Excellence in Asset Management

Annual Report 2006

ALTIRA
Aktiengesellschaft

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Growth

- Altira consolidated sales rose in the fiscal year from EUR 2.8 million to EUR 24.8 million.
- Assets under management increased by more than 100% to EUR 811 million.
- In particular, assets under management rose significantly at the listed Heliad und Themis private equity funds, both managed by Sigma Capital Management.
- Growth was widely diversified, involving all investment classes.

Equity investments

- Successful flotation of C-QUADRAT Investment AG.
- Expansion of the private equity segment into the area of "reorganisation and restructuring" through a 75% interest in CFC Industrie Beteiligungen Verwaltungs GmbH.
- Successful entry into the field of real estate asset management though an indirect interest in MAGNAT Management GmbH and R-Quadrat Immobilien Beratungs GmbH.

Strength of financial resources

- Flotation and capital increase at the beginning of 2007 amounting to EUR 10.8 million.
- Consolidated shareholder equity after flotation is now approx. EUR 25 million.

Earning power

- EBIT rose from KEUR 205 to EUR 10.5 million.
- Net income for the year rose from KEUR 154 to EUR 8.8 million.

Management Board	Christian Angermayer, Peter Brumm, Andreas Lange
Supervisory Board	Robert Depner (Chairman), Dr. Peter Schmidt, Gerhard Lange
Stock market	Frankfurt, Entry Standard
ISIN	DE0001218063
WKN	121 806
Total number of shares	3,858,670
Amount of share capital	EUR 3,858,670.00
Market capitalisation as of 30 April 2007	approx. EUR 193 million
Designated Sponsor	Close Brothers Seydler AG, Frankfurt am Main

Shareholder structure on the day of flotation

Shareholder	Shares	%*
ABL Unternehmensgruppe GmbH www.abl-group.de	2,727,674	70.7 (locked from Nov. 2006 for 2 or 5 years)
Golo Alexander Quandt	334,984	8.7 (locked from Nov. 2006 for 2 or 5 years)
Management & business partners	384,462	10.0 (locked from Nov. 2006 for 2 or 5 years)
Free float	411,550	10.7
Total	3,858,670	100

* Percentages have been rounded. This can lead to rounding errors that might make it impossible to calculate accurate totals.

Excellence in Asset Management

Altira is a broadly diversified asset management group with a number of independently operating subsidiaries that are active in the market.

Altira sees itself as a growth platform that provides the various asset management models with access to its network, infrastructure, management expertise and capital resources, while allowing each to retain its own individual identity.

The result for Altira is broad diversification that spans a variety of asset classes and customer groups, and the highly stable corporate earnings that this brings. Currently, Altira covers the following asset classes: private equity, public equity, real estate and alternatives.

Business description

Through its subsidiaries, Altira develops investment and financial products for private and institutional customers. Each of these subsidiaries collects management fees for its services.

These fees are mostly comprised of a fixed fee based on assets under management and a performance-based fee.

Altira Aktiengesellschaft

Private Equity

Sigma Capital Management GmbH
100%

CFC Industrie Beteiligungen Verwaltungs GmbH
75%

Public Equity

VCH Investment Group AG
100%

Patriarch Multi-Manager GmbH
74.9%

C-QUADRAT Investment AG
5.83%

Real Estate

Altira ImmoFinanz GmbH
100%

Alternatives

Climate Solutions Management GmbH
100%

Overview of the Asset Classes currently covered

Private Equity

Through Sigma Capital Management GmbH, a wholly - owned subsidiary, Altira currently manages two listed investment companies: Heliad Equity Partners GmbH & Co. KGaA (direct investments in Germany, www.heliad.de) and Themis Equity Partners GmbH & Co. KGaA (international private equity fund-of-funds, www.themis-equity.de). Altira AG also has a 75% interest in CFC Industrie Beteiligungen Verwaltungs GmbH, which is the general partner and, therefore, manager of the listed company CFC Industrie-beteiligungen GmbH & Co. KGaA. CFC invests in companies that find themselves in a crisis and generally acquires the majority of the shares when making such investments.

Public Equity

In the public equity segment, Altira subsidiaries VCH Investment Group AG (www.vch-group.de, 100% interest), Patriarch Multi-Manager GmbH (www.patriarch-fonds.de, 74.9% interest) and C-QUADRAT Investment AG (www.c-quadrat.at, 5.83% interest) launch investment products that directly (single funds) or indirectly (funds of funds) invest in listed securities, e.g., investment funds, certificates, funds of funds, asset management products and savings plans.

Real Estate

This segment involves the management of real estate funds and is covered in cooperation with experienced real estate managers. Currently, Altira AG participates in this field through its subsidiary Altira ImmoFinanz GmbH, which has a 20% interest in MAGNAT Management GmbH and a 40% interest in R-Quadrat Real Estate Beratungs GmbH. Both companies jointly manage the listed company MAGNAT Real Estate Opportunities GmbH & Co. KGaA, a real estate developer specialized in Eastern European markets.

Alternatives

The alternatives segment has been built up since the IPO in February 2007 and comprises all niche asset classes that develop in a relatively uncorrelated manner to the three core asset classes, namely, private equity, public equity and real estate. The first asset subclass in this segment was climate protection investments, which was entered by establishing the fully-owned subsidiary Climate Solutions Management GmbH. Climate Solutions Management currently manages ecolutions GmbH & Co. KGaA (www.ecolutions.de), which primarily invests in projects widely spread around the world that result in a reduction of CO_2 emissions or absorb CO_2. Under the Kyoto Protocol, companies implementing such projects acquire what are referred to as climate protection credits (emissions permits) that can later be sold at a profit on European and other trading systems, mostly OTC to institutional customers. Example projects include the sealing of land fills, solar energy plants, biomass power plants or biofuels, in particular in emerging and developing countries.

Dear shareholders,

This is the first annual report following the flotation of Altira AG in February 2007 and just as in previous years, we can state: "It was the best year in the history of our company!"

Key figures for 2006

Assets under management more than doubled from EUR 361 million to EUR 811 million. Consolidated sales quadrupled to EUR 24.8 million (previous year: EUR 2.8 million). EBITDA improved to EUR 11.3 million (previous year: KEUR 288). EBIT rose to EUR 10.5 million (previous year: KEUR 205). Cash flow also grew correspondingly to EUR 9.1 million. Shareholder equity was EUR 14.9 million on the balance sheet date, compared to EUR 3.8 million at the end of 2005. One must keep in mind, however, that 2005 was a short fiscal year for the Group and the values indicated for the previous year are therefore not comparable to the figures for 2006. But even considering this effect, very strong growth is evident in all areas.

Operational developments

2006 was characterized by considerable expansion in our areas of operation. The real estate segment, for example, was reorganised completely and developed into one of the Group's most important source of earnings within a period of only 12 months.

The private equity segment saw particularly strong growth in the year just ended, with investments under management rising from EUR 30 million at the beginning of 2006 to EUR 136 million at the end of 2006, an increase of 353%. The addition of CFC Industrie Beteiligungen Verwaltungs GmbH ("CFC") added "reorganisation and restructuring" to the private equity activities "direct investments in Germany" and "international fund investments" that were previously combined in Sigma Capital Management GmbH ("Sigma").

We are very proud of the fact that our private equity segment not only provides a valuable earnings contribution for our shareholders but also creates substantial employment opportunities, thereby strengthening Germany as a business location.
At present, over 1,000 people work in companies financed by our investment companies.

The public equity segment also recorded a number of successes. For example, the EUR 115 million in fund assets under management by VCH Investment Group AG ("VCH") at the start of the year rose to EUR 282 million at year-end,

an increase of 145%. VCH Expert Natural Resources, in particular, stood out as one of the best commodity funds in Europe, and retains a place among the leaders in this group in 2007. C-QUADRAT Investment AG ("C-QUADRAT") celebrated its successful listing in the Entry Standard segment in March 2006, and a successful move to the Prime Standard segment in November 2006, both with the assistance of Sal. Oppenheim, Bank Austria and the Silvia Quandt Bank (a dependent branch of biw Bank für Investments und Wertpapiere AG). This stock-market success was also accompanied by steady growth in assets and profits.

Our stated goals for 2006 were therefore more than exceeded in all areas, and I have only discussed the most important highlights. Our 42 employees achieve large and small successes every day, and work diligently toward the goal of moving Altira further along the path to becoming the largest independent asset manager in Germany.

In 2006, this commitment enabled us to more than satisfy the expectations of investors in our financial products, and our business partners and associates, leading to a sustained increase in Altira's corporate value.

It is time to pause for a moment and enjoy what we have achieved.

