

Nobel Biocare Group – Interim Report 3, 2006

Zurich, Switzerland – 19 October 2006

Nobel Biocare drives revenue up 25% in local currencies to EUR 429 million in the first nine months

- Revenue in the first nine months was up 25% in local currencies.
- Gross margin for the first nine months reached a new high of 83.8%.
- Operating (EBIT) margin for the first nine months up to 33.1%.
- Net profit for the first nine months, excluding the divestiture of Entific Medical Systems, increased to EUR 107.8 million.
- Basic earnings per share for the first nine months were EUR 4.45.
- Continued expansion into fast growing markets: 34th subsidiary opened in China.
- 13 successful training and education World Tour conferences by the end of September.
- 11 collaboration agreements signed with dental schools at major universities in the third quarter.
- Confirmation of full-year outlook: Approximately 24% revenue growth in local currencies and operating margin of about 34%.

Table 1.

Selected income statement figures in EUR million	Jul-Sep 2006	Jul-Sep 2005	Change	Jan-Sep 2006	Jan-Sep 2005	Change
Revenue	132.5	108.3	22.3%	429.0	340.1	26.1%
<i>Growth in local currencies</i>	25.3%	24.8%		25.1%	25.5%	
Gross profit	111.8	90.4	23.7%	359.3	281.0	27.9%
<i>Gross margin</i>	84.4%	83.5%		83.8%	82.6%	
Profit from operations	42.3	32.3	31.0%	142.0	106.6	33.2%
<i>Operating (EBIT) margin</i>	31.9%	29.8%		33.1%	31.3%	
Profit for the period*	33.1	23.2	42.7%	107.8	80.5	33.9%
<i>Profit margin*</i>	25.0%	21.4%		25.1%	23.7%	
Basic earnings per share*, EUR	1.32	0.91		4.29	3.14	
Basic earnings per share, EUR	1.32	0.91		4.45	4.34	

*excluding sale of associate

Continued fast organic growth in all regions

Revenue for the first nine months increased to EUR 429.0 million. This represents an increase of 25% in local currencies over the same period growth last year of 26%. Growth in the third quarter was an unchanged 25% compared to the previous year. The fast acceptance of solutions launched in 2005 and the continued high activity level in the market place underpinned by five more World Tour conferences in the third quarter allowed Nobel Biocare to keep its momentum of overall strong revenue growth.

In Europe, growth in local currencies in the third quarter was up 21%, led by the countries with World Tour events as well as Austria, Belgium, Finland, Russia, Spain and Switzerland. North America grew by 19% in local currencies in the third quarter on top of a record base of 37% in the

same period last year. Growth in Asia/Pacific accelerated to 54% in the third quarter, driven by the FDI Congress in China, in addition to the regional World Tour events.

Table 2.

Revenue by region – 3 rd quarter in EUR million	Jul-Sep 2006	Jul-Sep 2005*	Change in %	
			EUR	local curr.
Europe	51.0	42.1	21.1%	20.9%
<i>Proportion of total revenue</i>	38%	39%		
North America	51.5	44.8	15.0%	18.9%
<i>Proportion of total revenue</i>	39%	41%		
Asia/Pacific	22.0	15.2	44.7%	54.0%
<i>Proportion of total revenue</i>	17%	14%		
Rest of the World	8.0	6.2	29.0%	34.7%
<i>Proportion of total revenue</i>	6%	6%		
Total	132.5	108.3	22.3%	25.3%

* Comparatives were reclassified to conform with the current period's presentation, see Note 8.

Table 3.

Revenue by region – first nine months in EUR million	Jan-Sep 2006	Jan-Sep 2005*	Change in %	
			EUR	local curr.
Europe	186.1	153.9	20.9%	20.9%
<i>Proportion of total revenue</i>	43%	45%		
North America	160.7	125.6	27.9%	24.8%
<i>Proportion of total revenue</i>	38%	37%		
Asia/Pacific	59.1	42.6	38.7%	42.7%
<i>Proportion of total revenue</i>	14%	13%		
Rest of the World	23.1	18.0	28.3%	23.4%
<i>Proportion of total revenue</i>	5%	5%		
Total	429.0	340.1	26.1%	25.1%

* Comparatives were reclassified to conform with the current period's presentation, see Note 8.

Record gross margin in the third quarter

Continued strong volume growth, combined with a positive mix change drove the gross margin for the third quarter to a new all time high of 84.4% (Q3 2005: 83.5%). The gross margin for the first nine months climbed to 83.8% from 82.6%. The respective gross profit jumped to EUR 359.3 million, up from the prior year's EUR 281.0 million.

