OHB TECHNOLOGY

LAUNCHING SUCCESS

Annual Report 2006

OHB TECHNOLOGY AG IN FIGURES

The Group	EUR 000				
	2006	2005	2004	2003	2002
Revenues	163,147	113,829	137,909	96,349	67,961
Total revenues	185,699	117,057	114,081	105,784	78,867
EBITDA	27,936	19,325	11,565	8,508	5,331
EBIT	20,428	14,080	8,467	6,289	3,706
EBT	21,982	13,745	10,331	6,992	4,019
Net income for the period	12,016	10,687	6,119	4,554	3,409
Earnings per share (EUR)	0.81	0.72	0.42	0.31	0.23
Total assets	287,494	266,269	121,342	120,450	85,981
Equity	79,104	59,214	44,441	39,381	34,622
Cashflow from operating activities	- 6,511	- 27,679	21,398	28,228	15,152
Equity investments	6,876	8,899	7,613	3,929	7,296
thereof capital spending	1.378	3,809	4,012	424	2,388
Employees on December 31	823	795	282	287	292

The Stock	EUR				
	2006	2005	2004	2003	2002
Closing price	11.55	7.70	7.30	6.82	3.15
Year high	11.89	10.60	7.45	7.90	6.20
Year low	7.40	6.50	4.92	3.00	2.70
Market capitalization at year-end	172 million	115 million	109 million	102 million	47 million
Number of shares	14,928,096	14,928,096	14,928,096	14,928,096	14,928,096

GROUP STRUCTURE

Space Systems + Security

100 %
OHB-System AG, Bremen

100 %
STS Systemtechnik Schwerin GmbH, Schwerin

33.33 %
Cosmos Space Systems AG, Bremen

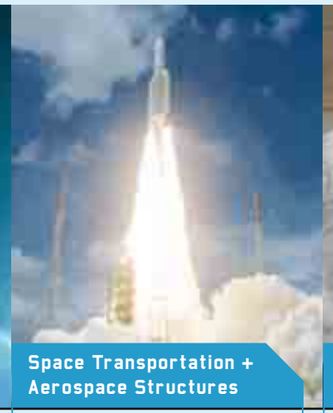
12 %
beos GmbH, Bremen

100 %
LUXSPACE Sàrl, Betzdorf, Luxemburg

100 %
OHB France S.A.S. , Paris, France

50 %
OHB-ELectroOPtics GmbH, Bremen

34 %
ELTA S.A., Toulouse, France



Space Transportation + Aerospace Structures

70 %
MT Aerospace AG, Augsburg

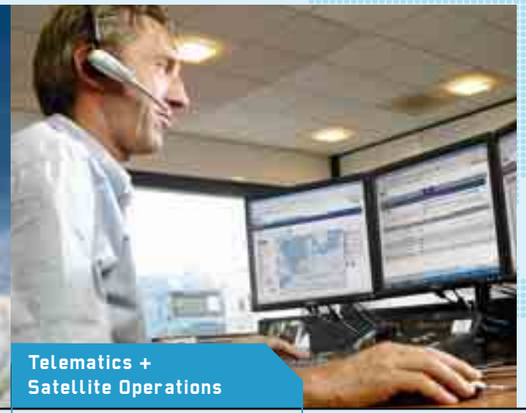
100 %
MT Mechatronics GmbH, Mainz

100 %
MT Aerospace Guyane S.A.S., Kourou, French Guiana

100 %
MT Aerospace Satellite Products Ltd., Wolverhampton, England

94.9 %
MT Aerospace Grundstücks GmbH & Co. KG, Munich

8 %
Arianespace S.A., Evry, France



Telematics + Satellite Operations

100 %
OHB Teledata GmbH, Bremen

74.9 %
megatel GmbH, Bremen

100 %
Timtec Teldatrans GmbH, Bremen

51 %
Telematic Solutions S.p.A., Milan, Italy

100 %
ORBCOMM Deutschland AG, Bremen

50 %
ORBCOMM Europe LLC, Wilmington (DE), USA/Bremen

8 %
ORBCOMM Inc., Fort Lee (NJ), USA

SUBSIDIARIES

BUSINESS UNITS

Space Systems + Security
This business unit focuses on satellites, manned spaceflight, exploration and security/reconnaissance technologies. OHB-System develops, builds, launches and operates low-orbiting and geostationary small satellites for scientific applications, communications and terrestrial observation. The manned space flight segment includes work on constructing the International Space Station ISS and fitting it out with research equipment. Exploration primarily entails research of outer space, particularly the moon. Reconnaissance satellites and broadband radio transmission of image data form the core of security and reconnaissance activities.

Space Transportation + Aerospace Structures
The Space Transportation + Aerospace Structures business unit is primarily a key supplier of components for aerospace and aeronautical products and has system skills in the antenna and mechatronics segment. Thus, MT Aerospace currently constructs around 10 percent of the hardware (particularly structural and drive components) for the Ariane 5 launch vehicle, making it the largest German supplier for this project.

Telematics + Satellite Operations
The Telematics business unit provides solutions for the efficient management of commercial vehicle fleets. The main focus of its activities entails OEM solutions for commercial vehicle producers, applications for government agencies and security organizations as well as geographical information systems and web-based database solutions.

OHB Technology AG offers satellite services via its share in the US-based operator of the global ORBCOMM satellite system. It distributes and markets satellite services on an exclusive basis in Europe via ORBCOMM Europe and ORBCOMM Germany.

POSITIONS

OHB Technology

In 2006, OHB Technology AG was able to extend and reinforce its position as a major European aerospace and technology company. With a total of around 820 employees, its three business units "Space Systems + Security", "Space Transportation + Aerospace Structures" and "Telematics + Satellite Operations" develop and produce solutions for national and international customers.

What we achieved in 2006

MT Aerospace was successfully integrated and is now a firm part of OHB Technology. The Company achieved a major success with the launch of the first SAR-Lupe satellite, which is currently orbiting the earth and supplying superb-quality high-resolution images.

What we are aiming for in 2007

The good revenue and earnings situation is providing an excellent basis for the Group's continue growth. The goal is to further extend our position in the development of geostationary small satellites. A further key aspect is the successful continuation of the SAR-Lupe program.

Ariane 5 production contract 06/06

New OEM telematics onboard computer 08/06

Successful launch of SAR-Lupe 1 12/06

CHRONOLOGY 2006/07

January / Equity issue at ORBCOMM
OHB Technology AG now holds 8 % of ORBCOMM's capital

February / New group structure
MT Aerospace integrated

March / GMES Office in Bremen
Global monitoring for environment and security

Satellite project Small GEO
ARTES-11 project continued

April / Integration of the SAR-Lupe satellites
Overall system in the integration phase

ORBCOMM satellite for the U.S. Coast Guard
Integration commenced

May / Columbus / International Space Station
Transfer of Columbus space laboratory to ESA

ILA 2006
Successful presentation at fair

June / Lunar exploration program
Mona Lisa study commenced

Ariane 5 production contract
MT Aerospace AG /
contract worth EUR 55 million awarded

Telematics system / Royal Netherlands Army
Delivery and start-up

July / Satellite development for ORBCOMM
OHB-System AG / contract for six satellites

Contract for military image transmission
Follow-up projects commissioned

August / IAA commercial vehicles show
New OEM telematics on-board computer

September / SAR-Lupe test campaign commenced
Satellite tests at IABG in Ottobrunn

October / International Space Station
OHB awarded contract to build the first experiment for the biological research laboratory

December / Satellite-based reconnaissance
Contract received for the consolidation of the ground segments of ESGA and FSLGS

Fifth successful Ariane 5 launch
Newly developed welded booster casing

SAR-Lupe successfully launched
First German reconnaissance satellite

January / SAR-Lupe put into operation
SAR-Lupe 1 supplying superb images

CONTENTS

25 YEARS ORBITALE HOCHTECHNOLOGIE BREMEN

December 1981 → **Christa Fuchs** acquired Otto Hydraulik Bremen (OHB) and became managing director

1981

→ OHB employed **Ulrich Schulz**, currently the member of the Management Board responsible for telematics, as an engineer. He was the company's sixth employee

1982

→ OHB developed a hydraulic drive for the shipbuilding industry

1983

→ A contract was received for the construction subsystems for an environmental ship MPOSS (multi-purpose oil skimming system)

1984

→ **Prof. Dr. h.c. Manfred Fuchs** acquired a share in OHB → Beginning of OHB's space activities

1985

→ Construction of the MIKROBA (micro-gravitation with balloon) research capsule
→ OHB awarded prime contract for the construction of the Quirltank

1986

→ Development and construction of the FALKE system for measuring aerodynamic data by OHB as the prime contractor

1987

August 1998 → Successful launch and return of the COSIMA payload from orbit **October 1988** → OHB moved to new premises in Universitätsallee 27 in Bremen

1988

May 1989 → Experimental flight of MIKROBA-4 in North Sweden **September 1989** → Second launch of the COSIMA experiment → OHB built the processing unit for the SCIAMACHY spectrometer for DASA → As a subcontractor, OHB built the video control module for NIZEMI (low centrifuge microscope)

1989

→ OHB prime contractor for various **biological experiments** for the German D2 space mission (Anthrorack and Biolab) **June 1990**
→ Quirltanks made by OHB to separate liquids and gases of various densities were tested in parabolic flights over the North Sea

1990

→ OHB renamed **Orbital- und Hydrotechnologie Bremen-System GmbH** → OHB involved in the development of the Fluid Science Lab for the Columbus → OHB involved in eight out of 14 research projects on board the German-Russian MIR '92 mission

1991

→ OHB supplied the engineering support and MGSE for the European environmental satellite ENVISAT-1 → Completion of the NIZEMI project (low centrifuge microscope)

1992

→ **OHB Teledata GmbH** established as a provider of telematics systems → OHB-System received a contract to build the KNECHTSAND oil-skimming ship → Construction of the satellite integration hall Columbus → Incorporation of **STS Systemtechnik Schwerin GmbH** for the development of medical equipment for space → As the prime contractor OHB-System built the aquatic biological experiment CEBAS for DARA

1993

February 1994 → The first German mini-satellite BremSat was launched from the Space Shuttle **November 1994** → Successful launch of SAFIR-1 and payload on board a Baikonur Zenith rocket → OHB-System subcontractor for the design of the space segment LLMS/IRIS (Intercontinental Retrieval of Information by Satellite)

1994

→ Completion of OHB's second building at Universitätsallee 29 → Teledata started work on developing commercial user software for traffic telematics → Launch of pilot projects for communications via satellite systems (Teledata) → Commencement of project work for the x-ray satellite ABRIXAS → **Marco R. Fuchs** joined OHB-System

1995

→ OHB awarded contract for the construction of hardware for medical experiments for the MIR '97 mission → Phase C/D commenced for the SCIAMACHY atmospheric measuring device, the Fluid Science Laboratory and LLMS → Subcontract awarded for the SYSTA Ariane tracking system

1996

→ Work commenced on the telematics projects for Readymix (position tracking) and Kühne & Nagel (consignment tracking) → Contract received for the development and construction of centrifuges for the biological space laboratories Biolab (Biological Laboratory) and EMCS (European Modular Cultivation System)

1997

→ **ORBCOMM Deutschland AG** incorporated for the marketing of satellite services in Germany → Establishment of **beos GmbH** as a service company for future users of ISS in conjunction with EADS ST and ZARM **January and April 1998** → Space aquarium CEBAS successfully launched **July 1998** → Launch of OHB's second own satellite SAFIR-2

1998

April 1999 → Launch of ABRIXAS → Contract for development a telematics on-board module for MAN Nutzfahrzeuge AG **June 1999** → OHB named prime contractor for the development and construction of the EPM (European Physiology Modules Facility) and ETC (European Transport Carrier) units of ISS

1999

July 2000 → CHAMP satellite launched. OHB organized the launch and developed the interface between the rocket and the satellite → Commencement of marketing partnership with Siemens VDO Automotive → Establishment of **Teldatrans GmbH**, Münster → Market launch of the TIPS range → OHB Teledata converted into a stock company (AG) → OHB renamed **Orbitale Hochtechnologie Bremen-System**

2000

→ New headquarters opened at Karl-Ferdinand-Braun-Straße 8 **March 13, 2001** → OHB Teledata floated on the stock market **May 2001** → OHB Teledata increased its shares in Telematic Solutions S.p.A., Milan to 51% **June 2001** → OHB awarded research contract for military telematics (BÜLAND) **July 2001** → Innovative video monitoring system used to protect the G8 summit in Genua (Telematic Solutions) **August 2001** → OHB awarded contract to fit out the vehicles of the German federal police **September 2001** → 51% stake in megatel GmbH acquired **December 2001** → OHB syndicate awarded contract for the SAR-Lupe project to develop, construct, launch and operate a radar-based reconnaissance system for the German Federal Republic of Germany

2001

February 2002 → OHB acquired a share in the ORBCOMM satellite network, 10 % shares in ORBCOMM LLC and 50 % shares in ORBCOMM Europe LLC **March 2002** → ENVISAT launched; OHB responsible for the entire mechanical ground support equipment and involved in the development of the SCIAMACHY and MIPAS spectrometers → GRACE twin satellites launched. OHB responsible for S-band telemetrics and system integration → OHB-System and OHB Teledata merged under the umbrella of **OHB Technology AG** / **April 2002** → OHB Teledata merged Teldatrans and Timtec **July 23, 2002** → First-time listing of new OHB shares on the Frankfurt stock exchange **September 2002** → OHB took over 34% of electronics specialist ELTA S.A. **December 2002** → OHB Teledata led the syndicate for the exclusive delivery of telematics systems to Paccar Inc., Seattle

2002

January 2003 → CEBAS space aquarium successfully launched for the third time **April 2003** → OHB Technology AG increased its share in megatel GmbH, Bremen, to 74.9 % **September 2003** → OHB-System received two new technology contracts for complex data transmissions **October 2003** → OHB-System received contract for further study on the integration of SAR-Lupe and Helios II **October 2003** → OHB Technology ranked German No. 1 and European No. 10 in the fastest-growing technology companies of 2003 **November 2003** → OHB awarded ESA contract for SkyKit study for geostationary multimedia satellites

2003

May 2004 → OHB-System and ELOP Electro-Optics Industries Ltd., Israel, established a joint venture OHB ELectroOPtics Ltd. **July 2004** → OHB involved in the development of protective shields and cable harnesses in the ATV fleet for the ISS → OHB Teledata implemented the first major GPRS telematics solution for consignment tracking at GEFCO in Germany → Telematics Solutions received a contract for 14,500 telematics systems → SAR-Lupe demonstrated the outstanding image quality during inverted testing **September 2004** → CONDOR motorized glider bought as a technology demonstrator and for establishing a reconnaissance system **October 2004** → OHB-System received follow-up orders for the ISS international space station → SCANIA ordered roughly 1,100 on-board telematics computers from OHB Teledata

2004

January 2005 → OHB Technology incorporated a new company **LUXSPACE Sàrl** in Luxembourg **March 2005** → OHB-System received a contract for the construction of an ORBCOMM satellite **April 2005** → OHB Teledata received a contract for building the telematics unit for DAF **June 2005** → OHB Technology and Apollo Capital Partners acquired MAN Technologie AG, Augsburg, and established **MT Aerospace AG** / **July 2005** → DLR supported OHB with funding for Small GEOs (LUX) → Contract gained for the definition of the new generation of SAR-Lupe **August 2005** → OHB awarded follow-up contract from the German federal government for wireless data transmission of high-resolution reconnaissance images (D-WERDAS) **September 2005** → Ariane 5 contract for MT Aerospace AG worth EUR 150 million → Internal Mona Lisa lunar study commenced **October 2005** → OHB Teledata awarded contract for controlling the CEMEX concrete transporter fleet in Europe **December 2005** → MT Aerospace materially involved in the world's largest radio telescope project by ESO → ESA conference of the council of ministers approved ARTES-11 on the basis of OHB's LUX platform → MT Aerospace involved in the construction of the launch pad for the Soyuz rocket in Kourou → Telematic Solutions involved in the launch facilities for the VEGA rocket in Kourou, French Guyana.

2005

May/June 2006 → Successful flight presentation of the entire "sensor – ARDS – ground station" data chain (Aerial Reconnaissance Data System) **June 2006** → OHB/DLR: Go-ahead received for the OHB lunar program Mona Lisa → DAF awarded OHB Teledata a contract for the provision of a web portal **July 2006** → OHB-System awarded contract for the delivery and launch of six ORBCOMM satellites → Further Ariane 5 production contract for MT Aerospace worth EUR 55 million → Contract received from the German federal government for the further development of the complex D-WERDAS transmission system for around EUR 3 million → MT Aerospace awarded contract for the delivery of components for the unmanned Japanese space transporter HTV **October 2006** → OHB-System awarded contract for biological experiment (WAICO) for the international space station ISS **December 2006** → Successful launch of the first SAR-Lupe radar satellite → OHB awarded contract worth a total of around EUR 87 million for the implementation of the ESGA and FSLGS ground segments

2006

Marco R. Fuchs
Chairman of the
Management Board

DEAR SHAREHOLDERS, CUSTOMERS AND BUSINESS ASSOCIATES,

In 2006, the OHB Technology Group added a further chapter to its success story with figures and contracts which speak for themselves. Earnings per share hit a new record of EUR 0.81 (previous year EUR 0.72), while total revenues widened to EUR 186 million (previous year EUR 117 million). The Management Board and the Supervisory Board will be asking the shareholders to approve a dividend of EUR 0.23 per share for 2006 (previous year EUR 0.20). On the strength of our current order backlog worth around EUR 450 million, we will continue to grow profitably in 2007.

Last year, our subsidiary OHB-System AG celebrated its 25th anniversary. This marks the completion of a quarter of a century in which my parents, Christa and Manfred Fuchs, and our committed employees have actively built up a very special space technology company. The Space Systems + Security business unit is thus the product of 25 years of successful entrepreneurship, a willingness to invest and accept risk and the determination to realize visions. We will be using this tradition throughout the entire Group as a source of impetus for a successful future.

Space Systems + Security

OHB System AG can look back on an outstanding year in 2006. The first of a total of five SAR-Lupe satellites was launched at the end of the year and has proved to be a complete success. After going into operation without a hitch, it has been transmitting vivid high-resolution images. With this success, OHB has once again confirmed its position as a systems specialist for small satellites. Contracts were also received for the "ESGA" and "FSLGS" projects, while work on the combined German/French satellite reconnaissance system was commenced.

OHB's proposal for the construction of small geostationary European satellites was accepted by the European Space Agency ESA on March 7, 2007, and a contract worth around EUR 115 million signed for the ARTES-11/Small GEO project.

We also pre-empted Germany's new commitment to lunar exploration. For just on two years now, OHB-System has been preparing the future involvement in lunar exploration via the "Mona Lisa" program, which is being co-financed by DLR. In a preliminary step, a lunar orbiter for measuring and mapping the moon is being planned, giving OHB a superb position in this area. The orbiter is based on the Small GEO platform currently under development.

We will be able to use the results of this work in preparations for the ESA ExoMars program for the exploration of Mars. An orbiter is also required in addition to the carrier for placing a robot on the surface of the planet.

Space Transportation + Aerospace Structures

MT Aerospace also performed very satisfactorily in 2006 due, of course, to a material extent to the success of the Ariane 5 launch vehicle. With five successful launches last year, MT Aerospace's welded booster was deployed for the first time in December 2006. As part of ongoing development of the Ariane 5 program, this will help to further enhance the economic efficiency of the launch system. Looking ahead over the next few years, the launch cadence is to be increased to up to seven a year.

In connection with the restructuring activities performed over the past few years, the Mainz operations were spun off in 2006 to form a separate company known as MT Mechatronics GmbH. As a result, we expect the performance of this unit, which is engaged in successful business in antennae and large telescopes, to continue improving.

MT Aerospace's aviation activities have also been satisfactory, with structural elements supplied for the Airbus A380 and A400M. MT Aerospace's space transport activities supplement the OHB Group's range perfectly. With its diversified production activities, MT Aerospace constitutes an ideal extension to the Group's core space technology division.

Telematics + Satellite Operations

In the Telematics segment, work on the DAF Trucks portal, an Internet-based fleet management system, continued to progress. The DAF DTS combines telematics functions previously only provided by several different components. Deliveries will commence in the second half of 2007. We expect to receive a further contract from DAF this year.

The Initial Public Offering of ORBCOMM Inc. in November 2006 proved to be a complete success. ORBCOMM will be using the proceeds of over USD 100 million to finance extensions to and the replacement of the satellite network and ground infrastructure. Via the ORBCOMM CDS contract, OHB-System has positioned itself ideally as a supplier and received a contract for the construction of a further six new-generation satellites in 2006.

Extensions to ORBCOMM's service business made strong headway all over the world in 2006, with the number of active user terminals on the ORBCOMM network almost doubling to 225,000. Given the dynamic growth rates, we are very optimistic about the future outlook for ORBCOMM.

Very strong stock performance in 2006

With gains of 50 %, our stock performed very encouragingly in 2006, easily beating the DAX and the TecDAX in the 4th quarter of the year in particular. Since the beginning of this year, it has continued to gain ground, reaching a historical high of EUR 12.60 on February 19. Given the state of our business, we are confident that the stock will continue to make headway this year.

I would like to take this opportunity to thank the creative and innovative staff at all the companies in the OHB Technology Group. Their dedication and ideas form the basis for our success. Looking forward, I am sure that they will continue to utilize their wealth of ideas and enthusiasm for the benefit of our customers and thus contribute to the continued success of the entire Group.

May I also express my gratitude to our customers, business partners and shareholders for the confidence which they again placed in us last year. It gives me great pleasure to be at the helm of such a successful Group with strong potential for the future.

All parts of our Group have already achieved much and this is incentive for us to be even better in the future, to offer our customers perfect-fitting solutions and to act as a responsible employer for our team. We will be doing everything we can to ensure another successful year in 2007.

Bremen, March 20, 2007

Marco R. Fuchs
Chairman of the Management Board

MEMBERS OF THE MANAGEMENT BOARD

Ulrich Schulz,
born in 1951, graduate engineer, Member of the Management Board since 2001, in charge of Telematics

Marco R. Fuchs,
born in 1962, attorney at law, Member of the Management Board since 2001, Chairman of the Management Board

Prof. Dr. h.c. Manfred Fuchs,
born in 1938, graduate engineer, Member of the Management Board since 2002, in charge of Space Technology

Christa Fuchs,
Chairwoman of the Supervisory Board, OHB Technology AG

born in 1938, Business woman, Member of the Supervisory Board since 2002, Managing shareholder of Volpaia Beteiligungsgesellschaft mbH

DEAR SHAREHOLDERS,

The Supervisory Board hereby reports on the performance of its duties in fiscal 2006. During the year under review, the Management Board briefed the Supervisory Board on the economic state of the Company and its individual business units as well as financial and capital-spending plans on a comprehensive basis and submitted detailed quarterly reports.

The Supervisory Board was directly involved in all decisions of fundamental importance for the Company. The Management Board reported to the Supervisory Board regularly in both written and oral form with minimum delay and on a comprehensive basis on all matters of relevance for the Company's plans and strategic development, the state of its business and the condition of the Group as a whole.

Prof. Dr.-Ing. Hans J. Rath,
born in 1947, graduate engineer, Member of the Supervisory Board since 2001, Deputy chairman of the Supervisory Board, Professor of Mechanics and Fluid Mechanics at the University of Bremen, Production Technology Faculty, Managing director of ZARM-Fallturm-Betriebsgesellschaft mbH

The annual general meeting was held on May 10, 2006. At this meeting, the shareholders approved a dividend of EUR 0.20 per share. In addition the Supervisory Board was elected for a period expiring at the end of the annual general meeting in 2011. At the ensuing meeting of the Supervisory Board, Mrs. Christa Fuchs was re-elected chairwoman of the Supervisory Board and Prof. Dr.-Ing. Hans J. Rath deputy chairman of the Supervisory Board. Four meetings of the Supervisory Board were held in fiscal 2006, namely on March 14, May 10, September 21 and December 21.

