-LA, DMA-HR, DMA-SO, SO2, SO4, SO7, DMA-PR
Employees	50-51	4.8, EC5, DMA-LA, LA1, LA2, LA4, LA7, LA10, LA12-LA14, DMA-HR, HR3, HR5-HR7, SO3
Customers	52-53	2.7, PR5, PR7
Communities	54-55	2.10, 4.8, DMA-EC, EC7, DMA-HR, HR2, DMA-SO, SO5, SO6
Environmental protection	56-59	EN3-4, EN8, EN16, EN21-22
Independent Expert Opinions	63-67	DMA-EN, EN1, EN3, EN4, EN8, EN16, EN22
Corporate Governance	68-85	2.3-2.6, 2.9, 4.1-4.6
Financial Report 2006	87-156	EC3, EC4
Appendix	159-174	2.8, 3.1-3.13

NOTES ON PARAMETERS OF THIS REPORT

This Annual Report reviews the business year 2006 and draws certain comparisons with previous years. It aims to provide sufficient detail to give shareholders a clear overview of developments in 2006, as well as to address main points of concern to other stakeholder groups, including customers, employees, and members of the community. The information given pertains to the whole Straumann Group unless stated otherwise. There were no major changes in subsidiaries, leased facilities or outsourced operations in the year under review that significantly affect comparability with the previous Annual Report unless stated. The Environmental Protection chapter is an exception because we were able to expand the scope or our performance reporting to include, for the first time, data from our Malmö and Andover facilities. This is discussed in detail on p. 56. Apart from this, no reporting changes were made that have significant relevance to GRI topics. The data measurements for reported GRI indicators follow GRI guidelines as far as data availability has allowed. We have not sought external assurance of the GRI information given, but have used the standards for our internal auditing wherever practical.

GLOSSARY OF SELECTED TERMS AND ABBREVIATIONS USED IN THIS REPORT

DENTAL/MEDICAL TERMS

ABUTMENT	A component that connects the implant with the prosthesis and protrudes into the oral cavity (see illustrations on pp. 24-25)
BONECERAMIC	Straumann's fully synthetic bone substitute for bone augmentation procedures
BRIDGE	An appliance used literally to bridge the gap left by missing teeth by using one or more false teeth fixed to crowns anchored to tooth stumps or implants
CAD/CAM	Computer Aided Design/Computer Aided Manufacturing; computer system is used both for designing a product and for controlling manufacturing processes
CARES	Straumann's Computer Aided Restoration Service (see p. 25)
CAT	Computerized Axial Tomography: adds x-ray images using a computer to generate cross-sectional views
CNC LATHE	Computerized Numerically Controlled lathe used to machine implants and other components
COPING	A covering or cap that fits on an abutment and usually made of metal, ceramic or plastic (see illustration on p. 24)
CROWN	A tooth-shaped cap attached to a tooth stump or implant prosthesis
DENTAL TECHNICIAN	Dental professional who manufactures patient-specific crowns, bridges, dentures and other dental prosthetics according to the dentist's specifications
EDENTULOUS	Having no teeth
GBR	Guided Bone Regeneration
GTR	Guided Tissue Regeneration
HYDROGEL	A colloid suspension in which the microscopic particles (between 1 nm and 1 µm) are in the external (dispersion) phase and water is in the internal (dispersed) phase
HYDROPHILIC	Readily absorbing or attracting water, or having chemical groups that interact with water
HYDROPHOBIC	Not readily absorbing or attracting water, or adversely affected by water
ITI	International Team for Implantology (see pp. 42-43)
LOADING	Subjecting an implant to biting pressure by fitting a temporary/permanent crown
MEMBRANE	A barrier used in GBR and GTR to prevent rapidly growing soft tissue occupying space into which new bone should form and to stabilize bone augmentation materials