Further strong growth of profit from operations

Volume growth and an improved operating expense to revenue ratio, increases year-to-date profit from operations by 33% from EUR 106.6 million in 2005 to EUR 142.0 million. The increase in operating expenses of EUR 217.3 million (EUR 174.4 million) in support of the strong growth is attributable to the many strategic initiatives such as the Nobel Biocare World Tour 2006 and the NobelSmile campaign, educational and research partnerships with universities and rapid staff increase. However, in relation to revenues the operating expenses were reduced to 50.7% (51.3%) in the first nine months. In the third quarter, traditionally the quarter with the lowest revenue due to the vacation season, the ratio improved even more from 53.6% to 52.5%. Subsequently, the operating margin for the third quarter improved to 31.9% (29.8%), whereas the operating margin for the first nine months improved to 33.1% (31.3%).

Social charges related to the staff option program amounted to EUR 1.3 million for the first three quarters, compared with EUR 6.2 million for the same period a year earlier.

Net financial expenses amounted to EUR 3.6 million (EUR 4.3 million) for the first nine months. Financial expenses were negatively impacted by foreign exchange losses of EUR 2.9 million (EUR 4.4 million).

Net profit for the period (Q3) climbed to EUR 33.1 million compared to EUR 23.2 million last year. For the first nine months the profit for the period, excluding the one-time effect from the divestiture of Entific Medical Systems AB, increased to EUR 107.8 million compared to EUR 80.5 million.

Cash flow from operating activities for the first nine months was substantially impacted by tax payments of EUR 39.8 million. This offsets the positive development in inventory and receivable management. Inventories decreased to EUR 28.0 million from EUR 30.1 million at year-end 2005. Current receivables rose in line with the sales development, from EUR 127.4 million to EUR 140.8 at the end of the third quarter. Additionally, EUR 117.0 million were used to buy back shares.

Investment in tangible and intangible assets of EUR 19.2 million was higher than the prior year (EUR 14.6 million). This was due to investments in manufacturing plants amounting to EUR 7.8 million, leasehold improvements (EUR 3.0 million) for office expansions for additional employees, as well as upgrades of training facilities. Investments in intangibles mainly related to demand for upgrades of and additional computer software programs.

Cash and cash equivalents decreased to EUR 88.7 million from EUR 129.0 million at year-end. This was primarily due to the above-mentioned share buyback program and the dividend payment of EUR 55.7 million (EUR 43.9 million) in the second quarter.

Strong growth created 278 new positions in 2006

Continued growth enabled Nobel Biocare to add 46 positions in the third quarter, making it a total of 278 positions for 2006. Most of the new positions are within sales or sales-related departments. At the end of September, Nobel Biocare employed 1,926 employees worldwide.

Entering fast growing markets: China as the 34th subsidiary

Continuing the fast expansion into emerging markets, Nobel Biocare opened its subsidiary in Shanghai, China in September. The new subsidiary includes sales offices and a training center and shall support our solutions, which are well established among leading dentists and universities in China. The Company already has a strong presence in Eastern Asia and the Pacific Rim. This expansion into China follows the opening of subsidiaries during the last twelve months in other growth markets – India, Russia and the Baltic (Lithuania, Estonia and Latvia).

Strategic collaborations with 11 additional universities

Nobel Biocare signed partnership contracts with 11 major universities in the third quarter in the US as well as in Asia and Europe. With these new contracts Nobel Biocare has now a total of 18 strategic partnerships with dental schools around the world. These partnerships form part of the Company's strategy to ensure that the newest treatment solutions for implants and ceramic restoration are included in the undergraduate dental programs at universities.

These partnerships are designed to support the institutions so that they can integrate implantology and esthetic dentistry as a restorative treatment option in both undergraduate and graduate training programs thereby offering their students the best possible education to meet the increasing patient demand. The majority of the new collaborations also include support for clinical and basic research.

The universities added in the third quarter include:

- University of Sydney, Australia
- University of Hong Kong, China
- UCLA, CA, USA
- Medical College of Georgia, USA
- Tufts University, MA, USA
- University of Freiburg, Germany
- Peking University School of Stomatology, China
- Shanghai Jiao-Tong University College of Stomatology, China
- Guanghua School of Stomatology Hospital SUN YET-SEN University, China
- Xian No. 4 Military Hospital Medical University School of Stomatology, China
- Wuhan University School of Stomatology, China

13 Nobel Biocare World Tour conferences successful

Nobel Biocare held five World Tour conferences in the third quarter, making 13 out of 17 for the year. The combination of an educational program and research with live surgeries was well received in Australia, Brazil, Hong Kong, The Netherlands, and the United Kingdom. In Hong Kong, participants came from over 28 countries around the world, including 20 Asian countries. The event in Sao Paolo, Brazil attracted over 1,000 participants; many of whom came to see the honorary chairman and guest lecturer Professor Per-Ingvar Brånemark receive the Dr. Pedro Martinelli Medal for his contribution to advances in dental healthcare.