Further development of corporate strategy

The chairwoman of the Supervisory Board attended a meeting of the Supervisory Board of MT Aerospace in Augsburg twice in 2006. During the meeting of the Supervisory Board on September 21, 2006, the projects presented by the Management Board, such as the Mona Lisa lunar program, were discussed at length and approved. This also applied to the new ESA Small GEO program (satellite-based data transmission). Following detailed deliberation, the necessary investments to be provided by the Group were discussed and approved. In the meantime, a contract for a total of EUR 115 million has been awarded for the B/C/D phases. Further discussion by the Supervisory Board concerned the future lunar and Mars programs. In this respect, the Management Board was encouraged to define the lunar program in particular as a long-term strategic program for the OHB Group.

Prof. Heinz Stoewer,
born in 1940, graduate engineer, M. Sc., Member of the Supervisory Board since 2005, Professor em. of Space Systems Engineering, Delft University of Technology, Netherlands, President Space Associates GmbH

The chairwoman of the Supervisory Board observed the very successful SAR-Lupe launch live in Oberpfaffenhofen. Since then, the full success of this launch, the satellite and the reconnaissance activities has been confirmed. The Supervisory Board would like to take this opportunity once more to thank the entire SAR-Lupe team for its dedication and the success of this project.

The Supervisory Board regularly discussed the application and further development of the principles of corporate governance within the Company. The Management Board and the Supervisory Board have updated the declarations of conformity in accordance with the German Corporate Governance Code.

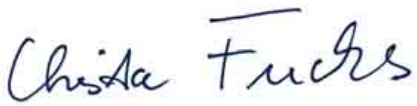
Approval of annual financial statements

The parent-company and consolidated financial statements and related management reports of OHB Technology AG for 2006 were audited by BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft Hamburg and issued with an unqualified auditor's report. These documents were made available to all members of the Supervisory Board in sufficient time. At the Supervisory Board's balance sheet meeting held on March 13, 2007, these documents were discussed in the presence and with the involvement of the public auditor. The Supervisory Board did not have any objections and accepted the results of the audit. The Supervisory Board approved the parent-company and consolidated financial statements prepared by the Management Board, meaning that they have been duly adopted.

The Supervisory Board conferred with the Management Board's proposal for the allocation of the Company's unappropriated surplus. The related parties report compiled by the Management Board was audited by BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft, Hamburg and given the following unqualified audit certificate: "Having examined and assessed the Related Parties Report in accordance with our duties, we hereby confirm that (1) the actual disclosures of the report are correct and (2) the Company did not pay inordinately high amounts relating to the transactions mentioned in the report." The Supervisory Board raises no objections following its own examination and therefore approves the Management Board's Related Parties Report.

The Supervisory Board wishes to thank the Management Board, the Group's staff and the employee representatives for their work. They have once more made a contribution to a very successful year for OHB Technology AG.

Bremen, March 13, 2007



Christa Fuchs
Chairwoman of the Supervisory Board

Mona Lisa: OHB's extensive proposal for a lunar exploration program.
Orbiter and lander for exploring the moon.

OHB TECHNOLOGY STOCK

OHB Stock 2006 (Relative Performance)

GAINS OF 50% FOR OHB STOCK

Generally speaking, OHB stock followed the ups and downs of the markets but outperformed the benchmark indices with gains of 50 %. At the beginning of the year, the stock was still lagging behind the TecDAX but managed to increasingly catch up, spiking at EUR 10.64 on April 3, 2006. Thereafter, it ceded ground against the backdrop of generally muted market conditions. After initially shrugging off the first wave of downside pressure in the second quarter, it sustained massive declines in July and at EUR 7.98 on July 18 approached the price at which it had entered the year (EUR 7.70 on January 2, 2006). Driven by the market rebound, however, OHB stock followed the general uptrend and performed more dynamically than the market as a whole, albeit not without strong volatility at times. On December 27, it hit EUR 11.89, which marked both the high for the year and the all-time high. The stock then saw the year out at EUR 11.55, thus closing 50 % up on the beginning of the year. This encouraging performance also continued in 2007. Thus, OHB stock reached a new all-time high of EUR 12.60 on February 19.

OHB stock data

ISIN	DE0005936124
Ticker	OHB
Trading segment	Prime Standard
Prime sector	Technology
Industry Group	Communications Technology
Indices	Prime All Share, Tec All Share, CDAX, GEX
Designated sponsor	DZ BANK AG, HSBC Trinkaus & Burkhardt KGaA
Issued capital	EUR 14,928,096
Share type	No-par-value ordinary bearer shares

Investor relations activities

In fiscal 2006, the Management Board continued efforts to intensify contacts with shareholders, potential investors, financial analysts and business journalists inside and outside Germany. Numerous one-on-ones were held to provide detailed information on the Company's business performance. Regular conference calls with analysts and investors in connection with the publication of quarterly figures constitute an integral part of communications with the financial community.

In the interests of maintaining ongoing contact with our investors, we organized road shows at main financial centers in Germany as well as other European countries from London to Paris. In this connection, analysts and investors who are primarily oriented towards technology stocks and small and mid-cap companies were particularly visited. OHB was present at various capital market conferences including in London as well as Deutsches Eigenkapitalforum in Frankfurt am Main. By engaging in intensive dialog with the capital market, we are seeking to present OHB's business model clearly and transparently and help to reinforce and extend sustained confidence in our business performance. Reflecting this heightened attention and growing confidence, US investor Loeb Partners, acquired shares in our Company. On July 13, 2006, Loeb Holding Corp. exceeded the 5% threshold. At the same time, we generally noted growing demand for our shares on the part of US and UK investors. OHB stock enjoys regular research

OHB stock parameters	in EUR		
	2006	2005	2004
Closing price (Xetra December 29/30)	11.55	7.70	7.30
High for the year	11.89	10.60	7.45
Low for the year	7.40	6.50	4.92
Market capitalization (Xetra December 29/30)	172 million	115 million	109 million
Average daily trading volumes (Xetra + floor)	21,760 shares	35,615 shares	18,432 shares
Price/earnings ratio (P/E) (Xetra December 29/30)	14.3	10.7	17.4
Earnings per share (EPS)	0.81	0.72	0.42
Dividend per share	0.23*	0.20	0.12
Dividend yield (Xetra December 29/30)	1.99 %	2.60 %	1.64 %

* Proposal to the Annual Meeting

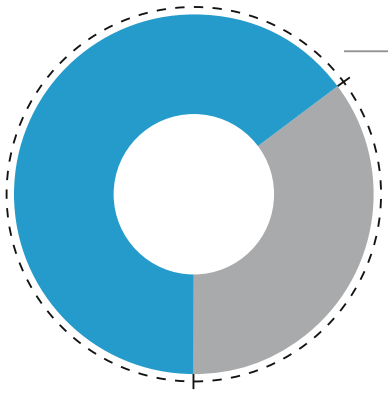
coverage. In the course of the year, most analyst ratings were positive and backed by higher target prices. A detailed list can be found in the Investor Relations section of our web site.

In the period under review average trading volumes in OHB stock (Xetra and floor) declined over the previous year's very high level, coming to around 21,800 down roughly 39 % on the previous year. Compared with 2004, however, this still constitutes an increase of 18 %.

Strong interest in annual general meeting

The annual general meeting is a key forum for personal dialog with our shareholders. In 2006, it was held on May 10 at OHB's headquarters in Bremen. More than 200 faithful and interested shareholders – coming from North Western Germany for the most part as in the previous year – attended the annual general meeting. Around 70 % of the share capital was represented at the meeting. All resolutions were passed with overwhelming majorities of around 99 %. At the conclusion of the official program we traditionally invite our investors to take part in a tour of our site so that they are able to gain a first-hand idea of their company. In 2006, a large number of shareholders again made use of this offer. The shareholders are cordially invited once more to this year's annual general meeting, which will be taking place in Bremen on May 10, 2007. As usual, the corresponding documents will be available from OHB's website. The Management Board will be asking the shareholders to approve a dividend of EUR 0.23.

OHB Technology AG shareholder structure — on December 31, 2006



64.3 %
Fuchs pool

35.7 %
Freefloat
including: 0.2 % (27,394 shares) treasury stock

Issued capital: 14,928,096 shares

Third capital market day another success

As in 2005 and 2006, OHB continued its tradition of organizing the third capital market day at the beginning of the year. The Management Board invited analysts, bank representatives, investors and journalists to attend lectures and talks on projects and trends in manned and unmanned space travel on February 6. The Company provided an insight into the particular nature of telematics, followed by a tour of the site, giving the visitors an opportunity of observing satellite integration from close quarters. At the same time, they had an opportunity of discussing OHB's performance in detail with members of the Management Board and other representatives of the Company.

Further investor relations activities are being planned for this year to reinforce direct and broad-based contact with all analysts, shareholders and investors alongside the existing communications channels. The investor relations section at OHB Technology's website (www.ohb-technology.de/ir/) provides detailed information on different subjects of interest to existing and potential investors, such as information on the Company's stock, numerous publications including the annual and interim reports and press releases, details on corporate governance at OHB as well as information relating to the annual general meeting. It is also possible to contact the Company direct and request inclusion in the e-mail distribution list to receive future company news.

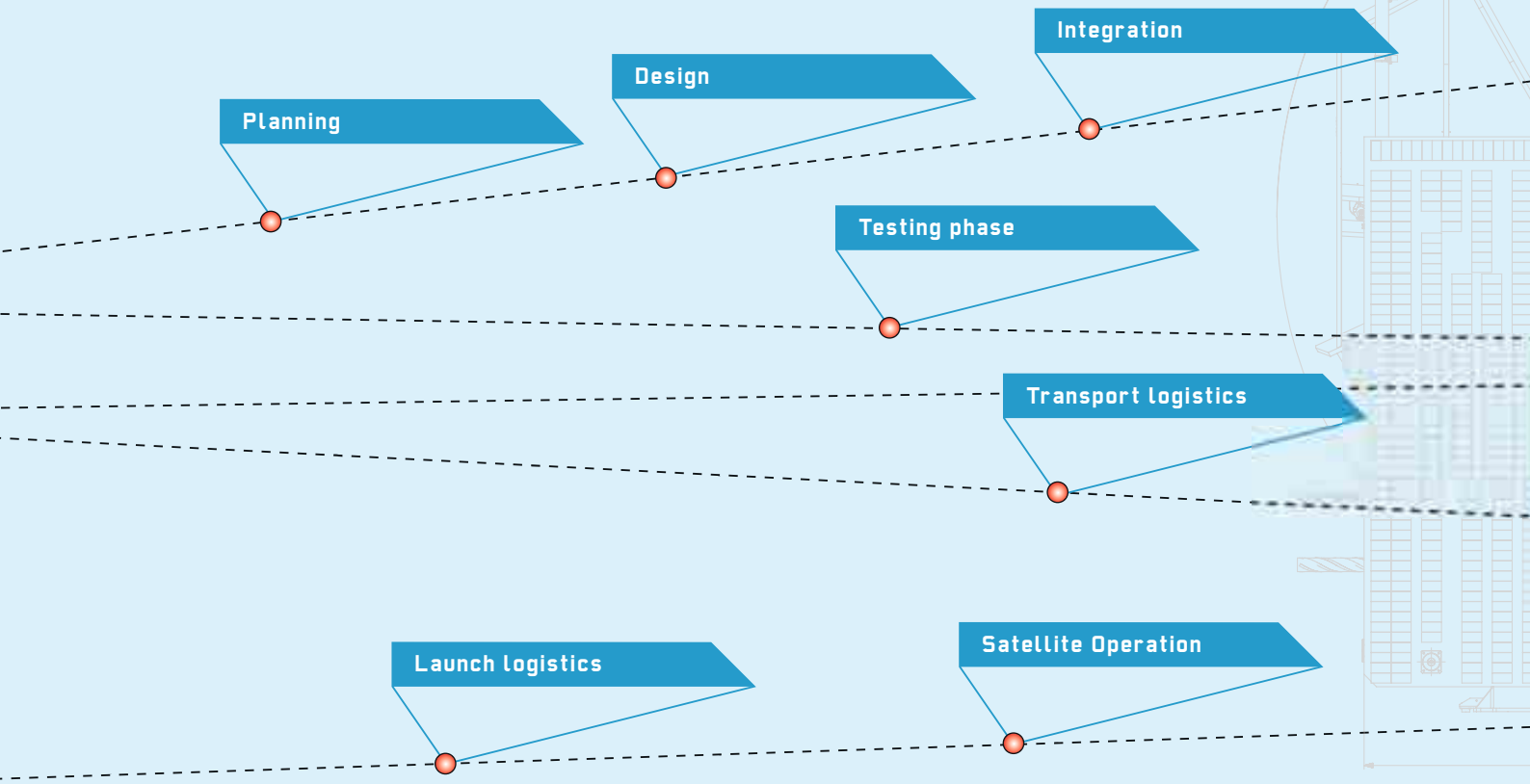
Analyst ratings

Date	Bank	Target price in EUR	Rating
March 2007	DZ Bank	13.75	Buy
February 2007	Viscardi Securities	20.00	Buy
February 2007	HSBC Trinkaus & Burkhardt	15.50	Overweight
February 2007	Berenberg Bank	15.50	Buy
November 2006	Sal. Oppenheim	10.50	Buy
October 2006	Haspa	8.00	Sell

SAR-Lupe satellite is being prepared for environmental tests at IABG

LAUNCHING SUCCESS

SAR-LUPE: STEPS IN THE DEVELOPMENT OF A SATELLITE SYSTEM



Planning

Design

A historical day

"Three, two, one, lift off!" It is Tuesday, December 19, 2006. At exactly 15:00:19 hours Central European Time, the Russian COSMOS 3M takes off, headed for space. The teams at the Plesetsk space station, the Oberpfaffenhofen control center, the Gelsdorf ground station and OHB's headquarters in Bremen observe the launch of the SAR-Lupe satellites with bated breaths. It is the first of a total of five earth observation satellites on which the teams have been working for around five years.

CPM pilot project

SAR-Lupe is a pilot project for customer product management (CPM), a system for ensuring that the requirements of the German Armed Forces are covered swiftly, economically and in line with specifications.

At that time, Germany had decided to establish an independent reconnaissance system. Industry was invited to develop a suitable instrument for this purpose. The challenge was to implement a system capable of observing virtually all corners of the earth day and night regardless of weather conditions and of supplying detailed images within a very short space of time. And, as if that were not already enough, it was to operate far more swiftly and a good deal more cheaply than anything that had gone before.

SAR-Lupe

SAR stands for Synthetic Aperture Radar.
„Lupe" is the German word for „magnifying glass" and alludes to the high resolution which the satellite can achieve.

OHB developed a system which satisfied these requirements and also found the customer's approval. This marked the birth of the SAR-Lupe satellite system. This project continues a tradition spanning more than 25 years, during which the brains at

Integration

OHB have been thinking up things which were initially believed to be impossible. One secret of their success is to make extensive use of proven existing components and to combine them intelligently to develop something new. By using the best and most favorably priced components available in the world market, the project team was once again able not only to develop a new overall system but also to minimize costs and risks.

Integration in a specially created clean room

The SAR-Lupe project team is coordinating more than 20 subcontractors and suppliers all around the world. As the prime contractor, OHB-System AG is responsible for the overall system comprising five identical satellites, the ground station for controlling the satellites and processing the image data, the five launches on board the COSMOS 3M as well as the operation of the system over a period of ten years. Each individual partner, including renowned European space technology companies, has contributed its expertise and core skills in developing the best possible individual systems. The satellites are being integrated in a specially developed clean room at OHB's premises in the Bremen Technology Park.

Radar satellites for reconnaissance

Other than Germany, only the United States and presumably also Russia use radar satellites for military reconnaissance.

Testing phase

Transport logistics

Here, the satellites undergo extensive testing particularly to verify their imaging capabilities. The ultimate test of the SAR-Lupe satellites is performed at the environmental testing center in Ottobrunn, where space conditions can be very largely simulated. Once they are deemed to be "ready for orbit", the satellites are flown to the space center in Plesetsk and prepared for launch.

Suitable for space

It can take one or two years for a newly developed subsystem to pass all tests for use in space.

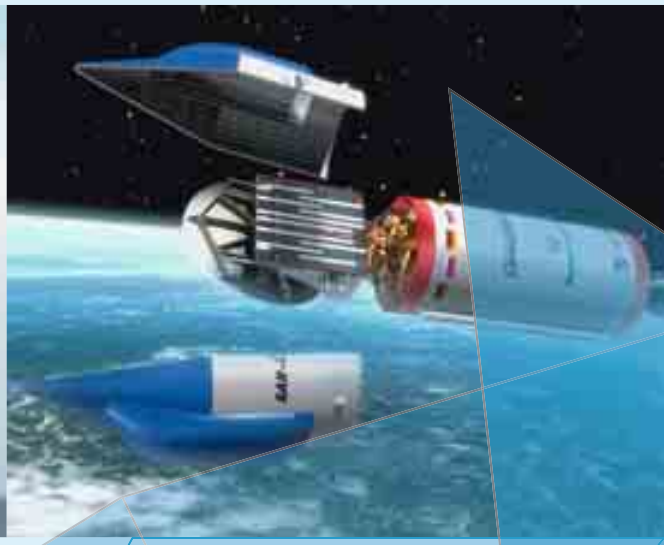
The first SAR-Lupe satellite has been orbiting the earth since December 2006 and has already repeatedly proven its full functionality. Indeed, it started generating high-resolution radar images after a month in space. "We are very proud of these outstanding results," explains Prof. Dr. h.c. Manfred Fuchs, CEO of OHB-System AG. "The satellite is working very well and we are more than satisfied with the images which we have received," adds Wolfgang Perkert, project manager for the customer, the German Federal Office of Defense Technology and Procurement (BWB).

In good company

There are currently over 800 active satellites in space. Of these, 75 % are orbiting close to the earth at an altitude of 200 – 1,200 kilometers.

The next SAR-Lupe Satellite is due to be launched in July 2007. Once the entire system is operational in 2008, it will mark a new milestone in military and civil reconnaissance in Germany and Europe.

Launch logistics

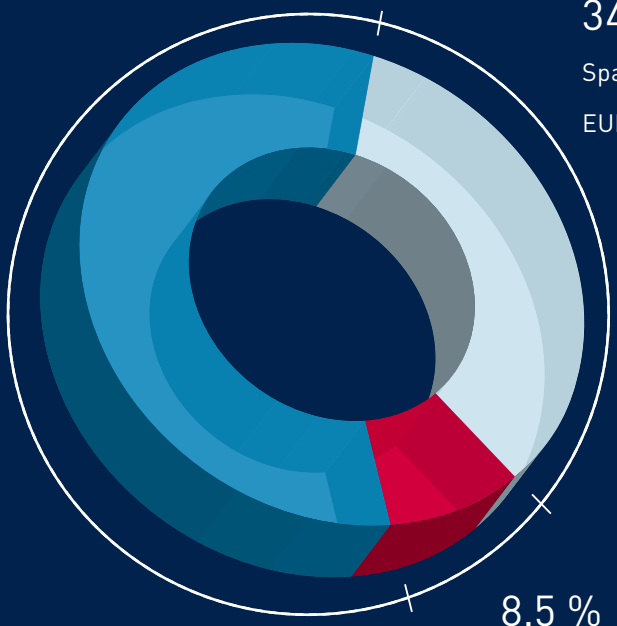


Satellite Operation

Small GEO: system skills for small geostationary satellites is returning to Europe.

BUSINESS UNITS

Total Revenues by Business Units before Consolidation and Holding



34.6 %

Space Systems + Security

EUR 63.0 million

56.9 %

Space Transportation + Aerospace Structures

EUR 103.4 million

8.5 %

Telematics + Satellite Operations

EUR 15.5 million

SPACE SYSTEMS + SECURITY/ AHEAD OF MARS: THE MOON

Space travel is inseparably linked with safety. Satellites, launch vehicles and particularly also systems for manned space flight undergo extensive testing and verification procedures. Space Systems + Security, OHB Technology's largest business unit, attaches particular importance to safety.

High tech in miniature spaces

As early as 25 years ago, OHB ignored the trends of the day by concentrating on the development of small satellites for specific purposes. This has remained one of OHB's most successful pursuits to this very day. Commercial success is based on the strategy of offering customers tailor-made products. For one thing, OHB can make use of its skills in accommodating high technology in extremely small spaces. For another, it focuses on solutions which exactly match customers' requirements. The most recent promising coup of this type has been the advent of the Small GEOs, small geostationary satellites for telecommunications and multimedia applications. In this way, OHB is taking a further step forward and entering new areas.

Anniversary

OHB celebrated its 25th anniversary in 2006. Back in 1981, Christa Fuchs had taken over Otto Hydraulik Bremen.

Take-off for a geostationary orbit

Until now, OHB satellites have been moving in orbits close to the earth. Yet, with small GEOs, OHB is pursuing the aim of placing its smaller specialists in geostationary orbits as well. No geostationary satellites have been developed or built in Germany for a decade. OHB is reactivating this system competence with the full support of the European Space Agency ESA, which has included a separate project known as ARTES-11 in its long-range plan. The first Small GEO prototype is to be launched into its orbit at an altitude of 36,000 kilometers in 2010.

PROJECTS

Project: SAR-Lupe
Company: OHB-System AG
The first SAR-Lupe satellite is generating outstanding images from outer space after being successfully placed in its orbit at an altitude of 500 km in December 2006. Since then, it has repeatedly generated high-resolution radar images and demonstrated its full functionality.

Status
The system comprises a further four satellites, which are currently being assembled. The launch of the second SAR-Lupe is scheduled for July 2007, with the third one to follow at the end of the year. The system is already fully functional for the customer with two satellites and will therefore be handed over to the German Armed Forces at the middle of the year.

Partners
BMVg, BWB (customer) and Alcatel Alenia Space, Carlo Gavazzi Space, COSMOS International, DLR GSOC, EADS Defence & Security, Rosoboronexport, RST, RTG, Saab Space, Tesat Spacecom, Thales (via subcontract)

Projects: ESGA & FSLGS
Company: OHB-System AG
The Europeanized satellite-based reconnaissance system is being implemented following the signing of the corresponding contract in autumn 2006. The joint utilization of the German and French satellite systems marks a preliminary milestone in strategic European reconnaissance. The defense ministries of France and Germany signed a treaty to this effect four years ago in Schwerin.

Status
OHB-System, which is developing and building SAR-Lupe as the prime contractor, had previously defined the specifications underlying the system in the preliminary ESGA and FSLGS studies. Now, OHB-System is creating the technical basis for allowing France to use the German SAR-Lupe radar system. In return, Germany will be able to access the French optical Helios II system.

Partners
BMVg, BWB, DGA (customer), EADS Dornier subcontractor

Project: EnMAP
Company: OHB-System AG
EnMAP is a hyperspectral satellite for terrestrial observation. Hyperspectral instruments register the sun's radiation from visible light to near infrared reflected off the earth. This permits precise measurements to be made of the condition of and changes in the earth's surface. OHB-System AG is a member of the core industrial team and subcontractor for the satellite bus.

Status
Development phase B is to be completed in 2008, after which the satellite and the optical instrument are to go into production. The mission will commence in 2011 for a period of five years.

Partners
German Space Agency (DLR), Kayser-Threde (customer), GeoForschungszentrum Potsdam

Project: Small GEO/ARTES-11
Company: OHB-System AG
OHB is lead-manager in the development of the small European geostationary satellites, or Small GEOs. Initiated by OHB, the development of a geostationary platform has been established as a separate component of the long-term ESA schedule under the program named ARTES-11. The technical specifications of the new Small GEOs were originally formulated by OHB-System AG. With this development, OHB is pursuing the aim of producing inexpensive satellites with a small mass and volume for geostationary orbit as well.

Status
The Phase A model study has already been successfully completed. OHB awarded the contract on March 7, 2007. The contract volume is in total EUR 115 million. The first Small GEO is scheduled for launching at the end of 2010.

Partners
ESA (customer), Swedish Space, Oerlikon Space, Luxspace as subcontractors

Project: ORBCOMM CDS & Quick Launch
Company: OHB-System AG
OHB is involved in the development and construction of the first seven new-generation ORBCOMM satellites. Its tasks encompass the construction of the satellite buses, integration and the launches. In addition to performing the same communications tasks as the previous satellites particularly for the US Coast Guard, the new satellites will be able to transmit the Automatic Identification System (AIS) signals for monitoring shipping in US coastal waters.