Although we have much to be satisfied about, we also have ambitious goals for the future. In 2007, we are aiming to further significantly increase EBIT over the level of 2006. We also plan to increase assets under management by 50% over the previous year. Over a period of three to five years, we intend to develop Altira into the largest independent asset manager in Germany, with substantial double-digit EBIT.

While doing so, we also intend to continue integrating a variety of asset management models under one roof, allowing each of these boutiques to retain its own identity. As both manager and shareholder, we are concerned not simply with the absolute amount of earnings but also primarily with their stability and sustainability, characteristics that we wish to achieve by means of our widely diversified business model.

We are continuously exploring further acquisitions or start-ups with experienced teams.

Our expansion will be supported by a currently very positive market and capital market environment. For instance, the market for private and company pension schemes and financial products in general continues to be one of the growth markets in Germany. Similarly, we also expect further shifts in market shares away from established managers, who are seldom in a position to offer true added value - high alpha - toward independent asset management boutiques. Parallel to this, we also see a strong trend away from equity and bond long - only products to alternative asset classes with absolute earnings that are as independent as possible from capital market returns.

We consider the real estate segment to be the most important driver of value in 2007, and aim to significantly strengthen and expand this area with new products. Climate Solutions Management GmbH ("CSM"), which was founded at the beginning of 2007, will also provide an important contribution to earnings in coming years. As is the case in the private equity segment, CSM not only generates profit for our shareholders and the investors in our managed funds, but also helps us satisfy our social and corporate responsibilities. The climate change that all of us are contributing to will confront humanity with many challenges, and fundamentally transform our world in economic as well as ecological, (geo)political and sociological terms.

At the same time, the struggle against climate change presents enormous opportunities, both financial as well as ethical and social, associated with the total reorganization of energy supplies and the complex effects exerted on practically all areas of the economy. They are there for the taking. And it is in the nature of entrepreneurs to view transformation not as a risk but an opportunity.

We would be very pleased if your investment in Altira might motivate you to become more engaged with this particular issue. As an ideal introductory reading, we can recommend the book "An Inconvenient Truth" by Al Gore.

We would like to thank all shareholders who have placed their trust in the strategy and endeavours of the Management Board, Supervisory Board and all the Group's employees over the last year, and hope that you continue to stand by us in coming years. We would also be pleased if the successful development shown by Altira were to inspire you to consider the investment products offered by our subsidiaries.

Special thanks are due the management and employees of our subsidiaries, who contribute with great energy to the success of the Group as a whole, thereby creating the foundation for growth in our business.

Sincerely Yours
Christian Angermayer, Peter Brumm, Andreas Lange

Altira AG can look back on a genuinely outstanding fiscal year. Besides good net income for the year, Altira AG created further important footholds with the foundation of CFC Industrie Beteiligungen Verwaltungs GmbH, which manages the listed company CFC Industriebeteiligungen GmbH & Co KGaA, and Altira ImmoFinanz GmbH. Fiscal year 2006 was also marked by preparations for the IPO of Altira AG. The IPO was carried out very successfully at the beginning of February 2007 under the leadership of Silvia Quandt Bank (a dependent branch of biw Bank für Investments und Wertpapiere AG), and was oversubscribed by a factor of 10.

We have assisted the Management Board's successful activities throughout the year under review and, and have diligently performed the duties and responsibilities incumbent on us in under the law and the articles of association in this regard. In personal interviews and written reports, the Supervisory Board was kept continuously informed by the Management Board about the course of business as well as the financial position and results of operations of Altira AG. The Supervisory Board has reviewed all relevant business transactions in regular discussions with management about business policy and fundamental issues concerning the strategy and important events in the Company, and has dealt with matters that require Supervisory Board involvement under the law and the articles of association.

The Supervisory Board held five regular meetings over the reporting year. On these occasions, the state of business of the Company, the strategic orientation, the opportunities for growth, business risks and the development of subsidiary companies were discussed with the Management Board and measures approved where approval of the Supervisory Board is required under the law or articles of association.

The members of the Supervisory Board also provided management with continuous support and reached decisions by means of a circulation procedure outside of these meetings.

Significant decisions made during the reporting period were

- Incorporation of ACQ Beteiligungs GmbH and its interest in C-QUADRAT into Altira AG, together with the associated restructuring of Altira AG
- Resolution for a capital increase and the associated IPO
- Development of the Real Estate segment through Altira ImmoFinanz GmbH
- Establishment of CFC Industrie Beteiligungen Verwaltungs GmbH as the manager of CFC Industriebeteiligungen GmbH & Co. KGaA
- Entry of the subsidiary VCH Vermögensverwaltungs AG into the certificate business

- Appointment of the new Supervisory Board

The 2005 Annual General Meeting appointed Oberfränkische Revisions- und Treuhandgesellschaft mbh, a Bayreuth tax consulting and auditing firm, as the auditor for the 2006 fiscal year. This firm audited the financial statements and annual report of Altira AG for 2006 fiscal year and issued an unqualified auditors' report.

The Supervisory Board received the audited and certified financial statements of 31 December 2006 and management report in timely fashion, reviewed the documents itself and discussed them with management. After its own thorough review, the Supervisory Board's also had no objections. In the meeting of 11 May 2007, the Supervisory Board approved and adopted Altira AG's financial statements.

The auditors have audited and issued an unqualified opinion on the report of relations with related companies pursuant to § 312 of the Aktiengesetz (German Public Companies Act) prepared by the management board. The auditors thereby confirmed that the actual information in the report

- is accurate,
- the consideration paid for or provided by the company was not excessive and,
- any potential disadvantages were balanced and with regard to the measures listed in the report, there are no circumstances that point to a significantly different assessment than that of the management board. We have also reviewed the report ourselves. The results of our review were not inconsistent with the conclusions of the management board and we hereby approve the results of the independent auditors.

As of 31 December 2006, the members of the Supervisory Board were Robert Depner (Chairman), Dr. Peter Schmidt and Gerhard Lange.

The Supervisory Board would like to thank the Management Board and all employees for their effort and commitment, and for the constructive and successful work they contributed in fiscal year 2006!

Frankfurt, May 2007
On behalf of the Supervisory Board

Robert Depner
Chairman of the Supervisory Board

Christian Angermayer, CSO

is one of the founders and partners of Angermayer, Brumm & Lange Unternehmensgruppe (www.abl-group.de), the majority shareholder of Altira AG, and is responsible both there and at Altira AG for Strategy and Corporate Development.

He is the entrepreneur of the team and has successfully founded a number of companies, particularly in the financial services area. Christian Angermayer has an excellent network of connections in the financial industry.
His contacts guarantee a multitude of new product ideas and a highly proprietary deal flow of investment opportunities with attractive asset managers.

Peter Brumm, CEO

is one of the founders and partners of Angermayer, Brumm & Lange Unternehmensgruppe (www.abl-group.de). As a member of the Management Board of Altira AG, he is responsible for Finance, Acquisitions and Controlling.

He has a degree in Business Administration (Diplom-Kaufmann), of the University of Bayreuth and the London School of Economics, and has been working in the private equity business since 1999, where he successfully managed the financing of a variety investments in a number of different phases and sectors and was actively involved in restructuring. Prior to this, he gained experience at JP Morgan in London and Roland Berger in Munich.

Andreas Lange, CIO

is one of the founders and partners of Angermayer, Brumm & Lange Unternehmensgruppe (www.abl-group.de). As a member of the Management Board of Altira AG, he is responsible for Acquisitions and Investments.

He studied Business Administration at the Universities of Mannheim, and Bayreuth as well as at the London School of Economics. As CIO he accounted for the investment strategy of each subsidiary and as the Managing Director of Sigma for the Private Equity Business. Prior to his employment Andreas Lange worked in M&A Consulting at the international investment bank Lazard Frères.

Sigma Capital Management GmbH

(100% interest, www.sigma-capital.de)

Positioning & Vision

Heliad Equity Partners GmbH & Co. KGaA ("Heliad", WKN: 604729; www.heliad.de) is managed by Sigma and invests in fast-growing German companies operating in all sectors. Altira AG holds a 7.5% interest in Heliad and the Familie Silvia Quandt holds more than 10% of the shares. Themis Equity Partners GmbH & Co. KGaA ("Themis", WKN: 785757; www.themis-equity.de) is managed by Sigma and invests widely in selected private equity funds around the world. Familie Silvia Quandt also holds more than 10% of Themis' shares.

The investment decisions are centered around people, that is, the entrepreneurs in the case of direct investments and fund managers in the case of investments in funds. Sigma considers itself an entrepreneurial value-add partner and is convinced of the value of "teaming up" with the best people working in a specific niche, following the principle of "success breeds success".