For the first three quarters of 2006, the Company's comprehensive training and education events and programs have resulted in nearly 245,000 dental professionals trained around the world.

NobelSmile patient information campaign continues to grow

In line with its strategic goal to inform patients regarding the latest solutions for restorative and esthetic dentistry, Nobel Biocare's NobelSmile patient information campaign resulted in nearly 400 articles in consumer press in over 30 countries regarding the Company's solutions and the NobelSmile website – a patient information site, which is available in 32 countries.

NobelGuide and esthetic Procera® solutions Nobel Biocare highlights at the EAO congress

In October, the European Association of Osseointegration (EAO) held its annual scientific meeting in Zurich, Switzerland with over 2,100 dental professionals attending. A key scientific topic at the meeting was computer-guided surgery, i.e. the use of pre-operative planning system and computer designed drilling templates. Nobel Biocare is leading the development of this novel technique with its NobelGuide concept, which includes everything from planning and ordering via Shop Online to production and delivery. The system offers both clinical and esthetic benefits to patients, and economic benefits dentists. The surgery is nearly trauma-free and the patients need to spend much less time in the dentist's chair.

The well-attended Nobel Biocare lectures were featuring NobelGuide and the recent launch of innovative Procera solutions of custom-made metal-free, long-lasting esthetic solutions for all patients.

NobelDirect: Nobel Biocare met with SMPA to clarify previously submitted information

In the dispute about the NobelDirect implant, the Company submitted its response to the Swedish Medical Product Agency (SMPA) expert group report on 31 August. Within the scope of SMPA's investigation, Nobel Biocare was also given the opportunity to meet with SMPA on 10 October to clarify its previously submitted information. The information presented by the Company in that meeting will be considered in SMPA's decision about the safety of the implant. The SMPA intends to make a decision during October 2006.

To date Nobel Biocare has provided information in seven scientific studies on 2,053 implants in 1,183 patients. Of this material, 211 implants in 136 patients are followed in the only available prospective multi-center studies on NobelDirect. The information provided includes two-year data from one of the prospective multi-center studies. Based on the currently available data, Nobel Biocare concludes that the NobelDirect implant is safe and that good clinical results can be obtained provided that clinical instructions are followed.

New Vice President Communications


After the nomination of Jacques Gutedel as Vice President Europe, Middle East and Africa effective 1 October 2006, the Executive Management Team has been further strengthened with the recruitment of Nicolas Weidmann as Vice President Communications, effective 1 January 2007.

Nicolas Weidmann is a senior communications person with broad branding and communication experience in companies such as General Motors Europe and Gate Gourmet International. From 2001 until 2005 he was the Vice President Communications at Unaxis, a globally leading company in the field of thin film, vacuum and precision technology. Nicolas Weidmann joins Nobel Biocare from Möbel Pfister, a leading Swiss furniture group, where he has been Head of Marketing and Communications, and member of the executive management.

Outlook remains unchanged

Nobel Biocare reiterates its guidance for the full year to increase revenue by approximately 24% in local currencies and to raise the operating margin to about 34%.

NOBEL BIOCARE HOLDING AG



Heliane Canepa
President & CEO

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A telephone conference will be held today 19 October 2006 at 15.00 CET.

The dial-in numbers for the telephone conference are:

+41 91 610 5600 (in Europe)
+44 20 7107 0611 (in the UK)
+46 8 5069 2105 (in Sweden)
+1 866 291 4166 (toll free number in the USA)

For more details and additional dial-in numbers, see our homepage: www.nobelbiocare.com

Financial Reporting Calendar:

Full Year Report 2006	8 February 2007
Interim Report 1, 2007	26 April 2007
Annual General Meeting 2007	26 April 2007
Interim Report 2, 2007	9 August 2007
Interim Report 3, 2007	<i>New Date!</i> 25 October 2007

The full Interim Report 3, 2006 is available in English and Swedish, while a shorter version media release is available in German.

Disclaimer:

This report may contain forward-looking statements including, but not limited to, projections of future performance of materials and products, financial conditions, results of operations and cash flows, containing risks and uncertainties. These statements are subject to change based on unknown risks and other factors that could cause the actual results or performance to differ materially from the statements made herein.

