

Media Release

Interim report 2, 2011

ZURICH, SWITZERLAND – 12 AUGUST 2011

Revenue down 1.4% (CER) and EBIT margin at 15.1% (CER) for the first 6 months

- Continued growth (CER) in North America (+6.8%) and APAC excl. Japan (+8.5%), EMEA down 3.8% with challenges in Iberia and Sweden continuing
- Implant fixture business growing as NobelActive continues to grow at double-digit pace
- NobelProcera down due to decrease of copings and small-unit bridges; high-end, high-precision prosthetics growing double-digit
- Gross profit margin at 76.5%; strong implant systems margin diluted by NobelProcera investments
- Continued tight cost management; exceptional expenses related to Japan and CEO change
- EBIT margin (CER) of 15.1%, excl. exceptional expenses 16.3% (CER), net profit margin at 10.0%

Table 1: Selected key figures in EUR million

	Q2 2011 as reported	H1 2011 excluding exceptionals*	H1 2011 as reported	H1 2010 as reported	Growth 2010–2011
Revenue	142.9	286.4	286.4	291.6	-1.4% **
Gross profit	110.0	219.5	219.1	229.7	-3.3% **
Gross margin	77.0%	76.6%	76.5%	78.8%	
Profit from operations	22.4	41.4	37.5	56.7	-23.6% **
Operating (EBIT) margin	15.7%	14.5%	13.1%	19.4%	
Operating (EBIT) margin (CER)	17.6%	16.3%	15.1%	19.4%	
Net financial result	-1.3		0.9	21.2	
Profit before tax	21.1		38.4	77.9	-50.7%
Tax	-5.2		-9.6	-19.6	
Net profit	15.9		28.8	58.3	-50.7%
Profit margin	11.1%		10.0%	20.0%	
Basic earnings per share, EUR	0.13		0.23	0.47	-51.1%
Net cash from operating activities	22.9		16.9	34.0	
Employees at the end of the period (number)			2'493	2'397	

* Figures before exceptionals exclude expenses related to the natural disaster in Japan and the CEO change, both of which total EUR 3.9 million.

** At constant exchange rates (CER)

Richard Laube, CEO: “In my first few months at the company, I have been learning quickly by focusing on our customers and our people to guide Nobel Biocare to growth. I have travelled extensively and our customers tell us we have outstanding products. Our people are capable and highly committed. The Nobel Biocare brand is universally recognized by the dental community and it is indeed special. This is a great foundation for growth.

We will change our relationship with customers in order to grow. Our customers tell us we can improve in several areas important to them, such as helping them to treat patients with better solutions. We will continue working with our customers to develop their practice, as well as remain focused on designing superior products that are clinically relevant, evidence-based, and therefore better meet their needs. We will begin to carefully,

thoughtfully and systematically adapt and design our organization to fulfill and exceed the needs of our customers. Also, we aim to further develop our 2,500 bright and dedicated people. I believe this is the best workforce in the industry. All of us will help our customers to achieve their goals and treat patients more successfully. As a first very specific step towards better meeting our customers' needs, we are introducing a new position to drive growth. Melker Nilsson will be appointed to the newly created position of Head of Global Customer and Sales Development. This change will be effective as of 15 August 2011."

Business/Product update

Summary – First half 2011 revenue, at constant exchange rates (CER), decreased by 1.4% to EUR 286.4 million. As a result of the further weakening of the US dollar, currency impacts have recently turned adverse and thus led to a decrease in reported revenue of 1.8% in H1. In Q2 alone, revenue at CER decreased by 3.9%, or 7.8% as reported. Growth for the entire implant systems business was flat. Positive implant fixture growth was offset by decreased revenue from standard abutments. NobelProcera revenue declined 12.5%. Strong double-digit growth continued from implant-based prosthetics with unique quality and precision, while copings and small-unit bridges declined. In addition, scanners generated lower revenues.

Due to an almost unchanged gross margin of 76.5% and tight cost management, the EBIT margin stood at 14.5% excluding exceptional costs, or 16.3% at CER. Reported profit from operations (EBIT) for the first half was EUR 37.5 million (2010: EUR 56.7 million), reflecting a margin of 13.1% (2010: 19.4%), or 15.1 % at CER. Net profit was EUR 28.8 million compared to EUR 58.3 million in 2010, which benefitted from a EUR 30.0 million one-time currency gain.

Nobel Biocare announced three important implant launches for the Fall of 2011 to complement its portfolio: two next-generation improvements of **NobelReplace** and a unique line extension of **NobelActive**. **NobelReplace Conical Connection (CC)** combines the proven tapered NobelReplace implant body with an advanced internal conical connection and built-in platform shift. This is designed to increase soft tissue health and volume, which is important for restorative success. The **NobelReplace Platform Shift (PS)** offers the ease-of-use of the internal tri-channel connection with the benefits of platform-shifting. It is designed to improve soft tissue healing and provide natural-looking esthetics. Both implants are showing favorable results in clinical trials and will be introduced on 13 October 2011 at the EAO in Athens. **NobelActive** continues to grow by more than 30% in volume and value and has achieved 14 consecutive quarters of double-digit growth. This coming Fall, Nobel Active will be supplemented by a new 3.0 mm implant. This ultrathin and stable implant is designed for superior, critical esthetic zone appearance and restorative success.

