Interim report January-June 2008 / Media release

Straumann sets the pace as first-half net revenue climbs 22% in local currencies (l.c.)

- *Strong second quarter (+29% in l.c.) lifts first-half net revenue to CHF 413 million (+22% in l.c.; +17% in CHF)*
- *Gross profit and EBITDA margins expand as efficiency gains more than compensate for new lower-margin products and unfavorable currency impact*
- *Net profit reaches new record level of CHF 101 million*
- *Bone Level Implant prosthetic range expanded and well received*
- *More than 200 new jobs created as Straumann strengthens marketing and sales and other global functions to drive sustainable future growth*
- *Green light for Straumann's oral tissue regeneration products in the US*
- *Straumann on track to meet full-year guidance*

Key figures

(in CHF million)	H1, 2008	H1, 2007
Net revenue	**412.8**	**351.7**
Growth in %	17.4	15.2
Growth in local currencies in %	21.9	13.1
EBITDA	**150.4**	**126.6**
Margin in %	36.4	36.0
Growth in %	18.8	17.2
Operating profit (EBIT)	**119.8**	**107.8**
Margin in %	29.0	30.7
Growth in %	11.1	17.9
Net profit	**100.5**	**94.9**
Margin in %	24.3	27.0
Growth in %	5.9	33.9
Basic earnings per share (in CHF)	**6.45**	**6.10**
Growth in %	5.7	34.4
Number of employees (at 30 June)	**2 156**	**1 680**

Basel, 7 August 2008: An acceleration in sales in the second quarter of 2008 spurred Straumann's first-half net revenues to CHF 413 million, corresponding to an overall increase of 22% (l.c.). Due to the prevailing strength of the Swiss franc against major currencies, growth amounted to 17% in Swiss francs. Seventeen percentage points of first-half growth were generated organically[1]. Second-quarter net revenue climbed 29% (23% in CHF) lifted partly by additional selling days in most major markets due to Easter falling in the first quarter.

The Group achieved further gains in operational efficiency leading to a gross margin expansion. Operating profit before depreciation and amortization (EBITDA) grew faster (+19%) than net revenue, increasing the EBITDA margin by 40 basis points to 36.4%. Amortization charges for intangibles in connection with recent acquisitions[2], the overproportionate growth of etkon, which generates lower operating margins than implants, and the prevailing weakness of the US dollar constrained the operating profit (EBIT) margin to 29.0%. With the tax rate (15.5%) returning to normal, first-half net profit totalled CHF 101 million, yielding a net profit margin of 24.3%.

Bone Level Implant, SLActive and etkon drive momentum

Straumann continued to win customers with new products, solutions and services. Growth was sustained by the Tissue Level Implant business and boosted by the new generation Bone Level Implant, which has been well received. The clinical results with the new implant continue to impress, with outstanding implant survival and treatment success rates (99.3% and 98.7% respectively) reported in the large non-interventional clinical study, in which doctors can freely select the treatment methods according to indication[3]. At the end of the first quarter, the Group introduced a second wave of prosthetic components for the new implant, making this the most convenient, comprehensive and flexible bone level portfolio available.

Additional revenue growth was generated by SLActive, the third-generation implant surface that significantly reduces healing times and increases safety[4]. Impressive clinical results were presented and published in the first half of the year, including one-year results from a multicenter study, which show excellent implant survival despite the fact that more than 40% of the implants were placed in poor quality bone. The respective survival rates achieved after immediate or early loading were 98% and 97%[5]. SLActive is well on track to reach Straumann's penetration target of 30%, despite the fact that it is not yet available in the large Asian market.

At the same time, the etkon CAD/CAM crown and bridge business, acquired in March 2007, continued to grow dynamically, fuelled by expansion in North America and new markets in Europe. Despite being a relative newcomer to the field, etkon has already begun to establish a strong scanner base beyond its home market in Germany. One highlight at the end of the first half was the release of new software with enhanced flexibility and design features, which add a further competitive advantage to the etkon solution.