Status
OHB-System will be performing integration and function-testing of the satellites in Bremen, with the first satellite scheduled for launching this year.

Partners
ORBCOMM (customer), COSMOS Space Systems/Polyot (satellite bus and launch), Orbital Sciences Corporation (communications payload)

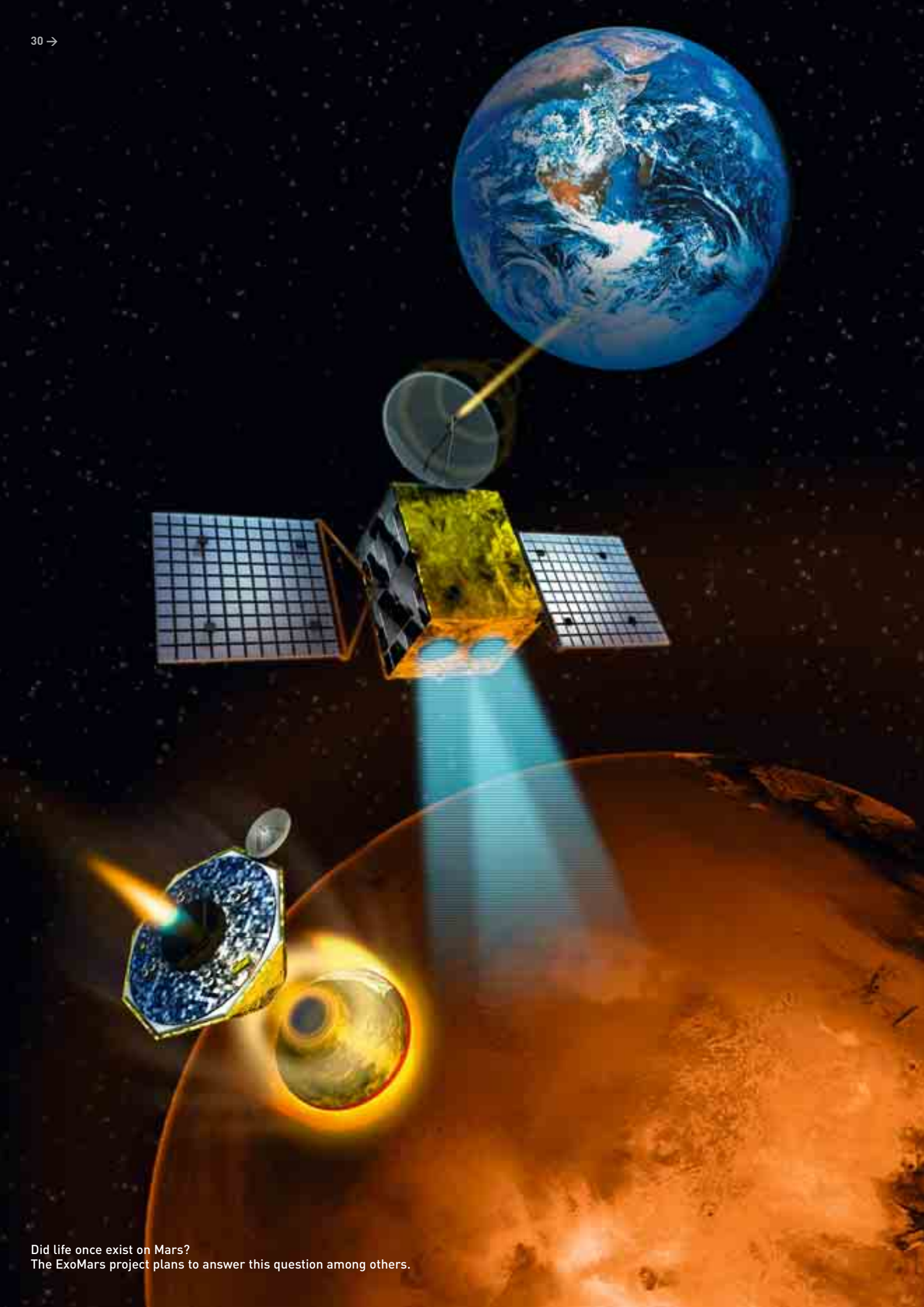
Research into life and energy

The next destination has also been determined: it has a mean distance of some 384,000 kilometers from the earth and is known as the moon. In the past, our immediate neighbor has been unfairly neglected as scientists and industry have tended to focus more on Mars. For OHB, lunar exploration is the next logical step after the space station – ahead of Mars. It is absolutely vital to use the moon as a stepping stone for manned voyages to Mars. OHB's exploration team is already working on studies on German participation in the utilization of the moon. In a project called Mona Lisa, an inexpensive and technologically highly interesting space program for lunar exploration and, later on, voyages to Mars is being developed. True to its philosophy, OHB proposes a somewhat smaller project: The deployment of a lander with various experiments such as the AstroHab. This "space aquarium" could be used as a forerunner for a biosphere on the moon and, later on, Mars. It is assumed that the moon also contains reserves of energy which can be used in the future, e.g. helium-3, which occurs only rarely on the earth but is available in large quantities on the moon. This energy is not radio-active and can thus be disposed of without any problems after use.

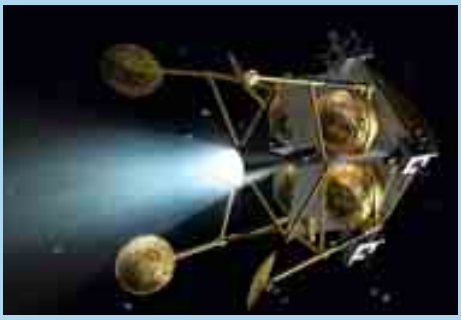
Uncharted territory on the moon

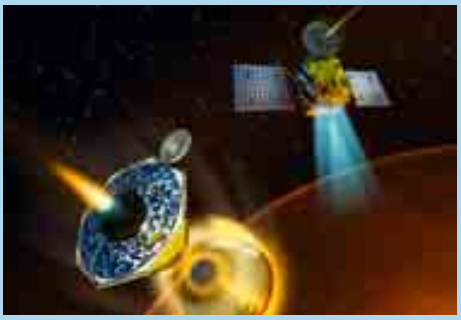
Only around 8 % of the lunar surface has been mapped using high resolution methods. Mars has been mapped almost in full.

An entirely different problem is being addressed by the seven ORBCOMM satellites, which OHB is developing. Among other things, they are being used to monitor shipping off the North American coast. The ships transmit automatic identification signals which are picked up by the communication satellites in the ORBCOMM network and made available to the US Coast Guard. OHB is currently developing 14 satellites for various customers - a success which not least of all reflects its extensive knowledge of the market.



Did life once exist on Mars?
The ExoMars project plans to answer this question among others.





Program: Mona Lisa
Company: OHB-System AG
Mona Lisa is an OHB lunar study. OHB-System is compiling a carefully structured program proposal for a lunar exploration program taking special account of German interests as part of space research activities. The preliminary results of the study provide for the deployment of a lunar orbiter and a lunar lander capable of performing various technological experiments in the areas of biology, life sciences, automation and robotics on the surface of the moon. The Mona Lisa program is performed with funding from the DLR.

Status
Results will be available in mid 2007. Further lunar studies are planned.

Partner
DLR (funding authority)

Project: ExoMars
Company: OHB-System AG
ExoMars is an ESA research mission to Mars to determine whether life once existed or still exists on the red planet. The results will be used to help answer extremely interest scientific questions und will additionally form the foundations for future manned Mars missions.

Status
OHB is co-prime in phase B1 for the development of the carrier which will be transporting the landing module to Mars as well as prime for the orbiter for receiving data and forwarding it to the earth. The realization phase is due to commence at the beginning of 2008, with the launch scheduled for 2013.

Partners
ESA, Alcatel Alenia Space Italia (customer), Alcatel Alenia Space France

Project: Columbus IOT
Company: OHB-System AG
The Industrial Operator Team IOT is responsible for payload integration, maintenance and servicing as well as preparations for orbital operations for the European Columbus laboratory. OHB is responsible for the medical research laboratory and the transport rack, which it developed and built as the main contractor, as well as for the fluid science lab, the European Drawer Rack and the Biolab biological research laboratory, in which OHB is playing a key role as subcontractor.

Status
The European Columbus laboratory is to be launched in autumn 2007, with the components developed and built by OHB to go into operation at the same time.

Partners
ESA, EADS Space Transportation (customer)

Project: WAICO
Company: OHB-System AG
WAICO is a biological experiment for the ISS International Space Station. It is the first experiment for the Biolab research labor on board the COLUMBUS, the European part of the ISS. The WAICO research system will be examining root growth in arabidopsis, also known as thale or mouse-ear cress, in varying degrees of gravity as well as in completely weightless conditions. OHB-System is responsible for developing, constructing, testing and starting up the entire experiment hardware plus the related ground equipment for parallel reference experiments.

Status
To be commenced in autumn 2007, the experiment is to be the first and, for the time being, the only experiment to be conducted in the BIOLAB on board the COLUMBUS.

Partners
European Space Agency ESA, Astrium GmbH, Friedrichshafen (customer)

Project: D-WERDAS
Company: OHB-System AG
Successful work on ARDS (Aerial Reconnaissance Data System), with which OHB-System has been developing a revolutionary system for the transmission of high-resolution aerial reconnaissance data between aircraft and ground stations, has led to follow-up contracts. D-WERDAS uses aircraft as relay stations to transmit data over greater distances. In addition, OHB is developing plane antennas for aircraft, which will be used in the future in connection with ARDS. Further additions to the system are already being planned.

Status
ARDS has been deployed on different aircraft (e.g. Turbo-Prop Do 228, Tornado). D-WERDAS was successfully tested at the end of 2006 in conjunction with DLR. At the moment, mobile ground stations for receiving and evaluating data as well as for mission planning are being developed. At the same time, a disruption-protected command data link is being added to the ARDS system.

Partner
BWB (customer), EADS MAS, DLR

Further development of the Ariane 5: welded booster casings at MT Aerospace.

SPACE TRANSPORTATION + AEROSPACE STRUCTURES / GATEWAY TO SPACE

Space missions result in new technological developments and strengthen Europe's pioneering role at the vanguard of scientific and economic progress. OHB Technology is ensuring that Germany has access to space, a commodity with enormous potential for the future: Acquired by OHB in 2005, MT Aerospace AG is the largest German supplier of components for the successful ARIANE 5 program, for which it primarily produces structures and tanks as well as providing services at the Kourou space center.

Ariane 5: Innovation-driven increase in efficiency

Ariane

Launched on December 24, 1979, the first Ariane-1 held a payload of 1.85 t

Five Ariane vehicles were again launched in 2006. These were all Ariane 5 ECA models which, with a carrying capacity of just under ten tons, can transport around one third more than their predecessors. The welded booster cases developed by MT Aerospace make a contribution to the added efficiency as they are substantially lighter and also cheaper to produce. Given the growing need for payload transportation, marketing company Arianespace S.A., France, plans to increase the annual cadence for the Ariane to up to seven launches.

In June 2006, MT Aerospace received a contract worth around EUR 40 million from Cryospace GIE, France, for the production of key tank components for the upper stage of Ariane 5. Deliveries will be ongoing until 2009.

Japan also using OHB expertise

In 2006, MT Aerospace again stepped up efforts to diversify its products and lessen its dependency on the Ariane. Japanese company Mitsubishi Heavy Industries (MHI), Ltd., Tokyo, placed an order with the OHB subsidiary for the delivery of components for the unmanned Japanese space transporter HTV. In the aircraft segment, tank business has been strengthened with the receipt of two new orders for the development and delivery of structural components for Airbus A400M military transporter.

World's largest radio telescope put into operation

In 2006, what is currently the world's largest radio telescope, large parts of which had been developed by MT Aerospace's Antennas/Telescopes business segment, went into operation in Mexico. With a diameter of 50 meters and an area of 2,000 square meters, this parabolic antenna allows astronomers to travel up to 13 billion years back in time in their quest to find out more about stars and galaxies. The large international ALMA (Atacama Large Millimeter Array) research project is safeguarding capacity utilization of this MT Aerospace division in the long term.

PROJECTS

Project: Ariane 5 series production
Company: MT Aerospace AG
There were five successful Ariane 5 launches in 2006. MT Aerospace, which supplies around 10 percent of the hardware, made a material contribution to this. Five flight sets were produced and supplied last year, with this figure to be increased to six in 2007. Indeed, a further rise in the cadence is quite possible. Spurred by the heightened demand, full capacity utilization is guaranteed at the Augsburg plant. In fact, personnel resources are to be increased as a result.

Status
The contracts are in series production.

Partner
EADS (customer for structures, tanks and tank components)
Europropulsion (customer for booster casing)
Cryospace (customer for LH2 tank)

Project: Ariane 5 / welded-segment booster
Company: MT Aerospace AG
The Ariane 5 launch vehicle program is to undergo further development to enhance its economic efficiency. This includes weight reductions to increase the payload and optimization of the sourcing and production processes. The enhanced booster, which uses welded segments to replace the clevis/tang connection, was successfully deployed on an Ariane 5 mission for the first time in December 2006.

Status
The welded-segment boosters are being introduced without any disruptions to series production. The welded booster cases will be supplied in 2007.

Partner
Europropulsion
(customer for booster casing)

Project: Construction of a new radio telescope in Sardinia
Company: MT Mechatronics GmbH
A contract has been received for planning and building the largest radio telescope in Italy with a reflector diameter of 64 meters and for transporting and assembling the parts in the South East of Sardinia near Cagliari. The circular rail with a diameter of around 40 meters will be delivered to the site in parts and welded together with a planeness tolerance of +/-0.5 mm. The total weight of the structure stands at around 3,200 tons. The active surface of the primary mirror comprises 1,008 aluminum panels, the height of which can be adjusted by 1,116 actuators depending on their elevation. The azimuth and elevation drive control systems are also being delivered.

Status
The contract is to be completed upon acceptance of the telescope by the customer at the end of 2008 and will be executed by MT Mechatronics with subcontractors from Egypt and various EU nations.

Partner
Istituto Nazionale di Astrofisica
(customer)

Project: 100 m Effelsberg radio telescope /active subreflector
Company: MT Mechatronics GmbH
With a reflector measuring 100 meters diameter, the world's second largest fully steerable radio telescope has been fitted with a new active secondary mirror. In addition to automatic focus switching and a modern hexapod mount, the system is characterized by its active surface, which permits surface errors in the main mirror to be corrected by adjusting the contour of the subreflector. As a result, the system can be used for extended frequency ranges, thus ensuring the continued use of the telescope in the future. As proof of its enhanced performance has been provided, the system can be used as a reference for fitting out further existing telescopes.

Status
The new subreflector was mounted in autumn 2006. The astronomic measurements performed since then indicate that the expected improvement in the overall system has been achieved.

Partner
Max Planck Institute for Radio Astronomy, Bonn (customer)

Project: Alphabus
Company: MT Aerospace AG
The purpose of the Alphabus program is to develop a joint platform for geostationary telecommunications satellites of the future. MT Aerospace has been awarded the contract for the development of the tanks, of which two per satellite are required. The design is characterized by an innovative production method using spin-molded titanium domes and mass-optimized composite wrapping. The satellites will weigh around six to eight tons each, making them ideal for the Ariane 5 launcher.

Status
Ongoing development project (the first flight model to be produced in 2009)

Partner
Astrium GmbH (customer)

Project: Airbus A400M aviation structures
Company: MT Aerospace AG
RAM Air Inlet/Outlet – The heat exchangers of various systems are supplied with ambient air via inlet and outlet channels fitted to the fuselage. These components are largely made from CFRP and are assembled with metal flaps and actuators to control the air flow. MT Aerospace oversees the production-oriented design optimization, the production of the components and the provision of the finished air inlet/outlet structures complete with function certification.
VTP Fuselage Fairing – The fuselage fairing involves aerodynamically optimized panels. Lightning conductor systems are also integrated in the CFRP sandwich structures. MT Aerospace is responsible for designing and building these parts.

Status
The contracts for the entire A400M program were signed at the end of 2006/beginning of 2007. The projects are currently in the ramp-up phase for preliminary series deliveries.

Partners
Airbus (customer), PFW Pfalz Flugzeug Werke

Peering into the depths of space with the 100 meter radio telescope in Effelsberg.

TELEMATICS + SATELLITE OPERATIONS
THE WORLD AT A GLANCE

Whether it's managing international fleets, tracking expensive machinery or handling demanding sophisticated security tasks, the Telematics + Satellite Operations business unit offers intelligent solutions for tomorrow's challenges. Thus, satellite-based telematic systems are helping to enhance the efficiency of global logistics and also contributing to the protection of the environment. Billions of liters of fuel lost each year in traffic jams can be saved as the time wasted on finding the destination address. Sophisticated telematic systems also make it possible to safeguard the security of sensitive areas. As one of the technological leaders in telematics and satellite operations, OHB Technology is ideally positioned in logistics, communications and security, all areas set to play a crucial role in the future.

Telematics

Industry-wide telematics platform: The European truck makers have agreed on the FMS standard as a basis for the industry-wide development of telematics applications.

Telematics: Extensions to business

In 2006, OHB Technology again extended its activities in the area of telematics for the intelligent control of vehicles. In this respect, it is working with leading commercial vehicle makers. Thus, it fitted over 2,000 CEMEX concreter mixer vehicles with telematics terminals, thus once more implementing technically sophisticated and complex solutions catering to the needs of a specific sector. And indeed successfully: The system is to be rolled out in further Eastern Europe countries and Spain in 2007.

In addition to the long-standing partnership with MAN Nutzfahrzeuge AG, OHB developed an OEM telematics system for Dutch commercial vehicle producer DAF Trucks. The telematics portal for DAF Trucks entails an Internet-based fleet management system as well as an on-board unit integrated in the dashboard providing various telematic functions at a glance. These include a navigation system suitable for truck use allowing toll-optimized route planning, vehicle positioning, e-mail messaging and a detailed analysis of all operating data. Deliveries of the system are to commence in the second half of 2007.

Security: Sophisticated solutions

There is a growing need for security. With this in mind, OHB's Milan-based subsidiary Telematic Solutions not only engaged in developing software and hardware for telematic applications in 2006 but particularly also focused successfully on video-based integrated video monitoring systems. Telematic Solutions has installed various systems in Italy and is also responsible for installing the video monitoring systems for sensitive

PROJECTS

Project: Service center for satellite-based earth observation
Company: Telematic Solutions S.p.A.
Telematic Solutions is currently preparing the establishment of a separate research institute for remote sensing and satellite monitoring in the Alpine regions for the European Academy of Bolzano. This service center will be responsible for receiving and processing images from earth observation satellites. These images will be made available to environmental protection agencies, local governments and municipalities as well as civil defense agencies which require information on snow density, the condition of glaciers , environment, the region and on natural catastrophes. Data will be received by the service center on a real-time basis. This will enhance catastrophe protection and improve the efficacy of environmental policies. The reception station is being installed on Rittner Horn near Bolzano.

Status
Under construction

Partners
EURAC, European Academy of Bolzano (customer)

Project: visor Update
Company: megatel GmbH
megatel has released an update for its numerous visor users focusing on compliance with the quasi-standards of the Open Geospatial Consortium. In addition to the WMS Web Map Service, the system also supports the GML (Geographic Markup Language) format. As well as this, visor incorporates the latest GIS trends such as the generation of vector objects for the popular Google Maps and Google Earth platform. In this way, users can display and present the objects recorded in visor in the widely available Google Maps system.

Status
The new version is available.

Partners
Various public-sector bodies and insurance companies.

Project: CEMEX
Company: OHB Teledata GmbH
Roughly 2,000 ready-mix cement transporters were fitted with OHB Teledata telematics systems in 2006. The system successfully achieved the purpose of monitoring transport jobs for the vehicles on a near real-time basis and of boosting efficiency and cement sales. At the same time, all European customers were linked to the central database system in Mexico. The system is to be rolled out in further European countries including Eastern Europe and Spain in 2007. Deliveries of the telematics terminals for Polish CEMEX cement vehicles commenced at the end of 2006.

Status
Deliveries commenced in March 2006.

Partner
CEMEX (customer)

Project: DTS – Development of a telematics system
Company: OHB Teledata GmbH/ megatel GmbH
The telematics portal for DAF Trucks entails an Internet-based fleet management system for in-cabin dashboard integration. A single device combines telematics functions previously only provided by several different components. These include a navigation system suitable for truck use allowing toll-optimized routes to be calculated together with vehicle positioning, E-mail messaging and vehicle data analysis. Comprising terminals, communications components and the Internet portal, the system is available as an option for all DAF models. Work on developing a further device for use in mixed fleets and for the after-sales market will commence in 2007. Tools are included to evaluate all operating data and generate detailed analyses of individual trips and tours

Status
Development to commence in the 2nd half of 2007.

Partner
DAF Trucks (customer)

Project: Container Security System CSS
Company: OHB Teledata GmbH
A study to determine the feasibility of security systems in intermodal container transportation was conducted, a demonstrator developed and field tests performed to verify the process and technologies. The key results were the successful verification of a Transatlantic intermodal door-to-door container supplier chain from Bremen (consignor) to Miami (consignee) and the definition of recommendations for the future implementation of an integrated container security system as an element of the European GMES (Global Monitoring for Environment and Security) system.

Status
The project was successfully completed in January 2007. The portal and component functions were extended to integrate security and third-party applications.

Partners
State of Bremen (funding authority), various industrial partners

Project: Monitoring infrastructure in Kourou
Company: Telematic Solutions S.p.A.
Telematic Solutions is responsible for developing and installing a video monitoring system for the sensitive areas of the Kourou European space center in French Guyana. This entails the full lighting system (visible and infrared light), video camera control and the monitoring system including video data processing and archiving. With this project, Telematics Solutions is reinforcing its position in the installation and management of complex sensitive security areas.

Status
Work has commenced

Partners
CNES (customer), Norelec Guyane (project partner)

The fleet management system for DAF combines all telematic functions in a single device.

parts of the Kourou European space center in French Guyana. The contract entails the full lighting system (visible and infrared light), video camera control and the monitoring system including video data processing and archiving. This project reinforces and extends Telematic Solutions' position in the installation and management of complex and sensitive security solutions.

Satellite Operations: Even greater resources after stock market flotation

The Satellite Operations business unit comprises the strategic investment in ORBCOMM Inc. as well as that company's exclusive European and German communication service marketing companies.

At the end of 2006, ORBCOMM Inc. was successfully floated on the NASDAQ, generating proceeds of over USD 100 million. The sum received from the flotation is being used to finance extensions to and the rejuvenation of the existing ORBCOMM satellite network over the next few years, during which a new generation of LEO (low earth orbit) satellites featuring additional capabilities will be developed.

In addition, ORBCOMM was able to almost double the number of billable systems in the network (known as "subscriber communicators") to 225,000 last year. This reflects the heightened demand for satellite-based M2M (machine-to-machine) services particularly on the part of international groups for the global monitoring and management of their machinery and fleets.

Oceania

In February 2007, an ORBCOMM gateway was completed in Australia. As a result, the service for Oceania and Asia has been extended substantially,

In mid 2006, ORBCOMM awarded OHB Technology subsidiary OHB-System AG and Orbital Sciences Corp, a contract for the development, construction and launch of the first six new-generation satellites, which are to modernize the existing network. The satellites are scheduled for launch in 2007.

PROJECTS

Project: Initial public offering
Company: ORBCOMM Inc.
OHB's strategic investment, ORBCOMM Inc., was successfully floated on the US NASDAQ at the end of last year, achieving proceeds in excess of USD 100 million. A good 9.2 million shares were placed at an issue price of USD 11 each. Over the next few years, these proceeds will be particularly used to finance extensions to and the replacement of the existing ORBCOMM satellite network with the development of new-generation LEO (low earth orbit) satellites with additional performances.

Status
The first of a current total of seven new-generation ORBCOMM satellites ordered from OHB-System is to be launched in 2007.

Partners
UBS Investment Bank,
Morgan Stanley,
Banc of America Securities,
Cowen and Company

Project: GE Asset Intelligence
Company: ORBCOMM Inc./
Stellar Satellite Communications Ltd.
In 2006, Stellar Satellite Communications Ltd., a subsidiary of ORBCOMM Inc., signed a master contract for delivery of up to 412,000 of its ORBCOMM-based satellite modems. The contract covers the current versions of the modem as well as future new developments. GE has been offering its customers a satellite-based tracking and tracing system since 2003. Based on ORBCOMM, it permits global trailer monitoring.