NobelProcera offers dental laboratories and dentists the broadest range of innovative and high-precision CAD/CAM-based products and solutions needed for single tooth to fully edentulous treatments. While newly introduced products such as individualized abutments, overdenture bars and implant bridges continue to grow at double-digit rates, simple copings and small-unit bridges are experiencing increasing competitive pressure and continue to decline. Further innovations to the portfolio are scheduled for the Fall of 2011.

Nobel Biocare will also introduce a new version of the NobelClinician software as well as a new concept for postgraduate dental training and education. Nobel Biocare continues to lead with clinically relevant and exciting product innovations.

Regional business performance

Table 2: Revenue by region in EUR million

in EUR million				As reported	CER
	Q2 2011	H1 2011	H1 2010	Growth 2010–2011	Growth 2010–2011
Europe, Middle East and Africa (EMEA)	62.4	125.5	129.5	-3.1%	-3.8%
Proportion of total revenue	44%	44%	44%		
North America	49.1	99.1	97.1	2.0%	6.8%
Proportion of total revenue	34%	34%	33%		
Asia/Pacific	28.7	57.0	60.1	-5.2%	-9.1%
Proportion of total revenue	20%	20%	21%		
Latin America/Rest of the world	2.7	4.8	4.9	-1.1%	-2.2%
Proportion of total revenue	2%	2%	2%		
Total	142.9	286.4	291.6	-1.8%	-1.4%

In **Europe, Middle East and Africa (EMEA)**, revenue (CER) in the first half declined by 3.8% to EUR 125.5 million (Q2 2011: -6.2%). Market challenges in Iberia and Sweden continue to adversely affect performance. Other countries experienced slower momentum during the course of the first half year – due primarily to decreases in NobelProcera copings and lower scanner sales. In Germany, where the market conditions were stable, revenue was flat in H1.

In **North America**, revenue (CER) in the first six months was up 6.8% to EUR 99.1 million (Q2 2011: 4.1%), driven by growth in implant systems as well as NobelProcera, with strong growth being recorded in individualized abutments. The daily revenue run rate has further increased in Q2 and supports improved operating performance.

In **Asia/Pacific**, revenue (CER) in the first half was down 9.1% to EUR 57.0 million (Q2 2011: 12.6%). This performance was significantly influenced by events in Japan, which accounts for about two-thirds of the regional revenue. The market in Japan has shown little improvement since the earthquake/tsunami. Excluding Japan, revenues from the region were up 8.5%, driven by strong growth in China, improved momentum in Taiwan and a strong quarter in some distributor markets in Southeast Asia.

In **Latin America/Rest of the world**, first half revenue (CER) for 2011 declined by 2.2% to EUR 4.8 million.

Alpha-Bio Tec (ABT) reported double-digit growth in the first half of 2011, in line with the performance for the full year 2010. ABT targets different customers, who are more price-sensitive.

Financial performance update

Gross profit in the first half was 219.1 million (2010: EUR 229.7 million), reflecting a gross margin of 76.5% (2010: 78.8%). As expected, the recent expansion of manufacturing capacity for NobelProcera, together with the strong decline in higher-margin copings, was the primary cause for this development. While the volume growth in implant fixtures supported the overall gross margin as well as the margin for implant systems, the latter declined due to higher royalties, increased precious metal prices and lower pricing on the abutment side.

Operating expenses in the reporting period were EUR 181.6 million (2010: EUR 173.0 million). Sales-related costs increased slightly compared to 2010. In addition, project-related costs for new NobelReplace and Nobel-Procera-related IT spending have increased operating expenses slightly versus the previous year. Non-recurring costs related to Japan as well as to the CEO change were EUR 3.6 million, while currency had a negative effect of EUR 2.8 million.

Profit from operations (EBIT) for the first six months was EUR 37.5 million (2010: EUR 56.7 million), reflecting an operating margin of 13.1% (2010: 19.4%), or 15.1% at CER. This margin dilution mainly resulted from the aforementioned gross margin decrease as well as slightly increased operating expenses. Adjusted for non-recurring expenses related to Japan as well as to the CEO change, EBIT would have been EUR 41.4 million, reflecting a margin of 14.5% (16.3% at CER).

Currencies – Due to the weakening US dollar, the positive growth contribution from North America was partially diluted and thus no longer led to a top line tailwind as it did in previous periods. The Group's high cost basis in Swiss francs had a negative impact on the EBIT margin. For the first half, the currency impact was about -200 bps at the EBIT margin level. This negative impact was more than offset by foreign exchange gains, so that the net foreign exchange impact was +40bps.

