

 <p><b>ALPHAFORM</b></p> <p>Aktiengesellschaft</p>	<p></p> <p></p> <p><b>3rd Quarter</b></p> <p></p>	<p><b>2006</b></p>
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## Alphaform improves earnings in third quarter of 2006

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

- Consolidated net income from continuing operations after interest and taxes improved year-on-year by €277,000 or 97.9%, from €283,000 to €560,000. For the period from 1 January to 30 September, consolidated net income from continuing operations after interest and taxes improved by €314,000 or 47.0%, from €668,000 in 2005 to €982,000 in 2006.
- The Group's booked business from continuing operations amounted to €1.3 million as of 30 September 2006 (previous year: €1.4 million).
- At €5,453,000, revenues from continuing operations in the third quarter of 2006 were up 28.8% on the corresponding prior-year figure of €4,234,000. Similarly, revenues for continuing operations for the period from 1 January to 30 September improved by €1,389,000 or 10.4%, from €13,418,000 in 2005 to €14,807,000 in 2006.
- EBITDA improved by 33.8%, from €642,000 in the third quarter of 2005 to €859,000 in the third quarter of 2006. EBITDA increased by 16.5% in the period from 1 January to 30 September, from €1,725,000 in 2005 to €2,009,000 in 2006.
- In the third quarter, unadjusted net income improved from €-722,000 in 2005 to €604,000 in 2006. Unadjusted net income for the period from 1 January to 30 September increased by €1,771,000, from €-751,000 in 2005 to €1,020,000 in 2006.
- Earnings per share increased from €-0.14 in the third quarter of 2005 to €0.11 in 2006. For the period 1 January to 30 September, earnings per share improved from €-0.14 in 2005 to €0.19 in 2006.
- Net cash from operating activities remained positive at €2,133,000 for the first nine months (previous year: €1,457,000).
- The number of employees at the reporting date 30 September 2006 was 147 (previous year: 157 including Alphaform-Spacecast GmbH).

## Key figures of the Alphaform Group

T€, expt employees and earnings per share	Quarter 3			1 January - 30 September		
	2006	2005	Change in %	2006	2005	Change in %
<b>Continuing Operations:</b>						
Revenue	5.453	4.234	28,8	14.807	13.418	10,4
EBITDA	859	642	33,8	2.009	1.725	16,5
Operating result	530	265	100,0	902	628	43,6
<b>Result from continuing operations after tax</b>	<b>560</b>	<b>283</b>	<b>97,9</b>	<b>982</b>	<b>668</b>	<b>47,0</b>
<b>Result from discontinuing operations</b>	<b>44</b>	<b>-1.005</b>	<b>N/A</b>	<b>38</b>	<b>-1.419</b>	<b>N/A</b>
<b>Total result</b>	<b>604</b>	<b>-722</b>	<b>N/A</b>	<b>1.020</b>	<b>-751</b>	<b>N/A</b>
Earnings per share from continuing operations	0,11	0,05	120,0	0,18	0,13	38,5
Earnings per share from discontinuing operations	0,01	-0,19	N/A	0,01	-0,27	N/A
Earning per share	0,11	-0,14	N/A	0,19	-0,14	N/A
Equity as of September, 30 (2005 as of Dec, 31)				17.260	16.244	6,3
Total assets as of September, 30 (2005 as of Dec, 31)				19.946	19.699	1,3
Equity ratio (percent)				86,5	82,5	4,9
Cash and cash equivalents and securities as of September, 30 (2005 as of Dec, 31)				8.344	7.861	6,1
Group employees as of September, 30				147	157	-6,4

## Company development/sector overview

2006 has been a satisfactory financial year for the entire Alphaform Group so far.

We continue to see developments in the area of generative 3-D layering (rapid prototyping) as positive. These technologies, which are based at our sites in Munich, Rusko (Finland) and Newbury (UK), recorded strong to very strong results in the first nine months of the year. We are continuing to make efforts to further improve the productivity of these high-wage locations, as well as initiating the market launch of various technical innovations.

Our activities in the fields of rapid tooling and small-series production using injection moulding are still undergoing fundamental change. The first effects of the implemented measures are evident and contribute to the necessary improvement in earnings. To achieve this, we are currently 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 the low-cost countries is the steady growth in demand on the part of our customers, who are increasingly outsourcing their entire value chain, including product development, to these countries. We intend to expand our position as market leader in these new regional markets.

The customer-side demand situation in the third 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. We will continue to observe the ongoing development of the economy closely.

