

 <b>ALPHAFORM</b> <hr/> <b>Enabling Technologies and Services</b>	<div data-bbox="758 378 1050 481"></div> <div data-bbox="758 497 1050 600"></div> <div data-bbox="758 616 1050 719"><b>1st Quarter</b></div> <div data-bbox="758 734 1050 837"></div>	<b>2006</b>
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## Alphaform improves earnings in first quarter of 2006

The key figures for the first quarter of financial year 2006 are as follows:

- Consolidated net income from continuing operations after interest and taxes increased slightly year-on-year by €33,000, from €167,000 in the first quarter of 2005 to €200,000 in the first quarter of 2006
- The Group's booked business from continuing operations amounted to €1.1 million as of 31 March 2006 (previous year: €2.5 million)
- At €4,337,000, revenues from continuing operations in the first quarter of 2006 were up 15.5% on the corresponding prior-period figure of €3,755,000
- EBITDA improved from €507,000 in the first quarter of 2005 to €558,000 in the first quarter of 2006
- Net cash from operating activities remained extremely positive at €699,000 for the first three months
- The number of employees at the reporting date 31 March 2006 was 160 (previous year: 185)

### Key figures of the Alphaform Group

T€, except employees and earnings per share	31 March		
	2006	2005	Change in %
<i>Continuing Operations:</i>			
Revenue	4.337	3.755	15,5
EBITDA	558	507	10,1
Operating result	173	151	14,6
<b>Result from continuing operations after tax</b>	<b>200</b>	<b>167</b>	<b>19,8</b>
<b>Result from discontinuing operations</b>	<b>-7</b>	<b>-248</b>	<b>N/A</b>
<b>Total result</b>	<b>193</b>	<b>-81</b>	<b>N/A</b>
Earnings per share from continuing operations	0,04	0,03	33,3
Earnings per share from discontinuing operations	0	-0,05	N/A
Earning per share	0,04	-0,02	N/A
Equity as of March, 31 (2005 as of Dec, 31)	16.411	16.244	1,0
Total assets as of March, 31 (2005 as of Dec, 31)	19.821	19.699	0,6
Equity ratio (percent)	82,8	82,5	0,4
Cash and cash equivalents and securities as of March, 31 (2005 as of Dec, 31)	7.948	7.861	1,1
Group employees as of March, 31	160	185	-13,5

## **Company development/sector overview**

Following the restructuring measures implemented in recent years, Alphaform AG has seen a positive start to the current financial year, with results in the first quarter exceeding expectations.

Developments in the area of generative 3-D layering (rapid prototyping) were especially encouraging. These technologies, which are based at our sites in Munich, Rusko (Finland) and Newbury (UK), recorded strong results in the first three months of the year.

Our activities in the fields of rapid tooling and small-series production using injection moulding are still undergoing fundamental change and are not currently generating the desired results. In order to make progress in this area, the factor costs of production must be reduced, something we intend to achieve by expanding our existing business relationships in the low-cost countries of Eastern Europe. We are aiming to make decisive progress by the end of the year.

A further factor behind the intensification of our activities in low-cost countries is the steady growth in demand on the part of our customers, who are increasingly outsourcing their entire value chain to these countries.

The customer-side demand situation in the first quarter was generally satisfactory, with an increase in the number of development projects across all of our target sectors. At the same time, however, there is still pressure on our margins, which suggests that there is further potential for consolidation in our industry. Our aim is to press ahead with this consolidation, as we expect the market potential of an estimated €200 million to be split across a small number of large providers over the next few years.

## **Financial analysis**

### **Revenue development and order situation**

#### **Consolidated revenues**

Consolidated revenues from continuing operations increased by 15.5% year-on-year, from €3,755,000 in the first three months of 2005 to €4,337,000.

#### **Cost of materials and gross profit**

Despite higher revenues, the gross margin for the first three months of 2006 fell by 3.6% to 75.1% (previous year: 78.7%). The cost of materials rose by €360,000 year-on-year, from €976,000 in the first three months of 2005 to €1,336,000 in 2006. This reflects the expansion of Alphaform's material-intensive core business and the consolidation in the prototype construction market, which has put pressure on margins.