Successes in 2006

Sigma was able to more than quadruple assets under management in 2006 and can consequently look back at an extremely successful year. Although its assets under management were initially financed by the partners themselves or a small group of selected investors until the start of 2006, a number of successful capital increases by Heliad and Themis in 2006 opened the two listed companies managed by Sigma to a broader investor public.

In the **area of direct investment**, Sigma used Heliad to invest in numerous promising German growth companies. For instance, the portfolio was expanded by such companies as Vanguard (medical technology), blau Mobilfunk (low-cost mobile telephone provider) and Unicorn (cash transport). Companies that are attractive to Sigma have a mature and proven business model, are growing rapidly and are owner managed.

In the **area of fund investment**, Sigma used Themis to acquire more than ten new equity interests in international top quartile funds, mainly in Europe and the USA. These top teams include ACI Capital, TDR Capital, Orlando Real Estate, Monomoy, CGS Management, Wellspring and Francisco Partners. Of special note is that a number of these funds are so-called "closed shops" to which Sigma was admitted only on account of its outstanding reputation as an investor and a so-called value-add partner.

Goals for 2007

In 2007, Sigma plans to continue developing its position as a partner to successful entrepreneurs and entrepreneurial private equity teams. Overall, new investments and fund subscriptions are expected to total EUR 100 million. Further expansion of the team of investment professionals is also planned for this period of fast growth. Additional selected investment mandates for private equity exposures will also be accepted from family offices and other institutional investors.

CFC Industrie Beteiligungen Verwaltungs GmbH

(75% interest, www.cfc-eu.com)

Positioning & Vision

Altira's equity interest in CFC Industrie Beteiligungen Verwaltungs GmbH ("CFC") has allowed it to join forces with the experienced restructuring specialist Marcus Linnepe to move into the area of corporate reorganisation and restructuring. Marcus Linnepe has been recognized for years as one of the most successful and sought-after restructuring consultants. Since the launch of CFC's first fund, he has now extended his range of services to include the provision of equity capital.

The listed company CFC Industriebeteiligungen GmbH & Co. KGaA ("CFC KGaA", WKN: A0LBKW, www.cfc-eu.com) is managed by CFC and invests in what are known as "incomplete business situations". One of the situations that CFC would consider "incomplete" is where a business has a sound core but has problems with funding or with its shareholders. Unlike "unwanted business situations", these situations offer opportunities for short-term sustainable increases in company value.

Successes in 2006

Founded in April 2006, CFC was already able to establish CFC KGaA in September, which was then successfully floated on the stock market in December 2006. On the investment side, a 70% interest was acquired in Berndes, one of the leading European manufacturers of cookware, with subsidiaries in England, Italy, the USA and China and sales of around EUR 40 million in 2006.

Due to a leveraged buy-out transaction (sale to a private-equity investor), the company was heavily indebted before CFC KGaA acquired its interest. Following the transaction, the market for cookware went through a number of difficult years, characterized by falling demand and prices under pressure from products made in the Far East.

As a result, the company was no longer able to service its debts, despite its sound business core. At the time of the transaction, CFC negotiated a composition with its bankers and suppliers to make Berndes virtually clear of all bank liabilities today. In total, the company was released from EUR 10 million in debt and now has healthy equity capital. In terms of EBITDA, Berndes was already back in the black in 2006.

Goals for 2007

We have observed with growing concern a trend, especially in the Mid-and-LargeCap Buyout segment, to no longer generate earnings through operational growth but primarily through financial engineering. Like Berndes, many companies are no longer capable of servicing their debt burden, even though they have a healthy core.

This will create an especially large deal flow for restructuring investors in coming years, and CFC aims to be involved here as one of the leading investors in Germany.

VCH Investment Group AG

(100% interest, www.vch-group.de)

Positioning & Vision

VCH Investment Group AG is one of the most successful asset-management boutiques in Germany, managing the assets of private and institutional clients in investment funds, certificates and closed-end funds. The focus here is on innovative investment products with above-average performance, achieved through a well-conceived investment strategy and strict investment discipline, with the best manager selected for each product. While the management of "VCH-style products" relies on approaches developed in-house, VCH collaborates with the most successful specialists in each market segment to offer "expert-style products".

Successes in 2006

For VCH Investment Group AG, 2006 was a very successful year. In the investment fund unit, most VCH funds continued the success of last year, outperforming their benchmarks significantly in some cases. As in 2005, the flagship fund was VCH Expert Natural Resources, whose assets under management increased to more than EUR 164 million. The fund achieved performance of more than 177% (as of 30 April 2007), thereby outperforming its benchmark index by 106%.

VCH Investment Group AG successfully launched its certificate unit in September with an issue of guarantee certificates for VCH investment funds. A certificate was also used to meet demand by institutional investors for US life settlements, a field of expertise where VCH has already proven itself in previous years through the design and marketing of closed-end life insurance funds.

And, last but not least, VCH placed the VCH Expert Ship Picking I MS "DANIEL" shipping investment in a complex market environment.

Goals for 2007

A number of new funds will be added to VCH's product range in 2007. VCH Expert Emerging Markets and VCH Expert Global Bonds have already been launched.
As with its existing funds, VCH has also found outstanding cooperation partners for these new products. The Structured Products area will also be expanded further, mainly by issuing certificates for existing VCH investment funds in order to provide them with new features, such as capital guarantees.

patriarch.
MULTI-MANAGER GMBH

Patriarch Multi-Manager GmbH

(Size of the holding: 74.9%, www.patriarch-fonds.de)

Positioning & Vision

Patriarch Multi-Manager GmbH creates innovative, exceptionally good capital accumulation products. The success of Patriarch's products is based on cooperation with the most renowned fund analysts, fund-of-funds managers, asset managers and family offices in Europe. Patriarch selects the best managers for its investors and engages them to manage the products it launches. This gives investors access to the expertise usually reserved to wealthy families and institutions, while at the same time giving them assurance that, with Patriarch, they will always profit from the services of market and innovation leaders.

Successes in 2006

Right from the start of 2006, Patriarch Multi-Manager GmbH reaped the benefits of the build-up during

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2004 and 2005. The company's flagship, the fund asset management product PatriarchSelect, recorded major net inflows of funds, which continued to rise steadily over the year. This was due to a training and sales approach that is unique in the market. In July 2006, one of Germany's most renowned asset managers, Dr. Jens Ehrhardt Kapital AG, was engaged to manage the five PatriarchSelect portfolios.

In addition, the Patriarch Zukunfts-Sparplan product, a pre-discounted fund savings plan, was developed and established in the market with biw Bank für Investments und Wertpapiere AG. In July, the Patriarch Private Equity Police product, an innovative route to the private equity market for private investors, was introduced into many training courses. Since then, this product has appeared in the media almost weekly, and enjoys great popularity among Patriarch sales partners.

To enable us to offer our successful PatriarchSelect asset management concept via working time retirement investment accounts, policies and fund savings plans, three of the fund asset management portfolios were mirrored as funds of funds in August (Patriarch Select Ertrag, Patriarch Select Wachstum, Patriarch Select Chance). These were also managed by Dr. Jens Ehrhardt.

Goals for 2007

In 2007, Patriarch Multi-Manager GmbH will focus increasingly on linking up with other multi-level marketing organisations and increasing its name recognition. Further emphasis will continue to be placed on numerous training courses and events in order to assist Patriarch sales partners to maximise sales.

C-QUADRAT Investment AG

(5.83% interest, www.c-quadrat.at)

Positioning & Vision

C-QUADRAT is one of the largest independent fund-of-funds managers in Europe. Due to its independence, the company is absolutely free to make its own decisions, and is always looking for the best solutions for its clients. Consistent implementation of this business philosophy proved to be an outstanding growth strategy right from the start. In just a few years, the company founded by Alexander Schütz and Thomas Ries has grown into a team of more than 100 people managing more than EUR 4.9 billion in assets. The team has made a name for itself

throughout Europe as asset managers capable of analysing and managing investment funds and designing structured products. Numerous international banks, insurers and financial service companies rely on C-QUADRAT's expertise today.

Successes in 2006

For C-QUADRAT Investment AG, 2006 was a very rewarding year marked by major growth in assets under management. Germany developed into C-QUADRAT's second largest market, and major milestones were achieved in both unit-linked life insurance and direct investment. C-QUADRAT was able, for example, to place funds with a number of large life insurance companies as the underlying for their insurance products. The markets in Poland, the Czech Republic and Hungary were also successfully entered in 2006.

Following a highly successful stock market listing in March 2006, a successful capital increase of more than EUR 30 million, managed by Sal. Oppenheim, was carried out in November, accompanied by a move to the official market on the Frankfurt Stock Exchange (Prime Standard segment).