Direct access to highly attractive crown and bridge segment in Iberia

Towards the end of the second quarter, Straumann completed the acquisition of the etkon franchise partner in Spain, which held exclusive distribution rights for etkon CAD/CAM products in Spain and Portugal. The acquisition gives Straumann direct access to one of the most dynamic dental markets in Europe. Straumann now owns all etkon franchise rights worldwide.

[1] 'Organic growth' excludes the impact of changes in foreign exchange rates, and includes the incremental revenue growth of an acquired business upon consolidation
[2] Notably the distribution partners in Asia and etkon
[3] Straumann® Bone Level Implant NIS. Interim report. STARGET 2008; 2 18-19
[4] Oates TW et al. Int J Oral Maxillofac Implants 2007; 22 :755-760
[5] Ganeles J et al. Clin Oral Implants Res 2008; (in press)

Progress in regeneratives

Following the successful re-inspection of the Group's Biora facility in Sweden by the US Food and Drug Administration (FDA), the import detention on Biora products in the US, has been lifted. As a result, Straumann can now supply its range of oral tissue regeneration products to dental professionals and their patients in the US again. Straumann USA is taking orders and the products concerned – Straumann® Emdogain, PrefGel® and BoneCeramic – will be available shortly.

The outcome of the FDA inspection has enabled Straumann to proceed again with its resorbable membrane project, which has now been filed in the EU and US.

Further expansion into emerging markets

Having gained control of its business in the Czech Republic and Slovakia by acquiring 100% of the interest in its distributor at the outset of the first half, Straumann continued to build its presence in Eastern Europe through new distributors in Bulgaria and Macedonia.

New solutions to sustain future growth

The roll-out of recently launched products and technologies – notably etkon and the Bone Level portfolio – are strategic priorities that will drive sales development in the years ahead. In addition, the Group has a stocked pipeline of attractive projects that will contribute both to future growth and to further enhancing the standard of patient care. These include new materials for implants and prosthetics, as well as software for CAD/CAM and treatment planning.

One of the most exciting products in advanced development is Straumann's new high strength implant material. Mechanical tests have already confirmed the superior physical properties of the new material compared with conventional titanium. More remarkably, the latest preclinical study data show that the new material achieves even greater biomechanical stability than the gold standard SLActive titanium implant[6].

European subsidiaries outperform

Europe, which continues to generate just less than two thirds of Group revenues, posted an 18% rise in revenue (16% in CHF) to CHF 270 million, as Straumann gained market share. All key countries achieved double-digit growth, with France and Italy gaining impetus from the launch of the Bone Level Implant, which has now been rolled out successfully in all major European markets.

Germany enjoyed a highly successful national ITI meeting attended by 1650 participants. With CAD/CAM as a major theme, more than a quarter of the participants were dental technicians.

North America extends momentum

In North America, which accounts for 19% of the Group, revenues reached CHF 79 million. Despite the unfavorable economic environment and the FDA import detention on Biora products in the US, North America posted first-half revenue growth of 18% and underlying[7] growth of 20%. However, the continuing weakness of the US dollar meant that regional growth in Swiss francs amounted to just 3%.

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[6] J Gottlow. Data presented at AO Boston 2008

[7] Excluding the effect of the US import detention on Biora products

Asia/Pacific boosted by new subsidiaries
In the Asia/Pacific region, net revenue jumped 61% to CHF 51 million (12% of Group), lifted by the acquisitions in Japan and Korea in the second half of 2007. Local management teams in both countries have been further strengthened and processes are being upgraded to align them with corporate standards. Straumann Australia continued to underpin the regional performance, gaining additional growth from the roll out of the Bone Level Implant and the CAD/CAM prosthetics business. Straumann's new Asia/Pacific office in Singapore became fully operational strengthening the regional organization and presence of the Group

Elsewhere, in the rest of the world, first-half revenues climbed 23% to CHF 13 million.

An attractive growth environment for new talent
Straumann continued to attract new talent, drawing high caliber professionals from global companies in the life sciences and consumer industries. Over the past 12 months, the global workforce has increased by more than 470, of which 201 were newly created jobs in the first half of 2008.

