ANNUAL REPORT 2014

→ KEY GROUP FIGURES

(In € million)	2014	2013	2012	2011	2010 (restated)	2009
Revenue	29.1	25.9	27.1	26.3	20.7	19.4
EBIT	-2.6	-5.8	0.8	-1.3	-1.5	-3.8
EBITDA	-1.3	-3.5	2.0	1.0	0.6	-1.4
Earnings per share	-0.42	-1.16	0.10	-0.30	-0.29	-0.71
Operational cash flow	-2.0	-0.3	0.2	1.7	-0.2	-0.8
Equity ratio (in %)	48	42	60	60	56	58

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Dear Shareholders,

Alphaform AG experienced a very eventful 2104 financial year, which we assess positively when viewed overall. Following an extremely difficult year in 2013 and the reported loss of € 6.2 million, we have succeeded in bringing our company forward significantly. Thus the Alphaform Excellence programme to restructure Alphaform and to prepare for growth and scalability has impacted in many areas and is having a positive impact on our earnings development. This is particularly true of our subsidiaries Alphaform-Claho and MediMet – and consequently of our Additive Manufacturing Metals and Rapid Tooling business segments as well as Precision Casting. These performed as planned.

We also significantly increased our revenue and paved the way for further strong growth and a successful future for our company. To this end, we substantially increased our sales capacity and invested in new machinery and equipment to an extent previously unknown at Alphaform.

As a positive consequence of this, we can now print products from aluminium and steel as part of our layer manufacturing process. This means the number of materials which we process and our competitiveness have increased. We were delighted by the fact that we received a framework order from a major automotive manufacturer in October in this connection. With a volume over € 10 million, spread over three years, this is the largest single order in the history of our company to date.

However, there have been some setbacks in recent months. This is particularly true of our main plant in Feldkirchen near Munich, which stands for the Additive Manufacturing Plastic business segment and consequently for a focal point of our 3D printing business. We had to cope with far greater difficulties as part of the reorganisation here than initially expected. This led to an exceptional charge, most notably in the second half, and ultimately had an adverse impact on both our results and our revenue. We recognised these problems at the end of the third quarter and provided information on them as part of our reporting on the first nine months.

Specifically, we increased our revenue in the 2014 financial year by 12.4% to € 29.1 million and consequently posted far more rapid growth than most other listed companies in Germany. However, we had originally targeted revenue of € 30 million. We reduced the loss from the € 6.2 million in the 2013 financial year mentioned above to € 3.2 million. Consequently, we are in the middle of turning the company around. However, we did not reduce the loss to the extent we had planned at the beginning of 2014. This was due, in particular, to non-recurring effects based on the restructuring of our company and the difficulties in Feldkirchen as well as an extraordinary write-down on receivables from Formula 1 companies.

Overall, however, the financial year confirmed our assessment that Alphaform generally has a very attractive product portfolio and consequently has above-average growth potential. This is true first and foremost for our 3D printing activities. The challenge is to leverage this potential.

3D printing stands for a new industrial revolution for many experts. We endorse this view absolutely. However, a great deal of work is still needed to achieve this; in particular, 3D printing companies need to evolve. We therefore adopted a new corporate strategy roughly a year ago, which envisages Alphaform transforming itself from a company mainly involved in prototyping to a company, which - building on prototyping - positions itself as a 3D printing serial producer.

Substantial investment is needed for the transition from cottage industry production to industrial production processes. We also have to obtain certifications to be allowed to supply series parts in regulated industries, in particular. And finally we must succeed in convincing our existing customers and also new target groups of the advantages of 3D printing and generate orders to this effect.

All these aspects take time, involve costs and a great deal of work. However, in our opinion, they are the correct path to consolidating Alphaform's position as one of the leading 3D printing companies. In this connection, our medium-term scenario currently extends five years into the future. We assume that Alphaform can achieve annual double-digit growth in revenue in this period – provided that the general economy does not slip back into recession. Specifically, we expect to achieve growth in the current year mainly from orders from our regular target groups. From 2016, the switch to being a series producer as well as the development of new customer groups is likely to gradually contribute to our growth.

Alphaform has ambitious goals. Even if the way forward – as the past has shown us unfortunately – is not likely to follow a steady upward trend, they are still realistic given the substantial growth potential of 3D printing. We wish to exploit the opportunities the market offers us and would be delighted if you, as shareholders, would continue to support us on this path.

Yours sincerely,

Dr Hanns-Dieter Aberle
CEO

Supervisory Board report

Ladies and gentlemen,

The Supervisory Board monitored and advised the Management Board in the 2014 financial year and performed the other duties required of it in accordance with the law and the Articles of Association. The Supervisory Board was also directly involved in all decisions of fundamental importance to the Alphaform Group. The Management Board also informed the Supervisory Board of the ongoing activities of the Group at all times in written and verbal reports outside its meetings. In addition to the latest financial and order details for the Group, the detailed monthly reports also covered the current earnings situation of the individual Group companies and an estimate for the year as a whole. The Supervisory Board was regularly informed of the status of the implementation of the resolved strategy, planning, business performance, the risk situation and risk management.

There were five meetings of the Supervisory Board in the 2014 financial year on 25 February, 25 March, 5 June, 15 September and 8 December 2014. The Supervisory Board also adopted resolutions outside meetings, if necessary. The meeting on 25 March 2014 dealt mainly with activities in connection with the 2013 annual financial statements. The meeting on 25 February 2014 focused on the company's strategy and the Group's financial position. The other meetings focused on the current position of the company and the general development of the market. Other topics such as the organisation of the company, remuneration systems, the current requirements of the German Corporate Governance Code and individual transactions were reviewed and discussed in detail. In its meeting on 15 September 2014, the Supervisory Board dealt with measures for the accelerated implementation of strategy and possible changes to the strategic direction of the company. All members of the Supervisory Board took part in all Supervisory Board meetings in the 2014 financial year.

In addition, the Chairman of the Supervisory Board held monthly talks with the Management Board. These meetings included intensive discussion of deviations in business performance from planning and as against the previous year based on the monthly reports, and the discussion of aspects of the future orientation of the Group. The main subjects were:

- Organisation and restructuring measures of the Alphaform Group
- Prioritising measures to increase the profitability of the company's core business areas
- Advising the Management Board with additional external consulting mandates on the accelerated implementation of strategy
- Further professionalisation of the Management Board with the appointment of two new Management Board members, a CEO and a CFO
- Improving productivity and capacity through investment, examining the need to extend the Feldkirchen location
- Reviewing new emerging markets with a view to profitable growth
- Reviewing the strategy and medium-term planning of the Alphaform Group for further discussion of the strategic options available
- Reviewing and developing the risk recognition and monitoring system set up, raising capital by making use of the relevant authorisations from the Annual General Meeting, analysis of the capital market and consideration of shareholders' interests.

German Corporate Governance Code

As in past years, the recommendations and proposals of the German Corporate Governance Code were discussed in detail by the Management Board and Supervisory Board, with both bodies declaring that the recommendations as currently amended were largely complied with in the past and will also be complied with in future – since the publication of the current version on 13 May 2014 that came into effect on 6 June 2014. For further details, please refer to the separate corporate governance report of the Management Board and Supervisory Board.

The auditor provided the Supervisory Board with the statement of independence demanded by the Corporate Governance Code in item 7.2.1 and disclosed the audit and consulting fees accrued in the respective financial year to the Supervisory Board.

Annual and consolidated financial statements and other disclosures

The annual financial statements of Alphaform AG as at 31 December 2014, the consolidated financial statements as at 31 December 2014 prepared in accordance with the provisions of the IAS making use of the exemption allowed under section 292 HGB and the management report of Alphaform AG and the Group management report for the 2014 financial year were audited by Häckl, Schmidt, Lichtenstern GmbH, Wirtschaftsprüfungsgesellschaft, Munich and issued with an unqualified audit opinion.

The auditor's reports on the audit of the annual financial statements of Alphaform AG and consolidated financial statements were made available to all members of the Supervisory Board in good time prior to the accounts meeting and were discussed in detail in the presence of the auditor at the meeting held on 24 March 2014. The auditor reported on the key findings of his audit and was available to the Supervisory Board to answer questions and provide additional information. In this meeting the Management Board also reported on the scope, focus and costs of the audit, the progress in transactions and profitability, namely the return on equity. We raised no objections based on the findings of our own audit and therefore concur with the audit's findings. The Supervisory Board endorsed the annual and consolidated financial statements prepared by the Management Board. The financial statements have therefore been adopted in accordance with section 172 of the Aktiengesetz (AktG – German Stock Corporation Act).

The Supervisory Board and the Management Board also discussed the respective quarterly reports for the 2014 financial year in detail in accordance with item 7.1.1 of the Code prior to their publication.

In accordance with section 317(4) HGB, the auditor performed a review and concluded that the Management Board has established a monitoring system that meets the legal requirements for the early detection of risks that jeopardise the future of the company as a going concern and that the Management Board has taken appropriate measures to identify developments early on and to avert risks.

Members of the Supervisory Board/personnel information

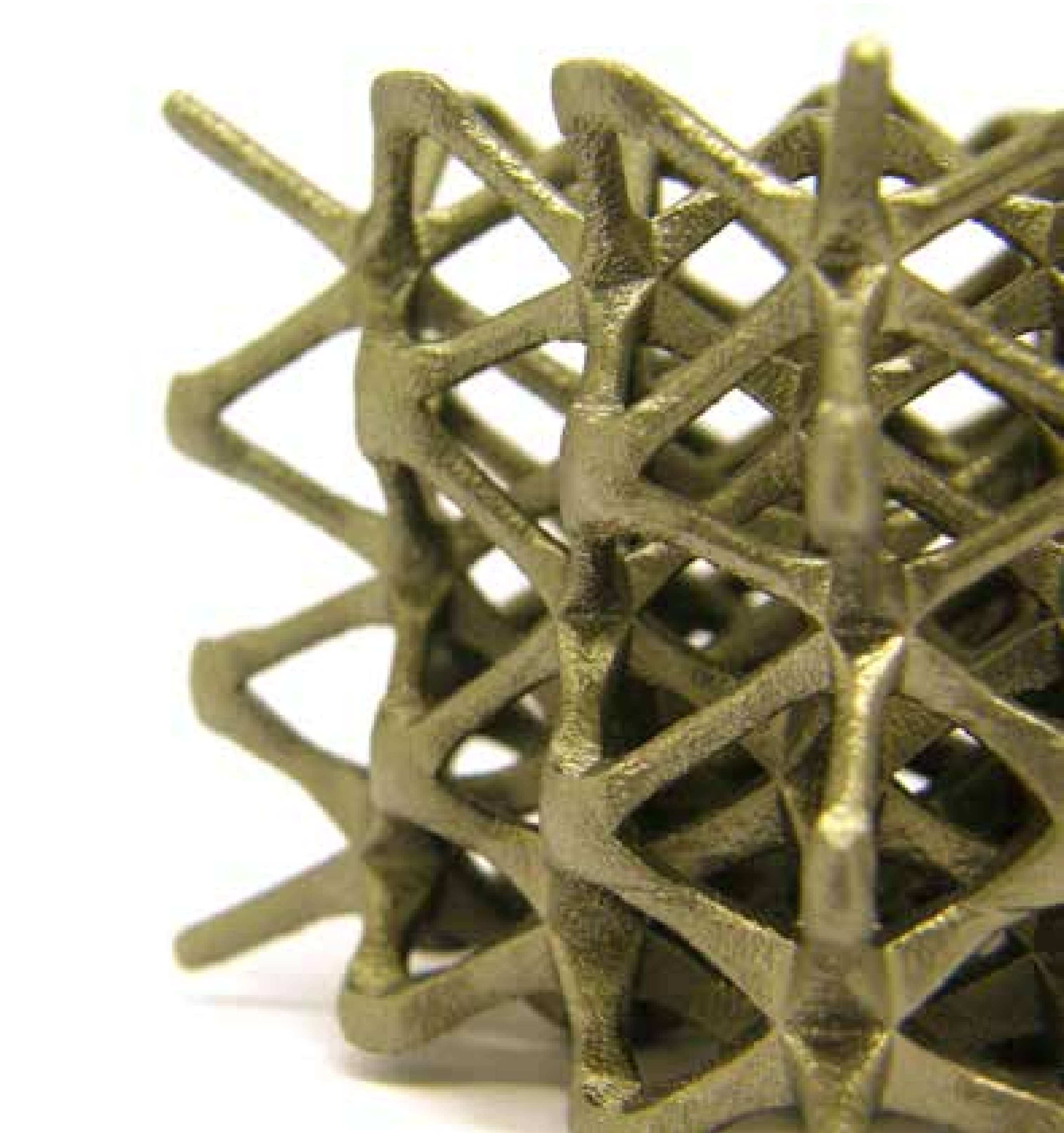
There was one personnel change in the Supervisory Board during the last financial year. Mr Matti Paasila stepped down from his position as Chairman of the Supervisory Board and member of the Supervisory Board of Alphaform AG at the end of 31 December 2014 for personal reasons. The Munich Local Court appointed Mr Götz Ganghofer as an additional member of the Supervisory Board on 14 January 2015. The Supervisory Board elected Mr Ganghofer as its new Chairman on 28 January 2015.

On 28 March 2014, the Supervisory Board recalled Dr Thomas Vetter as a member of the Management Board and appointed Dr Hanns-Dieter Aberle as the new CEO. The Supervisory Board appointed Mr Thomas Kresser as an additional member of the Management Board in the role of CFO with effect from 1 October 2014.

The Supervisory Board would like to thank the Management Board and all the employees of the Alphaform Group for their hard work and commitment in the challenging 2014 financial year. In addition, the Supervisory Board would like to express its gratitude to Alphaform AG's shareholders for the trust they have placed in the company.

Feldkirchen, March 2015

Götz Ganghofer
Chairman of the Supervisory Board



„We want to post double-digit growth this year“

Interview with the Alphaform CEO
Dr Hanns-Dieter Aberle and with the CFO Thomas Kresser

Mr Aberle, you were appointed as the CEO of Alphaform AG at the end of March 2014. How do you rate the first nine months in your new role?

Aberle: The last few months have been full of work and challenging, as well as being sobering at odd moments, but they have always been very interesting and positive by and large. Alphaform is a company with a great deal of potential, which must be leveraged to a greater degree. My vital task was and is to take Alphaform forward on the path to becoming an industrial manufacturing company.

Mr Kresser, you have been with the company for a far shorter period than Mr Aberle, having only assumed the role of CFO on 1 October 2014. You previously held very senior posts at far larger companies, most recently at Alstom Deutschland AG. Is Alphaform particularly challenging?

Kresser: Absolutely. The work here is far more diverse than it is in a large company. At Alphaform, I have assumed responsibility for both operational and traditional holding tasks, which would not happen in a larger company. And I have done so in a very exciting situation – both with regard to the restructuring of the company and also the prospects for growth and the questions regarding the financing of the company and its organisation resulting therefrom.

Aberle: Let me make a point here: firstly, we are restructuring the company and secondly, we are pursuing a very rapid growth path. Basically, it's a case of squaring the circle. As part of the restructuring, we have pressed ahead with the Alphaform Excellence programme which was established for our German plants. At the same time, the Alphaform Excellence programme is helping to implement the new corporate strategy defined at the beginning of 2014. We have invested heavily in our machinery in both the second half of last year and in the first few months of 2015 and have also recruited staff to pave the way for Alphaform's growth and to expedite it. If you compare that with the end of 2013, when there was a huge investment backlog, you can see an enormous difference, both qualitatively and quantitatively speaking.

Has the Alpha Excellence programme met your expectations? After all, you had to announce in mid-October 2014 that the restructuring of Alphaform was resulting in substantial additional costs.

Aberle: One has to make a distinction between the individual locations here. Alphaform-Claho in Eschenlohe and our subsidiary MediMet in Stade have performed as planned. The respective Alphaform Excellence programme has met our expectations there. However, the process issues at our main plant in Feldkirchen were far more extensive than originally thought. This necessitated additional measures, which affected our net result for the period and revenue.

Was the Alphaform Excellence programme not implemented in Feldkirchen?

Aberle: Yes, we also launched the programme in Feldkirchen. However, it emerged that the measures envisaged were not sufficiently far-reaching and we had to tackle things far more fundamentally than planned. To put it metaphorically: we found ourselves in the situation of a home-owner wishing to replace the rotten floor in his house but who discovers, having ripped out the floor, that the majority of the supports are also rotten. We therefore added an 11-point programme to the previous Alphaform Excellence programme for Feldkirchen. This is currently being worked through.

Dr. Hanns-Dieter Aberle
Thomas Kresser

Kresser: In my opinion, the problems in production at Feldkirchen were completely underestimated. This is why the figures for the plant for 2014 are no better than those for 2013. But at least

Dr. Hanns-Dieter Aberle

Thomas Kresser

qualitatively speaking – and that is the positive aspect – there are already marked differences at Feldkirchen compared with the previous year. The problems there are no longer being put off but are rectified logically and continuously step by step. Unfortunately, this was not the case in the past. Restructuring is very labour-intensive, expensive and is also causing frictional losses. But, here too, we are now on the right course, even though it's not going entirely without any setbacks.

How do you rate the figures for 2014?

Kresser: Similarly. We did not achieve our original targets entirely because of the problems mentioned but we are moving in the right direction. Despite the problems in Feldkirchen, we increased revenue by 12.4% to € 29.1 million in 2014. This is very respectable figure. Our net loss for the year was virtually halved, namely to € 3.2 million. That is very significant. We had originally assumed a far smaller reduction in the loss.

The fact that your cash flow is also negative is striking.

Kresser: This is caused by various factors. One of which is our substantial investment. This is the primary reason why our cash flow as a whole will also be negative in the current 2015 financial year. However, I assume that we shall achieve positive operating cash flow during the year.

What about your other projected figures for 2015?

Aberle: We want to build on the positive trend from 2014. Our aim is achieve double-digit growth in revenue again and also improve the result significantly. We want to make further progress with the restructuring of Alphaform.

What are your plans beyond 2015?

Kresser: We wish to post continuous double-digit growth over the next few years.

Where is this growth to come from?

Aberle: From our traditional business segments and customer groups in the current financial year. At the same time, we expect all our companies to grow. Growth will increasingly come from new customer groups over the next few years. We are working very hard at opening up new customer groups and at developing existing business relationships significantly. For example, the aviation industry is a target group here, for which 3D-manufactured articles would be ideal. The issue of 3D printing for medical technology is also still very much on the agenda. More foreign markets are also an option. We are, for example, not yet represented in Italy, France or Spain. We still do not generate any significant revenue there. By contrast, we are one of the major players shaping the market in Germany. However, it will take time before the target groups and markets mentioned make a relevant contribution to our revenue and performance. This will not happen overnight. We still have a fair amount of work ahead of us.

You mentioned that you are implementing the corporate strategy defined at the beginning of 2014 consistently. What is the key point of this strategy?

Aberle: The primary aim is to achieve the transition from a cottage industry to industrial production. The disruptive innovation „3D printing" offers possibilities and opportunities, which have been excellently described by major visionaries such as Roland Berger, such as „freedom of design", „elimination of tooling" or „elimination of production steps". We must work with our existing customers and the new customer groups, whom we are targeting, to identify and realise the specific applications. This is how we will achieve customer benefit and growth in our day-to-day operations.

What exactly does this mean?

Aberle: In simple terms it means the following: in the past, Alphaform's 3D printing mainly stood for the production of prototypes and samples, for the design departments of automotive manufacturers or consumer goods manufacturers for instance. Our aim is to position ourselves increasingly as a supplier of complex components for small to medium-sized series products. However, to do so, we must change and switch production from cottage industry manufacturing to industrial production processes. As a result, we are assuming a genuinely pioneering role among 3D producers.

Will you withdraw from prototype production as a result?

Aberle: No, of course not. This is and will remain important for us. However, we want to expand our range of services starting from prototyping to industrial manufacturing. Take the automotive industry, for example. Here, we are a traditional, well-established partner of development departments, who supplies them with initial prototypes for numerous parts. Previously, our 3D business was often restricted to this. We can and must overcome this boundary. Precisely because we are involved in the initial development phase, we can identify which parts we can also offer automotive manufacturers as series products. To put it briefly: we shall remain a reliable partner for our customers in prototyping. However, in our opinion, the substantial growth potential of 3D printing lies in manufacturing series products using 3D technology as well.

Will you really be able to compete with traditional series manufacturers? The advantage of additive production is precisely that small quantities can be manufactured flexibly and at relatively low prices.

Aberle: We shall certainly not be able to compete price-wise on large series but we see good opportunities for small series of 10, 100 or even perhaps 1,000 items. Let's take the automotive manufacturers' pilot series, for example. These are manufactured in the quantities mentioned for crash tests and driving tests or even for showrooms before actual large series production starts. We are very competitive with these pilot series.

Kresser: Incidentally, this is also clear from the framework order, which we received from a major automotive manufacturer in October 2014. It takes us in this direction exactly. It was the largest order that Alphaform had ever received and have a volume of € 10 million spread over three years.

Aberle: Companies from the aerospace industry, such as Airbus or its suppliers, whom we increasingly intend to acquire as customers, are also traditional small series manufacturers. They will also be virtually unable to do without 3D printing in the medium and long-term.

You have mentioned the substantial investment needed for growth. Where have you invested?

Aberle: We installed a total of 12 new machines in 2014 and the first few months of 2015. These are both large SLS machines (laser sintering machines) and modern STL machines (stereo-lithography machines). Part of the investment was attributable to the framework order from the automotive manufacturer.

Will you invest more in 2015?

Kresser: Undoubtedly, as we will not be able to generate the planned growth without a further expansion in our machines. We must also gradually replace some of our existing machines with new ones. We still have a certain amount of ground to make up.

You also carried out two capital increases to finance the investment in the 2014 financial year. In addition, you received a loan from two anchor shareholders. Are more capital measures imminent in 2015?

Kresser: We must continue to invest if we want to grow rapidly in 2015 and beyond. We need financial resources to do so. We therefore decided on another capital increase in mid-March 2015, from which Alphaform received around € 1.1 million less commission and costs. We are also discussing additional measures. However, it is too early to make a decision on these.

Aberle: I said at the beginning that Alphaform is a company with a great deal of potential but it must be leveraged. We operate in an industry, which many experts think has the highest growth prospects anywhere. If we wish to maintain and expand our leading position in 3D printing, we shall therefore need more capital in future.

COMPARISON OF LOCATIONS

Who does what in the Alphaform Group? An overview of the locations and their activities.

GERMANY: FELDKIRCHEN
Additive Manufacturing Plastic

Alphaform's largest plant is located at the company's headquarters in Feldkirchen near Munich. The Bavarian capital is generally regarded as Germany's high-tech centre. However, many companies are not based de facto in Munich itself but in the affluent suburbs around it. As is Alphaform. The company has rented a red brick building in the municipality of Feldkirchen some 15 km from the centre of the city. At first glance, it looks like a traditional office building but this is an illusion. It is not only the Group Management Board and the administrative departments of Alphaform that are located here but actually the plant that generates the highest revenue for the company – meaning that it also houses substantial production facilities.

Specifically, Alphaform's Additive Manufacturing Plastic business segment is based in Feldkirchen, which also stands for the Group's rapid prototyping business. „We specialise in laser sintering and stereo-lithography. Consequently, we mainly manufacture prototype parts and models from resin and plastic powder using 3D printing," explains Christian Zirsky, the plant manager. However, the range of services in Feldkirchen extends beyond this. It also comprises modelling, finishing, coating as well as metal coating. This gives the plastic parts, which designers install in the first car models, a realistic metallic appearance and a high degree of mechanical stability.

Particularly the design departments of German automotive manufacturers and automotive suppliers have always been Alphaform's most important customers. However, in addition, the plant also works for aerospace companies like Airbus, for companies in the household appliance and electronics industry and even for companies that offer private customers 3D articles via the Internet and then have them manufactured by Alphaform.