Status
Deliveries have been ongoing since August 2006 and will continue until December 2009

Partners
Stellar Satellite Communications,
GE Asset Intelligence (customer)

Project: Hitachi market launch
Companies: ORBCOMM Inc./
ORBCOMM Europe LLC
Hitachi Construction Machinery Co. Ltd. has developed an e-service solution based on the ORBCOMM satellite system for the global collection and transmission of machine data. The purpose is to enhance overall fleet efficiency. The system permits real-time fleet data to be recorded precisely and used for managing the machinery. In addition to position data, the system also collects operating information to ensure compliance with the service periods. The data is made available to customers via a web portal.

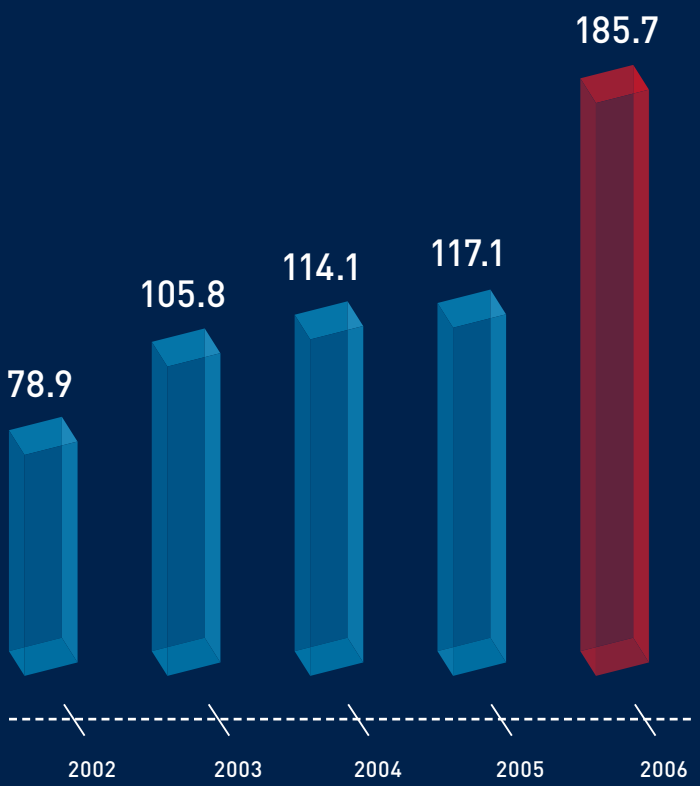
Status
The service will initially go into operation in Japan and Europe, with further countries to follow.

Partners
Hitachi Construction Machinery Co. (customer)

Heightened safety thanks to pipeline monitoring using the ORBCOMM satellite system.

MANAGEMENT REPORT

Consolidated Total Revenues over five years in EUR million



MANAGEMENT REPORT FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2006 AND ENDING DECEMBER 31, 2006

BUSINESS PERFORMANCE AND UNDERLYING CONDITIONS

Highlights in 2006

MT Aerospace integrated

The successful acquisition and integration of MT Aerospace AG is beginning to bear fruit, with five successful Ariane 5 launches providing an additional boost to earnings.

Rise in earnings per share to EUR 0.81

Post-tax earnings came to EUR 12 million, translating into earnings per share of EUR 0.81 (basic and diluted) for fiscal 2006, up from EUR 0.72 in the previous year. Earnings were additionally spurred by a positive non-recurring effect of EUR 0.29 resulting from the absorption by OHB Technology AG of an external liability held by a subsidiary. Adjusted for exceptionals in 2005 and 2006, earnings per share stood at EUR 0.52 in 2006 and EUR 0.36 in 2005.

At just under EUR 90 million, liquidity is plentiful

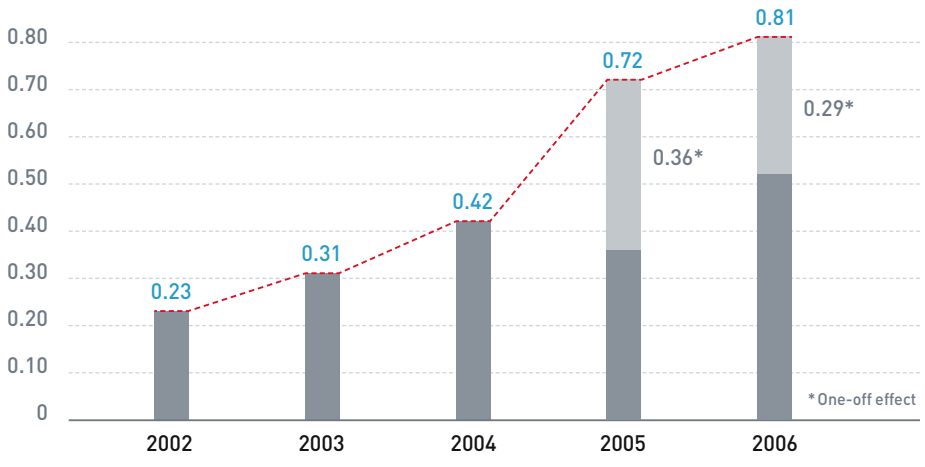
The Group's ample liquidity including securities is providing plenty of scope for financing future activities, particularly extensions to its business as well as capital spending and possibly even acquisitions.

Increase in order books to roughly EUR 448 million

The increase in order books from EUR 418 million to EUR 448 million is due to increased orders in the Space Technology + Security business unit. This together with expected order receipts for 2007 is giving the OHB Technology Group a very solid basis for planning as well as ensuring stable capacity utilization.

Earnings per Share

Over five years in EUR



Trends in the industry and the economy as a whole

Space technology

The national and international environment is continuing to improve for the Space Systems + Security and Space Transportation + Aerospace Structures business units.

The innovation and technology offensive launched by the new German federal government in 2005 and the additions to the research and technology budget provided for in the coalition agreement are beginning to make themselves felt. DLR has initiated a second national earth observation (EnMAP) satellite mission. In this connection, OHB-System will be performing a Phase B study for the satellite platform on the basis of the SAR-Lupe platform in 2007. Extraterrestrial activities, research under space conditions and lunar and Mars exploration will be performed with the aim of strengthening German industry's competitive position on a European level. Thus, OHB-System is conducting a study entitled Mona Lisa for DLR.

The decline in commercial communications satellite business, from which the global satellite industry suffered for a number of years, has been largely overcome, with the market showing clear signs of stabilization. There is growing global demand for small geostationary satellites, the Small GEOs. Financed by OHB-System and ESA, the development of a platform optimized for this market is of crucial importance. In this way, OHB has ideally positioned itself to capitalize on future market trends, something which is corroborated and stressed by an extensive market study and detailed business plan compiled with the assistance of a consulting company.

Work on implementing the planned European Galileo satellite-based navigation system and preparations for its operations have commenced in the European satellite industry. OHB is on the sidelines, observing the faltering development and delays. The possibility of OHB taking a stake in TeleOp GmbH is continuing to be studied and will be considered in the event of a sustained stabilization in the Galileo situation. Assuming a favorable outcome, this could provide the telematics companies within the OHB Technology Group with enhanced access to the relevant value-added telematics services.

In the area of manned space flight, the operation of the module with all its industrial support services is safeguarded in the medium term once US Shuttle operations are resumed and the European Columbus module can be transported to the ISS.

With the Mona Lisa project proposal, which has since been accepted, OHB has exerted considerable influence on the German Space Agency's space exploration plans involving a mission to the moon and a second, partially parallel phase involving a Mars landing. DLR is going to great lengths to ensure an adequate position in ESA's ExoMars program. In this connection, OHB-System is engaged in consultations with the German and European Space Agency and potential industrial partners.

Generally speaking, demand in the satellite launch market is rising. The substantial recovery in the market driven by the growing number of satellite programs as well as the technical success of the Ariane 5 program will result in an increased launch cadence at Arianespace.

Telematics + Satellite Operations

The concentration and consolidation process in the telematics market appears to have very largely been completed, with many smaller operators driven out of the market or taken over by larger players.

The recovery in demand for OEM telematics systems in the commercial vehicle sector is emerging as expected and will continue over the next few years.

Large logistics service providers operating on a global level as well as specialist operators have abandoned the restraint of many years and are now increasingly seeking special telematic solutions based on standardized OEM systems. Mounting competitive pressure is calling for even greater efforts to reduce transportation costs, which account for roughly 30 % of total expenses in this segment. Extensive spending on process optimization in this segment will be necessary in order to achieve the necessary efficiency gains and savings in the logistics market, which is increasingly subject to international competition. Telematics systems can make an enormous contribution to improving the entire transportation system and thus reducing costs. There is also growing demand for telematics solutions with integrated RFID technology.

Demand for data-based satellite services continued to grow last year. In particular, international groups sought these M2M (machine-to-machine) services for the global monitoring and management of their machinery and fleets.

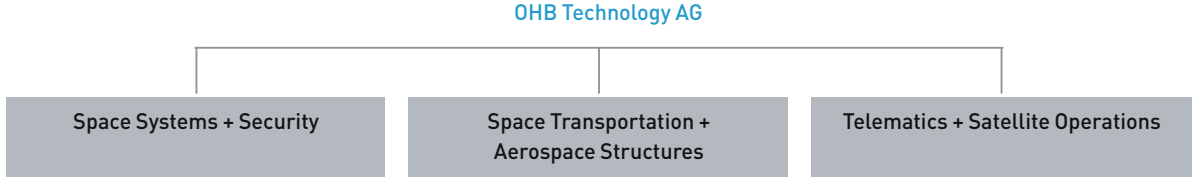
Organizational and legal structure of the group

OHB Technology AG is Germany's first listed space technology company. The Company comprises three business units: "Space Systems + Security", "Space Transportation + Aerospace Structures" and "Telematics + Satellite Operations". With its 25 years of experience in high technology and its integrated skills in the areas of aeronautics, aerospace and telematics, the Group is ideally positioned in Europe.

Space Systems + Security
This business unit focuses on satellites, manned spaceflight, exploration and security/reconnaissance technologies. OHB-System develops, builds, launches and operates low-orbiting and geostationary small satellites for scientific applications, communications and terrestrial observation. The manned space flight segment includes work on constructing the International Space Station ISS and fitting it out with research equipment. Exploration primarily entails research of outer space, particularly the moon. Reconnaissance satellites and broadband radio transmission of image data form the core of the security and reconnaissance activities.

Space Transportation + Aerospace Structures
This business unit is primarily a key supplier of components for aerospace and aeronautical products and possesses system skills in the antenna and mechatronics segment. Thus, MT Aerospace currently constructs around 10 percent of the hardware (particularly structural

Group Structure



and drive components) for the Ariane 5 launch vehicle, making it the largest German supplier for this project.

Telematics + Satellite Operations

The Telematics business unit develops comprehensive solutions for the efficient management of transportation activities. The main focus of its activities entails OEM solutions for commercial vehicle producers, applications for government agencies and security organizations as well as geographical information systems and web-based database solutions.

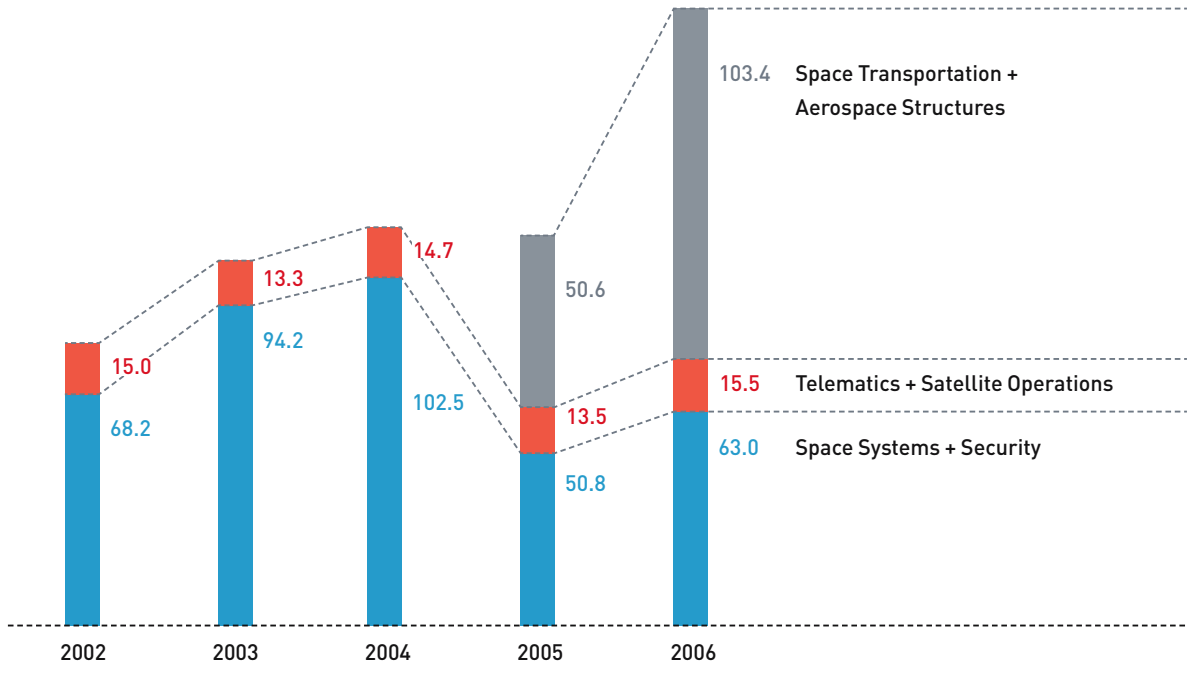
OHB Technology AG offers satellite services via its share in the US-based operator of the global ORBCOMM satellite system. It distributes and markets satellite services on an exclusive basis in Europe via ORBCOMM Europe and ORBCOMM Germany.

Business performance in 2006

In 2006, OHB Technology AG added a further chapter to its success story, extending its strong position in the market place. Earnings were up again substantially over the previous year in the Space Systems + Security and Space Transportation + Aerospace Structures business units in particular. Following the acquisition of MT Aerospace AG in 2005 and its successful integration last year, the Group now has a broader base, allowing it to face the challenges posed by the market even more effectively. Total consolidated revenues rose by around 60 % to EUR 186 million (previous year EUR 117 million), with sales again strong at EUR 163 million (previous year EUR 114 million). In this connection, it should be noted that the figures for MT Aerospace were consolidated for the entire year for the first time. At EUR 0.81, earnings per share were slightly higher than expected and a good 12 % up on the previous

Total Revenues by Business Unit before Consolidation and Holding

Over five years in EUR million



year. The Management Board and Supervisory Board will be asking the shareholders to approve a dividend of EUR 0.23 per share for 2006 at this year's annual general meeting.

Space Systems + Security

Non-consolidated total revenues in the Space Technology + Security business unit came to EUR 63.0 million (previous year EUR 50.8 million) and non-consolidated sales to EUR 59.0 million (previous year EUR 47.2 million).

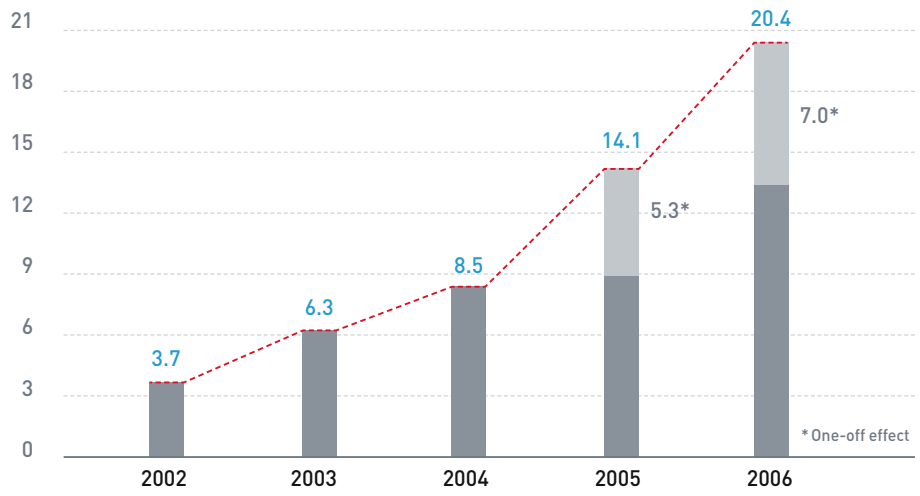
OHB-System AG works on long-term projects generally awarded by public-sector customers. This ensures a high degree of planning reliability over extended periods of time. The largest single project at the moment, the C/D phase of the SAR-Lupe project, is continuing to progress well. The first satellite, SAR-Lupe 1, was successfully launched according to schedule at 15:00 hours CET on December 19, 2006 and reached its target orbit without a hitch. All functional and environmental testing on the first flight model has been completed successfully. The satellite went into operation very successfully and free of any problems. Preliminary images testify to the outstanding capabilities of the system. The assembly and tests of the next two flight models are already in the final phase. All the milestones defined were achieved in 2006 again, with the customer, the German Federal Office of Defense Technology and Procurement, stating at the scheduled management reviews that it was extremely satisfied with the technical progress being made on the project and the successful launch. SAR-Lupe 2 and SAR-Lupe 3 are scheduled for launch in 2007.

Back in 2002, the Federal Republic of Germany signed an agreement with France providing for a joint European reconnaissance satellite system to be developed on the basis of the SAR-Lupe (radar images) and French Helios II (optical images) programs.

Following the successful completion of the contracts signed with German Federal Office for Defense Technology and Procurement concerning Phases I and II of the Europeanization of the SAR-Lupe project, the contract for the implementation phase was entered into on December 1, 2006. Following delays in the release of funding and open consultations on

EBIT

Over five years in EUR million



the part of France with other Helios II partners, work on implementing the European system was put off until December 2006.

The radar satellites being developed as part of the SAR-Lupe program are being marketed commercially under the SAR-SAT name. There is strong interest in these SAR-SAT satellites in many allied and NATO countries. As a result, OHB is engaged in promising negotiations with a number of these interested parties. Following the successful launch of the first SAR-Lupe satellite, these negotiations have gained additional momentum. In the area of civil terrestrial observation satellites, a contract for the complementary study on the GMES sentinel satellite has been gained. This system is capable of forming the basis of future GMES missions. Closely related to this is the contract for the EnMAP Phase B study, in connection with which OHB-System is working on the platform and mission aspects on the basis of SAR-Lupe. The main aim is to pursue optical/infrared observation of the earth. As a result, OHB Technology is ideally positioned for the future in a spectrum ranging from radar satellites to optical satellites.

At the beginning of March 2005, OHB System was awarded a contract by ORBCOMM Inc. for the development and construction of the first of what will be a new generation of communications satellites. This satellite is currently in the integration and test phase, with the launch scheduled for 2007. This was followed in summer 2006 by a contract awarded by ORBCOMM Inc. providing for OHB-System to build a further six almost identical satellites. Work has already been commenced by the subcontractors.

The Phase A study commissioned by ESA in February 2006 for the development and construction of small geostationary satellites (Small GEOs) was successfully completed at the end of the year. The contract for the later phases was received in March 2007.

In the satellite security area, a contract for systems for securing the safety of the SATCOMBw II satellites was achieved in 2006. As development has now largely been completed, the construction phase will commence in the next few months.

In the manned space flight area, ESA awarded OHB-System a contract involving additional extensions to the EPM research laboratory, among other things, in the year under review.

Space Transportation + Aerospace Structures

The Space Transportation + Aerospace Structures business unit achieved total non-consolidated revenues of EUR 103.4 million (previous year EUR 50.6 million) and non-consolidated sales of EUR 93.2 million (previous year EUR 57.1 million) in 2006.

Lower billing volumes in aviation business as well as a postponement in sales from antenna business until the current fiscal year were more than made up for by a sharp increase in sales in the Space Transportation segment.

With five successful launches for the enhanced Ariane 5 ECA with a payload capacity of 10 tons, the strongest European launch vehicle managed to defend its dominant position in fiscal 2006 and thus further stabilize its commercial success. MT Aerospace is benefiting from this favorable performance and, in addition to the encouraging sales generated by Ariane products in 2006, received a further production contract worth around EUR 40 million for main components of the liquid hydrogen and liquid oxygen tanks for the upper stage of the Ariane 5.

The Space Transportation segment also achieved success outside Ariane with the signing of a contract for the delivery of components for the unmanned Japanese space transporter HTV. To be produced in Augsburg, the components are required for the inner structure of the space transporter separating the drive from the transport segment and will continue to be delivered until into 2009.

Aerospace business, which entails the development and production of fresh and used water tanks, was characterized by declining sales. On an encouraging note, however, two contracts were received for the development and delivery of structural components for the Airbus A400M military transportation, thus marking a return for the company to lightweight structural components for aircraft.

The antenna/telescope segment was characterized in 2006 by work on the existing major contracts as well as the start-up of the world's largest radio telescope in Mexico. Thanks to the contract gained in 2005 for the assembly of 25 radio telescopic systems in Chile (ALMA project), full utilization of the engineering and handling capacities at the Mainz site will be ensured for years to come.

The restructuring efforts commenced following the acquisition of MT Aerospace were systematically continued in 2006 and are being to show up in earnings.

Telematics + Satellite Operations

The non-consolidated total revenues of the Telematics + Satellite Operations business units for 2006 came to EUR 15.5 million, up on the previous year's figure of EUR 13.5 million. Non-consolidated sales reached EUR 14.1 million (previous year EUR 12.6 million).

Telematics

The business unit's mainstay is its work with commercial vehicle producers. Thus, OHB Teledata has been supplying OEM telematic systems to MAN Nutzfahrzeuge AG since 2002.

The largest project in this market at the moment entails the development of a telematics system for the PACCAR Group and specifically the Dutch commercial vehicle maker DAF Trucks. At the IAA Commercial Vehicle show in 2006, the new-generation OEM on-board computer was unveiled for the first time. The extraordinarily favorable response shows that the system co-developed with DAF will close a gap in the market. Following delays in the development and the provision of the service, the system is now scheduled for market release in the second half of 2007.

Deliberately designed as an open platform, it will also offer selected third parties scope for offering logistics applications for specific sectors and customers. In the near future, the system will be readied for use in mixed fleets as well as DAF's after market. As a result, it will be possible to substantially widen the market for the deployment of such telematics solutions.

In addition, OHB delivered and installed a telematics solution for the Royal Netherlands Army (RNLA). This web-based system is being used to monitor selectable parameters for the vehicle used by the Dutch army around the world. The telematics solution incorporates OHB Teledata on-board computers in conjunction with a satellite-based data transmission system. The aim of the system is to optimize the RNLA's logistics processes in the field and to ensure more efficient use of the vehicles.

By fitting out over 2,000 CEMEX concreter mixer vehicles with second-generation telematics terminals, OHB was once more able to implement technically sophisticated and com-

plex solutions catering to the needs of a specific sector. The system is to be rolled out in further European countries this year.

In addition to performing subcontracts for DAF Trucks, megatel GmbH successfully continued its geomedia production business. Various CD-ROM telephone directories for Germany cities, digital atlases and maps were created or updated.

megatel developed a new type of method for the ORACLE-based collection of operating data on the annealing/etching line at Thyssen-Krupp Nirosta GmbH on behalf of Alstom group member Converteam GmbH. This constitutes a further very successful ORACLE application produced by megatel GmbH for the steel industry.

Italian subsidiary Telematic Solutions received a contract for the development and assembly of the video monitoring system for the sensitive areas of the Kourou European space center in French Guyana. In this way, it is reinforcing its position in the implementation and management of complex and sensitive security areas.

Satellite Operations

ORBCOMM, in which OHB Technology AG holds a stake, was successfully floated on the NASDAQ in the United States in November 2006. Roughly 9.2 million shares were placed at an issue price of USD 11, resulting in proceeds of over USD 100 million. Following the placement of the shares on the New York NASDAQ, OHB currently holds around 8 % of ORBCOMM's capital.

These proceeds will be particularly used to finance extensions to and the replacement of the existing ORBCOMM satellite network with the development of new-generation LEO (low earth orbit) satellites.

