



CONTINUITY AND GROWTH

Annual Report 2007



 To 
Prof. G. GREGER Dipl. Ing. M. FUCHS Prof. E. VALLERANI
Originators of the Columbus Program
born as a bilateral German - Italian effort
evolved into an European Enterprise
for International Cooperation
BONN 8 December 1982
A PIONEERING IDEA THAT IS BECOMING A REALITY

GROUP STRUCTURE

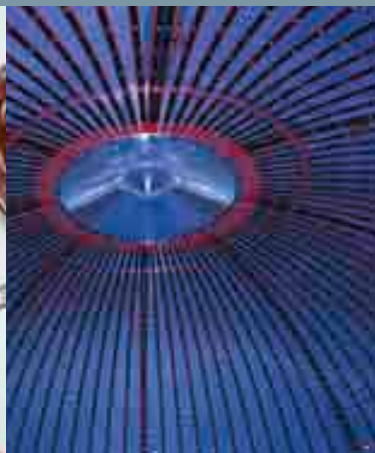
LOCATIONS WORLDWIDE



Space Systems + Security	Payloads + Science	Space Transportation + Aerospace Structures	Telematics + Satellite Operations	Locations: Subsidiaries (●) Other shareholdings (●)
<p>100 %</p> <p>OHB-System AG, Bremen</p>	<p>100 %</p> <p>Kayser-Threde GmbH, Munich</p>	<p>70 %</p> <p>MT Aerospace AG, Augsburg</p>	<p>100 %</p> <p>OHB Teledata GmbH, Bremen</p>	<p>Germany</p> <ul style="list-style-type: none"> Augsburg (●) Bremen (●) Leipzig (●) Mainz (●) Munich (●) Salem (●) Wolverhampton (●) Milan (●) Evry (●) Paris (●) Toulouse (●) Kourou (GUF) (●) <p>France</p> <ul style="list-style-type: none"> Evry (●) Paris (●) Toulouse (●) Kourou (GUF) (●) <p>USA</p> <ul style="list-style-type: none"> Flint (MI) (●) Fort Lee (NJ) (●) Poway (CA) (●) <p>Great Britain</p> <ul style="list-style-type: none"> Wolverhampton (●) <p>Italy</p> <ul style="list-style-type: none"> Milan (●) <p>Luxemburg</p> <ul style="list-style-type: none"> Betzdorf (●) <p>China</p> <ul style="list-style-type: none"> Shanghai (●)
<p>100 %</p> <p>LUXSPACE Sàrl, Betzdorf, Luxemburg</p>	<p>100 %</p> <p>Kayser-Threde NA Inc., Flint (Mi), USA</p>	<p>100 %</p> <p>MT Mechatronics GmbH, Mainz</p>	<p>74.9 %</p> <p>megatel GmbH, Bremen</p>	
<p>100 %</p> <p>OHB France S.A.S., Paris, France</p>	<p>100 %</p> <p>Kayser-Threde Trading (Shanghai) Co., Ltd., Shanghai, China</p>	<p>100 %</p> <p>MT Aerospace Guyane S.A.S., Kourou, French Guiana</p>	<p>100 %</p> <p>Timtec Teldatrans GmbH, Bremen</p>	
<p>50 %</p> <p>RST Raumfahrt Systemtechnik GmbH, Salem</p>	<p>60 %</p> <p>VRS Verkehr Raumfahrt Systemhaus GmbH, Leipzig</p>	<p>100 %</p> <p>MT Aerospace Satellite Products Ltd., Wolverhampton, England</p>	<p>51 %</p> <p>Telematic Solutions S.p.A., Milan, Italy</p>	
<p>50 %</p> <p>OHB-ELectroOPTics GmbH, Bremen</p>		<p>8 %</p> <p>Arianespace S.A., Evry, France</p>	<p>100 %</p> <p>ORBCOMM Deutschland AG, Bremen</p>	
<p>34 %</p> <p>ELTA S.A., Toulouse, France</p>		<p>19 %</p> <p>SpaceDev Inc., Poway (CA), USA</p>	<p>6 %</p> <p>ORBCOMM Inc., Fort Lee (NJ), USA</p>	

BUSINESS UNITS OF THE OHB TECHNOLOGY

Changes in headcount between 2006 and 2007 by business unit



The Group

OHB Technology AG is Germany's first listed aerospace group. With its four main business units, it is committed to serving international customers as efficiently as possible. Backed by more than 25 years of experience and success in high technology, OHB Technology is an outstanding European player.

Space Systems + Security

This business unit develops low-orbiting and geostationary small satellites for scientific research, communications and terrestrial observation. Work on the International Space Station ISS, Columbus and ATV is proceeding as part of main space flight efforts. Reconnaissance satellites and broadband radio transmission of image data form the core of the security and reconnaissance technology.

Payloads + Research

This new business unit produces high-quality solutions targeted at space technology, the automotive industry and process control systems. Applications range from earth observation and navigation to scientific payloads for exploration and the ISS as well as technology testing.

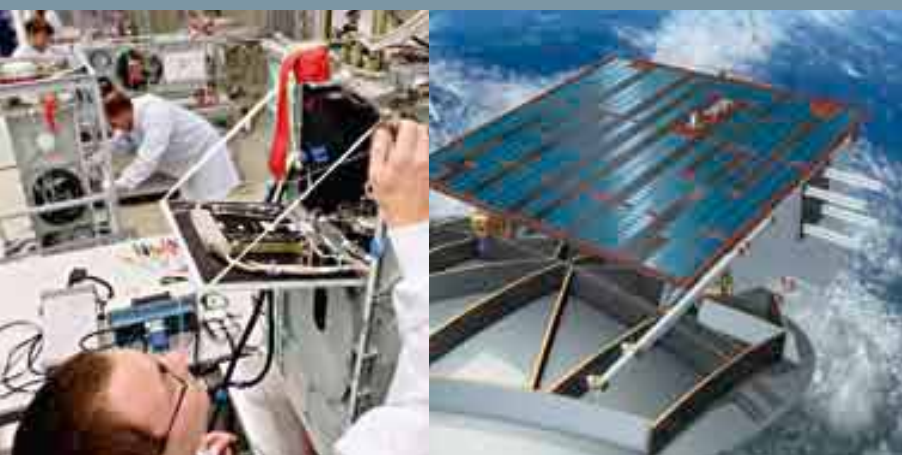
Space Transportation + Aerospace Structures

This business unit is one of the leading suppliers of aviation and aerospace components as well as antenna and mechatronic systems. It also produces around 10 percent of the hardware for the European Ariane 5 launch vehicle, making the OHB Technology group the largest German supplier in the Ariane 5 program.

Telematics + Satellite Operations

The purpose of telematics is to organize commercial transportation as efficiently as possible. We develop systems to achieve precisely this covering everything from transport logistics to consignment tracking and the transportation of hazardous materials and refrigerated goods. We also provide OEM solutions for commercial vehicle makers amongst others. The OHB Group exclusively distributes and markets the communications services of the global ORBCOMM satellite system in Europe.

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CHRONOLOGY 2007

January 07

March 07

April 07

May 07

June 07



Left: AGILE was successfully launched on board an Indian PSLV rocket in March.

Right: The Columbus module has been in orbit since February 2008. OHB is involved in all the payloads.



SAR-Lupe 1 successful

After a month in orbit, SAR-Lupe 1 demonstrated its full functionality, generating several high-resolution images in a quality exceeding our customer's expectations.

Small GEO/Luxor coming

The European Space Agency ESA awarded OHB a contract for the next development phases for the "Small GEO", a geostationary small satellite. The ESA director of telecommunications and navigation, Giuseppe Viriglio, and the CEO of OHB-System AG, Prof. Dr. Manfred Fuchs, signed a contract to this effect worth around EUR 100 million including all options.

AGILE launched successfully

An Indian PSLV-C8 rocket successfully placed the Italian astronomic research satellite AGILE in its orbit at an altitude of 550 km on its first successful launch. The operation was overseen by COSMOS International Satellitenstart GmbH, OHB-System AG's launch services company.

Transport rack for ISS

OHB sent a further key part of the ISS International Space Station on its journey to the Kennedy Space Center in the United States. Developed and built for the European Space Agency ESA, the European Transport Carrier ETC is a special stowage and transport rack for securely carrying the equipment and samples for sensitive scientific experiments on board the European COLUMBUS module of the ISS.

Kayser-Threde acquired

OHB acquired Kayser-Threde GmbH, Munich, the third largest space technology company in Germany and a specialist in developing and implementing payloads and scientific equipment and devices for aeronautics/aerospace, research institutes and industry. By taking this step, OHB added scientific research and payload activities to its range.

August 07

September 07

October 07

November 07

December 07



Left: Munich-based Kayser-Threde GmbH joined the Group in June.

Right: Three SAR-Lupe satellites have been providing outstanding images from space since December.



Heavy ion gantry completed
MT Mechatronics completed the world's first rotary heavy ion gantry for treating tumors for use at the Ion Radiation Therapy Center at the Heidelberg University Clinic.

SATCOMBw security
OHB was awarded a contract to implement the on-board security box for the SATCOMBw satellites operated by the German armed forces. Thanks to the experience gained with SAR-Lupe, OHB holds the necessary cryptology expertise.

Experiments on board the FOTON
A FOTON-M3 space capsule containing roughly 15 scientific experiments successfully lifted off from the Baikonur space center in Kazakhstan. One of the devices on board was the GRAD-FLEX payload for researching fluctuations in liquids. OHB was responsible for the complete management of this very successful experiment.

Delivery contract for telematics terminals
OHB signed a long-term contract with DAF Trucks, for the delivery of OEM telematics systems up until the end of 2011.

Harmony transported to the ISS
The second node for the ISS was successfully placed in orbit on board the US space shuttle Discovery. Named "Harmony", it included harnesses and secondary structures, internal scaffolding and racks supplied by OHB. The node is the module which links the ISS laboratories. The first node is called "Unity" and has been in operation since December 1998.

SAR-Lupe 3 also successfully launched
Together with the launch of SAR-Lupe 2 in July, three SAR-Lupe satellites have been operating successfully in orbit since November, all supplying superb image quality. The 10-year operation period of the SAR-Lupe system for the German Federal Armed Forces commenced on December 1, 2007.

Sixth successful Ariane launch in 2007
For the first time, six Ariane 5 carriers were successfully launched. They entailed two Ariane 5 GS versions and four enhanced ECA versions with a payload of around 9.5 tons. An increase to seven launches is scheduled for 2008.



MEMBERS OF THE MANAGEMENT BOARD

Ulrich Schulz,

born in 1951, graduate engineer,
Member of the Management
Board since 2000, in charge of
Telematics

Marco R. Fuchs,

born in 1962, attorney at law,
Member of the Management
Board since 2000, Chairman of
the Management Board

Prof. Dott. Ing. h.c. Manfred Fuchs,

born in 1938, graduate engineer,
Member of the Management Board
since 2002, in charge of Space
Technology



DEAR SHAREHOLDERS, CUSTOMERS AND BUSINESS ASSOCIATES,

Our seventh fiscal year after going public was again characterized by continuity, growth and success. To provide just a brief view of our figures: Earnings per share rose to EUR 0.84 (previous year EUR 0.81), while total revenues widened to EUR 223 million (previous year EUR 186 million). The Management Board and the Supervisory Board will be asking the shareholders to approve a dividend of EUR 0.25 per share for 2007 (previous year: EUR 0.23). On the strength of our current order backlog worth around EUR 450 million, we will continue to grow profitably in 2008 as well.

Payloads + Science the new business unit

In mid 2007 we welcomed over 250 new employees to our Group after acquiring a further renowned technology company, Munich-based Kayser-Threde GmbH. It is a leading space technology company in Germany and a specialist in developing and implementing payloads and scientific equipment and devices for aviation/aerospace, research institutes and industry. As a result of this transaction, we established our fourth business unit Payloads + Science. In taking this step, we are widening our portfolio and now have an even broader footprint. This acquisition improves the OHB Group's market position and the access to customers substantially. This annual report introduces Kayser-Threde in greater detail.

Space Systems + Security

With OHB-System AG as the core company, this business unit is able to look back on a successful year in 2007. After being placed in low-altitude orbits without any problems, a further two SAR-Lupe satellites are supplying reconnaissance images of outstanding quality. The German Federal Armed Forces have been using the SAR-Lupe system since December 2007 in partial operations for their reconnaissance work. Europeanization efforts have also commenced in part. In a preliminary step, an interim solution was implemented at the beginning of 2008 providing for the simple exchange of images between Germany and France.

OHB's proposal for the construction of small geostationary European satellites was accepted by the European Space Agency ESA and a contract worth around EUR 115 million signed for the Artes-11/Small GEO project in a contract signed on March 7, 2007. The first customer for the prototype has also been selected, with Spanish satellite operator Hispasat the first to use the Small GEO platform.

Turning now to the new national moon exploration activities, OHB has a roughly 40% share in the orbiter mission being organized by the German Aerospace Center DLR as a co-prime under the lead management of EADS Astrium. In addition, OHB and its partners won the ESA tender for a study concerning an automatic lunar lander with a long lead over their European competitors. ESA's remote destinations such as Mars are now also drawing closer. OHB is co-prime in the development of the carrier for transporting the landing module to Mars. The project is in the realization phase, with the launch scheduled for 2013.

Space Transportation + Aerospace Structures

MT Aerospace also performed very satisfactorily in 2007. With six successful Ariane launches completed during the year and the prospect of the cadence being raised to eight over the next few years, MT Aerospace, which is the largest German supplier for the Ariane 5 launch vehicle, has solid order books.

Mainz-based MT Mechatronics GmbH is also operating very successfully in the market for antennae and large telescopes.

MT Aerospace's aviation activities have also been satisfactory, with structural elements being supplied for the Airbus A380 and A400M.

On December 19, 2007, we were selected as the preferred bidder for the three German Airbus facilities Varel, Nordenham and Augsburg. The planned acquisition of the three facilities would mark a key milestone for our company. We are planning to do this in conjunction with a financial investor. The contracts are expected to be signed in the first half of 2008.



Marco R. Fuchs
Chairman of the
Management Board



Telematics + Satellite Operations

In the Telematics segment, work on the portal for DAF Trucks was successfully completed and a long-term contract signed with DAF in September 2007 for the delivery of telematics systems for truck series production until the end of 2011. with deliveries to commence in April 2008.

Extensions to ORBCOMM's service business made strong headway all over the world in 2007. As a result, the number of active user terminals in the ORBCOMM network rose by 56 % to 351,000. Given the dynamic growth rates, we are very optimistic about the future outlook for ORBCOMM.

Stock performance in 2007

With gains of 17.7 %, our stock performed very encouragingly in 2007. At the end of July, it hit a historical high of EUR 15.45, performing well in the course of the year and closing at EUR 13.59. In view of the state of our business, we are confident that the stock will continue to make headway this year.

Outlook for 2008

This year as well OHB Technology faces major opportunities for further development. Quite apart from the aforementioned possibility of acquiring the three Airbus facilities, total revenues will climb by around 30% to some EUR 290 million, with EBIT also set to rise by 30% or so to around EUR 23 million. The most important challenges will be the completion of the SAR-Lupe satellite system, the commencement of phases C/D in the Small GEO project, strong involvement in the planned DLR and ESA lunar and Mars projects and the signing of the next Ariane 5 PB lot delivery contract. In addition, OHB-System will be devoting a great deal of attention to the upcoming tender process for the Galileo satellites.

I would particularly like to thank our creative, innovative and ambitious employees in all of the companies of the OHB Technology Group. Their ideas and unbridled dedication form the basis for our success.

We would like to take this opportunity to thank our customers, business partners and shareholders most sincerely for their confidence in us. I greatly appreciate their support when we decide to leave established paths to embark on exciting and successful new routes.

We will continue to following the successful trajectory that we have adopted with great commitment and dedication. We have already achieved a great deal in all of the Group's business units but are determined to be even better in the future.

Bremen, March 13, 2008

Marco R. Fuchs
Chairman of the Management Board

DEAR SHAREHOLDERS,

2007 was a demanding, busy and, not rarely, also an exciting year for OHB Technology. And it was also the most successful, as the most important performance indicator shows: Post-tax earnings came to EUR 12.5 million.

During the year under review, the Supervisory Board performed its duties with great care in accordance with the applicable statutory requirements, the provisions of the Company's bylaws and its rules of conduct, monitoring and advising the Company's Management Board. The Supervisory Board is responsible for overseeing the Management Board by supervising its activities and exerting influence. This latter function plays a decisive role in the Company's success not only in the short term but also on a medium and long-term basis.

In 2007, the Supervisory Board held four ordinary meetings on: March 27, May 10, September 13, December 20 and two extraordinary meetings on: March 13, June 12. At its meeting on September 13, 2007, the Supervisory Board granted approval for the acquisition of a share in SpaceDev Inc., United States. On June 12, the members of the Supervisory Board unanimously passed a resolution approving the acquisition of Kayser-Threde in Munich.

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 Beteiligungs-
gesellschaft mbH





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



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

In 2007, phase B of the ESA Luxor (Small Geo) project commenced and will be continuing until April 2008. During this phase, an additional contract worth around EUR 50 million was acquired from Hispasat for the payload for Luxor. A joint phase A study will be performed with Astrium in the lunar orbiter program in 2008. OHB won ESA's bidding process for the lunar lander and will be commencing work on this project in 2008.

The chairwoman of the Supervisory Board attended the launch of the 2nd SAR-Lupe satellite in Russia, which proved to be a success once more. In the meantime, the third SAR-Lupe satellite has been successfully launched and put into operation. Three satellites are thus now in orbit and are all working perfectly – truly a major success. OHB successfully delivered all the systems (EPM, EDR, FSL and the Bio Laboratory) for Columbus (the laboratory for the space station from Bremen), all of which are now at the space station.

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 the annual financial statements

The parent-company and consolidated financial statements and related management report of OHB Technology AG for 2007 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 12, 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 consolidated financial statements, as a result of which they have been duly adopted.

The Supervisory Board concurred with the Management Board's proposal for the allocation of the Company's unappropriated surplus. The related parties report prepared 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, all employees and the employee representatives for the work performed. They have once more made a contribution to a very successful year for OHB Technology AG.