Zirsky has only been managing the plant since the beginning of October 2014. The 56-year old mechanical engineer from Austria brings a great deal of experience to this role – most notably from his previous employment in the automotive supply industry. Consequently, he also knows how the greatest challenges at Feldkirchen can be managed:

- the switch from cottage industry-type production to an industrial production process and
- turning the business round after the plant made losses in both 2013 and 2014.

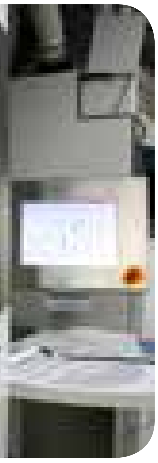
To do so, Alphaform has added a further package of measures to its Alphaform Excellence programme. Among others, Zirsky views optimising operational sequences and processes step by step, introducing better control mechanisms, rectifying sources of errors on a preventative basis and consequently improving quality and delivery reliability as his key tasks in this connection. This is a very complex challenge. Ultimately it is a case of intervening in the operational sequences and processes very fundamentally and, at the same time, also motivating the 90 employees or so, who include many specialists such as goldsmiths and dental technicians to accept and implement the changes. Zirsky also stresses that the continuous improvement is having to take place „under more difficult conditions", since the plant is dealing with larger quantities and more orders at the same time because of Alphaform's rapid growth path.

The premises in Feldkirchen are also very oddly shaped with limited, cramped space, which also makes the task more difficult. „It all gives the impression of a rather overgrown cottage industry," says Christian Zirsky. And Hanns-Dieter Aberle, the CEO of Alphaform, confirms: „Actually industrial production in Feldkirchen is very difficult." (Please refer to the interview on page 10). In response to this, Alphaform has also rented new premises for production in Heimstetten, roughly one kilometre from the current location.

A spacious manufacturing hall gives the impression of a modern factory here. Meanwhile, the hall contains six newly acquired laser sintering machines, which are currently used predominantly to process orders from a framework order received from a major automotive manufacturer in 2014.

But it will not stay like this, as the company is looking at moving its entire production to the new premises. That would be a major challenge because the move would have to take place in stages while production continued without limiting the company's ability to deliver and the reliability of its deliveries. It would also take a great deal of time to dismantle the machines in Feldkirchen and install them in Heimstetten plus this task can only be carried out by the manufacturer. Nevertheless, in ideal circumstances, the move could be completed by the first quarter 2016.

Certifications are another means by which Zirsky can tackle the tasks mentioned. These represent a key condition for Alphaform being able to make further progress into series production with its 3D-manufactured products. A plant must have the relevant certification to be able to supply products that can be used in aircraft construction for example. And in the automotive industry, more and more companies are also demanding that their series suppliers have the relevant certifications. While these certifications are very expensive, they are likely to be worthwhile in the medium-term. Particularly in the case of small series, where the parts used are frequently modified if possible, parts produced using 3D layering processes are becoming ever more competitive compared with injection-moulded parts, stresses Alphaform. The opportunities emerging from this are those that the company wishes to exploit by switching to industrial production.

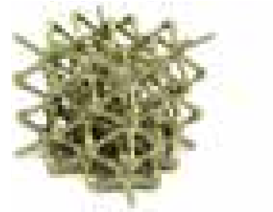


GERMANY: ESCHENLOHE
Additive Manufacturing Metal and Rapid Tooling

The registered office of the Alphaform subsidiary Alphaform-Claho GmbH is located an hour's drive from the headquarters in Feldkirchen. It is located in Eschenlohe in the Zugspitz region. Anybody who associates the Bavarian Alps primarily with tourism and a picturesque mountain backdrop is somewhat mistaken in the case of Alphaform-Claho GmbH It is true that the plant is just next to the picture-perfect mountains but visitors encounter high-tech, high-quality products there rather than Alpine folklore This is immediately apparent to anybody entering the company's premises, where the first thing they see is four cases displaying part of Claho's product range. This includes plastic and metal parts for the automotive industry as well as medical implants made of metal such as hip joint implants or cranial trauma plates from the finest mesh structures. The latter were manufactured using laser sintering processes – that is using additive production methods in 3D printing – and consequently represent a relatively new area of business for Claho. By contrast, the former represent the company's traditional mainstays.

Oliver Rebele is the Managing Director of Claho, which was established in 1997. The 51-year old master toolmaker has worked for the company since 2004 and is consequently one of the longest-serving managers in the Alphaform Group. Rebele has a team of some 45 employees mainly working in production. They cover Additive Manufacturing Metal and Rapid Tooling business segment within the Group structure.

While there is some crossover between the customers of the plant at the Alphaform headquarters in Feldkirchen and those of the subsidiary in Eschenlohe, there is no crossover between the products manufactured here. While the plant in Feldkirchen is involved solely in 3D printing and manufacturing parts from sintering materials, as they are known, Alphaform-Claho focuses on toolmaking, CNC milling and the manufacture of parts from materials, which will also be used in the series at a later date. „For example, Feldkirchen mainly works with design and development companies in the automotive industry, while we work with departments that are responsible for experimental and pilot series models," explains Rebele clearly. „Before an automotive manufacturer can actually bring a car to market, he must manufacture experimental vehicles to be able to carry out crash tests for instance, to try out the vehicle or to exhibit the first models at dealers before actual series production starts. This is where we come into play. Since while it is still incidental whether a part is manufactured from the subsequent original material or from alternative layering materials during the design phase, it is different for the vehicles needed for tests and for small series. Here all the parts must be the same as the ones used in the large series," continues Rebele. In some cases, Claho is also still involved when actual series production starts. To this end, it starts by manufacturing the tools needed and subsequently produces the relevant parts. Especially these very labour-intensive tool and mould-making activities are traditionally a very important mainstay of the company. They recently contributed over half of Claho's revenue.
In addition to its traditional business, Claho is also evolving into a 3D printing provider step-by-step. It has installed three new laser sintering machines in the last three months alone. At the same time, in contrast to the plant in Feldkirchen, Claho is concentrating on 3D printing in metal. It can print parts made of titanium, aluminium and steel. According to Rebele, Alphaform is now also able to manufacture prototypes and series orders from metal using these machines. A framework order, which Alphaform received from a large automotive manufacturer in the previous year, is already ensuring good basic utilisation of the new machines' capacity. Claho is responsible for its share of metal parts.



Similarly to the Alphaform plant in Feldkirchen, large automotive groups and automotive suppliers traditionally rank among Claho's most important customers. The company generates over half its revenue from them. The medical technology segment is the second most important area; close collaboration with the MediMet affiliate plant in Stade is envisaged here. In addition, Claho also produces for electro-technical companies, for companies from the aerospace sector, for universities and research institutions. In doing so, it supplied its products to some 20 countries, including surrounding European countries but also Argentina and the USA, in 2014.

The industrial sector, in particular, was responsible for a strong upward surge in Alphaform-Claho's revenue in 2014. Revenue rose by approximately 30% to around € 5 million in 2014. Rebele is planning a similarly impressive growth rate for 2015. He wants to generate € 6.5 million in the current year. The Managing Director expects that revenue is still likely to be largely driven by customers from the traditional branches of industry. However, he expects more moderate growth from medical technology. There are easily comprehensible reasons for this.

Claho already supplies large numbers of implants, for example bone replacement implants made of titanium „directly in the OR", stresses Rebele. The company is also EN ISO 13485 certified, of which the key claim is the product safety of medical products. Without EN ISO 13485 certification, customers would not accept Claho implants in the first place. The fact that there is tremendous potential here is beyond doubt for all experts. Growth is being curbed by the very time-consuming and expensive approval processes. These slow down the market launch of implants, for example, even if a newly developed product is widely recognised as being better than those previously used. As a result, there are still very few series-produced 3D products in medical technology today. „The right growth in medical products will only materialise when 3D printing has cleared approval hurdles on a large scale," says the Managing Director.

But there are grounds for optimism! Rebele expects Claho to receive a series order for the manufacture of a hip implant produced using 3D printing with a defined surface structure for the first time in 2015. This would give it a pioneering role in Germany. „We have been working on this process with our customers for a total of four years," he outlines the time that the development and approval of the implant has already taken.

Should metal 3D printing progress faster than expected, Rebele could be faced with entirely new challenges. The plant would certainly have to be expanded. To be sure, Claho has approximately 2,300 m2 for production, administration and storage in Eschenlohe. „However, we have more and more machines and the new machines are far bigger than the old ones," says Rebele. The production premises are already bursting at the seams. Claho is therefore planning an extension on reserve land, which would provide a further 1,200 m^2. Planning permission will be applied for in the near future. Oliver Rebele hopes that the extension will be ready to move into at the beginning of next year. That would be the best case – however, it is still not clear when construction can actually start.

GERMANY: STADE
Precision Casting

Anybody wishing to experience the Alphaform Group's Precision Casting business segment live must travel to the far north of Germany. MediMet Precision Casting and Implants Technology GmbH is based there in the Hanseatic City of Stade. Currently around 100 employees manufacture medical implants, such as knee and hip implants but also clips to fix ligaments, as used in tendon operations, in the subsidiary, which has been owned by Alphaform since 2008.

Generally, the implant market is regarded as not particularly sensitive to changes in the economic climate. Many experts are also forecasting continuous growth for it because of the steadily ageing population. However, MediMet has been the greatest source of anxiety in the Alphaform Group in the recent past. That changed in 2014. Having experienced very difficult times in 2012 and 2013, during which the company posted substantial losses and had a very adverse impact on consolidated net income, the Alphaform Excellence programme had a dramatic effect on MediMet last year, says Hanns-Dieter Aberle, the CEO of Alphaform.

Katrin Hagemann is responsible for the implementation of the restructuring programme. The 32-year old graduate in materials science and expert in precision casting has worked for the company since 2011 and has been the Managing Director of MediMet since 2014. „We increased revenue to € 7.7 million in 2014 and almost broke even in terms of EBIT," is how she summarises the latest figures. „Consequently, we have exceeded our forecasts." MediMet manufactured approximately 170,000 implants in total and is consequently back to previous years' production levels following the slump in 2013.

Production needs to be extremely flexible, which means that automation is only possible to a limited degree despite the substantial total quantities involved. There are numerous work steps requiring a great deal of work by hand between the manufacture of a wax mould produced using 3D printing, which is then poured, and a polished, tested and certified implant. An implant must pass through the hands of around 10 employees before it is finished. On average one and a half working hours are needed to produce a part of this kind. „Basically, we have a cottage industry here in which we process over 2,000 different implants simultaneously in some cases," explains Hagemann.

As part of the restructuring, she therefore concentrated, among other things, on improving production processes and organisational processes. However, this can only be effected in stages, through a continuous process of improvement, as it is very difficult to increase the degree of automation, explains the Managing Director.

MediMet's core competence is to supply minute and small series up to several thousand items within a very short time frame. The company's production range also includes individual parts and prototypes produced using the precision casting process. Most products are manufactured from cobalt-chrome, but the company also processes steel and titanium for its products.

The range of services extends from production of the rough implants to finishing. MediMet's core business is the technically complex manufacture of cast blanks using the precision casting process. It supplies them to customers, who process them further before sending the finished implants to hospitals and doctors.

However, in restructuring the company, Hagemann has not only concentrated on production and organisational processes. In 2014, she also focused on the company's management structure, on staff motivation and training to cut the error rates. MediMet has also strengthened its sales team.

However, there is more to be done. Since the challenge that the Management Board of Alphaform has issued to MediMet for 2015 as well is the same challenge it has issued for the Group as a whole: namely restructuring the company while achieving strong growth at the same time. Accordingly, the target for MediMet is to improve earnings further and to increase revenue again.

Activities will, therefore be focused on improving and developing customer support in 2015, since the market is key to a successful growth strategy. This includes improving adherence to delivery dates, lead times and efficiency to achieve optimal positioning on the market. In addition to these targets, the restructuring topics of the previous year will be pursued with yet more vigour. In particular, plans will focus on the continuous optimisation of the organisation and production processes and improvements in quality management, with the aim of stabilising the company's situation long-term.

Hagemann will also try to exploit opportunities for growth. Among other opportunities, she believes that a greater degree of internationalisation will provide a platform for growth. In 2014, MediMet supplied its products, which are EN ISO 13485-certified, to six countries. This figure is to increase in the current year. In addition to some European countries, MediMet is also looking at the options for exporting implants to the USA in this connection. The managing director also sees growth potential in Germany itself. At present, the company's three largest customers are based in Switzerland and not in the company's domestic market.

Finally, there are opportunities for growth from offering customers more services and increasingly supplying finished implants and not just the raw products.

MediMet is also working on a general expansion of its product range. In the medium-term, the development of laser sintering of implants in Stade in close collaboration with its affiliate Claho is on the cards. The company has also set up a development project involving titanium casting. However, it is likely to take some time before this is really reflected as a relevant amount in revenue. Like Alphaform-Claho, MediMet is also confronted with a highly regulated market in the 3D printing of implants, in which new projects require a great deal of time. In the opinion of its managing director, it is all the more important for the implant manufacturer's medium-term prospects, to acquire promising new projects and develop them with customers now. The company's excellent reputation could open doors here. According to Hagemann, „MediMet has an excellent reputation of supplying good quality at a reasonable price."

FINLAND: RUSKO
3D production as in Germany

Alphaform not only produces in Germany but also in south-western Finland, in the small town, numbering 6,000 inhabitants, of Rusko. In its plant, which is located in a greenfield site, the Alphaform subsidiary Alphaform RPI Oy offers its customers virtually all the 3D technologies offered by the Group in Germany. „Our range of services extends from plastic sintering through stereo-lithography to rapid casting with metals,“ says Dan Björklöf, the Managing Director of Alphaform RPI Oy. „Consequently, here in Finland, we are basically a small copy of Alphaform Germany's 3D business segment.“ 15 of the 17 employees work in production with only 2 in sales and administration.

The Finish subsidiary also resembles the Alphaform headquarters in Germany is one other respect. Like the headquarters in Feldkirchen, the rural town of Rusko is linked to a very strong economic area. Rusko is part of the Turku agglomeration, which is the third largest, rapidly expanding agglomeration in the country. The drive from Alphaform RPI Oy to Turku airport takes only 10 minutes. The centre of the rapidly expanding city of 184,000 inhabitants can also be reached very rapidly.

The fact that the Finish subsidiary, which was formerly part of the Electrolux Group, is well positioned can be seen from looking at its customer file. This comprises a total of some 900 customers, including all the major companies in Finland, explains Björklöf. For around a third of the customers, Alphaform is a partner that was involved at a very early stage of these companies' product development processes. This is particularly true of companies in the medical technology and electronics sectors. Alphaform RPI Oy concentrates particularly closely on these segments.

The 45-year old manager estimates Alphaform RPI Oy's market share of the industrial 3D segment in Finland at around 70%. This shows how strong the company's position is there. Business in Finland has been very stable for years. However, the strong market share also limits the prospects for growth on the domestic market. Revenue in Finland is forecast to reach a similar level to previous years in 2015, says Björklöf. He therefore wants to generate growth on foreign markets in particular. Specifically, Björklöf is planning to exceed the recent growth in revenue of five to ten percent per annum in the current financial year. As a result, he intends to boost revenue from the recent figure of € 2.5 million towards the € 3 million mark. He will focus on Sweden in particular in so doing. However, Alphaform RPI Oy is also active in Norway and the Baltic States. Alphaform is the market leader in Estonia, as it is in Finland.

Unlike the parent company, the Finns are also positioning themselves in the private customer segment. Since 2014, they have been working hard on the development of an Internet platform for the B2C sector. This was launched in the first quarter of 2015 at the website www.printit3d.fi. Currently, customers can have lifelike 3D models of themselves printed using whole-body scans for € 50 for example. However, this is just the beginning. Björklöf is planning far more extensive services for private customers. However, the Alphaform manager is far from seeing any hype around 3D printed objects for private customers. Of course 3D printing allows anybody to produce everyday articles such as cups and mobile phone cases or even hobby articles such as model railways to their own design but he stresses that „it is still a first-mover market". „Nevertheless, I think it is now the right moment for us to get involved here and position ourselves." However, the investment required will only lead to noticeable growth in the company's revenue when there are smart phones that can produce 3D scans. According to the forward-looking Björklöf, this will be the case in the foreseeable future.

UNITED KINGDOM: NEWBURY BERKSHIRE
Resins for Formula 1

Alphaform's second major foreign subsidiary, Alphaform Ltd., is based in southern England in the town of Newbury, which has 50,000 inhabitants, in Berkshire. This is a good geographical location since most of this world's Formula 1 racing teams also develop and construct their racing cars in the open country of southern England – and, at the same time, are the Alphaform subsidiary's most important customers.

Alphaform Ltd. has two USPs within the Group. Firstly, it is currently purely a sales office and secondly, it generates the majority of its revenue not from the production of prototypes or other 3D articles but from supplying special resins to the Formula 1 racing teams. Traditionally, however, the teams also place production orders for vehicle parts with Alphaform, which are manufactured either in Germany or Finland. In this respect, Alphaform is also involved in its traditional business as a producer of 3D parts in the UK.

The UK subsidiary's revenue recently amounted to € 3.4 million, meaning that it has grown continuously in recent years. Despite this, the head office in Feldkirchen has reduced staff numbers in the UK in the past. Currently, the Group only employs two sales staff there, who report to Dan Björklöf, the Managing Director of Alphaform RPI Oy in Finland. He is planning to expand the UK business and develop the existing activities beyond Formula 1. In this connection, the two sales staff are to concentrate primarily on the automotive sector and medical technology – on firms from sectors, which also rank as Alphaform's core customers in Germany. The orders generated will then be processed either in Finland or in Germany.

The fact that the business in the UK has potential is beyond doubt. In any case, it remains one of the top industrial locations in Europe. The fact that Alphaform could reduce the relative significance of its Formula 1 business would be a positive side effect of the expansion since this is not without risk. This recently became apparent in the 2014 financial year when Alphaform had to recognise an extraordinary impairment charge of € 0.2 million because two racing teams filed for bankruptcy.

Alphaform shares

Share price performance

The price of Alphaform shares fluctuated significantly in 2014. Again and again, the share fluctuated wildly within a few days. For example, the share price firmed by 70% to an annual high of € 4.07 between 4 February and 10 February, having fallen sharply in the days before.

The Alphaform share price softened perceptibly compared with the closing price at the year-end. On the final day's trading in 2014, the share stood at € 2.43, which was 20.1% down on the 2013 closing price of € 3.04. However, the price has recovered ground since the beginning of 2015. Alphaform's shares were quoted at € 2.60 on 23 March 2015, meaning a 7% upturn compared to the end of 2014.

The market capitalisation amounted to € 18.19 million at the end of 2014 after € 16.17 million at the end of the previous year. This increase was attributable to the increased number of shares following the capital increases. It rose from 5,318,209 shares at the end of 2013 to 7,485,387 shares at the end of 2014.

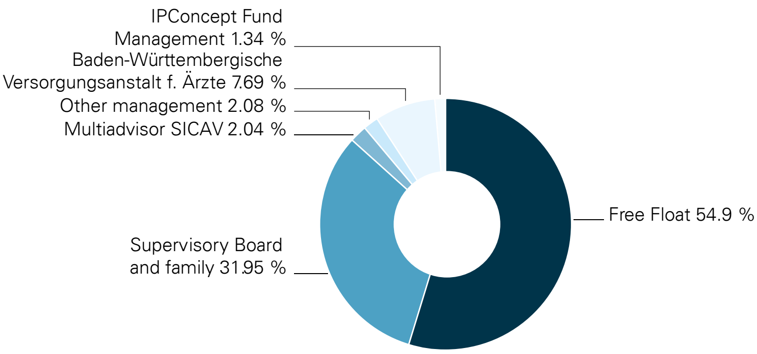
As in previous years, Alphaform put a great deal of work into maintaining a dialogue with investors and devoted a great deal of attention to communicating with the capital market in 2014. The Group therefore organised an Investors Conference in February 2014, which took place at the headquarters in Feldkirchen. Here Alphaform received both institutional investors and representatives from the financial press. In November, the company was represented at the Equity Forum in Frankfurt. Alphaform's dedicated capital market communications were rounded off by a large number of one-on-one talks with investors and press representatives, reporting on company events and general press relations activities. In addition to Alphaform's own activities, studies on the company by Close Brothers Seydler Research (now Oddo Seydler) provided the capital markets with further information. Since communication with the latter is an ongoing process for Alphaform, it continued of course in the early months of 2015.

Price data on the Alphaform share

Closing price on final day of trading in 2013	€ 3.04
Closing price on first day of trading in 2014	€ 3.04
Closing price on final day of trading in 2014	€ 2.43
Closing price 23 March 2015	€ 2.60
Lowest price in 2014 (31.10.2014)	€ 2.03
Highest price in 2014 (10.02.2014)	€ 4.07

Shareholder structure

Alphaform has a very balanced shareholder structure. Just under a third of its shares were in family hands as at 31 December 2014, with almost 55% in free float and the remaining shares held by institutional investors and employees.



Price performance of Alphaform shares in 2014

Key data on Alphaform shares in 2014

Class of shares	Ordinary bearer shares
Share capital	€ 7,485,387
Outstanding	number of shares 7,485,387
Market capitalisation as at 31.12.2014	€ 18.19 million
Market listing Frankfurt	Stock Exchange
Trading segment	Prime Standard
Ticker symbol	ATF
ISIN	DE0005487953
WKN	584 795
First day traded	28 June 2000
Designated Sponsor	Oddo Seydler Bank AG

Corporate Governance

Corporate Governance

Corporate Governance stands for the standards of good and responsible company management. This includes the entire company. Thus, corporate governance means respecting the interests of shareholders as much as it does efficient cooperation between the Management Board and the Supervisory Board in addition to transparency in corporate communications.

International institutional investors in particular are increasingly taking companies' corporate governance into account along with their accounts when making investment decisions.

Transparency and financial disclosure

The Annual General Meeting gives shareholders the opportunity to exercise their voting rights themselves or, alternatively, through a proxy of their choice or the company representative, who exercises shareholders' voting rights as instructed. In line with regulations, Alphaform discloses information on the development of the company in its financial publications.

Internet support for shareholders

Shareholders are informed of current developments at the company by ad hoc disclosures and press releases that can be found on the Alphaform website. They are regularly informed about key dates affecting the company by a financial calendar.

Annual General Meeting

The Annual General Meeting took place on 5 June 2014 in Munich. 43.16% (previous year: 44.83%) of the voting share capital was represented at the Annual General Meeting. Alphaform assisted its shareholders in granting proxies and helped them by appointing a representative to exercise voting rights in accordance with their instructions. This representative was available until the end of voting at the Annual General Meeting. All items on the agenda were approved by those shareholders present. Alphaform published all the voting results on its website immediately after the Annual General Meeting.

Risk management

The Management Board ensures that risks are dealt with responsibly at all times and keeps the Supervisory Board informed regarding existing risks and changes in these risks. This aspect of the company's corporate governance incorporates an appropriate system for managing and monitoring risks. Detailed information on opportunities and risks to the company can be found in the management report. Systematic management of risks as part of value-orientated management allow risks to be detected at an early stage and assessed and consequently to minimise potential risk. Opportunity and risk management is subject to constant ongoing development due to changing conditions.

Management Board and Supervisory Board

The Management Board reports to the Supervisory Board regularly, comprehensively and in a timely manner on all relevant issues relating to corporate planning and strategic development, the course of business and the financial position of the Group. Any deviations from plans and targets in the course of business are explained in detail. The company's strategic orientation is coordinated with the Supervisory Board. The Management Board is responsible for managing the company and ensuring an appropriate risk management framework within the Group.

Our objective is to further reinforce the cooperation between the Management Board and the Supervisory Board.

The members of the Management Board are subject to a non-competition clause when working for Alphaform AG. In connection with their work, Management Board members and employees must not demand or accept from third parties any payments or other advantages for themselves or any other person, or grant unreasonable advantages to third parties.