## **Order situation**

At the end of the first three months of 2006, booked business amounted to €1.1, down 56% on the same period of the previous year (31 March 2005: €2.5 million excluding Alphaform-OHP GmbH and Alphaform-Spacecast GmbH). This year-on-year decline in booked business reflects the short-term nature of the core business on which we are systematically focusing.

## **Earnings situation**

### **Earnings development**

By focusing on our core competencies and implementing active cost management, we succeeded in improving our earnings figures in the period under review.

Consolidated net income from continuing operations

Net income adjusted for discontinued operations improved by €33,000 year-on-year, totalling €200,000 as of 31 March 2006 (previous year: €167,000). The losses from discontinued operations in the amount of €7,000 for 2006 and €248,000 for 2005 relate to the discontinued operations of Alphaform-OHP GmbH and Alphaform-Spacecast GmbH (now Alphaform-Projekt GmbH).

After the first three months of 2006, unadjusted net income amounted to €193,000, compared with a net loss of €81,000 for the first three months of the previous year.

### **Staff costs**

In the first quarter of 2006, staff costs increased by €190,000 as against the same period of the previous year. It should be noted that, in the first quarter of 2005, provisions for stock options recognised in previous years were reversed to income in the amount of €116,000.

### **Depreciation and amortisation**

Further investment in the technological development of the Alphaform Group meant that depreciation and amortisation expense increased by €29,000, from €356,000 in the first three months of 2005 to €385,000 in the first three months of 2006.

### **Other operating expenses**

Other operating expenses increased by €59,000 to €981,000 in the first three months of 2006, compared with €922,000 in the same period of the previous year.

## **Financial position**

The consolidated cash flow statement shows the origin and use of the cash flows in the first three months of financial years 2006 and 2005. A distinction is made between net cash from operating activities and net cash used in investing and financing activities.

### **Net cash from operating activities**

Net cash from operating activities in the period from January to March 2006 was up €124,000 on the same period of the previous year, from €575,000 to €699,000. The development in the current financial year was primarily due to an increase in liabilities in the amount of €433,000, which largely resulted from the utilisation of deferred payment terms for the acquisition of capital goods. At the same time, depreciation and amortisation expense increased slightly by €33,000, from €352,000 in the first three months of 2005 to €385,000 in the current year.

Other provisions and liabilities fell by €322,000 in the first three months of the year (previous year: increase of €304,000). The extraordinary rise in other provisions and liabilities in the first quarter of 2005 was primarily due to advance payments for two large tool production projects.

### **Net cash used in investing activities**

In the period from January to March 2006, net cash used in investing activities was primarily impacted by two factors: the further optimisation of the investment policy for cash and cash equivalents, and investments in property, plant and equipment. In the first three months of 2006, current financial assets were acquired for a total of €3,401,000. Investments in property, plant and equipment remained at a high level, albeit down slightly on the comparable prior-year period at €580,000 (previous year: €697,000).

### **Net cash used in financing activities**

Net cash used in financing activities in the first three months of 2006 amounted to €90,000 (previous year: €98,000).

### **Cash and cash equivalents and current financial assets**

Cash and cash equivalents and current financial assets remained essentially unchanged as against the previous year, amounting to €7,948,000 as of 31 March 2006 compared with €7,942,000 as of 31 March 2005.

## **Balance sheet**

At €19,821,000, total assets as of 31 March 2006 were 0.6% higher than the figure of €19,699,000 recorded as of 31 December 2005. The equity ratio remained essentially unchanged after the first three months of 2006 at 82.8%, compared with 82.5% as of 31 December 2005.

## Employee development

Our Company employed 160 people as of 31 March 2006, 13.5% fewer than on the corresponding prior-year reporting date. The decline in the number of employees by 25 as against 31 March 2005 was primarily due to the sale of Alphaform-OHP GmbH and the operations of Alphaform-Spacecast GmbH. The Alphaform Group currently employs a total of 11 trainees.