Bremen, March 13, 2008

Christa Fuchs
Chairwoman of the Supervisory Board

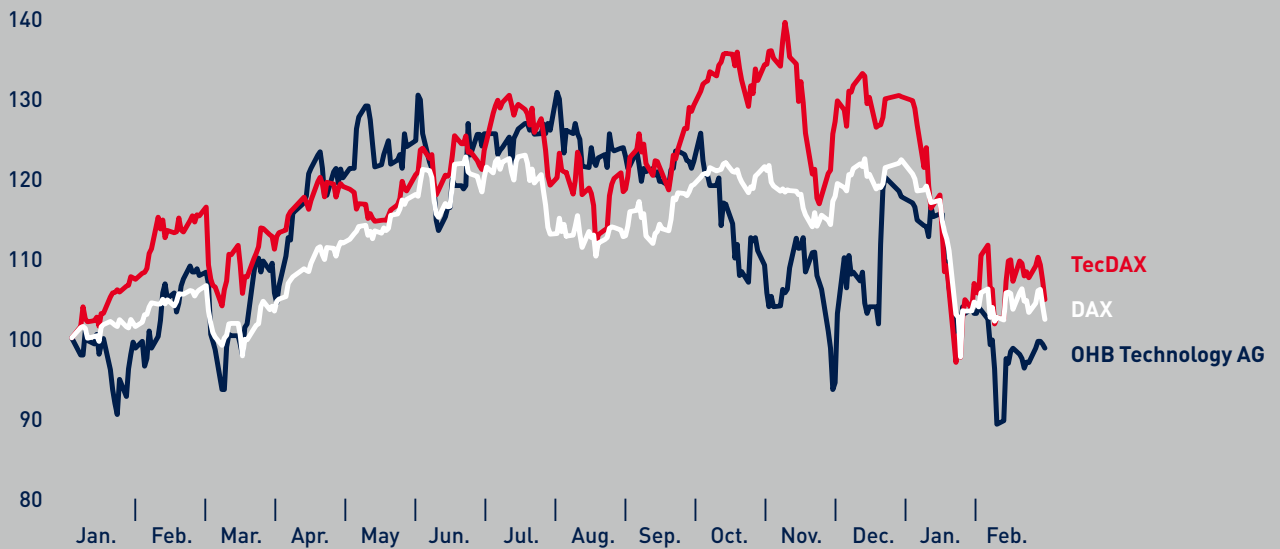


Function-testing of the ORBCOMM QuickLaunch satellite telemetry



OHB TECHNOLOGY STOCK

OHB Stock 2007 (Relative Performance)



PREVIOUS YEAR'S POSITIVE PERFORMANCE CONTINUED – BROADER RESEARCH COVERAGE

OHB stock closed 2007 at EUR 13.59, equivalent to a gain for the year of 17.7 %. As a result, it underperformed the DAX (up 22.3 %) and the TecDAX (up 30.2 %) to some extent, although it must be remembered in this connection that OHB stock had substantially outperformed the benchmark indices in 2006. In the course of the year, the stock hit a new all-time high of EUR 15.45. This was followed by a substantial decline up until the end of November, by which time the stock had retreated to EUR 9.65, largely in the wake of trends in the international capital markets triggered by the US subprime crisis.

At around 17,000 shares, average daily trading volumes (Xetra and floor) for OHB stock were roughly 22 % down on the year-ago figure of just under 21,800.

The beginning of 2008 witnessed a sharp fall in the key international stock markets. This move, which triggered declines of more than 50 % in individual stocks, did not leave OHB unscathed, causing it to largely track the TecDAX.

Investor relations activities

Our aim is to heighten awareness of OHB Technology AG in the capital markets and to improve the stock's renown as an attractive investment in a high-tech company. By engaging in continuous, reliable and open communications with capital market participants, we want to strengthen investor trust in our Company's stock and achieve an appropriate valuation for it. One aspect of this involves describing OHB's business model in detail to national and international shareholders, potential investors, financial analysts and the business press and keeping them reliably posted on the Company's development.

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



To supplement the quarterly interim reports, the Management Board and the investor relations team continued to maintain intensive contacts with analysts and investors in the form of regular telephone conferences last year. In addition, road shows were held at financial centers in Frankfurt, Boston, London, Paris and Amsterdam to reinforce contacts with key institutional investors. OHB also attended capital market conferences such as Deutsches Eigenkapitalforum in Frankfurt/Main. These conferences are of particular importance for OHB as they allow it to maintain close contact with the target group as well as small and mid-cap analysts and investors in a highly efficient and effective setting. In addition to regular communications with the financial community in the form of corporate reporting, OHB makes itself available to analysts and investors at all times during the year for one-on-one discussions of the Company's performance to provide a greater understanding of how its business model works. In 2007 as well, numerous one-on-ones were held to describe and discuss the Company's strategy and performance in detail.

The confidence and interest shown in OHB by the capital market is also reflected in its regular coverage by a series of renowned banks and brokers. Ranging from "Buy" to "Overweight", most of the analysts' recommendations are positive at the moment. A regularly updated list of analyst ratings can be found in the Investor Relations section of our web site.

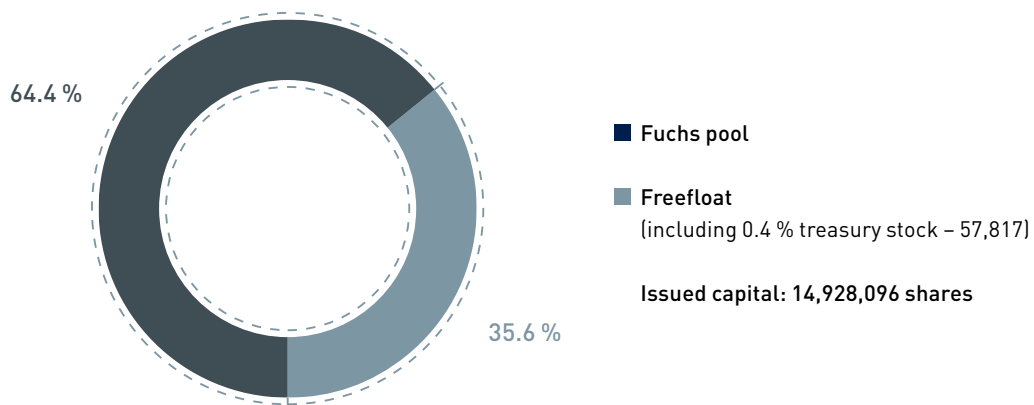
OHB stock parameters in EUR (Xetra)

	2007	2006	2005
Closing price (Ultimo)	13.59	11.55	7.70
High for the year	15.45	11.89	10.60
Low for the year	9.65	7.40	6.50
Market capitalization (Ultimo)	203 million	172 million	115 million
Average daily trading volumes (Xetra + floor)	16,984 shares	21,760 shares	35,615 shares
Price/earnings ratio (P/E) (Ultimo)	16.20	14.30	10.70
Earnings per share (EPS)	0.84	0.81	0.72
Dividend per share	0.25	0.23	0.20
Dividend yield (Ultimo)	1.84 %	1.99 %	2.60 %

This year, OHB organized its fourth consecutive capital market day on February 7, at which the Management Board, analysts, bankers, investors and journalists met for discussions particularly concerning the Payloads + Science business unit, which encompasses Kayser-Threde GmbH in Munich. This was followed by a guided tour of the facility including a view of the Kayser-Threde integration rooms, where the participants were able to observe at first hand in-orbit validation (IOV) work on the first four Galileo satellites. 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.

This year, OHB will continue to maintain direct contact with analysts as well as private and institutional investors using established communication channels and proven instruments. In addition to personal contact with OHB's investor relations team, interested investors are able to learn more about the Company in general at www.ohb-technology.de as well as obtaining details on capital-market related matters in the investor relations section of the website. In particular, the "Publications" section contains the annual and interim reports, adhoc bulletins and press releases for viewing and downloading. Information on the stock issue, shareholder structure and stock performance is set out in the "Stock" section. The "Annual General Meeting" section contains details of the agenda and any counter-motions for the annual general meeting and, after the completion of the meeting, the results of voting. On top of this, it provides details of how our shareholders can exercise their voting rights. It is also possible to register in the mailing list to receive regular company updates. Finally, this section includes information on corporate governance at OHB, the "annual document" setting out all the publications for the previous year and the calendar of events.

OHB Technology AG shareholder structure on December 31, 2007





Marco Fuchs presented OHB Technology's latest developments at the Capital Market Day – this year it was held at Kayser-Threde GmbH in Munich.



Analyst ratings

Date	Bank	Target price in EUR	Rating
March 2008	DZ BANK	16.00	Buy
February 2008	HSBC Trinkaus & Burkhardt	15.40	Overweight
February 2008	Berenberg Bank	20.50	Buy
February 2008	Commerzbank	14.00	Buy
January 2008	Viscardi Securities	20.00	Buy
November 2007	Bankhaus Lampe	16.00	Buy
November 2007	Haspa	12.00	Hold
May 2007	Sal. Oppenheim	13.50	Neutral



CONTINUITY AND GROWTH VIEWS ON GROUP DEVELOPMENT

“The acquisition of Kayser-Threde will substantially reinforce the OHB Group’s market position and improve its access to customers.”

Marco R. Fuchs



OHB Technology AG not only performed well in 2007 but is in an exceedingly favorable long-term position as well. Over the past six years, the first listed German space technology company has grown steadily both endogenously and exogenously. One of its successful acquisitions is the Munich-based company Kayser-Threde GmbH, which it took over in 2007. In the following interview, Marco R. Fuchs and Jürgen Breitkopf, the managing director of Kayser-Threde, describe the reasons for this acquisition, the shared perspectives and plans for the future.

Mr. Fuchs, what were the main reasons for OHB’s decision to acquire Kayser-Threde?

Marco R. Fuchs: This transaction substantially strengthens the OHB Group’s market position and customer access as well as improving its scope for harnessing further development potential. OHB is able to broaden its customer base by means of this additional expertise and extensions to its portfolio. For this reason, we have established a new business unit Payloads + Science to coincide with this acquisition.

In what areas is OHB being strengthened?

Jürgen Breitkopf: OHB and Kayser-Threde complement each other in terms of their respective portfolios. Thus, Kayser-Threde, for example, sees itself as a “partner to scientists” and has earned an excellent reputation as a payload prime. We have highly developed skills in selected key technologies such as optics and electronics.

Marco R. Fuchs: Our respective skills supplement each other superbly. Taking earth observation/reconnaissance as an example: the Group is now able to offer not only radar systems but also optical systems such as hyperspectral technology. This broadens our range, something which ideally also allows us to tap new development potential.

What specific effect does this have on business?

Jürgen Breitkopf: By pooling our respective skills, we are in a better position to take on new and more extensive tasks at an international level. Specifically, we now have improved access to contracts as, for example, German and European budgets will be spread only across two main German companies in the future, one of these being OHB Technology.

“The importance for OHB of the addition of specialists with valuable and market-proven experience cannot be overrated.”

Marco R. Fuchs



Marco R. Fuchs: This particularly applies to scientific applications, for example, where Kayser-Threde has a very good position and enjoys an excellent reputation both nationally and internationally.

What about Kayser-Threde's other business activities, automotive and process control technology?

Jürgen Breitkopf: With these activities we are able to respond to the calls for transferring the technology gained from space travel to industrial products and applications. We do this successfully and have created jobs in this way. In the automotive segment, we have carved out a niche for ourselves in the crash-testing market with our on-board data recording systems. At the same time, Deutsche Bahn uses our process control and remote management systems to ensure the availability of electricity for trains around the clock. In both cases, we have been able to establish ourselves in the market with extremely reliable products and services.

We are also successful in the commercialization of space technology, something which is also frequently called for. Thus, we are playing a key role in the first mission for extending the lifespans of communication satellites in space.

Are there any other synergistic benefits beyond the additions to the portfolio and resultant scope for generating new business?

Marco R. Fuchs: Companies which like us work solely in the sophisticated high-technology segment are constantly competing for the best minds. Accordingly, the importance of the additional human capital and the highly specialized market-proven expertise which OHB has gained from this acquisition cannot be overestimated.

On the other hand, the scope for conventional synergistic benefits - such as the elimination of duplicated functions or the like - is less pronounced. Yet, this was never our goal as the two companies are a perfect fit for each other.



“We have highly developed skills in selected key technologies such as optics and electronics.”

Jürgen Breitkopf



Kayser-Threde has customers in 22 countries as well as operations in the United States and China - does this harbor any additional potential for the Group's non-European business?

Jürgen Breitkopf: The branches you mention as well as the network of representatives are crucial for our success in the automotive industry. Kayser-Threde has had an office especially for its space technology activities in Moscow for many years acting as an interface and providing on-site mission support.

Are two companies operating in such complex markets compatible enough to avoid friction?

Marco R. Fuchs: Generally speaking, integrating new companies is always a challenge. Yet, in this case, there are so many similarities, on the one hand, and so many areas where we supplement each other, on the other, that the preliminary problems will be minimal.

What are the similarities?

Jürgen Breitkopf: Kayser-Threde was an owner-managed company for almost 40 years and thus entirely comparable to OHB. Both started off as small operations and evolved into internationally active companies. This is something which influences the corporate culture and the team spirit, which is very firmly rooted at both Kayser-Threde and OHB.

What is more, we have known each other for many years. Sometimes we worked together on projects while on other occasions we were competitors. Our former owners and the Fuchs family have known each other for decades and have always had great respect for each other's achievements. This is also a positive aspect for our staff.

How did your employees react to the acquisition?

Jürgen Breitkopf: Favorably, I think. This is not difficult to understand because, as I have explained, there were a number of very good reasons for this step. What is more, OHB Technology is a very healthy company on an extremely solid footing.



“The acquisition of MAN Technology, since renamed MT Aerospace, has far exceeded our original expectations.”

Marco R. Fuchs

Despite all the similarities, Kayser-Threde is to continue operating as a separate entity. Why?

Marco R. Fuchs: The company has enjoyed excellent market renown for decades and is in the process of establishing itself as a systems manager in the space technology segment. Indeed, this constitutes a material part of its value for us. We see no reason either strategically or on any basis to change its name. This has been our policy with most of our acquisitions and one that is vindicated by the success which we have achieved.

What role do you see this acquisition as having in the light of the takeovers of the past six years and also with a view to the future?

Marco R. Fuchs: As I said, OHB Technology has added science and payloads to its range of activities and will thus be able to operate on an even broader footing via a total of four business units in the future thanks to this acquisition. This transaction substantially strengthens the OHB Group’s market position and customer access, improving the scope for harnessing further development potential.

Have OHB’s earlier acquisitions, such as MT Aerospace, lived up to your original expectations?

Marco R. Fuchs: The acquisition of MAN Technology, now known as MT Aerospace, has not only met our expectations but far exceeded them. The company has performed superbly thanks to the success of the Ariane 5 launch vehicle. We have increased personnel resources while sales have grown sharply over the past few years thanks to the strong state of European space technology.



“Automotive and process control technology represent Kayser-Threde’s successful attempts to transfer space technology.”

Jürgen Breitkopf



Kayser-Threde GmbH



Year of establishment: 1967

Domicile: Munich

Headcount in 2007 (KT Group): 257

Main areas of activity:

Space, automotive and process control technology

Highlights:

- Over 100 scientific instruments, systems and subsystems for space stations, satellites and interplanetary missions
- Global market leader in automobile crash test systems with the MINIDAU® data recording system
- 6,000 processors installed for the controlling and remote-management of the electricity system operated by German railway company Deutsche Bahn
- Over 160 customers in 18 countries

Total revenues in 2007 (pro forma): EUR 47 million

EBIT in 2007 (pro forma): EUR 2.7 million

With the acquisition of Kayser-Threde GmbH, the OHB Group has gained a further strong business mainstay.

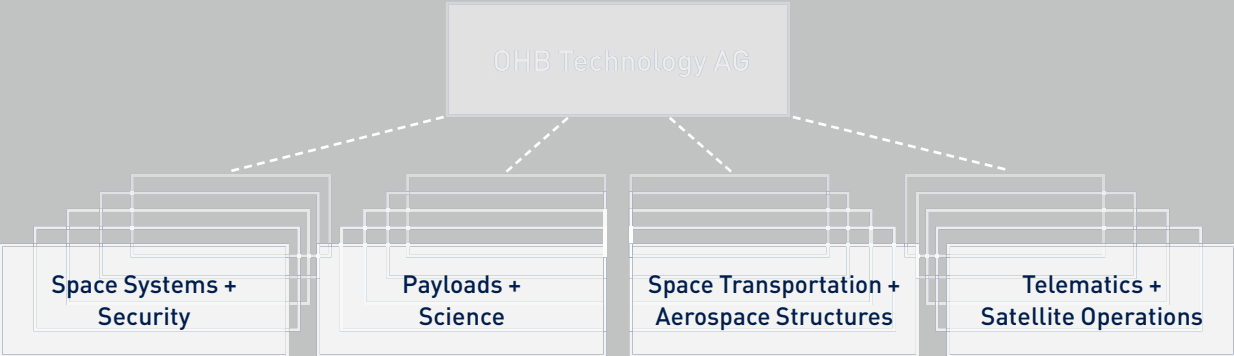


Seven ORBCOMM satellites are currently in the final integration stage at OHB.



BUSINESS UNITS

Group Structure





A further two SAR-Lupe satellites are to be launched in 2008, bringing the total to five and thus completing the system.

SPACE SYSTEMS + SECURITY SUCCESS BOTH CLOSE TO THE EARTH AND FAR AWAY

The Space Systems + Security business unit is also characterized by continuity and growth. This applies to low-orbit and small geostationary satellites for scientific research, communications and earth observation as well as for manned space flight.

Unique position and technological leadership

With its steady, primarily organic growth and technological leadership, OHB has made a name for itself in the space community and particularly also in the European satellite market. At the same time, it has gained a unique position not least of all thanks to its status as the only European company in the manned space flight segment to be involved in all payloads and laboratories for the Columbus module of the International Space Station ISS.

Entering the growth market for small satellites

The fact that Europe has discovered and entered the growth market for small geostationary satellites is materially due to an initiative launched by OHB. These crucial system skills had largely disappeared in Europe in the previous 15 years or so. An important reference in this area is the Small GEO project with the European Space Agency ESA as the customer and Hispasat of Spain as the user. Here, OHB assumed lead management of a European-wide syndicate. The marketing of small reconnaissance and communications satellites in particular will grow in importance for OHB as an area of business expansion.

The foundations are being laid with the investment in RST

Further substantial proof of OHB's skills can be seen in SAR-Lupe, the satellite-based reconnaissance system for the German Federal Armed Forces. Among other things, OHB has achieved its widely admired track record by working closely with RST Raumfahrt Systemtechnik GmbH, which is based in Salem, Baden-Württemberg. On January 30, 2008, OHB Technology therefore acquired a 50 percent stake in this company to secure its long-term access to future radar technologies. The main focus is joint development work on the planned next generation of the SAR-Lupe satellites.

As OHB-System AG's long-standing radar partner in the SAR-Lupe project, RST is primarily responsible for the radar system design and SAR processing, i.e. image generation on the ground. Established in 1992, the company specializes in imaging radar technology and holds key skills in the area of synthetic aperture radar (SAR), radar altimeters for use in aircraft and broadband radar for ground deployment (GPR). By acquiring a share in this company, OHB Technology will have permanent access to radar technologies, particularly for space-based reconnaissance of the type used in SAR-Lupe. At the moment, OHB and RST are conducting studies on the future technologies to be deployed in the second generation of SAR-Lupe, which is scheduled to go into operation in 2017.

PROJECTS

**Project: SAR-Lupe/Europeanization****Company: OHB-System AG**

Currently, three out of a total of five planned satellites in the SAR-Lupe radar reconnaissance system are in orbit and all producing outstanding images. The system went into productive operation in December 2007. The German radar-based satellite system and the French optical satellite system are being integrated, marking a preliminary step towards European strategic reconnaissance. Further partners will also be able to join the system.