Goals for 2007

The stated goal for 2007 is to position the C-QUADRAT brand and its successful products more strongly, especially in the German market, and press ahead with expansion into additional European markets. The funds from the capital increase allowed the acquisition of VPM Vermögensverwaltung Munich / Absolute Plus Group to be carried out at the end of the year. The additional expertise in alternative investments will broaden the product range in 2007 and reduce market risk. As in previous years, the company's overriding aim will be to create investment products that enjoy above-average success, thereby continuing the company's current sustained growth path and achieving further increases in the company's value for all its shareholders.

An important milestone was reached in the initial months of the year with the appointment of Karl-Heinz Grasser as chairman of the Supervisory Board. Karl-Heinz Grasser was the Austrian Federal Minister of Finance from 2000 to January 2007. In this capacity, he was president of the ECOFIN Council, Vice President of the EURO Group and, during the period that Austria held the EU presidency, member of the G8. We consider access to his knowledge of capital markets and years of experience in the area of international finance as a decisive step in the company's international expansion.

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Altira ImmoFinanz GmbH

(100% interest)

Positioning & Vision

Altira AG is using Altira ImmoFinanz GmbH to enter the promising field of real estate management in collaboration with strategic partners. Investment opportunities in the real estate area aimed at specific target groups are developed with our cooperation partners, with a variety of investment strategies (existing properties and new development) and regions being offered (Germany and Eastern Europe in particular). The products are intended to appeal to a variety of client groups, and are therefore offered as stock exchange listed (real estate companies) and unlisted investment vehicles (closed-end funds, etc.). Our most important partner in this activity is the Austrian Metis Group and its real estate subsidiary R-Quadrat Real Estate, which has participated to date in getting MAGNAT Real Estate Opportunities GmbH & Co. KGaA ("MAGNAT", WKN: A0J3CH, www.magnat-reop.de) under way.

Successes in 2006

Altira achieved great success in this still-young business area in 2006. The first product was MAGNAT Real Estate Opportunities GmbH & Co. KGaA, a real estate developer focusing on Eastern European markets. MAGNAT was founded in April 2006 and was listed on the stock market as early as July of the same year. All in all, MAGNAT attracted equity capital totalling more than EUR 45 million in 2006, allowing the company to invest more than EUR 100 million in Eastern European real estate using the level of debt leveraging normal for the real estate business.

Goals for 2007

Due especially to the development of new investment structures, such as REITs, we consider the national and international real estate markets to be one of the biggest growth markets in the asset management area.

A capital increase of EUR 45 million was placed in April, under the leadership of Silvia Quandt Bank (a dependent branch of biw Bank für Investments and Wertpapiere AG), thereby doubling the assets under management by MAGNAT. Further real estate vehicles are in the planning.

Climate Solutions Management GmbH
(new addition after the balance sheet date, 100% interest)

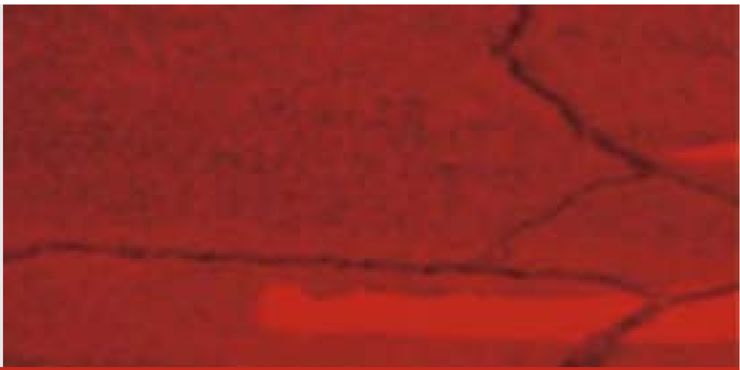
Positioning & Vision

The consequences of climate change, which has now also been established as an indisputable fact by the UN at the beginning of February, are dramatic. Even if no additional greenhouse gases such as CO_2 (carbon dioxide) were to be discharged into the atmosphere from now on, the climate would still grow warmer for centuries. The greenhouse gas concentration in the atmosphere is one of the key factors responsible for climate change. Even if most experts are of the opinion that climate change is essentially irreversible, a rapid reduction in greenhouse gas emissions, especially CO_2, can still significantly moderate the effects. At the same time, new technologies can help humanity deal with the altered environmental conditions. Since the adoption of the Kyoto Protocol, trading in emission permits has therefore become an important instrument for reducing emissions of environmentally detrimental greenhouse gases, thereby creating a completely new market for investors.

At the time of its foundation, the ecolutions GmbH & Co. KGaA ("ecolutions", www.ecolutions.de) private equity fund managed by Climate Solutions Management ("CSM") was provided with EUR 17 million by various investors. Additional fund-raising measures are planned to follow soon. Ecolutions primarily invests in projects widely spread around the world that reduce CO_2 emissions or absorb CO_2. Under the Kyoto Protocol, companies implementing such projects acquire what are referred to as climate protection credits (emissions permits) that can later be sold at a profit on European and other trading systems, mostly OTC to institutional customers. Example projects include the sealing of land fills, solar energy plants, biomass power plants or biofuels, in particular in emerging and developing countries. Significant double-digit returns can currently be realised in this area. In subsequent development stages, ecolutions will invest in projects and companies that either profit from the change in climate conditions or provide solutions to problems that arise as a result.

Goals for 2007

It was already possible to put together a highly capable team when the company was founded. Further development of this team is planned during the course of 2007. The first investments have also already been made. The IPO of ecolutions is planned for the end of 2007. Climate Solutions Management GmbH is also planning to introduce additional products in the climate protection segment.



Consolidated Balance Sheet

ASSETS

		2006 (KEUR)	2005 (KEUR)
A.	**FIXED ASSETS**		
I.	Intangible assets		
1.	Concessions, industrial and similar rights and assets and licences in such rights and assets	54	31
2.	Goodwill	536	540
II.	Tangible assets		
	Other equipment, plant and office equipment	450	178
III.	Financial assets		
1.	Shares in affiliated companies	68	93
2.	Shares in associated companies	0	1,743
3.	Equity interests	91	5
4.	Security Investments	5,803	0
B.	**CURRENT ASSETS**		
I.	Receivables and other assets		
1.	Trade receivables	5,489	2,219
2.	Receivables from affiliated companies	105	98
3.	Receivables from companies in which there is an equity interest	528	250
4.	Other assets	1,244	681
II.	Securities		
	Other securities	5,042	720
III.	Cash on hand, German Central Bank balances, bank balances and checks.	8,139	1,519
C.	**PREPAID EXPENSES**	16	10
		27,565	8,087

Financial Statement Altira-Group

as of 31 December 2006 (HGB)

Liabilities and Shareholders` Equity

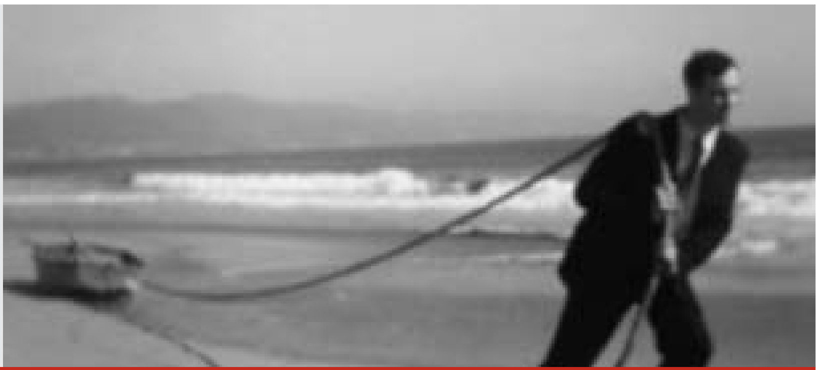
		2006 (KEUR)	2005 (KEUR)
A.	**EQUITY**		
I.	Subscribed capital	3,479	118
II.	Contributions from implementation of the approved capital increase	0	6
III.	Capital reserves	2,407	3,412
IV.	Net retained profits	8,819	114
V.	Minority interest	154	138
B.	**PROVISIONS**		
1.	Provisions for taxes	1,991	289
2.	Other provisions	6,077	1,415
C.	**LIABILITIES**		
1.	Liabilities due to banks	251	62
2.	Trade payables	3,375	1,735
3.	Liabilities due to affiliated companies	11	79
4.	Liabilities to companies in which there is an equity interest	4	0
5.	Other liabilities	259	513
D.	**DEFERRED INCOME**	738	206
		27,565	8,087