The employee structure as of 31 March 2006 and 31 March 2005 was as follows:

	31. March		
	2006	2005	Change in %
Alphaform AG	94	82	+14,6
Alphaform-Projekt GmbH (once Alphaform-Spacecast GmbH)	0	14	-100,0
Alphaform-Claho GmbH	33	28	+17,9
Alphaform-OHP GmbH	0	26	-100,0
Alphaform-RPI Oy, Finland	28	31	-9,7
Alphaform Ltd., UK	5	4	+25,0
<b>Total</b>	<b>160</b>	<b>185</b>	<b>-13,5</b>

## Outlook

We benefited from the improvement in the overall economic situation in the first quarter, and we hope that this positive development will prove to be sustainable. Our margins will remain under pressure. In our opinion, this is a sign of the consolidation that we are aiming to achieve in our young industry. We are countering this pressure by improving productivity and leveraging the advantageous factor costs offered by production in low-cost European countries. Our strategy of focusing on our core competencies and the business areas in which we have a strong competitive position is proving its worth, particularly in the light of the significant structural change within our target industries, and we will continue to systematically pursue this approach.

## Risks and opportunities

The Alphaform Group continues to generate a significant proportion of its revenues through project orders from the automotive industry. This industry in particular is characterised by difficult market prospects for suppliers, increasingly aggressive price competition, stricter development budgets and shorter project deadlines at automobile manufactures. In addition, the development landscape of the automotive industry as a whole is changing. We are not always able to predict these processes, meaning that they constitute a significant risk for the utilisation of our capacities and hence for our results. Further risks are described in detail in the Group management report for 2005, which can be found in the 2005 Annual Report.

## Consolidated income statement – unaudited

In T€, with the exception of earnings per share and number of shares

	1 January - 31 March	
	2006	2005
<b>CONTINUING OPERATIONS</b>		
Revenues	4.337	3.755
Changes in inventories	7	105
Other operating income	247	71
Cost of materials	(1.336)	(976)
<b>Gross profit</b>	<b>3.255</b>	<b>2.955</b>
Personnel expenses	(1.716)	(1.526)
Depreciation and amortisation costs and other write-offs	(385)	(356)
Other operating expenses	(981)	(922)
<b>Operating result</b>	<b>173</b>	<b>151</b>
Other interest and similar income	29	28
Write offs of financial assets and marketable securities	0	(0)
Interest and similar expenses	(2)	(12)
Other operating income/expenses	0	0
<b>Result from continuing operations before tax</b>	<b>200</b>	<b>167</b>
Taxes on income	0	0
Other taxes	0	0
<b>Result from continuing operations after tax</b>	<b>200</b>	<b>167</b>
<b>DISCONTINUED OPERATIONS</b>		
loss from discontinued operations	(7)	(248)
loss on disposal	0	0
<b>Net result</b>	<b>193</b>	<b>(81)</b>
<b>Earnings per share</b>		
Profit per share from continuing operations	0,04	0,03
Loss per share from discontinuing operations	0,00	-0,05
<b>Earnings per share</b>	<b>0,04</b>	<b>-0,02</b>
Weighted average number of shares outstanding	5.318.209	5.318.209

The previous year is adjusted

## Consolidated balance sheet – unaudited

T€	<b>31 March</b>	<b>31 December</b>
<b>Assets</b>	<b>2006</b>	<b>2005</b>
Cash and cash Equivalents	1.040	4.361
Short-term investments	6.908	3.500
Trade accounts receivable	2.779	2.898
Inventories	2.373	2.330
Other current assets	330	302
<b>Total current assets</b>	<b>13.430</b>	<b>13.391</b>
Property and equipment, net	5.420	5.286
Goodwill, net	644	644
Other non-current assets	198	219
<b>langfristige Vermögenswerte</b>	<b>6.262</b>	<b>6.149</b>
Assets held for sale and discontinued operations	129	159
<b>Total Assets</b>	<b>19.821</b>	<b>19.699</b>
<b>T€</b>	<b>31 March</b>	<b>31 December</b>
<b>Liabilities and shareholders' equity</b>	<b>2006</b>	<b>2005</b>
Common stock, € 1 par value	5.318	5.318
Additional paid-in capital	31.675	31.675
Accumulated other comprehensive loss	-14	12
Accumulated deficit	-20.568	-20.761
<b>Total shareholders' equity</b>	<b>16.411</b>	<b>16.244</b>
<b>Liabilities</b>		
<b>Noncurrent liabilities</b>		
Noncurrent finance lease obligations	140	181
Bank loans	36	36
<b>Current liabilities</b>		
Current finance lease obligations	359	408
Liabilities	1.467	1.033
Other provisions/ liabilities	1.283	1.605
Provisions and liabilities directly relating to assets held for sale and discontinuing operations	125	192
<b>Total liabilities</b>	<b>3.410</b>	<b>3.455</b>
<b>Total liabilities and shareholders' equity</b>	<b>19.821</b>	<b>19.699</b>