Nobel Biocare is a medical devices group and the world leader in innovative esthetic dental solutions with its brands Brånemark System[®], NobelSpeedy[™], NobelReplace[™], NobelPerfect[®], NobelDirect[®], Replace[®] Select, (dental implants) and Procera[®] (individualized dental prosthetics). Nobel Biocare is a one-stop shop for restorative esthetic dentistry, offering a wide range of innovative Crown & Bridge & Implant products, as well as training and education and clinically documented treatment concepts. Nobel Biocare has over 1,900 employees and recorded revenue of EUR 485 million in 2005. The Company is domiciled in Zurich, Switzerland with headquarters in Zurich and in Gothenburg, Sweden. Production takes place at four production sites located in Sweden and the USA. Nobel Biocare has direct sales organizations in 34 countries. The shares of the parent company Nobel Biocare Holding AG are listed on the SWX Swiss Exchange and on the Stockholm Stock Exchange, Sweden.

www.nobelbiocare.com

SELECTED FINANCIAL INFORMATION

in EUR million	Jul-Sep 2006	Jul-Sep 2005	Jan-Sep 2006	Jan-Sep 2005	Full Year 2005
Income statement					
Revenue	132.5	108.3	429.0	340.1	484.5
Gross profit	111.8	90.4	359.3	281.0	398.5
Profit from operations (EBIT)	42.3	32.3	142.0	106.6	162.3
Profit before tax	42.1	28.5	142.3	132.5	188.4
Profit for the period w/o sale of associate	33.1	23.2	107.8	80.5	124.1
Profit for the period	33.1	23.2	111.7	111.1	154.7
Balance sheet					
Non-current assets			199.2	182.1	194.3
Current assets			257.5	317.5	321.4
Total equity			316.8	365.6	357.7
Non-current liabilities			33.6	35.1	28.9
Current liabilities			106.3	98.9	129.1
Total assets			456.7	499.6	515.7
Cash and cash equivalents incl. bank overdraft			87.4	173.0	128.4
Miscellaneous					
Net cash from operating activities	36.4	20.6	94.8	69.7	107.8
Depreciation, amortization and impairment losses	3.9	3.3	10.7	9.4	12.8
Investments in property, plant and equipment and intangible assets	5.0	4.3	19.2	14.6	25.0
Employees at end of period			1,926	1,606	1,648
Ratios					
Revenue growth (%)	22.3	26.4	26.1	24.9	24.8
Revenue growth in local currencies (%)	25.3	24.8	25.1	25.5	24.0
Gross margin (%)	84.4	83.5	83.8	82.6	82.3
Operating expenses in % of revenue	52.5	53.6	50.7	51.3	48.8
Operating (EBIT) margin (%)	31.9	29.8	33.1	31.3	33.5
Profit margin (%) w/o sale of associate	25.0	21.4	25.1	23.7	25.6
Profit margin (%)	25.0	21.4	26.0	32.7	31.9
Equity/assets ratio (%)	70	73	69	73	69
Share information					
Number of shares at end of period			26,234,743	25,929,367	25,954,883
Average number of shares			25,080,903	25,577,500	25,540,905
Number of shares after full conversion			26,617,318	26,617,318	26,617,318
Share price at end of period, CHF			307.75	305.00	289.00
Market value at end of period, MCHF			8,074	7,908	7,501
Basic earnings per share w/o sale of associate, EUR			4.29	3.14	4.86
Basic earnings per share, EUR			4.45	4.34	6.05
Diluted earnings per share, EUR			4.42	4.29	5.97
Equity per share, EUR			12.63	14.10	14.00
Equity per share after full conversion, EUR			11.90	13.74	13.44

NOBEL BIOCARE GROUP

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM REPORT 3, 2006

This interim report has not been audited or reviewed by the Company's auditors.

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CONSOLIDATED INCOME STATEMENT

in EUR million	Note	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full Year
		2006	2005	2006	2005	2005
Revenue		132.5	108.3	429.0	340.1	484.5
Cost of sales		-20.7	-17.9	-69.7	-59.1	-86.0
Gross profit		111.8	90.4	359.3	281.0	398.5
Selling expenses		-48.1	-38.4	-146.1	-113.8	-156.3
Administrative expenses		-18.1	-16.8	-57.7	-51.2	-62.8
Research and development expenses		-3.3	-2.9	-13.5	-9.4	-17.1
Profit from operations		42.3	32.3	142.0	106.6	162.3
Financial income		0.4	0.7	1.4	2.5	17.0
Financial expenses		-0.6	-4.1	-5.0	-6.8	-21.5
Gain on disposal of an associate	6	-	-0.4	3.9	30.2	30.6
Profit before tax		42.1	28.5	142.3	132.5	188.4
Income tax expenses		-9.0	-5.3	-30.6	-21.4	-33.7
Profit for the period attributable to equity holders of Nobel Biocare		33.1	23.2	111.7	111.1	154.7
Basic earnings per share, EUR		1.32	0.91	4.45	4.34	6.05
Diluted earnings per share, EUR		1.32	0.91	4.42	4.29	5.97