All members of the Supervisory Board have an obligation to act in the company's best interests. When taking decisions, they may neither pursue personal interests nor make personal use of business opportunities which are in the purview of the company itself.

The company has taken out directors' and officers' liability insurance for its Management Board members and all officers. The deductible recommended in section 161 AktG has been in place for Management Board members since 1 July 2010.

Remuneration of the Management Board and the Supervisory Board

The Management Board's remuneration for the 2014 and 2013 financial years comprised a fixed and a variable component. The Supervisory Board's remuneration for the 2014 and 2013 financial years comprised solely a fixed component. In 2014, the total remuneration for the incumbent Management Board amounted to € 155 thousand (previous year: € 0 thousand). The remuneration of the former member of the Management Board Dr Thomas Vetter amounted to € 230 thousand in the financial year (previous year: € 240 thousand). The total remuneration for the Supervisory Board, not including the reimbursement of travel expenses, amounted to € 55 thousand in 2014 (previous year: € 26.3 thousand). The following summary shows the remuneration of the Management Board and the Supervisory Board in detail and on an individualised basis:

Incumbent Management Board	Fixed remuneration		Variable remuneration		Total remuneration	
in T€	2014	2013	2014	2013	2014	2013
Dr. Hanns-Dieter Aberle	105.0	0	0	0	105.0	0
Thomas Kresser	37.5	0	12.5	0	50.0	0
Total	**142.5**	**0**	**12.5**	**0**	**155.0**	**0**

Supervisory Board	Fixed remuneration		Variable remuneration		Total remuneration	
in T€	2014	2013	2014	2013	2014	2013
Matti Paasila (Vorsitzender)	30.0	11.3	0	0	30.0	11.3
Falk Strascheg	15.0	7.5	0	0	15.0	7.5
Dr. Hans J. Langer	10.0	7.5	0	0	10.0	7.5
Total	**55.0**	**26.3**	**0**	**0**	**55.0**	**26.3**

Shareholdings of the Management Board and the Supervisory Board

The Management Board and the Supervisory Board held the following shares in Alphaform as at the end of the 2014 financial year:

Number	01.01.2014	Additions	Sales	31.12.2014	% of capital [1]
Management Board [2]					
Total	**0**	**0**	**0**	**0**	**0%**
Supervisory Board					
Falk Strascheg [3]	852,317	262,251	0	1,114,568	14.89%
Dr. Hans. J. Langer [4]	976,659	300,510	0	1,277,169	17.06%
Matti Paasila	60,000	0	0	60,000	0.80%
Total	**1,888,976**	**562,761**	**0**	**2,451,737**	**32.75%**
Total	**1,888,976**	**562,761**	**0**	**2,451,737**	**32.75%**

1) 7,485,387 shares
2) Incumbent Management Board
3) of which 566,993 shares held in Renate Strascheg Holding GmbH; of which 547,575 shares held in Falk Strascheg Holding GmbH
4) of which 1,277,169 shares held in LHUM Vermögensverwaltungs GmbH

No stock options were issued to the Management Board or the Supervisory Board in 2014 or 2013.

Accounting and audit of the financial statements

Shareholders and third parties are primarily informed by the consolidated financial statements. During the financial year, they are informed of company developments in the half-year interim report and the quarterly reports. The consolidated financial statements, half-year interim report and the quarterly reports are compiled in accordance with internationally recognised financial reporting methods.

The consolidated financial statements are prepared by the Management Board and audited by the auditor and the Supervisory Board. The consolidated financial statements are published within 90 days of the end of the financial year, while the interim reports are published within 45 days of the end of the period under review.

It was agreed with the audit firm, Häckl Schmidt Lichtenstern GmbH, Wirtschaftsprüfungsgesellschaft, Munich, to issue a report on all material findings and events arising during the performance of the audit of relevance to the duties of the Supervisory Board.

Declaration of Compliance with the German Corporate Governance Code

At the beginning of 2002, the Government Commission set up by the German Federal Government completed the German Corporate Governance Code. The German Corporate Governance Code consists of material statutory regulations for the management and monitoring of listed German companies and contains internationally and nationally recognized standards for corporate governance. The German Corporate Governance Code contains three different standards, namely regulations that describe current law, the recommendations of the Government Commission and suggestions of the Government Commission.

Enterprises must comply with the legal regulations described in the German Corporate Governance Code under applicable law. Companies can deviate from the recommendations, but they are then required to disclose this deviation annually. Section 161 AktG stipulates that the Management Board and Supervisory Board of listed German companies must submit an annual declaration of compliance with the recommendations of the Government Commission. Companies can also deviate from the suggestions of the German Corporate Governance Code without disclosure.

Corporate governance is a matter of great importance to Alphaform. The Management Board and the Supervisory Board work together closely for the good of the company. The intensive and continuous dialogue between the two executive bodies is the basis for the efficient management of the company.

Alphaform AG intends to foster the trust of shareholders, business partners and employees through conscientious corporate governance. Alphaform AG complies with the recommendations of the German Corporate Governance Code, as amended 24 June 2014, with the following exceptions:

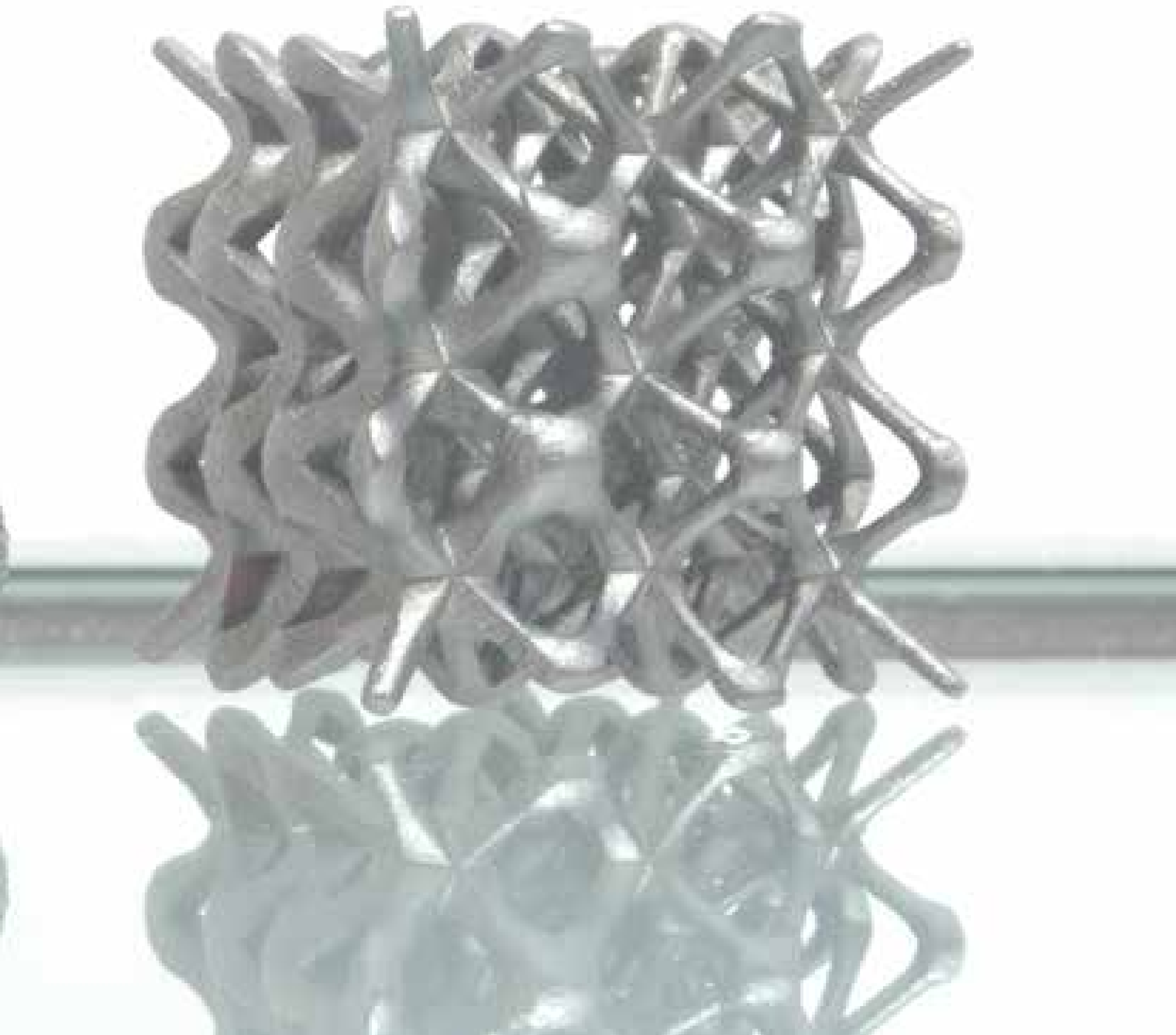
- In deviation from the recommendation of item 3.8, there is still no deductible in the D&O liability insurance policy for the Supervisory Board. The Management Board and the Supervisory Board are of the opinion that the executive body performs its duties responsibly and with the appropriate motivation and diligence even without such a deductible.

- In deviation from the recommendation of item 5.1.2, there are no fixed age limits for members of the Management Board as the Management Board and Supervisory Board do not consider this recommendation appropriate.

- In deviation from the recommendation of item 5.3, the Supervisory Board has not formed any committees (in particular, there is no Audit Committee or Nomination Committee) on account of the size of the company and the fact that the Supervisory Board itself has only three members. The Supervisory Board as a whole takes responsibility for all matters.

- In deviation from the recommendation of item 5.4.1, there are no fixed age limits for members of the Supervisory Board as the Management Board and Supervisory Board do not consider this recommendation appropriate.

- In deviation from the recommendation of item 5.4.1, the Supervisory Board (which also supports the recommendations of the Code regarding setting targets for selecting Supervisory Board candidates) has resolved to continue to make decisions concerning the members of the Board individually in each situation (considering in particular their relevant qualifications and personal suitability). The Supervisory Board prefers not to limit itself by setting concrete targets or quotas.
- In deviation from the recommendation of item 6.6, in our annual report we essentially refer to our website www.alphaform.de where the disclosures required by law and the Code can be viewed under "Investor Relations". In the opinion of the management, publishing disclosures on the Internet, especially for directors' dealings, is more important than presenting them in the annual report. The Management Board and the Supervisory Board have therefore decided to place greater emphasis on the Internet as regards publications.



GROUP MANAGEMENT REPORT 2014

1. Business and general conditions

Alphaform AG which was established in 1996 and has its headquarters at Feldkirchen near Munich. As a leading European user, it is updating industrial development and production with innovative 3D printing and rapid technologies. As a service provider, Alphaform assists its customers from product development to product manufacture. It supports its customers with the introduction and use of innovations and provides expertise, knowledge of engineering, prototypes, individual parts, small series, series and project management.

Today, Alphaform supplies the premium manufacturers in the automotive industry, the machinery, plant and commercial vehicle construction sector, the aerospace industry, the toolmaking and medical technology sectors among others. Its particular expertise includes complex modules, lightweight construction and orthopaedic implants and instruments. The Group has subsidiaries in Germany, Finland, Sweden and the United Kingdom. Alphaform's shares are listed in the Prime Standard segment of the Frankfurt stock exchange under the code ATF (WKN 548 795).

Macroeconomic environment

The European economy performed better in 2014 than in previous years. However, economic activity continued to suffer from the consequences of the debt crisis and, viewed as a whole, only posted relatively weak growth. Economic growth was also depressed by extraordinary factors such as the conflict between Russia and Ukraine. Accordingly, the European statistical office Eurostat reported growth in gross domestic product of only 0.9% for the euro zone and of 1.4% for the EU28. However, economic growth varied considerably between the different countries.

The Germany economy grew soundly overall in 2014. Although the economy slowed significantly halfway through the year, gross domestic product (GDP) increased by 1.6% in the year as a whole according to calculations by the Federal Office for Statistics (2013: 0.2%) and consequently exceeded the average of the last ten years of 1.2%. Consumption remained a key growth driver. After adjustment for inflation, private consumer expenditure rose by 1.1%, while government expenditure increased by 1.0%. Investment expenditure also grew. Together, companies and the government invested 3.7% more in machinery, equipment and vehicles than in the previous very weak year. Exports were also in better shape again than in 2013 and, after adjustment for inflation, increased by 3.7%.

Virtually all areas of the economy contributed to the growth in GDP in 2014, including those sectors of particular relevance for Alphaform. According to information provided by the German Vehicle Manufacturers' Association (VDA), the German automotive industry recorded growth of 3% in the number of cars manufactured in 2014 compared with 2013. Incoming orders from within Germany rose by 5%, while those from abroad increased by 7%. SPECTARIS, the German industrial association for optical, medical and mechatronic technologies, is anticipating growth of 1.6% last year for the medical technology sector.

The economy performed far less well in Finland, the domestic market of Alphaform RPI Oy. Here, GDP fell in both the first and the fourth quarters although the economy grew slightly in the middle six months. For 2014 as a whole, Finland's national statistical office recorded a fall in GDP of 0.1%.

Corporate development in 2014

By and large, the Alphaform Group performed satisfactorily in the 2014 financial year. The management succeeded in stabilising the company after the very difficult year it suffered in 2013. Alphaform increased revenue considerably and improved the net result for the period significantly. However, it did not quite meet the revenue and earnings targets set at the beginning of the year. In total, the Group generated revenue of € 29.1 million in the year under review after € 25.9 million in the 2013 financial year. This equates to an increase of 12.4%. The net loss for the year decreased to € 3.2 million. In 2013, Alphaform had reported a loss of € 6.2 million. A considerable proportion of the net loss for the year is attributable to non-recurring effects resulting from restructuring the company. For instance, consultancy costs of over € 1 million alone were incurred. The result was also adversely affected by the sharp increase in staff costs – they rose by approximately 12.9% because of the targeted recruitment of sales staff – and by an extraordinary write-down on receivables due from two insolvent Formula 1 teams in the amount of € 0.2 million.

In this connection, the majority of the loss was incurred in the second half of 2014. Accordingly, the result in the third quarter of 2014 came to € -0.8 million and to € -1.2 million in the fourth quarter. Consequently, the loss in the second half year totalled € 2.0 million. However, at € 14.6 million in total, revenue in the second half of 2014 was somewhat up on the revenue achieved in the first half of € 14.5 million.

EBITDA improved significantly in the year as a whole. It came to € -1.3 million after € -3.5 million in the 2013 financial year. EBIT improved from € -5.8 million to € -2.6 million. Earnings per share, which were diluted because of the capital increases carried out in the year under review, rose to € -0.42 after € -1.16 in the previous year.

In the year under review, Alphaform benefited firstly from good progress with the Alphaform Excellence programme and secondly from the relatively stable economic situation in Germany and a comparably good performance by its most important customer groups. These are to be found in the automotive sector and the medical technology industry. As a result, there were largely no sharp falls in prices, as occurred in 2013, in the year under review. However, Alphaform is still exposed to intense competition in all its areas of business.

The Alphaform Excellence programme is a restructuring programme, which the management launched at the beginning of 2014. It relates to the following areas of business:

- Additive Manufacturing Metal and Rapid Tooling. This is based at the Alphaform-Claho subsidiary.

- Precision Casting, which is the responsibility of the MediMet Precision Casting and Implants Technology subsidiary and

- Additive Manufacturing Plastic. The main Alphaform plant in Feldkirchen near Munich is responsible for this.

While the restructuring of Alphaform-Claho and the subsidiary MediMet within the framework of the Alphaform Excellence programme progressed as planned in the year under review, it became clear in the second half that the structural and process-related problems in the Additive Manufacturing Plastic business segment were far more serious than expected. This was also the reason why the figures in the second half turned out to be far worse than originally forecast and why Alphaform consequently failed to meet its projected figures for the year as a whole. The management has reacted rapidly to the more extensive problems in Feldkirchen by extending the Alphaform Excellence programme and the personnel measures associated therewith. The management has also continued to work hard at converting the plant's production from a cottage industry-type production to industrial production processes.

Alphaform has invested considerably in the plant's machinery in this connection and has also rented new premises close to its existing Feldkirchen location. It is currently investigating whether the entire production will be relocated to the new premises. In total, Alphaform invested € 3.0 million in new production equipment in the year under review. This meant that investment reached a new record level. The plant in Feldkirchen benefited from the lion's share of this investment, but new laser sintering equipment was also purchased for Alphaform-Claho. The investment was partly financed through equity and partly through lease agreements. More new equipment was purchased in the first few months of 2015.

Similarly to the increase in staff numbers, which took place in the year under review, the investments are advance payments for the Alphaform Group's planned future growth. They are, however, also attributable to a major order from an automotive manufacturer, which Alphaform received in October 2014. It will run for three years and has a volume exceeding € 10 million. This makes it the largest order in the history of Alphaform to date.

Alphaform carried out two capital increases in the year under review and received a loan from its anchor shareholders to finance the restructuring of the company and its growth strategy. The Group received approximately € 5.5 million gross from the capital increases. The loan comprised € 1.5 million.

In addition to its locations in Germany, Alphaform also has two foreign subsidiaries, in the United Kingdom and in Finland. They contributed around 20% to consolidated revenue in 2014. Both companies increased their revenue significantly in the year under review. Accordingly, the revenue of the Finish subsidiary Alphaform RPI Oy stabilised at € 2.0 million. The company was profitable. The British subsidiary Alphaform Ltd. again increased its revenue from € 3.2 to € 3.4 million. However, the company's results suffered from an extraordinary write-down on receivables due from two insolvent racing teams in the amount of € 0.2 million.

As part of the restructuring of the Group, Alphaform suspended the „Art Shapes" project in the year under review. This had been started by the old management together with the seed investor Tiburon at the end of 2013 with the aim of selling high quality art and design items manufactured using 3D printing on line.

Environmental protection and sustainability

Alphaform is committed to ensuring high quality and safety standards and to sustainability. All key factors for the sustainable use of resources are regularly monitored and appraised. The company's entire waste disposal system is reviewed on an ongoing basis and possibilities for improvement are examined.

Alphaform is not subject to any special regulations apart from those that generally apply to its business activities. These comprise various laws and rules for the relevant areas in which the company operates, including the laws and regulations for environmental protection such as handling and disposing of hazardous waste.

Efficiency improvements are also examined with regard to conserving valuable resources. This enhances the company's competitive capability and thereby helps to safeguard jobs. The aim is to increase the company's energy efficiency and its working and materials efficiency in production.

Improvements in distribution logistics reduce the need for storage space, shorten transport distances and increase the quality of service for customers.

Quality management

As part of the quality management system, all operations are continuously reviewed and improved. Constant improvement processes are a component of all operations in the company. Both Alphaform AG and Alphaform-Claho GmbH are certified in accordance with ISO 9001:2008, MediMet Precision Casting and Implants Technology GmbH is certified in accordance with ISO 9001:2008 and in accordance with ISO 13485:2003 and AC:2007 for the „Development and Production of Implants and Medical Precision-casted Parts and the Manufacturing of Dental Compositions". Alphaform-Claho successfully passed the ISO-13485 in 2011.

Occupational health and safety

It is very important that Alphaform employees can work in a healthy and safe working environment. The employees are given the opportunity to participate in any planned inspections undertaken by the Employer's Liability Insurance Association (Berufsgenossenschaft) with regard to our business activities every one to two years. The company offers regular analysis of monitor screens and sight tests for the sales and administration areas.

Meetings on the subject of occupational safety and fire protection take place at least twice a year and are attended by the external safety officer and external company doctor. Within Alphaform, there are regular training and refresher courses for staff to keep them up-to-date on the latest regulations. Personnel are familiar with all requirements regarding occupational safety, dealing with hazardous substances as well as the prevention of accidents and fires. All machinery, production facilities and tools are regularly maintained by in-house and third-party experts and are kept in the safest possible condition.

Group management and control

Alphaform AG is a German stock corporation and is run by a Management Board that consisted of two members in the 2014 financial year. Within the context of the dual management and supervision system, the members of the Management Board are appointed by the Supervisory Board. The Supervisory Board advises the Management Board and monitors it in the performance of its duties. Further details of Group management and control in addition to corporate governance are outlined in the corporate governance report.

In accordance with Article 6 of the Articles of Association of the company, the Management Board comprises one or more people, whereby the Supervisory Board stipulates the number of members of the Management Board in accordance with the statutory regulations. The Supervisory Board can appoint a member of the Management Board as Chairman of the Management Board and a Deputy Chairman. The Supervisory Board appoints the members of the Management Board for a maximum period of five years. It is permissible to appoint the same person more than once, or to extend the term of office, for a maximum period of five years in each case.

In accordance with Article 16 of the company's Articles of Association, the Supervisory Board is authorised to resolve amendments to the Articles of Association. The resolutions of the Annual General Meeting are adopted with a simple majority of the votes cast, provided that the law does not require a larger majority of voting rights. If the German Stock Corporation Act also stipulates that a resolution requires a majority of the share capital represented when adopting the resolution, a simple majority of the share capital represented shall suffice, provided that this is legally permitted.

Performance management

Core elements of Alphaform's management system include an integrated control concept as well as financial and non-financial key performance indicators together with measures to increase productivity and growth.

Financial key performance indicators

The company's operating performance is measured on the basis of consolidated revenue, consolidated EBIT and consolidated operating earnings. The performance of each company area is reported monthly and compared against budget planning.

The company is currently examining other key figures in addition to the above indicators.

Corporate governance declaration as per section 289a HGB for the 2014 financial year

The declaration on corporate governance and the declaration of compliance with the German Corporate Governance Code in accordance with section 161 AktG have been published on the company's website. Further details can be found in a separate part of the annual report under „Corporate Governance Code" and „Share".

in T€	2010 Restated	2011	2012	2013	2014
Consolidated revenue	20,748	26,309	27,103	25,867	29,076
Consolidated EBITDA	594	952	2,044	-3,534	-1,327
Consolidated operating earnings	-1,478	-1,288	766	-5,787	-2,608
Consolidated net result for the period	**-1,545**	**-1,579**	**537**	**-6,171**	**-3,157**

Non-financial key performance indicators

The management uses various non-financial indicators in order to assess the degree to which it has achieved its corporate objectives.

The main indicators by which Alphaform assessed the success of its strategy in the 2014 financial year were the increased focus on sales, the financial reorientation of the company and the increases in efficiency achieved through the Alphaform Excellence programme.

Internal controls

Introduction

In accordance with Section 289 (5) and Section 315 (2) No. 5 HGB, Alphaform is obliged to describe the key characteristics of its accounting-related internal control system in the annual report for the financial year ending on 31 December 2014.

In view of the system-related limitations, internal controls can neither prevent nor identify misrepresentations in the financial reporting and may only offer reasonable assurance with regard to the reliability of the financial reporting and the preparation of external financial statements in compliance with the International Financial Reporting Standards adopted by the European Union.

Forecasts for future periods also entail the risk that controls become ineffective because of changing circumstances or the degree of compliance with guidelines decreases.

Description of the internal control system

The consolidated financial statements and the financial statements of the German subsidiaries are prepared centrally at Alphaform AG in Feldkirchen. This ensures that the financial statements of the companies are prepared in accordance with uniform guidelines and standards. The financial statements of the two small foreign subsidiaries are prepared locally by local accounting and tax consultancy offices in close coordination with the Group headquarters.

The control system applied in the Alphaform Group headquarters consists of the following elements:

- General directives and guidelines for employees
- Organisational plans and job descriptions for the most important accounting procedures

Risk assessment

The company considers risk management to be a measure for identifying, assessing and, where possible, reducing risks to an acceptable level in addition to monitoring the risks identified. Risk management requires organised action in order to deal with uncertainty and threats in a suitable manner.

Alphaform has a system that identifies and assesses risks, particularly those business risks that could jeopardise the company's existence.