<sup>1</sup> 2004 and 2005: 5,318,209 shares per €1 par value ; authorised capital stock €1,796,604; conditional capital € 531,820

The previous year is adjusted

## Consolidated cash flow statement – unaudited

T€	1 January - 31 March	
	2006	2005
Result from continuing operations after taxes	200	167
Adjustments reconcile net loss to net cash from/used in operating activities		
Depreciation of property, plant and equipment	385	352
Gains on short-term investments	-7	-19
Sale of property, plant and equipment at residual value	32	59
Currency translation differences	-26	12
Equity-based remuneration	0	-117
Bad debt allowances	17	0
Changes in operating assets and liabilities:		
Trade receivables	103	1.208
Inventories	-43	-370
Other current assets	-29	-264
Liabilities	433	-571
Other provisions and liabilities	-322	304
<b>Net cash from operating activities</b>	<b>743</b>	<b>761</b>
Net cash from operating activities (discontinued operations)	-44	-186
<b>Net cash from operating activities (total)</b>	<b>699</b>	<b>575</b>
Acquisition of current financial assets	-3.401	-3.728
Acquisition of property, plant and equipment, excl. finance leases	-580	-697
Proceeds from the sale of property, plant and equipment, excl. finance leases	28	0
Proceeds from principal payments on loans	16	0
Expenses for other loans	5	4
<b>Net cash used in investing activities</b>	<b>-3.932</b>	<b>-4.421</b>
Principal payments on bank loans	0	0
Principals payments under finance leases	-90	-98
<b>Net cash used in financing activities</b>	<b>-90</b>	<b>-98</b>
Net reduction in cash and cash equivalents	-3.323	-3.944
Cash and cash equivalents at beginning of period	4.362	4.625
Cash and cash equivalents at end of period	1.040	681
Short-term investments	6.908	3.500
<b>Cash and cash equivalents including short-term investments at the end of the period</b>	<b>7.948</b>	<b>4.181</b>
<b>Additional cash flow statement disclosures</b>		
Cash paid for interest	2	18
<b>Non-cash transactions:</b>		
Property, plant and equipment acquired under finance leases	0	0
Unrealised gains/losses on the revaluation of securities	0	0

The previous year is adjusted

## Consolidated statement of changes in shareholders' equity – unaudited

	Common Stock		Additional paid-in-capital	Accumulated other comprehensive income	Accumulated deficit	Total shareholders' equity	Total result
	Number of shares	Amount					
All figures in € thousand except number of shares							
<b>IAS/IFRS shareholders' equity as of December 31, 2004</b>	<b>5.318.209</b>	<b>5.318</b>	<b>31.675</b>	<b>148</b>	<b>(14.380)</b>	<b>22.761</b>	<b>(395)</b>
Result from continuing operations					167	167	167
Result from discontinuing operations					(248)	(248)	(248)
Foreign currency translation				(105)		(105)	(105)
Change in shareholders' equity due to realised gains				0		0	(0)
<b>IAS/IFRS shareholders' equity as of March 31, 2005</b>	<b>5.318.209</b>	<b>5.318</b>	<b>31.675</b>	<b>43</b>	<b>(14.460)</b>	<b>22.576</b>	<b>(186)</b>
<b>IAS/IFRS shareholders' equity as of December 31, 2005</b>	<b>5.318.209</b>	<b>5.318</b>	<b>31.675</b>	<b>12</b>	<b>(20.761)</b>	<b>16.244</b>	<b>(6.517)</b>
Result from continuing operations					200	200	200
Result from discontinuing operations					(7)	(7)	(7)
Foreign currency translation				(26)		(26)	(26)
Change in shareholders' equity due to realised gains				0		0	0
<b>IAS/IFRS shareholders' equity as of March 31, 2006</b>	<b>5.318.209</b>	<b>5.318</b>	<b>31.675</b>	<b>(14)</b>	<b>(20.568)</b>	<b>16.412</b>	<b>168</b>