Status

The remaining two SAR-Lupe satellites have largely been completed and will be launched and integrated in the system in March and July 2008, respectively. As part of Europeanization efforts, an interim solution was implemented at the beginning of 2008 allowing the simple exchange of images between Germany and France. The final system is due to be completed at the beginning of 2010.

Partners

SAR-Lupe: BMVg, BWB (customer) and Thales Alenia Space Toulouse, Carlo Gavazzi Space, COSMOS International, DLR GSOC, EADS Defence & Security, Rosoboronexport, RST, RTG, Saab Space, Tesat Spacecom, Thales Electronic Devices Ulm subcontractors
ESGA & FSLGS: BMVg, BWB, DGA (customer), EADS Dornier subcontractor

Project: Small GEO/Luxor**Company: OHB-System AG**

A European geostationary platform for communications applications is being developed under the lead management of OHB and is to be marketed commercially under the name Luxor. Initiated by OHB, it has been established as a separate component of the long-term ESA schedule under the ARTES-11 program. The technical specifications for Luxor are based on analyses conducted by OHB-System AG.

Status

OHB was awarded a contract for the implementation of the project in January 2007. The project is currently in Phase B, which will be completed in summer 2008. The platform will be ready in 2011. At the same time, negotiations with ESA for the contract for the first Luxor mission are currently ongoing.

Partners

Platform: ESA (customer); SSC, Oerlikon and LUXSPACE (partners)
Mission: ESA/HISPASAT (customer); Tesat, SSC, Oerlikon and LUXSPACE (partners)

Project: Galileo**Company: OHB-System AG**

In December 2007, the EU Conference of Ministers of Transport decided to implement the new Galileo navigation system with improved procedural rules and a balanced economic plan to strengthen competition and to permit dual sourcing. OHB and Surrey Satellite Technology Ltd. (SSTL) have signed a contract providing for joint activities in connection with the Galileo program. For this purpose, OHB will be acting as contractor general and providing the satellite platforms, while SSTL will be supplying the payloads for the satellites.

Status

A request for information is expected to be received in the first quarter of 2008. Both companies are seeking to submit a competitive proposal for the development of the satellites.

Partners

ESA/EU (customer), SSTL



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. The contract entails the construction of the satellite buses, satellite integration and testing as well as the launch. In addition to the previous communications activities, i.e. the transportation of data package, the satellites will also be able to transmit the Automatic Identification System (AIS) signals. In this way, it will be possible to track international shipping movements.

Status

Integration and system-testing of the satellites at OHB-System has almost been completed. The satellites are to be placed in orbit on board a COSMOS 3M launch vehicle in the first quarter of 2008.

Partners

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

Program: Mona Lisa / NEXT

Company: OHB-System AG

OHB has completed a carefully structured program proposal (Mona Lisa) for a lunar exploration program as part of space research activities. Entailing the use of lunar orbiters, a lunar lander and mobile rovers, the program aims to perform scientific experiments on the surface of the moon.

Status

The study was completed in May 2007. Work on the Phase A studies for ESA and the NEXT lunar lander mission scheduled for between 2015 and 2018 is being prepared on the basis of the results of this study. The purpose is to conduct scientific examination on the surface of the moon and to develop technologies for future exploration missions. OHB has submitted a successful proposal with ESA for this purpose.

Partners

GMV, MDA, Carlo Gavazzi, von Hoerner&Sulger, SEA, Oerlikon Space, DFKI, SAS, SpinWorks

Project: Lunar Exploration Orbiter

Company: OHB-System AG

Immediately after the completion of the Mona Lisa study, DLR awarded a contract for the completion of a feasibility study for a national lunar mission as a preliminary step in implementing this program. This lunar mission entails sending an orbiter to the moon with numerous scientific payloads for observation and exploration purposes. OHB has developed a proposal based on the Small GEO platform and demonstrated the feasibility of the program.

Status

As a co-prime OHB has a roughly 40 % share in the DLR orbiter mission under the lead management of Astrium.

Partners

DLR, EADS Astrium (customer); Kayser-Threde, von Hoerner&Sulger, Tesat, MT Aerospace, Technical University of Munich

PROJECTS

**Project: Columbus IOT****Company: OHB-System AG**

The Industrial Operator Team IOT is responsible for putting the European Columbus laboratory into operation while it is in orbit. Its tasks also include maintaining and servicing the systems as well as performing the experiments and integrating future payloads. OHB is particularly responsible for the medical research laboratory EPM, the transport rack and the Flywheel fitness device which it has developed and built as the main contractor. In addition, OHB is playing a key role in the fluid science lab, the European drawer rack and the biological research lab as a main subcontractor.

Status

The European Columbus laboratory was launched in February 2008. The laboratories developed and assembled by OHB are now going into operation step by step.

Partners

ESA, EADS Space Transportation (customer)

Project: ARDS/military broadband image data transmission**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, led to five follow-up contracts in 2007 alone. The high-speed ARDS data link system will also be deployed in the innovative new Agile UAV flight system. In addition, real-time reconnaissance over a distance of around 400 km is to be demonstrated.

Status

The preliminary testing hardware for Agile UAV has been made available to EADS. The entire ground testing system will be delivered in April 2008, with the flight hardware to follow in October 2008. The aircraft required for the "real-time wide-distance reconnaissance" is in the procurement phase. Work on system assembly has commenced, with a flight demonstration planned for November 2008.

Partners

BWB (customer), EADS-MAS, DLR

Project: ExoMars**Company: OHB-System AG**

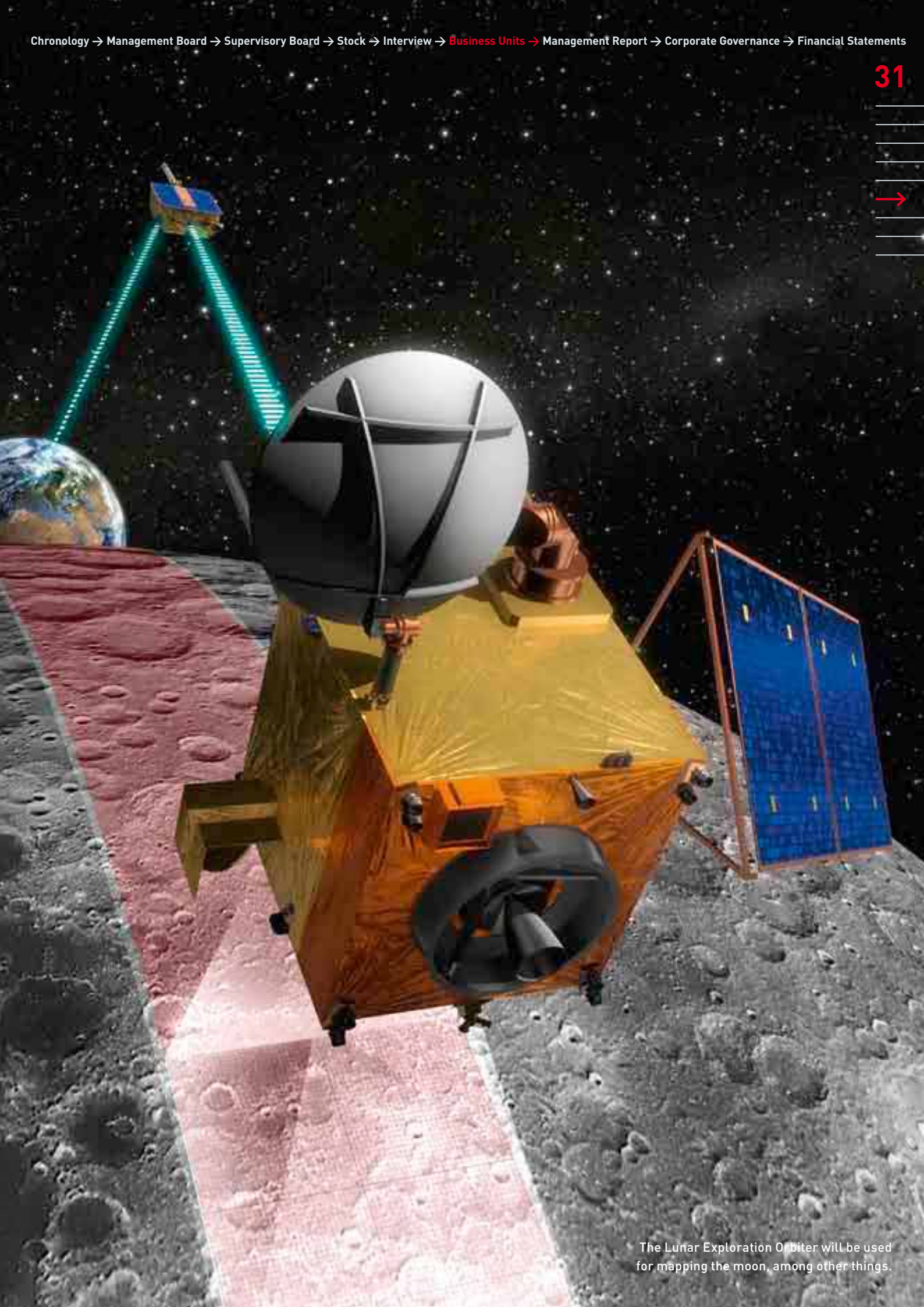
ExoMars is an ESA research mission to Mars to determine whether life once existed or still exists on the red planet. The results will form the foundations for future manned and unmanned Mars missions.

Status

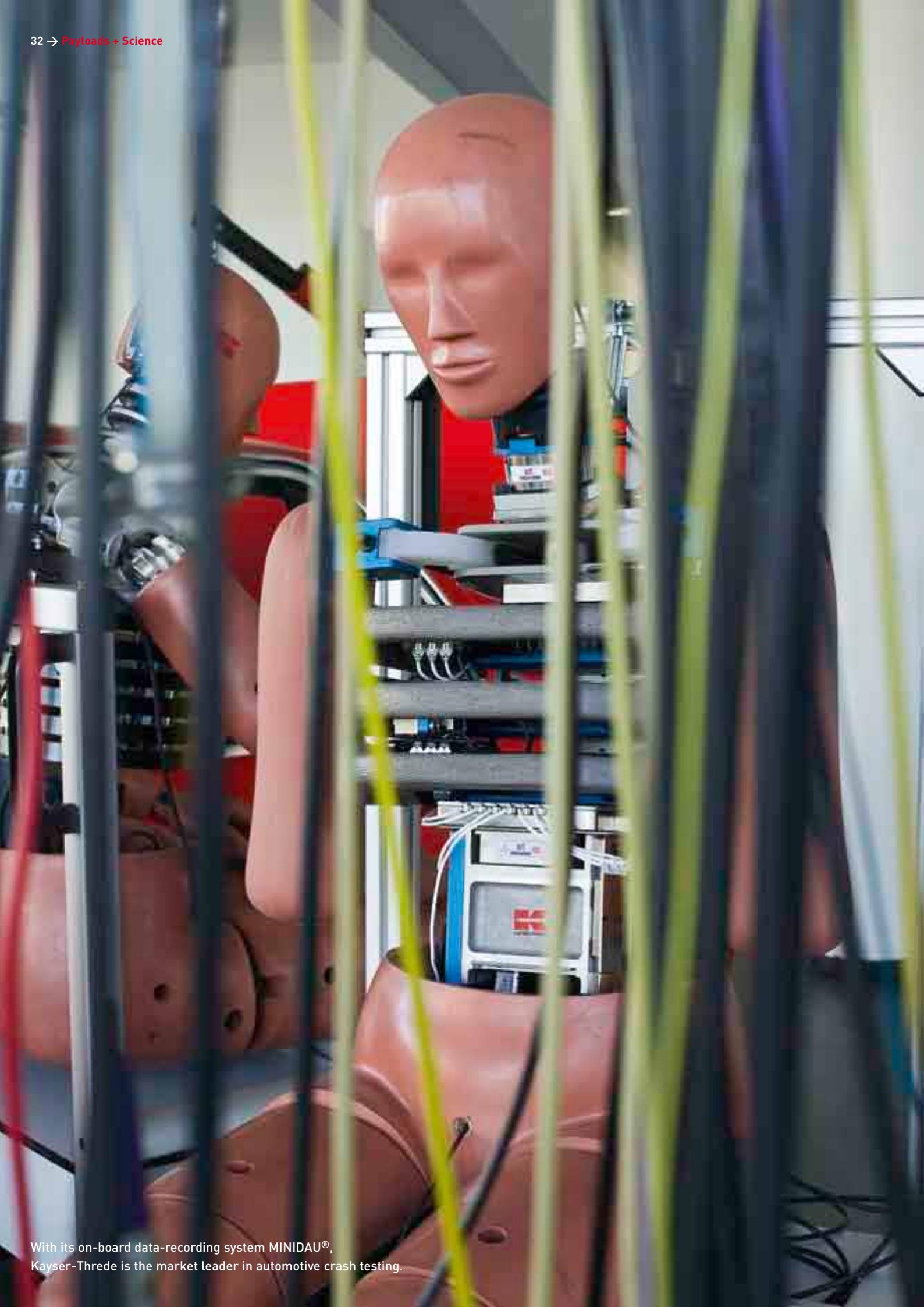
OHB is co-prime in the development of the carrier for transporting the landing module to Mars. The project is in the realization phase, with the launch scheduled for 2013.

Partners

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



The Lunar Exploration Orbiter will be used for mapping the moon, among other things.



With its on-board data-recording system MINIDAU®,
Kayser-Threde is the market leader in automotive crash testing.

PAYLOADS + SCIENCE A STRONG NEW BUSINESS MAINSTAY

Kayser-Threde GmbH, Munich, which was acquired in 2007, forms the core of this new and promising business unit within the OHB Group. Its business activities and applications entail earth observation and satellite navigation as well as scientific payloads and the testing of new technologies. High-tech solutions help customers to record, utilize and manage information derived from research and measurement-taking around the world as well as in space.

130 customers in 22 countries

Kayser-Threde GmbH is a leading German systems specialist with activities around the world. With associates and subsidiaries in the United States, Russia and China, among other places, it specializes in developing and implementing high-tech solutions for aviation and aerospace, science and industry. It has around 130 customers in 22 countries encompassing industry, space agencies, governments and scientific institutions.

Successful transfer of space technology

The company's portfolio comprises system solutions for manned and unmanned space missions as well as optical systems. Further core competence has been amassed in the collection of crash test data in the automotive sector as well as process control technology for the supply of electricity for railways. At the same time, this represents the successful transfer of space technology for use in established products and services.

Kayser-Threde's successes include over 100 scientific

instruments, systems and subsystems for space stations, satellites and interplanetary missions. Optical systems and subsystems for eight space telescopes and cameras for astronomical and earth observation purposes have so far gone into operation.

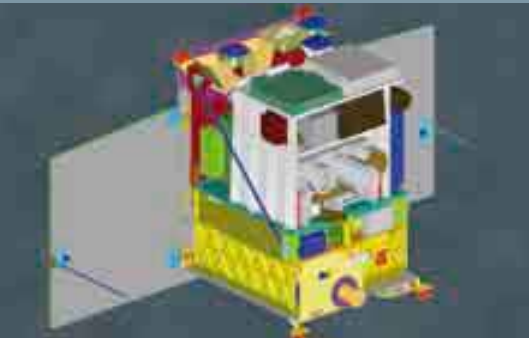
Global market leader in automotive crash testing

With its on-board data-recording system MINIDAU®, Kayser-Threde is the market leader in automotive crash testing. This system is installed in around 70 percent of all crash testing facilities around the world. In the process control technology segment, the company has installed seven processing coupling systems for the monitoring centers operated by Deutsche Bahn together with over 230 station control technology systems and 150 remote control nodes with a combined total of 7,000 embedded systems to control the supply of electricity.

Consistently the highest standards of quality

In response to the stringent requirements of space technology, Kayser-Threde has established the highest standards of quality on an end-to-end basis, something which is reflected in the extreme reliability of its products, system solutions and processes. In addition, it is appreciated for the consistently close collaboration with its customers - from the initial phase right through to the final completion of a project. This encompasses studies, analyses and system designs as well as special developments, testing and production right through to implementation, operation and support.

PROJECTS



Project: Technology testing vehicle (TET)

Company: Kayser-Threde GmbH

The TET is the core element of the national "On-Orbit Verification of New Techniques and Technologies" project which is supporting industry and research institutes in testing satellite technologies in space. The first TET-1 small satellite is being developed and produced in Germany under the management of Kayser-Threde as the main contractor and the partner with overall payload responsibility and is to carry eleven payloads in orbit in 2010. As the system manager, Kayser-Threde is responsible for the space, ground and launch segments.

Status

Phase B completed in December 2007. Phase C/D scheduled for commencement in the 1st quarter of 2008

Partners

Astro- und Feinwerktechnik Adlershof, German Aerospace Center, Berlin-Adlershof, Optische Informationssysteme, GSOC

Project: Environmental Mapping and Analysis Program (EnMAP)

Company: Kayser-Threde GmbH

EnMAP is the German hyperspectral earth observation satellite with more than 200 measuring channels in the spectral range between 420 and 2,450 nm. An innovative instrument system permits advanced optical specifications. With optimized swing angles in tandem with a 30 km charting width and a ground resolution of 30 m, the agile satellite system achieves global coverage and short observation repetition times. The data is evaluated by classifying the quasi-continuous spectrums to determine the ecosystem parameters and to achieve an improved modeling of bio/geosphere processes in a high-quality basis. In this connection, the scientific applications form the basis for preparing for future commercial use and operational services.

Status

Following the successful completion of Phase B (PDR), the contract for the realization phase is expected to be granted in spring 2008.

Partners

DLR Raumfahrtmanagement (customer), GFZ (scientific management), DLR-GSOC/-DFD (ground segment), OHB-System (satellite bus), extensive involvement by German industry in the subsystems.

Project: Plasma crystal experiments for the ISS

Company: Kayser-Threde GmbH

PK-3 Plus is the second plasma physics research system to be developed and assembled by Kayser Threde. Since the beginning of 2006, it has been used on board the space station around four times a year as it is possible to conduct research into complex plasmas more efficiently in gravity-free conditions. Complex plasmas are noble gases which are ionized by an alternating current. These gases are injected into the dust particles to render certain properties of the material visible at the atomic level. The purpose is to understand more about the basic physical mechanisms underlying plasma processes, e.g. to optimize industrial plasma-based production processes. The follow-up system PK-4 is currently being developed for ESA. A separate research rack for the space station is in the planning phase.

Status

PK-3 Plus will continue to operate until the end of 2009, after which PK 4 is to be launched in 2010.

Partners

DLR and ESA (customer), Max Planck Institute of Extraterrestrial Physics (MPE), Institute of High Energy Densities (IHED), Moscow, RKK Energia Moscow and DTM Technology, Modena, Italy.



Project: Galileo Precise Timing Facility

Company: Kayser-Threde GmbH

The Precise Timing Facility (PTF) provides the pulse for the entire Galileo system, i.e. the highly stable time reference for synchronizing the atomic clocks fitted to all satellites as well as the complete ground segment. The PTF essentially comprises an ensemble of six atomic clocks, highly sensitive measuring devices and special algorithms which calculate the Galileo system time (GST) on the basis of the clock data measured.