Income Statement

		2006 (KEUR)	2005 (KEUR)
1.	Sales revenue	24,796	2,793
2.	Other operating income	9,304	196
3.	Cost of materials Cost of purchased services	12,071	997
4.	Personnel expenses		
	a) Wages and salaries	6,070	895
	b) Social security, pension and other benefits	261	79
5.	Depreciation and amortisation		
	a) on intangible and tangible fixed assets	300	81
	b) on current assets	107	0
6.	Other operating expenses	4,466	728
7.	Income from investments	74	0
8.	Other interest and similar income	127	21
9.	Losses absorbed from affiliates and associated companies	0	2
10.	Amortisation of financial assets and securities classified as current assets	434	1
11.	Interest and similar expenses	50	10
12.	Profit on ordinary activities	10,542	217
13.	Taxes on income	1,789	61
14.	Other taxes	1	2
15.	Net income for the year	8,752	154
16.	Minority interest	44	-24
17.	Net income for the year after consideration of minority interests	8,796	130
18.	Retained earnings (prior year losses brought forward)	123	16
19.	Transfer from retained earnings	100	0
20.	Net retained profits	8,819	114

Cash Flow Statement

		2006 (KEUR)		2005 (KEUR)
Net income for the year	+	8,752	+	154
Write-downs / write-ups (-) of fixed assets	+	163	+	35
Write-downs / write-ups (-) of goodwill	+	137	+	49
Other non-cash expenses and income (-)		0	+	196
Annual cash flow according to DVFA/SG	+	9,052	+	434
Increase / decrease (-) in short-term provisions	+	6,365	+	1,702
Increase (-) / decrease in trade receivables and other assets	-	8,446	-	2,910
Net gains (-) / losses from disposals of fixed assets	-	8,658	-	6
Increase / decrease (-) in trade payables and other liabilities	+	1,853	+	2,258
Cash flow from operating activities	+	166	+	1,478
Proceeds from the disposal of fixed assets	+	17,494		0
Investments (-) in fixed assets	-	11,262	-	2,064
Cash flow from investment activities	+	6,232	-	2,064
Contribution (+) from the capital increase		0	+	3,386
Increase in minority interest		0	+	17
Cash flow from financing activities		0	+	3,403
Adjustment to cash and cash equivalents at the beginning of the period	+	6,398	+	2,817
Net change in cash and cash equivalents	+	33	-	1,387
Cash and cash equivalents at the beginning of the period	+	1,457	+	27
Cash and cash equivalents at the end of the period	+	7,888	+	1,457



Statement of Changes in Shareholders' Equity

in KEUR	Subscribed capital	Contributions from implementation of the approved capital increase
As at 01/01/2006	118	6
Reclassifications	6	-6
Increase in share capital out of retained earnings	3,345	
Increase due to merger with ACQ Beteiligungs GmbH	10	
Net income		
Addition due to first time consolidation of Group companies		
Minority interest		
As at 31/12/2006	3,479	0

Increase in share capital out of retained earnings in the amount of KEUR 100 concerns VCH Vermögensverwaltung AG.

Capital reserves	Net retained profits	Total Equity entitled to the parent company	Minority interest	Total
3,412	114	3,650	138	3,788
		0		0
-3,345	-100	-100		-100
2,340		2,350		2,350
	8,752	8,752		8,752
	9	9	16	25
	44	44		44
2,407	8,819	14,705	154	14,859

Notes on the consolidated Financial Statement for the fiscal year 1. January to 31. December 2006

General principles

The consolidated financial statements of Altira Aktiengesellschaft were prepared pursuant to the provisions of the German Commercial Code and Stock Corporation Act.

Consolidated companies

The following companies are included in the consolidated financial statements in addition to Altira

	Equity Interest %
VCH Investment Group AG, Frankfurt am Main	100.0
Sigma Capital Management GmbH, Frankfurt am Main	100.0
Patriarch Multi-Manager GmbH, Frankfurt am Main	74.9
Altira ImmoFinanz GmbH, Frankfurt am Main	100.0
CFC Industrie Beteiligungen Verwaltungs GmbH, Dortmund	75.0
VCH Vermögensverwaltung AG (ehem. Consortia), Köln	74.5
VCH Financial Services GmbH, Frankfurt am Main	100.0
VCH Treuhand- & Verwaltungs GmbH, Frankfurt am Main	100.0
VCH Fondsmanagement GmbH, Frankfurt am Main	100.0

The following companies were not included because they are not material (§ 296 para. 2 and § 311 para. 2 HGB):

	Equity Interest %
Sophisti Capital AG, Frankfurt am Main	50.2
VCH Alpha Medienproduktionen GmbH, Wien	51.0

All companies included in the consolidated financial statements have - like Altira - 31 December as the balance sheet date.

Principles of consolidation

The annual financial statements of the companies included in the consolidated financial statements were prepared pursuant to generally applied accounting and valuation principles.

The consolidation of subsidiaries' equity was performed based on the book value method by offsetting the purchase cost of the shares with the Group share of the equity of the consolidated subsidiaries at the date of acquisition or initial consolidation.

Any excess of cost is capitalized as goodwill and written off over four years.

Transactions between consolidated companies are eliminated in the consolidated financial statements.

Deferred tax arising from the application of Group accounting principles as well as from consolidation adjustments was not recorded.

The amounts stated and the premium on acquisition were calculated at the date the shares were acquired or on the balance sheet date of the initial consolidation.

Principles of accounting and valuation

Assets and liabilities are valued under the valuation policies of commercial law in accordance with the principles of proper bookkeeping and accounting. Receivables and payables in foreign currencies were converted into euros at the closing rate.

Fixed assets

Purchased intangible assets are stated at cost minus straight-line depreciation.

Tangible assets are stated at purchase or production cost minus accumulated depreciation.

Scheduled depreciation is based on the estimated useful life of the assets concerned. Low-value fixed assets are fully written off in the year of acquisition.

Long-term investments are stated at the lower of cost and fair value.

Current assets

Receivables and other assets were assessed at the lower of nominal value or purchase cost and market value. Receivables are written down based on the likelihood of default.

Other securities are valued at the lower of cost or market value as of the balance sheet date.

Cash and cash equivalents are stated at face value.

Provisions

The provisions were set aside to cover the forecast liability based on the principle of reasonable commercial judgment and take into account all uncertain liabilities and recognizable risks.

Payables

Payables correspond to the amounts that are due to be repaid.

Notes on the Balance Sheet

The change in assets and depreciation is presented in the following assets analysis on the next few pages:

Statement of changes in fixed assets as of 31 December 2006

Acquisition / Production Costs

in KEUR

Residual book value

in KEUR

FIXED ASSETS	as of 01/01/2006	First Consolidation	Additions	Disposals	as of 31/12/2006	as of 31/12/2006	as of 31/12/2005
I. Intangible assets							
1. Concessions, industrial and similar rights and assets	75	0	95	39	131	54	31
2. Goodwill	590	132	0	0	722	536	541
	665	132	95	39	853	590	572
II. Tangible assets							
Other equipment, plant and office equipment	445	0	456	206	695	450	178
III. Financial assets							
1. Shares in affiliated companies	93	0	0	25	68	68	93
2. Shares in associated companies	1,745	0	0	1,745	0	0	1,743
3. Investments	7	61	25	2	91	91	5
4. Security Investments	0	0	14,679	8,836	5,842	5,803	0
	1,845	61	14,704	10,608	6,001	5,962	1,841
	2,955	193	15,254	10,853	7,549	7,002	2,591

Accumulated Depreciations

in KEUR

FIXED ASSETS	as of 01/01/2006	First Consolidation	Write downs	Disposals	as of 31/12/2006
I. Intangible assets					
1. Concessions, industrial and similar rights and assets	44	0	38	5	77
2. Goodwill	49	0	137	0	186
	93	0	175	5	263
II. Tangible assets					
Other equipment, plant and office equipment	267	0	125	147	245
III. Financial assets					
1. Shares in affiliated companies	0	0	0	0	0
2. Shares in associated companies	2	0	0	2	0
3. Investments	2	0	0	2	0
4. Security Investments	0	0	39	0	39
	4	0	39	4	39
	364	0	339	156	547

Assets analysis

The assets in the Group fixed assets schedule are stated at the original purchase and production cost incurred by consolidated subsidiaries.

The premium on consolidation of the subsidiaries is disclosed as goodwill and written off over four years.

Receivables and other assets

Receivables and other assets fall due in up to one year.

Other securities

Other securities are recorded initially at cost. As of the balance sheet date, impairment of KEUR 83 was booked to adjust other securities to fair value.

Capital

The capital stock is divided into registered shares. The shares are notional shares with a nominal value of EUR 1 each. The shareholders' meeting held on 1 October 2005 voted to increase the capital stock by EUR 118,374 by issuing up to 10,000 notional shares with a nominal value of EUR 1 each, with no pre-emptive subscription right. The capital was then increased by EUR 5,500 to EUR 123,847. The capital increase was recorded in the commercial register on 6 February 2006.