CONDENSED CONSOLIDATED BALANCE SHEET

in EUR million	Note	30 Sep	30 Sep	31 Dec
		2006	2005	2005
Assets				
Property, plant and equipment		47.0	40.4	42.2
Intangible assets		134.7	130.1	137.3
Financial assets		2.7	2.1	1.6
Deferred tax assets		14.8	9.5	13.2
Total non-current assets		199.2	182.1	194.3
Inventories		28.0	27.7	30.1
Current receivables		140.8	116.8	127.4
Financial investments		-	-	34.9
Cash and cash equivalents		88.7	173.0	129.0
Total current assets		257.5	317.5	321.4
TOTAL ASSETS		456.7	499.6	515.7
Equity and liabilities				
Equity attributable to equity holders of Nobel Biocare	9	316.8	365.0	357.7
Minority interest	9.4	-	0.6	-
Total equity		316.8	365.6	357.7
Provisions		18.6	21.5	16.6
Other non-current liabilities		15.0	13.9	12.3
Total non-current liabilities		33.6	35.4	28.9
Total current liabilities		106.3	98.6	129.1
Total liabilities		139.9	134.0	158.0
TOTAL EQUITY AND LIABILITIES		456.7	499.6	515.7

CONSOLIDATED CASH FLOW STATEMENT

in EUR million	Note	Jan-Sep 2006	Jan-Sep 2005	Full Year 2005
Profit before tax		142.3	132.5	188.4
Adjusted for				
Depreciation and amortization and impairment losses		10.7	9.4	12.8
Financial income		-1.4	-2.5	-3.3
Financial expenses		2.2	2.4	3.3
Gain on disposal of associate		-3.9	-30.6	-30.6
Expense for staff option program	7	7.2	5.1	6.8
Other non-cash income and expenses		-5.4	-8.1	-7.1
Changes in working capital and provisions				
Increase in trade and other receivables		-11.0	-30.4	-41.1
Increase/decrease in inventories		2.1	-10.1	-12.5
Increase/decrease in trade and other payables		-17.6	16.4	19.7
Increase/decrease in provisions, accrued expenses and deferred income		9.4	0.9	-0.3
Income taxes paid		-39.8	-15.3	-28.3
Net cash from operating activities		94,8	69.7	107.8
Acquisition of				
Property, plant and equipment		-14,9	-14.2	-19.6
Intangible assets		-4.3	-0.4	-5.4
Minority interests	9.4	-	-3.4	-3.6
Disposal of an associate	6	-	38.6	38.6
Acquisition/Disposal of financial investments		34.9	-	-34.9
Interest received		1.4	2.5	3.3
Net cash used in investing activities		17.1	23.1	-21.6
Exercised warrants and options		20.0	9.5	10.9
Acquisition of treasury shares and settlement of related liability	9.3	-117.0	-78.2	-117.3
Increase/decrease in interest-bearing liabilities		0.5	-0.4	-0.7
Interest paid		-0.3	-1.1	-1.5
Dividends paid	9.2	-55.7	-43.9	-43.9
Cash and cash equivalents used in financing activities*		-152.5	-114.1	-152.5
Increase/decrease in cash and cash equivalents		-40.6	-21.3	-66.4
Cash and cash equivalents at beginning of period*		128.4	194.9	194.9
Effect of exchange rate differences on cash held		-0.4	-0.6	-0.1
Cash and cash equivalents at end of period*		87.4	173.0	128.4

*Cash and cash equivalents including bank overdraft

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR million	Note	30 Sep 2006	30 Sep 2005	31 Dec 2005
Balance at 1 Jan		357.7	356.3	356.3
Foreign exchange translation differences		-8.9	10.9	3.0
Gain/(loss) on hedging instruments		0.6	-4.6	-2.8
Net gains and (losses) recognized directly in equity		-8.3	6.3	0.2
Profit for the period		111.7	111.1	154.7
Total recognized income and expense for the period		103.4	117.4	154.9
Acquisition of treasury shares	9.3	-115.8	-78.2	-126.0
Share options and warrants exercised	9.1	20.0	9.5	10.9
Effect of staff option program	7	7.2	5.1	6.8
Dividends to shareholders	9.2	-55.7	-43.9	-43.9
Change in minority interest	9.4	-	-0.6	-1.2
Balance at end of reporting period		316.8	365.6	357.7

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 Organization

Nobel Biocare Holding AG (the Company) is domiciled in Switzerland. The condensed consolidated interim financial statements of the Company for the period ended 30 September 2006 comprise the Company and its subsidiaries (the Group). The Nobel Biocare Group is an innovative, medical devices group and the world leader in innovative esthetic dental solutions with its brands Brånemark System®, NobelSpeedy™, NobelReplace®, NobelPerfect®, NobelDirect®, Replace® Select (dental implants) and Procera® (individualized prosthetics).