Status

System integration at Kayser-Threde scheduled for the end of 2008. Installation in Galileo Control Center in 2009.

Partner

Thales Alenia Space (customer).

Product: MINIDAU® Advanced

Company: Kayser-Threde GmbH

For over 30 years, Kayser-Threde has been supplying measuring systems for automobile crash testing, evolving into the global market leader in this segment over the past 15 years or so. This is a perfect example of the successful transfer of space technology to established products. Kayser-Threde develops, produces, sells and services the reliable high-quality measuring technology used in nearly all industrial countries around the world. In mid 2007, the MINIDAU® Advanced was released to consolidate the success previously achieved with the MINIDAU® Classic. The new product has been developed to satisfy all the present and future requirements of crash testing laboratories and has met with a favorable response in the market.

Status

Series production

Project: Alternative wireless system for process communications

Company: Kayser-Threde GmbH

Kayser-Threde's Process Control division has implemented a pilot project for DB Energie aimed at increasing the availability of railway electricity supplies as a means, for example, of reducing train delays. The system uses TCP/IP networks for process communication and comprises a server solution for controlling the replacement route via a wireless link (UMTS/GPRS) and the corresponding wireless communication components in the switching units. The availability of automation systems and the related process is crucially determined by a functioning communications network between the monitoring center and the distributed automation components.

Status

Following the completion of a successful pilot project in one region comprising 10 switching units, DB Energie has decided to fit all seven monitoring centers with the central server solution and to roll out the corresponding wireless components at around 200 switching stations over the next two years.

Partners

Deutsche Bahn (customer), Innominate Security Technologies, T-Mobile Germany



Receiving attention from all sides: a component for the Ariane booster case in the rolover machine.

SPACE TRANSPORTATION + AEROSPACE STRUCTURES ON A GROWTH TRAJECTORY WITH ARIANE AND AIRBUS

This business unit has established itself as the largest German components supplier for the successful Ariane 5 program. At the same time, it is a significant supplier of components for aerospace and aeronautical applications as well as a successful systems specialist for antennas and mechatronics. Since being acquired and integrated by OHB in 2006 in particular, MT Aerospace GmbH has gone from one success to the next.

On a systematically broader base

Generally favorable market conditions as well as the painless integration of MT Aerospace AG have fueled the company's growth in terms of both employee numbers and business. At the same time, OHB has been able to reduce its dependence on individual space projects as a result of this acquisition and also achieved a broader base with the additional small-scale series for such products as fresh and waste water tanks as well as structures for Airbus.

A bright outlook: The "Ariane 5" success story

The activities of the business unit as a supplier of components for the Ariane 5 program are proving to be particularly successful, with six launches in 2007 alone spurring business. Advance contracts were placed in mid 2007 for a further lot of 35 Ariane 5 building sets covering the sourcing of materials and raw materials with long delivery times. The main contracts are expected to be awarded in 2008 and will provide for MT Aerospace AG to supply components for Ariane 5 launches through to 2014. The annual launch cadence is to be increased to up to eight.

Air transportation with OHB expertise

Looking forward, OHB will play a crucial role in both passenger transportation and air cargo via MT Aerospace. Thus, the company is already supplying a large part of the floor brackets for the Airbus A380, the world's largest passenger aircraft.

The future military freighter A400M will feature central input and output manifolds for the air conditioning system as well as cladding on the aircraft hull supplied by MT Aerospace. These structural components will make a crucial contribution to MT Aerospace's efforts to extend its aviation activities in the CFRP segment over an expected period of more than 20 years.

Antennas and mechatronics: Masterpiece completed

OHB subsidiary MT Mechatronics GmbH is making a name for itself around the world as an engineering expert and contractor general for antennas and telescopes as well as in medical technology. One of its most outstanding products in the medical technology segment is the world's first heavy ion gantry, which was completed for customer HIT (Heidelberg Ion Radiation Therapy Center) in 2007. Ion radiation can be used with high precision to treat patients with tumors deep in their bodies. In this way, MT Mechatronics has gained an excellent position in this market. Other major contracts include ALMA (Atacama Large Millimeter Array) and SRT (Sardinia Radio Telescope).

PROJECTS



Project: Ariane 5 series production

Company: MT Aerospace AG

Ariane 5 completed six successful launches in 2007, with MT Aerospace, which supplies around 10 percent of the hardware, making a crucial contribution to this. Among other things, six flight sets were produced and supplied last year, a figure which is to climb to seven in 2008. Indeed, a further increase in the cadence is quite possible. Spurred by heightened demand, full capacity utilization is guaranteed at the Augsburg plant. In fact, personnel resources are to be stepped up as a result.

Status

The contracts are in series production.

Partners

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

Project: Alphas

Company: MT Aerospace AG

The purpose of the Alphas 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 - preliminary tank deliveries planned for 2008, the first flight model is expected to be completed in 2009.

Partner

Astrium (customer)

Project: A400M aviation structures

Company: MT Aerospace AG

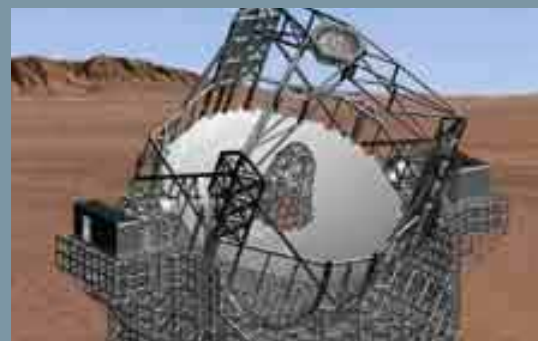
The heat exchangers in various systems are supplied with ambient air via inlet and outlet channels fitted to the fuselage. These components are very largely made from carbon fiber reinforced plastic (CFRP) and are fitted with metal flaps and actuators to control the air flow. MT Aerospace is responsible for the design orientation in preparation for production and the delivery of the fully fitted systems.

Status

The contracts were signed in 2007, with preliminary series deliveries to commence as of 2008.

Partner

Airbus (customer)



Project: Heavy ion gantry project Heidelberg

Company: MT Mechatronics GmbH

In August 2007, the world's first rotary heavy ion gantry for treating tumors was handed over to the customer HIT at the Heidelberg University Clinic. MT Mechatronics was responsible in particular for developing, producing, assembling and starting up the mechanical and control systems. Weighing a total of 600 tons, the steel structure can be positioned at any angle around the patient with great exactness and swiftly adjusted to the desired angle with a precision of within 0.02 degrees. The heavy ions are accelerated to a speed of up to 73% of the speed of light using a synchrotron and then directed at the tumor via magnets. In developing the steel structure and control system, MTM was able to utilize the experience which it has gained in the construction of telescopes.

Status

MTM is now also developing and installing the additional control system for this device.

Partners

Heidelberg University Clinic, Heidelberg Ion Radiation Therapy Center HIT (customer); GSI- Gesellschaft für Schwerionenforschung (project management for HIT)

Project: Airbus A380 aviation structures

Company: MT Aerospace AG

Floor struts: MT Aerospace AG is producing a large part of the floor struts, which are made from carbon fiber reinforced plastic (CFRP), for the Airbus A380 program. The preliminary development phase was successfully completed in 2007. In addition to the German part, there is also a possibility of securing the French part as well.

Status

Following the prequalifying stage, qualification will be achieved in 2008, with series deliveries to commence as of the end of 2008.

Partner

Airbus (customer)

Project: E-ELT main structure-study

Company: MT Mechatronics GmbH

Since the end of the 1990s, the European Southern Observatory ESO has created a new reference class in optical telescope with the construction of four VLT telescopes in Chile. Now, plans are being forged for the follow-up generation. Detailed studies on a new global dimension in optical telescopes with a mirror diameter of over 40 m are currently being conducted. In this connection, MT Mechatronics has completed a study on the main structure. As a result, it will be possible to use the experience gained from many years of constructing large-scale telescopes for applications in the area of radio astronomy in the construction of optical devices as well. The results prove that substantial weight savings can be achieved in tandem with considerably improved stability via the intelligent implementation of the basic principles of structural mechanics. In this way, costs can be cut by just under 30% compared with the original plan.

Status

The final presentation of the results of the study was held in January 2008. Further studies on other aspects of the large optical telescopes have been announced for the period ending 2009.

Partners

European Southern Observatory (ESO), Garching (customer)



The container terminal in Bremerhaven: Using telematics to optimize transportation.

TELEMATICS + SATELLITE OPERATIONS SUCCESSFUL START TO THE “CENTURY OF LOGISTICS”

For the past thirty years (since 1978), the term “telematics” has been used to refer to the convergence of telecommunications and computers. In the meantime, this relative young discipline has largely evolved into a separate cross-sectional technology. OHB has since established itself in one key area in which telematics are used, namely logistics, by developing top technological products. At the same time, OHB is continuing to extend its satellite-based communications infrastructure.

Contributing to global networking

The 21st century is frequently considered to be the century of logistics. Given the growing global division of labor, transportation is growing more quickly than global production. Sophisticated logistics optimize processes for managing end-to-end logistic chains. Telematics is making a growing contribution.

Managing commercial vehicles efficiently

Renowned commercial vehicle OEMs such as MAN and DAF are increasingly integrating telematics systems combining functions such as navigation, tachographs and tele-maintenance etc. In addition to lowering communication costs, this trend is being decisively driven by the need for efficient fleet coordination and management.

Leading technology in Europe

Thanks to its ongoing development work, OHB in particular is ideally poised to respond to these market requirements. With the establishment of a telematics portal for DAF Trucks, Eindhoven, Netherlands, it has successfully completed a project lasting several years. At the same time, it has set new technological standards as today's leading OEM supplier of telematics systems for commercial vehicles. The new system integrates functions for which several individual devices were previously required: truck navigation, GPRS-based communications, vehicle data recording via the CAN bus as well as the transmission of logistic status reports. This makes it the technologically most advanced and user-friendly terminal available in the European market for series-produced commercial vehicles. In September 2007, a contract was signed with DAF for the supply of telematic systems for series-produced trucks up until the end of 2011, with deliveries to commence in April 2008.

Requirements for swap bodies and trailers as well

A further trend is reflected in logistics companies' growing efforts to monitor more closely goods in transit as well as swap bodies and trailers. The number of new registrations in this segment has risen sharply, forcing companies to introduce better management systems. Here as well, a market for OHB telematics solutions is arising.

Satellite Operations: New generation being readied

OHB provides global satellite-based communications services which are continuing to grow in use. Following the ramp-up of new gateway earth stations (GES) in Australia and Italy in 2007 as well as the implementation of a powerful new generation of satellites, this segment is now operating on a broader footing.

PROJECTS



Project: Interface for digital tachographs

Company: OHB Teledata GmbH

Last year, OHB extended the telematic system developed for commercial vehicle producer MAN Nutzfahrzeuge with the addition of an interface for digital tachographs. Since May 1, 2006, all commercial vehicles newly registered in Europe with a total weight of over 3.5 tons and all buses seating more than nine passengers have had to be fitted with a digital tachograph. The introduction of the digital tachograph is particularly required to monitor observance of driving and off-road times in European road haulage with the aim of heightening road safety and simplifying and unifying handling of the controlling device on the part of the driver, companies and the authorities. The interface also allows driver data to be captured on a remote wireless basis in the future.

Status

Completed in 2007

Partner

MAN Nutzfahrzeuge (customer)

Project: INWEST (Intelligent Swap Body Management)

Company: OHB Teledata GmbH

Swap bodies form the backbone of transportation activities in the express and contract logistics segment as well as supply chain management. Thus, Deutsche Post/DHL alone has around 7,000 swap bodies which must be coordinated on a European-wide level. The systems currently in use for managing swap bodies utilize availability and location data which is imprecise due to the lack of any real-time positioning and identification information. This results in a large number of empty transports and low capacity utilization. Indeed, a not inconsiderable number of swap bodies are lost in the complexity of current-day logistics networks. This project seeks to address this problem by developing a new swap body management system. INWEST aims to reduce traffic congestion on German and European roads and harness cost advantages for logistics companies by means of an intelligent management system. The system is based on a new telematics solution.

Status

Project period: January 2008 until the end of 2010

Partners

BMW (customer), Deutsche Post, DHL, Micromata, Bremer Institut für Produktion und Logistik (BIBA)

Project: SISTER

Company: OHB Teledata GmbH

SISTER (Satcom in Support of Transportation on European Roads) is a European research and development project for integrating terrestrial/satellite-based communications for Galileo applications in road haulage. The highly precise navigation capabilities which Galileo will offer in the future will permit accurate truck positioning. With the transmission of updated information on points of interest and the ability to download digital maps to the vehicle navigation system by satellite, new dimensions in the quality of transport services will be achieved. Map and POI updates can be executed efficiently and rationally by means of satellite-based broadcasting. Any changes in points of interest (e.g. road blocks, bridge heights) can be assigned to individual vehicles on a dedicated basis in accordance with their position.

Status

Under development

Partners

EU Commission (customer), Navteq, Navigon, avanti communications, Volvo and others



Project: FSLGS-ARC

Company: megatel GmbH

As part of the OHB-System AG's FSLGS project (French SAR-Lupe Ground Segment - Archive and Catalog Subsystem), megatel GmbH is supplying and assembling the archive and catalog subsystem for the SAR-Lupe ground station in France. The raw data entering the system and the image data produced using it are stored on a RAID system for short-term access and backed up on a long-term basis in a tape library linked to an offline archive. External provision of the raw and image data is ensured by means of automated delivery using a DVD robot.

Status

Development phase until autumn 2008; thereafter testing and training in Bremen and France. Ten-year operating phase as of spring 2010

Partners

OHB System (client), BWB, DGA

Project: New Gateway Earth Station in Italy

Company: ORBCOMM Europe LLC

ORBCOMM completed its new Gateway Earth Station (GES) in Benevento, Italy in December 2007. Its purpose is to further extend the commercial service and to improve the availability of the communication capabilities in Europe. ORBCOMM now has a total of 14 operational GES in North America, South America, Central America, Europe, North Africa, Central Asia, North East Asia, South East Asia and Oceania.

Status

Completed in 2007

Partners

ORBCOMM Inc., Carlo Gavazzi Space S.P.A.

Project: Street light management system

Company: ORBCOMM Deutschland AG

A system is being developed in conjunction with AG electronics to demonstrate a technical solution with the aim of reducing municipalities' costs and electricity consumption. Street lighting across Europe – comprising an estimated 25 million units – is to be managed and monitored via ORBCOMM. ORBCOMM owes its particular cost advantage to its communications capabilities. As only a small volume of data is transmitted, inexpensive cost structures are possible.

Status

The rough model has been finalized and the experiment is currently in the design phase. The components are currently being selected.

Partners

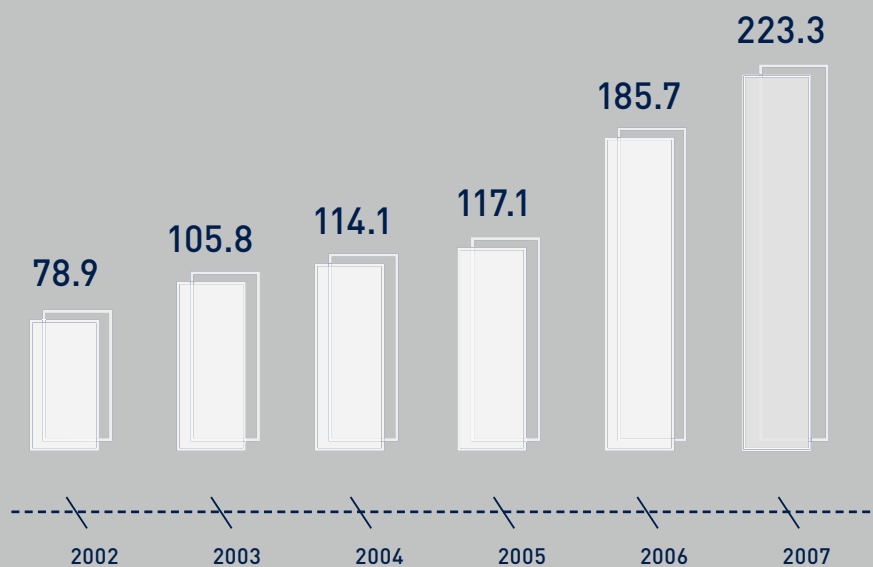
BAG electronics



Small GEO: Hispasat is the first user of OHB's geostationary small satellite.

MANAGEMENT REPORT

Consolidated Total Revenues over six years in EUR million



MANAGEMENT REPORT FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2007 AND ENDING DECEMBER 31, 2007

BUSINESS PERFORMANCE AND UNDERLYING CONDITIONS

Highlights in 2007

Acquisition of Kayser-Threde

With the acquisition of Erwin Kayser-Threde GmbH, the OHB Group's position in the space technology industry has improved considerably. This company has been successfully integrated in the Group and is making a contribution to consolidated earnings.

Rise in earnings to EUR 0.84 per share

Post-tax earnings came to EUR 12.5 million, translating into earnings per share of EUR 0.84 (basic and diluted) for fiscal 2007, up from EUR 0.81 in the previous year. The proceeds from the sale of the shares in ORBCOMM Inc. contributed EUR 0.17 to earnings per share. The 2008 corporate tax reform and the resultant effects on deferred taxes also caused earnings to rise by EUR 0.06 per share.

Adjusted for the exceptionals occurring in 2005, 2006 and 2007, earnings per share came to EUR 0.36 in 2005, EUR 0.52 in 2006 and EUR 0.61 in 2007.

At EUR 73 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.

Valued at around EUR 447 million, order books remain strong

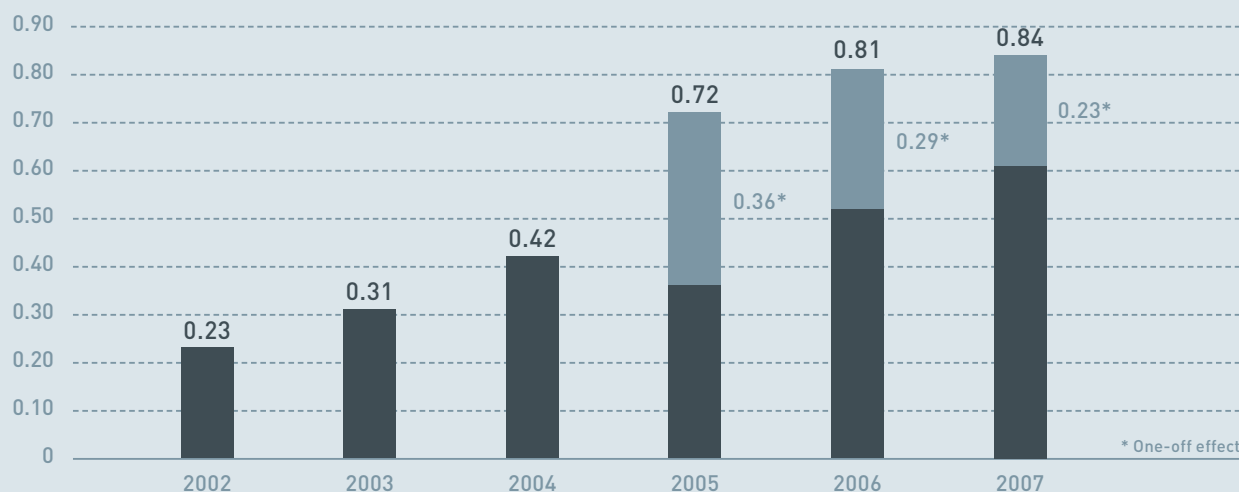
At around EUR 447 million (previous year EUR 448 million), order books are providing a high degree of reliability for future planning and ensuring strong capacity utilization in all parts of the Group.