Net financial result for the first half was EUR 0.9 million (2010: EUR 21.2 million). This result was mainly attributable to hedging gains to compensate for the negative impact on EBIT. The variance to 2010 is due to the EUR 30.0 million non-recurring foreign currency gains recorded last year, which resulted from changes to internal funding structures. Interest expenses and other finance costs have been reduced compared to the prior year.

Taxes – Tax expenses in the first half year amounted to EUR 9.6 million versus EUR 19.6 million a year ago. This reflects an expected tax rate of 25.1% for the current year.

Net profit for the first half year was EUR 28.8 million (2010: EUR 58.3 million), reflecting a net profit margin of 10.0% (2010: 20.0%). The decrease was mainly attributable to the lower operating profit as well as the non-recurrence of the exceptional currency gains recorded in Q1 2010.

Cash flow from operating activities for the first half year totaled EUR 16.9 million (2010: EUR 34.0 million).

Cash & cash equivalents at the end of June 2011 stood at EUR 189.7 million (2010: EUR 215.4 million). Net financial debt amounted to EUR 69.2 million versus EUR 48.3 million a year ago.

Management changes – Melker Nilsson, currently General Manager North America, will be appointed Executive Vice President, Head of Global Customer and Sales Development. All regional heads will report to him. Melker Nilsson has more than 19 years of experience in implant dentistry. He has held a number of important management positions at Nobel Biocare in Europe and North America from 1992 through 2005. Melker Nilsson is a Swedish citizen and holds a master's degree in law from Lund University in Sweden. Tom Olsen, currently Executive Vice President of Sales for North America will become General Manager North America. Tom has more than 20 years of experience in implant dentistry with Nobel Biocare, including positions in Europe, Asia and the US. Both changes will become effective as of 15 August 2011.

Outlook

Nobel Biocare expects the global dental implant market to grow for the full year 2011 at around 3-4%. Growth in North America might be stronger, whereas Europe appears to be relatively flat. The APAC region is growing at high single-digit rates, except for Japan where the market will likely remain well below the prior year.

Nobel Biocare is not yet growing the entire business in line with the market. However, after several years of decline, the implant fixtures business is now growing. Improvements are expected in the second half of 2011 and the implant systems are targeted to grow in line with the market in 2012. NobelProcera may take longer to redirect the product line for total top line growth. The focus will be on growing high-end, high-precision, implant-based consumables such as abutments, implant bridges and overdenture bars, where Nobel Biocare has a unique competitive advantage. This will offset continued forecasted declines in simple, tooth-borne copings and small unit bridges.

The primary objective for 2011 is to stabilize the business for the short term. We expect a 2011 EBIT margin, excluding currency impacts and exceptional expenses, that is in line with last year's profitability.

Nobel Biocare (NOBN, SIX Swiss Exchange) is a world leader in innovative restorative and esthetic dental solutions. As a complete solutions provider, Nobel Biocare offers the most comprehensive range of solutions from tooth to root, for single tooth to fully edentulous indications. The solutions portfolio covers dental implants (including the key brands NobelActive™, Brånemark System® and NobelReplace®, individualized prosthetics and equipment (NobelProcera™ guided surgery solutions and biomaterials). Nobel Biocare has around 2,500 employees and recorded revenue of EUR 576.6 million in 2010. The company is headquartered in Zurich, Switzerland. Production takes place at seven sites located in Canada, Israel, Japan, Sweden, and the US. Nobel Biocare has 34 direct sales organizations.

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The complete Interim report 2, 2011 is available in English, while an abridged version of the report is available in German.

Investor and analyst presentation

An investor and analyst presentation in English will be held today, 12 August 2011, at 09:30 am CET at Nobel Biocare Holding AG, Balz Zimmermann-Strasse 7, 8302 Kloten

The presentation can be viewed live via video-webcast at <http://corporate.nobelbiocare.com/en/investors/>, and is also accessible via telephone conference (both in listen-only mode), using the dial-in numbers below:

+41 (0)91 610 56 00 Continental Europe

+44 (0)203 059 58 62 UK

+1 (1) 866 291 41 66 USA

For additional local dial-in numbers, please see the Investors section of our website: www.nobelbiocare.com

Also, there will be a conference call including a Q&A session in the afternoon at 2:30 pm CET. Dial-in numbers for the afternoon call are the same as indicated above.

To ensure timely participation, please call approximately 5-10 minutes prior to the times indicated above.

Subsequently, recordings of both conference calls will be available on the website.

Financial reporting calendar:

Interim Report 3, 2011	8 November 2011
Full Year Report 2011	9 February 2012
Annual General Meeting 2012	29 March 2012
Interim Report 1, 2012	27 April 2012
Interim Report 2, 2012	21 August 2012
Interim Report 3, 2012	8 November 2012

Disclaimer

This media release contains forward-looking statements based on beliefs of Nobel Biocare's management. When used in this media release, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan" and "project" are intended to identify forward-looking statements. They may involve risks and uncertainties, including technological advances in the medical field, product demand and market acceptance, the effect of economic conditions, the impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of Nobel Biocare as of the date made with respect to future events and are subject to risks and uncertainties. All of these forward-looking statements are based on estimates and assumptions made by management of the company and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results or experience could differ materially from the forward-looking statements. Nobel Biocare disclaims any intention or obligation to update these forward-looking statements.