Information and communication

Alphaform uses an enterprise resource planning (ERP) system in conjunction with state-of-the-art analysis and presentation software in order to make information available for operational processes, internal monitoring and reporting purposes. In addition, regular communication takes place between the financial managers of the foreign locations and the central Group finance department.

In view of the importance of its information systems, the company has issued IT guidelines for the use of information technology and means of communication in order to limit external risks. Wherever possible, application and system parameters are set up in such a way as to improve information security.

Control measures

The company has implemented control measures based on the following general principles:

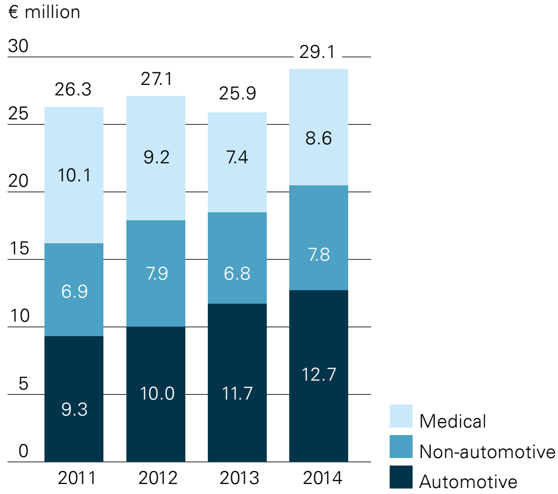
- Control measures are based on guidelines and procedural specifications, including a general regulation on authorities and signatures that applies to all processes and defines levels of authority and approval.

- Wherever possible, responsibilities are kept separate (principle of dual control).

- Business transactions must be documented as far as possible.

- Information systems are protected by access rights at different levels.

Revenue development by sector



Control measures exist both in the form of advance controls to prevent errors and misrepresentations and retrospective monitoring to detect errors that have already occurred. The departmental and divisional heads are responsible for ensuring compliance with the prescribed monitoring measures within their respective areas of responsibility.

2. Segment reporting

Details of segment reporting are presented in the notes to the consolidated financial statements under item 2.

3. Report on results of operations, financial position and net assets

General information

The consolidated financial statements as at 31 December 2014 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, taking into account the recommendations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). Accordingly, these annual financial statements were prepared in accordance with the IASs/IFRSs effective as at 31 December 2014.

Revenue development and order situation

Considered as a whole, the 2014 financial year was satisfactory for the Alphaform Group.

In 2014, revenue from continuing operations increased by € 3,209 thousand to € 29,076 thousand compared with € 25,867 thousand in the previous year. This represents an increase in revenue of 12.4%.

Revenue, which was generated from the automotive industry and its partners, amounted to 43.6% of total revenue in the 2014 reporting year and therefore fell slightly year-on-despite an increase in total volume (previous year: 45.1%).

The cumulative order backlog as at the end of 2014 amounted to € 4.2 million (previous year: € 3.6 million).

Revenue generated in Germany increased by 6.1% year-on-year from € 13,518 thousand in 2013 to € 14,342 thousand in 2014.

Revenue generated abroad amounted to € 14,734 thousand in the 2014 financial year, accounting for 50.6% of total revenue (previous year: 48.0%).

Revenue development by sector

€ million	2014	2013
Germany	14,342	13,520
Finland	1,859	2,043
UK	3,626	3,160
Rest of Europe	3,864	2,417
Rest of World	5,385	4,729
Total	**29,076**	**25,867**

Prices were stable. The product mix is virtually the same as in the previous year.

Cost of materials and gross profit

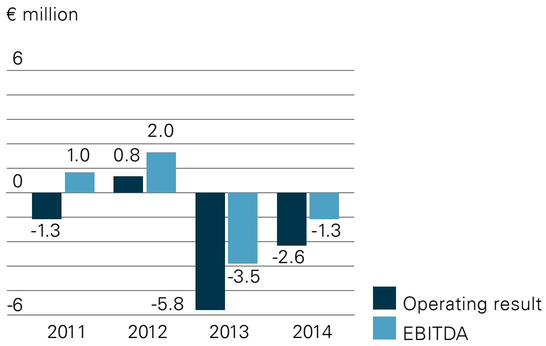
The cost of materials in continuing operations decreased by € 886 thousand year-on-year from € 11,626 thousand in 2013 to € 10,740 thousand in 2014. The gross profit generated of € 19,581 thousand in 2014 was more than the 2013 gross profit of € 14,135 thousand, due to the improvement in the cost of materials and the increase in revenue. The gross profit margin of 67.3% in 2014 was above the prior-year level of 54.6% for 2013.

Results of operations

The 2014 financial year closed with negative earnings of € -3,157 thousand (previous year: € -6,171 thousand). The company was unable to deliver its forecast of a loss of around € 1 million. This was attributable to the following non-recurring expenses.

T€	Regular operating 2014	Non-recurring effects 2014	Total 2014
Revenues	29,076	0	29,076
Changes in inventories	-69	0	-69
Other own work capitalised	133	0	133
Other operating income	1,181	0	1,181
Cost of materials	-10,740	0	-10,740
Gross profit	**19,581**	**0**	**19,581**
Personnel expenses	-11,647	-288	-11,935
Depreciation and amortisation costs and other write-offs	-1,281	0	-1,281
Other operating expenses	-7,266	-1,707	-8,973
Operating result	**-613**	**-1,995**	**-2,608**
Other interest and similar income	5	0	5
Interest and similar expenses	-460	0	-460
Result before tax	**-1,068**	**-1,995**	**-3,063**
Taxes on income	-3	0	-3
Deferred taxes	24	0	24
Other taxes	-9	0	-9
Result after tax	**-1,056**	**-1,995**	**-3,051**
Discontinued operations			
Loss from discontinued operations	-106	0	-106
Net result for the period	**-1,162**	**-1,995**	**-3,157**
Attributable to			
Shareholders of Alphaform	-3,106	0	-3,106
Minority interest	-51	0	-51
Other comprehensive income			
Currency translation difference economically independent foreign entities	23	0	23
Total comprehensive income	**-1,139**	**-1,995**	**-3,134**

EBITDA and operating result



The non-recurring effects in personnel expenses of € 288 thousand resulted from recruiting for key positions that had to be filled as a matter of urgency in the restructuring process.

In other operating expenses, non-recurring expenses resulted from an increase in specific valuation allowances because of negative developments in receivables in the financial year of € 200 thousand as well as consultancy costs to improve processes of € 1,507 thousand.
Without the above non-recurring effects, total earnings in the reporting year would have amounted to € -1,139 thousand after € -2,904 thousand in the previous year.

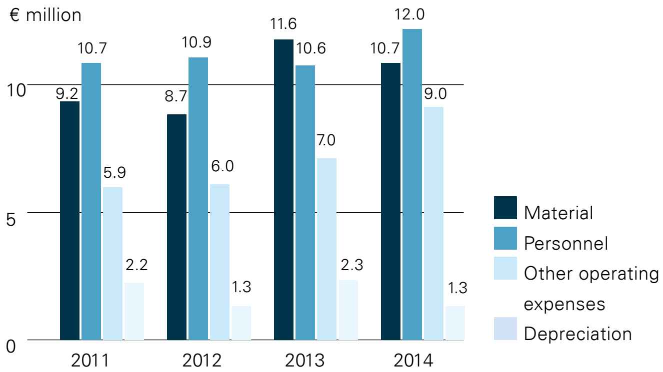
The improvement in earnings in continuing operations is attributable, in particular, to the improved cost of sales of € 886 thousand. At € 11,935 thousand (previous year: € 10,637 thousand), personnel expenses had a negative effect on earnings, as did other operating expenses, at € 8,973 thousand (previous year: € 7,002 thousand).

Other operating income climbed by € 641 thousand from € 540 thousand in 2013 to € 1,181 thousand in 2014. In the reporting year this included € 69 thousand (previous year: € 152 thousand) from the reversal of unutilised provisions.

Staff costs

As at 31 December 2014, staff costs in continuing operations amounted to € 11,935 thousand. As a result, personnel-related expenses rose by € 1,298 thousand, or 12.2%, compared with 2013.

Operating costs



Depreciation and amortisation costs and other write-offs

Depreciation and amortisation expense increased by € 29 thousand in the 2014 financial year to € 1,281 thousand (previous year: € 1,278 thousand). No depreciation was recognised on the goodwill of MediMet GmbH either in the financial year (previous year: € 1,000 thousand).

Other operating expenses

Other operating expenses in continuing operations increased by 28.1% year-on-year in 2014 (2013: € 7,002 thousand, 2014: € 8,973 thousand). The largest individual items within other operating expenses are: T€ 1,614 thousand for premises, € 1,496 for accounting and consulting, € 1,370 thousand for accessories, machinery and tools, € 985 thousand for repairs and maintenance, € 897 thousand for purchased services, € 521 thousand for freight and packaging, € 311 thousand for vehicle costs, € 180 thousand for telephone, postage and IT costs, € 139 thousand for travel costs and € 82 thousand for advertising costs.

Other interest and similar income/interest and similar expenses

Other interest and similar income increased from € 3 thousand in 2013 to € 5 thousand in the 2014 financial year. Interest and similar expenses rose to € 460 thousand in 2014 (previous year: € 355 thousand).

Income tax expense/deferred taxes/other taxes

Other taxes of € 9 thousand were incurred in the 2014 financial year (previous year: € 4 thousand). In addition, deferred taxes of € 24 thousand were recognised (previous year: € -4 thousand). For further information, please refer to the Notes.

Research and development

Alphaform's research and development focuses on continuously improving its processes and materials for prototype production and advancing new developments. Activities centred on developing new materials in the area of rapid prototyping and the further optimisation of the metal coating process. Tests for other areas of application for rapid manufacturing play an increasingly important role in the area of material development. Materials must be found that enable product properties suitable for series production. Other activities are concentrated on cost savings through improved material and process parameters.

In medical technology, the development activities support the establishment of new production processes.

Dividends

As the parent company of the Alphaform Group, Alphaform AG reported a net loss of € 13,464 thousand (previous year: net loss of € 10,019 thousand) in its financial statements prepared in accordance with commercial law for the 2014 financial year. It therefore does not intend to pay a dividend for the 2014 financial year. At the Annual General Meeting on 11 June 2015, the Management Board, with the approval of the Supervisory Board, will propose carrying the net loss forward to new account. No dividend was paid in the 2014 reporting year for the 2013 financial year either.

Financing and cash flow

The statement of cash flows shows the origin and usage of funds in the reporting periods. It is therefore a key instrument in assessing the company's financial situation.

At € -2,027 thousand, net cash flow from operating activities is negative (previous year: € -336 thousand) and essentially resulted from changes in inventories and trade receivables.

Investments in property, plant and equipment and intangible assets in 2014 increased by € 1,593 thousand as against the previous year from € 995 thousand in 2013 to € 2,588 thousand in 2014 (not including additional investments in finance leases of € 596 thousand; previous year: € 35 thousand). In order to meet the rising demand in 3D printing (including in the area of metals), the Group further expanded its capacity in additive manufacturing at the locations concerned in the reporting year.

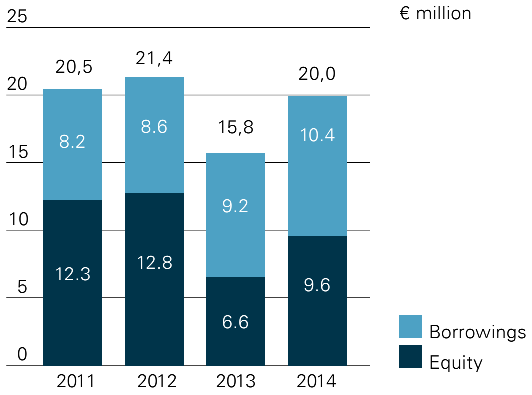
For 2015 we are primarily planning investments for the modernisation of our production facilities at the Feldkirchen, Stade and Eschenlohe locations. Furthermore, equipment capacity is to be boosted in 3D printing.

Current cash and cash equivalents amounted to € 2,321 thousand in total as at 31 December 2014 (previous year: € 1,130 thousand).

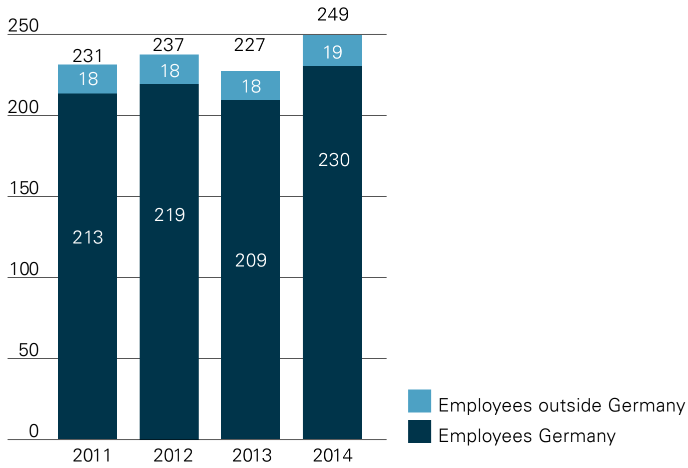
The company has current account facilities of € 2,300 thousand as its disposal, € 1,166 thousand of which was freely available as at the end of the reporting period.

Cash flow from financing activities amounted to € 5,855 thousand (previous year: € 775 thousand). This is primarily attributable to the cash inflows from the capital increases carried out in 2014.

Change in total assets and equity



Change in employee numbers



Balance sheet

Total assets rose from € 15,765 thousand in 2013 to € 20,038 thousand in the 2014 financial year.

Bank balances increased from € 1,230 thousand in 2013 to € 2,421 thousand in 2014. Bank balances comprise a readily available portion amounting to € 2,321 thousand and a current and non-current portion with restricted availability totalling € 958 thousand. This amount is classified as having restricted availability as amounts were deposited as security for financial obligations.

The increase in inventories of € 808 thousand from € 2,282 thousand at the 2013 balance sheet date to € 3,090 thousand at the 2014 balance sheet date mainly resulted from the build-up of the store of raw materials and supplies at Alphaform AG and MediMet GmbH.

The increase in receivables of € 300 thousand from € 1,458 thousand as at the end of 2013 reporting period to € 1,758 thousand as at the end of the 2014 reporting period was the result solely of receivables from foreign companies caused by higher revenues. As at 31 December 2014, the Group had financed trade receivables amounting to € 2,907 thousand and € 2,197 as at 31 December 2013 as part of a factoring facility extended by GE Capital Bank AG with a total volume of € 5,000 thousand. The Group uses this factoring instrument to realise the advantages of a more favourable capital lock-up. Equity amounted to € 9,593 thousand in the year under review as against € 6,626 thousand in 2013. The ratio of equity to total assets was up on the previous year at 48.0%.

Current liabilities to banks decreased from € 2,323 thousand at the end of 2013 to € 1,121 thousand as at the end of 2014. Non-current liabilities to banks declined from € 347 thousand as at end of the 2013 reporting period to € 123 thousand as at the end of the 2014 reporting period.

Investments

In 2014, the Group invested € 3,184 thousand in non-current assets (previous year: € 995 thousand) both via finance leases and direct purchases. In order to meet the logistical requirements and the increased output, the Group expanded its capacity in additive manufacturing in the year under review. In many areas our equipment represents state-of-the-art technological development.

Employees

The quality of Alphaform's products and services is largely dependent on the high standards placed by its employees on their own performance. Alphaform and its employees consider their primary task to be finding the optimum product and service solution in cooperation with customers and partners.

On 31 December 2014, 249 employees including trainees – expressed as full-time equivalents – were employed in the Alphaform Group. The average number of employees for the year as a whole was 247. As a result, the total average workforce has increased by 6.9% or 16 people year-on-year. This change resulted primarily from the improvements in the order situation at Alphaform AG, MediMet GmbH and Claho GmbH. The number of employees at the other companies remained virtually the same. More than 79% of employees worked in production as at the end of the reporting period. The company offered varied and practical training to 12 trainees (commercial and industrial) at three locations. As at 31 December 2014, 230 employees or 92.4% of the total workforce work in Germany, with 19 people employed in the rest of Europe. The employee structure was as follows:

Full-time posts	31.12.2014	31.12.2013
Segment Central Europe		
Alphaform AG	98	84
Alphaform-Claho GmbH	45	41
MediMet GmbH	87	84
Total	230	209
Segment North Europe		
Alphaform RPI Oy, Finland	17	16
Alphaform Ltd., UK	2	2
Total	19	18
Total	**249**	**227**

4. Remuneration report

The remuneration report takes into account the stipulations of the Vorstandsvergütungsoffenlegungsgesetz (VorstOG – German Management Board Remuneration Disclosure Act) and the requirements of the German Corporate Governance Code.

Management Board remuneration

The total remuneration for members of the Management Board comprises a fixed and a variable component. The remuneration is reviewed annually in terms of amount and appropriateness. In particular, remuneration is geared to the duties of the respective member of the Management Board, his personal achievements, the economic situation and the success and economic prospects of the company. All resolutions relating to the adjustment of remuneration are resolved by the entire Supervisory Board.

The annual salaries for members of the Management Board comprise fixed remuneration components and additional benefits that primarily consist of the use of company cars, the reimbursement of travel expenses and allowances for health insurance, social security and accident insurance.

In addition, each member of the Management Board receives a performance-based bonus payment. This is dependent on the achievement of corporate targets that are established by the Supervisory Board at the start of each financial year. The corporate targets mainly relate to the growth of the company as measured by EBIT. At the end of the year, the Supervisory Board appraises the degree to which corporate objectives have been met and determines the bonus on the basis of the company's business performance.

The variable remuneration components are measured as a graduated percentage of the fixed salary depending on the degree of target achievement.

The total remuneration for the Management Board in office amounted to € 155 thousand for the 2014 financial year (previous year: € 0 thousand). The following summary shows the remuneration of the Management Board in detail and on an individualised basis:

T€	Fixed remuneration		Variable remuneration		Total remuneration	
	2014	2013	2014	2013	2014	2013
Dr. Hanns-Dieter Aberle	105.0	0	0	0	105.0	0
Thomas Kresser	37.5	0	12.5	0	50.0	0
Total	**142.5**	**0**	**12.5**	**0**	**155.0**	**0**

Alphaform AG has not granted loans or similar benefits to members of the Management Board. In the period under review, the members of the Management Board also received no benefits from third parties which were offered or provided in relation to their position as a member of the Management Board.

The remuneration of the former member of the Management Board Dr Thomas Vetter amounted to € 230 thousand in the 2014 financial year (previous year: € 240 thousand). Alphaform AG also assumed a bank guarantee at the bank Donner & Reuschel, Munich, for a loan to Dr Vetter of € 200 thousand. This was secured with a subordinate charge over property.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is subject to the stipulations of the Articles of Association, the current version of which was adopted at the Annual General Meeting of 5 June 2014. The remuneration of the Supervisory Board comprises a fixed and a variable component. The variable component was not paid in the past because of the existing accumulated loss.

In the 2014 financial year, members of the Supervisory Board received total remuneration of € 55.0 thousand (previous year: € 26.3 thousand) excluding reimbursement of travel expenses.

The following overview shows the remuneration of the Supervisory Board:

T€	Fixed remuneration		Variable remuneration		Total remuneration	
	2014	2013	2014	2013	2014	2013
Matti Paasila (Vorsitzender)	30.0	11.3	0	0	30.0	11.3
Falk Strascheg	15.0	7.5	0	0	15.0	7.5
Dr. Hans J. Langer	10.0	7.5	0	0	10.0	7.5
Total	**55.0**	**26.3**	**0**	**0**	**55.0**	**26.3**

There are currently no consulting agreements with current or former members of the Supervisory Board.

The company did not grant any loans to members of the Supervisory Board.

Stock option plans

There are currently no stock options granted to members of the Management Board or Supervisory Board.

5. Disclosures in accordance with the German Securities Acquisition and Takeover Act

The following disclosures are made in accordance with section 315(4) HGB.

Composition of share capital

On 31 December 2014 the share capital of the company amounted to € 7,485,387.00, divided into 7,485,387 ordinary voting bearer shares, each with a nominal value of € 1.00. The Management Board is not aware of any restrictions on voting rights or the transfer of shares, even if they result from an agreement between shareholders.

There are no shares with special rights that grant any control or special control over voting rights.

The Management Board is authorised to buy back shares in the amount of 10% of the share capital in accordance with section 71 AktG.

Share capital exceeding 3% of voting rights

In accordance with section 21 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), the company has been notified of the following direct and indirect equity investments in its share capital that exceed 3% of the voting rights:

LHUM Vermögensverwaltungs GmbH	17.06%	non-attributable equity participation
Falk and Renate Strascheg	14.89%	attributable equity participation
Baden-Würtembergische Versorgungsanstalt für Ärzte	7.69%	attributable equity participation

Changes in the total number of voting rights after the disclosure in accordance with section 21 (1) sentence 1 and (1a) WpHG are not taken into account in the stated capital shares.

Authorisation of the Management Board to issue shares

The Annual General Meeting on 5 June 2014 resolved to create new Authorised Capital of up to € 2,925,000 and to amend Article 5 (2) of the Articles of Association (amount of share capital). In line with this, the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital by up to a total of € 2,925,000 by issuing new no-par-value bearer shares on one or more occasions against cash or non-cash contributions by 4 June 2019, whereby the pre-emption rights of shareholders can be disapplied in full or in part under certain conditions (Authorised Capital 2014). The Management Board shall stipulate the conditions of the share issue with the approval of the Supervisory Board. Shareholders are to be granted subscription rights. Pre-emption rights can also be granted in such a way that the new shares can be assumed by a bank or by a company operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the Kreditwesengesetz (KWG – German Banking Act) with the obligation to offer them for subscription by shareholders. The Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholder pre-emption rights in whole or in part. However, the disapplication of shareholders' pre-emption rights is only permitted

a) if it is necessary to eliminate fractional amounts;

b) if the shares are issued in exchange for non-cash contributions with the aim of acquiring companies or equity interests in companies or parts of companies or with the aim of acquiring claims against the company;

c) unless a capital increase against cash contributions exceeds 10% of the share capital and the issue price of the new shares is substantially lower than the stock market price (Section 186 (3) sentence 4 AktG); when making use of this authorisation to disapply subscription rights in accordance with Section 186 (3) sentence 4 AktG, the exclusion of subscription rights on the basis of other authorisations or in accordance with Section 186 (3) sentence 4 AktG is to be taken into consideration;

d) if it is necessary to grant holders of option and/or convertible bonds a subscription right to new shares to the extent they would have been entitled after exercising the option and/or conversion right or after fulfilling conversion obligations.

The Management Board decides the content of the respective share rights and the other conditions of the share issue with the approval of the Supervisory Board. The Supervisory Board is authorised to amend the wording of the Articles of Association to reflect the extent of the capital increase from Authorised Capital.

This authorisation was entered in the commercial register on 12 September 2014. After making use of the authorisation on three occasions, the Authorised Capital amounted to € 872,172.00 at the time the consolidated financial statements for the 2014 financial year were prepared.

Conditions in the event of a change of control

In the event of a change-of-control transaction, the Management Board is not aware of any regulations or obstacles that could impede the takeover and exercising of control over Alphaform AG.

In the event of a takeover bid there are no compensation agreements in place at Alphaform AG with members of the Management Board or employees.

Composition of the Management Board

In accordance with Article 6 of the Articles of Association of the company, the Management Board comprises one or more people, whereby the Supervisory Board stipulates the number of members of the Management Board in accordance with the statutory regulations. The Supervisory Board can appoint a member of the Management Board as Chairman of the Management Board and a Deputy Chairman.

The Supervisory Board appoints the members of the Management Board for a maximum period of five years. It is permissible to appoint the same person more than once, or to extend the term of office, for a maximum period of five years in each case.

Amendments to the Articles of Association

In accordance with Article 16 of the Articles of Association of the company, the Supervisory Board is authorised to resolve amendments to the Articles of Association. The resolutions of the Annual General Meeting are adopted with a simple majority of the votes cast, provided that the law does not require a larger majority of voting rights. If the German Stock Corporation Act also stipulates that a resolution requires a majority of the share capital represented when adopting the resolution, a simple majority of the share capital represented shall suffice, provided that this is legally permitted.