In addition, ORBCOMM reported a number of extremely important business successes last year. Thus, an international value added reseller (IVAR) contract was signed with Hitachi Construction Machinery Ltd (HCM) allowing it to extend its global e-service business for the management of construction machinery.

In addition, ORBCOMM stands to benefit from the partnership forged between Wal-Mart Stores and the Trailer Fleet Services Division GE Equipment Services. Looking forward, Wal-Mart will be managing its logistic processes using ORBCOMM-based telematics systems supplied by GE.

Via its subsidiary, Stellar Satellite Communications Ltd., ORBCOMM Inc. has entered into a master contract with GE Asset Intelligence, LLC for the delivery of up to 412,000 ORBCOMM-based satellite modems. The contract covers both the present version of the terminals as well as new developments until its expiry in 2009.

As a result of these agreements, the number of billable systems on the network (subscriber communicators) almost doubled to 225,000 in 2006. This impressively reflects the heightened demand for satellite-based M2M (machine-to-machine) services particularly on the part of international groups for the global monitoring and management of their machinery and fleets.

SALES AND ORDERS

The OHB Technology Group's total revenues came to EUR 185.7 million (previous year EUR 117.1 million) and sales to EUR 163.2 million (previous year EUR 113.8 million).

MT Aerospace AG (formerly MAN Technology AG) was consolidated for the first full year. The individual business units made the following contributions to consolidated total revenues:

Non-consolidated total revenues came to EUR 63.0 million (previous year EUR 50.8 million) in the Space Technology + Security business unit. The Space Transportation + Aerospace Structures business unit contributed non-consolidated total revenues of EUR 103.4 million (previous year EUR 50.6 million), while the Telematics + Satellite Operations business unit posted non-consolidated total revenues of EUR 15.5 million in the year under review, thus slightly exceeding the previous year's figure (EUR 13.5 million).

Consolidated order books increased from EUR 417.5 million in the previous year to EUR 447.5 million in 2006. Order books in the Space Transportation + Aerospace Structures business unit were valued at EUR 293.9 million, those in the Space Systems + Security business unit at EUR 126.2 million and those in the Telematics + Satellite Operations business unit at EUR 27.4 million as of the balance sheet date.

RESULTS OF OPERATIONS

The OHB Technology Group's earnings in 2006 include for the first full year MT Aerospace AG, which was taken over in June 2005.

The absorption of an external liability held by a consolidated subsidiary resulted in an exceptional increase of EUR 0.29 in earnings per shares.

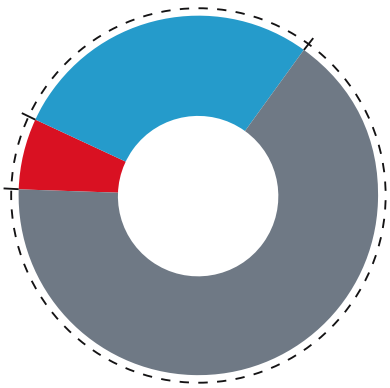
Consolidated net income came to EUR 12.0 million in 2006, up from EUR 10.7 million in the previous year. As a result, earnings per share stood at EUR 0.81 in the year under review, an increase from EUR 0.72 in 2005. Earnings before interest and tax (EBIT) equaled EUR 20.4 million (previous year EUR 14.1 million).

Before consolidation, the Space Systems + Security business unit generated EBIT of EUR 6.1 million (previous year EUR 4.7 million), translating into an EBIT margin of 9.7 % (previous year 9.3 %).

EBIT before consolidation in the Space Transportation + Aerospace Structures business unit stood at EUR 6.6 million (previous year EUR 3.1 million), equivalent to an EBIT margin of 6.4 %.

Order Backlog by Business Unit

in EUR million 12/31/2006



447,5 Total

126,2 Space Systems + Security

293,9 Space Transportation + Aerospace Structures

27,4 Telematics + Satellite Operations

At EUR 0.7 million, EBIT in the Telematics + Satellite Operations business unit fell slightly short of the previous year (EUR 1.1 million).

The OHB Technology Group posted net financial income of EUR 1.6 million in 2006, reversing the previous year's net financial loss of EUR 0.3 million. The substantial difference over the previous year is primarily due to exchange rate gains, dividend income as well as income from money market investments, which in 2006 exceeded the interest expense on the pension provisions gained with the acquisition of MT Aerospace.

The parent-company financial statements for OHB Technology AG prepared according to German GAAP (HGB) carry an unappropriated surplus of EUR 3.8 million for 2006.

ASSETS AND FINANCIAL CONDITION

Total assets expanded from EUR 266 million to EUR 287 million. This was primarily due to the share in ORBCOMM Inc., which now stands at 7.84 %, and the increase in its value following the application of fair-value accounting (gain of EUR 9.5 million) for the first time in connection with the stock-market flotation of ORBCOMM in 2006. Group capital spending stood at EUR 6.9 million in 2006 (previous year EUR 8.9 million).

Inventories rose in value from EUR 41.6 million to EUR 51.4 million; on the other hand, advance payments received from customers climbed to EUR 65.0 million (previous year EUR 52.4 million).

Cash and cash equivalents including securities were valued at EUR 89.5 million, down from EUR 95.1 million in the previous year. No sizeable borrowings were raised in the year under review and are currently not planned for the future.

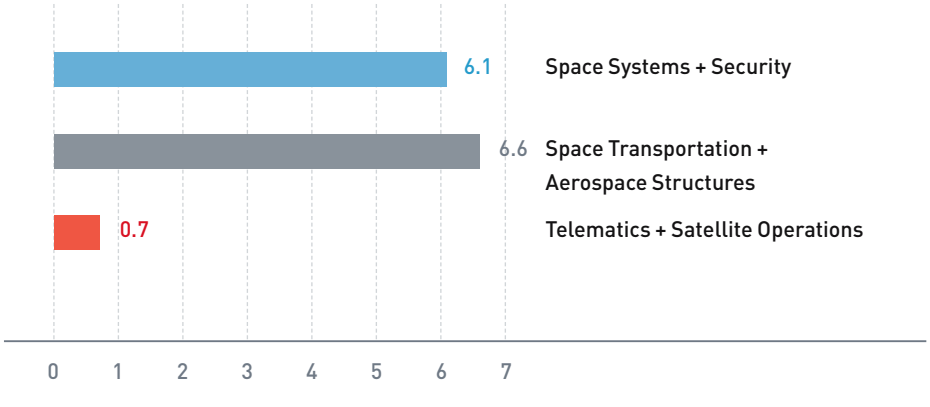
Equity rose by EUR 19.9 million over the previous year to EUR 79.1 million, resulting in an equity ratio of 28 % as of the balance sheet date (previous year 22 %).

After equity, pension provisions of EUR 65.5 million continue to constitute the largest item on the equity and liabilities side of the balance sheet and are largely unchanged over the previous year.

Trade receivables of EUR 52.8 million (previous year EUR 39.5 million) were offset by trade payables of EUR 27.9 million (previous year EUR 33.7 million). Asset structure see page 56.

EBIT by Business Unit before Consolidation and Holding

2006 in EUR million



STAFF

In the period under review, headcount at OHB Technology AG grew only moderately after the sharp increase in 2005 following the acquisition of MT Aerospace AG. As of December 31, 2006, the OHB Technology Group had 823 (previous year 795) employees.

Of these, 222 were in the development/system engineering area, 327 in the HW production, mechanical engineering, service area, 132 in the distribution/project management area, 116 in the management and system administration area and 26 in quality management.

Over 50 % of the OHB Group's employees have a university or tertiary-education degree, while 45 % are employed as foremen, technicians or skilled laborers.

The contracts with Management Board members Marco R. Fuchs, Prof. Dr. h.c. Manfred Fuchs and Ulrich Schulz were renewed from January 1, 2006 and will remain in force until December 31, 2008.

At the annual general meeting held on May 10, 2006, the shareholders elected, Christa Fuchs, Prof. Dr.-Ing. Hans J. Rath and Prof. Heinz Stoewer to the Supervisory Board. These three members will continue to hold office on the Supervisory Board until the end of the annual general meeting at which a resolution is passed to absolve the Supervisory Board of responsibility for the 2010 fiscal year.

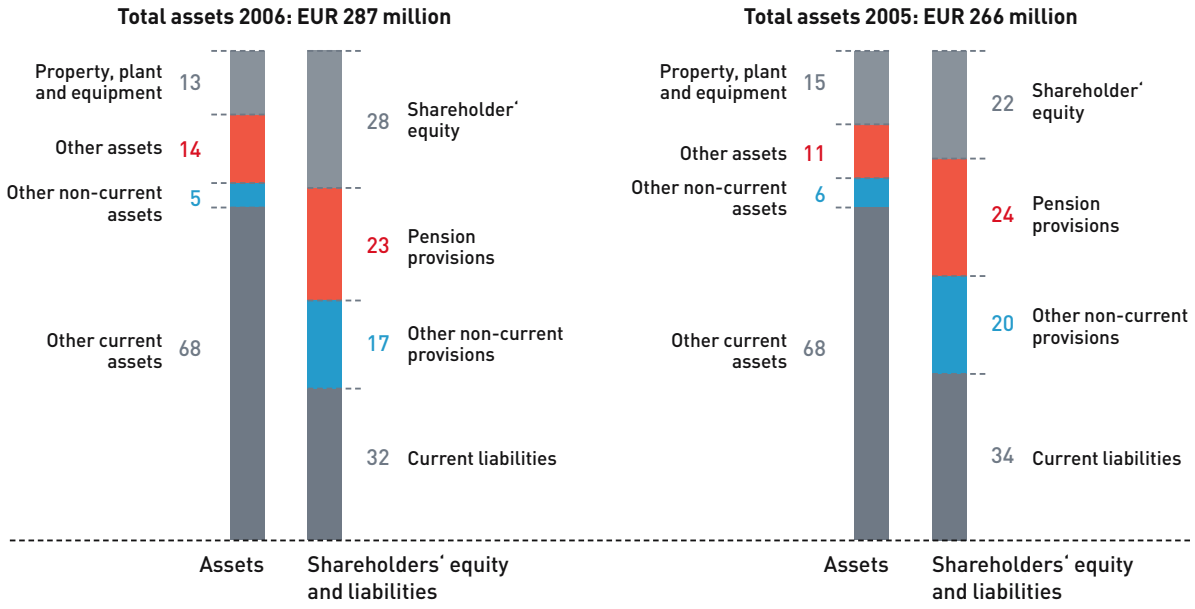
COMPENSATION REPORT

The compensation paid to the members of the Management Board comprises fixed and variable components. The compensation report included in the Corporate Governance Report on pages 64–65 forms part of the Management Report.

The basic elements of the compensation system of the Supervisory Board are described in the corporate governance report as well as in the notes to the financial statements.

Asset Structure

As a percentage of total assets



RESEARCH AND DEVELOPMENT

In the year under review, OHB spent roughly EUR 8.22 million (previous year EUR 5.66 million) on research and development (R+D). A large part of the R+D activities are funded by various institutions such as the European Union, the German Federal Government or the State of Bremen. In accordance with European Union directives, subsidies account for between 25 % and 75 % of the total costs depending on the market proximity of the development project.

R+D activities in the Space Systems + Security business system particularly focus on small geostationary satellites (small GEOs).

Space exploration, particularly lunar missions, constitute a main part of R+D. In this area, OHB is currently working on an extensive program proposal for a lunar exploration program taking special account of German interests. The preliminary results of the study provide for the deployment of a national lunar orbiter to map the moon and a European lunar lander capable of performing various technological experiments in the areas of biology, life sciences, automation and robotics on the surface of the moon.

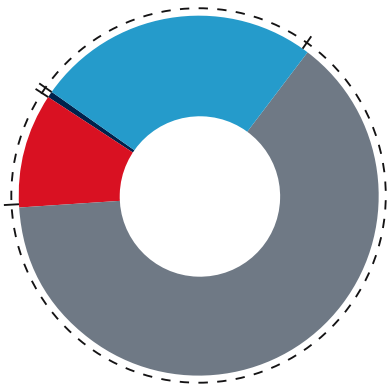
In the area of manned space flight, OHB-System's R+D activities are continuing to concentrate on studies and the development of subsystems for future orbital spacecraft.

R+D work on the CONDOR/ARDS aerial reconnaissance data system is particularly focusing on the development of a light manned/unmanned reconnaissance drone using a Stemme S-10 motor glider as an experimentation vehicle.

A further aspect concerns preparations for the establishment of a GMES center in Bremen. This GMES center is to provide a wide range of different users with expertise and service for the global monitoring of the environment and security. The data collected globally by satellites and via in situ systems is to be used for forecasts, cartography, crisis management, the monitoring of limits and other purposes.

Staff

Total personnel by Business Units 12/31/2006



823	**Total personnel**
4	Holding
211	Space Systems + Security
525	Space Transportation + Aerospace Structures
83	Telematics + Satellite Operations

In the Space Transportation + Aerospace Structures business unit, R+D is particularly targeted at designing and testing composite CFRP (carbon fiber reinforced plastic) materials to cut weight and reduce the costs of production of the Ariane 5 as well as further work on the tank welding method for the EPS tank dome and the Ariane 5 launcher.

Another research project involves the development of a new standardized generation of tanks for aircraft water systems (i.e. Airbus). This particularly encompasses the design, construction and testing of a new generation of drinking water tanks with an integrated sensory and heating system as well as the optimization of the quality of the adhesives used between the liner and the composite covering of waste water tanks in series.

In the satellite tank area, examinations are currently being conducted with a view to harmonizing future fuel tank configurations.

In the Telematics + Satellite Operations business unit, research and development activities are particularly being channeled into new communications components for ad-hoc networks to heighten driver safety and general road traffic safety. In addition, security models in intermodal container transport based on RFID technology (radio frequency identification) have been examined.

QUALITY MANAGEMENT AND CERTIFICATION

Bremen site

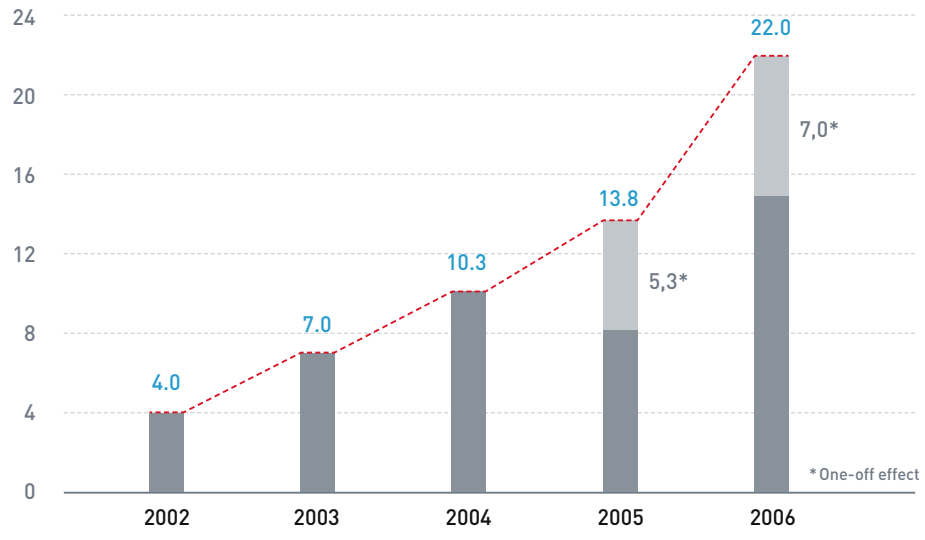
OHB Technology's Bremen-based subsidiaries are covered by uniform certification pursuant to DIN EN ISO 9001:2000 (site certification). Certification of quality management is valid and verifiable on both the Group level and on the level of the following individual companies:

- OHB-System AG with STS Systemtechnik Schwerin GmbH
- OHB Teledata GmbH
- megatel GmbH

Certification encompasses distribution, systems management, development, production and maintenance of products for space and environmental technology, information and

EBT

Over five years in EUR million



communications technology as well as software products and services.

In February 2006, OHB-System AG additionally received certification pursuant to EN ISO 9100:2003 as a developer and supplier of aviation technology. This certification involves inclusion on the BDLI supplier list and in the global OASIS database

The certifications for 2006 were confirmed by "Germanische Lloyd Cert". Conformance with the quality requirements of the German Armed Forces/NATO in accordance with AQAP 2110 is still ensured.

Quality management at OHB Teledata GmbH is additionally certified in accordance with the requirements of international (ECE rules), European (EU directives) and German road traffic law.

Augsburg/Mainz site
Certification for MT Aerospace at its Augsburg site comprises certification pursuant to DIN EN ISO 9001:2000 and EN ISO 9100:2003 for the distribution, development and production of aviation technology as well as certification pursuant to EASA Part 21 G as a manufacturing site for aircraft equipment and Part 145 as a maintenance provider.

Separate certification in accordance with DIN EN ISO 9001:2000 for the distribution and development of antenna mechatronics was performed for MT Aerospace's Mainz site. This certification was also confirmed in the 2006 audits.

Environmental management in Bremen, Augsburg and Mainz
Certification of environmental management in accordance with ISO 14001 for hazmat and materials handling is not necessary. The consumables used as well as special wastes, e.g. metallic substances and electronic scrap, are disposed of in a controlled manner subject to standard contracts with certified waste management companies or are recycled.

In the case of projects in which potentially dangerous substances are used, e.g. fuel for satellites, the operators of the project facilities and launching pads handle the supervision and disposal of such materials.

Data privacy in Bremen, Augsburg and Mainz
Data privacy in accordance with the German Federal Data Privacy Act of January 14, 2003 is safeguarded by the data privacy officers who are officially registered with the responsible state data privacy agencies. The companies have adopted suitable data privacy policies and procedural rules.

RISK REPORT

OHB Technology AG's Management Board permanently monitors the Group's operating, market and financial risks and is integrated in all main business and capital-spending decision-making processes in order to ensure the Group's sustained business success.

The risk management system used by the OHB Group is primarily supported by the central Quality Management and Controlling departments. Assisted by the central departments, the Management Board observes and analyzes trends in the sector, market and economy as a whole on an ongoing basis.

We consider the following types of risk to be relevant for OHB Technology AG's business activities:

Sector risks, risks in underlying conditions
The Space Systems + Security business unit primarily works for public-sector customers. Accordingly, order receipts depend on public-sector budgets. This area has been experiencing market consolidation over the past few years, However, this situation is, if anything, favorable for OHB Technology AG in view of its special position as the sole German systems provider for space technology.

The telematics sector is also experiencing extreme market consolidation, as a result of which the number of commercial vehicle producers has dropped to a handful in the past few years. This has caused the number of potential OEM customers to shrink. There has also been considerable consolidation on the part of our competitors. All told, however, we expect demand for telematics products to grow.

The Space Transportation + Aerospace Structures business unit is particularly exposed to risks in connection with the procurement of raw materials for the production of boosters for the Ariane 5 launch vehicle. Business success hinges directly on the success of the Ariane program.

Strategic risks

The OHB Group's business success hinges on the Ariane program and, in the Space Systems + Security business unit, additionally on the success of the remaining SAR-Lupe program as well as the continued intake of new orders particularly in the satellite segment.

Project risks

The risk management system used for offer-costing and ongoing project management involves regular graduated reporting to the project managers, the directors and the Management Board of OHB Technology AG.

All projects are subject to regular review by the Management Board and form part of a continuous monitoring process covering technical performance, schedule compliance and budget checking.

Personnel risks

The OHB Group employs a large number of highly qualified people. Its success hinges on the motivation and dedication of these employees. However, Group expertise is spread over many people, meaning that there is only very limited dependence on individual specialists. Staff fluctuation is low at the OHB Group. Given the situation prevailing in the recruitment market, the OHB Group is generally able to find suitable replacements quickly.

Financial risks

The operative risk management system ensures detailed cost checks and monitoring in the light of public-sector pricing law. The Product Quality and Purchasing departments particularly monitor suppliers so that operating and technical risks can be assessed more reliably and suitable countermeasures taken. Monthly and quarterly reporting forms an integral part of OHB Technology AG's risk management operations.

Budgeting, regular forecasts and ongoing reporting discussions supplement standardized reporting.

Customer payment practices are monitored on an ongoing basis to minimize financial risks. In addition to a multi-level reminder system, controlling methods include regular reports to the Management Board.

Most goods and services procured are invoiced in euro. Where appropriate, foreign-currency transactions are hedged by means of suitable transactions designed to minimize risk exposure.

Summary

In fiscal 2006, the OHB Technology Group was not exposed to any material risks. In the light of current market trends and the outlook for business as well as the financial situation, the Management Board considers future risks to the Group as a going concern to be minimal.

RELATED PARTIES REPORT

The OHB Technology Group is effectively controlled by the Fuchs family via its direct and indirect equity interests. For this reason, the Management Board has prepared a related parties report in accordance with Section 312 of the German Stock Corporation Act, which was audited and certified as part of the audit procedures for the annual financial statements. In this related parties report, the Management Board makes the following declaration: "No transactions or activities impairing the Company's interests pursuant to Section 312 of the German Stock Corporation Act have been engaged in."

DISCLOSURES IN ACCORDANCE WITH SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE

Disclosures in accordance with Section 315 (4) No. 1 of the German Commercial Code

The share capital stood at EUR 14,928,096.00 on the balance sheet date and was divided into 14,928,096.00 no-par-value bearer shares. The Company held 27,394 shares as treasury stock as of the balance sheet date.

Disclosures in accordance with Section 315 (4) No. 2 of the German Commercial Code

Prof. Dr. h.c. Manfred Fuchs, Christa Fuchs and Marco R. Fuchs, who are also shareholders of VOLPAIA Beteiligungsgesellschaft mbH, and VOLPAIA Beteiligungsgesellschaft mbH in its capacity as a of OHB Technology AG entered into a pooling contract on December 20, 2001 providing for the coordinated exercise of voting rights with respect to present and future share holdings. A total of 64.28 % of the share capital is held.

Disclosures in accordance with Section 315 (4) No. 3 of the German Commercial Code

Prof. Dr. h.c. Manfred Fuchs holds 23.18 % and Christa Fuchs 13.40 % of the subscribed capital of OHB Technology AG. VOLPAIA Beteiligungsgesellschaft mbH holds a further 24.91 % of the Company's shares. Together with the shares held by Marco R. Fuchs, 64.28 % of the Company's shares are subject to a pooling contract providing for the coordinated exercise of voting rights.

Disclosures in accordance with Section 315 (4) No. 6 of the German Commercial Code

With respect to the appointment and dismissal of members of the Management Board, reference is made to the statutory provisions contained in Sections 84 and 85 of the German Stock Corporation Act. In addition, Article 7 (2) of the Articles of Incorporation of OHB Technology AG in the September 2005 version stipulates that the Supervisory Board is to appoint the members of the Management Board and determine their number. A member of the Management Board may be appointed Chairman. In addition, the Supervisory Board is empowered to appoint members of the Management Board as deputy to the Chairman of the Management Board.

The procedure for amending the Articles of Incorporation is governed by Sections 133, 179 of the German Stock Corporation Act. Article 20 of OHB Technology AG's Articles of Incorporation also empowers the Supervisory Board to make amendments to the Articles of Incorporation concerning the wording only.

Disclosures in accordance with Section 315 (4) No. 7 of the German Commercial Code

At the annual general meeting held on May 10, 2006, the shareholders passed a resolution authorizing the Management Board to buy back up to 10 % of the Company's share capital in existence as of the date of the resolution until November 9, 2007. The Management Board did not make use of this authorization as of the balance sheet date.

Authorization was granted to use the Company's shares for all purposes permitted by law including but not limited to:

- the placement of the Company's shares in foreign stock exchanges
- the acquisition of all or parts of other companies or shares therein
- offering and transferring shares to the employees of the Company or other companies related with it in accordance with Sections 15 et seq. of the German Joint Stock Companies Act.

At the annual general meeting held on May 22, 2002, the shareholders authorized the Management Board to increase the Company's share capital by up to EUR 7,464,048.00 on a cash or non-cash basis by issuing new shares once or several times by May 22, 2007. In addition, the Company's Management Board was authorized – subject to the Supervisory Board's approval – to exclude the shareholders' subscription rights for part of the authorized capital up to a maximum of EUR 1,492,809.00 provided that the new shares are issued in return for cash capital contributions at a price not materially less than the stock-market price; for a part of the authorized capital up to a maximum of EUR 7,464,048.00 if the shares are issued as consideration for the acquisition of all or part of other companies and such acquisition is in the interests of the Company; or as consideration for cash capital contributions to have the Company's stock listed in a foreign market in which it has previously not been admitted to trading (authorized capital).