ONE-STAGE PROCEDURE	Surgical procedure whereby the implant is placed but not covered by the gum tissue during healing, so no second surgical procedure is necessary to uncover the implant
OSSEOINTEGRATION	The integration of an implant with the surrounding bone
OSTEOINDUCTIVE	A substance with the ability to induce bone growth
PERI-IMPLANTITIS	Inflammation of the tissues around an implant that can lead to disintegration of bone and implant loss
PERIODONTIST	Dental professional specialized in the periodontal tissue and bone surrounding the teeth and in treating diseases that affect them
PHOTOLITHOGRAPHY	A process used in the fabrication of semiconductors to transfer a pattern to the surface of a substrate
POLYETHYLENE GLYCOL (PEG)	A hydrophilic polymer (macromolecule of repeating units) that interacts with cell membranes and promotes fusion of cells
PROSTHODONTIST	A dental professional who carries out the prosthetic restoration on natural teeth and implants
SLA	Sand blasted with Large grit and Acid etched. SLA refers to Straumann's second generation implant surface technology introduced in 1998, which – with the exception of SLActive – is the gold-standard in terms of osseointegration time.
SLActive	Straumann's third generation implant surface technology, which – by virtue of its hydrophilic properties – cuts healing times by half (see p. 26)
'SUBSTANTIAL EQUIVALENCY'	Medical devices, including dental implants, can be cleared for sale in a fast-track process if they are recognized by regulatory authorities as substantially equivalent to existing products that already have marketing clearance
synOcta	Prosthetic system combining Morse taper and octagonal connections
TITANIUM	Metallic substance isolated from minerals as a an iron-gray powder; available in many forms and used in many dental and orthopaedic applications
TPS	Titanium Plasma Sprayed – the implant surface technology preceding SLA
VASCULAR ENDOTHELIAL GROWTH FACTOR (VEGF)	A growth factor produced by cells that stimulates the formation of new blood vessels
ZIRCONIA	ZrO ₂ – the white oxide of zirconium used on account of its infusibility and luminosity in dental prosthetics, enamels and glazes
ZIRCONIUM	A grayish-white, strong, ductile metallic element obtained from zircon and used in ceramic and refractory compounds, as an alloying agent

..... FINANCIAL TERMS

AMORTIZATION	Systematic allocation of the depreciable amount of an intangible asset or goodwill over its useful life
DEPRECIATION	Systematic allocation of the depreciable amount of a tangible asset
EARNINGS PER SHARE (EPS)	Net profit divided by the number of shares
EBIT	Earnings before interest and taxes; also referred to here as operating profit
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBIT MARGIN	Operating profit (EBIT) divided by group sales in %
ECONOMIC PROFIT (EP)	Operating profit minus taxes and minus cost of capital
EQUITY RATIO	Shareholder equity divided by total assets in %
ERP	Enterprise Resource Planning
GOODWILL	Future economic benefits arising from assets that are not capable of being individually identified and separately recognized
GROSS PROFIT MARGIN	Gross profit divided by group sales in %
IFRS	International Financial Reporting Standards
NET PROFIT MARGIN	Net profit divided by group sales in %
PAY-OUT RATIO	Dividend paid divided by previous year's net profit in %
REVENUES	Sales , see p. 114
ROA	Return on assets; net profit divided by average assets in %
ROCE	Return on capital employed; earnings before interest and taxes divided by average capital employed in %
ROE	Return on equity; net profit divided by average equity in %
SALES	See 'sales of goods' and 'sales of services' on p. 114
WACC	Weighted average cost of capital

INDEX

A

Absence (due to accidents/sickness) 51
 Abutments 24, 25, 28, 34, 169
 Accidents, workplace 51
 Accounting policies and principles 88, 104, 105-107, 114-116, 123, 146, 156
 Acquisitions 9, 10, 18, 69, 89-91, 93, 95, 102, 103, 107-111, 120, 123, 128, 152, 154, 161
 Administration costs 90, 139, 151
 Annual General Meeting 85, 164
 Amortization 90, 94, 102, 109-112, 119, 120, 133, 142, 151, 160, 171
 Andover 4, 6, 19, 34, 35, 48, 56-59, 69, 88, 122, 152, 153, 166
 Asia/Pacific 4, 5, 9, 15, 17, 20, 21, 29, 40, 49, 52, 53, 69, 79, 90, 92, 96, 97, 142
 Auditors 78, 84, 146, 156

B

Balance sheet 95, 100, 106, 107, 109-113, 124, 131, 134, 145, 146, 150, 152, 154, 161
 Biora 10, 31, 69, 70, 91, 120, 121-123, 128, 153
 Board of Directors 46, 48, 69, 72, 73, 75-84, 91, 104, 114, 137, 144-145, 155, 156
 Bone-level implant 6, 19, 27, 30, 39, 41
 Bone-level maintenance 26
 BoneCeramic 6, 17, 24, 29, 30, 40, 41, 53, 89, 169
 Bonus 81, 82, 113, 145
 Borrowings 112
 Brand(s), branding 5, 9, 10, 11, 109
 Business combinations 123
 Business focus 9
 Business units 25, 28, 50, 71