Major successes in operating business

The Group's operating business was extraordinarily successful in the year under review. In this connection, special mention should be made of the successful launches and ramp-ups of a further two SAR-Lupe satellites as well as the continuation of the Ariane 5 program with six launches in a single year for the first time. In March 2007, the contract for the development of small geostationary satellites (Small GEO/Luxor) for the European Space Agency ESA was signed.

Earnings per Share

Over six years in EUR





Negotiations with Airbus

OHB Technology AG was selected as the preferred bidder for the EADS and Airbus facilities in Augsburg, Nordenham and Varel, which are up for sale. Negotiations with EADS/Airbus for the acquisition of these three facilities are currently ongoing.

Trends in the industry and the economy as a whole Space technology

The improvement in underlying national and international conditions for the Space Systems + Security and Space Transportation + Aerospace Structures has been sustained, underpinned in Germany by the innovation and technology offensive launched in 2005 and additions to the research and technology budget. On top of the national satellite missions which have already commenced, DLR has launched a further initiative for lunar exploration.

In this connection, OHB-System executed a phase 0 study for the Lunar Exploration Orbiter (LEO) mission on the basis of the Small GEO/Luxor platform in 2007. This involves high-resolution mapping of the moon and examinations of its physical properties with a view to executing manned and unmanned missions later on. With these national space initiatives for exploring the moon and Mars, Germany is further strengthening its industrial position in the European market. DLR is going to great lengths to ensure an adequate position for Germany in ESA's ExoMars program. Here, OHB-System is a partner in an industrial team lead-managed by Thales Alenia Space.

The market for commercial communication satellites is stabilizing, accompanied by rising demand for small geostationary satellites ("Small GEOs") all around the world. In this regard, the development of a platform optimized for this market, which is being materially financed by ESA, is playing a crucial role, with OHB holding a strong position to make the most of this market.

The underlying conditions for the planned European "Galileo" satellite-based navigation system were revised in 2007. Following the failure of the public private partnership approach to establishing the operational system and running future operations, the European Space Agency has been instructed by the European Commission to handle these tasks over the next few years. As far as the Galileo space segment is concerned, this means that tenders will be requested for the 26 operational satellites in 2008, giving

OHB an opportunity previously not available to it of entering this segment.

In the area of manned space travel, the European Columbus module was transported to the ISS in February 2008 after technical delays had been overcome following the successful resumption of US Shuttle operations. The operation of the module with all its industrial support services is assured in the medium term.

Demand in the satellite launch market is continuing to rise. The substantial recovery in the market driven by the growing number of satellite programs as well as the stable technical success of the Ariane-5 program will result in an increase in launches to up to eight in 2008 at Arianespace.

Telematics + Satellite Operations

The sustained boom in commercial vehicle business resulted in full capacity utilization at OEMs for the fourth consecutive year, with demand continuing to rise steadily. However, capacity shortfalls will prevent even greater gains in production output.

The transportation and traffic volumes are rising as a result of the economic upswing. The job of telematics is to ensure that these goods reach their intended destinations more efficiently.

The trend towards factory-fitted telematics systems has gained further momentum, generating higher order receipts for these systems. Vehicle OEMs are increasingly integrating telematics systems in their products. Standardized hardware and software components can be combined in building-block fashion to create powerful overall systems combining functions such as navigation, digital tachographs, tele-maintenance as well as sensory systems for monitoring many on-board systems.

Over the past two years, there has been a sharp increase in what customers expect of telematics. Logistics companies are no longer concerned with merely lowering communications costs but are also seeking ways of managing their fleets and goods more efficiently by deploying special navigation systems for trucks and the wireless transmission of driver road times.

OHB has responded to this trend in OEM telematics, as the development of a telematics system for commercial vehicle DAF shows.

A further trend is reflected in logistics companies' growing efforts to monitor more closely goods in transit as

well as swap bodies and trailers. The number of new registrations in this segment has risen sharply, forcing companies to introduce better management systems. Here as well, telematics can assist.

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. On July 1, 2007, the Group was extended with the addition of the Payloads + Science business unit. There were no changes to the other business units – Space Systems + Security, Space Transportation + Aerospace Structures and Telematics + Satellite Operations. With over 25 years of experience in high technology together with its integrated skills in the areas of aviation, aerospace and telematics, the Group is ideally positioned in Europe.

Space Systems + Security

This business unit's activities encompass satellites, manned spaceflight, exploration and security/reconnaissance technologies. Thus, 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/Columbus 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.

Payloads + Science

Kayser-Threde specializes in developing and implementing payloads, scientific equipment and devices for aeronautics/aerospace, research institutes and industry. The business unit provides support over the entire lifecycle of scientific research instruments for manned and unmanned space missions including feasibility studies, hardware and software development, mission support and evaluation of the results. The Automotive and Process Control Technology segments are responsible for systems for recording and managing data derived from crash tests and for monitoring and controlling railway power supplies.

Space Transportation + Aerospace Structures

This business unit is primarily a key supplier of components for aerospace and aviation products and possesses system skills in the antenna and mechatronics segment. Thus, MT Aerospace currently contributes around 10 % of the hardware (particularly structural and drive components) for the Ariane-5 launch vehicle, making it the largest German supplier for this project. In addition, MT Aerospace supplies fresh and waste water tanks primarily for the Airbus fleet and develops and produces components for the A380 passenger aircraft.

Telematics + Satellite Operations

The Telematics business unit develops comprehensive solutions for the efficient management of transportation activities. The main focus of its activities is on 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 2007

OHB Technology AG can look back on a successful year in 2007 during which it was able to strengthen its market position thanks to the acquisition of Kayser-Threde GmbH. All the main performance indicators improved across the OHB Group compared with earlier years, with business strong in all segments. Total consolidated revenues rose by around 20 % to EUR 223 million (previous year EUR 186 million), while sales came to EUR 219 million, up 34 % over the previous year (EUR 163 million). In this connection, it should be noted that Kayser-Threde GmbH was consolidated as of July 1, 2007. OHB Technology AG has thus performed in line with the forecast for 2007. At EUR 0.84, earnings per share were up 4 % on the previous year. The Management Board and Supervisory Board will be asking the shareholders to approve a dividend of EUR 0.25 per share for 2007 at this year's annual general meeting.

Space Systems + Security

Non-consolidated total revenues in the Space Systems + Security business unit rose to EUR 69.8 million (previous year EUR 63.0 million) and non-consolidated sales to EUR 69.3 million (previous year EUR 59.0 million).

OHB-System AG works on long-term projects which are generally awarded by public-sector customers. This affords a high degree of planning reliability over extended periods of time.

Earth observation and reconnaissance

The largest single contract at the moment, the SAR-Lupe project, phase C/D and E, is continuing to progress well. The first satellite SAR-Lupe 1 was launched on schedule on board a COSMOS 3M, which lifted off from the Plesetsk space center on December 19, 2006. It was followed in 2007 by SAR-Lupe 2 and SAR-Lupe 3. The second satellite was successfully placed in its low-earth orbit on July 2, 2007 and the third one on November 1, 2007. The satellites went into operation without any problems and have produced several thousand images in superb quality, thus testifying to the system's efficiency.

The remaining two satellites will be launched in March and July 2008, with the entire system to be fully operational in 2008. The ten-year period of operation by the German Federal Armed Forces commenced in December 2007. SAR-Lupe gives the German Federal Armed Forces the world's most modern satellite reconnaissance system.

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

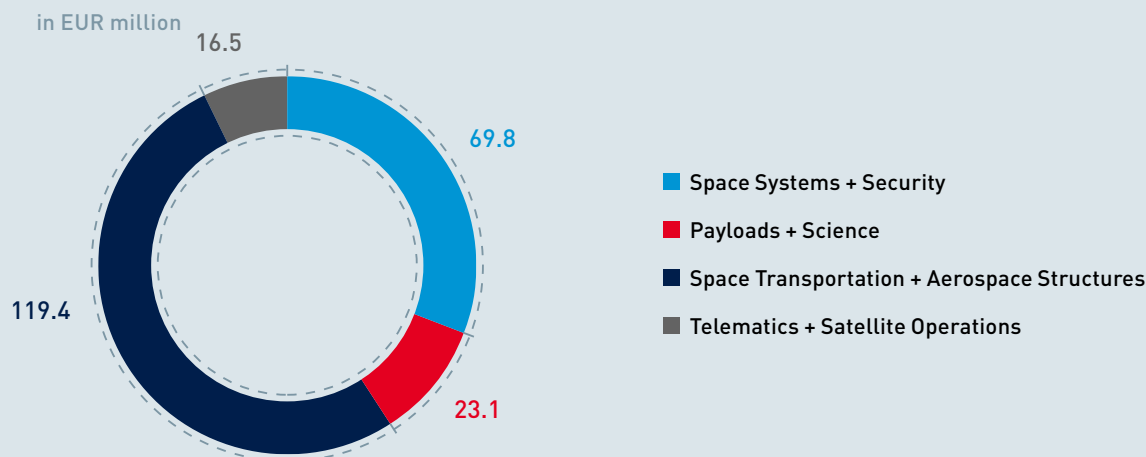
(optical images) programs. A contract for the realization phase of the Europeanization of the SAR-Lupe project was signed on December 1, 2006. Work on the project is proceeding according to schedule, with the preliminary components to go into operation in 2008.

The radar satellite being developed for allied countries and NATO partners in connection with the SAR-Lupe program will be marketed under the name SAR-SAT. There is strong interest in many of these countries in the SAR-SAT satellites, not least of all since the successful launch of the first three satellites. OHB is engaged in promising negotiations with a number of these interested parties. An electro-optical version of the system was offered to Turkey in 2007, with a decision expected to be made in the first half of 2008.

The national EnMAP (Environmental Mapping and Analysis Program), a revolutionary satellite for optical observation of the earth, is to be launched in 2011. Implementing hyperspectral technology, it will be primarily used to map the state of the planet and to continue monitoring its condition. It is an innovative system which can be used for many new areas of application. With EnMAP, Germany will be able to assume European leadership in the area of optical remote research. The project is currently in development phase B, while technical feasibility was successfully demonstrated in the second quarter of 2007 in a system requirement review both on the instrument side, for which Kayser-Threde is responsible alongside system management, and on the satellite bus side, which OHB-System is handling and which is based on SAR-Lupe.

In July 2007, OHB was awarded a contract by Thales Alenia Space for the mission analysis for the first of the Sentinel satellites, which are being built as part of the

Total Revenues by Business Units before Consolidation and Holding



GMES initiative. Sentinel 1 is a radar satellite for observing the polar regions. Over the next six months, OHB will be analyzing and optimizing the Sentinel 1 earth observation system on the basis of its experience with radar satellites.

As a result, OHB Technology is ideally positioned for the future in a spectrum ranging from radar satellites to electro-optical satellites.

In July 2007, OHB and the Alfred Wegener Institute, Bremerhaven, were awarded the "CoastEye" contract by Bremen-based investment company BIG. Under this contract, the CONDOR reconnaissance glider, which OHB has fitted out with sensors, will be used for observing the environment, particularly in coastal regions. Over a period of two-and-a-half years, the CONDOR fitted with hyper-spectral sensory systems will be flying up and down various coastal regions and collecting enormous volumes of data. The evaluation center for this coastal protection data also forms part of the "CoastEye" project.

Communications

At the beginning of March 2007, the European Space Agency ESA awarded OHB-System a contract worth around EUR 100 million for phases B, C and D of the geostationary small satellite Small GEO/Luxor project. Development phase B entails a volume of around EUR 13 million. A maximum price of an additional EUR 86 million or so has been agreed for the ensuing implementation phases C and D. The project is being executed in conjunction with European partners Swedish Space Corporation (Sweden), Oerlikon Space AG (Switzerland) and LUXSPACE Sàrl (Luxembourg). On the basis of market analyses, OHB expects demand for up to eight satellites per year and will be able to supply at least one satellite a year. Potential customers include small countries, telecommunications carriers and up-and-coming

satellite operators. This development gives Europe an ultramodern platform. One of the special features of this development is that the Small GEOs can be launched using any available carrier. The satellites have a modular structure. The first Small GEO satellite is to go into operation at an altitude of 36,000 km at the beginning of 2011. At the moment, negotiations are being conducted amongst the Spanish operator Hispasat, ESA and OHB for a contract with a value of at least EUR 40 million.

On the basis of the Small GEO/Luxor program, OHB prevailed in the tender process in 2007 for the German Aerospace Center's national telecommunications study, which defines the basis for a German civil communications satellite.

In August 2007, OHB received a contract for the on-board security box for the German Federal Armed Forces' SATCOMBw satellite. The communications network used by the German forces must be able to send and receive encrypted messages. Thanks to the experience gained with SAR-Lupe, OHB has built up extensive cryptology expertise.

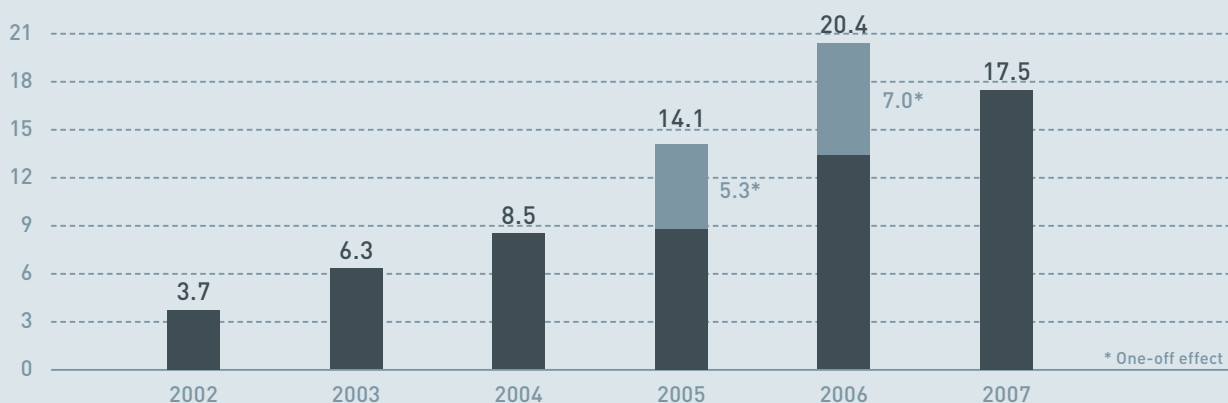
Back in 2005, OHB System had been awarded a contract by ORBCOMM Inc. for the development and construction of the first in a new generation of communications satellites. This satellite has now been completed and is ready for operation. Together with the six other, almost identical satellites contracted in summer 2006, it will be placed in orbit in 2008.

Space exploration

In 2007, OHB-System presented to DLR, the funder of the Mona Lisa study, the preliminary results of a study into the planning and execution of a space exploration program. It is initially concentrating on the moon as a research and testing field for developing and demonstrating exploration

EBIT

Over six years in EUR million



technologies as well as for providing a stepping stone for missions to Mars. The core element of the first step in the Mona Lisa exploratory activities entails a lunar orbiter which, among other things, will be used to map the surface of the moon.

At the beginning of July 2007, OHB-System was awarded a contract to perform a feasibility study into the Lunar Exploration Orbiter (LEO) on behalf of DLR.

As part of the "Surface Exploration Architecture Study" and the "In Space Exploration Architecture Study", preliminary studies on lunar and Mars exploration were performed during the year under review. These particularly entailed analyses of possible exploration missions and the infrastructure required.

On September 14, 2007, an unmanned Russian FOTON-M3 space capsule containing 15 scientific experiments successfully lifted off from the Baikonur space center in Kazakhstan. OHB-System oversaw the entire management of an experiment to find out more about fluctuations in liquids in gravity-free conditions (GRADFLEX payload – GRADient Driven FLuctuations EXperiment). GRADFLEX was a complete success.

Manned spaceflight

The US Space Shuttle Discovery lifted off on October 23, 2007, carrying on board the second node for the International Space Station. OHB-System supplied the cable harnesses and the secondary structure for Node 2, which has been christened "Harmony". In addition to interfaces for the European Columbus laboratory and the Japanese module, Node 2 has a docking station for the Space Shuttle.

The European Columbus module was transported to the International Space Station (ISS) on board the US Space Shuttle Atlantis in February 2008. OHB assembled the entire harness for the European space laboratory and, in fact, is the only European company to be involved in the development of all the scientific research facilities for the Columbus module (e.g. EPM, FSL, ETC) and is supplying the first biological experiment (Biolab) for the European space research laboratory.

Developed by OHB-System, the Flywheel astronaut fitness device was shipped to the Kennedy Space Center in mid June 2007, where it was examined and tested by NASA experts.

In the manned space flight area, ESA awarded OHB-System a contract involving extended activities in connection with the International Space Station (ISS).

Payloads + Science

Space technology

Added to the OHB Group's portfolio on July 1, 2007, the Payloads + Science business unit comprises Kayser-Threde GmbH and its associates and subsidiaries. In the second half of 2007, it generated non-consolidated total revenues of EUR 23.1 million and sales of EUR 29.9 million.

The business unit's core space technology competence entails the development of scientific instruments for orbital and interplanetary space missions. One key aspect of this is optical devices such as large telescopes, spectrometers and cameras covering the entire frequency range from X-rays to infrared. This is supplemented by specialist activities in innovative optical measuring technology using fiber-optic sensors for space and industrial applications.

Kayser-Threde also has a traditionally strong position in the development of instruments for research under micro-gravitation conditions. This entails research apparatus and equipment for the International Space Station (ISS) as well as for unmanned missions with returnable capsules or research rockets.

In addition to scientific instruments, the space technology segment has recently also broadened its business development activities to include small and micro-satellite projects. This primarily involves small satellites for earth observation and for scientific studies as well as platforms for the orbital verification of new technologies.

During the year under review, numerous instruments developed by the space technology segment, were launched into space on board various vehicles. Some examples include the Russian FOTON missions, the US asteroid mission DAWN and the Space Shuttle's flight to the ISS. All instruments completed their programs as planned or are continuing to function correctly.

Some projects were completed in the year under review with the delivery of the flight units to customers. Significant progress was achieved with all major ongoing projects. This was reflected in a large number of successful design reviews, after completion of which approval to commence the next phase of the project was received in all cases. Examples include the EnMAP and TET satellite projects as well as the PK-4 plasma crystal system.

Crucial milestones were also achieved with contributions to the European Galileo project, the Precise Timing Facility – a ground unit for synchronizing the on-board clocks of all Galileo satellites – and the cabling of the first four Galileo satellites. This resulted in a very strong position for follow-up contracts in connection with the construction of the remaining 26 Galileo satellites.