## Notes to the consolidated financial statements – unaudited

The present consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (IASB), London, together with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

### Basis of consolidation

The consolidated financial statements of the Company include Alphaform AG Enabling Technologies & Services and all of its consolidated subsidiaries in full. In the first quarter of 2006, there were no changes in the basis of consolidation as against 31 December 2005. As announced in the 2005 Annual Report, Alphaform-Spacecast GmbH was renamed Alphaform-Projekt GmbH and relocated from Aachen to Feldkirchen by way of a notarised agreement dated 31 January 2006.

The Company had the following wholly-owned subsidiaries as of 31 March:

- |   |      |
|---|------|
| • Alphaform-Projekt GmbH, Feldkirchen         | 100% |
| • Alphaform Limited, Derby, UK                | 100% |
| • Alphaform-Claho GmbH, Garmisch-Patenkirchen | 100% |
| • Alphaform RPI Oy, Rusko, Finland            | 100% |

### Fundamental accounting policies

The interim financial statements are prepared in accordance with the same accounting policies as the consolidated financial statements for the year ended 31 December 2005.

The recommendations of Deutsche Börse on interim financial reporting by companies listed in the Prime Standard also apply.

In preparing the interim financial statements and determining the comparable prior-period amounts, the same consolidation principles were applied as in the 2005 consolidated financial statements.

### Segment reporting

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

Segment information is provided on the Group’s business and geographical segments. The basis for the primary segment reporting format is the Group’s management structure and its internal financial reporting system. Segment earnings and segment assets contain components that are directly attributable to the respective segment or that can be allocated to the segments on a reasonable basis.

The Group primarily consists of the following two geographical segments:

### Central Europe

The Central Europe business segment includes Alphaform AG, Feldkirchen, and Alphaform-Claho GmbH, Garmisch-Partenkirchen.

### North Europe

The North Europe business segment includes Alphaform RPI Oy, Finland, and Alphaform Ltd, United Kingdom.

### Business segments

The revenues in our business segments relate to the generative 3-D layering (rapid prototyping) and CNC milling shaping (rapid tooling) technologies and subsequent injection moulding. Segment revenue information is presented on the basis of the domicile of the respective customer.

T€	Central Europe	North Europe	Not allocated	Group
	2006	2006	2006	2006
<b>CONTINUING OPERATIONS</b>				
Revenues	3.695	985	-343	4.337
<b>Segment earnings</b>	<b>74</b>	<b>94</b>	<b>6</b>	<b>173</b>
Interest income	52	1	0	53
Interest expense	-8	-18	0	-26
Other expenses, net	0	0	0	0
<b>Profit/loss from continuing operations before taxes</b>	<b>118</b>	<b>77</b>	<b>6</b>	<b>200</b>
Income taxes	0	0	0	0
<b>Profit/loss from continuing operations after taxes</b>	<b>117</b>	<b>77</b>	<b>6</b>	<b>200</b>
DISCONTINUING OPERATIONS	-7	0	0	-7
<b>Net result for the period</b>	<b>111</b>	<b>77</b>	<b>6</b>	<b>193</b>

T€	Central Europe	North Europe	Not allocated	Group
	2005	2005	2005	2005
<b>CONTINUING OPERATIONS</b>				
Revenues	3.284	718	-247	3.755
<b>Segment earnings</b>	<b>-14</b>	<b>-76</b>	<b>241</b>	<b>151</b>
Interest income	80	0	-39	42
Interest expense	-12	-13	0	-25
Other expenses, net	0	0	0	0
<b>Profit/loss from continuing operations before taxes</b>	<b>55</b>	<b>-89</b>	<b>202</b>	<b>167</b>
Income taxes	0	0	0	0
<b>Profit/loss from continuing operations after taxes</b>	<b>54</b>	<b>-89</b>	<b>202</b>	<b>167</b>
<b>DISCONTINUING OPERATIONS</b>				
	-248	0	0	-248
<b>Net result for the period</b>	<b>-194</b>	<b>-89</b>	<b>202</b>	<b>-81</b>