Selected financial information

in EUR million	Q2 2011 as reported	Q2 2011 YTD excluding exceptionals	Q2 2011 YTD as reported	Q2 2010 YTD as reported
Income statement				
Revenue	142.9	286.4	286.4	291.6
Gross profit	110.0	219.5	219.1	229.7
Profit from operations (EBIT)	22.4	41.4	37.5	56.7
Profit before tax	21.1		38.4	77.9
Income tax expense	-5.2		-9.6	-19.6
Profit attributable to owners of Nobel Biocare	15.9		28.8	58.3
Balance sheet				
Non-current assets			321.3	328.6
Current assets			362.0	421.5
Total equity			270.1	326.7
Non-current liabilities			36.2	287.7
Current liabilities			377.0	135.7
Cash and cash equivalents including bank overdraft			189.7	215.4
Miscellaneous				
Net cash from operating activities	22.9		16.9	34.0
Depreciation, amortization and impairment losses	7.8		15.7	14.1
Investments in property, plant and equipment	6.7		10.0	6.1
Employees as of the end of the period (number)			2'493	2'397
Key ratios				
Revenue growth (%)	-7.8		-1.8	-2.9
Revenue growth in local currencies (%)	-3.9		-1.4	-6.3
Gross margin (%)	77.0	76.6	76.5	78.8
Operating expenses/revenue ratio (%)	61.3	62.2	63.4	59.3
EBITDA margin (%)	21.2	19.9	18.6	24.3
Operating (EBIT) margin (%)	15.7	14.5	13.1	19.4
Net profit margin (%)	11.1		10.0	20.0
Return on average equity (%) ²			5.2	38.1
Equity/assets ratio (%)			39.5	43.6
Share information				
Number of shares as of end of period			123'784'530	123'784'530
Average number of shares outstanding			122'757'636	123'166'914
Number of shares after full conversion ³			149'032'150	149'032'150
Share price as of end of period (CHF)			17.14	18.70
Market value as of end of period (MCHF)			2'122	2'315
Basic earnings per share (EUR)			0.23	0.47
Diluted earnings per share (EUR)			0.23	0.47
Equity per share (EUR)			2.18	2.65
Equity per share after full conversion (EUR)			1.81	2.19

¹ Figures before exceptionals exclude expenses related to the natural disaster in Japan and the CEO change, both of which total EUR 3.9 million.

² Includes net profit for the last four quarters over average equity for the last four quarters

³ Includes conditional capital of 25'247'620 shares

Review Procedures

The consolidated interim report has not been audited. The auditors were engaged to review the accompanying consolidated condensed balance sheet of Nobel Biocare Holding AG as of 30 June 2011, and the related consolidated condensed statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes. The income statement, statement of comprehensive income and cash flow statement for the three-month period from 1 April 2011 to 30 June 2011 were not subject to these review procedures.

Condensed consolidated financial statements 2011

INTERIM REPORT 2, 2011

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Income statement (unaudited)

in EUR '000	Note	Q2 2011	Q2 2010	Q2 2011 YTD	Q2 2010 YTD
Revenue	6	142'900	154'973	286'407	291'644
Cost of goods sold		-32'904	-33'452	-67'269	-61'947
Gross profit		109'996	121'521	219'138	229'697
Selling expenses		-53'376	-56'095	-111'147	-107'311
Administrative expenses		-27'007	-28'057	-56'117	-49'867
Research and development expenses		-7'190	-7'195	-14'375	-15'799
Profit from operations (EBIT)		22'423	30'174	37'499	56'720
Net financial result	7	-1'333	-4'041	895	21'197
Profit before tax		21'090	26'133	38'394	77'917
Income tax expense	8	-5'223	-6'535	-9'636	-19'636
Profit attributable to owners of Nobel Biocare		15'867	19'598	28'758	58'281
Basic earnings per share (EUR)		0.13	0.16	0.23	0.47
Diluted earnings per share (EUR)		0.13	0.16	0.23	0.47

Statement of comprehensive income (unaudited)

in EUR '000	Note	Q2 2011	Q2 2010	Q2 2011 YTD	Q2 2010 YTD
Profit attributable to owners of Nobel Biocare		15'867	19'598	28'758	58'281
Other comprehensive income:					
Foreign currency translation differences		-49'462	-8'765	-42'838	16'879
Reclassification of foreign currency translation differences to income statement, net of tax	7	-	78	-	-29'984
Effective portion of changes in fair value of cash flow hedges, net of tax		-1'458	-981	809	-195
Net change in fair value of cash flow hedges reclassified to income statement, net of tax		-1'150	-81	-1'971	-85
Total other comprehensive (expenses)/income for the period		-52'070	-9'749	-44'000	-13'385
Total comprehensive (expenses)/income for the period attributable to owners of Nobel Biocare		-36'203	9'849	-15'242	44'896