With respect to order receipts, mention should be made of two projects in particular. Thus, it was possible to prevail over strong national competition and to obtain the contract for the definition phase for the aforementioned mini-satellite TET, an experiment platform for testing newly developed satellite components. In the course of the year, the customer DLR awarded an additional contract for advance work from the realization phase. A further major success was achieved with the contract for the delivery of a new telescope for the Munich University Observatory at Wendelstein, which was gained just before the end of 2007 despite international competition.

Preliminary order receipts for ESA's ExoMars program also hold great potential and could pave the way for a substantial follow-up contract in the course of 2008.

During 2007, the space technology segment strengthened its position on a sustained basis in all main areas of activity.

Process control technology

This segment develops, produces and installs systems for monitoring and managing the supply of electricity along the electrified railway lines in Germany with a total length of some 18,000 km. The main customer is currently DB Energie.

Since 1996, the German railway company Deutsche Bahn has been using public communications networks for remote monitoring and maintenance tasks. In this way, a new area of activity entailing the provision of facilities for the secure transmission of data has arisen. This business proved very strong again in 2007, making a considerable contribution to new order receipts. In this connection, Kayser-Threde developed for DB Energie a system for the secure transmission of data across UMTS/GPRS mobile networks to substantially increase the availability of data links. As this system provides considerable scope for achieving savings in the service area, the market chances are very favorable. The pilot project for linking ZES Cologne to the wireless system was commenced in October 2006 and successfully completed its phase 1 trial run in October 2007.

Automotive test solutions

This segment has been developing, assembling and marketing crash-resistant data collection systems for recording physical measurements during the mandatory international safety tests (crash and sled tests) in the

automobile industry for the past thirty years. These systems are integrated in the vehicle.

The year under review also saw strong competition from the United States, which benefited from the continuing depreciation in the value of the dollar. The decision to update the MINIDAU[®] product with a new development incorporating the latest technological advances proved to be strategically wise in 2007. The top customers in Germany (Audi, BMW and Mercedes) placed orders with a total value of EUR 1.8 million, with the new technical features of the MINIDAU[®] Advanced proving to be very persuasive. As a result, Kayser-Threde has regained a substantial technological lead over its rivals.

Special mention should also be made of the new *nxt in-dummy* system. A contract worth millions was received from PSA (France) to fit out the latest-generation crash test dummies known as WorldSID with *nxt in-dummy* technology. As a result, Kayser-Threde is able to fit five different dummy types with this innovative measuring technology.

Business in Asia – particularly in China – was further extended. Following the establishment of Kayser-Threde Trading Shanghai in spring 2007, a major contract was received from GM PATAC. As a result, market share in China widened to over 80 %, thus coming close to the level achieved in South Korea.

The Crash Facility Alliance established by Kayser-Threde in 2006 continued to gain momentum in 2007. A partnership comprising Kayser-Threde, IAT, Landmesser Testing Systems and Kistler, it has been offering fully fitted crash systems under a single roof since spring 2006, with Kayser-Threde handling the project and system management. Siemens was signed up as a further partner to supply electric drives. At the moment, the Crash Facility Alliance is taking part in tender processes for eight crash test systems in China, India, South Korea, the United States and Germany.

Space Transportation + Aerospace Structures

The Space Transportation + Aerospace Structures business unit recorded total non-consolidated revenues of EUR 119.4 million (previous year EUR 103.4 million) and non-consolidated sales of EUR 110.6 million (previous year EUR 93.2 million) in 2007.

The situation for European space travel remained consistently strong in 2007. For the first time, a total of six Ariane 5 launches were successfully completed in a single year. Specifically, they entailed two Ariane 5 GS versions and four enhanced ECA versions with a payload of around 9.5 tons. Negotiations for the Ariane 5 PB lot were commenced, entailing the production and delivery of a further

35 sets of components. The first orders for long lead items in the PB lot were received in 2007.

In 2007, business in aircraft products primarily entailed the delivery of fresh and waste water tanks for Airbus aircraft. A new contract was also received from Airbus for the development and ensuing delivery of structural components for the A380 passenger aircraft.

Antenna and telescope business was spun off into the wholly owned subsidiary MT Mechatronics GmbH in Mainz at the beginning of 2007. In the year under review, MT Mechatronics GmbH completed the world's first rotary heavy ion gantry for its customer HIT (Heidelberg Ion Radiation Therapy Center). MTM successfully handled the development, production, assembly and start-up of the mechanical and control systems in particular. Using Europe's first system of this type, doctors and technicians want to apply ion radiation to treat patients suffering from malignant tumors.

Telematics + Satellite Operations

Non-consolidated total revenues in the Telematics + Satellite Operations business unit came to EUR 16.5 million in 2007, up on the previous year's figure of EUR 15.5 million. Non-consolidated sales reached EUR 14.5 million (previous year EUR 14.1 million).

Telematics

The business unit's mainstay continues to be its work with commercial vehicle producers.

The primary event during the year under review was the signing of a long-term contract for the delivery of telematics systems for series-produced trucks up until the end of 2011. Developed by OHB for DAF Trucks, Eindhoven, Netherlands, the all-in telematics system for series-produced trucks has been undergoing extensive (fleet) testing out on the road since March 2007. The system comprises telematics devices, communications components and also an Internet portal. As extensions to fleet testing led to a delay in the market launch, OHB now assumes that series production will commence in April 2008.

Work on the factory-fitting of OHB's telematics units to British army vehicles has commenced. Looking ahead over the next few years, roughly 7,000 MAN military vehicles operated by the British army will be equipped with the OHB CAN-Bus on-board computer in accordance with a master contract between OHB Teledata and MAN Nutzfahrzeuge.

A further key milestone in telematics business was the development of an interface between the telematics system designed by MAN Nutzfahrzeuge and the digital tacho-

graph. In this way, it will be possible to capture driver data on a remote wireless basis in the future.

OHB is preparing for future telematics technologies and applications in various research projects, such as the Sister and I-way projects. The Sister project provides for map data to be updated online via satellite in the broadcast mode in the future. The I-Way project is designed to improve traffic safety by allowing current traffic data to be swapped between vehicles.

megatel GmbH is currently working on a project for archiving and retrieving satellite data and any form of processed image data. A key aim is to ensure high availability of the hardware and software components and, in line with this, to minimize maintenance requirements during the entire life cycle. Development commenced at the beginning of 2007 and is scheduled for completion by 2010. The archive is to be extended with the addition of Oracle-based cataloguing functions, allowing extensive geodata queries of the image data stored with the aim of offering a suitably marketable product.

The Italian subsidiary Telematic Solutions is particularly working on a newly developed on-board telematics computer as well as enhancements to video monitoring systems.

Satellite Operations

At the end of February 2007, ORBCOMM completed its new Gateway Earth Station (GES) in Australia, allowing it to build up commercial activities in New Zealand and Australia and to offer further services in South East Asia and Oceania. In addition, the new GES in Italy went into operation in December 2007.

ORBCOMM Inc. issued around 8,050,000 shares at a price of USD 11.50 each in a secondary offering, including 2,985,000 shares from a fresh equity issue and 5,065,000 from the sale of shares held by legacy shareholders. It will be using the proceeds to boost the capacity and efficiency of its next-generation satellites.

In May 2007, ORBCOMM Inc. and Quake Global Inc. signed a new contract renewing their joint activities for a further ten years. Accordingly, Quake Global will continue to develop and produce subscriber communicators for the ORBCOMM satellite network.

In 2007, ORBCOMM was able to raise the number of billable subscriber communicators by 126,000 or 56 % to 351,000 units.

SALES AND ORDERS

The OHB Technology Group's total revenues came to EUR 223.3 million (previous year EUR 185.7 million) and sales to EUR 218.8 million (previous year EUR 163.2 million). Since the stock market flotation in 2001 and the integration of the Space Systems business unit in the OHB Group in 2002 as well as the acquisition of MT Aerospace AG in 2005 and Kayser-Threde GmbH in 2007, total revenues have risen from EUR 15.0 million (2001) to EUR 223.3 million.

Following the acquisition of MT Aerospace AG, the Space Transportation + Aerospace Structures business unit has performed successfully, with sales rising to EUR 110.6 million (previous year EUR 93.2 million) and total revenues climbing to EUR 119.4 million (previous year EUR 103.4 million).

The Space Systems + Security business unit is continuing to perform well and benefiting from the favorable overall situation in the space market. Total revenues increased in 2007 from EUR 63.0 million to EUR 69.8 million.

Kayser-Threde GmbH, which was consolidated on July 1, 2007 for the first time, represents the Payloads + Science business unit and generated total revenues of EUR 23.1 million during this period.

Looking ahead over the next few years, the Telematics + Satellite Operations business unit expects to achieve considerable growth thanks to its strong position in the OEM market. Total revenues came to EUR 16.5 million in 2007 (previous year EUR 15.5 million).

At EUR 446.7 million, order books remained at the same level as in the previous year (EUR 447.5 million). As of the

balance sheet date, order books were valued at EUR 294.9 million in the Space Transportation + Aerospace Structures, EUR 99.4 million in the Space Systems + Security business unit, EUR 26.9 million in the Payloads + Science business unit and EUR 25.5 million in the Telematics + Satellite Operations business unit.

RESULTS OF OPERATIONS

The OHB Technology Group's earnings for 2007 include for the first time Kayser-Threde GmbH, which was consolidated as of the third quarter of 2007.

Post-tax earnings came to EUR 12.5 million, translating into earnings per share of EUR 0.84 (basic and diluted) for fiscal 2007, up from EUR 0.81 in the previous year. The proceeds from the sale of the shares in ORBCOMM Inc. contributed EUR 0.17 to earnings per share. The 2008 corporate tax reform and the resultant effects on deferred taxes also caused earnings to rise by EUR 0.06 per share.

Adjusted for the exceptionals occurring in 2005, 2006 and 2007, earnings per share came to EUR 0.36 in 2005, EUR 0.52 in 2006 and EUR 0.61 in 2007.

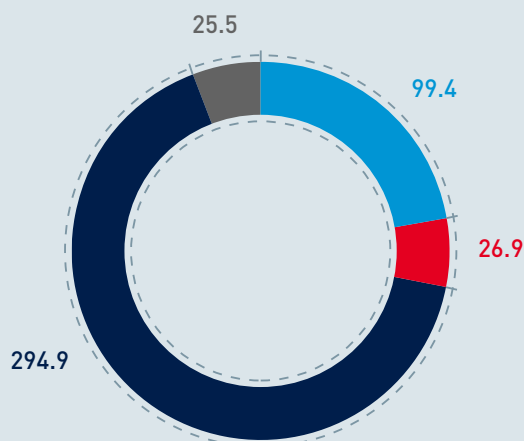
Earnings before interest and taxes (EBIT) equaled EUR 17.5 million (previous year EUR 20.4 million). EBIT adjusted for exceptionals rose by EUR 4.1 million or 31 %.

Before consolidation, the Space Systems + Security business unit generated EBIT of EUR 6.4 million (previous year EUR 6.1 million), translating into an EBIT margin of 9.2 % (previous year 9.7 %).

EBIT before consolidation in the Space Transportation + Aerospace Structures business unit stood at EUR 9.3 mil-

Order Backlog by Business Units

2007 in EUR million



446.7 Total

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

lion (previous year EUR 6.6 million), equivalent to an EBIT margin of 7.8 %.

EBIT in the Payloads + Science business unit came to EUR 2.2 million in the second half of 2007, translating into an EBIT margin of 9.5 %. This EBIT margin was spurred by the seasonally stronger business performance in the second half of the year.

The Telematics + Satellite Operations business unit posted EBIT of only EUR 0.1 million due to heavy development expenses for OEM products and thus fell short of the previous year's figure (EUR 0.7 million).

The OHB Technology Group achieved a positive net financial result of EUR 0.9 million in 2007, down from EUR 1.6 million in the previous year. This change was primarily due to currency losses in connection with the US dollar.

The parent-company financial statements prepared according to German GAAP (HGB) for OHB Technology AG carry an unappropriated surplus of EUR 5.7 million for 2007.

ASSETS AND FINANCIAL CONDITION

Total assets expanded from EUR 287 million to EUR 315 million. This was primarily due to the integration of Kayser-Threde GmbH. Group capital spending stood at EUR 20.1 million in 2007 (previous year EUR 6.9 million). This increase was related to the acquisition of Kayser-Threde GmbH as well as a 19 % stake in SpaceDev Inc.

Inventories rose in value from EUR 51.4 million to EUR 72.3 million; on the other hand, advance payments received from customers climbed to EUR 75.1 million (previous year EUR 65.0 million).

Cash and cash equivalents including securities were valued at EUR 73.1 million, down from EUR 89.5 million in the previous year. The first-time consolidation of Kayser-Threde GmbH caused non-current financial liabilities to rise by EUR 4.0 million. No other borrowings were raised in the year under review and are currently not planned for the future.

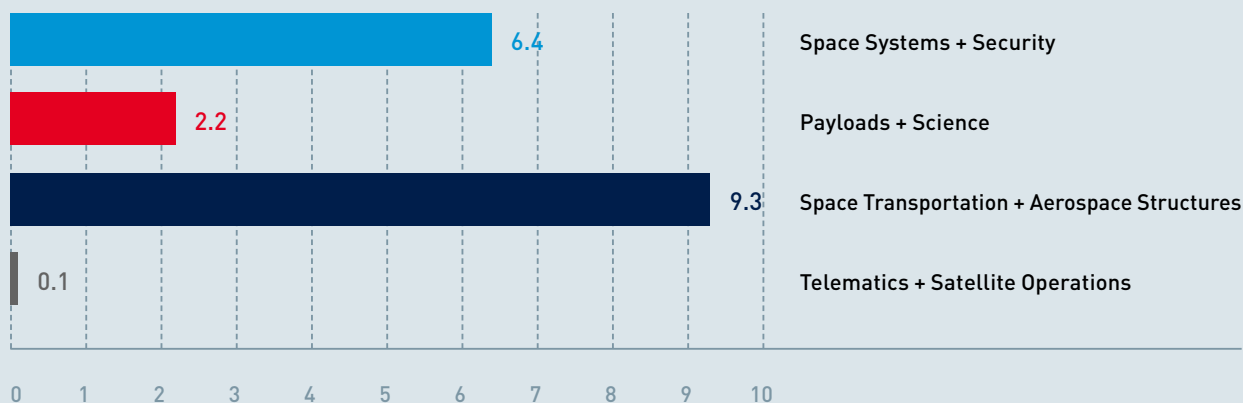
Equity rose by EUR 3.0 million over the previous year to EUR 82.1 million. The equity ratio stood at 26 % as of the balance sheet date (previous year 28 %).

The pension provisions of EUR 67.3 million continue to constitute the largest item on the equity and liabilities side of the balance sheet except for equity capital and are largely unchanged over the previous year.

Trade receivables of EUR 69.3 million (previous year EUR 52.8 million) were offset by trade payables of EUR 28.9 million (previous year EUR 27.9 million).

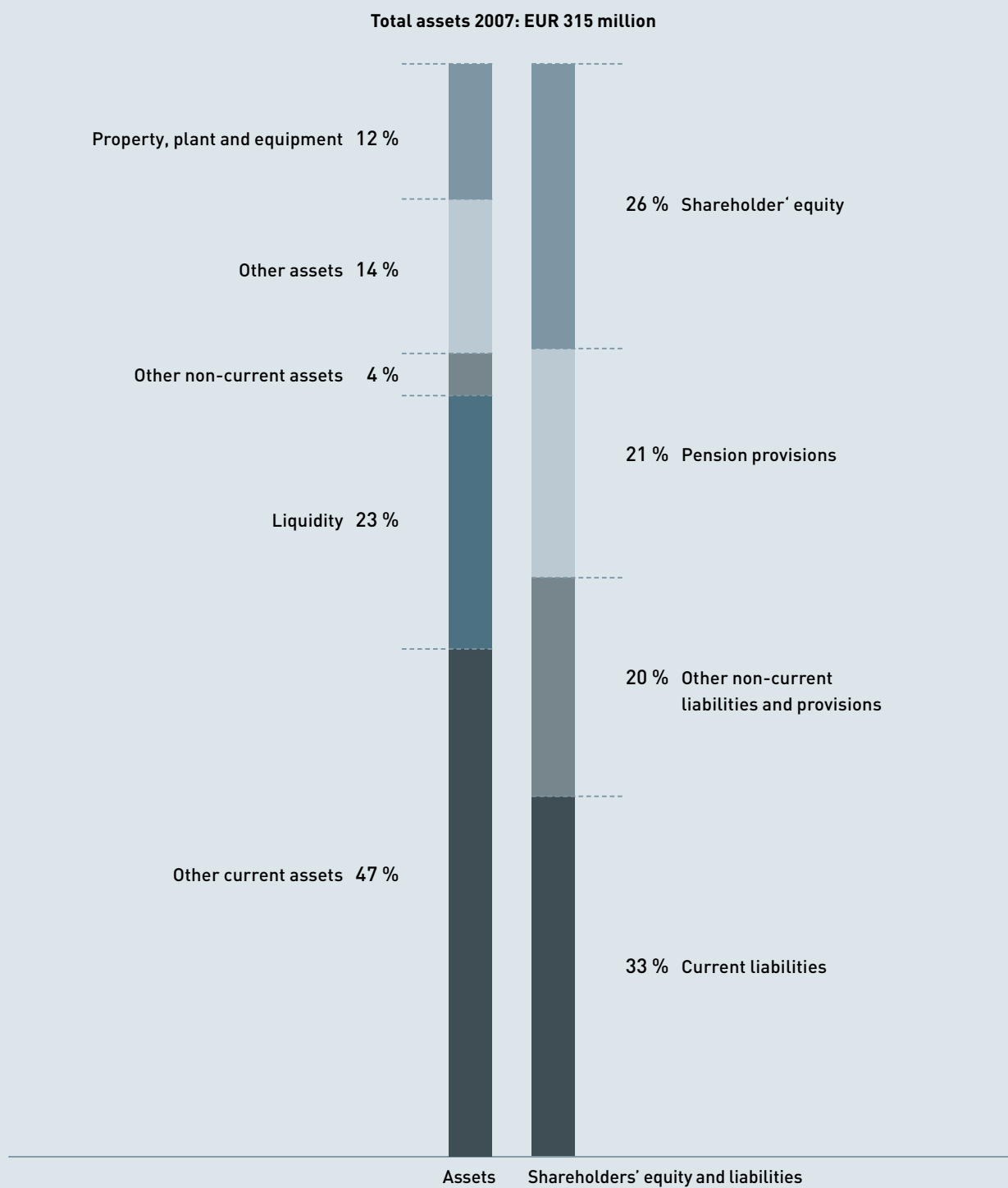
EBIT by Business Unit before Consolidation and Holding

2007 in EUR million



Asset Structure

As a percentage of total assets



EMPLOYEES

In 2007, the Group headcount rose primarily through the addition of the highly qualified staff of Kayser-Threde GmbH, who possess outstanding skills in the payload area. In this way, the expertise and experience of staff at the various sites ideally supplement each other, reflecting the core competencies of the individual Group companies.