Profitability gains more than compensate for new business mix and currency effects
Strong top line growth, economies of scale and efficiency gains – particularly in implant production – collectively contributed to a 17% increase in gross profit to CHF 339 million. The gross profit margin edged up to 82.2% despite foreign exchange headwind and the lower EBIT margins of new products and technologies.

The strengthening of Straumann's global marketing and sales organization together with other global functions (e.g. quality management) to drive sustainable future growth led to a rise in selling and administrative expenses to CHF 200 million, or 48.4% of net revenue. The Bone Level implant line and other promising projects contributed to an increase in research and development spending, which totaled CHF 21 million or 5.1% of net revenue.

Although operating profit (EBIT) rose 11% to CHF 120 million, the amortization of intangibles in connection with recent acquisitions (i.e. etkon and the distribution partners in Asia), the overproportionate growth of etkon, which generates lower EBIT margins than the implant business, and the prevailing weakness of the US dollar constrained the EBIT margin to 29.0%. The exclusion of these factors reveals a slight increase in the EBIT margin, while operating profit before depreciation and amortization (EBITDA) rose overproportionately by 19%, expanding the EBITDA margin by 40 basis points to 36.4%.

Net profit reaches new record level
Straumann has made a number of strategic acquisitions since early 2007, which have been financed through borrowings and with cash, resulting in increased financing costs and lower interest income from reduced liquidity. This led to a net financial result of CHF -0.8 million.

The comparative first half of the previous year benefited from non-recurring deferred tax income, which reduced the tax rate to a low 12%. Despite the fact that the rate rose to a more normal level of 15.5% in the current reporting period, first-half net profit reached a new high of CHF 101 million, translating into a net profit margin of 24.3%. Earnings per share rose 6% to CHF 6.45.

Investing for future growth
Net cash from operating activities declined from CHF 93 million to CHF 63 million in the first six months of 2008, mainly due to the settlement of taxes outstanding from 2006 and 2007, and an increase in net working capital. The roll-out of line extensions (e.g. Bone Level) and new products in various markets led to an increase in inventories. Capital expenditure, mainly for production expansion at a number of sites, amounted to CHF 33 million. Together,

these activities yielded a free cash flow of CHF 30 million. Repayments of aforementioned borrowings amounted to CHF 81 million. The combination of all these factors together with the dividend payment of CHF 58 million meant that overall cash and cash equivalents stood at CHF 38 million on 30 June 2008.

Outlook (barring unforeseen circumstances)
On the basis of the underlying performance in the first half of 2008 and the expected contributions from new products, technologies and subsidiaries, Straumann confirms its expectation for full-year net revenue growth in the low to mid twenties range in local currencies.

As efficiency improvements are expected to exceed the higher levels of amortization related to acquisitions, the Group foresees an improvement of around 50 basis points in full-year operating margin calculated with constant (2008) currency rates. Accounting for the normalized tax rate and the current strength of the Swiss franc, the net profit margin is expected to be around 22%.

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About Straumann
Headquartered in Basel, Switzerland, the Straumann Group (SWX: STMN) is a global leader in implant and restorative dentistry and oral tissue regeneration. In collaboration with leading clinics, research institutes and universities, Straumann researches, develops and manufactures dental implants, instruments, prosthetics and tissue regeneration products for use in tooth replacement and restoration solutions or to prevent tooth loss. The Group manufactures implant system components and instruments in Switzerland and the US, CAD/CAM prosthetics in Germany, and dental tissue regeneration products in Sweden. Straumann also offers comprehensive training and 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 approximately 2150 people worldwide and its products and services are available in more than 60 countries through the Group’s 21 distribution subsidiaries and broad network of distribution partners.

Media and analysts' conference

Straumann will present the 2008 first-half results to representatives of the media and financial community at 10.00 Swiss time in Basel. The event will be webcast live on the internet and a playback will be available. A listen-in telephone service is also offered for analysts and journalists.