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 18 October 2006.

For the quarterly interim reporting, Nobel Biocare applies the "4-4-5 routine", which means that the first three quarters consist of 13 weeks (4-4-5) each.

Note 2 Statement of compliance

The Group applies International Financial Reporting Standards (IFRS). The condensed consolidated interim financial statements have been prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting*.

Note 3 Basis of preparation

The condensed consolidated interim financial statements are presented in Euro (EUR), rounded to millions with one decimal.

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 that applied to the consolidated financial statements for the year ended 31 December 2005. Income tax expense is recognized based upon the best estimate of the weighted average annual income tax rate expected for the full financial year.

The accounting policies are the same as those applied in the consolidated financial statements for the year ended 31 December 2005, except for the fact that the Group as of 1 January 2006 adopted

a few new and revised standards and interpretations with limited impact on the Group's financial statements. The effect of adopting the standards and interpretations is described below.

Note 4 Effect of adopting new and revised standards and interpretations

The adoption of amended IAS 19 *Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures* did not have an effect on these condensed consolidated interim financial statements. Amended IAS 19 is also not expected to have an impact on the disclosures given, or the amounts recognized, in the 2006 year end consolidated financial statements.

The Group has a Swedish multi-employer pension plan that should be accounted for as a defined benefit plan. However, in line with the Swedish Financial Accounting Standards Council's Emerging Issues Task Force, the plan is reported as a defined contribution plan as Alecta (the pension insurance company) is currently unable to provide sufficient information to report the Group's proportional share of the defined-benefit commitments and the assets under management and expenses associated with the plan. There is also no agreement on how any surplus or deficit should be distributed to the participants in the pension plan. Accordingly, the Group cannot provide the new disclosure requirements in respect of defined benefit plans in amended IAS 19.

As already discussed in more detail in the consolidated financial statements for the year ended 31 December 2005, the IASB and the IFRIC have also issued a number of other new and amended standards and interpretations that are effective for financial periods beginning on or after 1 January 2006. As already indicated, these standards and interpretations have no, or no significant, impact on the Group's consolidated financial statements.

Note 5 Seasonality

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

Note 6 Sale of Entific Medical Systems AB

On 8 March 2005, Nobel Biocare closed the sale of all its shares (34.6 %) in its associate Entific Medical Systems AB for EUR 40.0 million. The sales price was paid in cash and resulted in a net gain of EUR 30.6 million (including directly attributable transaction costs of EUR 1.0 million) and in a net cash inflow of EUR 38.6 million.

On 8 June 2006, all the guarantees related to this transaction expired. Therewith the respective escrow accounts were released and an additional gain on disposal of an associate in an amount of EUR 3.9 million could be realized.

With the release of the escrow accounts, the related restricted cash in an amount of EUR 10,9 million was reclassified from "other receivables" to "cash and cash equivalents".

	in EUR million	
	2006	2005
Gross sales price for 34.6 % participation		40.0
Carrying amount		-4.4
Directly attributable transaction costs		-1.0
Escrow accounts for ordinary guarantees	3.9	-4.0
Gain on disposal of Entific Medical Systems AB	3.9	30.6

Note 7 Share-based payment transactions

On 9 February 2005, the Board of Directors of Nobel Biocare decided on a new staff option program for employees and officers of the Group. The staff option program comprises a total of 1,100,000 options, to be granted over three years. The options vest after approximately 27 months after the grant date and can be exercised during the one-year period starting on the vesting date. The options are conditional on 27 months of service being provided by the employees participating in the plan from the grant date. This program replaces the Company's previous staff option program that was launched in 2001.

During the second quarter of 2005, 324,200 options were granted without consideration under the new staff option program. The exercise price for these options is CHF 252.40, which equals the

average share price during five trading days following the publication of the full year report for 2004. Options granted in 2005 vest on 1 July 2007, and can be exercised during the period 1 July 2007 up to and including 30 June 2008. The fair value of the options granted in 2005 is CHF 42.12.

During March 2006, 350,450 options were granted without consideration under the new staff option program. The exercise price for these options is CHF 298.30, which equals the average share price during five trading days following the publication of the full year report for 2005. Options granted in 2006 vest on 1 July 2008 and can be exercised during the period 1 July 2008 up to and including 30 June 2009. The fair value of options granted in 2006 is CHF 50.25.