The shareholders' meeting held on 8 June 2006 voted with regard to the merger with ACQ Beteiligungs GmbH to increase the capital stock by EUR 9,948, from EUR 123,847 to EUR 133,795, by issuing 9,948 registered shares with a nominal value of EUR 1 each.

The shareholders' meeting on 8 June 2006 also voted to increase the capital stock from company equity by issuing to the shareholders 3,344,875 new registered shares with a nominal value of EUR 1 each. After execution and registration on the same day in the commercial register, the capital stock amounted to EUR 3,478,670, an increase of EUR 3,344,875 from EUR 133,795 previously. The EUR 133,795 capital increase was recorded on 3 July 2006 and the EUR 3,478,670 capital increase was recorded in the commercial register on 19 July 2006.

The shareholders' meeting on 24 October 2006 voted to authorize the management board, subject to the approval of the supervisory board, to increase the capital stock on one or more occasions until 30 September 2011, up to a total of EUR 1,739,355 by issuing new notional shares in the form of shares in exchange for cash and/or non-cash contributions (2006 authorized capital).

The shareholders' meeting held on 26 October 2006 voted to increase the capital stock of the company by cash contributions by EUR 380,000, from EUR 3,478,670 to EUR 3,858,670.

Provisions

Provisions contain the following items:

Staff provisions largely contain provisions for bonuses (KEUR 3,266; 2005: KEUR 150); administrative provisions contain provisions for costs of the initial public offering totaling KEUR 350 (2005: KEUR 0); sales provisions mainly relate to sales commissions.

	2006 (KEUR)	2005 (KEUR)
Staff provisions	3,465	877
Sales provisions	1,330	414
Administrative provisions	1,282	124
	6,077	1,415

The capital increase was recorded in the commercial register on 22 February 2007.

During the fiscal year, KEUR 2,340 was added and KEUR 3,345 was deducted to/from the capital reserve. Based on the actual Group share of the net profit for the year (EUR 8,796,072.32), the retained earnings brought forward (EUR 123,039.25) and the capital increase from company equity offset with the VCH Vermögensverwaltung AG consolidated net profit for the year of EUR 100,000, the consolidated net profit for the year amounted to EUR 8,819,111.57.

The minority interests consist of the share of outside shareholders in the equity of consolidated subsidiaries VCH Vermögensverwaltung Aktiengesellschaft, Cologne, Patriarch Multi-Manager GmbH, Frankfurt am Main, and CFC Industrie Beteiligungen Verwaltungs GmbH, Dortmund.

Payables

The residual maturities of the payables and any security granted thereon are presented in the following payables schedule:

KEUR		Total	Up to 1 year	Maturity 1-5 years	More than 5 years	Secured amounts
1.	Payables due to financial institutions	251	238	13	0	0
2.	Trade payables	3,375	3,375	0	0	0
3.	Payables due to affiliated companies	11	11	0	0	0
4.	Payables due to companies with which a participatory relationship exists	4	4	0	0	0
5.	Other liabilities	259	259	0	0	0
	- taxes	(68)	(68)			
	- social security	(16)	(16)			
		3,900	3,887	13	0	0

In 2005, other tax payables amounted to KEUR 116 and other social security payables were KEUR 200. The following letters of comfort were issued as of the balance sheet date:

1. A maximum of KEUR 250 in favor of CFC Industrie Beteiligungen Verwaltungs GmbH
2. A maximum of KEUR 50 in favor of Patriarch Multi-Manager GmbH

Under a fixed five-year lease there are lease obligations of KEUR 1,974 and from another lease there are obligations of KEUR 80. A bank guarantee of KEUR 102 was furnished as a security. As of the balance sheet date there were no other contingent liabilities.

Income statement

Other operating income includes items from prior periods totaling KEUR 296 (2005: KEUR 187).

Other operating expenses includes expenses from prior periods totaling KEUR 53 (2005: KEUR 5).

Impairment on long-term investments and other current asset securities includes KEUR 312 in losses from sales of other current asset securities, KEUR 83 in impairment on other current asset securities pursuant to § 253, para. 3 HGB, and KEUR 39 in losses from the sale of investment securities.

Relationships to company officers

No fees were paid to the members of the supervisory board in the year.

The following people served as members of the management board of the parent company during the year:

Christian Angermayer, CSO, Wiesau
(until 30 September 2006)
Peter Brumm, CEO, Frankfurt am Main
Andreas Lange, CIO, Frankfurt am Main

Other information

Equity Interests

	Registered office	Equity KEUR	Equity interest %	Earnings of the last fiscal year in KEUR
Sophisti Capital AG	Frankfurt am Main	62	50.2	36
VCH Alpha Medienproduktionen GmbH	Vienna	no information	51.0	no information
Seyes GmbH	Bayreuth	44	20.0	32

To hedge market and currency risks, USD currency futures sales contracts totaling a nominal value of USD 600,000 were undertaken.

The following people served as members of the supervisory board during the year:

Robert Depner, Bergisch Gladbach, Chairman of the Management Board, VCH Vermögensverwaltung AG

Stefan Schütze, Berlin, Deputy Chairman, Legal Counsel (until 24 October 2006)

Sina Leicht, Bindlach, Bookkeeper (until 24 October 2006)

Dr. Peter Schmidt, Alfter, Corporate Consultant (since 24 October 2006)

Gerhard Lange, Neckargemünd, Corporate Consultant (since 24 October 2006)

No fees were paid to the members of the supervisory board in the year.

Other information

Aside from the members of the management board and senior executives, in 2006 there were on average 28 (2005: 24) employees, of whom 16 were women and 12 were men.

Frankfurt am Main, March 2007
The Management Board

Christian Angermayer

Peter Brumm

Andreas Lange

Auditor's report

We have audited the consolidated financial statements, comprising the balance sheet, income statement, notes to the financial statements, cash flow statement and statement of changes in equity, prepared by Altira Aktiengesellschaft, Frankfurt am Main, for the fiscal year from 1 January to 31 December 2006, together with the Group management report. The preparation of the consolidated financial statements and management report in accordance with the requirements of the German Commercial Code (HGB) is the responsibility of the Company's management.

Our responsibility is to express an opinion on the consolidated financial statements and Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code and the German generally accepted principles of financial statement auditing issued by the Institut der Wirtschaftsprüfer (IDW). 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 German generally accepted accounting principles and the Group management report are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the Group and an assessment of potential misstatements are taken into account when determining audit procedures.

The effectiveness of the internal accounting control system and evidence supporting the disclosures in the consolidated financial statements and Group management report are examined primarily on a test basis within the framework of the audit.

The audit consists of an assessment of the financial statements of the companies included in the consolidated financial statements, determination of the companies included in the scope of consolidation, evaluating the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and Group management report.

We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualifications.

In our opinion, based on knowledge gained during the audit, the consolidated financial statements satisfy statutory requirements and convey a true and fair view of the Group's net assets, financial position and results of operations in accordance with German generally accepted accounting principles. The Group management report is consistent with the consolidated financial statements and conveys a suitable overall view of the position of the Group and a suitable presentation of the opportunities and risks of future development.

Bayreuth, 11 May 2007

OBERFRÄNKISCHE REVISIONS- UND
TREUHANDGESELLSCHAFT MBH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

Dr. Jürgen Rosenschon
Auditor

I. Development of business

Business operations

Altira AG ("Altira") is a broadly diversified asset management group with a number of independent subsidiaries that are active in the market. Altira sees itself as a growth platform that provides the various asset management models with access to its network, infrastructure, management know-how and capital resources, while allowing each to retain its own respective individual identity. The effect for Altira is broad diversification that spans a variety of asset classes and customer groups, and the highly stable corporate earnings that this brings. Currently, Altira covers the following asset classes: private equity, public equity, real estate and alternatives.

Through its subsidiaries, Altira develops investment and financial products for private and institutional clients. Each of these subsidiaries collects management fees for its services. These fees are mostly comprised of a fixed fee based on assets under management and a performance-based fee.

To further its growth and its diversification, Altira is constantly searching for new products and asset classes. Both investments in existing companies and start-ups together with experienced teams are attractive for Altira. In addition to providing equity capital for further growth, Altira offers an institutional background, valuable contacts, synergy effects - especially in the areas of IT & technology - and of particular interest to young companies, seed money for new funds. Altira has particular expertise in the areas of structuring and development of listed investment companies. To date, the Group has successfully founded, provided with seed money, capitalized through various rounds of fund raising and performed an IPO for the following companies: Heliad Equity Partners (www.heliad.de), Themis Equity Partners (www.themis-equity.de), CFC Industriebeteiligungen (www.cfc-eu.com) and MAGNAT Real Estate Opportunities (www.magnat-reop.de). ecolutions (www.ecolutions.de) has also been structured to allow an IPO, which is planned for the end of 2007. Preparations are underway for other companies with IPO potential.