## **Financial analysis**

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

#### **Consolidated revenues**

Consolidated revenues from continuing operations increased by more than 10% year-on-year, from €13,418,000 in the first nine months of 2005 to €14,807,000 in the first nine months of 2006. On a quarterly basis, consolidated revenues increased by almost 29%, from €4,234,000 in the corresponding quarter of the previous year to €5,453,000 in the third quarter of 2006.

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

The gross profit for the third quarter of the year increased from €3,232,000 in 2005 to €3,622,000 in 2006. However, the margin fell by 9.9% to 66.4% (previous year: 76.3%). Compared with the first nine months of the previous year, gross profit increased from €9,619,000 to €10,525,000, with an approximately steady margin of 71.1% in 2006 compared with 71.7% in 2005. The cost of materials rose by €730,000 year-on-year, from €4,038,000 to €4,768,000. This reflects the expansion of Alphaform's materials-intensive core business.

#### **Order situation**

At the end of the first nine months of 2006, booked business amounted to €1.3 million, down 7.8% on the same period of the previous year (30 September 2005: €1.4 million excluding Alphaform-OHP GmbH and Alphaform-Spacecast GmbH).

### **Earnings situation**

#### **Earnings development**

By focusing on our core competencies, maintaining a good order situation, and implementing active cost management, we succeeded in further improving our earnings figures in the period under review.

Net income adjusted for discontinued operations improved by €314,000 year-on-year, totalling €982,000 as of 30 September 2006 (previous year: €668,000). The losses from discontinued operations in the amount of €1,419,000 in 2005 result from the discontinued operations of Alphaform-OHP GmbH. The unadjusted net income amounting to €38,000 posted in 2006 contains the reversal of rent provisions relating to the discontinued

operations of Alphaform-Spacecast GmbH (now Alphaform-Projekt GmbH). After the first nine months of 2006, unadjusted net income amounted to €1,020,000, compared with a net loss of €751,000 for the first nine months of the previous year.

Unadjusted net income for the third quarter of 2006 amounted to €604,000, compared with €-722,000 in the corresponding period of 2005.

### **Staff costs**

In the first nine months of 2006, staff costs increased by €186,000 as against the same period of the previous year. It should be noted that, in the first nine months of 2005, provisions for stock options recognised in previous years were reversed to income to the amount of €116,000. In relation to revenues, the staff cost ratio decreased in the first nine months from 36.8% in 2005 to 34.6% in 2006. It must be taken into account that, for a large individual project, the number of staff was increased with temporary employees at a volume of around €180,000. These costs are contained in Other operating expenses. Even taking the temporary employment costs into account, the staff ratio at 35.8% is still below that of 2005.

### **Depreciation and amortisation**

Further investment in the technological development of the Alphaform Group meant that depreciation and amortisation remained almost steady over the first nine months compared with the prior-year period (2006: €1,107,000, 2005: €1,097,000). For the third quarter alone, there was a slight decrease in depreciation and amortisation from €377,000 in 2005 to €329,000 in 2006.

### **Other operating expenses**

Other operating expenses increased by €436,000 to €3,397,000 in the first nine months of 2006, compared with €2,961,000 in the same period of the previous year. This was mainly due to the costs of around €180,000 for temporary employees, increases of around €45,000 in rental costs, ancillary rental costs and maintenance expenses for the production facilities in the United Kingdom, the increase of around €40,000 in outward freight costs, and the increase in consulting expenses in the amount of €57,000 and the increase in further training costs in the amount of €34,000.

### **Financial position**

The consolidated cash flow statement shows the origin and the use of the cash flows in the first nine 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 September 2006 was €676,000 up on the same period of the previous year, from €1,457,000 to €2,133,000. This was primarily due to the improved earnings and the sale of property, plant and equipment at residual values amounting to €434,000. By contrast, the €524,000 decrease

in inventories must be seen in connection with the increase in receivables amounting to €654,000.

Depreciation and amortisation expenses increased only slightly by €36,000, from €1,091,000 in the first nine months of 2005 to €1,127,000 for the same period of the current year.

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

In the period from January to September 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 nine months of 2006, current financial assets were acquired for a total of €3,582,000. Investments in property, plant and equipment remained at a high level, albeit down slightly on the comparable prior-year period at €1,457,000 (previous year: €1,929,000).

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

Net cash used in financing activities in the first nine months of 2006 amounted to €322,000 (previous year: €283,000).

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

Cash and cash equivalents and current financial assets increased by €734,000 as against the previous year, amounting to €8,344,000 as of 30 September 2006 compared with €7,610,000 as of 30 September 2005.