Dial in: Switzerland: +41 565 800 007, International: +44 1452 55 55 66,
Pin-code: 55725821.

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

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

Further key reporting dates

30 October 2008	Q3 and 9M sales
12 February 2009	Q4 and Full year results

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

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Interim Selected Financial Information

Sales by region

(in CHF million)	Q1, 2008	Q2, 2008	H1, 2008	H1, 2007
Europe	**131.6**	**138.5**	**270.1**	**233.1**
Growth in %	16.3	15.5	15.9	19.8
Growth in local currencies in %	17.0	18.2	17.6	15.2
In % of net revenue	65.6	65.2	65.4	66.3
North America	**39.0**	**40.3**	**79.3**	**76.8**
Growth in %	2.9	3.6	3.3	3.4
Growth in local currencies in %	15.6	19.8	17.7	7.2
Growth in local currencies excl. Biora %	19.9	19.8	19.9	14.4
In % of Group net revenue	19.4	19.0	19.2	21.8
Asia / Pacific	**23.6**	**27.3**	**50.9**	**31.6**
Growth in %	5.7	196.7	61.1	5.2
In % of net revenue	11.8	12.9	12.3	9.0
Rest of the World	**6.3**	**6.2**	**12.5**	**10.2**
Growth in %	20.9	24.0	22.5	55.8
In % of net revenue	3.2	2.9	3.0	2.9
Total	**200.5**	**212.3**	**412.8**	**351.7**
Growth in %	12.2	22.7	17.4	15.2
Growth in local currencies in %	15.4	28.7	21.9	13.1

Operating performance

(in CHF million)	H1, 2008	H1, 2007
Net revenue	**412.8**	**351.7**
Growth in %	17.4	15.2
Gross profit	**339.2**	**288.8**
Margin in %	82.2	82.1
Operating profit before depreciation and amortization (EBITDA)	**150.4**	**126.6**
Margin in %	36.4	36.0
Growth in %	18.8	17.2
Operating profit (EBIT)	**119.8**	**107.8**
Margin in %	29.0	30.7
Growth in %	11.1	17.9
Net profit	**100.5**	**94.9**
Margin in %	24.3	27.0
Growth in %	5.9	33.9
Basic earnings per share (in CHF)	**6.45**	**6.10**

Financial Performance

(in CHF million)	H1, 2008	H1, 2007
Cash and cash equivalents	38.5	202.0
Net working capital (net of cash)	115.4	70.0
In % of annualized net revenue	14.9	10.8
Inventories	91.3	71.3
Days of supplies	224	200
Trade receivables	121.0	106.3
Days of sales outstanding	51	55
Balance sheet total	846.8	887.1
Return on assets in % (ROA)	22.4	24.7
Equity	642.3	548.9
Equity ratio in %	75.9	61.9
Return on equity in % (ROE)	31.7	35.9
Capital employed	635.0	515.3
Return on capital employed in % (ROCE)	37.7	37.2
Cash generated from operating activities	62.5	92.6
In % of net revenue	15.1	26.3
Investments	54.5	141.7
In % of net revenue	13.2	40.3
Capital expenditures	34.5	15.3
Acquisitions, incl. purchase of shares of non-controlling interests	20.0	126.4
Free cash flow	29.6	77.4
In % of net revenue	7.2	22.0
Dividend	58.4	46.7
Pay-out ratio in %	33.0	32.9

Interim Consolidated Balance Sheet

Assets

(in CHF 1 000)	30 Jun 2008	31 Dec 2007
Property, plant and equipment	145 510	139 772
Investment properties	8 550	8 700
Intangible assets	372 626	379 054
Other financial assets	12 714	562
Deferred income tax assets	32 349	30 099
Total non-current assets	**571 749**	**558 187**
Inventories	91 288	79 565
Trade and other receivables	142 942	115 011
Income tax receivables	2 393	3 533
Cash and cash equivalents	38 452	190 185
Total current assets	**275 075**	**388 294**
Total assets	**846 824**	**946 481**