A great advantage of the stock-exchange listed companies above versus open-ended investment funds is that no redemption of units is possible. Investors wanting to rid themselves of their shares in one of these listed companies can accomplish this by selling them on the stock exchange. The investment strategy of each company can therefore have a long-term orientation and investment volume is not reduced due to sales.

Market environment

Capital market trends and market trends in the individual investment classes are of particular importance to Altira and its subsidiaries. In retrospect, therefore, the market environment can be seen to have been excellent, as 2006 not only turned out to be a boom year for the overall economy, it was also, above all, an excellent year for stock exchange prices. The DAX marched nearly in step with the TecDAX, climbing around 21%, the highest level since 2001.

The STOXX 50 rose by 14.3% and the Dow Jones STOXX 50 improved by 10% over the previous year. The MDAX, which mirrors the trend for mid-sized German companies, achieved even better performance, crossing the 9,350 point level to reach a new all-time high. The SDAX also traded at a new all-time high of more than 5,500 points. The US leading share index, the Dow Jones Industrial Average, which provides direction for investors around the world, recorded a new historic high shortly before year-end by trading above 12,500 points.

In contrast to 2005, the US dollar generally weakened versus the Euro, a trend which also continued at the beginning of 2007. The boom in the commodities markets continued, interspersed with periods of consolidation. The price of oil remained at a high level. Gold prices climbed to a new 25-year high of 730 dollars per troy ounce.

Similar to the trend in the global economy, a boom was also experienced in the private equity market. As a result, private equity investors were able to raise record amounts from banks, insurance companies and pension funds in 2006. Only the venture capital funds continue to have difficulty attracting investors.

The real estate markets relevant to us in Germany and Eastern Europe also developed very positively. Austrian real estate shares in particular recorded strong inflows of funds, which should continue to contribute to a lively Eastern European real estate market in the future.

All in all, we believe that the generally positive market environment will be preserved through 2007 and should therefore offer Altira many opportunities for growth.

Development of the Group during the fiscal year

In 2006, Altira was able to utilise the positive market environment to significantly broaden its business segments. The real estate segment, for example, was reorganised and developed into one of the Group's most important future sources of earnings within a period of only 12 months.

The private equity business area saw particularly strong growth in the year just ended. The addition of CFC Industrie Beteiligungen Verwaltungs GmbH ("CFC") added "reorganisation and restructuring" to the private equity activities "direct investments in Germany" and "international fund investments" that were previously combined in Sigma Capital Management GmbH ("Sigma"). Although there were only EUR 30 million in assets under management at the beginning of 2006, this had already grown to EUR 136 million by the end of 2006, an increase of 353%.

The public equity segment also recorded a number of successes. For example, the EUR 115 million of fund assets under management by VCH Investment Group AG and its subsidiaries ("VCH") at the start of the year rose to EUR 282 million by year-end, an increase of 145%. VCH Expert Natural Resources, in particular, stood out as one of >

Equity interests

	Share capital	Equity interest
VCH Investment Group AG, Frankfurt a.M.	650,000 EUR	100.00 %
Sigma Capital Management GmbH, Frankfurt a.M.	25,000 EUR	100.00 %
Patriarch Multi-Manager GmbH, Frankfurt a.M.	250,000 EUR	74.90 %
Altira ImmoFinanz, Frankfurt a.M.	25,000 EUR	100.00 %
CFC Industrie Beteiligungen Verwaltungs GmbH, Dortmund	25,000 EUR	75.00 %
C-QUADRAT Investment Group AG, Vienna	4,363,200 EUR	5.83 %
Themis Equity Partners GmbH & Co. KGaA	53,320,000 EUR	0.56 %
Heliad Equity Partners GmbH & Co. KGaA	70,000,000 EUR	1.08 %

I. Development of business

< the best commodity funds in Europe, and retains a place among the leaders in this group in 2007.

C-QUADRAT Investment AG celebrated its successful listing on the Entry Standard segment in March 2006, and a successful move to the Prime Standard segment in November 2006, both with the assistance of Sal. Oppenheim, Bank Austria and the Silvia Quandt Bank (a dependent branch of biw Bank für Investments und Wertpapiere AG). By request of the underwriting bank and the founder of C-QUADRAT, Altira declared that it was prepared to provide shares for a green shoe from its own shareholdings as part of this transaction. In the end, this green shoe option was fully utilised, and Altira received EUR 7.7 million in liquid funds, which could be invested in additional projects.

In addition to the excellent fundamental development of the individual subsidiaries, other important steps were also taken for further growth. To deal with the logistics of additional employee growth, the Company moved to new and significantly larger business premises at the end of 2006. This allowed the number of employees to be successfully raised to 42 by the end of the year.
The Company had 24 employees at the end of the previous year.

Results of operations

The Group's results of operations jumped during the fiscal year, with net income rising to EUR 8.8 million from EUR 0.2 in the previous year. Sigma, VCH and its subsidiaries, and Altira made especially large contributions to the overall net income. Patriarch Multi-Manager GmbH and CFC ended the year with slight losses and Altira ImmoFinanz GmbH reported zero net income.
Operating output calculated as a total of sales revenue (EUR 24.8 million, previous year EUR 2.8 million) and other operating income (EUR 9.3 million, previous year EUR 0.2 million) rose from EUR 3.0 million to EUR 34.1 million. VCH, Sigma and Altira's business areas contributed most of the sales revenue. Other operating income also includes proceeds from the sale of shares in C-QUADRAT Investment Group AG from Altira's holdings.

Operating expenses, consisting of the cost of purchased services (EUR 12.1 million), personnel expenses (EUR 6.3 million), depreciation and amortisation (EUR 0.8 million), and other operating expenses (EUR 4.5 million), rose from EUR 2.8 million in the previous year to EUR 23.7 million. The costs of purchased services relate primarily to commission expenses paid to third parties.

As a result, operating profit rose from EUR 0.2 million in the previous year to EUR 10.4 million in fiscal year 2006.

For the previous year comparisons, it is important to note that due to the first consolidation of the VCH Investment Group in fiscal year 2005, the consolidated financial statements of 31 December 2005 only include the income and expenses of the VCH Investment Group and its subsidiaries at that time for the period from 1 September 2005 through 31 December 2005. This applies essentially

In addition, Climate Solutions Management GmbH was founded as a fully-owned subsidiary with share capital of EUR 100,000 after the balance sheet reporting date. Further information in this regard is provided at the end of Section I.

to VCH Vermögensverwaltungs AG (formerly Consortia), VCH Financial Services GmbH and Sigma.

Net assets

As of 31 December 2006, Altira Group had non-current assets of EUR 7.0 million, consisting primarily of investment securities (EUR 5.8 million), plant and office equipment (EUR 0.4 million) and goodwill resulting from consolidation (EUR 0.5 million).

The Group has current assets of EUR 20.6 million, consisting primarily of balances with banks (EUR 8.1 million), receivables and other assets (EUR 7.4 million), and marketable securities (EUR 5.1 million).

Total assets rose significantly from EUR 8.1 million as of 31 December 2005 to EUR 27.6 million as of 31 December 2006. The increase in total assets was primarily financed through internal funds generated during the year under review.

The equity ratio is 54%. At EUR 0.3 million, the liabilities to banks are not significant.

Consolidated cash flow statement

The cash flow statement shows the development of inflows and outflows of cash during the reporting period. As a result of a surge in earnings, annual DVFA/SG cash flow rose by EUR 8.6 million to EUR 9.1 million.

Cash flow from investing activities includes proceeds of EUR 17.5 million from the disposal of securities held as fixed assets.

In the reporting year, the securities reported in cash were assigned to cash flow from operating activities. The figure for the previous year has been adjusted accordingly. Thus, at the beginning and end of the financial year, cash consisted of bank balances less short-term current account liabilities. The cash from subsidiaries, which has been included in Group cash following their first-time consolidation, is reported under "Adjustments to cash and cash equivalents at the beginning of the year".

Significant events occurring after the balance sheet date

Stock exchange listing of the Company

On 7 February 2007, Altira's shares were listed on the Frankfurt Stock Exchange for the first time. During the IPO, share capital was increased by the issue of 380.000 shares at a fixed price of EUR 28.50 per share for which the Company received EUR 10.8 million in gross proceeds. When listed, the shares began trading approximately 30% higher and have since then performed very well for the shareholders.