### **Balance sheet**

At €19,946,000, total assets as of 30 September 2006 were up 1.3% on the figure of €19,699,000 recorded at 31 December 2006. The equity ratio increased by 4.0%, from 82.5% as of 31 December 2005 to 86.5% as of 30 September 2006.

At 30 September 2006, receivables increased by €624,000 and inventories decreased by €524,000 as against the reporting date 31 December 2005. This was due to a significant small-series order that was primarily produced in the second and third quarters of 2006 and that was fully invoiced by the end of the third quarter.

## Employee development

Our Company employed 147 people as of 30 September 2006, 6.4% less than on the corresponding prior-year reporting date. The decline in the number of employees by 10 as against 30 September 2005 was primarily due to the sale of Alphaform-Spacecast GmbH. The Alphaform Group currently employs a total of 11 trainees.

The employee structure as of 30 September 2006 and 30 September 2005 was as follows:

	30 September		Change in %
	2006	2005	
Alphaform AG	94	85	+10,6
Alphaform-Projekt GmbH (once Alphaform-Spacecast GmbH)	0	6	-100,0
Alphaform-Claho GmbH	31	32	-3,1
Alphaform-OHP GmbH	0	0	0,0
Alphaform RPI Oy, Finland	16	27	-40,7
Alphaform Ltd., UK	6	7	-14,3
<b>Total</b>	<b>147</b>	<b>157</b>	<b>-6,4</b>

## Outlook

We continued to benefit from the improvement in the overall economic situation in the first nine months of the year. It will, however, be necessary to observe macroeconomic trends closely. 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 Eastern 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. We also expect business to develop positively in the fourth quarter.

## 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 automotive manufacturers. 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	Quarter 3		1 January - 30 September	
	2005	2004	2006	2005
<b>CONTINUING OPERATIONS</b>				
Revenues	5.453	4.234	14.807	13.418
Changes in inventories	-605	30	-179	-193
Other operating income	301	132	665	432
Cost of materials	-1.527	-1.164	-4.768	-4.038
<b>Gross profit</b>	<b>3.622</b>	<b>3.232</b>	<b>10.525</b>	<b>9.619</b>
Personnel expenses	-1.599	-1.629	-5.119	-4.933
Depreciation and amortisation costs and other write-offs	-329	-377	-1.107	-1.097
Other operating expenses	-1.164	-961	-3.397	-2.961
<b>Operating result</b>	<b>530</b>	<b>265</b>	<b>902</b>	<b>628</b>
Other interest and similar income	39	30	100	84
Write offs of financial assets and marketable securities	0	0	0	0
Interest and similar expenses	-6	-11	-17	-42
Other operating income/expenses	0	0	0	0
<b>Result from continuing operations before tax</b>	<b>562</b>	<b>284</b>	<b>985</b>	<b>670</b>
Taxes on income	0	0	0	0
Other taxes	-2	-1	-3	-2
<b>Result from continuing operations after tax</b>	<b>560</b>	<b>283</b>	<b>982</b>	<b>668</b>
<b>DISCONTINUED OPERATIONS</b>				
loss from discontinued operations	44	-93	38	-507
loss on disposal	0	-912	0	-912
<b>Net result</b>	<b>605</b>	<b>-722</b>	<b>1.020</b>	<b>-751</b>
<b>Earnings per share</b>				
Profit per share from continuing operations	0,11	0,05	0,18	0,13
Loss per share from discontinuing operations	0,01	-0,19	0,01	-0,27
<b>Earnings per share</b>	<b>0,11</b>	<b>-0,14</b>	<b>0,19</b>	<b>-0,14</b>
Weighted average number of shares outstanding	5.318.209	5.318.209	5.318.209	5.318.209

The previous year is adjusted

**Consolidated balance sheet – unaudited**

T€	30 September	31 December
<b>Assets</b>	<b>2006</b>	<b>2005</b>
Cash and cash Equivalents	1.216	4.361
Short-term investments	7.128	3.500
Trade accounts receivable	3.522	2.898
Inventories	1.806	2.330
Other current assets	221	302
<b>Total current assets</b>	<b>13.893</b>	<b>13.391</b>
Property and equipment, net	5.196	5.286
Goodwill, net	644	644
Other non-current assets	122	219
<b>langfristige Vermögenswerte</b>	<b>5.962</b>	<b>6.149</b>
Assets held for sale and discontinued operations	91	159
<b>Total Assets</b>	<b>19.946</b>	<b>19.699</b>
T€	30 September	31 December
<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	6	12
Accumulated deficit	-19.739	-20.761
<b>Total shareholders' equity</b>	<b>17.260</b>	<b>16.244</b>
Liabilities		
Noncurrent liabilities		
Noncurrent finance lease obligations	84	181
Bank loans	36	36
Current liabilities		
Current finance lease obligations	183	408
Liabilities	1.062	1.033
Other provisions/ liabilities	1.277	1.605
Provisions and liabilities directly relating to assets held for sale and discontinuing operations	44	192
<b>Total liabilities</b>	<b>2.686</b>	<b>3.455</b>
<b>Total liabilities and shareholders' equity</b>	<b>19.946</b>	<b>19.699</b>