Interim Consolidated Balance Sheet

Equity and liabilities

(in CHF 1 000)	30 Jun 2008	31 Dec 2007
Share capital	1 563	1 563
Retained earnings and reserves	639 161	618 116
Total equity attributable to the shareholders of the parent company	**640 724**	**619 679**
Non-controlling interests	1 572	3 816
Total equity	**642 296**	**623 495**
Financial liabilities measured at amortized costs	3 982	4 438
Provisions	2 959	3 171
Retirement benefit obligations	3 375	4 522
Deferred income tax liabilities	22 088	20 590
Total non-current liabilities	**32 404**	**32 721**
Trade and other payables	89 343	95 469
Interest-bearing loans and borrowings	40 000	123 973
Financial liabilities measured at amortized costs	4 047	9 006
Income tax payable	29 665	52 380
Provisions	9 069	9 437
Total current liabilities	**172 124**	**290 265**
Total liabilities	**204 528**	**322 986**
Total equity and liabilities	**846 824**	**946 481**

Interim Consolidated Income Statement

(in CHF 1 000)	H1, 2008	H1, 2007
Net revenue	**412 804**	**351 712**
Cost of goods sold	(73 573)	(62 922)
Gross profit	**339 231**	**288 790**
Other income	1 435	1 723
Selling and administrative costs	(199 958)	(168 646)
Research and development costs	(20 950)	(14 063)
Operating profit	**119 758**	**107 804**
Financial income	1 103	2 532
Financial expense	(1 988)	(2 531)
Profit before income taxes	**118 873**	**107 805**
Income tax expense	(18 417)	(12 939)
Net profit	**100 456**	**94 866**
Attributable to:		
Shareholders of the parent company	100 453	95 028
Non-controlling interests	3	(162)
Basic earnings per share (in CHF)	6.45	6.10
Diluted earnings per share (in CHF)	6.44	6.09

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Interim Consolidated Cash Flow Statement

(in CHF 1 000)	H1, 2008	H1, 2007
Operating profit	**119 758**	**107 804**
Depreciation of property, plant and equipment	17 699	12 312
Depreciation of investment properties	150	150
Amortization of intangible assets	12 781	6 362
Change in provisions	132	2 781
Change in retirement benefit obligations	(727)	0
Share-based payment expenses	2 889	2 072
Gains on disposals of property, plant and equipment	0	(203)
Working capital adjustments:		
Increase in inventories	(15 964)	(11 132)
Increase in trade and other receivables	(32 312)	(28 868)
Decrease / Increase in trade and other payables	(668)	11 602
Foreign exchange result	(134)	36
Interest paid	(1 819)	(2 531)
Interest received	1 127	2 131
Income tax paid	(40 385)	(9 876)
Net cash from operating activities	**62 527**	**92 640**
Purchases of available-for-sale financial assets	(17 265)	0
Purchase of property, plant and equipment	(29 515)	(12 729)
Purchase of intangible assets	(5 028)	(2 455)
Acquisition of subsidiaries, net of cash acquired	(15 826)	(126 437)
Net proceeds from sale of financial assets and property, plant and equipment	1 595	(53)
Net cash used in investing activities	**(66 039)**	**(141 674)**
Dividends paid	(58 412)	(46 730)
Repayment of finance lease	(857)	0
Purchase of shares of non-controlling interests	(4 172)	0
Proceeds from exercise of options	0	1 984
Repayments / Proceeds from loans and borrowings	(81 232)	123 673
Purchase of treasury shares	0	(2 877)
Sale of treasury shares	1 878	3 022
Net cash used in financing activities	**(142 795)**	**79 072**
Effect of exchange rate differences on cash held	(5 426)	105
Net increase in cash and cash equivalents	**(151 733)**	**30 143**
Cash and cash equivalents at 1 January	**190 185**	**171 807**
Cash and cash equivalents at 30 June	**38 452**	**201 950**

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Interim Condensed Consolidated Statement of Changes in Equity