At the annual general meeting held on January 23, 2001, a resolution was passed to create contingent capital of up to EUR 516,404.00 by issuing up to 516,404 bearer shares to grant options to entitled persons under the staff participation program.

Please refer to the corresponding parts of the notes on the consolidated financial statements for further information.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE PERIOD UNDER REVIEW

On March 7, 2007, ESA awarded OHB-System AG a contract covering further development phases of the geostationary Small GEO. The contract is worth EUR 115 million.

OUTLOOK

The OHB Technology Group will remain on its growth course in fiscal 2007 again.

Following the considerable progress made by the SAR-Lupe project in 2006 culminating in the successful launch of the SAR-Lupe 1 satellite, SAR-Lupe 2 and SAR-Lupe 3 are scheduled for launching this year.

With the contract for the technical implementation of the interoperability of SAR-Lupe with Helios II now signed, work commenced at the beginning of 2007.

As marketing of SAR-SAT (which is based on the SAR-Lupe product) has progressed well over the past three years, we are confident of gaining preliminary foreign customers for our SAR-SAT system in the near future. OHB is currently engaged in what in some cases are intensive talks with numerous interested parties. The successful launch is providing added momentum for these activities. At the same time, an alternative version comprising a payload for high-resolution optical earth observation has been designed and offered to a NATO member country, with a decision possible in 2007. EnMAP, an optical satellite based on the SAR-Lupe platform is currently in Phase B. Phase C/D is expected for 2007/2008.

In addition to these military projects, OHB-System is paying key attention to generating business in connection with the ESA/EU GMES activities. Of particular interest are subsystems for the Sentinel 1 through 13 satellites.

The work on the satellite security development and production contracts commenced with SAR-Lupe and continued with the security systems for SATCOMBw II will constitute a key element of OHB's core competence in 2007. Highly reliable protection of orbiting satellites from external access is of crucial importance not only for military customers.

A further goal being pursued by OHB is to continue the line of a current seven satellites for ORBCOMM Inc. Corresponding offers have been submitted.

The Small GEO program constitutes a special strategic thrust. OHB has set itself the target of becoming the leading European supplier of small geo satellites. With the contract (Phase A commissioned and completed, proposal for Phase B and C/D submitted) providing for the development and construction of a demonstrator (known as SGEO, Artes-11 program) for ESA, OHB-System has moved a good deal closer to reaching this goal. The contract was awarded in March of this year.

To sum up, the Management Board is very confident of being able to garner significant new satellite business this year. Progress on the SAR-Lupe project will continue to be of prime importance. The task will be to systematically continue the superb work of the past few years/months which culminated in the successful launch of the first satellite.

In the exploration area (moon/Mars), we assume that Germany will initiate a national lunar orbiter and that OHB will secure a strong share of the ESA EXOMARS program (Mars orbiter/carrier).

As in the previous year, the Management Board is convinced that OHB will continue to take part in the bridging jobs assigned and promised by ESA for maintaining core competence within the industry. The Columbus is expected to be launched at the end of 2007, at which time the many subsystems and laboratories will go into operation.

In the Space Transportation + Aerospace Structures business unit, the heavy order books and increased cadence for the Ariane 5 to six launches a year provide a good basis for business in 2007. However, continued production and delivery of Ariane 5 components hinges on further successful launches of this carrier. The OHB Group expects the service and maintenance business in Kourou to remain at the same level.

Turning to aviation business, the production of fresh and used water tanks for Airbus vehicles should generate constant business. The return to business with light-weight structures for aircraft in 2006 should be further consolidated in 2007.

Utilization of the engineering and handling capacity at the Mainz facility is ensured for years on account of ongoing antenna/telescope projects. The planned billing of two contracts will lead to significant sales growth in 2007.

OHB Technology AG remains well positioned in the Telematics + Satellite Services business unit, with the launch by DAF Trucks of the telematics systems in the second half of the year set to boost sales volumes in this areas.

The Company assumes that telematics project business will continue to grow and, based on the future OEM fittings, result in major projects for customized applications.

OHB expects demand to rise for both OEM and retrofitted telematic systems and is currently developing such a product.

Further expansion in equipment for construction material logistics is being sought.

OHB Technology projects a further increase in user numbers in the Satellite Operations segment, with international groups continuing to fit out their global fleets with satellite communications.

The OHB Technology Group projects total revenues of around EUR 200 million for 2007, with further double digit growth expected in the following year. EBIT (net of exceptionals) is also expected to rise at double-digit rates in 2007 and 2008.

With respect to the forward-looking statements, please note that actual results may vary considerably from projections.

CORPORATE GOVERNANCE

In June 2002, a commission installed by the German Federal Government published recommendations known jointly as the "German Corporate Governance Code" setting out conduct and behavior standards for companies. Corporate governance includes the entire management and supervision system and seeks to make the rules applicable in Germany more transparent to national and international investors in the interest of strengthening confidence in the management of German companies. The Supervisory Board and the Management Board of OHB Technology AG are committed to the principles embodied in the Code as a means of ensuring value-oriented corporate governance and supervision and welcome the adoption of these principles in Germany.

Compensation report

The following compensation report individualizes the compensation paid to the members of the Management Board and the Supervisory Board of OHB Technology AG and forms part of the Group management report for 2006. The compensation paid to the members of the Management Board comprises fixed and variable components. The variable components are based on the extent to which the targets defined by the Supervisory Board are achieved. The Supervisory Board defines the targets to be achieved by the Management Board members Marco R. Fuchs and Prof. Dr. h.c. Manfred Fuchs on the basis of the planned consolidated net income per year and those to be achieved by Management Board member Ulrich Schulz on the basis of the business success of two subsidiaries in the Telematics + Satellite Operations business unit. There are currently no share-based compensation components or compensation components with a long-term incentive effect. In the event of the death of a Management Board member, his surviving dependents are entitled to continued payment of that member's fixed compensation for a period of six months. The compensation for Management Board members Marco R. Fuchs and Ulrich Schulz was paid for by OHB Technology AG, the compensation for Prof. Dr. h.c. Manfred Fuchs was paid by OHB-System AG and breaks down as follows:

The Management Board received fixed compensation of EUR 0.653 million (previous year EUR 0.599 million, without a non-cash benefit in the form of a company car) and variable remuneration of EUR 0.142 million (previous year nil).

Mr. Marco R. Fuchs received a sum of EUR 0.214 million (previous year 0.194 million) as fixed compensation including all benefits such as advances towards health and pension insurance and the non-cash benefit in the form of a company car as well as contributions of EUR 1,700 to an endowment policy. Variable remuneration of EUR 0.061 million (previous year nil) was paid for 2005.

Prof. Dr. h.c. Manfred Fuchs received a sum of EUR 0.244 million (previous year 0.236 million) as fixed compensation including all benefits such as advances towards health and pension insurance and a non-cash benefit in the form of a company car. In addition, a sum of EUR 0.036 million was paid towards pension commitments assumed in 1988 under which he is to receive EUR 3,000 a month upon turning 65. Variable remuneration of EUR 0.061 million (previous year nil) was paid for 2005.

Mr. Ulrich Schulz received a sum of EUR 0.156 million (previous year 0.146 million) as fixed compensation including all benefits such as advances towards health and pension insurance and the non-cash benefit in the form of a company car. Variable remuneration of EUR 0.020 million (previous year nil) was paid for 2005. Provisions of EUR 0.270 million were set aside for the payment of variable remuneration to the Management Board in 2006.

Mrs. Christa Fuchs as chairwoman of the Supervisory Board receives a sum of EUR 0.020 million for 2006 (previous year EUR 0.020 million), Prof. Dr.-Ing. Hans J. Rath EUR 0.010 million (previous year EUR 0.010 million) and Prof. Heinz Stoewer EUR 0.010 million (previous year pro rata EUR 0.005 million). Variable compensation components were dispensed with. Mrs. Christa Fuchs received compensation of EUR 0.125 million for her advisory services for

members of the OHB Technology Group in the year under review. Prof. Stoewer received compensation totaling EUR 0.018 million in the year under review for the provision of consulting services.

Management Board and Supervisory Board shareholdings

As of the balance sheet date, Christa Fuchs, chairwoman of the Supervisory Board, held 2,000,690 shares, Prof. Heinz Stoewer, a member of the Supervisory Board, 1,000 shares and Marco R. Fuchs, chairman of the Management Board, 414,796 shares. The members of the Management Board Prof. Dr. h.c. Manfred Fuchs and Ulrich Schulz held 3,461,064 and 2,904 shares, respectively. As at December 31, 2006, VOLPAIA Beteiligungsgesellschaft mbH, in which Christa Fuchs holds 20 %, Marco R. Fuchs 25 % and Prof. Dr. h.c. Manfred Fuchs 35 %, held 3,718,579 shares.

Stock options

As of December 31, 2006, neither members of the Management Board nor employees of the OHB Technology Group held any options. All options held by employees and members of the Management Board expired at midnight on March 5, 2006.

Securities transactions subject to compulsory disclosure

In the year under review, the following transaction was reported to OHB Technology AG: The Fuchs family controlled VOLPAIA Beteiligungsgesellschaft mbH bought 2,660 shares in OHB Technology AG (ISIN DE0005936124) at a price of EUR 7.70 on January 13, 2006.

DECLARATION OF COMPLIANCE

The Management Board and the Supervisory Board of OHB Technology AG declare that the Company already conforms with the recommendations of the Corporate Governance Code Commission appointed by the German Federal Government and will continue to do so in the future. This declaration of conformity refers to the new version dated June 12, 2006. OHB Technology AG deviates from the principles of the German Corporate Governance Code in only a small number of points:

Age limits for the Management Board (5.1.2)

OHB Technology will not be setting a maximum age for the members of the Management Board as this would limit the availability of suitable Management Board members for appointment by the Supervisory Board.

Formation of Supervisory Board committees (5.3)

OHB Technology AG has not formed any committees on account of the small number of members on its Supervisory Board (three).

Age limits for the the Supervisory Board (5.4.1.)

The Supervisory Board is elected by the shareholders of OHB Technology; accordingly, a defined age limit is not a desirable factor for selection purposes.

Compensation of the deputy chairman of the Supervisory Board (5.4.5)

OHB Technology AG takes the view that this recommendation makes little sense with a Supervisory Board comprising only three members. Accordingly, OHB Technology AG's bylaws do not provide for any particular compensation for the deputy chairman of the Supervisory Board.

Performance-related compensation of the Supervisory Board members (5.4.5)

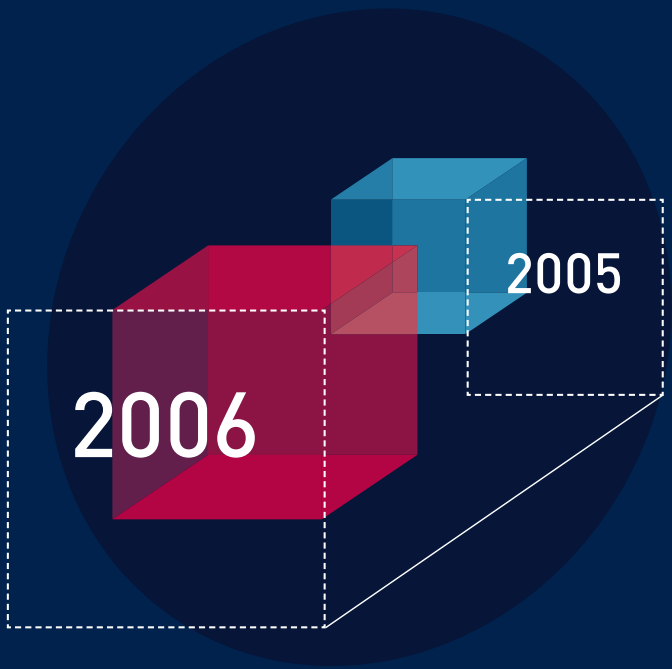
OHB Technology AG's bylaws do not provide for any performance-related compensation in addition to a fixed component for members of the Supervisory Board.

Management Board and Supervisory Board of OHB Technology AG

Bremen, December 21, 2006

GMES Centre Bremen: this expert and service centre will be going into operation in 2008/09.

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Balance Sheet

		EUR 000	
		12/31/2006	12/31/2005
Assets	Notes		
Goodwill	(1)	3,313	3,313
Other intangible assets	(2)	11,222	10,809
Property, plant and equipment	(3)	37,605	40,228
Shares carried at equity	(4)	1,868	1,531
Other financial assets	(4)	23,443	12,930
Non-current assets		77,451	68,811
Other receivables and assets	(5)	3,444	6,377
Deferred taxes	(6)	9,547	9,285
Other non-current assets		12,991	15,662
Property, plant and equipment/non-current assets		**90,442**	**84,473**
Inventories	(7)	51,395	41,654
Trade receivables	(8)	52,784	39,533
Other receivables and assets	(9)	3,371	5,525
Securities	(10)	35,568	23,706
Cash and cash equivalents	(11)	53,934	71,378
Current assets		**197,052**	**181,796**
Total assets		**287,494**	**266,269**

Consolidated Balance Sheet

EUR 000

Shareholders' equity and liabilities	Notes	12/31/2006	12/31/2005
Subscribed capital	(12)	14,928	14,928
Additional paid in capital	(13)	15,127	15,125
Retained earnings	(14)	520	520
Other comprehensive income	(15)	9,476	0
Treasury stock	(16)	-167	-167
Consolidated profit after minority interests		32,029	22,993
Shareholders' equity excluding minority interests		**71,913**	**53,399**
Minority interests	(17)	7,191	5,815
Shareholders' equity		**79,104**	**59,214**
Provisions for pensions and similar obligations	(18)	65,528	63,757
Other non-current provisions	(19)	3,237	4,402
Non-current financial liabilities	(20)	1,701	1,225
Non-current advance payments received on orders	(21)	28,655	35,306
Deferred tax liabilities	(22)	15,896	12,654
Non-current liabilities and provisions		**115,017**	**117,344**
Current provisions	(23)	21,824	22,360
Current financial obligations	(24)	2,492	2,165
Trade payables	(25)	27,879	33,726
Current advance payments received on orders	(26)	36,391	17,051
Other current liabilities	(27)	4,787	14,409
Current liabilities		**93,373**	**89,711**
Total equity and liabilities		**287,494**	**266,269**

Consolidated Income Statement

	Notes	2006	2005
		EUR 000	
1. Sales	(28)	163,147	113,829
2. Changes in inventories of finished goods and work in progress	(29)	4,733	-8,247
3. Other own work capitalized	(30)	3,456	3,584
4. Other operating income	(31)	14,363	7,891
5. Total revenues	(32)	**185,699**	**117,057**
6. Cost of materials	(33)	90,247	52,999
7. Staff costs	(34)	51,323	33,804
8. Depreciation and amortization	(35)	7,508	5,245
9. Other operating expenses	(36)	16,193	10,929
10. Operating profit		**20,428**	**14,080**
11. Other interest and similar income		2,504	1,266
12. Interest expense and similar charges		3,560	1,786
13. Exchange-rate gains/losses		2,403	-277
14. Net profit/loss from shares carried at equity	(37)	336	281
15. Investment income	(37)	-129	181
16. Earnings on ordinary activities		**21,982**	**13,745**
17. Exceptional expenses	(38)	8,563	2,613
18. Consolidated net income for the year		**13,419**	**11,132**
19. Minority interests	(39)	-1,403	-445
20. Consolidated net income for the year after minority interests		**12,016**	**10,687**
21. Consolidated profit carried forward		20,013	12,306
22. Additions to retained earnings		0	0
23. Consolidated profit		**32,029**	**22,993**
24. Number of shares		14,900,702	14,900,702
25. Earnings per share (basic, EUR)		0.81	0.72
26. Earnings per share (diluted, EUR)		0.81	0.72

Consolidated Cash Flow Statement	EUR 000	
	2006	2005
Operating EBIT	20,428	14,080
Income from first-time consolidated taken to equity	0	-5,337
Operating profit	20,428	8,743
Income taxes paid	-8,563	-2,831
Other non-cash expenses (+)/income (-)	188	0
Depreciation/amortization	7,508	5,245
Changes in pension provisions	1,771	19
Gross cash flow	21,332	11,176
Increase (-)/decrease (+) in own work capitalized	-3,456	-3,584
Increase (-)/decrease (+) in inventories	-9,741	8,520
Increase (-)/decrease (+) in receivables and other assets	-13,871	-17,671
Increase (+)/decrease (-) in liabilities and current provisionsn	-13,601	-2,420
Increase (+)/decrease (-) in advance payments received	12,689	-23,651
Profit (-)/loss (+) from the disposal of non-current assets	137	-49
Cash inflow/outflow from operating activities	**-6,511**	**-27,679**
Payments made for investments in non-current assets incl. goodwill	-3,605	-5,316
Changes in consolidation perimeter	0	49,054
Payments received from disposal of non-current assets	64	337
Interest and other investment income	3,982	1,465
Payments received from/made for items not assigned to operating or financing activities	-5,120	0
Cash inflow/outflow from investing activities	**-4,679**	**45,540**
Dividend payout	-2,980	-1,788
Changes in reserves	1,378	1,507
Decrease (-)/increase (+) in financial liabilities	476	2,662
Minority interests	-1,403	-127
Interest and other financial expenses	-3,725	-1,763
Cash inflow/outflow from financing activities	**-6,254**	**491**
Cash equivalents	**-17,444**	**18,352**
Cash and cash equivalents at the beginning of the period	71,378	53,026
Cash and cash equivalents at the end of the period	**53,934**	**71,378**

Cash and cash equivalents including securities		
January 1	**95,084**	**58,727**
Changes to cash and cash equivalents including securities	-5,582	36,357
December 31	**89,502**	**95,084**

Consolidated Statement of Equity

in EUR 000	Subscribed capital	Additional paid in capital	Retained earnings
12/31/2004	**14,928**	**15,125**	**0**
Dividends	0	0	0
Consolidated net income for the year	0	0	0
Transfer to retained earnings not charged to profit/loss (IFRS 3.81)	0	0	520
Treasure stock	0	0	0
12/31/2005	**14,928**	**15,125**	**520**
Dividends	0	0	0
Consolidated net income for the year	0	0	0
Other comprehensive income	0	0	0
Additions to retained earnings	0	2	0
12/31/2006	**14,928**	**15,127**	**520**

Revaluations surplus	Consolidated profit	Treasury stock	Shareholder's equity excluding minority interests	Minority interests	Shareholder's equity
0	**14,094**	**-1,139**	**43,008**	**1,433**	**44,441**
0	-1,788	0	-1,788	0	-1,788
0	10,687	0	10,687	4,382	15,069
0	0	0	520	0	520
0	0	972	972	0	972
0	**22,993**	**-167**	**53,399**	**5,815**	**59,214**
0	-2,980	0	-2,980	0	-2,980
0	12,016	0	12,016	1,376	13,392
9,476	0	0	9,476	0	9,476
0	0	0	2	0	2
9,476	**32,029**	**-167**	**71,913**	**7,191**	**79,104**

Asset Movement

Production and acquisition costs

for the period January 1 to December 31, 2005	Balance 01/01/2005	Additions First-time consolidation	Additions	Disposals	Balance 01/01/2005
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
I. Goodwill	3,434	0	520	0	3,954
II. Intangible assets					
Concessions and industrial property rights	479	8	0	0	487
Software acquired	2,466	3,512	252	106	6,124
Software produced	10,763	0	3,526	0	14,289
III. Property, plant and equipment					
Operating and business equipment	8,243	49,939	792	1,335	57,639
Property and plant	0	40,841	0	2,282	38,559
IV. Financial assets					
Investments in related companies	63	0	0	0	63
Investments in associated companies	1,250	0	281	0	1,531
Other investments	6,255	21,235	3,528	40	30,978
Total	**32,953**	**115,535**	**8,899**	**3,763**	**153,624**

Asset Movement

Production and acquisition costs

for the period January 1 to December 31, 2006	Balance 01/01/2006	Other compre-hensive income	Additions	Disposals	Balance 01/01/2006
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
I. Goodwill	3,954	0	0	0	3,954
II. Intangible assets					
Concessions and industrial property rights	487	0	0	0	487
Software acquired	6,124	0	262	262	6,124
Software produced	14,289	0	3,413	0	17,702
III. Property, plant and equipment					
Operating and business equipment	57,639	0	1,823	5,096	54,366
Property and plant	38,559	0	0	0	38,559
IV. Financial assets					
Investments in related companies	63	0	0	0	63
Investments in associated companies	1,531	0	337	0	1,868
Other investments	30,978	9,660	1,041	188	41,491
Total	**153,624**	**9,660**	**6,876**	**5,546**	**164,614**

Accumulated depreciation					Book values	
Balance 01/01/2005	Additions First-time consolidation	Additions	Disposals	Balance 01/01/2005	Balance 12/31/2005	Balance 12/31/2004
EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
641	0	0	0	641	3,313	2,793
128	4	39	0	171	316	351
959	2,884	424	119	4,148	1,976	1,507
3,687	0	2,085	0	5,772	8,517	7,076
5,677	43,456	1,632	1,306	49,459	8,180	2,566
0	7,498	1,065	2,052	6,511	32,048	0
0	0	0	0	0	63	63
0	0	0	0	0	1,531	1,250
0	18,111	0	0	18,111	12,867	6,255
11,092	**71,953**	**5,245**	**3,477**	**84,813**	**68,811**	**21,861**

Accumulated depreciation					Book values	
Balance 01/01/2006	Additions First-time consolidation	Additions	Disposals	Balance 01/01/2006	Balance 12/31/2006	Balance 12/31/2005
EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
641	0	0	0	641	3,313	3,313
171	0	39	0	210	277	316
4,148	0	602	144	4,606	1,518	1,976
5,772	0	2,503	0	8,275	9,427	8,517
49,459	0	2,430	5,014	46,875	7,491	8,180
6,511	0	1,934	0	8,445	30,114	32,048
0	0	0	0	0	63	63
0	0	0	0	0	1,868	1,531
18,111	0	0	0	18,111	23,380	12,867
84,813	**0**	**7,508**	**5,158**	**87,163**	**77,451**	**68,811**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2006

The Company has its head office at Karl-Ferdinand-Braun-Str. 8 in 28359 Bremen, Germany. OHB Technology AG exercises the function of an active holding company which controls the subsidiaries within the OHB Group. The Group is primarily engaged in the production and distribution of products and projects as well as the provision of high-technology services particularly in the areas of space and aeronautic technology, telematics and satellite services.

Accounting principles and methods

In accordance with Regulation (EC) 1606/2002 issued by the European Parliament and the Council on July 19, 2002, OHB Technology AG is required to prepare consolidated annual statements in accordance with international accounting standards (IFRS/IAS). The consolidated financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS/IAS) applicable in the EU in the light of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) as well as the supplementary provisions contained in Section 315 a of the German Commercial Code. The necessary adjustments to reported figures and maturities were also made with respect to the previous year's figures. In addition to the balance sheet and income statement, the consolidated annual financial statements include a cash flow statement, a statement of changes in equity and a statement of changes in assets. Segment reporting as well as the declaration pursuant to Section 161 of the German Stock Corporation Act relating to compliance with the German Corporate Governance Code are also included in the notes. The income statement has been compiled using the total-cost method.

The International Accounting Standards Board (IASB) and IFRIC have revised existing standards and interpretations and adopted new ones which are subject to compulsory application as of the 2006 fiscal year:

- → **IAS 19** "Employee benefits": As a result of the revisions to IAS 19, additional disclosures must be made in the notes. As well as this, there is now an option to recognize actuarial gains and losses in equity.
- → **IAS 21** "The effects of changes in foreign exchange rates": Not applicable to the OHB Group.
- → **IAS 39** "Financial instruments: recognition and measurement": The revisions to IAS 39 restrict the option to classify financial instruments as financial assets or liabilities at fair value through profit or loss. Further amendments concern the options for recognizing cash flow hedges for hedging currency risks in connection with highly probable future transactions within a group as well as the recognition of financial guarantees issued.
- → **IFRS 4** "Insurance contracts": Not applicable to the OHB Group.
- → **IFRS 6** "Exploration for and evaluation of mineral assets": This standard provides guidance on the recognition of expenses related to the exploration for and evaluation of minerals, oil, gas and similar non-renewable resources before economically viable production of the resource has been determined. Not applicable to the OHB Group.
- → **IFRIC 4** "Determining whether an arrangement contains a lease": The interpretation broadens the scope of IAS 17 "Leases" to include contractual arrangements which are

legally not qualified as leases (embedded leases). Not applicable to the OHB Group.