<sup>1</sup> 2004 and 2005: 5,318,209 shares per €1 par value ; authorised capital stock €2,659,104; conditional capital € 531,820

The previous year is adjusted

## Consolidated cash flow statement – unaudited

T€	1 January - 30 September	
	2006	2005
Result from continuing operations after taxes	982	668
Adjustments reconcile net loss to net cash from/used in operating activities		
Depreciation of property, plant and equipment	1.127	1.091
Gains on short-term investments	-45	-57
Sale of property, plant and equipment at residual value	434	192
Currency translation differences	-6	178
Equity-based remuneration	0	-117
Bad debt allowances	31	3
Changes in operating assets and liabilities:		
Trade receivables	-654	1.369
Inventories	524	381
Other current assets	80	37
Liabilities	29	-825
Other provisions and liabilities	-326	-464
<b>Net cash from operating activities</b>	<b>2.176</b>	<b>2.455</b>
Net cash from operating activities (discontinued operations)	-43	-998
<b>Net cash from operating activities (total)</b>	<b>2.133</b>	<b>1.457</b>
Acquisition of current financial assets	-3.582	-3.304
Acquisition of property, plant and equipment, excl. finance leases	-1.457	-1.929
Proceeds from the sale of property, plant and equipment, excl. finance leases	-14	163
Proceeds from principal payments on loans	31	0
Expenses for other loans	65	7
<b>Net cash used in investing activities</b>	<b>-4.957</b>	<b>-5.063</b>
Principal payments on bank loans	0	0
Principals payments under finance leases	-322	-283
<b>Net cash used in financing activities</b>	<b>-322</b>	<b>-283</b>
Net reduction in cash and cash equivalents	-3.146	-3.889
Cash and cash equivalents at beginning of period	4.361	4.624
Cash and cash equivalents at end of period	1.216	735
Short-term investments	7.128	6.875
<b>Cash and cash equivalents including short-term investments at the end of the period</b>	<b>8.344</b>	<b>7.610</b>
<b>Additional cash flow statement disclosures</b>		
Cash paid for interest	17	58
<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					668	668	668
Result from discontinuing operations					(1.419)	(1.419)	(1.419)
Foreign currency translation				61		61	61
Change in shareholders' equity due to realised gains				0		0	0
<b>IAS/IFRS shareholders' equity as of September 30, 2005</b>	<b>5.318.209</b>	<b>5.318</b>	<b>31.675</b>	<b>209</b>	<b>(15.130)</b>	<b>22.072</b>	<b>(690)</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					983	983	983
Result from discontinuing operations					39	39	39
Foreign currency translation				(6)		(6)	(6)
Change in shareholders' equity due to realised gains				0		0	0
<b>IAS/IFRS shareholders' equity as of September 30, 2006</b>	<b>5.318.209</b>	<b>5.318</b>	<b>31.675</b>	<b>6</b>	<b>(19.739)</b>	<b>17.260</b>	<b>1.016</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” of 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 and all of its consolidated subsidiaries in full. In the first six months of 2006, there were no changes in the basis of consolidation as against 31 December 2005. As announced in the 2005 financial 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 30 September:

- |  |      |
|--|------|
| • Alphaform-Projekt GmbH, Feldkirchen          | 100% |
| • Alphaform Limited, Newbury, UK               | 100% |
| • Alphaform-Claho GmbH, Garmisch-Partenkirchen | 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.

### General information

The Annual General Meeting on 22 June 2006 resolved to change the name of the Company. The name of the Company is now **Alphaform AG**.