Balance sheet (unaudited)

in EUR '000	Note	30 June 2011	31 December 2010
Assets			
Property, plant and equipment		85'093	90'233
Intangible assets		208'874	223'388
Non-current receivables		2'783	3'974
Deferred tax assets		24'532	26'817
Total non-current assets		321'282	344'412
Inventories		20'844	23'401
Trade and other receivables		124'714	132'855
Current income tax assets		2'907	4'016
Prepaid expenses and accrued income		17'928	14'665
Financial investments and derivatives		5'885	12'179
Cash and cash equivalents ¹		189'715	239'816
Total current assets		361'993	426'932
Total assets		683'275	771'344
Equity and liabilities			
Share capital	9	31'861	31'861
Share premium		149'163	151'113
Treasury shares		-44'076	-40'216
Retained earnings		133'177	177'231
Total equity attributable to owners of Nobel Biocare		270'125	319'989
Provisions		4'014	2'734
Pension liabilities		6'930	6'232
Deferred tax liabilities		24'802	26'427
Other non-current liabilities		403	494
Total non-current liabilities		36'149	35'887
Bank overdraft		17	297
Convertible bond	11	250'544	252'366
Trade payables		13'541	19'284
Current provisions		4'874	6'745
Current income tax liabilities	8	34'926	56'202
Other current liabilities and derivatives		17'477	19'285
Accrued expenses and deferred income		55'622	61'289
Total current liabilities		377'001	415'468
Total liabilities		413'150	451'355
Total equity and liabilities		683'275	771'344

1 As of 30 June 2011, the Group held restricted cash amounting to EUR 11'652 k (31 December 2010: EUR 11'975 k).

Statement of changes in equity (unaudited)

in EUR '000	Note	Share Capital	Share premium	Treasury shares	Translation reserve	Hedging reserve	Other retained earnings	Total retained earnings	Total equity attributable to owners of Nobel Biocare
Balance as of 1 January 2010		31'861	166'429	-56'567	-115'886	221	291'659	175'994	317'717
Comprehensive income:									
Profit for the period							58'281	58'281	58'281
Other comprehensive expenses, net of tax					-13'105	-280		-13'385	-13'385
Total comprehensive (expenses)/income					-13'105	-280	58'281	44'896	44'896
Transactions with owners of Nobel Biocare:									
Expiry of written put options on own shares			1'689	7'115					8'804
Allocation of shares to share plan participants			-560	795			-235	-235	-
Convertible bond – equity component			-1'531				1'527	1'527	-4
Share-based payment expense, net of tax	12						1'623	1'623	1'623
Dividends to owners of Nobel Biocare relating to 2009							-46'293	-46'293	-46'293
Total transactions with owners of Nobel Biocare			-402	7'910			-43'378	-43'378	-35'870
Balance as of 30 June 2010		31'861	166'027	-48'657	-128'991	-59	306'562	177'512	326'743
Balance as of 1 January 2011		31'861	151'113	-40'216	-123'281	2'820	297'692	177'231	319'989
Comprehensive income:									
Profit for the period							28'758	28'758	28'758
Other comprehensive expenses, net of tax					-42'838	-1'162		-44'000	-44'000
Total comprehensive (expenses)/income					-42'838	-1'162	28'758	-15'242	-15'242
Transactions with owners of Nobel Biocare:									
Acquisition of treasury shares				-5'056					-5'056
Expiry of call options on own shares			-340	340					-
Allocation of shares to share plan participants			-263	856			-593	-593	-
Convertible bond – equity component	11		-1'347				1'347	1'347	-
Share-based payment expense, net of tax	12						3'450	3'450	3'450
Dividends to owners of Nobel Biocare relating to 2010	10						-33'016	-33'016	-33'016
Total transactions with owners of Nobel Biocare			-1'950	-3'860			-28'812	-28'812	-34'622
Balance as of 30 June 2011		31'861	149'163	-44'076	-166'119	1'658	297'638	133'177	270'125

Cash flow statement (unaudited)