I. Development of business

Investment in Heliad

During the first few months of 2007, Altira has gradually increased its investment in Heliad Equity Partners GmbH & Co. KGaA to the present level of approximately 7.5%. The shares were acquired at an average price of EUR 1.18. Heliad is a listed investment company, with a fully-owned subsidiary of Altira as general partner. Heliad's shares are presently trading significantly below their net asset value (NAV) and the Management Board believes that both the NAV and the share price will perform positively in the medium to long-term. The irrational undervaluation, in the opinion of the management board, presents a long-term investment opportunity at particularly favourable acquisition prices.

Capital increase for MAGNAT Real Estate Opportunities GmbH & Co. KGaA

In April, MAGNAT Real Estate Opportunities GmbH & Co. KGaA increased its equity from approximately EUR 42 million to approximately EUR 86 million through a private placement. As a result of the indirect interest it holds in MAGNAT's management company, Altira will participate in the growth of this company by way increasing management fees.

Founding of Climate Solutions Management GmbH

Altira founded Climate Solutions Management GmbH as a fully-owned subsidiary. The company manages ecolutions GmbH & Co. KGaA, a newly launched private equity company with assets under management of EUR 17 million that operates in the global climate private equity segment.

II. Opportunities and risks of future development

The Management Board plans a further significant expansion of the Group's business activities in 2007. In addition to simple expansion of existing businesses, the Management Board will also focus on adding new investments in other asset managers, and start-ups together with experienced teams or individuals. A number of possibilities have already been examined which could potentially contribute to further inorganic growth in 2007. In principle, the Company favours acquiring majority interests in this regard, although it will also consider minority interests when this is not possible.

Opportunities

Since the positioning of the Altira Group places it in what is in principle a cyclical market, as a result the Group's opportunities and risks are therefore also significantly affected by the (capital-) market. In addition to the general capital market influence, special situations also currently offer excellent opportunities.

The market for private pension schemes, for example, is one of the largest growth markets in Germany, as the population no longer wants to depend solely on the government pension plan. The share of private and company-sponsored pension schemes should therefore increase significantly in the years to come, providing the asset manager market with further liquidity. For several Group areas, in particular the investment fund area, the German government plans to introduce a definitive withholding tax on 01 January 2009 which should also lead to exceptional growth prior to this date. It can be expected that investments in this sector will increase strongly, in order to benefit from the tax exempt status of capital gains for the last time. The Altira Group is well positioned with a number of products in this regard. Four additional funds-of-funds were also launched this year and have already received nearly EUR 20 million in investment.

The Management Board also expects the market share of asset management boutiques in Germany to increase in coming years. In English-speaking countries, the market share of these small and specialised asset managers is significantly higher than in Germany, as the market in Germany still tends to be dominated by large corporate groups. Altira is specifically targeting this promising market through several of its subsidiaries and should profit from both growth in the market as well as growth occurring specifically in the boutique area.

Independent of the developments above, new asset classes also appear on a regular basis and some asset classes grow significantly faster than the market average. Opportunities to profit from such above-average growth arise in the area of alternative investments in particular. One of Altira's goals is to discover such areas, in order to profit from positive developments in the associated asset class via one of the Group companies. It was as a result of these considerations that Altira entered the Eastern European real estate development market in 2006, where it expects above-average growth to continue in coming years.

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II. Opportunities and risks of future development

Group company performance

The financial success of the Altira Group is primarily determined by the Group company performance. Due to the Company's broad-based positioning over a variety of asset classes, the Group has been able to significantly reduce its dependence on individual areas over the last several years.

Nonetheless, the overall success of the Group will naturally continue to be marked by the performance of the individual companies in the future. Altira's future success will also be significantly affected by new investments. As a rule, every new investment is associated with special opportunities as well as special risks, since a lack of past experience often makes future performance difficult to forecast. Since an increase in human and financial resources is often necessary, the time that an investment is made is precisely the time of the greatest risk. These investments are intended to secure continued strong growth for the Company, but they can also represent an above-average burden on earnings, particularly since the amounts invested in new areas has increased significantly over time as Altira has grown.

Capital market risk

Changes in the overall economic environment, the capital market in general and the sub-areas where Altira is represented through its equity investments is probably the most significant risk facing the Group / Group companies (indirectly via their equity investments) with respect to fulfilling shareholder and management expectations for achievement of the Company's growth targets.

A significant portion of the Company's investment assets is invested in listed companies, so that negative changes in the share prices of these securities could have a direct negative effect on the Company's income statement. Furthermore, some of the Group's revenues are directly dependent on the performance of the investment vehicles being managed or advised, since profit-linked remuneration is generally paid only when absolute performance is positive and historical highs are simultaneously reached, so that it is consequently also possible for such compensation to be completely lacking for a long period of time.

Since Altira receives management fees from listed companies through various subsidiaries, in a negative capital market environment it might be impossible for one of these companies to grow for a long period of time, which would mean that Altira's revenues would also not be able grow. In summary, there are variety of ways in which changes in capital markets could exert a significant and cumulative adverse effect on consolidated net income.

Product risk

In addition to general capital market risk, which all Altira companies are basically subject to, each individual business area is also dependent on the relative performan-

ce of its products compared to the competition and its access to potential customers. If a product shows negative relative performance, there is a high risk that the assets under management for this product could decrease significantly, which might require the product to be removed from the market. Since Altira, as an asset manager, receives revenues based on the assets entrusted to it, such a situation could lead to a significant reduction in income. In addition, it is also possible for liability risk to arise in some cases where products do not fulfil investor expectations. Although this risk is not exclusive to the area of closed-end funds, where Altira has launched a variety of products in the past, it is especially applicable to this area.

Company dependence on key individuals

Successful management of the Group companies depends to a great extent on a number of key individuals. Above-average expertise and a well-developed network create the foundation for success. The Company's core team, which developed its business operations over many years, has the required expertise and the network of contacts necessary for success. Altira's future success is therefore highly dependent on these individuals.

Operational risks

The operational risk of the Group parent company's business operations mainly concerns the ability to obtain timely, meaningful information on the Group companies, to make early recognition of potential problems possible. The Management Board has guarded against this risk by implementing a suitable controlling system. Many operational risks also exist in the individual Group companies, which operate independently in a variety of business areas.

Significant risks also exist in terms of uncertainty over the general tax framework, as changes to numerous tax laws are being discussed in administrative practices. For instance, a number of court proceedings are currently pending in relation to the area of value-added tax, which in the most unfavourable case could have a significantly adverse effect on Altira's results of operations. Over the next several years, several court decisions are also expected in the areas of corporation tax and businesses tax, which under certain conditions could have a negative effect on the Company. In particular, the problem pertains to the potential retroactivity of these possible changes, as this has to do with the interpretation of existing laws and not with any changes in the law.

As the Group has meanwhile grown in size and capital strength, it has the financial and management resources available to directly address the opportunities and risks above, and to profit appropriately from the opportunities and avoid the risks as best possible. Even taking into account the risks that the Altira Group is exposed to, the Management Board is confident that the Altira Group will continue its positive development over the long term.

III. Risk management

The Altira Group's risk management system identifies and avoids or limits significant risks arising from the Group's business. The risk management system also assists in the recognition and exploitation of opportunities, thereby contributing to the further development and success of the Group.

The risks were assigned systematically to three risk groups:

1. Strategic risks

- Changes in the capital market environment, which represents the basic foundation of business for a company operating in the asset management area
- Market environment and positioning of the competition
- Human Resources

2. Financial risks

- Performance of securities and equity investments held, as well as securities and equity investments managed by the Group
- Liquidity risk
- Legal risks
- Risks due to changes in tax law

3. Operational risks

- Financial accounting and controlling
- Cash flows
- IT security

IV. Dependent company report

For each area of potential risk, risk management consists of early risk identification, information and communication, and risk response in the form of specification and implementation of appropriate counter-measures.

Price risks primarily result from a potential negative changes in the capital market as a whole as well as the performance of individual shares and the fair values of equity investments and securities held and in the managed portfolio.

In individual cases, Altira manages these price risks by entering into hedge transactions. In fiscal 2006, for instance, in order to hedge against market and currency risks in equity markets that were subject to increased volatility, especially in emerging markets, index futures were sold and US dollar currency futures were sold. Leverage certificates were also used at times as a hedge in the mutual fund area.

ABL Unternehmensgruppe GmbH (www.abl-group.de), domiciled in Wiesau, holds more than 50% of our Company's share capital.

In accordance with § 312 of the German Companies Act (AktG), the Management Board therefore prepared a report on relationships with affiliated companies for fiscal year 2006. This report concludes with the following statement by the Management Board: "The Company has not been adversely affected by contracts with the controlling company or its affiliates."

Frankfurt am Main, April 2007

Christian Angermayer

Peter Brumm

Andreas Lange

Altira AG at a glance

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Financial Calendar

27.08.2007	Half Year Report as of 30. June 2007
29.08.2007	Annual General Meeting 2007

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