In accordance with Article 5 (2) of the Articles of Association, the Management Board was authorised by resolution of the Annual General Meeting on 7 June 2004 to increase the share capital by a certain method until 7 June 2009 with the approval of the Supervisory Board (Authorised Capital 2004). The Annual General Meeting of 22 June 2006 resolved to terminate this Authorised Capital 2004. Furthermore, the Annual General Meeting on 22 June 2006 resolved to create a new Authorised Capital in the amount of up to

€2,659,104.00 and to revise Article 5 (2) of the Articles of Association (amount of share capital). As a result, the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the Company by a total of up to €2,659,104.00 by issuing new no-par value bearer shares against cash or non-cash contributions on one or more occasions up until 22 June 2011; shareholders' subscription rights may be excluded in part or in full under certain conditions (Authorised Capital 2006).

Mr. Hans Klingler stepped down as a member of the Supervisory Board with effect from the end of the Annual General Meeting on 22 June 2006. Mr Dr. Hans J. Langer was elected to the Supervisory Board with effect from the end of the Annual General Meeting on 22 June 2006 for the remaining term of office of the departing member of the Supervisory Board, Mr. Hans Klingler, i.e. until the end of the Annual General Meeting that resolves to approve the actions of the members of the Supervisory Board for financial year 2007.

### **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	13.139	2.333	-665	14.807
<b>Segment earnings</b>	<b>794</b>	<b>135</b>	<b>-27</b>	<b>902</b>
Interest income	185	4	-89	100
Interest expense	-34	-71	89	-17
Other expenses, net	0	0	0	0
<b>Profit/loss from continuing operations before taxes</b>	<b>944</b>	<b>68</b>	<b>-27</b>	<b>985</b>
Income taxes	-3	0	0	-3
<b>Profit/loss from continuing operations after taxes</b>	<b>941</b>	<b>68</b>	<b>-27</b>	<b>982</b>
DISCONTINUING OPERATIONS	38	0	0	38
<b>Net result for the period</b>	<b>979</b>	<b>68</b>	<b>-27</b>	<b>1.020</b>

T€	Central Europe	North Europe	Not allocated	Group
	2005	2005	2005	2005
<b>CONTINUING OPERATIONS</b>				
Revenues	11.638	2.840	-1.060	13.418
<b>Segment earnings</b>	<b>490</b>	<b>-116</b>	<b>254</b>	<b>628</b>
Interest income	216	0	-131	84
Interest expense	-31	-56	44	-43
Other expenses, net	0	0	0	0
<b>Profit/loss from continuing operations before taxes</b>	<b>675</b>	<b>-172</b>	<b>166</b>	<b>669</b>
Income taxes	-2	0	0	-2
<b>Profit/loss from continuing operations after taxes</b>	<b>673</b>	<b>-172</b>	<b>166</b>	<b>667</b>
DISCONTINUING OPERATIONS	-1.418	0	0	-1.418
<b>Net result for the period</b>	<b>-745</b>	<b>-172</b>	<b>166</b>	<b>-751</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	7.858	6.660	1.387	1.716	0	0	9.245	8.376
Finland	666	566	569	472	0	0	1.235	1.038
UK	1.318	1.666	1	2	0	0	1.319	1.669
Rest of Europe	2.327	1.607	247	484	0	0	2.574	2.091
Rest of World	430	230	4	15	0	0	434	244
<b>Total</b>	<b>12.599</b>	<b>10.729</b>	<b>2.208</b>	<b>2.689</b>	<b>0</b>	<b>0</b>	<b>14.807</b>	<b>13.418</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. 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 30 September</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	1,00	3,44	2.000
17,00	-	-	-	-
<b>Total</b>	<b>2.000</b>	<b>1,00</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 30 Sept 2006</b>	<b>Shares as of 30 Sept 2006</b>	<b>% of share capital<sup>1)</sup></b>
Andreas Dauderer	Chairman of the Management Board		62.685 <sup>2)</sup>	1,2
Dr. Christian Wilkening	Member of the Management Board		78.800 <sup>3)</sup>	1,5
Tobias Seige	Chairman of the Supervisory Board		9.500	0,2
Hans Klingler	Member of the Supervisory Board (by the 22.6.2006)		0	0,0
Falk F. Strascheg	Member of the Supervisory Board		802.317 <sup>4)</sup>	15,1
Dr. Hans J. Langer	Member of the Supervisory Board (as of 22.6.2006)		976.659 <sup>5)</sup>	18,4
<b>Total</b>		<b>0,00</b>	<b>1.933.961</b>	<b>36,4</b>

1) 5,318,209 shares

2) held by Dauderer 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

5) of which 976,659 shares held by LHUM Vermögensverwaltungs GmbH

## Events after the end of the first nine months

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

## **Financial Calendar 2006**

Analysts' Conference

Date: 7 December 2006

## **Investor Relations**

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