

Financial Report 2003

Straumann Holding AG

Balance Sheets

Assets

(in CHF 1,000)	Notes	Dec 31, 2003	Dec 31, 2002
Intangible assets		2,336	255
Participations	2	57,152	14,646
Intercompany loans		90,043	58,577
Non-current assets		149,531	73,478
Intercompany accounts receivable		2,300	5,133
Other receivables		147	178
Cash		50,469	33,649
Prepaid expenses and accrued income		0	280
Current assets		52,916	39,240
Assets		202,447	112,718

Equity and liabilities

(in CHF 1,000)	Notes	Dec 31, 2003	Dec 31, 2002
Share capital		1,551	1,549
General reserve		1,540	1,540
Additional paid-in capital		26,434	25,178
Special reserve		2,000	2,000
Available earnings		145,959	76,128
Equity	3	177,484	106,395
Other provisions		6,093	5,332
Long-term liabilities		6,093	5,332
Tax liabilities		2,261	409
Intercompany accounts payable		1,537	0
Other liabilities		15,072	582
Short-term liabilities		18,870	991
Liabilities		24,963	6,323
Equity and liabilities		202,447	112,718

Income Statements

Income statements

(in CHF 1,000)	2003	2002
Income from participations	71,043	25,900
Financial income	8,440	4,457
License income	13,956	6,527
Other income	902	184
Income	94,341	37,068
Administration expense	(3,027)	(2,622)
Depreciation and amortization	(123)	(45)
Financial expense	(2,222)	0
Expenses	(5,372)	(2,667)
Profit before taxes	88,969	34,401
Income and capital tax expense	(2,098)	(389)
Profit for the year	86,871	34,012

Notes to the Financial Statements

General

Straumann Holding AG, Waldenburg, is a public company whose shares are traded on the SWX Swiss Stock Exchange. As the parent company of Straumann, the purpose of Straumann Holding AG is to acquire, dispose and manage participations in the field of dental and medical technology.

Straumann is active in the area of implant dentistry and biomaterials for soft and hard tissue regeneration. Together with research scientists and clinics, Straumann develops and produces implants, prosthetic parts, instruments, and biomaterials for oral implantology and markets them worldwide.

These financial statements were drawn up in accordance with the regulations of the Swiss Code of Obligations.

1 Guarantees

In favour of its subsidiaries, the company has issued letters of comfort and letters of subordination of CHF 6,001,000 (previous year: CHF 5,307,000).

2 Participations

In November 2003 Straumann Holding AG purchased the investments of Straumann GmbH, Freiburg, Germany, and Straumann Ltd., Uckfield, UK, from Straumann Holding GmbH, Freiburg, Germany. After the completion of this transfer Straumann GmbH, Freiburg, Germany, and Straumann Holding GmbH, Freiburg, Germany, merged.

As of the beginning of 2003 Straumann Holding AG purchased the remaining 20% minorities of Straumann SA, Madrid, Spain.

(in CHF 1,000)	Interest (in %)	2003	Interest (in %)	2002
Institut Straumann AG, Waldenburg, Switzerland	100	9,000	100	9,000
Straumann Holding GmbH, Freiburg, Germany	0	–	100	456
Straumann GmbH, Freiburg, Germany	100	31,980	0	0
The Straumann Company, Waltham, USA	100	1,890	100	1,890
Straumann Ltd., Uckfield, UK	100	4,337	0	0
Straumann B.V., Nieuwegein, Netherlands	100	30	100	30
Straumann SARL, Marne-la-Vallée, France	100	301	100	301
Straumann AB, Gothenburg, Sweden	100	26	100	26
Straumann A/S, Oslo, Norway	100	94	100	94
Straumann Oy, Helsinki, Finland	100	105	100	105
Straumann SA, Madrid, Spain	100	6,726	80	81
Straumann Canada Ltd., Burlington, Canada	100	1,415	100	1,415
Straumann GmbH, Vienna, Austria	100	730	100	730
Straumann Ltda., São Paulo, Brasil	100	372	100	372
Straumann NV/SA, Zaventem, Belgium	100	148	100	148
Balance sheet		57,152		14,646