in EUR '000	Note	Q2 2011	Q2 2011 YTD	Q2 2010 YTD
Profit before tax		21'090	38'394	77'917
Adjusted for:				
Depreciation, amortization and impairment losses		7'811	15'708	14'104
Net financial result	7	1'333	-895	-21'197
Share-based payment expenses	12	2'092	3'311	1'809
Other non-cash income and expenses		-1'200	-2'943	-4'090
Changes in working capital and provisions:				
Decrease in trade and other current receivables		5'192	3'261	1'516
Decrease in inventories		78	227	67
Decrease in trade and other current liabilities		-4'960	-7'811	-8'778
Decrease in provisions, accrued expenses and deferred income		-7'755	-4'286	-2'788
Income taxes paid	8	-828	-28'109	-24'543
Net cash from operating activities		22'853	16'857	34'017
Purchases of property, plant and equipment		-6'736	-9'957	-6'131
Purchases of intangible assets		-180	-657	-1'123
Purchases of marketable securities		-	-	-36'936
Proceeds from sale of marketable securities		-	-	36'882
Interest received		700	1'119	481
Other investing and hedging activities		-18'809	2'186	-461
Net cash used in investing activities		-25'025	-7'309	-7'288
Acquisition of treasury shares		-	-5'056	-
Repayment of short-term borrowings (interest-bearing liabilities)		-	-	-425
Repayment of convertible bond	11	-	-15'952	-16'384
Interest paid		-1'009	-1'691	-2'818
Dividends paid	10	-33'016	-33'016	-46'293
Net cash used in financing activities		-34'025	-55'715	-65'920
Decrease in cash and cash equivalents		-36'197	-46'167	-39'191
Cash and cash equivalents at beginning of period, including bank overdraft		227'066	239'519	240'737
Effect of exchange rate differences on cash held		-1'171	-3'654	13'837
Cash and cash equivalents at end of period ¹		189'698	189'698	215'383

¹ Cash and cash equivalents including bank overdraft of EUR 17 k as of 30 June 2011, and EUR 342 k as of 30 June 2010. As of 30 June 2011, the Group held restricted cash amounting to EUR 11'652 k (30 June 2010: 6'626 k).

Notes to the condensed consolidated financial statements

Note 1 Organization

Nobel Biocare Holding AG (the Company) is a limited liability company incorporated and domiciled in Switzerland. The condensed consolidated financial statements of Nobel Biocare for the six months ended 30 June 2011 comprise the Company and its subsidiaries (the Group).

Nobel Biocare (NOBN, SIX Swiss Exchange) is a world leader in innovative restorative and esthetic dental solutions. As a complete solutions provider, Nobel Biocare offers the most comprehensive range of solutions from tooth to root, for single tooth to fully edentulous indications. The solutions portfolio covers dental implants, including the key brands NobelActive™, Brånemark System® and NobelReplace™, individualized prosthetics and equipment (NobelProcera™), guided surgery solutions and biomaterials.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 11 August 2011.

Note 2 Statement of compliance

The Group applies International Financial Reporting Standards (IFRS). The condensed consolidated financial statements have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2010.

Note 3 Accounting policies

The accounting policies are the same as those applied in the consolidated financial statements for the year ended 31 December 2010, as there are no new changes to IFRS that had a significant impact on the accounting policies.

Note 4 Basis of preparation

The condensed consolidated financial statements include all the subsidiaries controlled by Nobel Biocare and are presented in euro (EUR), rounded to thousands.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities. Actual results may differ from these estimates. Critical judgments made by management in the application of IFRS and key sources of estimation uncertainties were the same as those applied to the consolidated financial statements for the year ended 31 December 2010.

Note 5 Seasonality

The Group is not exposed to material seasonal fluctuations in its operations.

Note 6 Operating segments

Operating segments are determined based on the reports reviewed by the Board of Directors that are used to make strategic decisions and to allocate resources to the segments.

Operating segments are identified geographically as the business is managed on a global basis and is run in four geographical areas. The business contribution is derived from sales, the cost of goods purchased from manufacturing sites and expenses related to the sale of products in the respective regions. Certain administrative expenses directly attributable to the sale of products are also allocated to the four geographic regions. The Board of Directors reviews and assesses the business (i.e. sales and business expenses) on this basis.

Revenue arises from two integrated product groups, Implant system products and Individualized products. These products are sold in all operating segments, often with both Implant system and Individualized products forming part of a combined offer as Nobel Biocare is a full-solution provider.

in EUR '000	Europe, Middle East and Africa (EMEA)		North America		Asia/Pacific		Latin America/ Rest of the world		Total Group	
	Q2 2011 YTD	Q2 2010 YTD	Q2 2011 YTD	Q2 2010 YTD	Q2 2011 YTD	Q2 2010 YTD	Q2 2011 YTD	Q2 2010 YTD	Q2 2011 YTD	Q2 2010 YTD
External sales	125'518	129'553	99'092	97'133	56'997	60'104	4'800	4'854	286'407	291'644
<i>Proportion of total revenue</i>	44%	44%	34%	33%	20%	21%	2%	2%	100%	100%
Business expenses	-71'627	-70'159	-52'501	-51'344	-32'744	-30'247	-3'433	-3'242	-160'305	-154'992
Business contribution	53'891	59'394	46'591	45'789	24'253	29'857	1'367	1'612	126'102	136'652

Certain expenses, presented in the reconciliation, are not attributable to a particular segment and are reviewed as a whole across the Group irrespective of geographic origin. Unallocated business expenses include certain production costs remaining with the manufacturing sites. Functional costs comprise headquarter and plant functions, which include global marketing, symposia events, quality, logistics, research and development, NobelProcera development and legal. Also included are reconciling and other items, e.g., adjustments and eliminations made in preparing the financial statements. The business contribution also excludes the effects of Group-wide equity-settled share-based expenses and depreciation, amortization and impairment expenses. The revenue from external customers reported to the Board of Directors is measured in a manner consistent with that in the income statement. There are no significant sales between the segments. No individual customer represents a significant portion of the Group's revenue.