Thanks to strong order intake, it was also possible for many companies to recruit experts with a generally international outlook to cover demand for specialist and executive staff. The number of unsolicited applications received by the Group rose substantially last year doubtless thanks in no small way to growing awareness of OHB's existence. All told, the Group and its staff are well positioned to handle current projects and highly motivated to face the challenges of the future.

As of December 31, 2007, the OHB Technology Group had 1,189 (previous year 823) employees.

The following breakdown by function illustrates the innovativeness and dedication of our staff:

As of the end of the year, 328 employees were in the development/system engineering area, 436 in the HW production, mechanical engineering, service area, 230 in the distribution/project management area, 155 in the commercial and system administration area and 40 in quality management.

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 are described in the corporate governance report as well as in the notes to the financial statements.

RESEARCH AND DEVELOPMENT

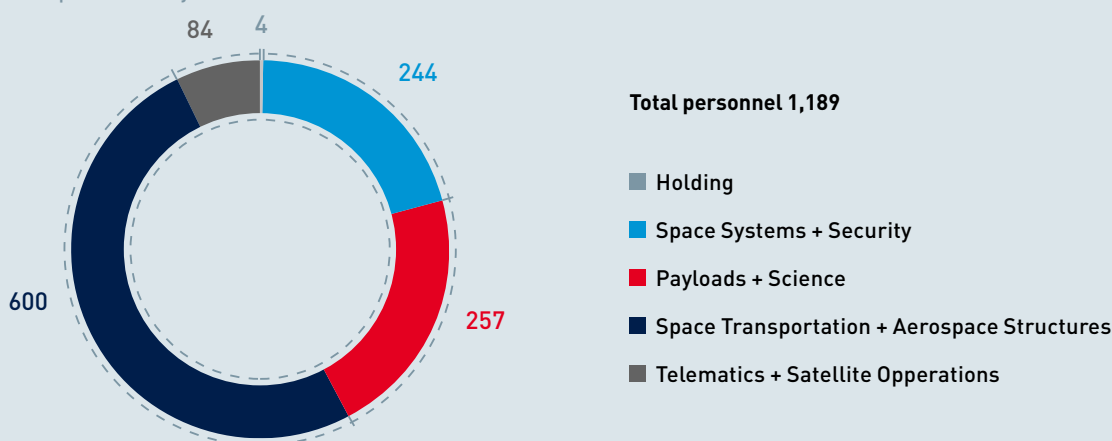
In the year under review, OHB spent roughly EUR 12.2 million (previous year EUR 8.22 million) on research and development (R+D). A large part of the R+D activities are funded by various institutions such as the European Union, the German Federal Government and the German states. In accordance with European Union directives, subsidies account for between 25 % and 75 % of the total costs depending on the market proximity of the development project.

In its research and development activities, the Space Systems + Security business unit concentrates on space exploration, particularly the moon. The preliminary results of a detailed program proposal 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.

A further key aspect entails participation in the GMES initiative, in connection with which OHB Technology is primarily developing satellite-based demonstration applications for monitoring shipping and for measuring ship emissions.

Staff

Total personnel by Business Units 12/31/2007



R+D activities in the Payloads + Science business unit centered around process control technology and specifically entailed further enhancements to station control technology for managing the new generation of switching systems currently being implemented at DB Energie.

In fiscal 2007, the Space Transportation + Aerospace Structures business unit performed development work in the strategic tanks / tank components segment including solid-matter engine casing and structures for new products, product enhancements and reductions in production costs.

Work on developing the fuel tank for the new Alphaspace satellite platform continued at an intensive rate. All production processes for cladding the thin-walled liner with a carbon fiber composite were tested using a suitable dummy tank. The necessary production parameters have been defined and verified in two prototypes.

In the tanks/tank components segment, modern lightweight materials made of aluminum alloys and carbon composites are increasingly playing a crucial role particularly in the light of needs to utilize environment-friendly, high-energy cryogenic fuels such as hydrogen. As well as dealing with issues relating to materials and production processes for tank components, MT Aerospace is extending its subsystem skills in tank systems.

The main focus of research and development activities in the Telematics + Satellite Operations business unit concerned further technical enhances to on-board telematics computers.

ENVIRONMENTAL MANAGEMENT / QUALITY MANAGEMENT AND CERTIFICATION

Quality management

OHB System AG monitors quality management for OHB Technology and the quality certifications required for operating business at the following companies:

- OHB-System AG with STS Systemtechnik Schwerin
- OHB Teledata GmbH
- megatel GmbH
- Kayser-Threde GmbH
- LUXSPACE Sàrl

The individual companies are legally responsible for implementing and complying with the requirements of the certificate in question.

OHB-System, OHB Teledata, megatel

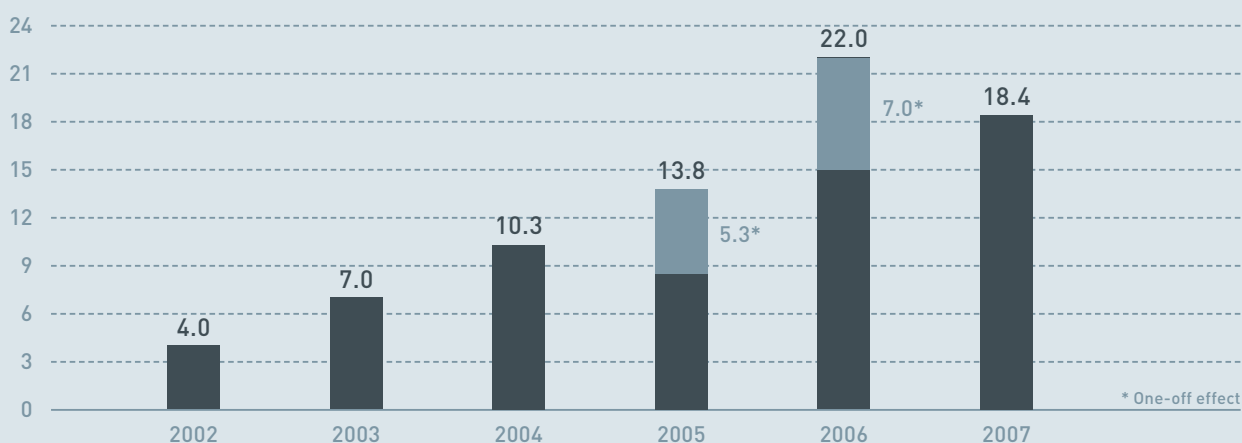
Certification encompasses distribution, systems management, development, production and maintenance of products for space and environmental technology, information and communications technology as well as software products and services.

DIN EN ISO 9001:2000 quality management system (base certification)

Individual certificates have been issued in accordance with DIN EN ISO 9001:2000 for all three companies in Bremen. The individual certificates and the collective certificate for OHB Technology QS-2270 remain in force until July 20, 2008. The next audit is due to be conducted in August 2008.

EBT

Over five years in EUR million



EN ISO 9100:2003 quality management system (aerospace/aeronautics)

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 QS-3674 certificate remains in force until May 16, 2009. The next audit is due to be conducted in April 2008.

AQAP standards (for military projects)

An audit in line with the requirements of NATO AQAP 2000, 2009, 2110 and 2111 was performed in 2005 for the involvement in military projects. In its audit report 09.12.05, BWB confirmed on February 2006 that OHB had successfully passed the audit. Certificate No. 09.12.05 remains in force until July 20, 2008. The next audit is due to be conducted in June 2008.

ISO/TS 16949 quality management (automotive)

In addition to the existing certification in accordance with international (ECE rules), European (EU rules) and German road traffic legislation, OHB Teledata is seeking ISO/TS16949 certification for quality management for series and replacement-part production in the automotive industry up until the end of 2009. Pending certification, processes for automotive requirements are currently being implemented in company processes and documented in specific process rules.

ISO 14001 environmental management

According to Germanische Lloyd, OHB-System generally does not require EN ISO 14001 environmental management certification for the handling of hazardous materials. Consumables as well as special wastes, e.g. metallic substances and electronic scrap, are disposed of at the Bremen facility in a controlled manner under standard contracts with certified external 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 equipment handle the supervision and disposal of such materials.

To comply with customer requirements, OHB Teledata and megatel will be implementing environmental management at their Bremen sites in 2008 and expect to receive certification in August 2008.

Audit in accordance with the German Federal Data Privacy Act

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. OHB-System has implemented appropriate data privacy guidelines and process rules for all its Bremen-based companies.

Kayser-Threde**DIN EN ISO 9001:2000 quality management system (base certification)**

Certification encompasses distribution, systems management, development, procurement and production and maintenance of space technology products. The certificate remains in force until July 25, 2009. The next audit is due to be conducted in June 2008.

ISO 14001 environmental management

Kayser-Threde has appointed an environmental management officer; formal certification is currently not necessary.

MT Aerospace and MT Mechatronics**DIN EN ISO 9001:2000 quality management system (base certification)****EN ISO 9100:2003 quality management system (aerospace/aeronautics)**

Compliance with the certificates which MT Aerospace and MT Mechatronics have received is monitored directly on site.

MT Aerospace's Augsburg facility is certified pursuant to DIN EN ISO 9001:2000 and EN ISO 9100:2003 for the distribution, development and production of aviation technology as well as 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 2007 audits.

RISK REPORT

OHB Technology's Management Board permanently monitors the Group's operating, market and financial risks and is integrated in all main business and capex 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.

The basis for risk management is formed by a detailed monthly report for overseeing orders and costs. Reporting also covers all business development, research and development activities and allows potential risks to be identified at an early stage.

The subsidiaries report to OHB-Technology AG via standardized monthly reports covering all process and risks of relevance.

The individual business units deploy different software systems for generating reports, e.g. SAP or business intelligence solutions.

Quality management for the management and quality management processes accords with DIN EN ISO 9001:2000 and EN ISO 9100:2003 and is documented in a manual; the Management Board receives annual Group quality reports.

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 and Payloads + Science business units primarily work for public-sector customers. Accordingly, order receipts depend on public-sector budgets. This market has been consolidating over the past few years. However, this situation is, if anything, favorable for OHB Technology AG in view of its special position as a 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 business of the Space Transportation + Aerospace Structures and Space Systems + Security business units hinges on the successful execution of the following launches:

- Ariane program
- SAR-Lupe program
- ATV
- ORBCOMM satellites

A further main determinant is the successful completion of development projects within the stipulated periods and in line with the contractual prices.

It is crucial for new business to be gained in competition with large companies in the aviation and aerospace industry in particular to ensure the OHB Group's continued growth and to achieve satisfactory capacity utilization.

Sourcing risks

As in the previous year, the cost of input components, particularly for booster production, rose sharply in 2007 on account of the higher prices of materials in the global market. At the same time, some suppliers are having difficulty meeting agreed delivery dates. This is particularly the case with the sourcing of titanium and CFRP materials.

The OHB Group is addressing this situation by monitoring the buy-side market continually, tracking inventories constantly and increasingly taking measures to safeguard the local availability of supplies. In addition, it is continuing to tap new sources particularly in the Eastern European countries.

Project risks

The risk management system used for bid-costing and ongoing project management involves regular escalated 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. Headcount rose substantially in 2007 as a result of acquisitions and organic growth. Despite the difficult state of the labor market in the highly specialized aviation and aerospace industry, the OHB Group was able to

find suitable specialists to cover its personnel requirements. Looking forward, it will be necessary to step up efforts to cover growing personnel requirements, particularly by means of international recruiting.

Financial risks

The operations 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 precautions 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.

The OHB Group's customer base comprises both directly and indirectly a large proportion of public-sector customers. For this reason, the risk of payment defaults is extremely small. Over the past few years, there have been virtually no payment defaults, meaning that adjustments to or the prolongation of individual receivables have not been necessary.

Payments on account received comprise part payments remitted upon the completion of specific project milestones. In this way, it is possible to minimize liquidity risks and working capital requirements.

Most goods and services procured are invoiced in euro. Foreign-currency transactions in the dollar region may result in translation gains or losses. The depreciation of the US dollar led to currency-translation losses and reduced competitiveness in individual cases last year. In the future, currency hedges will be transacted on a case-by-case basis.

Summary

In fiscal 2007, the OHB Technology Group's exposure was for the most part limited to the risks described. 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 acceptable.

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 Corporations 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

Breakdown of the subscribed capital

The share capital stood at EUR 14,928,096.00 on the balance sheet date and was divided into 14,928,096 no-par-value bearer shares.

Restrictions to voting rights or the transfer of shares

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 their capacity as shareholders 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 64.36 % of the share capital is held.

Shares exceeding 10 % of the voting capital

Prof. Dr. h.c. Manfred Fuchs holds 23.27 % 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, 64.36 % of the Company's shares are subject to a pooling contract providing for the coordinated exercise of voting rights.

Statutory stipulations and provisions contained in the Company's Articles of Incorporation with respect to the appointment and dismissal of members of the Management Board and amendments to the Articles of Incorporation

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 (1) and (2) of the Articles of Incorporation of OHB Technology AG in the June 2007 version stipulate that the Supervisory Board is to appoint the members of the Management Board and deter-

mine 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 the Articles of Incorporation of OHB Technology AG also empowers the Supervisory Board to make amendments to the Articles of Incorporation affecting only their version.

Powers of the Management Board to issue or buy back shares

At the annual general meeting held on May 10, 2007, the shareholders passed a resolution authorizing the Management Board to buy back up to 10 % of the Company's share capital outstanding as of the date of the resolution on or before November 9, 2008.

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.

The Company held 57,817 shares as treasury stock as of the balance sheet date.

At the annual general meeting held on May 10, 2007, the shareholders authorized the Management Board to increase with the Supervisory Board's approval 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 on or before May 9, 2012.

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).

The Management Board is additionally authorized subject to the Supervisory Board's approval to determine the extent and nature of the option rights and the other conditions of issue.

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

The Columbus module was launched on board the US Space Shuttle on February 7, 2008. During the mission, it successfully docked with the ISS Space Station and went into operation. This module contains numerous payloads developed by OHB-System and Kayser-Threde. These payloads were also activated without any problems. The operation of the module with all its industrial support services is assured in the medium term.

OUTLOOK

The OHB Technology Group will remain on its growth trajectory in fiscal 2008 again.

Space Systems + Security

The Space Systems + Security business unit plans to launch the SAR-Lupe 4 and SAR-Lupe 5 satellites this year. Efforts to achieve SAR-Lupe/Helios II interoperability will be stepped up substantially in 2008.

As marketing of SAR-SAT has progressed well over the past few 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 launches are 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 expected for the first half of 2008.

EnMAP, an optical satellite based on the SAR-Lupe platform, is currently in phase B, with phases C and D expected to commence in the first half of 2008.

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

The Small GEO/Luxor program constitutes a special strategic thrust. OHB has set itself the target of becoming the leading European supplier of small geostationary satellites. With the contract (phase B commissioned and

proposal for phases C/D submitted), OHB has come a good deal closer to achieving this goal. Negotiations for the award of a contract by Spanish satellite operator Hispasat for the payload for this demonstration have commenced and are expected to be concluded towards mid-year. Efforts to generate follow-up contracts have started with the aim of selling at least one satellite a year.

To sum up, the Management Board is very confident of being able to garner significant new satellite business this year. In addition, further progress in the SAR-Lupe project and the launch of the ORBCOMM satellites are of prime importance. The task will be to systematically continue the superb work of the past year, which culminated in the successful launch of a further two satellites.

In the exploration area (moon/Mars), we assume that Germany will be implementing 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 follow-up jobs assigned and promised by ESA for further extensions to the International Space Station ISS.

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 3 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 2008. Highly reliable protection of orbiting satellites from external access is of crucial importance not only for military customers.

Payloads + Science

Integrated in the Group since July 1, 2007, the new Payloads + Science business unit has positioned itself via Kayser-Threde in key strategic space technology projects such as TET and EnMAP. Success in 2008 will hinge decisively on the imminent award of the contract for phases C/D of these projects.

The company's market position in the automotive and process control technology segments has also been strengthened substantially, with new product lines providing a viable medium-term basis for these activities.

Space Transportation + Aerospace Structures

Turning to the Space Transportation + Aerospace Structures business unit, the existing ample order books constitute a solid basis for the continued production and delivery of Ariane 5 components in 2008 and beyond. Plans to increase the launch cadence will result in greater production volumes at MT Aerospace and thus help to improve capacity utilization. Negotiations for the Ariane 5 PB lot are expected to be successfully concluded in the first half of 2008. Considerable delays have arisen with the Alphabus development project on account of its complexity. Accordingly, great efforts will be required in 2008 for the current schedule to be adhered to.

In the aviation segment, the production of fresh and waste water tanks for Airbus will remain a steady source of business, albeit with narrow margins. Business in light-weight structures for the A400M military transporter and the A380 passenger aircraft is expected to generate preliminary sales in 2008. However, compliance with the costs outlined in the preliminary proposal will constitute a particular challenge.

Telematics + Satellite Operations

The Telematics + Satellite Operations business unit has sustained a further decline in margins on account of project delays and heightened development costs. Even so, the OHB Group expects series production of the telematics systems for DAF to commence this April, resulting in higher sales. OHB considers itself to be increasingly better positioned in the OEM segment and plans to widen its activities here with the implementation of further specific truck functions such as ADAS (advanced driver assistance system) and additional map attributes.

The OHB Technology Group expects total revenues to climb to around EUR 290 million in 2008, with double-digit growth also projected for EBIT (net of exceptionals). The Group forecasts moderate growth across all business units in 2009 concerning total revenues and EBIT.

It should be expressly noted in connection with forward-looking statements that actual events may differ materially from expectations of future performance.

CORPORATE GOVERNANCE REPORT

In June 2002, a commission installed by the German Federal Government published recommendations known jointly as the "German Corporate Governance Code" setting out standards of conduct and behavior 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 interests 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 2007. 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 receive continued payment of that member's fixed-rate compensation for a period of six months. The remuneration paid to Management Board members Marco R. Fuchs and Ulrich Schulz was allocated to OHB Technology AG and that payable to Prof. Dr. h.c. Manfred Fuchs to OHB-System AG. It breaks down as follows: The fixed-rate remuneration paid in 2007 came to EUR 0.658 million (previous year EUR 0.653

million), while the variable component for the entire Management Board came to EUR 0.245 million (previous year EUR 0.142 million). Mr. Marco R. Fuchs received a sum of EUR 0.214 million (previous year EUR 0.214 million) as fixed remuneration including all benefits as well 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 (EUR 1,700) towards an endowment policy. Variable remuneration of EUR 0.120 million (previous year EUR 0.061 million) was paid for 2007.

Prof. Dr. h.c. Manfred Fuchs received a sum of EUR 0.247 million (previous year EUR 0.244 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, payments of EUR 36,000 were made pursuant to a pension commitment assumed in 1988 under which he is to receive EUR 3,000 a month upon turning 65. Variable remuneration of EUR 0.120 million (previous year EUR 0.061 million) was paid for 2007.