(in CHF 1 000)	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of the parent company								
Balance at 1 January 2008	**1 563**	**57 248**	**(14 666)**	**0**	**8 982**	**566 552**	**619 679**	**3 816**	**623 495**
Total gains and losses directly recognized in equity	**0**	**0**	**0**	**0**	**(22 652)**	**(5 345)**	**(27 997)**	**(247)**	**(28 244)**
Net profit						100 453	**100 453**	3	**100 456**
Total recognized income and expense	**0**	**0**	**0**	**0**	**(22 652)**	**95 108**	**72 456**	**(244)**	**72 212**
Dividends paid						(58 412)	**(58 412)**		**(58 412)**
Share-based payments						2 889	**2 889**		**2 889**
Sale of treasury shares			2 333			(455)	**1 878**		**1 878**
Purchase of shares of non-controlling interests							**0**	(1 377)	**(1 377)**
Goodwill on transactions with holders of non-controlling interests						(2 795)	**(2 795)**		**(2 795)**
Put options granted to the holders of non-controlling interests						4 406	**4 406**		**4 406**
Transfer of non-controlling interests due to the changes in the legal structure of the German etkon business						623	**623**	(623)	**0**
Balance at 30 June 2008	**1 563**	**57 248**	**(12 333)**	**0**	**(13 670)**	**607 916**	**640 724**	**1 572**	**642 296**

(in CHF 1 000)	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of the parent company								
Balance at 1 January 2007	**1 562**	**55 266**	**(29 976)**	**(301)**	**7 068**	**469 955**	**503 574**	**0**	**503 574**
Total gains and losses directly recognized in equity	**0**	**0**	**0**	**(1 889)**	**2 791**	**0**	**902**	**0**	**902**
Net profit						95 028	**95 028**	(162)	**94 866**
Total recognized income and expense	**0**	**0**	**0**	**(1 889)**	**2 791**	**95 028**	**95 930**	**(162)**	**95 768**
Dividends paid						(46 730)	**(46 730)**		**(46 730)**
Exercise of options	1	1 982					**1 983**		**1 983**
Share-based payments						2 072	**2 072**		**2 072**
Acquisition of subsidiaries with non-controlling interests								9 296	**9 296**
Issuer's own equity instruments			15 000				**15 000**		**15 000**
Purchase of treasury shares			(2 877)				**(2 877)**		**(2 877)**
Sale of treasury shares			3 022			(165)	**2 857**		**2 857**
Put options granted to holders of non-controlling interests						(35 266)	**(35 266)**		**(35 266)**
Balance at 30 June 2007	**1 563**	**57 248**	**(14 831)**	**(2 190)**	**9 859**	**484 894**	**536 543**	**9 134**	**545 677**

Notes to the interim condensed consolidated financial statements

1 Corporate information

The interim condensed consolidated financial statements of the Straumann Group for the six months ended 30 June 2008 were authorized for issue in accordance with a resolution of the Board of Directors on 4 August 2008.

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

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2008 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2007.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007, except for the adoption of new interpretations, noted below:

- IFRIC 11 '*IFRS 2 – Group and treasury share transactions'*
  This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments, to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this interpretation did not have any effect on the financial position or performance of the Group.

- IFRIC 14 *'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'*
  This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. As the Group's defined benefit schemes are currently in deficit, the interpretation had no impact on the financial position or performance of the Group.

3 Seasonality of operations

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

4 Dividends paid

On 2 April 2008 the Company paid a dividend of CHF 3.75 (2007: CHF 3.00) per share, less 35% withholding tax, to its shareholders. The total amount of the gross dividend paid was CHF 58.4 million (2007: CHF 46.7 million).

5 Business combination

Acquisition of Ormedent spol. s.r.o.

On 16 January 2008, the Group gained control of its business in the Czech Republic and Slovakia by acquiring 100% of the interest in its distributor Ormedent spol. s.r.o., based in Prague, Czech Republic. The acquisition has been accounted for using the purchase method of accounting. The interim condensed consolidated financial statements include the result of Ormedent spol. s.r.o. for the corresponding period from the acquisition date to the end of June 2008.
The acquired business contributed net revenue of CHF 1.2 million and net profit of CHF 0.1 million to the Group for the period from the acquisition to 30 June 2008.