(in CHF 1,000)	Currency	Share capital	Purpose
Details of the participations			
Institut Straumann AG	CHF	9,000	Production/Sales
This company holds:			
– Biora AB, Malmö, Sweden (Biora Group)	SEK	950	Production/Sales
Straumann GmbH, Freiburg, Germany	EUR	170	Sales
The Straumann Company, Waltham, USA	USD	1	Sales
Straumann Ltd., Uckfield, UK	GBP	100	Sales
Straumann B.V., Nieuwegein, Netherlands	EUR	18	Sales
Straumann SARL, Marne-la-Vallée, France	EUR	192	Sales
Straumann AB, Gothenburg, Sweden	SEK	100	Sales
Straumann A/S, Oslo, Norway	NOK	500	Sales
Straumann Oy, Helsinki, Finland	EUR	25	Sales
Straumann SA, Madrid, Spain	EUR	60	Sales
Straumann Canada Ltd., Burlington, Canada	CAD	1,500	Sales
Straumann GmbH, Vienna, Austria	EUR	40	Sales
Straumann Ltda., São Paulo, Brasil	BRL	466	Sales
Straumann NV/SA, Zaventem Belgium	EUR	100	Sales

The share capital of Straumann GmbH, Freiburg, Germany, was increased to EUR 170,000.

3 Equity

The share capital of CHF 1,551,000 (previous year: CHF 1,549,000) consists of 15,507,160 registered shares with a nominal value of CHF 0.10 each (previous year: 15,487,621 shares with a nominal value of CHF 0.10).

(in %)	2003	2002
Major shareholders		
Thomas Straumann (Deputy Chairman of the Board)	38.8	38.9
Simone Maag de Moura Cunha	6.1	6.3
Rudolf Maag (Chairman of the Board)	6.1	6.1

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

Conditional share capital

In 2003 share capital increased by CHF 2,000. The additional share capital was created from conditional share capital that can be used for the equity compensation plan for employees and management. Non-employee shareholders are excluded from subscribing.

Part of the management's incentive compensation is in the form of equity options. The equity options are recognized as personnel expenses for the respective year. The value of the options is determined using the Black Scholes Method based on the share price at year-end. The options have a term of five years and are subject to a one- to three-year lock-up period. The price of the options is based on the stock price at the end of December. In the year under review, 17,360 options were exercised and a corresponding number of shares issued.

Employees have a right to purchase shares of the Company based on the stock price at the end of December, minus a discount of 25%. The shares are subject to a two-year lock-up. During the reporting period, employees bought 2,179 of these shares.

The effective amount of registered conditional share capital at year-end was CHF 49,284 (492,840 shares with a nominal value of CHF 0.10 each at year-end).

Proposal of the Board of Directors for the Appropriation of the Available Earnings

(in CHF 1,000)	2003	2002
Balance brought forward	59,088	42,116
Profit for the year	86,871	34,012
Available earnings	145,959	76,128
Proposal of the Board of Directors:		
Ordinary dividend (CHF 1.55 for 15,507,160 shares)	(24,036)	(17,040)
Anniversary dividend (CHF 1.55 for 15,507,160 shares)	(24,036)	
To be carried forward	97,887	59,088

Until the Annual General Meeting 40,138 free options could be exercised and converted into shares. The maximum dividends related to such options if exercised would be CHF 124,000.

Report of the Statutory Auditors



Report of the Statutory Auditors to the Annual General Meeting of Straumann Holding AG, Waldenburg

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes/pages 44 to 49) of Straumann Holding AG for the year ended December 31, 2003.

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 auditing standards promulgated by the Swiss profession, 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.

Basel, February 5, 2004

Ernst & Young Ltd.

Bruno Chiomento
Certified Public Accountant
(in charge of the audit)

Markus Blaser
Swiss Certified Accountant

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