→ **IFRIC 5** "Rights to interests arising from decommissioning, restoration and environmental funds": The interpretation provides guidance on reporting on claims and obligations arising from funds formed for the decommissioning of assets and similar obligations. Not applicable to the OHB Group.

→ **IFRIC 6** "Liabilities arising from participating in a specific market - waste electrical and electronic equipment": This interpretation deals with the recognition of provisions in connection with disposal obligations arising from the EU Directive on Waste Electrical and Electronic Equipment. Not applicable to the OHB Group.

First-time application of the aforementioned standards did not have any material effect on OHB Technology's consolidated financial statements.

The IASB has issued the following standards, interpretations and revisions to existing standards which are not yet compulsory and which OHB Technology AG did not apply on a voluntary early basis. Application of these IFRS is subject to their being accepted by the EU in the IFRS endorsement procedure.

IFRIC 7 "Applying the restatement approach under IAS 29 financial reporting in hyper-inflationary economies"	Compulsory as of annual periods beginning on or after March 1, 2006
IFRIC 8 "Scope of IFRS 2"	Compulsory as of annual periods beginning on or after May 1, 2006
IFRIC 9 "Reassessment of embedded derivatives"	Compulsory as of annual periods beginning on or after June 1, 2006
IFRIC 10 "Interim financial reporting and impairment"	Compulsory as of annual periods beginning on or after November 1, 2006
Revisions to IAS 1 "Presentation of financial statements" – details on capital	Compulsory as of annual periods beginning on or after January 1, 2007
IFRS 7 "Financial instruments: disclosures"	Compulsory as of annual periods beginning on or after January 1, 2007
IFRIC 11 "Group and treasury share transactions"	Compulsory as of annual periods beginning on or after March 1, 2007
IFRIC 12 "Service concession arrangements"	Compulsory as of annual periods beginning on or after January 1, 2008
IFRS 8 "Operating segments"	Compulsory as of annual periods beginning on or after January 1, 2009

Initial adoption of IAS 1 and IFRS 7 will necessitate additional disclosures in the notes. OHB Technology AG is currently examining the effects of IFRS 8 on the consolidated financial statements. On the basis of a preliminary assessment, initial application of the other standards and applications will not exert any material influence on the presentation of the financial statements.

There has been no change in the companies consolidated since the last financial statements. There has been no change in measurement methods. Highly liquid investments in money market funds are reported in a separate item in the year under review for the first time, with the figures for the previous year as well as the cash flow statement restated accordingly.

At their meeting of March 14, 2006, the shareholders of OHB-System AG passed a resolution to adopt the exemption provisions in Section 264 (3) of the German Commercial Code with respect to disclosure of the annual financial statements.

Proper and full preparation of the consolidated financial statements requires to some degree the use of estimates and assumptions, which affect the assets and liabilities reported, the disclosure of contingent liabilities and receivables on the balance sheet and the income and expenses recognized. The actual amounts may vary from these estimates and assumptions in individual cases. Any adjustments are taken to the income statement upon further knowledge becoming available. The value of goodwill is determined in an annual impairment test. This test involves estimates of future cash inflows. Future changes in the general economic environment and the situation of the sector or Company may result in a reduction in net cash inflows and, hence, impair the value of the goodwill. Technical progress, deterioration in the market situation or damage may necessitate non-scheduled depreciation of property, plant and equipment. Pension provisions are calculated on the basis of a number of premises and assumed trends, the application of biome-

Consolidation Perimeter 12/31/2006

Name of company	Share held %	Consolidation
Telematic Solutions S.p.A., Milan (I)	51.0	fully consolidated
OHB Teledata GmbH, Bremen (D)	100.0	fully consolidated
megatel Informations- und Kommunikationssysteme GmbH, Bremen (D)	74.9	fully consolidated
Timtec Teldatrans GmbH, Lünen (D)	100.0	fully consolidated
OHB-System AG, Bremen (D)	100.0	fully consolidated
STS Systemtechnik Schwerin GmbH, Schwerin (D)	100.0	fully consolidated
ORBCOMM Deutschland AG, Bremen (D)	100.0	fully consolidated
MT Aerospace Holding GmbH, Bremen (D)	70.0	fully consolidated
MT Aerospace AG, Augsburg (D)*	100.0	fully consolidated
MT Aerospace Grundstücks GmbH & Co. KG, München (D)**	94.9	fully consolidated
ELTA S.A., Toulouse (F)	34.0	at equity

* held by MT Aerospace Holding GmbH
** held by MT Aerospace AG

tric probabilities as well as generally accepted approximation methods to determine pension obligations. Actual payment obligations arising over time may vary from these. Tax provisions and impairment testing of deferred tax assets are also based on estimates. In determining the value of deferred tax assets, uncertainty may arise with respect to the interpretation of complex tax legislation as well as the amount and timing of future taxable income.

Consolidation methods

All material subsidiaries under the legal or constructive control of OHB Technology AG have been consolidated. In the case of financial assets, the respective shares are recognized at cost plus any applicable writeups. The carrying values of companies consolidated at equity are adjusted to allow for prorated profit/loss attributable to such companies. Any remaining positive difference between the cost of acquiring the shareholdings and the net assets calculated at their fair values is recognized as goodwill pursuant to IAS 3.51.

Consolidation perimeter

OHB Technology AG's consolidated financial statements include OHB Technology AG as well as nine domestic and one foreign subsidiary as well as a further foreign equity interest carried at equity. The table entitled "Consolidation perimeter" sets out the subsidiaries and associates together with the relative size of the share held. In addition, shares were held in other companies (see table entitled "Further equity interests and financial assets"). In accordance with the principle of materiality pursuant to the IFRS/IAS framework, the companies stated in the table, which are fundamentally subject to compulsory consolidation (OHB share › 20 %), are not included in the consolidation perimeter.

Further Equity Interests and Financial Assets 12/31/2006

Name of company	Share held %	Pro rata value of shares EUR 000
Telemondo International GmbH, Bremen (D)*	100.0	26
OHB Marine Technologies GmbH, Bremen (D)*	100.0	25
COSMOS International Satellitenstart GmbH, Bremen (D)*	49.9	13
ORBCOMM Inc., Dulles (USA)	7.8	18,952
beos GmbH, Bremen (D)	12.0	60
ATB GmbH, Bremen (D)	5.0	26
Deutsche SATCOMBw GmbH, Bremen (D)*	100.0	25
LUXSPACE Sàrl, Betzdorf (L)*	100.0	13
OHB-ELectroOPtics GmbH, Bremen (D)*	50.0	13
Cosmos Space Systems AG, Bremen (D)*	33.3	20
MT Aerospace Guyane S.A.S., Kourou, (GUF)*	100.0	152
MT Aerospace Satellite Products Ltd., Wolverhampton (GB)*	100.0	161
Arianespace S.A., Evry (F)	7.8	1,789
MAN Dezentrale Energiesysteme GmbH, München (D)*	100.0	1,022
MT Mechatronics GmbH, Mainz (D)*	100.0	1,002

* not consolidated in the year under review for materiality reasons

Related parties disclosures

Related parties as defined in IAS 24 comprise Christa Fuchs, Prof. Dr. h.c. Manfred Fuchs, Marco R. Fuchs, Ulrich Schulz, Dr. Fritz Merkle, Hans J. Steininger and Walter H. Köppel. The following companies are related parties:

- OHB Grundstücksgesellschaft Achterstraße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft Kitzbühler Straße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft Universitätsallee GmbH & Co. KG, Bremen
- Carlo Gavazzi Space S.p.A, Milan
- VOLPAIA Beteiligungsgesellschaft mbH, Bremen
- Apollo Capital Partners GmbH, Munich

Business transactions with related parties were conducted on arm's length terms. In the year under review, sales and other income of EUR 0.010 million (previous year EUR 0.430 million) arose from transactions with related parties, while expenditure on goods and services purchased and rentals came to around EUR 2.850 million (previous year EUR 5.650 million). Outstanding receivables as of the balance sheet date were valued at EUR 0.739 million (previous year EUR 0.850 million). Outstanding liabilities on the same date stood at EUR 0.324 million (previous year EUR 0.128 million).

Currency translation

Most outgoing invoices are denominated in euro. Incoming and outgoing invoices denominated in a foreign currency are converted and placed on the books on the balance-sheet date. Foreign-currency bank balances were converted at the end-of-year exchange rate.

EXPLANATIONS ON THE CONSOLIDATED BALANCE SHEET

As of each balance sheet date, OHB Technology reviews the carrying values of intangible assets and property, plant and equipment to identify any evidence of impairment. In this case, the recoverable amount of the asset in question is calculated to determine the amount of any impairment loss. The recoverable amount is defined as the fair value less possible costs of sale or the value in use, whichever is the greater.

(1) Goodwill

The balance sheet for the year ending December 31, 2006 includes goodwill of EUR 3.313 million (see table entitled "Goodwill"). Goodwill undergoes impairment testing on a regular basis once a year and additionally at other times in the event of any evidence pointing to impairment. If the recoverable amount of the

Goodwill 12/31/2006	EUR 000
Goodwill from the transfer of Telemondo International GmbH's business operations from the single-entity accounts for OHB-System AG	629
Goodwill from capital consolidation of:	
STS Systemtechnik Schwerin GmbH	566
Timtec Teldatrans GmbH	115
ORBCOMM Deutschland AG	556
Telematic Solutions S.p.A.	801
megatel GmbH	646
Total	**3,313**

goodwill is less than its carrying value, it is written down immediately and the resultant impairment loss taken to the income statement. In this case, the recoverable amount equals the cash value of the expected cash flows discounted using the current market rate for a similar asset before tax. No impairment losses arose in the year under review.

(2) Intangible assets

Intangible assets acquired from third parties primarily comprise software programs and licenses. These are written down on a straight-line basis over a period of between three and six years. Development expenditure is recognized as an asset pursuant to IAS 38.57 if a newly developed product or process can be clearly delineated, is technically feasible and is intended either for the Company's own use or for sale. A further condition is that it must be sufficiently likely for the development expenditure to be recouped from future cash flows. This expenditure is recognized on the basis of the production costs incurred, primarily development hours in fiscal 2006, multiplied by the applicable hourly rate. They are written down on a straight-line basis of the expected useful life of four years. Depreciation/amortization charges are carried under depreciation/amortization (page 91). Unrestricted ownership rights are held for intangible assets. No liens have been granted as collateral for liabilities.

Research and development costs totaled EUR 8.218 million. Of this, an amount of EUR 3.085 million relates to capitalized development costs.

(3) Property, plant and equipment

Additions in the fiscal year under review primarily entailed technical/electronic laboratory equipment, technical equipment and machinery, hardware, operating and business equipment and minor-value assets. Assets classed as property, plant and equipment are carried at cost less scheduled straight-line depreciation over their expected useful lives. Subsequent expenditure on assets which does not increase their value or materially extend their useful lives is expensed. Material additions and improvements are recognized as assets. Disposals are reflected in historical acquisition costs as well as accumulative depreciation. Profit and loss from the disposal of assets are recognized as other operating income/expenses. Property, plant and equipment are written down over periods of between three and 33 years. There are unrestricted ownership rights to assets classed as property, plant and equipment. No liens have been granted as collateral for liabilities. Depreciation/amortization charges on are carried under depreciation/amortization (page 91). No accelerated depreciation was required.

Scheduled Depreciation/Amortization Periods for Medium- and Long-Term Assets

	Years
Concessions and commercial property rights	4–10
Software	3–6
Buildings	10–33
Improvements to buildings and external fixtures	8–14
Machinery and technical equipment	5–15
Operating and office equipment	3–15
Motor vehicles	3–4

(4) Equity investments carried at equity

Equity investments held as non-current liabilities are carried at cost and – in the case of companies consolidated at equity – net of prorated net profit/income for the year. Assets are for the most part shown at their fair values. Accordingly, as a precautionary measure, no writeups are included.

Other financial assets

This item primarily concerns the share held in ORBCOMM Inc., which was floated on the stock market in 2006. The value of the shares was measured at the prices at which they were quoted on the stock market on the balance sheet date. The shares in ORBCOMM Inc. are classified as available for sale. The fair value measurement resulted in an adjustment of EUR 9.660 million, which is recognized under equity. The deferred taxes of EUR 0.184 million arising from this transaction are included in deferred tax liabilities.

(5) Other non-current receivables and other non-current assets

Receivables and other assets are reported at their nominal value. If in individual cases there are justified doubts as to whether receivables can be retrieved, these are shown at the lower recoverable value. This primarily relates to claims under reinsurance contracts. In addition, this item includes non-current loan receivables. There are no material interest or counterparty default risks.

(6) Deferred tax assets

Pursuant to IAS 12, temporary differences between the carrying amount of assets or liabilities on the balance sheet and their tax base in accordance with IFRS/IAS give rise to deferred taxes. The OHB Group applies a tax rate of 38 % for the purposes of calculating deferred taxes. By contrast, the MT Aerospace subgroup uses a tax rate of 40 % on account of different assessment rates for trade tax. The deferred tax assets (EUR 6.225 million) primarily arise from the difference of EUR 15.682 million in provisions for pension commitments in accordance with German GAAP on the one hand and IFRS on the other. In addition, deferred tax assets relate to tax credits arising from the expected use of existing loss carryforwards in future years whose realization is sufficiently assured. Deferred tax of EUR 1.903 million has been recognized on the basis of realized profits and corporate planning for the period from 2007 until 2008 for OHB Teledata GmbH and Timtec Teldatrans GmbH.

(7) Inventories

Inventories are recognized at historical cost or the lower applicable net sales value prevailing on the balance-sheet date. In the case of consolidated companies with construction contracts as defined in IAS 11 on their books, the percentage-of-completion method is applied allowing for reasonable discounts on the basis of a true and fair view to allow for unexpected future risks as far as it is possible to calculate the partial profit with adequate precision on the basis of the percentage of completion. Long-term construction projects in progress on the balance-sheet date (durations of 1 – 15 years) are recognized as assets on the basis of

Inventories	EUR 000	
	12/31/2006	12/31/2005
Work in progress	45,194	30,506
Finished goods	6,201	11,148
Total	**51,395**	**41,654**

production costs plus administrative overhead costs provided that a partial profit can be estimated with a reasonable degree of reliability. Partial profits are recognized in other projects using generally accepted principles. Projects for which partial profits have been recognized are carried under revenues pursuant to IAS 11.22. The corresponding contract costs are recognized as cost of materials/services in the fiscal year in question. Inventories increased over the previous year to EUR 51.395 million (previous year EUR 41.654 million). Advance payments are not netted with inventories.

(8) Trade receivables

Trade receivables are due within one year. Receivables and other assets are reported at their nominal value. If in individual cases there are justified doubts as to whether receivables can be retrieved, they are written down or shown at the lower recoverable value.

(9) Other current receivables and assets

Receivables and other assets are reported at their nominal value. If in individual cases there are justified doubts as to whether receivables can be retrieved, these are shown at the lower recoverable value. In addition, this item includes current loan receivables. There are no material interest or counterparty default risks.

As of the balance sheet date, currency forwards worth USD 4.5 million had been transacted to cover the exports of a consolidated company. The fair value of these forwards is EUR 0.00.

(10) Securities

As of the balance sheet date, the securities portfolio was valued at EUR 35.568 million (previous year EUR 23.706 million). This breaks down as follows: financial assets at fair value through profit or loss EUR 30.448 million (previous year EUR 23.706 million) and held-to-maturity financial assets EUR 5.120 million (previous year nil). Measurement of the financial assets at fair value through profit or loss resulted in income of EUR 1.297 million (previous year EUR 0.035 million), which was recognized in the income statement under currency translation gains/losses and additional interest income of EUR 0.285 million. The fair values are determined on the basis of the stock market prices as of the balance sheet date. The held-to-maturity financial assets are recognized at amortized cost using the effective interest method. Financial risks primarily comprise liquidity, market price and counterparty default risks. There are no material liquidity or counterparty default risks as low-risk investment funds are selected for the most part. In the interests for averting market price risks, virtually all cash is invested in funds, which can be redeemed at short notice in order to achieve broad risk diversification.

(11) Cash and cash equivalents

Cash and cash equivalents were valued at EUR 53.934 million (previous year EUR 71.378 million) on the balance sheet date and comprised cash in hand, cash at banks and commercial papers. Cash at banks and receivables under commercial papers are due within three months.

Shareholders' equity

Subscribed capital as well as additional paid-in capital relate to OHB Technology AG.

(12) Subscribed capital

The Company's share capital of EUR 14,928,096.00 is divided into 14,928,096 no-par-value ordinary bearer shares equivalent to a notional share of EUR 1.00 in the Company's share capital. There is one vote for each share held.

(a) Contingent capital

At their annual general meeting held on January 23, 2001, the Company's shareholders increased the Company's share capital by approving the issue of a total of EUR 516,404.00 in the form of up to 516,404 bearer shares on a contingent basis. The contingent capital increase is to be used for granting options to entitled persons under the staff compensation system. The contingent capital increase may only be implemented if the holders of such options exercise these. The new shares are dividend-entitled for the first time in the fiscal year in the course of which they are issued. The Management Board is authorized with the Supervisory Board's approval to determine the specific conditions for such contingent capital increase. In the event that options are granted to members of the Company's Management Board, the Supervisory Board is authorized to determine the specific conditions for such contingent capital increase.

(b) Authorized capital

At their annual general meeting held on May 22, 2002, the shareholders passed a resolution authorizing the Company's Management Board – with the Supervisory Board's approval – to raise the share capital once or repeated times by a total of up to EUR 7,464,048.00 on a cash or non-cash basis (authorized capital) until May 22, 2007. The new shares may also be issued to the Company's employees. In addition, the Company's Management Board was authorized – with the Supervisory Board's approval – to exclude the shareholders' pre-emptive subscription rights for part of the authorized capital up to a maximum of EUR 1,492,809.00 provided that the new shares are issued in return for cash capital contributions at a price not materially less than the stock-market price; for a part of the authorized capital up to a maximum of EUR 7,464,048.00 if the shares are issued as consideration for the acquisition of all or part of other companies and such acquisition is in the interests of the Company; or as consideration for cash capital contributions to have the Company's stock listed in a foreign market in which it has previously not been admitted to trading.

(c) Authorization to acquire and sell treasury stock

At the annual general meeting held on May 10, 2006, the shareholders authorized the Company to buy back treasury stock of up to a total of 10 % of the Company's share capital until November 9, 2007. Upon this authorization taking effect, the authorization granted on May 12, 2005 for the acquisition and utilization of treasury stock was revoked.

If the Company buys back its own shares via the stock market, the purchase price paid per share (excluding transaction costs) may not exceed or drop below any more than 10 % of the average closing price of the stock in Xetra trading (or an equivalent replacement system) on the Frankfurt stock exchange on the last three trading days prior to acquisition of the shares.

In addition to all purposes permitted by statute, these shares may – with the Supervisory Board's approval - be

- used to place the Company's shares in foreign stock exchanges to which they have previously not been admitted for trading,
- offered or transferred to third parties for the purpose of acquiring companies, parts of companies or equity interests including but not limited to additions to existing equity interests,

- offered to the employees of the Company or other entities related to it in accordance with the definition in Sections 15 et seq. of the German Stock Corporation Act as employee shares,
- sold other than publicly or in the form of an offer to the shareholders - without any obligation for a further resolution to be passed by the shareholders - provided that the sale is for cash and the price offered is not materially less than the price at which equivalent stock issued by the Company is trading on the stock market on the date of the sale. In this case, the stock market price is defined as the arithmetic mean of the price fixed for the Company's stock in the closing auctions in Xetra trading (or an equivalent replacement system) on the Frankfurt/Main stock exchange on the last five trading days before the date of the sale. This authorization is limited to a total of 10 % of the Company's share capital.

For the purposes of the above authorizations, the shareholders' pre-emptive subscription rights have been excluded for treasury stock bought back. In addition, treasury stock may be redeemed with the approval of the Supervisory Board without any need for a resolution of the shareholders approving such redemption or the actions required to execute such redemption. The aforementioned authorizations may be utilized once or repeatedly, in part or in full, individually or jointly. The Company did not make use of this authorization in the year under review.

(d) Stock option rights

All options held by employees and members of the Management Board expired at midnight on March 5, 2006. No new stock option program has been established.

As of the balance-sheet date (December 31, 2005), options for 100,000 shares had been granted to employees and options for 40,000 shares to members of the Management Board using the Company's contingent capital. It was not permissible for the options to be exercised in the first two years after being issued, i.e. the date of the Company's stock-market flotation, March 13, 2001 ("vesting period"). Within the first twelve months of the expiry of the vesting period, it was only permissible for 50 % of options granted simultaneously to be exercised. At the end of the twelfth month after the expiry of the vesting period, it was permissible for 100 % of options granted simultaneously to be exercised. It was only permissible for the options to be exercised if the target defined for the option in question had been reached and only on banking days within the exercise periods ("exercise periods"). It was only permissible for an option to be exercised if the price of the Company's stock had increased by at least 2 % per full month since the grant of the option. The performance of the Company's stock was determined by a comparison between the price of the option in question and the highest price reached by the Company's stock on the first banking day following the announcement of the business figures immediately preceding the exercise of the option rights. The issue price was EUR 10.50.

(13) Additional paid-in capital

The additional paid-in capital primarily comprises the cash proceeds from the stock-market flotation in 2001. The costs of the stock-market flotation in 2001 and non-cash capital increase in 2002 were not charged to the income statement. The new shares arising from the non-cash capital increase were also issued on the stock exchange. In addition, the goodwill of EUR 2.257 million arising from the consolidation of OHB-System AG, among other things, was recognized in equity in 2002.

(14) Retained earnings

Retained earnings includes the proceeds from the derecognition of the negative goodwill from first-time consolidation in 2002, which is not taken to the income statement, in accordance with IFRS 3.81.

(15) Other comprehensive income

This equity item relates to the fair-value measurement of the shares held in ORBCOMM Inc. on the basis of the stock price on the balance sheet date net of the carrying values. This adjustment was recognized under equity. The deferred taxes calculated on this amount (EUR 0.184 million) were also recognized under equity.

(16) Treasury stock

On the balance sheet date, treasury stock comprised 27,394 shares (previous year 27,394), meaning that a total of 14,900,702 shares were outstanding as of the balance sheet date. The treasury stock was measured at an average price of EUR 6.106 per share and shown separately from the Company's share capital on the face of the balance sheet.

(17) Minority interests

The minority interests are valued at EUR 7.191 million (previous year EUR 5.815 million) and relate to the co-shareholders in the MT Aerospace subgroup, megatel GmbH and Telematic Solutions SpA.

Provisions

The provisions have been reliably assessed to allow for transactions resulting in an outflow of enterprise resources to settle present obligations (see table entitled "Provisions"). Estimates are primarily based on detailed calculations.

(18) Provisions for pensions and similar obligations.

Pension provisions have been set aside for one member of the Management Board (EUR 0.407 million) and reported in the amount permitted by law within the OHB Group (excluding MT Aerospace). They are valued using the fractional-value method. The fractional values are computed using actuarial principles on the basis of the 2005 mortality tables compiled by Prof. Dr. Klaus Heubeck and an interest rate of 6 %. With respect to these provisions, it is assumed that the application of the projected unit credit method provided for in IAS 19 does not result in any major differences in this item.

OHB Group has made arrangements for post-retirement benefits for entitled employees in the Space Transportation + Aerospace Structures business unit.