Reconciliation

in EUR '000	Q2 2011 YTD	Q2 2010 YTD
Business contribution	126'102	136'652
Unallocated business expenses	-5'369	-4'128
Functional costs	-64'184	-59'856
Depreciation, amortization and impairment losses	-15'708	-14'104
Share-based payment expenses	-3'311	-1'809
Reconciling and other items	-31	-35
Operating profit (EBIT)	37'499	56'720
Net financial result	895	21'197
Profit before tax	38'394	77'917

Note 7 Net financial result

in EUR '000	Q2 2011	Q2 2010	Q2 2011 YTD	Q2 2010 YTD
Interest income	702	361	1'121	888
Net foreign exchange gains/(losses) and hedges	1'836	-206	6'932	29'834
Financial income	2'538	155	8'053	30'722
Interest expenses	-2'513	-2'922	-4'969	-6'099
Other financial expenses	-1'358	-1'274	-2'189	-3'426
Finance cost	-3'871	-4'196	-7'158	-9'525
Net financial result	-1'333	-4'041	895	21'197

Net foreign exchange gains arise from operating in multiple currencies and also take into account the gains and losses resulting from hedging such exposures. In 2010, however, net foreign exchange gains primarily related to the simplification of internal funding structures, which resulted in the reclassification of cumulative translation differences of EUR 29'984 k to the income statement, which had been previously recognized in other comprehensive income as presented in equity.

In 2011 and 2010, other financial expenses mainly comprise fees for the EUR 330 million syndicated banking facility in place from 18 March 2009. On 22 November 2010, the Group announced that the agreement was replaced and extended for five years to 2015. In conjunction with this replacement, the remaining capitalized fees relating to the original agreement were recognized in the income statement in full in 2010, in favor of the new fee structure to be recognized in the income statement over the life of the amended contract. As of 30 June 2011, this facility remained undrawn.

Note 8 Tax expense

Income tax expense is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year. The full-year estimated tax rate for 2011 is 25.1 percent. The income tax rate for the year ended 31 December 2010 was 54.5 percent and included a tax charge of EUR 29.8 m related to internal business restructuring of the Group. While part of these taxes was paid in December 2010, the remainder was paid in January 2011.

Note 9 Equity

Share capital

The share capital of Nobel Biocare Holding AG is held in Swiss franc (CHF). The number of shares issued by Nobel Biocare Holding AG on 30 June 2011 totaled 123'784'530 (31 December 2010: 123'784'530) with a par value of CHF 0.40 per share, fully paid-up.

The share capital may be increased by issuing no more than 247'620 shares (31 December 2010: 247'620), each with a par value of CHF 0.40, to be fully paid up, equaling an amount of no more than CHF 99'048 (2010: CHF 99'048) by virtue of the exercise of options granted to employees, Directors and officers of the Group.

The share capital may be increased by an amount of up to CHF 10 million by issuing up to 25 million fully paid-up registered shares each with a par value of CHF 0.40 following the exercise of conversion and/or option rights which are granted in connection with the issuance of bonds or similar debt instruments by the Company or one of its Group companies in capital markets or in connection with a transaction.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Note 10 Dividends

On 30 March 2011, the AGM approved a dividend to shareholders of CHF 0.35 per share to be paid out of reserves without deduction of withholding tax. The total amount of the dividend is CHF 42.8 million or EUR 33.0 million. The dividend was paid on 6 April 2011.

Note 11 Convertible bond

The nominal amount of the convertible bond issued through the Group's wholly-owned subsidiary Nobel Biocare Investments N.V., Curaçao, Netherlands Antilles, was CHF 385'000 k (EUR 319'519 k), of which the nominal value of CHF 297'910 k (EUR 247'241 k) was outstanding as of 30 June 2011. The maturity date of the convertible bond is 8 November 2011.

The following table shows the change in the carrying amount of the convertible bond.

in EUR '000	2011	2010
Carrying amount of liability as of 1 January	252'366	236'962
Repurchase of liability	-15'952	-17'149
Accrued interest	5'444	5'516
Translation difference	8'686	28'068
Carrying amount of liability as of 30 June	250'544	253'397

Note 12 Share-based payment transactions

Performance share unit program (PSUP)

This long-term incentive plan covers the executives of operating units and headquarters with a single, global program. Participants are granted performance-based share units on a yearly basis. Vesting of these shares is subject to specific performance achievements over a three-year period (program 2008, 2009) or a graded three-year period where one-third of the share units vest after one year, one-third after two years and one-third after three years (program 2010, 2011). The PSUP is accounted for as equity-settled share-based payment plan under IFRS 2.