Details of net assets acquired and goodwill are as follows:

(in CHF 1 000)

Total purchase consideration:	
- Cash paid	1 100
- Unpaid purchase price consideration	1 541
Total purchase consideration	**2 641**
- Provisional fair value of net identifiable assets acquired	1 668
Provisional goodwill	**973**

The goodwill recognized above is attributed to the expected synergies and other benefits from combining the assets and activities.

Acquisition of Etkon CAD-CAM Ibérica, S.L.
On 2 June 2008, the Group gained control of the Spanish etkon business by acquiring 100% of Etkon CAD-CAM Ibérica, S.L., based in Malaga, Spain. The acquisition has been accounted for using the purchase method of accounting. The interim condensed consolidated financial statements include the result of Etkon CAD-CAM Ibérica, S.L., for the corresponding period from the acquisition date to the end of June 2008.
Etkon CAD-CAM Ibérica, S.L did not make a material contribution to the Group's net revenue or net profit since 2 June 2008 until the period end.

Details of net assets acquired and goodwill are as follows:

(in CHF 1 000)	
Total purchase consideration:	
- Cash paid	11 905
Total purchase consideration	**11 905**
- Provisional fair value of net identifiable assets acquired	3 830
Provisional goodwill	**8 075**

The goodwill recognized above is attributed to the expected synergies and other benefits from combining the assets and activities.

6 Segment information

The segment reporting format is determined to be geographical segments as Straumann's risk and rates of return are affected predominately by differences in the geographical areas.
The following tables present information on revenues and profits in the Group's geographical segments for the six-month period ending 30 June in 2008 and 2007.

(in CHF 1 000)	Europe	North America	Asia/Pacific	Rest of World	Corporate/ unallocated	Eliminations	Group
H1 2008							
Net revenue with external customers	287 945	79 264	40 298	5 297			**412 804**
Net revenue with other segments	63 902	6 211				(70 113)	
Total net revenue based on location of assets	**351 847**	**85 475**	**40 298**	**5 297**		**(70 113)**	**412 804**
Operating profit	**94 567**	**3 749**	**(85)**	**(88)**	**21 615**		**119 758**
Financial result							**(885)**
Income tax expenses							**(18 417)**
Net profit							**100 456**
Net revenue based on geographical location of customers	**270 148**	**79 264**	**50 864**	**12 528**			**412 804**

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

7 Related-party transactions

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

(in CHF 1 000)	H1, 2008	H1, 2007
Transactions - purchase of services		
International Team for Implantology Foundation	5 403	4 580
Pension Fund	3 089	2 533
VISCHER, Attorneys-at-law	107	121
Total related-party transactions	**8 599**	**7 234**

(in CHF 1 000)	30 Jun 2008	31 Dec 2007
Open balances at period-end		
International Team for Implantology Foundation	2 255	2 375
Pension Fund	349	0
VISCHER, Attorneys-at-law	3	0
Total open balances due to related parties, included in trade and other payables	**2 607**	**2 375**

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 for tax and legal consulting and are priced at arm's length.

Compensation of Key Management Personnel

Key Management Personnel consists of the Board of Directors and the Executive Management Board. 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 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 1-3 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 Executive Management Board 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 1-3 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 total compensation for the Key Management Personnel, comprising 4 Executive Management Board members, for the six month period ending 30 June 2008 amounted to CHF 3.3 million. In the comparative period of 2007, when the Executive Management Board only comprised 3 members, the total compensation was CHF 1.8 million.

8 Events after the balance sheet date

No events occurred after the balance sheet date.

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes) of Straumann Holding AG for the period ended June 30, 2008. The Board of Directors is responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers AG

Thomas Brüderlin Gerhard Siegrist

Basel, August 4, 2008