6. Risks and opportunities

Risk management and controlling

The purpose of risk management is to identify risks as early as possible, to use suitable measures to keep operational losses to a minimum and to prevent risks that jeopardise the company's existence as a going concern. Risk assessments take place at least once a year as part of a systematic process that ensures that all the material risks in the various Alphaform operating segments are included. Risks are assessed according to their quantifiable impact on the Alphaform Group had no monitoring measures already been taken or had the process for minimising the risk not already been initiated. In addition to the customary risk management process, unforeseen risks are discussed and countermeasures introduced promptly.

Risks

Alphaform is a company with global operations. The company is exposed to a large number of risks in project and series business. The structure of its sectors makes it impossible for Alphaform to avoid risks completely. The company selects the industries in which it operates carefully and only takes risks that are compatible with its corporate strategy. Each of these risks could have a considerable negative impact on the company's business activities, net assets, financial position and results of operations in addition to its future prospects. In order to identify these risks in a timely manner and take appropriate action to counter them, various measures have been implemented, including the establishment of a risk management system. However, it cannot be guaranteed that all risks will be identified and neutralised. This is due in part to the fact that certain elements of these risks lie outside Alphaform's influence. The occurrence of risks can lead to changes in or the non-occurrence of assumptions on which the Management Board's forecasts for future business development are based. Risks can lead to actual results deviating substantially from forecasts.

Market risks

The risks and uncertainties include:

- A material deterioration in or continuation of difficult overall economic conditions can have an adverse effect on Alphaform's revenue and earnings development. Launching non-cyclical series business as a medical equipment supplier has significantly reduced this risk for Alphaform in recent years.

- Alphaform's activities in the area of rapid prototyping are geared towards the project-based production of one-off parts and small-series production, and are therefore subject to the typical risks of a manufacturing company regarding the availability of production capacities. This risk is countered by a dual approach to market development: a) key account management for selected customers in the automotive industry and b) market segment management for the non-automotive market. The company today has more than 2,000 customers thanks to this approach and individual project risks have therefore been reduced.

- Alphaform's activities in the field of medical technology are aimed at series production orders and are thus subject to the risk that customers could reduce such orders or cancel them in full. In order to reduce this risk, the customer base has been continuously expanded in recent years, thereby further reducing dependence on the series production of individual customers. Existing customer relationships are reinforced by customer orientation (key account management) and constant extension of the range of services with new production processes (one-stop shopping).

- To ensure the future success of Alphaform, the company must identify industry-specific trends early on. To this end, customer behaviour in the respective industries is analysed on an ongoing basis. The sectors that are relevant to the company include automotive, medical technology, electronics and telecommunications.

Technological developments in our key area of 3D printing progress unusually quickly. Experts are forecasting significant surges in productivity in future equipment technology in the coming years and considerable economies of scale in the costs of the materials used. A late response in investment projects can have a negative effect on the competitive capability of the company.

- Alphaform generates a proportion of its revenue from services for Formula 1 racing. Should there be any further changes to the regulations in this area, or changes within the racing series, this would affect Alphaform's results.

- A significant portion of revenue is still generated with the automotive industry. Germany is currently the main market for the company's business activities. Fluctuations in the automotive sector and, in particular, in the German automotive market may have a considerable impact on the economic development of Alphaform. Alphaform has therefore reinforced its positioning in the premium segment of the German market. The development activities of these customers are not only directed at the domestic market but at the world market as a whole. Furthermore, access to these customers has made it possible to acquire additional orders for short production runs of niche or luxury vehicles.

- Like all companies, Alphaform is exposed to management risk. Measures to counter this risk include an internal reporting system with planning and control processes. In addition, the public is kept regularly informed of developments. The monitoring system also includes a Supervisory Board that oversees the work of the company's management.

- Alphaform has taken out insurance policies to protect itself against potential claims for damages and liability risks. To ensure that financial consequences of any risks that may arise are ruled out, or at least restricted, the scope of insurance cover is regularly reviewed and adjusted where necessary.

- Alphaform's subsidiary MediMet generates a small portion of its revenue from the sale of precision casting implants in the United States. As product liability risk is considered to be substantially higher on the US market than in Europe, the company has concluded an additional insurance policy especially for the US so as to limit the financial consequences of any risks that arise.

Currency risks and interest rate risks

Alphaform's consolidated financial statements are prepared in euro. A small proportion of revenue and expenses is incurred in currencies other than the euro. Although the euro is the prevalent currency, other currencies, such as the US dollar and pound sterling in particular, could be exposed to exchange rate fluctuations against the euro and therefore influence the financial result.

Interest income on Alphaform's available-for-sale financial assets is subject to changes in the respective market-related interest rates and is therefore exposed to constant interest rate and reinvestment risk. Cash, cash equivalents and marketable securities are held at financial institutions in Germany (with the exception of the normal business accounts of foreign subsidiaries). Alphaform continuously monitors its positions at the banks and the banks' credit quality and sees no risk of non-performance at this time.

Dependence on key employees

As a technology company, Alphaform will continue to be dependent on qualified employees in future. By implementing ongoing measures, Alphaform endeavours to maintain and further increase its attractiveness as an employer. The company's success is largely dependent on its continued ability to recruit and integrate highly qualified specialists, establish a culture of long-term employee loyalty, and adapt employee expertise to reflect changing market requirements.

On 28 March 2014, the Supervisory Board of Alphaform recalled its CEO Dr Thomas Vetter. The terms for dissolving his contract were agreed by mutual consent in the 2014 reporting year.

Financing risks

Alphaform will continue to have capital requirements to finance its planned growth in future. Capital requirements will depend on many factors, including the further implementation of the strategic reorientation.

If the company does not achieve is planning for the result of operations, net assets and liquidity, the company could find itself needing to borrow funding but cannot ensure that sufficient financing will be available at acceptable conditions or even available at all. If sufficient financing is not available or not available at acceptable conditions, this could have significant effects on the implementation of the planned strategy and net assets, financial position and results of operations, extending to jeopardising Alphaform as a going concern.

If Alphaform acquires additional capital by issuing new shares, existing shareholders might suffer a dilution of their shares.

Acquisition risks

In 2008 Alphaform acquired MediMet Precision Casting and Implants Technology GmbH, thereby giving it access to new markets – in this case medical technology – and sales channels. Alphaform could acquire other companies or technologies in future to increase its market share and supplement its existing business. Acquiring companies can expose Alphaform to risks with regard to integrating new locations, business units, technologies and staff, and to the risk that revenue does not offset the cost of acquisition, that equity instruments will be issued and this will dilute shares, that the good relationship between customers and employees cannot be maintained and that additional costs in the form of future write-downs or impairment losses on acquired intangible assets or possible transactions will be incurred. If the risks named here are not counteracted, this could lead to the company not achieving the expected benefits from the acquisitions within an appropriate timeframe.

Other risks

In addition to the risks above, Alphaform constantly monitors its compliance with the applicable regulations on environmental protection, health and safety, operational guidelines and all other legal regulations that must be complied with. In order to reduce the many risks in the areas of tax law, corporate law, labour law, competition law and other legislation to a minimum, the company's management makes its decisions and formulates regulations and working processes after consulting with internal and external experts. In addition to the risks described here, there could be other risks that Alphaform either assesses as immaterial or of which it has no knowledge at the time of this annual report going to press.

General evaluation of the risk situation

Alphaform's Management Board constantly analyses possible risks that are partially or completely beyond the company's control, such as the overall development of national economies. Potential risks also include factors that the company can influence. These include operational risks that can be recognised at an early stage and analysed as part of a risk management system. Countermeasures may be taken if necessary.

Accounting-related internal control system

The Management Board discloses the following in accordance with Section 289 (5) and Section 315 (2) no. 5 HGB.

The structure of Alphaform's internal control system (ICS) is based on the internationally accepted Internal Control Integrated Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The effectiveness of the ICS is monitored by the Supervisory Board of Alphaform AG in accordance with the requirements of the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernisation Act) that came into effect in May 2009. The scope and form of the specific requirements of Alphaform are at the discretion and responsibility of the Management Board. It is not possible to provide absolute assurance that any ICS, regardless of its specific form, will fulfil its objectives. The accounting-related ICS can only provide relative as opposed to absolute assurance that material misstatements in the accounts are prevented or identified. The accounting-related ICS contains the principles, procedures and activities to ensure the integrity of the consolidated accounts and is developed on an ongoing basis. The Group accounting processes and the preparation of management reports are coordinated at Alphaform AG by the Accounting department. Laws, accounting standards and other pronouncements are analysed on an ongoing basis for their relevance and impact on the consolidated financial statements. Relevant requirements are communicated and, together with the Group-wide financial statement calendar, forms the basis for the process of preparing financial statements. Furthermore, the process of uniform and proper Group financial reporting is also supported by supplementary procedural instructions, standardised reporting formats, IT systems and IT-based reporting and consolidation processes. If necessary, Alphaform AG also draws on the services of external service providers. The Accounting department ensures the uniform implementation of these requirements across the Group by means of suitable processes. Employees involved in the Group financial reporting process receive regular training. The Group subsidiaries are responsible for complying with the guidelines and procedures that apply to the Group as a whole and for the proper and timely operation of their accounting-related processes and systems and are supported and monitored by the Accounting department in this regard. Defined, internal checks are embedded in the financial reporting process according to risk aspects. The accounting-related ICS covers both preventative and investigative checks, which include IT-based and manual coordination, the separation of functions, the dual control principle and general IT checks such as assignment of access rights to IT systems, change management and its monitoring. Alphaform maintains a Group-wide process for monitoring the efficacy of the accounting-related ICS. This process is geared towards managing the risks of incorrect reporting in the consolidated financial statements.

Opportunities

With the business segments
- Additive Manufacturing Metal and Rapid Tooling
- Precision Casting and
- Additive Manufacturing Plastic, Alphaform's business model is based on three pillars with growth potential.

This is greatest with the additive production processes, i.e. 3D printing of metal and plastic parts. Here, many experts are expecting market growth in the medium-term of 20 to 30% per year. Alphaform has opportunities for growth from expanding its 3D business from prototyping and sample construction into minute and small series production, in particular. Products manufactured using 3D processes are becoming increasingly competitive compared with parts manufactured using traditional processes. Building on its new corporate strategy, Alphaform has therefore worked very hard at completing the switch from a more cottage industry-type production to industrial production processes in the 2014 financial year. This will also continue in 2015.

Alphaform sees opportunities for expanding its business both with established customer groups such as companies from the automotive industry and with new customer segments. Alphaform views the aerospace industry as the most promising customer group here.

The management also think that the medical technology sector is a growth area for implants manufactured using 3D printing. However, the processes used here are very time-consuming and are likely only to be reflected in revenue in the medium-term. Nonetheless, this area also offers Alphaform tangible growth potential in the short-term via the precision casting implants manufactured by its subsidiary MediMet. The market for implants will grow continuously, as western societies age more rapidly.

7. Outlook and report on expected developments

Medium-term outlook

According to the EU Commission, economic activity in the European Union will be somewhat more lively in the current year than in 2014. It expects the economies of all the EU member states to report growth this year for the first time since 2007. Specifically, the Commission is assuming growth in gross domestic product (GDP) of 1.3% for the euro zone, while it is forecasting growth in GDP of 1.7% for the EU as a whole.

Germany is likely to be the euro zone's economic driver once again. All relevant research institutes and the economists at many banks are forecasting that Federal Republic's GDP will grow more strongly than that of most other euro countries in 2015. The ifo Institute is assuming an increase in GDP of 1.5%, which is the same forecast as the federal government. By contrast, the Institute for the World Economy (IfW) is expecting economic growth of 1.7%, while the Hamburg Institute of International Economics (HWWI) is even forecasting growth of 1.9%.

For Finland, the EU Commission is assuming a 0.8% increase in GDP for 2015.

The forecast for German automotive manufacturers is more optimistic than than for the economy as a whole. The Association of the German Automotive Industry (VDA) is assuming growth in production of 4% for 2015. In this connection, it is likely that growth abroad will increase by 5%, while growth in Germany increases by 2%. Experts are also still expecting tangible growth in the medical technology sector.

General statement on expected developments

In the opinion of the management, Alphaform will at least maintain the rate of growth achieved in 2014 in 2015. Providing there is no deterioration in the economic environment, the Management Board is expecting double-digit growth in revenue again in 2015 and a significant improvement in the Group's results. In this connection, Alphaform will continue with the consistent implementation of the Alphaform Excellence programme started in 2014 at the subsidiaries Alphaform-Claho and MediMet – as well as the extended reconstruction programme at the Feldkirchen plant started in the second half of 2014.

Generally, the management expects that growth will be supported by all subsidiaries and all divisions but that the 3D printing division offers the greatest growth potential. To create the preconditions for short and medium-term growth or to improve them, Alphaform is again planning substantial investment in machinery and in strengthening its sales team still further in 2015. Alphaform will also work at obtaining the certifications needed by series producers for sectors such as the aerospace industry. These certification processes take a very long time but are an essential condition for Alphaform increasingly positioning itself as a small series producer in the 3D printing segment and also developing new customer groups in this connection. The subsidiary Alphaform-Claho has already received such certification for the medical technology sector. The Management Board is expecting to receive an order for 3D printing of medical technology implants for the first time in 2015 after extensive preparatory work. Alphaform will also try to obtain certification for the aviation industry in 2015.

In the opinion of the management, the Alphaform Group has good prospects of maintaining its rate of growth in the medium-term. Many experts expect the 3D printing market to post continuous double-digit growth over the next few years. Alphaform aims to participate strongly in this growth. To this end, Alphaform will invest substantially in new machinery and equipment beyond 2015 and will also increase the number of staff. Alphaform expects to return to profitability in 2016 at the latest.

8. Report on post-balance sheet date events

In March 2015, Alphaform AG carried out a capital increase by issuing 417,441 shares at a price of € 2.60 per share. The company therefore generated total gross proceeds of € 1,085 thousand. There were no other further significant events between the end of the reporting period and the preparation of the annual financial statements with a material effect on the future financial statements of the company.

Feldkirchen, 24 March 2015

Dr Hanns-Dieter Aberle
CEO

Thomas Kresser
CFO

CONSOLIDATED FINANCIAL STATEMENTS

2014

Consolidated Statement of Comprehensive Income

T€	Notes	01.01. - 31.12. 2014	01.01. - 31.12. 2013
Continuing Operations			
Revenues	18	29,076	25,867
Changes in inventories		-69	-663
Other own work capitalised		133	15
Other operating income		1,181	540
Cost of materials	18	-10,740	-11,626
Gross profit		**19,581**	**14,133**
Personnel expenses	18	-11,935	-10,637
Depreciation and amortisation costs and other write-offs	18	-1,281	-1,252
Depreciation on goodwill		0	-1,000
Other operating expenses	18	-8,973	-7,002
Operating result		**-2,608**	**-5,758**
Other interest and similar income	18	5	3
Interest and similar expenses	18	-460	-355
Result from continuing operations before tax		**-3,063**	**-6,110**
Taxes on income	12	-3	-24
Deferred taxes	12	24	-4
Other taxes	12	-9	-4
Result from continuing operations after tax	18	**-3,051**	**-6,142**
Discontinued operations			
Loss from discontinued operations		-106	-29
Net result for the period		**-3,157**	**-6,171**
Attributable to			
Shareholders of Alphaform		-3,106	-6,158
Minority interest		-51	-13
Other comprehensive income			
Currency translation difference economically independent foreign entities		23	4
Total comprehensive income		**-3,134**	**-6,167**

Earnings per share in €, Number of shares	01.01. - 31.12. 2014	01.01. - 31.12. 2013
Profit/loss per share		
Earnings per share from continuing operations (basic)	-0.57	-1.14
Earnings per share from discontinued operations (basic)	-0.02	-0.01
Earnings per share (basic)	-0.59	-1.16
Earnings per share from continuing operations (diluted)	-0.41	-1.14
Earnings per share from discontinued operations (diluted)	-0.01	-0.01
Earnings per share (diluted)	-0.42	-1.16
Weighted average number of shares outstanding (basic)	5,318,209	5,318,209
Weighted average number of shares outstanding (diluted)	7,485,387	5,318,209

Consolidated Statement of Financial Position

ASSETS

T€	Notes	31.12.2014	31.12.2013
Assets			
Cash and cash equivalents	3	2,421	1,230
Free cash		2,321	1,130
Restricted cash		100	100
Trade accounts receivable	4	1,758	1,458
Inventories	5	3,090	2,282
Other current assets	8	1,751	1,642
Other current tax assets		0	76
Other assets		1,413	1,397
Prepaid expenses		338	169
Total current assets		**9,020**	**6,612**
Property and equipment, net	6	5,496	3,846
Cash and cash equivalents		858	838
Restricted cash		858	838
Intangible assets, net	7	4,546	4,408
Concessions, licences		137	129
Capitalised development costs		232	102
Goodwill, net		4,177	4,177
Deferred taxes		32	8
Other non-current assets		59	27
Total non-current assets		**10.991**	**9.127**
Assets held for sale and discontinued operations		27	26
Total assets		**20.038**	**15.765**

EQUITY AND LIABILITIES

T€	Notes	31.12.2014	31.12.2013
Liabilities and shareholders‘ equity			
Common stock [1]		7,485	5,318
Additional paid-in-capital		15,148	11,325
Accumulated other comprehensive loss		27	4
CTA		27	4
Accumulated profit/loss		-13,125	-10,019
of which discontinued operations		-71	-16
Total equity of Alphaform shareholders		9,535	6,628
Minority shares		58	-2
Total shareholders´ equity	**14**	**9,593**	**6,626**
Non-current liabilities			
Liabilities due to banks	**9**	123	347
Other liabilities		2,175	1,003
Finance lease obligations	**16**	493	251
Current liabilities			
Finance lease obligations	**16**	308	234
Liabilities due to banks	**9**	1,121	2,323
Trade accounts payable	**10**	3,381	2,991
Other provisions/liabilities	**11**	2,841	1,983
Provisions		1,457	531
Other liabilities		814	879
Liabilities due to MediMet acquisition (short term)		570	570
Advance payments received on account of orders		0	3
Provisions and liabilities directly related to assets held for sale and discontinued operations		3	7
Total liabilities		**10,445**	**9,139**
Total liabilities and shareholders‘ equity		**20,038**	**15,765**

[1] 2013: 5,318,209 bearer shares with € 1 par value; and 2014: 7,485,387 bearer shares with € 1 par value, € 2,127,313 authorised capital stock; 2013 and 2014 € 531,820 contingent capital

Consolidated Statement of Cash Flow

T€	1.1. - 31.12. 2014	1.1. - 31.12. 2013
Result from continuing operations after tax	-3,051	-6,158
Adjustments to reconcile net profit/loss to cash from/used in operating activities		
Depreciation of property, plant and equipment	1,173	1,135
Depreciation of intangible assets	109	112
Depreciation of goodwill	0	1,000
Sale of property, plant and equipment at residual value	114	110
Currency translation differences	23	4
Deferred taxes	-24	4
Changes in operating assets and liabilities:		
Increase/decrease in trade receivables	-300	2,068
Increase/decrease in inventories	-808	2,311
Increase/decrease in other current assets	-109	-681
Increase/decrease in liabilities	390	563
Increase/decrease in other provisions and liabilities	570	-798
Net cash flow from operating activities (in continuing operations)	**-1,913**	**-330**
Net cash from operating activities (in discontinued operations)	**-114**	**-6**
Net cash flow from operating activities (total)	**-2,027**	**-336**
Acquisition of property, plant and equipment, excluding finance leases	-2,588	-995
Expenses for other loans	-32	-19
Net cash flow from investing activities	**-2,620**	**-1,014**

T€	1.1. - 31.12. 2014	1.1. - 31.12. 2013
New bank loans	1,460	1,425
Principal payments on bank loans	-1,426	-457
Principal payments under finance leases	-280	-204
Transactions with non-controlling interests	111	11
Proceeds from capital increase	5,990	0
Net cash flow from financing activities	**5,855**	**775**
Net increase/reduction in cash and cash equivalents	1,208	-575
Increase/decrease in restricted cash	-20	94
Cash, cash equivalents and short term investments at beginning of period	1,152	1,633
Cash and cash equivalents including short-term investments continuing operations	2,321	1,130
Cash and cash equivalents including short-term investments discontinued operations	19	22
Cash and cash equivalents including short-term investments at the end of the period	**2,340**	**1,152**
Cash and cash equivalents including long and short-term investments at the end of the period	**2,340**	**1,152**
Additional cash flow statement disclosures		
Cash paid for interest	459	355
Revenue for interest	5	3
Taxes on income	4	24
Non-cash transactions:		
Property, plant and equipment acquired under finance leases	596	35

Statement of Changes in Consolidated Equity

for the 2014 financial year

		Common stock	
All figures in € thousand except number of shares	**Notes**	Number of shares	Amount
IAS/IFRS shareholders´ equity as of 31 December 2012		5,318,209	5,318
Result from continuing operations Result from discontinued operations	**18**		
Foreign currency translation			
Transactions with non-controlling interests			
IAS/IFRS shareholders´ equity as of 31 December 2013	**18**	5,318,209	5,318
Result from continuing operations Result from discontinued operations			
Foreign currency translation			
Transactions with non-controlling interests			
Capital increase		2,167,178	2,167
IAS/IFRS shareholders´ equity as of 31 December 2014		7,485,387	7,485

Additional paid-ir capital	Accumulated other comprehensive income	Accumulated profit/loss	Total equity of Alphaform shareholders	Non-controlling interests	Total shareholders´ equity
11,325	0	-3,861	12,782	0	12,782
	0	-6,142 -16	-6,142 -16	-13	-6,142 -29
	4	0	4	0	4
	0	0	0	11	11
11,325	4	-10,019	6,628	-2	6,626
		-3,051 -55	-3,051 -55	-51	-3,051 -106
	23		23		23
				111	111
3,823			5,990		5,990
15,148	27	-13,125	9,535	58	9,593

Statement of Changes in Fixed Assets for the 2014 Fiscal Year

	Acquisition/production cost				
T€	1.1.14	Additions	Disposals	Reclassifications	31.12.14
Intangible assets					
Concessions, industrial and similar rights and assets and licenses in such rights and assets	1,402	66	0	11	1,478
Internally generated intangible assets	260	170	0	0	430
Goodwill	11,289	0	0	0	11,289
Customer base and know-how	1,779	0	0	0	1,779
	14,730	**236**	**0**	**11**	**14,977**
Property, plant and equipment					
Land rights and buildings, including buildings on third-party land	2,717	33	0	0	2,750
Technical equipment and machinery	13,201	1,836	274	29	14,791
Other equipment, operating and office equipment	2,532	184	15	40	2,741
Prepayments and assets under construction	49	896	15	-80	850
	18,499	**2,948**	**304**	**-11**	**21,132**
Of which from operating activities to be suspended	1	0	0	0	1
	33,231	**3,184**	**304**	**0**	**36,110**

Cumulative depreciation and amortisation						Net book value	
1.1.14	Additions	Disposals	Differences	Adjustments	31.12.14	31.12.14	31.12.13
1,273	68	0	0	0	1,341	137	129
158	41	0	0	0	198	232	102
7,112	0	0	0	0	7,112	4,177	4,177
1,779	0	0	0	0	1,779	0	0
10,322	**109**	**0**	**0**	**0**	**10,431**	**4,546**	**4,408**
1,550	105	0	0	0	1,655	1,095	1,167
11,142	848	175	0	0	11,815	2,976	2,059
1,961	220	15	0	0	2,166	576	571
0	0	0	0	0	0	850	49
14,653	**1,172**	**190**	**0**	**0**	**15,636**	**5,496**	**3,846**
0	0	0	0	0	0	1	1
24,975	**1,282**	**190**	**0**	**0**	**26,067**	**10,043**	**8,255**

Statement of Changes in Fixed Assets for the 2013 Fiscal Year

	Acquisition/production cost				
T€	1.1.13	Additions	Disposals	Reclassifications	31.12.13
Intangible assets					
Concessions, industrial and similar rights and assets and licenses in such rights and assets	1,306	96	0	0	1,402
Internally generated intangible assets	260	0	0	0	260
Goodwill	11,289	0	0	0	11,289
Customer base and know-how	1,779	0	0	0	1,779
	14,634	**96**	**0**	**0**	**14,731**
Property, plant and equipment					
Land rights and buildings, including buildings on third-party land	2,626	91	0	0	2,717
Technical equipment and machinery	13,040	538	429	52	13,201
Other equipment, operating and office equipment	2,306	243	16	0	2,532
Prepayments and assets under construction	74	27	0	-52	49
	18,046	**898**	**445**	**0**	**18,499**
Of which from operating activities to be suspended	0	1	0	0	1
	32,680	**995**	**445**	**0**	**33,231**

Cumulative depreciation and amortisation						Nettobuchwerte	
1.1.13	Additions	Disposals	Differences	Adjustments	31.12.13	31.12.13	31.12.12
1,220	52	0	0	0	1,273	130	86
92	65	0	0	0	158	102	167
6,112	1,000	0	0	0	7,112	4,177	5,177
1,779	0	0	0	0	1,779	0	0
9,204	**1,118**	**0**	**0**	**0**	**10,322**	**4,409**	**5,430**
1,450	100	0	0	0	1,550	1,167	1,176
10,630	832	321	0	0	11,142	2,059	2,409
1,771	203	14	1	0	1,961	571	534
0	0	0	0	0	0	49	74
13,852	**1,135**	**335**	**1**	**0**	**14,653**	**3,846**	**4,193**
0	0	0	0	0	0	1	0
23,057	**2,252**	**335**	**1**	**0**	**24,975**	**8,255**	**9,623**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Organisation and key accounting policies

Business and company

The company was founded on 14 December 1995 and is entered in the commercial register of the Munich Local Court under HRB 129 842.