Statement of Changes in Provisions — EUR 000

	Balance January 1, 2006	Additions	Reversals	Changes consolidation perimeter	Balance December 31, 2006
Pension provisions	**63,757**	**4,367**	**2,595**	**0**	**65,528**
of which non-current	63,757	4,367	2,595	0	65,528
Tax provisions	**1,839**	**5,723**	**4,080**	**0**	**3,482**
of which non-current	0	0	0	0	0
Deferred taxes	**12,654**	**3,858**	**616**	**0**	**15,896**
of which non-current	12,654	3,858	616	0	15,896
Other provisions	**24,923**	**14,637**	**17,981**	**0**	**21,579**
of which non-current	4,402	1,021	2,186	0	3,237
Total	**103,173**	**28,585**	**25,273**	**0**	**106,485**

The amount of the future benefits is generally based on the length of service, amount of remuneration and position held within the Company. The direct and indirect obligations encompass those under existing pensions and entitlement to future pensions and post-retirement benefits.

Obligations under defined-benefit plans are calculated using the projected unit credit method in accordance with IAS 19 (Employee Benefits). The expected benefits are deferred over the entire period of service of the employees. There were no extraordinary expenses or income as a result of the termination of any plans or on account of the curtailment or transfer of benefits in the year under review. The calculation of post-retirement benefit obligations takes account of market interest rates as well as trends in wages and salaries, pensions and fluctuations on the basis of the following actuarial assumptions:

- Discount rate: 4.25 % (previous year 4.25 %)
- Estimated future salary/wage increase: 2.00 % (previous year 2.00 %)
- Wage drift: 0.50 % (previous year 0.50 %)
- Estimated future pension increase: 1.50 % (previous year 1.50 %)

These parameters are also applied in the following year to the calculation of the cost of the entitlement acquired. The total cost of defined benefit pension commitments breaks down as follows:

- Cost of entitlement acquired in the year under review: EUR 1.352 million (previous year EUR 0.643 million)
- Interest expenditure on entitlement already acquired: EUR 2.987 million (previous year EUR 1.546 million)

Defined-benefit obligations not funded by external plans are valued at EUR 72.484 million (previous year EUR 72.895 million). The actuarial losses arising in the year under review equal EUR 7.446 million (previous year EUR 9.635 million). Accordingly, the pension provisions are valued at EUR 65.038 million (previous year EUR 63.260 million).

As a matter of principle, actuarial gains and losses not exceeding 10 % of the present value of the obligations and the fair value of the fund assets are not recognized in accordance with the corridor method (IAS 19). The 10 % corridor will be exceeded in the current fiscal year. The resultant amount of EUR 0.235 million will be distributed over a period of ten-years. The obligations are reviewed in regular intervals and under risk aspects as well.

(19) Other non-current provisions

This primarily relates to provisions for obligations under pre-retirement part-time working commitments within the MT Aerospace subgroup.

(20) Non-current financial obligations

This entails long-term liabilities towards the banks of the Italian subsidiary Telematic Solutions S.p.A. The average interest rate on these liabilities stands at 4.7 %.

(21) Non-current advance payments received

This entails advance payments made by customers for contracts under construction with a residual term of more than twelve months.

(22) Deferred tax liabilities

A sum of EUR 3.482 million has been set aside for income tax on the basis of the Group's actual tax burden. This amount is included in current provisions. Pursuant to IAS 12, temporary differences between the carrying amount of assets or liabilities on the balance sheet and their tax base in accordance with IFRS/IAS give rise to deferred taxes. Provisions for deferred taxes were increased by EUR 3.242 million to EUR 15.896 million. This includes a sum of EUR 0.184 million for the fair value measurement of the shares in ORBCOMM Inc. recognized under equity. For the most part, deferred taxes were recognized for the non-recurring income of TEUR 7.000 million (approx. EUR 2.700 million) as well as for capitalized development costs of EUR 9.427 million (approx. EUR 3.600 million).

In addition, measurement differences arose in connection with other non-current assets of EUR 8.267 million (approx. EUR 3.300 million), other current assets of EUR 2.961 million (approx. EUR 1.200 million) and the application of the percentage-of-completion method in earlier years (approx. EUR 3.697 million).

(23) Current provisions

Provisions of EUR 9.432 million were set aside for the cost of purchased materials and services for which deliveries had already been received but for which the corresponding invoices were still outstanding. Other provisions primarily relate to obligations towards employees and restructuring costs (EUR 7.047 million) and income tax (EUR 3.482 million).

(24) Current financial obligations

This mostly entails current liabilities towards the banks of the Italian subsidiary Telematic Solutions S.p.A. The average interest rate on these liabilities stands at 6.2 %.

(25) Trade payables

Liabilities are reported at their redemption value. All liabilities are due within one year.

(26) Advance payments received

This item comprises advance payments made by customers for contracts under construction with a residual term of less than twelve months.

(27) Other current liabilities

This item relates to liabilities in connection with social security and tax as well as the bulk of the liabilities arising in connection with the restructuring of the MT subgroup.

Other financial obligations

Financial obligations under leases are valued at EUR 46.720 million; of this, EUR 26.759 million is for terms of 1 - 5 years and EUR 19.961 million for terms of more than five years. Operating leases entail financial obligations of EUR 0.341 million with a term of between one and five years. There are no operating leases with a term of more than five years. There are no other obligations necessitating an outflow of resources. No use was made of financial derivatives. OHB Technology AG has issued a declaration of subordination for Timtec Teldatrans GmbH towards third-party debtors with respect to its own receivables for an amount of EUR 1.926 million. The Company has not issued any guarantees for liabilities held by ELTA SA. As of the balance sheet date there were guarantee obligations of EUR 20.012 million, including EUR 10.000 million in connection with a bidding guarantee.

EXPLANATIONS ON THE CONSOLIDATED INCOME STATEMENT

Recognition of revenues and expenses

Sales and other operating income are recognized on the date on which the services or goods are provided or risk passes to the customer. The percentage-of-completion method provided for in IAS 11 was applied allowing for reasonable discounts on the basis of a true and fair view to allow for unexpected future risks as it was possible to calculate the partial profit with adequate precision on the basis of the percentage of completion. For this purpose, the degree of completion is determined on the basis of the contract costs which have arisen as of the balance sheet date relative to the expected total contract costs. Long-term projects in progress on the balance-sheet date (durations of between one and 15 years) are recognized as assets on the basis of production costs plus administrative overhead costs provided that a partial profit can be estimated with a reasonable degree of reliability. Partial profits are recognized in other projects using generally accepted principles.

(28) Sales

Sales from construction contracts as defined in IAS 11 came to EUR 58.956 million in the year under review (previous year EUR 47.206 million). The related contract costs stood at EUR 52.863 million (previous year EUR 42.510 million). The resultant earnings before interest and tax (EBIT) for fiscal 2006 equaled EUR 6.093 million (previous year EUR 4.696 million).

Sales break down by business unit as follows:

Sales	EUR 000	
	2006	2005
Space Systems + Security	58,956	47,206
Space Transportation + Aerospace Structures	93,207	57,102
Telematics + Satellite Operations	14,093	12,555
Consolidation	-3,109	-3,034
Total	**163,147**	**113,829**

(29) Changes in inventories of finished goods and work in progress

Changes in Inventories of Finished Goods and Work in Progress		
EUR 000	2006	2005
Space Systems + Security	1,499	-128
Space Transportation + Aerospace Structures	3,457	-8,499
Telematics + Satellite Operations	-223	380
Total	**4,733**	**-8,247**

(30) Other own work capitalized

Development expenditure is recognized as an asset pursuant to IAS 38.57 if a newly developed product or process can be clearly delineated, is technically feasible and is intended either for the Company's own use or for sale. A further condition is that it must be sufficiently likely for the development expenditure to be recouped from future cash flows. Such expenditure is recognized on the basis of the production costs incurred, primarily development hours multiplied by the applicable hourly rate.

(31) Other operating income

This includes income from the reversal of provisions as well as income from grants. The main item relates to the absorption of an external liability by the Group (EUR 7.000 million).

(32) Total revenues

Total revenues comprise:

- Sales
- Changes in inventories of finished goods and work in progress
- Other own work capitalized
- Other operating income

Total revenues break down by business unit as follows:

Total Revenues	EUR 000	
	2006	2005
Space Systems + Security	63,040	50,767
Space Transportation + Aerospace Structures	103,356	50,554
Telematics + Satellite Operations	15,524	13,540
Consolidation	-4,391	-4,001
Holding	8,170	6,197
Total	**185,699**	**117,057**

(33) Cost of materials

Cost of Purchased Materials and Services	EUR 000	
	2006	2005
Expenditure on raw materials and consumables	75,975	44,561
Expenditure on services purchased	14,272	8,438
Total	**90,247**	**52,999**

(34) Personnel expenses

Personnel Expenses	EUR 000	
	2006	2005
Wages and salaries	42,233	28,130
Social security charges and expenditure on old age pensions and support	9,090	5,674
Total	**51,323**	**33,804**

(35) Depreciation and amortization

No non-scheduled depreciation/amortization was required in the year under review.

(36) Other operating expenses

Other operating expenses include rental payments as well as distribution and administration expenses.

(37) Investment income

Investment income comprises the share of profits of ELTA S.A. (EUR 0.336 million), which is carried at equity, as well as the dividend received on the share in Orbcomm Inc. Last year, investments of EUR 0.826 million were written off.

(38) Income tax

Actual income tax of EUR 5.054 million arose with respect to the consolidated German companies; income tax of EUR 0.115 million arose outside Germany. The domestic deferred tax is calculated on the basis of tax rates of 38 % and 40 %. Deferred tax assets are allowed for pursuant to IAS 12. Reconciliation with effective tax expense (excluding deferred tax) for fiscal 2006: see table entitled "Basis for tax expense". The weighting of the aforementioned tax rates results in a weighted tax rate of 38.25 % for the reconciliation statement.

(39) Minority interests

Minority interests are valued at EUR 1.403 million and relate to Telematic Solutions S.p.A., MT Aerospace Holding GmbH and megatel GmbH.

Depreciation and Amortization

EUR 000	2006	2005
Goodwill	0	0
Intangible assets	3.144	2.548
Property, plant and equipment	4.364	2.697
Total	**7.508**	**5.245**

Reconciliation of Tax Expenses 2006	EUR 000
Tax at the applicable rate of 38.25 %	8,408
Partialty tax-exempt income (23.00 % x 732)	-168
Non-detuctible operating expenses (38.25 % x 830)	317
Foreign tax	6
Effective tax expense	**8,563**

IAS earnings per share

Basic earnings per share are calculated by dividing the post-tax earnings attributable to the shares in question by the total number of shares with dividend entitlement. This indicator may be diluted by so-called potential shares – particularly options and subscription rights. Under the terms of a staff compensation program, stock options not eligible for exercise in 2006 pursuant to the terms of the options were issued. The option program expired in 2006. Accordingly, there is no difference between basic and diluted earnings per share. Calculations are based on 14,900,702 shares as the Company has treasury stock comprising 27,394 shares. The consolidated net income of EUR 12.016 million was used for calculation purposes. Earnings per share for 2006 came to EUR 0.81 (previous year EUR 0.72).

Segment reporting

The Group comprises the following business units:

- Space Systems + Security
- Space Transportation + Aerospace Structures
- Telematics + Satellite Operations

The prior-year figures for the Space Transportation + Aerospace Structures division refer to the period from July 1, 2005 through December 31, 2005. A report by secondary segment, e.g. geographic breakdown, has

Segment Reporting — in EUR 000

	Space Systems + Security		Space Transportation Aerospace Structures	
	2006	2005	2006	2005
Sales	58,956	47,206	93,207	57,102
of which internal sales	392	248	5	0
Total revenues	63,040	50,767	103,356	50,554
Cost of purchased materials and services	37,977	28,333	47,713	22,185
Depreciation	2,254	1,954	3,882	2,080
EBIT	**6,093**	**4,696**	**6,618**	**3,118**
Non-current assets	10,008	10,676	41,763	42,601
Current assets	42,223	43,493	146,437	133,349
Total assets	**52,231**	**54,169**	**188,200**	**175,950**
Shareholders' equity	15,084	14,832	15,295	10,489
Liabilities	37,147	39,337	172,906	165,461
Total equity and liabilities	**52,231**	**54,169**	**188,200**	**175,950**

been dispensed with as it is not possible to reasonably assign sales to geographic region on account of the structure of the Group's customers (international organizations). Segment income, expenses and earnings also entail business relations between the business units. These transfers were netted in full. The holding company is shown separately as most of the equity interests are held on this level. OHB Technology AG operates as an active holding company. In the year under review, the Space Systems + Security business unit invested EUR 1.746 million (previous year EUR 2.976 million), the Space Transportation + Aerospace Structures business unit EUR 3.127 million (previous year EUR 1.021 million) and the Telematics + Satellite Operations business unit EUR 1.563 million (previous year EUR 0.633 million). Investments and the holding company level came to EUR 0.439 million (previous year EUR 4.270 million). The share of profit of ELTA S.A., which is carried at equity, was assigned to the holding company's net financial result (EUR 0.336 million). With respect to the figures in the income statement, it should be noted that MT Aerospace AG was consolidated for the first full year in 2006.

Telematics + Satellite Operations		Holding		Consolidation		Total	
2006	2005	2006	2005	2006	2005	2006	2005
14,093	12,555	0	0	-3,109	-3,034	163,147	113,829
1,815	2,148	0	0	-2,212	-2,396	0	0
15,524	13,540	8,170	6,197	-4,391	-4,001	185,699	117,057
7,606	5,356	0	0	-3,049	-2,875	90,247	52,999
1,414	1,258	9	4	-51	-51	7,508	5,245
681	**1,065**	**6,985**	**5,150**	**51**	**51**	**20,428**	**14,080**
4,192	3,785	37,956	28,268	-16,469	-16,519	77,451	68,811
16,197	15,169	15,675	14,893	-10,490	-9,446	210,043	197,458
20,389	**18,954**	**53,632**	**43,161**	**-26,959**	**-25,965**	**287,494**	**266,269**
9,682	8,837	51,585	41,489	-12,541	-16,433	79,104	59,214
10,708	10,117	2,047	1,672	-14,418	-9,532	208,390	207,055
20,389	**18,954**	**53,632**	**43,161**	**-26,959**	**-25,965**	**287,494**	**266,269**

MANAGEMENT BOARD AND SUPERVISORY BOARD

The Company's Management Board comprises:

- Mr. Marco R. Fuchs, Lilienthal, chairman
- Professor Dr. h.c. Manfred Fuchs, Bremen
- Mr. Ulrich Schulz, Bremen

In the year under review, the members of the Management Board received fixed remuneration of EUR 0.653 million (previous year 0.599 million) including all benefits such as advances towards health and pension insurance, non-cash benefits in the form of a company car and contributions to an endowment policy. Provisions of EUR 0.270 million (previous year 0.142 million) were set aside for the payment of variable remuneration to the Management Board in 2006.

The remuneration paid to Management Board members Marco R. Fuchs and Ulrich Schulz were paid for by OHB Technology AG.

The remuneration received by Prof. Dr. h.c. Manfred Fuchs was paid by OHB-System AG.

All members of the Management Board also worked for subsidiaries. However, no additional compensation was paid for this.

The principles of the compensation system as well as the individualized compensation paid to the Management Board are described in detail in the Compensation Report (part of the Management Report) in the Corporate Governance Report (page 64-65).

The Company's Supervisory Board comprises:

- Mrs. Christa Fuchs, Bremen, Managing shareholder of VOLPAIA Beteiligungsgesellschaft mbH, Bremen; chairwoman
- Prof. Dr.-Ing. Hans J. Rath, Wilstedt, Professor at the University of Bremen; deputy chairman (since September 15, 2005)
- Prof. Heinz Stoewer, St. Augustin, Professor em. Space Systems Engineering, Technical University of Delft, Netherlands, managing director of Space Associates GmbH, St. Augustin

Securities held by Member's of the Company's Corporate Governance Bodies

12/31/2006	Stocks	+/- 2006/05
Christa Fuchs, Chairwoman of the Supervisory Board	2,000,690	-
Prof. Heinz Stoewer, Member of the Supervisory Board	1,000	-
Marco R. Fuchs, Chairman of the Management Board*	414,796	-
Prof. Dr. h.c. Manfred Fuchs, Member of the Management Board	3,461,064	-
Ulrich Schulz, Member of the Management Board*	2,904	-

The total compensation paid to members of the Supervisory Board for fiscal 2006 came to EUR 0.040 million (previous year EUR 0.040 million). Of this, the Chairwoman of the Supervisory Board received EUR 0.020 million and the other two members of the Supervisory Board EUR 0.010 million each. Variable compensation components were dispensed with.

Offices held by members of the Company's Management Board and Supervisory Board in other supervisory boards and management bodies as defined in Section 125 (1) 3 of the German Stock Corporation Act in fiscal 2006:

- Mr. Marco R. Fuchs, beos GmbH, Bremen, member of the supervisory board; ZARM Technik AG, Bremen, member of the supervisory board
- Prof. Dr. h.c. Manfred Fuchs, ATB GmbH, Bremen, member of the supervisory board, beos GmbH, Bremen, member of the supervisory board
- Prof. Dr. Ing. Hans J. Rath, ZARM Technik AG, Bemen, chairman of the supervisory board; beos GmbH, Bremen, member of the supervisory board

Mrs. Christa Fuchs received compensation of EUR 0.125 million for her advisory services for members of the OHB Technology Group in the year under review. Prof. Heinz Stoewer received compensation totaling EUR 0.018 million in the year under review for the provision of consulting services.

DECLARATION OF CONFORMITY WITH THE CORPORATE GOVERNANCE CODE PURSUANT TO ARTICLE 161 OF THE JOINT STOCK COMPANIES ACT

The Management Board and the Supervisory Board have published the declaration required pursuant to Section 161 of the Joint Stock Companies Act confirming that save for a few small exceptions (see Corporate Governance on page 11-13) the Group already conforms to the German Corporate Governance Code and will continue to do so in the future.

ADDITIONAL DISCLOSURES

In the period under review, the OHB Group paid the following fees to BDO Deutsche Warentreuhand AG, Hamburg, the auditors of its financial statements:

- Auditing of the annual financial statements: EUR 0.130 million
- Auditing-related services: EUR 0.051 million
- Tax consulting services: EUR 0.026 million

USE OF EARNINGS

The parent-company financial statements prepared for OHB Technology AG pursuant to German GAAP (HGB) for the year ending December 31, 2006 carry net income for the year of EUR 3,780,020.80. OHB Technology AG operates as an active holding company. Its main assets comprise investments which were reported at a value of EUR 26.787 million on the balance-sheet date. OHB Technology AG's equity stood at EUR 40.725 million on December 31, 2006. The parent-company financial statements include cash and cash equivalents and other short-term negotiable securities of EUR 4.778 million. Income of EUR 5.280 million under profit transfer agreements made a particular contribution to net income for fiscal 2006.

The Management Board will be asking the shareholders to pass a resolution providing for the Company's unappropriated surplus of EUR 3,780,020.80 for fiscal 2006 to be allocated as follows:

The figures stated for the total dividend and the amount to be carried forward are based on the number of dividend-entitled shares as of the date of the Management Board's allocation proposal.

Pursuant to Section 71b of the German Stock Corporation Act, the Company's treasury stock (27,394 shares) is not dividend-entitled.

If the number of shares held as treasury stock on the date on which the shareholders pass a resolution adopting the proposal for the allocation of the Company's unappropriated surplus is greater or smaller than on the date of the Management Board's proposal, the amount payable to the shareholders will be increased or, as the case may be, decreased by the amount attributable to the difference in the number of shares. The amount to be carried forward will be adjusted accordingly. However, the distributable dividend per dividend-entitled share will change.

If necessary, the shareholders will be presented with a correspondingly modified proposal for the allocation of the Company's unappropriated surplus.

The consolidated financial statements were approved for publication on March 27, 2007.

Bremen, March 13, 2007

Earnings Allocation Proposal in EUR	2006
Distribution of a dividend of EUR 0.23 per dividend-entitled share (14,900,702 shares)	3,427,161.46
Amount to be carried forward	352,859.34
Unappropriated surplus	**3,780,020.80**

Marco R. Fuchs

Prof. Dr. h.c. Manfred Fuchs

Ulrich Schulz

AUDITOR'S CERTIFICATE

"We have audited the consolidated annual financial statements prepared by OHB Technology AG comprising the balance sheet, income statement, cash flow statement, statement of equity movements and notes, as well as the Group management report for the fiscal year commencing on January 1, 2006 and ending on December 31, 2006. The preparation of the consolidated annual financial statements and the Group management report in accordance with the IFRSs, as they are to be applied in the EU, the supplementary provisions of German commercial law in accordance with Section 315 a (1) HGB are the responsibility of the Company's statutory representatives. Our responsibility is to express an opinion on the consolidated annual financial statements and the Group management report on the basis of our audit.

We conducted our audit of the consolidated annual financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated 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 annual financial statements in accordance with the applicable principles of proper accounting 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 evaluations of 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 Group annual financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes an assessment of the financial statements of the companies included in the Group, the definition of the consolidation perimeter, the accounting and consolidation principles applied and the significant estimates made by the statutory representatives as well as an appraisal of the overall situation presented by the consolidated annual 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 results of our audit, the consolidated annual financial statements comply with the IFRSs as they are to be applied in the EU, the supplementary provisions of German commercial law in accordance with Section 315 a (1) and in the light of these provisions give a true and fair view of the net assets, financial position and results of operations of the Group. The Group management report is consistent with the consolidated annual financial statements and on the whole provides a suitable understanding of the Group's position and suitably presents the risks to future development."

Hamburg, March 14, 2007
BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rohardt
Wirtschaftsprüfer

ppa. Kerber
Wirtschaftsprüfer

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GLOSSARY

ARDS Aerial Reconnaissance Data System; broadband system for transmitting aerial reconnaissance images

ARTES-11 ESA long-term plan for the development of small geostationary telecommunications satellites

ATV Automated Transfer Vehicle; unmanned space transporter for supply flights to the ISS

BMVg German Federal Ministry of Defense

BWB German Federal Office of Defense Technology and Procurement

CNES Centre national d´études spatiales; French Space Agency.

COLUMBUS Name of the European module of the International Space Station

DBO Defined Benefit Obligation

DGA Délégation Générale pour l'Armement; French millitary procurement agency

DLR German Aerospace Center

D-WERDAS Demonstrator
Extensive relay-based data transmission system

EBIT Earnings Before Interest and Taxes

EBITDA Earnings Before Interests, Taxes, Depreciation and Amortisation

EBT Earnings Before Taxes

EnMAP Environmental Mapping and Analysis Program satellite for hyperspectral terrestrial observation

EPM European Physiology Modules; human-physiology research payload for the ISS Columbus module

ESA European Space Agency

E-SGA German acronym for Europeanization of satellite-based reconnaissance

EPS Earnings Per Share

ETC European Transport Carrier; transport rack for sensitive scientific experiments on board the Columbus module of the ISS

ExoMars ESA Mars exploration mission

FSLGS French SAR-Lupe Ground Segment-configuration of French Helios ground segment to receive SAR-Lupe reconnaissance images

Galileo European global satellite-based navigation system

GIS Geographic Information System

GMES European initiative for the Global Monitoring for Environment and Security

HTV H-II Transfer Vehicle; unmanned Japanese space transporter

IAS International Accounting Standards

IFRS International Financial Reporting Standards

IOT Industrial Operator Team; the team responsible for preparing the start-up of the Columbus module for the ISS

ISS International Space Station

LEO Low Earth Orbit

NASA National Aeronautics and Space Administration

OEM Original Equipment Manufacturer

ORBCOMM CDS ORBCOMM Concept Demonstration Satellite; first second-generation ORBCOMM satellite

R+D Research and Development

SAR-Lupe Synthetic Aperture Radar-Lupe; system of small satellites with a process for enhancing the quality of radar images

Small GEOs Small geostationary satellites for telecommunications and multimedia applications

Telematics Connection of telecommunications and IT

visor software product megatel (GEO information system)

WAICO Waving and Coiling Response of Arabidopsis Roots; biological experiment for the International Space Station

◀ Glossary

Calendar of events in 2007

Annual press conference and release of annual report for 2006, Bremen → **March 28**

Analyst conference, Frankfurt/Main → **March 28**

3 month report / analyst conference call → **May 10**

Annual general meeting, Bremen → **May 10**

6 month report / analyst conference call → **August 9**

9 month report / analyst conference call → **November 13**

Analyst presentation at Deutsches Eigenkapitalforum, Frankfurt/Main → **November 12–14**

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