Vesting is subject to a service period and to the achievement of the program's performance conditions. These conditions assume a predefined performance of the Nobel Biocare (NOBN) share price relative to the Swiss Market Index (SMI) or the Swiss Leader Index (SLI) for the period. If this relative performance is achieved, each share unit will be converted into a pre-determined amount of Nobel Biocare shares at the vesting date. The performance share units cannot be settled in cash.

The fair value of employment services received in return for performance share units granted is measured by reference to the fair value of units granted. Grant date fair value per unit was measured based on Monte Carlo simulations. Market conditions are taken into account when estimating the fair value of the instruments granted. Service conditions are not taken into account in the grant date fair value measurement of the services received.

On 28 February 2011, a total of 331'119 performance share units 2011 with similar terms and conditions as the 2010 program was granted to the plan participants.

On 31 March 2011, all performance share units granted in 2008 were forfeited as performance conditions were not achieved.

Expenses related to share-based payment transactions are presented in the table below.

Share plan

A separate share-based payment plan was established for members of the Board of Directors in 2008 as they do not participate in the PSUP. On 30 June 2011, Board members were granted 46'189 shares (30 June 2010: 19'000 shares) of Nobel Biocare Holding AG for no consideration. A five-year transfer restriction applies for the share plans 2011 and 2010.

in EUR '000	Q2 2011	Q2 2010	Q2 2011 YTD	Q2 2010 YTD
Plan				
Performance share unit plan	1'499	1'058	2'718	1'574
Share plan	593	235	593	235
Total	2'092	1'293	3'311	1'809

Note 13 Ongoing disputes

Litigation / Legal proceedings

At the beginning of July 2005, a lawsuit against Nobel Biocare claiming patent infringement was filed by a doctor in New York. The suit concerns two patents, which the doctor alleges are infringed by the Stargrip and Replace products. The suit was put on hold by the court pending reexamination proceedings at the US Patent Office regarding one of the patents. Those proceedings are complete, and the Court reinstated the litigation in May 2009. Nobel Biocare has evaluated these patents in depth and has numerous defenses that it will vigorously pursue. Nobel Biocare contends that it does not infringe these patents, and that the patent claims are invalid based on prior art.

Nobel Biocare Investments N.V. is facing claims by an asset management company. The asset management company has obtained an attachment of an account of Nobel Biocare Investments N.V. in Curaçao. In April 2009, a New York court rejected the asset management company's request to start arbitration in the US. In October 2009, the Federal Appeals Court in New York ruled on the asset management company's appeal against this decision, vacated the case and remanded it back to the first instance court for further proceedings. In January 2011, the first instance court in New York City dismissed the asset management company's claim against Nobel Biocare Investments N.V. with prejudice on the merits and costs imposed on them still to be determined. The asset management company had failed to produce evidence supporting its claim. It appealed the decision of the first instance court while Nobel Biocare requested sanctions be determined against the asset management company. Nobel Biocare rejects all claims by this company as lacking any legal basis and has filed a court case in Switzerland to establish this fact as well as for refund of certain unjustified paid fees. In December 2009, the competent court in Zug decided to have jurisdiction over the case.

In June 2010, a Canadian company filed a complaint against BioCad Medical Inc. suing for patent infringement in the Federal Court Quebec, Canada. The lawsuit alleges that BioCad infringes a Canadian patent owned by said Canadian company on the production of superstructures for dental implants. BioCad Medical Inc. and its consulting patent lawyers are of the opinion that no valid claims of the Canadian company's Sinlab patent are being infringed and will, therefore, vigorously defend the patent infringement suit. In addition, Nobel Biocare has filed for invalidation of the respective German patent of the Canadian company with the German Federal Patent Court and for declaratory judgment with the competent court in Milan, Italy, that neither the respective Italian nor the German patent of said company are infringed. A first hearing of the court in Milan is scheduled toward the end of the year.

In July 2010, a Californian dentist filed a class action suit in the Federal Court of Los Angeles (USA) against Nobel Biocare USA LLC, Nobel Biocare AB and Nobel Biocare Holding AG alleging product defects of NobelDirect implants and claiming damages. Nobel Biocare vigorously rejects the claims and is of the opinion that the available long-term data on the product, which were thoroughly reviewed by the competent Swedish Medical Products Agency (SMPA) several times, prove that NobelDirect is to be regarded as safe and efficacious. A decision of the Federal Court in Los Angeles on the certification of the class is expected in the coming weeks.

There are other minor disputes pending regarding contractual obligations, including warranty- and labor-related disputes, arising from the ordinary business of Nobel Biocare and its subsidiaries.

Note 14 Subsequent events

On 18 July 2011, the competent court in Curaçao denied the asset management company's claims against Nobel Biocare Investments N.V. that were the basis for the attachment of the funds, and charged them with the cost. The asset management company may appeal this decision.

There have been no other material events between 30 June 2011 and the date of authorization that would require adjustments to the consolidated financial statements or disclosures.