The company supplies services to support the product development process for its customers. These services comprise consulting on the content and planning of the product development process and manufacturing virtual or real prototypes and small series of products that later enter large-scale production with the aim of persuading customers as to the benefits of fully outsourcing their related processes. The medical technology segment was added on 1 December 2008 as a result of an acquisition in the area of precision implant casting.

The majority of the company's customers operate in the medical technology and automotive industries, but the company also has customers in the aerospace and aviation, household appliance and telecommunications sectors. Its revenue is mainly generated with customers in Germany, the rest of Europe – particularly the UK, Switzerland, Italy and Scandinavia – Turkey and the US.

The company has been listed on the Frankfurt Stock Exchange since June 2000. It has been included in the prime standard segment since the start of 2003. The company is based at Collateralised 10, 85622 Feldkirchen near Munich, Germany, and had 285 employees as at the end of the 2014 financial year (256 full time equivalents).

Consolidated companies

The company directly or indirectly held all shares in the following subsidiaries as at 31 December 2014:

- Alphaform-Claho GmbH, Eschenlohe, Germany
- Alphaform-Project GmbH, Feldkirchen, Germany
- Alphaform RPI Oy, Rusko, Finland
- Alphaform Derecognised AB, Sweden
- Alphaform Limited, Newbury, Great Britain
- MediMet Precision Casting and Implants Technology GmbH, Stade, Germany.

It also has an equity investment of 50.4% in the joint venture founded in 2013:

- Art Shapes GmbH, Feldkirchen, Germany.

General information

The consolidated financial statements as at 31 December 2014 were approved by way of resolution of the Management Board on 24 March 2014. The company's Management Board consists of Dr Hanns-Dieter Aberle and Thomas Kresser. Matti Paasila (Chairman of the Supervisory Board until 31 December 2014), Dr Hans J. Langer and Falk Strascheg are members of the company's Supervisory Board. The Munich Local Court appointed Mr Götz Ganghofer as an additional member of the Supervisory Board on 14 January 2015. On 28 January 2015, the Supervisory Board elected Mr Ganghofer as its new Chairman. The Supervisory Board can amend the consolidated financial statements approved by the Management Board.

Summary of key accounting policies

(A) Principles and methods of adoption

All IFRSs issued by the IASB that were effective at the time of these consolidated financial statements being prepared and adopted by Alphaform AG have been endorsed by the European Commission for application in the EU. These consolidated financial statements of Alphaform AG are therefore consistent with IFRS as effective in the EU.

The preparation of the annual financial statements in accordance with IAS/IFRS requires the Management Board to make estimates and assumptions concerning the recognition of assets and liabilities, the disclosure of contingent liabilities at the end of the reporting period, forecasts for impairment testing and the reporting of revenue and expenses during the reporting period. This primarily relates to estimated useful lives, write-downs on receivables and inventories, estimated amounts for provisions and estimated forecasts, growth rates, etc. Actual results may differ from these forecasts. Estimates and their underlying assumptions are examined on an ongoing basis. Estimates are recognised in the period in which the change occurs and each future period affected.

The accounting policies applied are the same as in the previous year with the following exceptions:

Alphaform AG applied the following revised IFRS standards in the 2014 financial year. The application of these standards did not affect the Group's financial position or financial performance. However, it led to additional disclosures in some cases.

Standard/ Interpretation		Applicable to financial years starting on	Endorsement by the European Union	Effects at Alphaform
IFRS 10	Consolidated financial statements	1 January 2014	Yes	None
IFRS 11	Joint Arrangements	1 January 2014	Yes	None
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014	Yes	Yes
IFRS 10 / 12 and IAS 27 (A)	Amendment to the standard - Investment Entities	1 January 2014	Yes	None
IFRS 10 / 11 /	Amendment to the standard - Transition Provisions	1 January 2014	Yes	Yes
IAS 27 (R)	Separate Financial Statements	1 January 2014	Yes	None
IAS 28 (R)	Investments in Associates and Joint Ventures	1 January 2014	Yes	None
IAS 32 (A)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014	Yes	None
IAS 36 (A)	Impairment of Assets - Recoverable Amount Disclosures for Non-financial Assets	1 January 2014	Yes	None
IAS 39 (A)	Financial Instruments: Recognition and Measurement - Ovation of Derivatives and Continuation of Hedge Accounting	1 January 2014	Yes	None

(A) Amended Extended
(R) Revised Amended

The effects of new and revised standards and interpretations are explained below.

IFRS 12 „Disclosure of Interests in Other Entities“: please refer to (D) on page 74 for details of the effects

Amendments to the transition provisions of IFRS 10 „Consolidated Financial Statements“, of IFRS 11 „Joint Arrangements“ and IFRS 12 „Disclosure of Interests in Other Entities“: The amendments clarify the fact that the date of first-time application of IFRS 10 is the first day of the financial year of first-time application. Consequently, this is 1 January 2014 for Alphaform AG.

The disclosures in the Notes specified by IFRS 12 were also amended. Alphaform AG complied with this.

The following new and revised standards and interpretations, application of which was not yet compulsory in the reporting period or which had not been endorsed by the European Union, were not applied prematurely. Standards marked „yes“ are viewed as likely to have an effect on the consolidated financial statements and are currently being examined by the Group. Standards marked „no“ are not expected to have any material effects on the consolidated financial statements.

Standard/ Interpretation		Applicable to financial years starting on	Endorsement by the European Union	Effects at Alphaform
IFRS 9	Financial Instruments	1 January 2018	No	Yes
IFRS 14	Regulatory Deferral Accounts	1 January 2016	No	None
IFRS 15	Revenue from Contract with Customers	1 January 2017	No	Yes
IFRS 10 and IAS 28 (A)	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	1 January 2016	No	None
IFRS 11 (A)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	No	None
IAS 16 and IAS 38 (A)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	No	None
IAS 16 and IAS 41 (A)	Bearer Plants	1 January 2016	No	None
IAS 19 (A)	Defined Benefit Plans: Employee Contributions	1 July 2014	No	None
IAS 27 (A)	Application of the Equity Method in Separate Financial Statements	1 January 2016	No	None
IFRIC 21	Levies	17 June 2014	Yes	None

	Improvement of the International Financial Reporting Standards, 2010 – 2012 Cycle	1 July 2014	No	None
	Improvement of the International Financial Reporting Standards, 2011 – 2013 Cycle	1 July 2014	No	None
	Improvement of the International Financial Reporting Standards, 2012 – 2014 Cycle	1 January 2016	No	None

(A) Amended Extended

(B) Declaration of compliance
The consolidated financial statements as at 31 December 2014 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, taking into account the recommendations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) and the IFRSs endorsed by the European Commission. Accordingly, these annual financial statements were prepared in accordance with the IASs/IFRSs effective as at 31 December 2014.

(C) Principles of presentation

The consolidated financial statements were prepared in euro, the functional currency of the Group. They are based on historical cost. All amounts stated in this report have been rounded to full amounts in euro (€) or thousands of euro (€ thousand).

Uniform accounting policies were applied by the Group companies in accordance with IAS 27.24.

(D) Principles of consolidation
The consolidated financial statements include Alphaform AG and all its subsidiaries in accordance with the method of full consolidation. All assets and liabilities between the companies included in consolidation are offset; intragroup transactions are eliminated. The key accounting policies of subsidiaries were amended as required to establish uniformity with the principles applied at Group level. For more information, see 1(A) of the notes to the consolidated financial statements and IFRS 3 "Business Combinations", IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets".

(E) Foreign currency translation
IAS 21 – Effects of Changes in Foreign Exchange Rates prescribes how transactions and balances are to be accounted for in foreign currency. The functional currency of all of the company's subsidiaries is the local currency of the country in which the respective subsidiary is domiciled. Accordingly, foreign currency assets and liabilities reported in the accounts of foreign subsidiaries (except equity) are translated into euro at the respective rate at the end of the reporting period. Income and expenses are translated at the average rate for the respective financial year. Cumulative gains and losses from currency translation are reported in equity as a separate item. €

23 thousand was recognised in profit or loss in the 2014 financial statements (previous year: € 4 thousand).

The following exchange rates were used for currency translation:

Country	Currency	Reporting date rate (corresponds to € 1)	Average rate (corresponds to € 1)
Great Britain	GBP	0.7788	0.7882
Sweden	Krona	9.3982	9.4023

(F) Cash and cash equivalents
All current liquid financial assets with original maturities of three months or less are classified as cash and cash equivalents. Cash and cash equivalents are carried at fair value. The company invests its cash and cash equivalents at three major German banks – Deutsche Bank, Bayern-LB and DZ Bank – Münchner Bank and at local savings banks.

(G) Credit risks
Financial instruments that may expose the Group to credit risk primarily consist of cash and cash equivalents and current financial assets. The Group invests its cash equivalents, current financial assets and restricted cash with issuers of excellent credit quality. Group investments are managed in Germany. The maximum credit risk is the total cash and cash equivalents and current financial assets reported in the statement of financial position.

(H) Recognition and measurement of inventories
Inventories are measured at cost subject to any discounts that may be needed. Finished goods and work in progress are carried at cost. This comprises all of the directly attributable costs for materials and production costs as well as overheads incurred in bringing inventory to its present location and condition. Inventories are broken down into materials and supplies, work in progress, finished products and goods for resale and advance payments.

(I) Intangible assets and property, plant and equipment
Intangible assets are accounted for at amortised cost. All intangible assets, with the exception of goodwill, have a definite useful life and are therefore depreciated on a straight-line basis.

Development costs are capitalised as an intangible asset if a newly developed product or process can be clearly delineated, is technically feasible and is either intended for own use or for marketing purposes. Other conditions for capitalisation include the expected realisation of future economic benefits and the reliable measurement of the asset.

Property, plant and equipment include leasehold improvements, machinery, equipment, purchased software and internally generated intangible assets. Property, plant and equipment are carried at cost less cumulative depreciation and impairment losses.

Non-current assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Office equipment	between 2 and 13 years
Machinery	between 3 and 10 years
Software	3 years
Leasehold improvements	between 1 and 10 years
Internally generated intangible assets	between 3 and 5 years

The historical cost of assets that are sold or scrapped is eliminated net of cumulative depreciation. Gains and losses on the disposal of property, plant and equipment are reported in other operating income or expenses. Replacement acquisitions, building alterations and leasehold improvements are capitalised, whereas repair and maintenance expenses are expensed as occurred. Low-value assets of less than €150 are written down in full in the year of their acquisition. For reasons of simplification, assets worth more than € 150 but less than € 1,000 are recognised as an omnibus item. This omnibus item is depreciated over 5 years on a straight-line basis.

(J) Recognition and measurement of receivables

Trade receivables are carried at their nominal amount. Specific credit risk is taken into account using adequate specific allowances.

Valuation allowances for bad debts are based on management estimates of the collectability of certain receivables from customers and the maturity structure of trade receivables. If the credit rating of a major customer deteriorates or the actual level of default is higher than in the past, this may have an adverse effect on management estimates of the collectability of receivables. Based on these estimates, valuation allowances of € 738 thousand were recognised as at 31 December 2014 and € 722 thousand as at 31 December 2013. The company does not agree any retention of title with its customers for outstanding receivables.

(K) Accounting for long-lived and identifiable intangible assets (goodwill)

Since the start of the 2004 financial year, the company has applied IAS 36 "Impairment of Assets" in testing purchased goodwill for impairment. At the end of each reporting period or whenever there are indications that a carrying amount may no longer be recoverable, the management examines the carrying amounts of the Group's assets for potential impairment. Under impairment testing, the value in use of the acquired subsidiary is compared with the corresponding carrying amount (including goodwill). Impairment losses of € 0 thousand were recognised in the 2014 financial year (previous year: impairment losses of € 0 thousand).

(L) Accounting for long-lived and identifiable intangible assets (not including goodwill)
At the end of each reporting period or whenever there are indications that a carrying amount may no longer be recoverable, the management examines the carrying amounts of the Group's financial and non-financial assets for potential impairment. If there is an indication of impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the recoverable amount is lower than the carrying amount of the asset. The impairment is recorded in the income statement as expenditure.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. To estimate the value in use, the expected future cash flows are discounted against the present value using an interest rate before taxes that reflects the present market assessment of the interest effect and the specific risks relating to the asset. If the asset does not generate an independent cash flow, the recoverable amount is calculated for the cash-generating unit containing the asset. No such impairment losses were recognised in the 2014 and 2013 financial years.

(M) Research and development
Research costs are expensed in full in the year in which they are incurred; development costs that meet the conditions for capitalisation are capitalised and amortised over a period of 3 to 5 years.

(N) Fair value of financial instruments
The carrying amounts for cash and cash equivalents, current financial assets, receivables, other assets, liabilities and provisions in the statement of financial position are roughly equivalent to their fair values.

The carrying amounts of lease obligations are also roughly equivalent to their fair values as determined by comparing the market prices for identical and similar loan arrangements and the conditions offered to the company.

(O) Trade payables and other liabilities
Trade payables and other liabilities are measured at the repayment amount. Liabilities with a maturity of more than one year are discounted to their present value. Liabilities with uncertain timing or amount are reported as provisions.

(P) Revenue recognition
The company generates revenue from the timely performance of services for its customers in the area of prototype production. Alphaform AG uses CAD (computer-aided design) product descriptions developed by its customers in producing these prototypes. The company uploads the CAD data it receives from customers to its own production software, which manages and controls the production machinery.

Revenue from the sale of these products is generally recognised when, among other things, a contractual basis exists, the price is fixed or can be determined, the product or service has been provided and receipt of payment is assured. The company has no repurchase obligation after delivering the products.

Depending on the order size and complexity and the number of prototypes or orthopaedic implants to be developed, production time may range from one day to between three and four months.

(Q) Payments for operating leases
Payments made in connection with operating leases are reported in the income statement on a straight-line basis over the lease term.

(R) Interest income
Interest income is recognised in profit and loss as it occurs, taking into account the effective interest rate of the respective asset.

(S) Interest expense
Borrowing costs are recognised in interest expense in the period in which they incur and are not capitalised.

(T) Taxes on income
Current income taxes are the expected taxes due on taxable income for the year based on the tax rates effective, or predominantly in force, at the end of the reporting period.

Deferred taxes are calculated on the basis of the liability method, which addresses temporary differences between the carrying amounts for assets and liabilities shown in the IFRS statement of financial position and their amounts in the tax base. Deferred taxes are calculated depending on the manner in which the carrying amounts of the assets are expected to be realised and the liabilities are expected to be fulfilled based on the tax rates effective, or predominantly in force, at the end of the reporting period.

Deferred tax claims and deferred tax due are offset if there is a legally enforceable right to set off a current tax asset against a current tax liability, and if deferred tax claims and tax due relates to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets can only be recognised as assets in the amount in which it is probable that future taxable earnings will be available in order to realise the claim. Deferred tax assets are reduced by the extent to which the tax claim can probably no longer be realised.

(U) Earnings per share
The Group reports basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the company's ordinary shares by the weighted average number of ordinary shares outstanding in the period under review. Diluted earnings per share are calculated in the same way, with the net profit or loss for the year attributable to ordinary shareholders and the weighted average number of ordinary shares in outstanding being adjusted for the possible dilutive effects of all dilutive ordinary shares issued to management and employees as stock options.

(V) Capital management
Capital management concerns the management of equity and liabilities in addition to the management of financial assets.

The conditions for optimum capital management are established through the strategic alignment of the Alphaform Group, which focuses on a long-term increase in value in the interests of investors, employees and customers. This value development is driven by a continuous improvement in results through organic growth and improvements in efficiency. In order to achieve this, there is a need for a balance between business and financial risks on the one hand and financial flexibility to achieve growth targets on the other. This balance is ensured by the strong financial profile to which Alphaform is committed. Short-term liquidity management has a planning horizon of three months.

The share capital of € 7,485 thousand and the capital reserves of € 15,148 thousand – totalling € 22,633 thousand – are considered as capital to be managed.

Alphaform AG is not subject to any capital requirements on the basis of its Articles of Association.

2. 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 to 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 individual segment or that can be reasonably allocated to the segments. The price used when transferring between segments is determined in accordance with a Group directive on an arm's-length basis.

Segment investments represent the total costs incurred in the period under review for the acquisition of property, plant and equipment and intangible assets (not including goodwill).

The revenue in the business segments relates to the generative 3D layering technologies (Additive Manufacturing Plastics/Modelling, Additive Manufacturing Metal/Rapid Tooling) and the manufacture of medical products (Precision Casting).

The segment information meets the requirements of IFRS 8. The assets within the meaning of IFRS 8 amounted to € 20,038 thousand (previous year: € 15,765 thousand). Of this figure, € 10,415 thousand (previous year: € 7,178 thousand) was attributable to AM Plastic, € 3,530 thousand (previous year: 1,703) to AM Metal/Rapid Tooling and € 3,944 thousand (previous year: € 3,326 thousand) to Precision Casting.

Segment reporting 2014

T€	AG, UK, RPI AM Plastic 2014	Claho AM Metal/ Rapid Tooling 2014	MediMet Precision Casting 2014	Not allocated 2014	Group 2014
External revenues	18,440	3,040	7,596	0	29,076
Intersegmental revenues	-41	2,039	54	-2,052	0
Revenues	**18,399**	**5,079**	**7,650**	**-2,052**	**29,076**
Changes in inventories	-10	13	-72	0	-69
Other own work capitalised	0	14	119	0	133
Other operating income	1,844	220	230	-1,113	1,181
Cost of materials	-8,577	-1,371	-2,844	2,052	-10,740
Personnel expenses	-6,719	-2,018	-3,198	0	-11,935
Depreciation and amortisation costs & other write-offs	-831	-276	-188	14	-1,281
Depreciation on goodwill	0	0	0	0	0
Other operating expenses	-7,102	-1,471	-1,714	1,314	-8,973
Segment earnings	**-2,996**	**190**	**-17**	**215**	**-2,608**
Interest income	19	20	0	-34	5
Interest expense	-366	-50	-78	34	-460
Other income, net	0	0	0	0	0
Result from continuing operations before tax	**-3,343**	**160**	**-95**	**215**	**-3,063**
Interest income	-3	0	0	0	-3
Deferred taxes	0	0	0	24	24
Other taxes	-2	-4	-3	0	-9
Result from continuing operations after tax	**-3,348**	**156**	**-98**	**239**	**-3,051**
DISCONTINUED OPERATIONS	-106	0	0	0	-106
Net result for the period	**-3,454**	**156**	**-98**	**239**	**-3,157**
Cash and cash equivalents	3,034	102	143	0	3,279
Free cash	2,178	0	143	0	2,321
Restricted cash	856	102	0	0	958
Trade receivables	2,154	766	931	-2,093	1,758
Inventories	1,337	605	1,148	0	3,090
Other short-term assets	1,219	209	323	0	1,751
Property and equipment, net	2,482	1,710	1,271	33	5,496
Other intangible assets, net	43	93	1	0	137
Capitalised development costs	60	44	128	0	232
Goodwill, net	0	0	0	4,177	4,177
Deferred taxes	0	0	0	32	32
Other non-current assets	59	0	0	0	59
DISCONTINUED OPERATIONS	27	0	0	0	27
Total segment assets	**10,415**	**3,530**	**3,944**	**2,149**	**20,038**
Trade payables	2,653	1,760	1,350	-2,382	3,381
Bank loans	456	69	719	0	1,244
Other provisions/liabilities	4,874	151	268	-277	5,016
Finance lease obligations	132	669	0	0	801
Deferred taxes	0	0	0	0	0
DISCONTINUING OPERATIONS	3	0	0	0	3
Total segment liabilities	**8,118**	**2,649**	**2,337**	**-2,659**	**10,445**
Investments	1,315	1,620	249	0	3,184
Scheduled depreciations and amortisations	832	276	188	-14	1,282
Unscheduled depreciations and amortisations	0	0	0	0	0

Segment reporting 2013

T€	AG, UK, RPI AM Plastic 2013	Claho AM Metal/ Rapid Tooling 2013	MediMet Precision Casting 2013	Not allocated 2013	Group 2013
External revenues	17,191	2,486	6,190	0	25,867
Intersegmental revenues	26	1,456	29	-1,511	0
Revenues	**17,217**	**3,942**	**6,219**	**-1,511**	**25,867**
Changes in inventories	-54	61	-670	0	-663
Other own work capitalised	0	15	0	0	15
Other operating income	1,281	75	131	-947	540
Cost of materials	-10,077	-849	-2,209	1,509	-11,626
Personnel expenses	-5,776	-1,886	-2,975	0	-10,637
Depreciation and amortisation costs & other write-offs	-825	-245	-196	14	-1,252
Depreciation on goodwill	0	0	0	-1,000	-1,000
Other operating expenses	-4,700	-1,343	-1,906	947	-7,002
Segment earnings	**-2,934**	**-230**	**-1,606**	**-988**	**-5,758**
Interest income	30	2	0	-29	3
Interest expense	-272	-47	-65	29	-355
Other income, net	0	0	0	0	0
Result from continuing operations before tax	**-3,176**	**-275**	**-1,671**	**-988**	**-6,110**
Income taxes	-24	0	0	0	-24
Deferred taxes	-4	0	0	0	-4
Other taxes	0	0	-4	0	-4
Result from continuing operations after tax	**-3,204**	**-275**	**-1,675**	**-988**	**-6,142**
DISCONTINUING OPERATIONS	-29	0	0	0	-29
Net result for the period	**-3,233**	**-275**	**-1,675**	**-988**	**-6,171**
Cash and cash equivalents	1,924	103	41	0	2,068
Free cash	1,088	1	41	0	1,130
Restricted cash	836	102	0	0	938
Trade receivables	1,039	460	596	-637	1,458
Inventories	1,060	526	696	0	2,282
Other short-term assets	863	167	612	0	1,642
Property and equipment, net	2,110	407	1,311	18	3,846
Other intangible assets, net	104	25	0	0	129
Capitalised development costs	17	14	71	0	102
Goodwill, net	0	0	0	4,177	4,177
Deferred taxes	8	0	0	0	8
Other non-current assets	27	0	0	0	27
DISCONTINUING OPERATIONS	26	0	0	0	26
Total segment assets	**7,178**	**1,703**	**3,326**	**3,558**	**15,765**
Trade payables	1,991	240	760	0	2,991
Bank loans	1,916	76	678	0	2,670
Other provisions/liabilities	3,005	153	142	-314	2,986
Finance lease obligations	282	203	0	0	485
Deferred taxes	0	0	0	0	0
DISCONTINUING OPERATIONS	7	0	0	0	7
Total segment liabilities	**7,201**	**672**	**1,580**	**-314**	**9,139**
Investments	693	123	179	-155	840
Scheduled depreciations and amortisations	825	245	196	-14	1,252
Unscheduled depreciations and amortisations	0	0	0	1,000	1,000

AM Plastics/Modelling

The AM Plastics/Modelling business segment comprises Alphaform AG (including the holding company), Art Shapes GmbH, Alphaform RPI Oy, Rusko, Finland, Alphaform Derecognised AB, Stockholm, Sweden, and Alphaform (UK) Ltd, Newbury, UK.