The following table shows the geographical distribution of revenues:

Consolidated revenues:

T€	Rapid Prototyping		Rapid Tooling		not allocated		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
Germany	2.296	1.949	379	301	0	0	2.675	2.250
Finland	245	154	168	209	0	0	413	363
UK	485	98	0	225	0	0	485	323
Rest of Europe	657	624	104	156	0	0	761	780
Rest of World	3	38	0	0	0	0	3	38
<b>Total</b>	<b>3.686</b>	<b>2.863</b>	<b>651</b>	<b>891</b>	<b>0</b>	<b>0</b>	<b>4.337</b>	<b>3.755</b>

## Stock option plans

### **Stock option plan 2000**

By way of a resolution dated 8 June 2000, the Annual General Meeting of Alphaform AG authorised the Management Board and the Supervisory Board to issue stock options under the 2000 stock option plan, the main features of which were resolved by the Annual General Meeting. The Annual General Meeting also authorised the Management Board to determine the remaining details relating to the grant of the options and the terms of exercise, subject to the approval of the Supervisory Board. Furthermore, the Annual General Meeting authorised the Management Board, with the approval of the Supervisory Board, to adjust the terms and conditions of the stock options if changes in circumstances or legislation mean that the current terms and conditions are no longer practicable. The new terms and conditions must be as close to the current version as possible.

The Management Board of Alphaform AG may grant stock options to the Company's employees and the executives and employees of its subsidiaries within the meaning of section 15 of the German Stock Corporation Act, and the Supervisory Board of Alphaform AG may grant stock options to the members of the Management Board, within defined periods of no less than three years in each case. A total of up to 10% of issued capital may be issued in the form of stock options. For this purpose, contingent capital in the amount of €359,000 was created by the Annual General Meeting held on 8 June 2000.

The options granted are divided into two tranches. The exercise price for the first tranche amounts to 120% of the market price of the shares on the grant date, while the exercise price for the second tranche amounts to 140% of the market price on the grant date. Options from the first and second tranches may not be exercised for at least two and four years respectively. The options may only be exercised if the market price of the shares has risen by at least 20% or 40% as against the market price of the shares on the grant date of the first or second tranche respectively. All options expire six years after the respective grant date.

By resolution of the Annual General Meeting on 25 May 2001, the terms of the 2000 stock option plan were amended in two aspects relating to the future grant of options under the 2000 stock option plan:

The price of options issued following the entry of the amendment resolution in the commercial register is calculated on the basis of the average closing price of Alphaform's shares in Xetra trading on the Neuer Markt of Deutsche Börse AG during the last 30 trading days prior to the grant date of the subscription rights. For the first half of the options, the price to be paid on exercise is 120% of the average closing price of Alphaform's shares during the reference period. For the second half of the options, the price to be paid on exercise is 140% of the average closing price of Alphaform's shares during the reference period.

In addition, the Annual General Meeting on 25 May 2001 resolved to extend the stock option plan dated 8 June 2000 so that, if options cannot be exercised or expire indefinitely or if the beneficiaries have waived their option rights in writing to the Company, the same number of new options may be issued in place of the old options to the group for which they were originally intended.

## Stock option plan 2001

The Annual General Meeting of Alphaform AG held on 25 May 2001 authorised the Management Board and the Supervisory Board to issue options under the 2001 stock option plan, the main features of which were resolved by the Annual General Meeting. The Annual General Meeting also authorised the Management Board to determine the remaining details relating to the grant of the options and the terms of exercise, subject to the approval of the Supervisory Board. Furthermore, the Annual General Meeting authorised the Management Board, with the approval of the Supervisory Board, to adjust the terms and conditions of the stock options if changes in circumstances or legislation mean that the current terms and conditions are no longer practicable. The new terms and conditions must be as close to the current version as possible.

The Management Board of Alphaform AG may grant a total of up to 34,500 stock options to the Company's employees and the executives and employees of its subsidiaries within the meaning of section 15 of the German Stock Corporation Act, and the Supervisory Board of Alphaform AG may grant the Management Board up to 138,000 stock options.