C

Calendar of events 164, 165
 Capital structure 73, 162
 CARES 17, 24, 25, 28, 31, 40, 169

Cash and short-term deposits 110, 125, 145
 Cash equivalents 93, 110, 114, 123, 150
 Cash flow 91, 95, 103, 106, 108-116, 120, 124, 161
 Cash flow statement 102, 110, 161
 CEO, Straumann 4, 19, 20, 47, 48, 51, 69, 71, 79-83, 85
 Ceramic 25, 28, 66, 169, 170
 Child labor 55
 Clinical trials and development 6, 27, 29, 30, 38-41, 89
 Code of Conduct 6, 46, 48, 51, 55, 56, 69
 Compensation 51, 73, 74, 78, 81, 82, 113, 126, 127, 137, 138, 145
 Competition and competitors 6, 19, 20, 21, 27, 38, 79, 92
 Conditional shares 73, 127
 Contact addresses 166
 Contingencies 143
 Core beliefs 5, 7, 8, 11, 24, 38, 50, 56
 Corporate Governance 69
 Cost of goods 88, 90, 101, 124
 Costs, treatment 14, 17, 55, 63, 92
 Costs, financial 4, 81, 88-90, 101, 106, 109-112, 119, 120, 134, 143
 Credit risk 92, 114, 115, 125
 Customers 4-11, 17, 19, 25, 27, 30, 31, 42, 46, 49-50, 52, 53, 89, 90, 92, 125, 142

D

Denmark/Danish distributor 4, 18, 69, 70, 89-91, 120, 122, 123, 152, 153, 166
 Dentures and overdentures 14, 25, 28, 41, 55, 63, 170
 Depreciation 90, 94, 102, 108, 110, 117, 118, 133, 142, 151, 160, 171
 Derivative(s) 74, 106, 115, 124
 Diversity (women, gender) 51
 Dividend(s) 84, 91, 95, 102, 103, 112, 137, 155, 161, 163, 171

E

Earnings per share 89, 90, 94, 101, 140, 141, 160, 171
 EBIT 88, 90, 94, 160, 171
 EBITDA 90, 94, 160, 171
 Ectodermal dysplasia 54
 Education 7-9, 11, 16, 31, 42, 43, 49, 50, 52, 53, 64, 65, 90
 Emdogain 6, 24, 30, 53
 Emdogain PLUS 6, 17, 24, 30, 40, 41, 53, 89
 Emerging markets 4, 14, 16, 18, 21
 Emissions 57-59
 Employee benefits 104, 113, 134, 145
 Energy consumption 57-59
 Environmental protection and monitoring 47-49, 56-59, 105
 Equal opportunity 49, 51
 Equity 73, 91, 93, 95, 100, 103-107, 111-113, 115, 124, 126, 135-138, 146, 150, 153, 162, 171
 Europe 4-6, 9, 14-18, 26, 28, 29, 40, 49, 50, 52, 53, 55, 58, 67, 69, 72, 85, 89, 90, 96, 97, 142
 Executive Management 46, 50, 51, 74, 78-81, 137, 144, 165

F

FDA 25, 31, 35
 Financial assets 100, 102, 104, 106, 111, 121
 Fluctuation, staff 51
 Forced labor 55
 Free cash flow 91, 95, 116, 161
 FTSE4Good 6, 47, inside back cover

G

General dentists 19, 31, 52, 64, 65
 Germany 10, 14, 17, 18, 52, 70, 90, 92, 122, 152, 153, 166
 Glossary 169
 Goodwill 106, 108, 116, 119, 120, 121, 123, 171
 Government grants 116
 GRI 7, 49, 167

H

Headquarters 8, 18, 19, 21, 35, 38, 49, 51, 54-57, 69, 88-90, 92, 104, 116, 118, 143, 165
 Healthcare regulation 18, 92
 Hedging (hedge) 88, 92, 103, 105, 107, 111, 113-115, 124, 132
 History 7, 10, 38
 Human rights 46, 48, 51, 55