Under IFRS 2, the fair value of the options granted is recognized as a personnel expense with a corresponding increase in equity. EUR 7.2 million were charged as a personnel expense for the nine months ended 30 September 2006, of which EUR 2.1 million were charged for the three months ended 30 September 2006. EUR 5.1 million were charged as a personnel expense for the nine months ended 30 September 2005, of which EUR 1.8 million were charged for the three months ended 30 September 2005. The charge relates to options issued under the new staff option program as well as to options under the old staff option program that have not yet vested.

A detailed description of the staff option program can be found in the corporate governance section and in note 18 of the annual report 2005, which is published on the web under www.nobelbiocare.com.

Note 8 Segment reporting

Nobel Biocare's business is conducted in one business segment comprising two product groups, Implants and Crown & Bridge, with similar risks and rates of return. The business is managed on a global basis and is run in four geographical areas. Secondary segment reporting is based on geographical areas, as the risks and returns from the business conducted by Nobel Biocare derive from the global product assortment, supported by the global marketing, quality, logistics and research and development functions.

Revenue by region – 3 rd quarter in EUR million	Jul-Sep 2006	Jul-Sep 2005*	Change in %	
			EUR	local curr.
Europe	51.0	42.1	21.1%	20.9%
<i>Proportion of total revenue</i>	<i>38%</i>	<i>39%</i>		
North America	51.5	44.8	15.0%	18.9%
<i>Proportion of total revenue</i>	<i>39%</i>	<i>41%</i>		
Asia/Pacific	22.0	15.2	44.7%	54.0%
<i>Proportion of total revenue</i>	<i>17%</i>	<i>14%</i>		
Rest of the World	8.0	6.2	29.0%	34.7%
<i>Proportion of total revenue</i>	<i>6%</i>	<i>6%</i>		
Total	132.5	108.3	22.3%	25.3%

Revenue by region – first nine months in EUR million	Jan-Sep 2006	Jan-Sep 2005*	Change in %	
			EUR	local curr.
Europe	186.1	153.9	20.9%	20.9%
<i>Proportion of total revenue</i>	43%	45%		
North America	160.7	125.6	27.9%	24.8%
<i>Proportion of total revenue</i>	38%	37%		
Asia/Pacific	59.1	42.6	38.7%	42.7%
<i>Proportion of total revenue</i>	14%	13%		
Rest of the World	23.1	18.0	28.3%	23.4%
<i>Proportion of total revenue</i>	5%	5%		
Total	429.0	340.1	26.1%	25.1%

*Contrary to prior periods, Russia and the Baltic region are reported under Europe. Comparatives were reclassified to conform with the current period's presentation. Revenue of Europe increased therewith by EUR 1.4 million for the nine months ended 30 September 2005 (EUR 0.5 million for the three months ending 30 September 2005) while revenue of Rest of the World decreased by the same amount.

Note 9 Equity

9.1 Share capital

The total number of outstanding shares in Nobel Biocare Holding AG on 30 September 2006 was 26,234,743 (31 December 2005: 25,954,883). The increase is due to the exercise of warrants and options.

The share capital may be increased by issuing no more than 382,575 shares, each with a par value of CHF 2, to be fully paid up, equaling an amount of no more than CHF 765,150 by virtue of the exercise of option rights granted to employees, directors and officers of the Group.

9.2 Dividend

Based on the AGM decision on 3 May 2006, the Company paid a dividend of CHF 3.50 (2005: CHF 2.65) per bearer share, less 35% withholding tax, to its shareholders on 8 May 2006. The total amount of the gross dividend paid was CHF 87.3 million or EUR 55.7 million (2005: EUR 43.9 million).

9.3 Treasury shares

On 1 January 2006, the Company held 749,650 own shares.

On 28 April 2005, the Annual General Meeting of shareholders of Nobel Biocare Holding AG approved a share buyback program to fund a new staff option program for employees and officers of the group for up to 1,100,000 shares ("the first share back program"). During a two-year period, Nobel Biocare was to purchase shares on the open market. Until 20 March 2006, Nobel Biocare had acquired 1,100,000 shares within this program for a total consideration of EUR 192.1 million. This program is therewith terminated.

Additionally, the Company announced on 7 April 2006 a new share buyback program of maximum 1,500,000 shares on a separate second trading line ("the second share buy back program"). The Company intends to cancel these shares when all the shares under the program have been acquired.

During the nine months ended 30 September 2006, the Company acquired 360,350 shares for a consideration of EUR 65.9 million under the first share buy back program and 270,850 shares for a consideration of EUR 51.4 million under the second share buy back program, in total 631,200 shares for a consideration of EUR 117.3 million, paid in cash. During the three months ended 30 September 2006, the Company acquired 219,000 shares for a consideration of EUR 41.7 million under the second share buy back program, paid in cash. During the nine months ended 30 September 2005 the Company acquired 481,650 shares for a consideration of EUR 78.6 million, during the three months ended 30 September 2005 30,250 shares for a consideration of EUR 5.1 million under the first share buy back program, paid in cash.