The conditions in accordance with which the options under the 2001 stock option plan may be exercised are the same as those for the 2000 stock option plan following the amendments resolved by the Annual General Meeting on 25 May 2001.

A total of up to 10% of the Company's issued capital may be issued in the form of stock options under the 2000 and 2001 stock option plans. Contingent capital totalling €531,820 was created for this purpose. No options were granted under the 2001 stock option plan until 2003. No options were granted under the 2001 stock option plan until 2003. All options issued in financial year 2001 were granted under the 2000 stock option plan. In 2003, an additional 138,000 options were granted under the 2001 stock option plan.

The Annual General Meeting held on 30 May 2003 resolved a modification to the existing 2000 and 2001 stock option plans. As a result, the Company was able to create a new method of fulfilling present and future subscription rights subject to the consent of the respective beneficiaries.

Instead of issuing shares against the payment of the exercise prices stipulated under the terms of the respective stock option plans, this modification entitles the Company to issue a smaller number of shares in exchange for the payment of the lowest issue price of €1.00. This gives the Company a greater degree of flexibility in the fulfilment of subscription rights.

	2006		2005	
	options outstanding	Exercise price per share in €	options outstanding	Exercise price per share in €
<b>Outstanding at 1 January</b>	2.000	3,44	143.000	2,24
Granted	-	-	-	-
Cancelled	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
<b>Outstanding at 31 March</b>	2.000	3,44	143.000	2,24

Options outstanding				
Range of exercise prices in €	Outstanding	Weighted-average remaining contractual life in years	Weighted-average exercise price	Options exercisable
2,20	-	-	-	-
3,44	2.000	1,50	3,44	2.000
17,00	-	-	-	-
<b>Total</b>	<b>2.000</b>	<b>1,50</b>	<b>3,44</b>	<b>2.000</b>

The following weighted averages were assumed in calculating the fair value: expected term of six years, risk-free interest rate of 4.0%, volatility of 120% and a dividend yield of 0.0%.

In accordance with IAS/IFRS, the fair value of the options still outstanding was measured using a recognised valuation method for financial instruments. Following an assessment of the market conditions, the likelihood of the options being exercised is currently 0.0%, as the exercise conditions have not yet been met. As a result, shareholders' equity has not been increased by the fair value of the stock options as prescribed by IAS/IFRS, with the exception of the 138,000 options granted to members of the Management Board of Alphaform AG under the 2001 stock option plan. These options were considered to have a high likelihood of being exercised. The Supervisory Board proposed that the Management Board waive their option rights in exchange for the payment of €10,000 per 69,000 options. The Management Board accepted this proposal. The agreed amount was paid in December 2005.

## Shares and subscription rights held by members of executive bodies

	<b>Position</b>	<b>Stock options as of 31 March 2006</b>	<b>Shares as of 31 March 2006</b>	<b>% of share capital <sup>1)</sup></b>
Andreas Daunderer	Chairman of the Management Board		82.300 <sup>2)</sup>	1,5
Dr. Christian Wilkening	Member of the Management Board		130.000 <sup>3)</sup>	2,4
Tobias Seige	Chairman of the Supervisory Board		9.500	0,2
Hans Klingler	Member of the Supervisory Board		0	0,0
Falk F. Strascheg	Member of the Supervisory Board		802.317 <sup>4)</sup>	15,1
<b>Total</b>		<b>0,00</b>	<b>1.024.117</b>	<b>19,2</b>

1) 5.318.209 shares

2) held by Daunderer Vermögensverwaltungs GmbH

3) held by Dr. Wilkening Vermögensverwaltungs GmbH

4) of which 433.583 shares held by Renate Strascheg Holding GmbH;  
of which 368.734 shares held by Falk Strascheg Holding GmbH

## Events after the end of the first three months

Other than the developments already discussed, there were no events after the end of the first quarter of 2006 that are of material importance to Alphaform or that could lead to a different evaluation of the Company.

## **Financial Calendar 2006**

7th Annual General Meeting

Date: 22 June 2006

Venue: Munich

## **Investor Relations**

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This report can be downloaded from the Company's website in English or German.