AM Plastics/Modelling

T€	2014	2013	Change
Revenue	18,399	17,217	7%
Result after tax	-3,454	-3,233	-7%
Investments	1,315	693	90%

Revenue in the AM Plastics/Modelling segment rose from € 17,217 thousand in 2013 to € 18,399 thousand in 2014. This corresponds to a rise of 7%. Earnings fell by € 221 thousand from € -3,233 thousand in 2013 to € -3,454 thousand in 2014.

Investments in the AM Plastics/Modelling segment were up by € 622 thousand year-on-year in 2014.

AM Metal/Rapid Tooling

The AM Metal/Rapid Tooling business segment comprises Alphaform-Claho GmbH, Eschenlohe.

AM Metal/Rapid Tooling

T€	2014	2013	Change
Revenue	5,079	3,942	29%
Result after tax	156	-275	-
Investments	1,620	123	1,217%

Revenue in the AM Meta/Rapid Tooling segment rose from € 3,942 thousand in 2013 to € 5,079 thousand in 2014. This corresponds to a rise of 29%. Earnings improved by € 431 thousand from € -275 thousand in 2013 to € 156 thousand in 2014.

Investments in the AM Metal/Rapid Tooling segment changed by € 1,497 thousand year-on-year in 2014.

Precision Casting

The Precision Casting business segment comprises MediMet GmbH, Stade.

Precision Casting

T€	2014	2013	Change
Revenue	7,650	6,219	23%
Result after tax	-98	-1,675	94%
Investments	249	179	39%

Revenue in the Precision Casting segment rose from € 6,219 thousand in 2013 to € 7,650 thousand in 2014. This corresponds to a rise of 23%. Earnings improved by € 1,577 thousand from € -1,675 thousand in 2013 to € -98 thousand in 2014.

Investments in the Precision Casting segment were up by € 70 thousand year-on-year in 2014.

The secondary segments are broken down according to geographical location.

Central Europe
The Central Europe segment comprises Alphaform AG, Feldkirchen; Alphaform-Claho GmbH, Eschenlohe, Art Shapes GmbH, Feldkirchen, and MediMet Precision Casting and Implants Technology GmbH, Stade.

North Europe
The North Europe business segment comprises Alphaform RPI Oy, Rusko, Finland, Alphaform Derecognised AB, Stockholm, Sweden, and Alphaform (UK) Ltd, Newbury, UK.

Segment revenue information is presented on the basis of the domicile of the respective customer. The figures for segment assets relate to the location of the respective assets.

Consolidated revenue

	Central Europe		North Europe		Consolidated		Total	
T€	2014	2013	2014	2013	2014	2013	2014	2013
Germany	14,342	13,518	0	0	0	0	14,342	13,518
Finland	5	40	1,854	2,003	0	0	1,859	2,043
UK	203	194	3,423	2,966	0	0	3,626	3,160
Rest of Europe	3,711	2,379	153	38	0	0	3,864	2,417
Rest of World	5,385	4,729	0	0	0	0	5,385	4,729
Total	**23,646**	**20,860**	**5,430**	**5,007**	**0**	**0**	**29,076**	**25,867**

Consolidated assets

	Central Europe		North Europe		Consolidated		Total	
T€	2014	2013	2014	2013	2014	2013	2014	2013
Germany	26,475	20,588	0	0	-8,875	-7,544	17,600	13,044
Finland	0	0	1,151	1,282	0	0	1,151	1,282
UK	0	0	1,287	1,439	0	0	1,287	1,439
Total	**26,475**	**20,588**	**2,438**	**2,721**	**-8,875**	**-7,544**	**20,038**	**15,765**

Consolidated investment

	Central Europe		North Europe		Consolidated		Total	
T€	2014	2013	2014	2013	2014	2013	2014	2013
Germany	2,196	796	0	0	0	0	2,196	796
Finland	0	0	91	187	0	0	91	187
UK	0	0	2	12	0	0	2	12
Total	**2,196**	**796**	**93**	**199**	**0**	**0**	**2,289**	**995**

A further breakdown of income from external customers at the level of products and services would entail a disproportionate amount of effort and has therefore not been provided.

3. Cash and cash equivalents

As at 31 December 2014 the company had bank balances totalling € 3,279 thousand (31 December 2012: € 2,068 thousand). € 2,321 thousand of this amount was freely available and € 958 thousand had restricted availability, including € 100 thousand with short-term and € 858 thousand with long-term restrictions on availability.

Cash and cash equivalents

T€	31.12.2014	31.12.2013
Free cash	2,321	1,130
Restricted cash	100	100
Cash and cash equivalents (current)	**2,421**	**1,230**
Restricted cash	858	838
Cash and cash equivalents (non-current)	**858**	**838**
Total cash and cash equivalents	**3,279**	**2,068**

4. Trade receivables

All trade receivables are non-interest-bearing and are generally due between 10 and 90 days. This may be extended to 180 days in special cases at MediMet.

Trade receivables

T€	31.12.2014	31.12.2013
Trade receivables	2,496	2,180
Total	**2,496**	**2,180**
Valuation allowances	-738	-722
Total	**1,758**	**1,458**

T€	2014 0 - 30 days	2014 30 - 60 days	2014 60+ days	2014 Total
Trade receivables	1,215	117	1,164	2,496
Valuation allowances	0	0	-738	-738
Receivables after deduction of valuation allowances	**1,215**	**117**	**426**	**1,758**

The largest single receivable as at 31 December 2014 was € 468 thousand or 18.75% of total receivables and was considered by the company's management to be low-risk. € 453 thousand of this receivable had been settled 60 days after the end of the 2014 financial year. The largest single receivable as at 31 December 2013 was € 740 thousand or 15.05% of total receivables and was considered by the company's management to be low-risk. € 308 thousand of this receivable had been settled 60 days after the end of the 2013 financial year.

5. Inventories

Inventories are composed as follows:

Inventories

T€	31.12.2014	31.12.2013
Raw materials, consumables and supplies	2,066	1,188
Unfinished goods	590	759
Finished goods	434	335
Advance payments	0	0
Total	**3,090**	**2,282**

Inventories are carried at the lower of cost or market. The cost of raw materials is calculated using the weighted average method. The inventories in 2014 and 2013 contained no currency translation differences.

Manufacturing cost comprises all the directly attributable costs for materials and production costs as well as overheads incurred in bringing inventories to their present location and condition.

The manufacturing contracts performed by Alphaform are generally short-term in nature, i.e. they are not reported at the end of two consecutive reporting periods.

6. Property, plant and equipment

Details of non-current assets can be found in the statement of changes in non-current assets for 2014 and 2013. Property, plant and equipment include leased machinery with a cost of € 596 thousand (previous year: € 371 thousand). As at 31 December 2014, the cumulative depreciation attributable to these leased assets totalled € 285 thousand (previous year: € 376 thousand). The residual carrying amount of the leased assets is € 667 thousand. There are options to extend the lease terms that are not linked to specific conditions.

The total depreciation of property, plant and equipment recognised in the period under review was € 1,172 thousand (previous year: € 1,135 thousand).

Property, plant and equipment

T€	31.12.2014	31.12.2013
Property and plant	1,222	1,335
Leasehold improvements	1,528	1,382
Machinery	14,791	13,201
Operating and office equipment	2,741	2,532
Assets under development	850	49
Total	**21,132**	**18,499**
Less cumulative depreciation	-15,636	-14,653
Total	**5,496**	**3,846**
From operating activities to be suspended	0	0

Leased assets are capitalised as a capital lease in accordance with IAS 17 "Leases". Under IAS 17, the economic ownership of leased assets is transferred to the lessee if the lessee bears a substantial portion of the risks and rewards of owning the leased asset. Where economic ownership is assigned to Alphaform, the asset is capitalised at the time the agreement is signed, either at fair value or at the present value of the minimum leasing payments if this is lower than the fair value. Amortisation methods and estimated useful lives are the same as for comparable acquired assets. There is a purchase option at the end of the lease term for almost all leases. Legal ownership of the leased assets lies with the lessor, hence that the company cannot freely dispose of the leased assets.

7. Intangible assets

Intangible assets

T€	31.12.2014	31.12.2013
Capitalised development costs	430	260
Software	1,478	1,402
Goodwill	11,290	11,290
Customer base and know-how	1,779	1,779
Total	**14,977**	**14,731**
Less cumulative depreciation	-10,431	-10,323
Total	**4,546**	**4,408**
From operating activities to be suspended	1	1

The carrying amount of goodwill is taken from the historical cost of € 11,290 thousand less cumulative impairment of € 7,112 thousand and amounts to € 4,177 thousand as at the end of the reporting period. It includes goodwill capitalised in the acquisition of MediMet Precision Casting and Implants Technology GmbH of € 3,858 thousand (carrying amount as at 31 December 2014) and goodwill from the acquisition of Claho GmbH of € 319 thousand (carrying amount as at 31 December 2014).

Goodwill is tested for impairment annually rather than being amortised.

In principle, since the start of the 2004 financial year, the company has applied IAS 36 "Impairment of Assets" in testing purchased goodwill for impairment. Under impairment testing, the value in use of the acquired subsidiary is compared with the corresponding carrying amount (including goodwill).

The value in use is determined on the basis of the respective detailed plans for the 2015 financial year. These detailed plans were prepared prudently on the basis of the best possible estimates of overall economic development in the respective regions and factoring in the specific potential of the given market environment over a period of five years. An average country-specific growth rate – adjusted to company-specific conditions – and a risk-free interest rate of 12.3% (previous year: 10.8%) was used for Alphaform-Claho GmbH and 8.5% (previous year: 9.7%) for MediMet Precision Casting and Implants Technology GmbH. A perpetual growth rate of 1.0% for Alphaform-Claho GmbH and 1.0% for MediMet Precision Casting and Implants Technology GmbH was used from the beginning of the sixth year. The assumptions made reflect management estimates of future performance and are based on internal budget calculations and external sources. The sensitivity analysis was performed with different assumptions for the achievement of planned EBIT.

In determining the value in use of Alphaform-Claho GmbH, Eschenlohe, the management is also forecasting an extremely moderate expansion in the rapid tooling business of 2% to 3% per year over the next two years based on past experience. Alphaform-Claho GmbH's business model is to be modified gradually over the next few years and will move away from its established prototyping business towards series production for medical products. This change was taken into account in the calculation of value in use on the basis of the detailed planning available for the financial years from the 2015 financial year, resulting in a total rate of increase of 3% for the planned revenue of Alphaform-Claho GmbH for the next two years. No impairment was required at Alphaform-Claho GmbH in the 2014 financial year (previous year: no impairment).

In calculating the value in use of MediMet Precision Casting and Implants Technology GmbH, Stade, given the catch-up effect due to the low starting base in 2014, the management is assuming an expansion in orthopaedic implant activities of 3% in 2015 and, on the basis of further anticipated market growth, a further increase in revenue of 3% in 2016 to 2019. The most sensitive item on the expenses side is the estimate of increases in revenue-related costs, particularly costs of materials. On the basis of the general economic situation with materials prices generally in decline, a reduction of 3.9% in costs of materials was assumed for 2015 and of 0.25% in 2016 to 2019 thanks to improved efficiency. Based on past experience, a discount of 15% was recognised on planned income to calculate value in use. Impairment testing identified an impairment loss of € 0 thousand for MediMet in the financial year (previous year: € 1,000 thousand).

8. Other assets and prepaid expenses

Other assets primarily consist of the following items: receivables from tax authorities in the amount of € 387 thousand (previous year: € 76 thousand), prepaid expenses in the amount of € 372 thousand (previous year: € 170 thousand and receivables from GE factoring in the amount of € 874 thousand (previous year: € 928 thousand). The management considers the risk of default to be low.

9. Bank liabilities

On 12 May 2009, Alphaform AG entered into a KfW loan agreement for € 2.5 million with DZ Bank. The term of the loan is seven years. The loan bears interest at 5.5% p.a. and is free from repayments for one year. The loan was paid out on 15 May 2009. As security for the loan, a security assignment agreement was concluded for elements of Alphaform AG's production machinery and 100% of shares in MediMet Precision Casting and Implants Technology GmbH were pledged to DZ Bank under a notarised agreement dated 17 February 2009. In 2012 the production machinery assigned as collateral was replaced by a pledged term deposit account of € 500 thousand, € 300 thousand of which was still pledged as at the end of the reporting period. The pledge of shares has since been released.

The remaining liability of the KfW loan amounted to € 192 thousand as at 31 December 2014.

Bank liabilities		As at				
T€		**31.12.2014**	**31.12.2015**	**31.12.2016**	**31.12.2017**	**31.12.2018**
Bank loans (non-current)	**Term**					
Annuity payments of € 2.5 thousand per quarter, *interest rate 4.35%*	Mar 15	3	0	0	0	0
Annuity payments of € 0.5 thousand per quarter, *interest rate 4.35%*	Mar 15	1	0	0	0	0
Annuity payments of € 2.9 thousand per month, *interest rate 5.00%*	Dec 19	150	123	94	64	33
Annuity payments of € 104.2 thousand per quarter, *interest rate 5.50%*	June 15	192	0	0	0	0
Total		**346**	**123**	**94**	**64**	**33**
thereof due up to 1 year		223				
thereof due after more than 1 year		123				
		346				

T€		31.12.2014	31.12.2013
Loans from banks - current	**Term**		
Loans from banks - current		223	456
BayernLB Munich current account, *interest rate 4.95%*	unlimited	0	989
Münchner Bank eG Munich current account, *interest rate 7.15%*	unlimited	264	318
Sparkasse Garmisch-Partenkichen current account, *interest rate 6.40%*	unlimited	68	76
Sparkasse Stade-Altes Land current account, *interest rate 7.75%*	unlimited	566	484
Sampo Bank Finland current account, *interest rate 6.75%*	unlimited	0	0
Total		**1,121**	**2,323**

As at 31 De¬cember 2014, the company had credit facilities totalling € 2,300 thousand (previous year: € 2,300 thousand). € 898 thousand of this had been utilised as at the end of the reporting period. Materials and supplies, technical equipment at the Feldkirchen site and receivables from deliveries of goods (not¬including receivables ceded by way of factoring) of Alphaform AG serve as collateral for these credit facilities.

As at 31 December 2014, the Group had sold¬trade receivables amounting to € 3,472 thousand (previous year: € 2,646 thousand) as part of a factoring line extended by GE Capital Bank AG with a total volume of € 5,000 thousand. The Group uses this factoring instrument to realise the advantages of a more favourable capital lock-up. The factored receivables serve as collateral.

10. Accounts payable

Trade payables do not bear interest¬and are generally due within¬30 days, or within¬90 days in individual cases.

Accounts payable

T€	31.12.2014	31.12.2013
Trade liabilities	3,381	2,991
Total	**3,381**	**2,991**

11. Other provisions and liabilities

Other provisions and liabilities primarily relate to the following items:

Other provisions:

The following table provides an overview of the development of provisions in 2014:

T€	1.1.2014	Utilisation	Reversal	Addition	31.12.2014
Annual leave not taken / overtime	246	246	0	344	344
Bonus payment for management	5	5	0	68	68
Bonus payment for employees	39	39	1	128	127
Warranties	22	10	12	6	6
Financial statements	51	46	3	62	64
Outstanding invoices	134	118	6	749	759
Restructuring	0	0	0	0	0
Other	34	0	48	102	88
Total	**531**	**464**	**69**	**1,459**	**1,457**

All provisions are current.

Other liabilities:

T€	31.12.2014	31.12.2013
Advance payments received on orders	0	3
Liabilities from taxes	414	383
Social security obligations	12	10
Other liabilities	1.578	231
NordLeasing liabilities	985	1.258
Deferred income	0	0
Liabilities due to MediMet acquisition (short term)	570	570
Total	**3.559**	**2.455**

A security assignment agreement was concluded on 30 November 2012 to secure the borrowing provided at NordLeasing GmbH. The net carrying amount of the items of non-current assets assigned as security was € 464 thousand as at 31 December 2014 (previous year: € 733 thousand).

12. Tax expense

General

The company and its German subsidiaries are subject to corporation tax, the solidarity surcharge and trade tax. The tax rates applicable in Germany amount to 28%. This figure is composed of corporation tax of 15%, the solidarity surcharge of 5.5% and trade tax of approximately 12.2%. Alphaform's foreign subsidiaries are subject to income tax rates of 20% in the UK and 20% in Finland.

Due to the losses incurred by the Group companies since their formation, only a low level of income taxes was charged. As at 31 December 2014, the Group companies had cumulative tax loss carryforwards in Germany, the UK and Finland of approximately € 21,199 thousand, € 0 thousand and € 32 thousand respectively. Since 2004, German tax law has limited offsetting taxable income against existing tax loss carryforwards to an amount of € 1 million plus 60% of the amount by which the taxable income exceeds € 1 million. In accordance with the Körperschaftsteuergesetz (KStG – German Corporation Tax Act), losses can be carried forward indefinitely. However, tax loss carryforwards cannot be deducted if an entity loses its economic identity. An entity's economic identity is considered lost if both of the following criteria are met:

a. more than 50% of the entity's shares have been transferred and
b. the entity's business operations are continued or restarted with predominantly new working capital.

With regard to the transfer of equity, this provision is to be replaced by section 8c KStG in accordance with the reform of corporation tax. Each transfer of between 25% and 50% of the share capital means that tax loss carryforwards are partially extinguished, while each transfer of more than 50% means that all tax loss carryforwards are extinguished. Continued business operations with predominantly new working capital are no longer relevant. The legal conditions for tax loss carryforwards (in accordance with both section 8 (4) and section 8c KStG) are generally deemed to be uncertain for companies that are subject to taxation in Germany. Tax loss carryforwards can be subject to tax audits under German, British and Finnish tax law. The tax loss carryforwards in Finland have a life of ten years and can be offset against the company's future taxable income during the next ten years. The tax losses in the UK can be carried forward indefinitely.

Deferred tax assets

Deferred taxes are only recognised to the extent that the corresponding tax benefits are highly likely to be realised. As at 31 December 2014, the company reported deferred tax assets of € 32 thousand (previous year: € 8 thousand) based on the forecast business development in the 2014 financial year.

The following overview provides a reconciliation of statutory income tax expense to effective income tax expense as reported in the consolidated financial statements. In determining statutory income tax for the 2014 financial year, the combined income tax rate of 28.0% (previous year: 28.0%) was applied to earnings before taxes. The tax rate applied in the reconciliation contains corporation tax and the solidarity surcharge of 15.83% (previous year: 15.83%) together, plus the effective trade tax of 12.0% (previous year: 12.0%) based on an assessment rate of 345% for municipal trade tax, taking into account the fact that trade tax is no longer deductible when determining corporation tax.

Deferred tax assets

T€	2014	2013
Result before income taxes	**-3,178**	**-6,143**
Expected tax rate in Germany	28%	28%
Expected income taxes	**0**	**0**
Cause of tax effects		
No fiscal offsetting of foreign profits with domestic losses	-3	-24
Recognition/use of deferred tax assets	24	-4
Tax effects due to use of tax loss carry forwards for which no deferred tax claims existed	0	0
Recognition of deferred tax assets on loss carry forwards	0	0
Other tax effects from deviations in the tax assessment base	0	0
Effective income taxes	**21**	**-28**
Thereof income taxes Thereof deferred tax assets	-3 24	-24 -4

The Group's deferred taxes as at 31 December 2014 and 2013 can be broken down as follows (T€):

	Consolidated balance sheet		Consolidated income statements	
T€	**2014**	**2013**	**2014**	**2013**
Deferred tax assets				
Temporary differences				
Valuation differences provisions	14	6	8	-10
Valuation differences trade receivables	0	0	0	0
Finance lease obligations	225	125	100	-47
Higher depreciation potential of tangible fixed assets (valuation for tax purposes)	8	10	-2	10
	247	**141**	**106**	**-67**
Deferred tax liabilities				
Temporary differences				
Valuation differences internally generated intangible assets	-50	-29	-21	18
Valuation differences based on the percentage of completion method	0	0	0	5
Low amortisation potential for property, plant & equipment in relation to taxes	-165	-104	-61	40
Differences from consolidation	0	0	0	0
	-215	**-133**	**-82**	**63**
Deferred tax income/tax expenses			**24**	**-4**
Deferred tax assets, net	**32**	**8**		
Recognition in the balance sheet as follows:				
Deferred tax assets	32	8	24	-4
Deferred tax liabilities	0	0	0	0
Deferred taxes, net	**32**	**8**	**24**	**-4**

Deferred tax expenses/income

Deferred tax income of € 24 thousand arose in 2014, following deferred tax expense of € -4 thousand in 2013.

Other taxes

In the 2014 financial year, the company had expenses from other taxes amounting to € 9 thousand (previous year: € 4 thousand).

13. Financial instruments and risk management

In addition to the risks disclosed in the management report, the Group identified the following risks:

Default and liquidity risk

Financial instruments that may cause a concentration of default and liquidity risk for the company primarily take the form of cash and cash equivalents, marketable current financial assets and trade receivables. The company's cash and cash equivalents are primarily denominated in euro, US dollars and pound sterling. Its marketable current financial assets are high-quality investments. Cash and cash equivalents are held with prestigious financial institutions in Germany. The company continuously monitors its holdings with banks and invests solely in securities and money market funds which are protected or that have a capital value guarantee.

The liquidity risk of the Alphaform Group consists of the possibility that the company could find itself in the position of being unable to fulfil its financial commitments, e.g. extinguishing financial liabilities and settling purchase commitments and commitments arising from lease agreements. To prevent this risk from becoming a reality and to ensure the solvency and financial flexibility of the Alphaform Group at all times, a liquidity reserve is maintained in the form of cash and credit facilities. Furthermore, the Group's liquidity is continuously monitored so that solvency is guaranteed even in the case of any departures from budget.

It is company policy to check its customers' credit rating. Nevertheless, the company's revenue and trade receivables are subject to a default risk. Receivables from the company's most important customers amounted to € 468 thousand as at 31 December 2014 (previous year: € 740 thousand). Around 17.9% of the Group's trade receivables were attributable to one individual customer at the end of 2014. Moreover, three of the company's individual customers accounted for around 20.0% of total revenue in 2014. The carrying amounts of the financial assets correspond to the maximum risk of default.

Based on these estimates, valuation allowances of € 738 thousand were recognised as at 31 December 2014 and € 722 thousand as at 31 December 2013.

The maximum risk of default for trade receivables by geographical area is as follows:

Default and liquidity risk

Market risk

T€	31.12.2014	31.12.2013
Germany	1,454	1,455
Finland	187	163
Great Britain	855	562
Total	**2,496**	**2,180**
Valuation allowances	-738	-722
Total	**1,758**	**1,458**

Market risk describes the risk of changes in market prices such as currency exchange rates, interest rates and valuations of shareholdings with an effect on the Group's results of operations or the value of the financial instruments held. The company is exposed to currency and interest risks.