The total amount of Nobel Biocare Holding AG shares held by the Company at the end of September 2006 was 1,380,850.

Nobel Biocare's activities within its share buyback program are reported bi-weekly on the web under www.nobelbiocare.com.

9.4 Minority interest

During 2003, 2004 and 2005, Nobel Biocare Sverige AB (after 15 November; Nobel Biocare Holding AB, see below) purchased shares from the minority at a price of SEK 620 per share (plus interest from 16 January 2003 until payment date less deduction for dividends paid between 16 January 2003 until payment), resulting in a minority interest of 51,930 shares (0.2 percent) in Nobel Biocare AB as of 31 January 2005.

At the beginning of February 2005, the remaining minority shareholders agreed that Nobel Biocare Sverige AB could, against a bank guarantee of SEK 49 million, obtain immediate ownership of the remaining 51,930 shares (0.2 percent) in Nobel Biocare AB.

Between 1 February and 31 December 2005, Nobel Biocare Sverige AB (after 15 November 2005; Nobel Biocare Holding AB, see below) purchased 6,815 shares from the minority shareholders. Between 1 January and 30 September 2006, Nobel Biocare Holding AB purchased 5,030 shares (0 shares during the three months ended 30 September 2006) from the minority shareholders at a price of SEK 620 per share (plus interest from 16 January 2003 until payment date less deduction for dividends paid between 16 January 2003 until payment). As the Nobel Biocare Group is the owner of the remaining 40,085 shares (0.2 percent of the total shares), the Group does not present any minority interest as of 30 September 2006 but a liability representing the purchase value of the remaining 0.2 percent shares in Nobel Biocare AB.

On 20 June 2006, the Arbitration panel ruled in favor of Nobel Biocare that the final purchase price for the remaining minority shares, which Nobel Biocare has to pay for is SEK 620 per share (plus interest from 16 January 2003 until payment date less deduction for dividends paid between 16 January 2003 until payment). On 20 August 2006 the Minority filed an appeal against the arbitration award at the Gothenburg District Court.

On 15 November 2005, Nobel Biocare Holding AB and Nobel Biocare Sverige AB merged, whereupon Nobel Biocare Holding AB became party in the compulsory redemption process.

Note 10 Tax

The Group is subject to income tax 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 anticipated tax audit issues based on estimates of whether additional taxes will be due.

In response to a change in The Swedish tax law, Nobel Biocare at the end of 2005 released untaxed reserves creating a current tax liability in the amount of EUR 6.6 million (see note 20 of Nobel Biocare's annual report 2005). These liabilities were paid during the first three months 2006.

Note 11 Ongoing disputes

As was the case at 31 December 2005, there were only a few minor lawsuits and claims pending against the companies of the Nobel Biocare Holding Group as per 30 September 2006 that arose from the Group's ordinary business.

At the beginning of July 2005, a lawsuit against Nobel Biocare claiming patent infringement was filed by a doctor in New York. This suit has been put on hold by the court pending further investigation in the patent office.

During July 2006 Nobel Biocare was served a lawsuit filed in Dusseldorf, Germany, by the Belgium company Materialise NV. Materialise alleges that Nobel Biocare's solution NobelGuide infringes a European patent held by Materialise. Nobel Biocare has previously investigated the patent at issue in the lawsuit as well as the corresponding US Patent. In the opinion of Nobel Biocare and its German and US patent attorneys, Nobel Biocare is not infringing the Materialise patent and Nobel Biocare is confident of the strength of its own patents protecting NobelGuide. The solutions provided with NobelGuide, which are developed by Nobel Biocare in cooperation with Leuven University since 1994 are quite different from the Materialise products.

Also during July 2006 Nobel Biocare has been served a demand for arbitration in the US under a license agreement. The licensor alleges that royalties under the agreement are owed to him for certain additional products. Discussions on the interpretation of the agreement and possible settlement of this dispute are ongoing.

Two Swedish professors have made allegations regarding the product NobelDirect. The issue is handled in the Swedish Medical Products Agency (SMPA). Nobel Biocare fundamentally believes in the quality and safety of this product and has an open and constructive dialogue with SMPA in this matter.

In the opinion of the Management, and based on currently available information, the handling and settlement of these disputes will have no adverse material effect upon the financial position or operation of the Group.

Note 12 Subsequent events

There have not been any material events between the end of the interim period and the date of authorization that would require adjustments to the condensed consolidated interim financial statements or disclosure.