I

IFRIC 104-106
 IFRS 88, 104, 105, 116, 146, 171
 Impairment 90, 102, 105-112, 116, 118-121, 124, 133, 142
 Implant system 8, 10, 19, 24, 25, 28, 31, 39, 56, 104
 Income statement 101, 107, 110-113, 114-116, 124, 125, 134, 146, 151, 156
 Independent experts 63-67
 Information policy (inform) 85, 164
 Innovation 5-7, 9, 17, 20, 26, 27, 30, 34, 38, 40, 50, 71, 79, 88, 89, 91
 Insurance 14, 18, 63, 64, 93, 121, 128, 139, 143
 Intangible assets 100, 102, 109, 119, 120, 131, 150, 171
 Intellectual property 93
 Internal audit 88, 93
 Interviews
 Bollinger, Cynthia 64
 Brånemark, Per-Ingvar 63
 Frontero, Jim 19
 Gadola, Marco 88
 Gahlert, Michael 66
 Kniha, Heinz 66
 Louvel, Patrick 21
 Stone, Paul 65
 Williams, David 67
 Inventories 35, 95, 100, 110, 124, 131, 133, 143, 161
 Investment property 100, 108, 116-118
 Investments 9, 34, 91, 95, 106-108, 111, 112, 114, 115, 118, 122, 136, 150-153, 161
 Investments in subsidiaries 106, 122

Investor relations 85, 165

Investor relations calendar 164, 165

ISO certification 34, 48, 56, 58

ITI 7, 8, 18, 21, 28, 29, 38, 42, 43, 46, 52, 53, 80, 83, 104, 132, 144

J

Jobs 5, 50, 55, 89
 Joint ventures 107

K

Key figures inside front cover
 Kuros 10, 77, 80

L

Launches see 'Product launches'
 Leap-frog technologies 92
 Lease(s) 105, 108-110, 116, 143
 Legal structure 70
 Liabilities 93, 100, 102, 110, 112, 116, 121, 123, 124, 131, 132, 134, 136, 142-144, 150
 Liquidity risk 93, 114, 115
 Litigation 93, 143
 Loans 81, 83, 93, 102, 108, 111, 121, 150
 Logistics 34, 35, 50

M

Malmö 35, 38, 48, 56-59, 69, 120, 122, 152, 153
 Management 46, 50, 51, 73, 74, 78-83, 89, 105, 110-113, 115, 120, 121, 126, 137, 143-145, 154
 Management transactions 83
 Margin(s) 4, 88-91, 94, 121, 160, 171
 Market penetration 16, 18, 26
 Market share 16, 19, 66
 Markets 4, 5, 9, 10, 14, 16, 18, 20, 21, 29, 40, 49, 52, 53, 92, 113, 136
 Meetings and Congresses 165
 Membrane 24, 29, 39, 40, 169
 Minority interests 100-103, 107, 124, 128
 Mission 46

N

Narrow-neck implant 25, 27, 28
 Non-derivatives 111
 North America 4-6, 9, 15-17, 19, 20, 26, 29, 40, 46, 49, 50, 52, 69, 85, 89, 90, 96, 97, 142

O

Operating expense 88, 118, 133, 139
 Operating profit 89, 90, 94, 101, 102, 142, 160
 Options, stock 73, 74, 78, 81-83, 102, 103, 113, 126, 127, 137-141, 145, 155
 Other income 101, 132, 133, 142, 151
 Outlook 7, 17, 18, 20, 21, 30, 31, 35, 41, 43, 51, 53, 55, 58, 91

P

Patents 93, 109, 120, 122
 Payables 100, 131, 143, 150
 Payout ratio 91
 Pensions 93, 100, 102, 113, 131, 134, 136, 144
 Periodontal disease 14, 24, 29
 Personnel expense 73, 81, 112, 113, 137, 138
 Pipeline 7, 30, 38, 39, 40
 Post-employment benefits 116, 134, 136, 145
 Process improvement 5, 35, 50, 79
 Product launches 5, 6, 17, 20, 21, 26-30, 38, 42, 43, 89
 Production 4, 6, 19, 26, 31, 34, 35, 48, 50, 51, 56-58, 69-71, 88-90, 108, 110, 122, 123, 152, 153
 Products 6, 8, 9, 11, 17, 19, 21, 24, 25, 30, 34, 35, 38, 39, 48-50, 52-56, 71, 89, 92, 104, 107, 113, 114, 166
 Profit 4, 51, 73, 88-91, 94, 101-103, 106, 107, 111, 112, 115, 121, 123, 128, 130, 140-142, 151, 155, 160, 171
 Property 100, 102, 108, 109, 116, 117, 118, 131, 132, 136
 Prosthetics 14, 24, 25, 28, 31, 34, 38, 40, 52, 169, 170
 Provisions 84, 100, 102, 110, 111, 116, 124, 125, 128, 131, 150