In particular, Alphaform funds itself with short and medium-term bank loans of approximately € 346 thousand (as at 31 December 2014) and a fixed interest rate (between 4.3% and 5.5%), another loan of € 985 thousand with an interest rate of 11.43%, several variable short-term cash facilities totalling € 2,300 thousand and a factoring arrangement that is also financed with floating interest rates.

Currency risk

The consolidated financial statements are prepared in euro. The majority of revenue generated and expenses incurred are in euro, with smaller amounts in GBP, USD and SEK.

Based on the respective carrying amounts, the Group's currency risk is broken down as follows:

Currency risk **T€ as at 31 December**	**2014 EUR**	**2014 GBP**	**2014 USD**	**2014 SKR**	**Total 2014 EUR**
Cash and cash equivalents (current)	1,809	575	2	35	2,421
Cash and cash equivalents (non-current)	858	0	0	0	858
Trade receivables	1,086	655	0	17	1,758
Trade payables	-2,854	-515	0	-12	-3,381
Liabilities to banks (current)	-1,121	0	0	0	-1,121
Liabilities to banks (non-current)	-123	0	0	0	-123
Finance lease obligations	-801	0	0	0	-801
Total	**-1,146**	**715**	**2**	**40**	**-389**

Currency risk **T€ as at 31 December**	**2013 EUR**	**2013 GBP**	**2013 USD**	**2013 SKR**	**Total 2013 EUR**
Cash and cash equivalents (current)	570	519	2	139	1,230
Cash and cash equivalents (non-current)	838	0	0	0	838
Trade receivables	875	561	0	22	1,458
Trade payables	-2,499	-462	0	-30	-2,991
Liabilities to banks (current)	-2,323	0	0	0	-2,323
Liabilities to banks (non-current)	-347	0	0	0	-347
Finance lease obligations	-485	0	0	0	-485
Total	**-3,371**	**618**	**2**	**131**	**-2,620**

Interest rate risk

No financial instruments were utilised by the Group in the 2014 financial year.

Fair values

On account of their short maturities, the fair values of financial assets and liabilities such as cash and cash equivalents, marketable current financial assets and trade receivables and payables correspond roughly to their fair values. The fair value of marketable current financial assets is determined on the basis of the listed market prices for the respective assets (hierarchy level 1, listed prices on active markets). None of the financial assets and liabilities were allocated to hierarchy levels 2 and 3. The fair values of lease liabilities are determined using the effective interest method.

14. Equity

Common stock

Issued capital amounts to € 7,485,387 divided into 7,485,387 ordinary bearer shares with a notional interest in the share capital of € 1.00 each and is fully paid out. Capital increases of € 2,167 thousand were carried out in the 2014 financial year. Issued capital increased from € 5,318 thousand to € 7,485 thousand. No changes took place in 2013.

Authorised Capital

The Annual General Meeting on 5 June 2014 resolved to create new Authorised Capital of up to € 2,925,000 and to amend Article 5 (2) of the Articles of Association (amount of share capital). In line with this, the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital by up to a total of € 2,925,000 by issuing new no-par-value bearer shares on one or more occasions against cash or non-cash contributions by 4 June 2019, whereby the pre-emption rights of shareholders can be disapplied in full or in part under certain conditions (Authorised Capital 2014). The Management Board shall stipulate the conditions of the share issue with the approval of the Supervisory Board. Shareholders are to be granted subscription rights. Pre-emption rights can also be granted in such a way that the new shares can be assumed by a bank or by a company operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the Kreditwesengesetz (KWG – German Banking Act) with the obligation to offer them for subscription by shareholders. The Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholder pre-emption rights in whole or in part. However, the disapplication of shareholders' pre-emption rights is only permitted

a) if it is necessary to eliminate fractional amounts;

b) if the shares are issued in exchange for non-cash contributions with the aim of acquiring companies or equity investments in companies or parts of companies or with the aim of acquiring claims against the company;

c) to the extent a capital increase against cash contributions exceeds 10% of the share capital and the issue price of the new shares is substantially lower than the stock market price (Section 186 (3) sentence 4 AktG); when making use of this authorisation to disapply subscription rights in accordance with Section 186 (3) sentence 4 AktG, the exclusion of subscription rights on the basis of other authorisations or in accordance with Section 186 (3) sentence 4 AktG is to be taken into consideration;

d) if it is necessary to grant holders of option and/or convertible bonds a subscription right to new shares to the extent they would have been entitled after exercising the option and/or conversion right or after fulfilling conversion obligations.

The Management Board decides the content of the respective share rights and the other conditions of the share issue with the approval of the Supervisory Board. The Supervisory Board is authorised to amend the wording of the Articles of Association to reflect the extent of the capital increase from Authorised Capital.

This authorisation was entered in the commercial register on 12 September 2014. After making use of the authorisation on three occasions, the Authorised Capital still amounted to € 872,172.00 at the time the consolidated financial statements for the 2014 financial year were prepared.

Contingent Capital

The Annual General Meeting on 5 June 2014 resolved a contingent increase in issued capital of € 2,925,000. The contingent capital increase serves to grant shares to holders of option and/or convertible bonds issued on the basis of the authorisation by the Annual General Meeting on 5 June 2014 when option and/or conversion rights are exercised or when option and/or conversion obligations are fulfilled. The contingent capital increase was entered in the commercial register on 12 September 2014. The entire contingent capital amounted to € 2,925,000 as at 31 December 2014.

Acquisition of treasury shares by the company

The Annual General Meeting of Alphaform AG on 27 May 2010 authorised the company to acquire treasury shares totalling up to 10% of the company's current share capital in accordance with section 71 (1) no. 8 AktG by 26 May 2015. The company has not yet utilised this authorisation to acquire treasury shares.

Capital reserves

As at 31 December 2013, capital reserves amounted to € 11,325 thousand. The capital increases carried out in 2014 increased this to € 15,148 thousand at the end of the reporting period. There is no obligation under the company's Articles of Association to recognise any additional capital reserves other than those prescribed by law.

Dividends

Dividends may only be resolved and distributed on the basis of the unappropriated surplus in the company's German separate financial statements (after deduction of certain reserves). The company reported has net accumulated losses of € 13,464 thousand in its separate financial statements (previous year: € 10,019 thousand), hence a dividend cannot be distributed for the 2014 financial year. At the Annual General Meeting on 11 June 2015, the Management Board, with the approval of the Supervisory Board, will propose carrying the net loss forward to new account. No dividend was paid in the 2014 reporting year for the 2013 financial year either.

Stock option plans for 2000 and 2001

All of the options issued to date under the stock option plans have lapsed.

15. Earnings per share

In the 2014 and 2013 financial years, basic and diluted earnings per share based on an average of 7,458,387 (previous year: 5,318,209) ordinary shares outstanding amounted to € -0.59 (previous year: € 1.16 and € -0.42 (previous year: € -1.16) respectively

16. Other financial commitments

The company operates in rented premises with some leased fixtures, fittings and other equipment.

The company's rental agreements for its production and office space have various terms and renewal options. Existing rental agreements expire between 2015 and 2009.

The following table provides an overview of the company's rental and lease obligations as at 31 December 2014.

Other financial commitments

T€	2015	2016	2017	2018	thereafter
Rental obligations	1,069	574	343	264	2,683
Lease obligations	501	402	305	203	96
Total	**1,570**	**976**	**648**	**467**	**2,779**

T€	Finance lease obligations	Rental obligations
2015	501	1,069
2016	402	574
2017	305	343
2018	203	264
thereafter	96	2,683
Total	**1,507**	**4,933**
Less interest	100	
Present value of lease payments	**1,407**	
less current lease obligations	501	
Non-current lease obligations	906	

Rental expense for the 2014 financial year came to € 932 thousand and to € 930 thousand for the 2013 financial year. Rental income from a sublease came to € 1 thousand in the 2014 financial year (previous year: € 4 thousand).

17. Contingent liabilities and legal disputes

In the course of its normal business operations, the company can be subject to litigation, claims for damages or court proceedings including product liability issues and commercial disputes.

Alphaform AG assumed a bank guarantee at the bank Donner & Reuschel, Munich, for a loan to Dr Vetter of € 200 thousand. This was secured with a subordinate charge over property.

Beyond this, the management is not aware of any events that could lead to a significant obligation for the company with a significant adverse effect on its net assets, financial position and results of operations.

18. Discontinued operations

As part of the review of equity investments and their value as well as the consistent pursuit of the company's earnings targets, Alphaform AG has repeatedly divested itself of loss-making corporate units.

To press ahead with concentrating on the Group's profitable businesses, the decision was made to give up the stake in Art Shapes GmbH in December. Continuation of the company and its survival on the market would only have been possible with substantial investment in fixed assets, marketing and expertise. This was contrary to the aims of the company.

Art Shapes GmbH, Feldkirchen, is reported under discontinued operations. This disclosure takes place from the perspective of the Alphaform Group and is to be understood as part of the Group as a whole and does not aim to present this activity and the remaining business as a stand-alone entity. Presentation of this activity therefore follows the principles for discontinued operations laid down in IFRS 5 „Non-current Assets Held for Sale and Discontinued Operations".

In detail the current earnings from discontinued operations (DO) comprised the following:

	Art Shapes GmbH		Total DO	
T€	**2014**	**2013**	**2014**	**2013**
Revenues	29	2	29	2
Changes in inventories	2	0	2	0
Other operating income	0	0	0	0
Cost of materials	-31	0	-31	0
Gross profit	**0**	**2**	**0**	**2**
Personnel expenses	-82	-8	-82	-8
Depreciation and amortisation costs and other write-offs	0	0	0	0
Other operating expenses	-24	-23	-24	-23
Operating result	**-106**	**-29**	**-106**	**-29**
Other interest and similar income	0	0	0	0
Result from discontinued operations before tax	**-106**	**-29**	**-106**	**-29**
Taxes on income	0	0	0	0
Result from discontinued operations after tax	**-106**	**-29**	**-106**	**-29**

Net cash flow from operating activity in discontinued operations amounted to € -114 thousand in 2014 (previous year: € -6 thousand).

Discontinued operations are reflected as follows in assets and liabilities:

	Art Shapes GmbH	
T€	2014	2013
Fixed assets	**1**	**1**
Trade receivables	0	0
Inventories	2	0
Other current assets and prepaid expenses	24	25
Asset	**26**	**25**
Trade payables	1	3
Other liabilities / provisions	2	4
Liabilities	**3**	**7**

19. Income statement disclosures (continuing and discontinued operations)

Revenue

Revenue increased by € 3,236 thousand or 12.4% to € 29,105 thousand in 2014 compared with € 25,869 thousand in 2013.

Cost of materials and gross profit

The cost of materials decreased by € 855 thousand year-on-year from € 11,626 thousand in 2013 to € 10,771 thousand in 2014. At € 19,581 thousand, gross profit was well up on the gross profit of € 14,135 thousand achieved in 2013. The gross profit margin increased to 67.3%. It had amounted to 54.6% in the previous year.

Cost of materials

T€	31.12.2014	31.12.2013
Cost of raw materials, consumables, supplies and merchandise	7,441	9,168
Cost of purchased services	3,330	2,458
Total	**10,771**	**11,626**

Results of operations

The company closed the 2014 financial year with a net loss of € 3,157 thousand (previous year: net loss of € 6,171 thousand).

The operating result amounted to € -2,714 thousand in the year under review after € -5,787 thousand in the 2013 financial year.

Personnel expenses

As at 31 December 2014, personnel expenses amounted to € 12,017 thousand. As a result, personnel expenses rose by € 1,372 thousand or 12.9% compared with the 2013 figure of € 10,645 thousand. In 2014 and 2013, some positions were filled by temporary staff, the costs for which are reported under other operating expenses.

Depreciation and amortisation costs and other write-offs

At € 1,281 thousand, depreciation and expense was up by € 29 thousand in the 2014 financial year after € 1,252 thousand in the previous financial year.

Research and development

Research and development expenses more or less matched those of 2013.

Other operating expenses

In 2014, other operating expenses increased by 28.1% year-on-year (2014: € 8,997 thousand, 2013: € 7,025 thousand). The largest individual items within other operating expenses are: T 1,614 thousand for premises, € 1,496 for accounting and consulting, € 1,370 thousand for accessories, machinery and tools, € 985 thousand for repairs and maintenance, € 897 thousand for purchased services, € 521 thousand for freight and packaging, € 311 thousand for vehicle costs, € 180 thousand for telephone, postage and IT costs, € 139 thousand for travel costs and € 82 thousand for advertising costs. Other operating expenses include translation differences of € 77 thousand (previous year: € 28 thousand).

Other interest and similar income/interest and similar expenses

Other interest and similar income increased from € 3 thousand in the 2013 financial year to € 5 thousand in the 2014 financial year. Interest and similar expenses increased in 2014 through the provision of a shareholder loan to € 460 thousand (previous year: € 355 thousand).

20. Notes on the statement of cash flows

A statement of cash flows has been included with these consolidated financial statements as a separate annex. Liquid funds consist of the available cash and cash equivalents.

21. Personnel expenses

In the 2014 financial year, the company employed an average of 247 people (previous year: 236) measured as full-time equivalents. The number of employees at the end of each financial year (including management) was as follows:

Full time posts	31.12.2014	31.12.2013
Segment Central Europe		
Alphaform AG	98	84
Alphaform-Claho GmbH	45	41
Alphaform-Project GmbH	0	0
MediMet GmbH	87	84
Total	**230**	**209**
Segment North Europe		
Alphaform RPI Oy, Finland	17	16
Alphaform Ltd., UK	2	2
Total	**19**	**18**
Total	**249**	**227**

Full time posts	31.12.2014	31.12.2013
Production incl. R+D	197	178
Sales	25	20
Administration	27	29
Total	**249**	**227**

Full time posts	31.12.2014	31.12.2013
Commercial employees	181	169
Non-commercial employees	56	49
Trainees	12	9
Total	**249**	**227**

Total remuneration was composed as follows:

T€	31.12.2014	31.12.2013
Wages and salaries	10,074	8,869
Social expenses	1,943	1,776
Total	**12,017**	**10,645**

22. Non-operating income and expenses

Non-operating income and expenses broke down as follows:

Non-operating income and expenses

T€	31.12.2014	31.12.2013
Interest income	5	3
Finance income	**5**	**3**
Interest expenses	-460	-355
Finance expenses	**-460**	**-355**
Deferred taxes	24	-4
Deferred taxes	**24**	**-4**
Total	**-431**	**-356**

23. Related party disclosures

The Management Board's remuneration for the 2014 and 2013 financial years comprised a fixed and a variable component. To the extent that they are not reappointed and their contracts are not extended, the members of the Management Board do not have the right to payment of a severance package. The Supervisory Board's remuneration for the 2014 and 2013 financial years comprised solely a fixed component. The total remuneration for the Management Board amounted to € 155 thousand for the 2014 financial year (previous year: € 240 thousand). The total remuneration for the Supervisory Board, not including the reimbursement of travel expenses, amounted to € 55.0 thousand in 2014 (previous year: € 26.3 thousand). The following overviews show the remuneration of the Management Board and the Supervisory Board in detail and on an individualised basis:

Incumbent Management Board

	Fixed remuneration		Variable remuneration		Total remuneration	
T€	2014	2013	2014	2013	2014	2013
Dr. Hanns-Dieter Aberle	105.0	0	0	0	105.0	0
Thomas Kresser	37.5	0	12.5	0	50.0	0
Total	**142.5**	**0**	**12.5**	**0**	**155.0**	**0**

Subscription rights to shares were not granted in 2014 or 2013.

The remuneration of the former member of the Management Board Dr Thomas Vetter amounted to € 230 thousand in the financial year (previous year: € 240 thousand).

Supervisory Board	Fixed remuneration		Variable remuneration		Total remuneration	
T€	2014	2013	2014	2013	2014	2013
Matti Paasila (Chairman)	30.0	11.3	0	0	30.0	11.3
Falk Strascheg	15.0	7.5	0	0	15.0	7.5
Dr. Hans J. Langer	10.0	7.5	0	0	10.0	7.5
Total	**55.0**	**26.3**	**0**	**0**	**55.0**	**26.3**

The company did not grant any loans to members of the Management Board or Supervisory Board.

The variable remuneration components are measured as a graduated percentage of the fixed salary depending on the degree of target achievement. As a result, no performance-related bonus payments were granted.

No provisions for performance-based bonuses for the Management Board and Supervisory Board were recognised in the 2014 financial year.

Dr Hans J. Langer, a member of the Supervisory Board of Alphaform AG, is also the CEO of EOS Holding AG, Krailling. EOS GmbH, a wholly owned subsidiary of EOS Holding AG, is one of the largest suppliers of raw materials to Alphaform AG and is also a supplier of machinery for selective laser sintering. The purchasing volume was € 2,485 thousand in the 2014 financial year (previous year: € 845 thousand), including € 1,103 thousand (previous year: € 845 thousand) for raw materials, € 350 thousand (previous year: € 43 thousand) for machinery leases and € 1,032 thousand (previous year: € 131 thousand) for miscellaneous expenses. As at 31 December 2014, the company had liabilities to EOS GmbH in the amount of € 754 thousand (previous year: € 125 thousand). The liabilities to EOS GmbH are due within 30 days and are not subject to any further retention of ownership.

The following table provides an overview of the shares and stock options held by the members of the Management Board and the Supervisory Board over the 2014 financial year and the change in their shareholdings:

Shares **Number**	**2014 01.01.2014**	**2014 Additions**	**2014 Sales**	**2014 31.12.2014**	**2014 % of capital**[1]
Management Board [2]					
Total	**0**	**0**	**0**	**0**	**0%**
Supervisory Board					
Falk Strascheg [3]	852,317	262,251	0	1,114,568	14.89%
Dr. Hans. J. Langer [4]	976,659	300,510	0	1,277,169	17.06%
Matti Paasila	60,000	0	0	60,000	0.80%
Total	**1,888,976**	**562,761**	**0**	**2,451,737**	**32.75%**
Total	**1,888,976**	**562,761**	**0**	**2,451,737**	**32.75%**

1) 7,485,387 shares
2) Management Board
3) of which 566,993 shares held in Renate Strascheg Holding GmbH; of which 547,575 shares held in Falk Strascheg Holding GmbH
4) of which 1,277,169 shares held by LHUM Vermögensverwaltungs GmbH

Stock options:

No stock options were issued to the Management Board or the Supervisory Board in 2014 or 2013.

24. Corporate Governance

The Supervisory Board and Management Board have issued a declaration of compliance with the German Corporate Governance Code in accordance with section 161 AktG and made it available to shareholders in the investor relations section of the company's website at www.aplphaform.de.

25. Events after the end of the reporting period

In March 2015, Alphaform AG carried out a capital increase by issuing 417,441 shares at a price of € 2.60 per share. The company therefore generated total gross proceeds of € 1,085 thousand.
There were no other further significant events between the end of the reporting period and the preparation of the annual financial statements with a material effect on the future financial statements of the company.

26. Further local disclosure requirements

Exemption from the obligation to prepare consolidated financial statements in accordance with section 315a HGB

In accordance with section 315a HGB, the company is exempt from the obligation to prepare consolidated financial statements in accordance with the accounting standards of the German Commercial Code. These financial statements are consistent with the European Union requirements for consolidated financial statements (Directive 83/349/EEC).

The financial statements of the company were prepared in accordance with the International Financial Reporting Standards (IFRSs), which differ in some respects from the financial reporting framework of the HGB.

Basis of consolidation

The consolidated financial statements of Alphaform AG contain all subsidiaries in which the parent company holds a direct or indirect majority of the voting rights.

Basis of consolidation

T€	Shareholders' equity in %	Equity 31.12.2014	31.12.2013
Direct investments			
Alphaform-Claho GmbH, Eschenlohe	100%	1.052	1.059
Alphaform-Projekt GmbH, Feldkirchen	100%	28	27
MediMet Precision Casting and Implants Technology GmbH, Stade	100%	1,607	1,607
Alphaform Ltd., Newbury, Great Britain	100%	-22	-33
Alphaform RPI Oy, Rusko, Finland	100%	785	803
Art Shapes GmbH, Feldkirchen	50.4%	15	10
mittelbare Beteiligung Alphaform Sweden AB, Stockholm, Sweden	100%	10	36

The company has applied section 264 (3) HGB since the 2009 financial year. Accordingly, Alphaform-Claho GmbH and MediMet Precision Casting and Implants Technology GmbH will not publish separate financial statements for 2014 in the German Federal Gazette (Bundesanzeiger).

Reconciliation of net accumulated loss (IFRS)

T€	2014	2013
1 January	-10,019	-3,861
Withdrawal from capital reserves	0	0
Dividend payment	0	0
Result for financial year	-3,106	-6,158
31 December	**-13,125**	**-10,019**

A loss share of € 51 thousand, which is not included in the total of € -10,019 thousand, relates to non-controlling interests.

Equity

The subscribed capital consists of 7,485,387 bearer shares with a nominal value of € 1. There was also authorised capital of € 1,289,613 at the end of 2014. Contingent capital of € 2,925,000 was available for the issue of stock options.

Auditor consolidated financial statements

Häckl Schmidt Lichtenstern GmbH, Wirtschaftsprüfungsgesellschaft, Munich was appointed as auditor for the 2014 financial year. In 2014, the auditor fees recognised as expenses consisted of fees for audits of financial statements in the amount of € 60 thousand (previous year: € 45 thousand), for tax advisory services in the amount of € 4 thousand (previous year: € 3 thousand) and for other assurance and valuation services in the amount of € 0 thousand (previous year: € 0 thousand).

The three members of the Supervisory Board of Alphaform AG also held the following functions and mandates in 2014:

Supervisory Board mandates

Götz Ganghofer No additional mandates	Chairman of the Supervisory Board since 28 January 2015
Matti Paasila creatrade Holding GmbH, Wedel (Chairman of the Supervisory Board)	Chairman of the Supervisory Board until 31 December 2014
Dr. Hans J. Langer Chairman of the Management Board of EOS Holding AG Additional mandates: SCANLAB AG, Puchheim (Chairman of the Supervisory Board) 3T RPD Ltd., Newbury, UK (Chairman of the Administrative Board) Microbeads AS, Skedsmokorset, Norway (Chairman of the Administrative Board) RAYLASE AG, Wessling, Germany (Member of the Supervisory Board)	Supervisory Board
Falk F. Strascheg Managing Partner of Extorel GmbH Additional mandates: EOS Holding AG, Krailling (Chairman of the Supervisory Board) Going Public Media AG, Munich (Deputy Chairman of the Supervisory Board) Microbeads AS, Skedsmokorset, Norway (Administrative Board) Albis Optoelectronics AG, Rüschlikon, Switzerland (Administrative Board)	Deputy Chairman Chairman

Feldkirchen, 24 March 2015

Dr. Hanns-Dieter Aberle CEO	Thomas Kresser CFO

AUDITOR‘S REPORT

We have audited the consolidated financial statements prepared by Alphaform AG - consisting of the statement of financial position, income statement, statement of changes in equity, statement of cash flows and notes - as well as the Group management report for the financial year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the Group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a(1) HGB as well as the additional provisions of the Articles of Association are the responsibility of the officers of the company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to section 315 a(1) HGB and the provisions of the Articles of Association and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Munich, 24 March 2015

Häckl Schmidt Lichtenstern GmbH
Wirtschaftsprüfungsgesellschaft

Frank Kabisch
Wirtschaftsprüfer (German public auditor)

→ FINANCIAL CALENDAR

30 March 2015	Annual Report 2014
4 May 2015	Interim Report Q1 2015
11 June 2015	15th Annual General Meeting
7 August 2015	Interim Report Q2 2015
9 November 2015	Interim Report Q3 2015

IMPRINT

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