Q

Quality of life 14, 31, 38, 41, 49, 52, 54, 55

R

Raw materials 59, 110, 124, 133
 Reallocation 101, 133, 139
 Receivables 95, 100, 110, 111, 113, 124, 125, 131, 143, 150, 161
 Reclassification 101, 117, 118
 Regenerative system 29, 30, 52
 Regions 5, 6, 14, 21, 29, 31, 50, 53, 55, 89
 Related-party transactions 83, 144
 Revenue recognition 114
 Risk, financial 92, 93, 107, 113, 114, 121
 Risk assessment 92
 Risk factors 6, 26, 107
 ROA 95, 161, 171
 ROCE 91, 95, 161, 171
 ROE 91, 95, 161, 171
 RoW 15, 21, 72, 90
 Rounding 104

S

Safety 24, 27, 31, 46, 48, 51, 53, 56, 57, 67, 92
 Salaries/wages 51, 81, 82, 133, 136, 145
 Sales force 19
 Sales/revenue 5, 17, 92, 96, 97, 132, 160
 Scholarships 43
 Segment information 52, 105, 107, 141, 142

Selling costs 90, 101

Services 6, 8, 9, 17, 24, 28, 30, 31, 50, 52-54, 69, 92, 104, 106, 107, 110, 113, 132, 144, 166
 Share capital 73, 83, 84, 100, 103, 113, 122, 123, 126, 127, 150, 152-154, 162
 Share price 73, 81, 82, 113, 137, 138, 163
 Share purchase program 51, 125, 132
 Share-based payments 106, 137-139, 145
 Shareholder's equity 112, 171
 Shareholders 4, 9, 46, 69, 71-73, 75, 81, 84, 85, 91, 100, 101, 103, 112, 113, 123, 126, 128, 140, 153-155, 162, 163
 Shares 69, 71-75, 83, 84, 91, 101-103, 112, 113, 123, 126-128, 132, 137, 138, 140, 141, 150, 152-155, 162
 SLA 10, 25, 27, 88, 170
 SLActive 6, 10, 17, 19-21, 25-28, 30, 34, 35, 39-41, 47, 53, 56, 58, 88-90
 Sponsorship 7, 41, 54, 55
 Statutes 84, 85
 Strategy 4, 5, 9-11, 19, 21, 50, 51, 79, 93
 Straumann Services AG 69, 122, 123, 152, 153
 Subsidiaries 8, 10, 17, 20, 31, 35, 92, 102, 104, 106, 107, 112, 114, 122, 123, 152, 166
 Surgical 10, 14, 19, 24, 34, 38, 40, 170
 Surgical BU 25, 26
 Surveys 10, 11, 47-53
 Sustainability 6, 7, 46-49

synOcta 24, 25, 170

T

Tangible assets 108, 171
 Taxes 101, 112-114, 116, 129, 131, 151
 TE implant 25
 Titanium 24, 25, 28, 31, 34, 55-57, 59, 66, 170
 Tooth replacement 8, 14, 16, 21, 28, 29, 53, 64, 92, 104
 Treasury shares 91, 102, 103, 106, 125, 126, 132, 140, 150, 154, 155
 TPS 27, 170

U

UK 4, 17, 18, 89, 90, 122, 152, 153
 Unions 51
 USA 19, 20, 43, 72, 89, 122, 134, 152, 153, 166

V

Villeret 34, 35, 56-59, 69, 70
 Vision 8, 46

W

Waldenburg 10, 90, 116, 118
 Warning letter 11, 31, 35
 Waste 57, 59
 Water consumption 58, 59
 Wide Neck implants 25
 Working capital 91, 95, 102, 143, 161