Mr. Ulrich Schulz received a sum of EUR 0.156 million (previous year EUR 0.156 million) as fixed remuneration including all benefits as well 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 1,200 (EUR 1,200) towards an endowment policy. Variable remuneration of EUR 5,000 (previous year EUR 20,000) was paid for 2007. Provisions of EUR 0.270 million were set aside for the payment of variable remuneration to the Management Board in 2007.

Mrs. Christa Fuchs as chairwoman of the Supervisory Board received a sum of EUR 20,000 for 2007 (previous year EUR 20,000), Prof. Dr.-Ing. Hans J. Rath EUR 10,000 (previous year EUR 10,000) and Prof. Heinz Stoewer EUR 10,000 (previous year EUR 10,000). Variable compensation components were dispensed with. Mrs. Christa Fuchs received compensation of EUR 0.122 million (previous year 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 5,000 (previous year EUR 18,000) 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 other members of the Management Board Prof. Dr. h.c. Manfred Fuchs and Ulrich Schulz held 3,473,064 and 54 shares, respectively. On December 31, 2007, VOLPAIA Beteiligungsgesellschaft mbH held 3,718,579 shares. Christa Fuchs held 20 %, Marco R. Fuchs 25 % and Prof. Dr. h.c. Manfred Fuchs 35 % of the capital of VOLPAIA Beteiligungsgesellschaft mbH as of the balance sheet date.

Directors' dealings

In the year under review, members of the Company's Management Board and Supervisory Board reported a total of three securities transactions subject to compulsory disclosure.

Professor Manfred Fuchs (member of the Management Board) bought 10,000 shares (price: EUR 10.68 each) via Xetra on January 19, 2007 and 2,000 shares (price: EUR 11.76 each) via Xetra on March 1, 2007. Ulrich Schulz sold 2,850 via Xetra on July 16, 2007.

DECLARATION OF CONFORMITY BY OHB TECHNOLOGY AG PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATIONS ACT CONCERNING THE GERMAN CORPORATE GOVERNANCE CODE

OHB Technology AG welcomes the German Corporate Governance Code and the fact that it is embodied in statutory law. The Management Board and the Supervisory Board of OHB Technology AG declare that the Company conformed to 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 is based on the June 2007 version of the Corporate Governance Code.

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 AG does not set a maximum age for members of the Management Board as this would limit the availability of 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 Supervisory Board (5.4.1)

The Corporate Governance Code recommends defining maximum ages for the members of the Supervisory Board. The Supervisory Board is elected by the shareholders of OHB Technology; accordingly, a defined age limit is not a desirable factor for selection purposes.

Inclusion of the deputy chairman of the Supervisory Board for compensation purposes (5.4.7)

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-tied compensation for members of the Supervisory Board (5.4.7)

OHB Technology AG takes the view that this is currently not appropriate. Accordingly, OHB Technology AG's Articles of Incorporation do not provide for any performance-related compensation for members of the Supervisory Board.

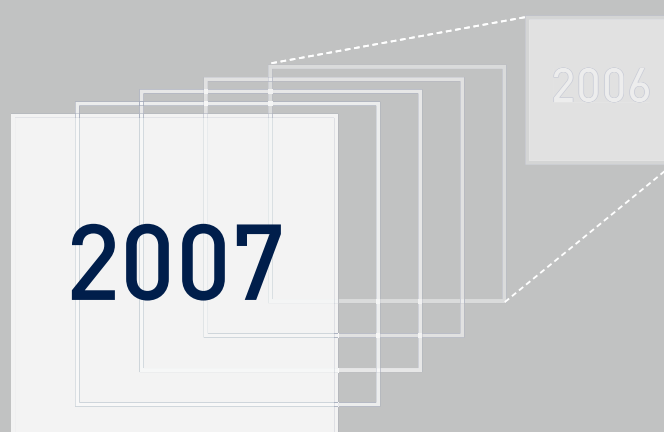
Management Board and Supervisory Board
of OHB Technology AG

Bremen, December 20, 2007



Room to grow: Extensions to OHB's headquarter at the Bremen Technology Park.

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Income Statement

	Notes	EUR millions	
		2007	2006
1. Sales	(1)	218.801	163.147
2. Changes in inventories of finished goods and work in progress	(2)	-7.669	4.733
3. Other own work capitalized		6.006	3.456
4. Other operating income	(3)	6.202	14.363
5. Total revenues		223.340	185.699
6. Cost of materials	(4)	109.733	90.247
7. Staff costs	(5)	66.060	51.323
8. Depreciation and amortization	(6)	8.417	7.508
9. Other operating expenses		21.644	16.193
10. Operating profit (EBIT)		17.486	20.428
11. Other interest and similar income		2.623	2.504
12. Interest expense and similar charges		4.385	3.560
13. Exchange-rate gains/losses		-0.906	2.403
14. Net profit/loss from shares carried at equity	(7)	0.359	0.336
15. Investment income	(7)	3.196	-0.129
16. Net financial income		0.887	1.554
17. Earnings on ordinary activities		18.373	21.982
18. Exceptional expenses	(8)	4.397	8.563
19. Consolidated net income for the year		13.976	13.419
20. Minority interests	(9)	-1.498	-1.403
21. Consolidated net income for the year after minority interests		12.478	12.016
22. Consolidated profit carried forward		28.601	20.013
23. Additions to retained earnings		0	0
24. Consolidated profit		41.079	32.029
25. Number of shares		14.870.279	14.900.702
26. Earnings per share (basic, EUR)		0,84	0,81
27. Earnings per share (diluted, EUR)		0,84	0,81

Consolidated Balance Sheet

	Notes	EUR millions	
		12/31/2007	12/31/2006
Assets			
Goodwill	(10)	8.341	3.313
Other intangible assets	(10)	16.099	11.222
Property, plant and equipment	(11)	38.868	37.605
Shares carried at equity	(12)	2.227	1.868
Other financial assets	(13)	17.791	23.443
Non-current assets		83.326	77.451
Other receivables and assets	(14)	4.123	3.444
Deferred taxes		8.077	9.547
Other non-current assets		12.200	12.991
Property, plant and equipment/non-current assets		95.526	90.442
Inventories	(15)	72.310	51.395
Trade receivables	(14)	69.336	52.784
Other receivables and assets	(14)	4.754	3.371
Securities	(16)	29.429	35.568
Cash and cash equivalents	(17)	43.629	53.934
Current assets		219.458	197.052
Total assets		314.984	287.494
Shareholders' equity and liabilities			
Subscribed capital	(18)	14.928	14.928
Additional paid in capital	(19)	15.131	15.127
Retained earnings	(20)	0.520	0.520
Other comprehensive income	(21)	2.591	9.476
Treasury stock	(22)	-0.539	-0.167
Consolidated profit after minority interests		41.079	32.029
Shareholders' equity excluding minority interests		73.710	71.913
Minority interests	(23)	8.360	7.191
Shareholders' equity		82.070	79.104
Provisions for pensions and similar obligations	(24)	67.308	65.528
Other non-current provisions		2.063	3.237
Non-current financial liabilities	(25)	6.040	1.701
Non-current advance payments received on orders	(26)	41.363	28.655
Deferred tax liabilities		13.469	15.896
Non-current liabilities and provisions		130.243	115.017
Current provisions		23.839	21.824
Current financial obligations	(27)	2.476	2.492
Trade payables	(28)	28.863	27.879
Current advance payments received on orders	(29)	33.691	36.391
Other current liabilities	(30)	13.802	4.787
Current liabilities		102.671	93.373
Total equity and liabilities		314.984	287.494

Asset Movement

Production and acquisition costs

for the period January 1 to December 31, 2007	Balance 01/01/2007	Other com- prehensive income	Additions first-time consolidation	Additions	Disposals	Balance 12/31/2007
	EUR millions	EUR millions	EUR millions	EUR millions	EUR millions	EUR millions
I. Goodwill	3.954	0	0.016	5.028	0	8.998
II. Intangible assets						
Concessions and industrial property rights	0.487	0	0	1.468	0	1.955
Software acquired	6.124	0	3.688	0.384	0.071	10.125
Software produced	17.702	0	0.566	5.822	0	24.090
III. Property, plant and equipment						
Operating and business equipment	54.366	0	9.015	2.929	1.490	64.820
Property and plant	38.559	0	0	0.091	0	38.650
IV. Financial assets						
Investments in related companies	0.063	0	0	0	0	0.063
Investments in associated companies	1.868	0	0	0.359	0	2.227
Other investments	41.491	0.581	1.029	3.972	10.691	36.382
Total	164.614	0.581	14.314	20.053	12.252	187.310

Asset Movement

Production and acquisition costs

for the period January 1 to December 31, 2006	Stand 01/01/2006	Other com- prehensive income	Additions first-time consolidation	Additions	Disposals	Balance 12/31/2006
	EUR millions	EUR millions	EUR millions	EUR millions	EUR millions	EUR millions
I. Goodwill	3.954	0	-	0	0	3.954
II. Intangible assets						
Concessions and industrial property rights	0.487	0	-	0	0	0.487
Software acquired	6.124	0	-	0.262	0.262	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	0.063	0	-	0	0	0.063
Investments in associated companies	1.531	0	-	0.337	0	1.868
Other investments	30.978	9.660	-	1.041	0.188	41.491
Total	153.624	9.660	-	6.876	5.546	164.614



Accumulated depreciation

Book values

Balance 01/01/2007	Additions First-time consolidation	Additions	Disposals	Balance 12/31/2007	Balance 12/31/2007	Balance 12/31/2006
EUR millions	EUR millions	EUR millions	EUR millions	EUR millions	EUR millions	EUR millions
0.641	0.016	0	0	0.657	8.341	3.313
0.210	0	0.392	0	0.602	1.353	0.277
4.606	3.206	0.653	0.068	8.397	1.728	1.518
8.275	0	2.797	0	11.072	13.018	9.427
46.875	6.094	2.637	1.387	54.219	10.601	7.491
8.445	0	1.938	0	10.383	28.267	30.114
0	0	0	0	0	0.063	0.063
0	0	0	0	0	2.227	1.868
18.111	0.543	0	0	18.654	17.728	23.380
87.163	9.859	8.417	1.455	103.984	83.326	77.451

Accumulated depreciation

Book values

Balance 01/01/2006	Additions First-time consolidation	Additions	Disposals	Balance 12/31/2006	Balance 12/31/2006	Balance 12/31/2005
EUR millions	EUR millions	EUR millions	EUR millions	EUR millions	EUR millions	EUR millions
0.641	0	0	0	0.641	3.313	3.313
0.171	0	0.039	0	0.210	0.277	0.316
4.148	0	0.602	0.144	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	0.063	0.063
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

Consolidated Cash Flow Statement

EUR millions

	2007	2006
Operating EBIT	17.486	20.428
Income from first-time consolidated taken to equity	0	0
Operating profit	17.486	20.428
Income taxes paid	-4.397	-8.563
Other non-cash expenses (+)/income (-)	0.005	0.188
Depreciation/amortization	8.417	7.508
Changes in pension provisions	1.402	1.771
Gross cash flow	22.913	21.332
Increase (-)/decrease (+) in own work capitalized	-6.007	-3.456
Increase (-)/decrease (+) in inventories	-2.246	-9.741
Increase (-)/decrease (+) in receivables and other assets	-9.034	-13.871
Increase (+)/decrease (-) in liabilities and current provisions	-2.379	-13.601
Increase (+)/decrease (-) in advance payments received	1.104	12.689
Profit (-)/loss (+) from the disposal of non-current assets	0.031	0.137
Cash inflow/outflow from operating activities	4.382	-6.511
Payments made for investments in non-current assets	-7.193	-3.605
Payments made for the acquisition of consolidated companies	-5.527	0
Payments received from disposal of non-current assets	2.084	0.064
Interest and other investment income	5.824	2,840
Payments received from/made for items not assigned to operating or financing activities	5.195	-5,120
Cash inflow/outflow from investing activities	0.383	-5,821
Dividend payout	-3.428	-2,980
Changes in reserves	0.005	1,378
Decrease (-)/increase (+) in financial liabilities	-6.648	0.476
Changes in treasury stock	-0.372	0
Minority interests	-0.329	-1.403
Interest and other financial expenses	-4.390	-3.725
Cash inflow/outflow from financing activities	-15.162	-6.254
Cash equivalents	-10.397	-18.586
Consolidation-related changes to cash and cash equivalents	0.998	0
Exchange-rate related changes to cash and cash equivalents	-0.906	1.142
Cash and cash equivalents at the beginning of the period	53.934	71.378
Cash and cash equivalents at the end of the period	43.629	53.934
Cash and cash equivalents including securities		
January 1	89.382	95.084
Changes to cash and cash equivalents including securities	-16.324	-5.702
December 31	73.058	89.382

GROUP NOTES AND EXPLANATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2007

General principles

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 manages 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 financial 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. Any necessary adjustments to reported figures and maturities were also made with respect to the previous year's figures. In addition to the consolidated balance sheet and consolidated income statement, the consolidated annual financial statements include a consolidated cash flow statement, a statement of changes in consolidated equity and a statement of changes in consolidated assets. The segment report is included in the notes. In addition, the notes contain the declaration required by Section 285 No. 16 of the German Commercial Code confirming that the disclosures stipulated by Section 161 of the German Stock Corporations Act have been made. The income statement has been compiled using the total-cost method.

The reporting currency is euro. Unless otherwise stated, all amounts are reported in millions of euros (EUR million). It should be noted that the use of rounded figures and percentages may result in differences due to commercial rounding.

Consolidation methods

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

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 under IAS 3.51.

Sales, expenses, income as well as receivables and liabilities between consolidated companies are netted and any inter-Group profits eliminated.

Acquisitions / sales

In summer 2007, all the limited-partner shares in KT Beteiligungs GmbH & Co. KG, Munich ("KTB") were acquired. This entity in turn holds 100 % of the capital of Erwin Kayser-Threde GmbH, Munich. Kayser-Threde GmbH and KTB were consolidated in full as of July 1, 2007. In accordance with the price allocation rules stipulated in IFRS 3, assets, liabilities and contingent liabilities were measured at their fair value.

As a result of this acquisition, the consolidated financial statements for 2007 are not fully comparable with those for the previous year. These notes include pro-forma comparative consolidated financial statements including Kayser-Threde GmbH for all of 2007.

In order to improve access to the US space technology market, the OHB Group acquired shares in the US space technology company SpaceDev Inc., Poway (California) in September and December 2007. To this end, OHB Technology AG and its subsidiary MT Aerospace AG jointly subscribed to an equity issue of around USD 5.1 million (EUR 3.7 million) executed by SpaceDev and, as a result, now control 19 % of the capital of this listed company (NASDAQ, OTCBB: SPDV).

In 2007, OHB Technology AG's associate, ORBCOMM Inc., which is listed on the NASDAQ Global Market, issued 8,050,000 shares at a price of USD 11.50 each in a secondary offering in New York, including 2,985,000 shares from a fresh equity issue and 5,065,000 from the sale of shares held by legacy shareholders. As part of this transaction, OHB Technology AG sold 603,436 shares (including the 16,233 shares held by ORBCOMM Deutschland AG, Bremen). This is equivalent to roughly 20 % of the stake hitherto held in ORBCOMM Inc. Following the sale, OHB's share has shrunk to around 6 %.

Consolidation perimeter

OHB Technology AG's consolidated financial statements include OHB Technology AG as well as twelve domestic and one foreign subsidiary as well as a further non-domestic investment 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.

Currency translation

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

Consolidation perimeter

Name of Company	Share held (%)	Consolidation
Telematic Solutions S.p.A., Milan (Italy)	51.0	fully consolidated
OHB Teledata GmbH, Bremen (Germany)	100.0	fully consolidated
megatel Informations- und Kommunikations-systeme GmbH, Bremen (Germany)	74.9	fully consolidated
Timtec Teldatrans GmbH, Bremen (Germany)	100.0	fully consolidated
OHB-System AG, Bremen (Germany)	100.0	fully consolidated
STS Systemtechnik Schwerin GmbH, Schwerin (Germany)	100.0	fully consolidated
ORBCOMM Deutschland AG, Bremen (Germany)	100.0	fully consolidated
MT Aerospace Holding GmbH, Bremen (Germany)	70.0	fully consolidated
MT Aerospace AG, Augsburg (Germany)*	100.0	fully consolidated
MT Aerospace Grundstücks GmbH & Co. KG, München (Germany)**	94.9	fully consolidated
MT Mechatronics GmbH, Mainz (Germany)**	100.0	fully consolidated
ELTA S.A., Toulouse (F)	34.0	at equity
KT Beteiligungs GmbH & Co. KG, Bremen (Germany)	100.0	fully consolidated
Kayser-Threde GmbH, Munich (Germany)***	100.0	fully consolidated

* held by MT Aerospace Holding GmbH

** held by MT Aerospace AG

*** held by KT Beteiligungs GmbH & Co. KG

Recognition and measurement

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 2007 fiscal year:

- **IAS 1 R (2007)** "Presentation of financial statements" – details on capital": Not applicable to the OHB Group.
- **IFRS 7** IFRS 7 "Financial instruments: disclosures": The first-time application of IFRS 7 has necessitated additional disclosures in the notes for the OHB Group (see 3.24 and 4.3).
- **IFRIC 7** "Applying the restatement approach under IAS 29 financial reporting in hyperinflationary economies": Not applicable to the OHB Group.
- **IFRS 8** "Scope of IFRS 2": Not applicable to the OHB Group.
- **IFRIC 9** "Reassessment of embedded derivatives": Not applicable to the OHB Group.
- **IFRIC 10** "Interim financial reporting and impairment": 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.

Initial adoption of IAS 1 (2007) and IFRS 7 has necessitated additional disclosures in the notes.

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 adopt on a voluntary early basis. Application of these IFRS is subject to their being accepted by the EU in the IFRS endorsement procedure.

IAS 1 R (2009) , Presentation of financial statements	Compulsory as of annual periods beginning on or after January 1, 2009
IAS 23 R Borrowing costs	Compulsory as of annual periods beginning on or after January 1, 2009
IFRS 2 Share-based payment	Compulsory as of annual periods beginning on or after January 1, 2009
IFRS 8 Operating segments	Compulsory as of annual periods beginning on or after January 1, 2009
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
IFRIC 13 Customer loyalty programs	Compulsory as of annual periods beginning on or after July 1, 2008
IFRIC 14 IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction	Compulsory as of annual periods beginning on or after January 1, 2008

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.

Changes in accounting policy

There have been no changes in the recognition or measurement principles compared with the previous year.

Recognition of sales

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 to the extent that 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.

Further investments and financial assets

Name of Company	Share held %	EUR 000
Telemondo International GmbH, Bremen (Germany)*	100.0	26
OHB Marine Technologies GmbH, Bremen (Germany)*	100.0	25
COSMOS International Satellitestart GmbH, Bremen (Germany)*	49.9	13
OHB France S.A., Paris (France)*	100.0	37
ORBCOMM Inc., Dulles (USA)	6.0	9,525
SpaceDev. Inc., Poway (USA)	19.0	4,325
beos GmbH, Bremen (Germany)	12.0	60
ATB GmbH, Bremen (Germany)	5.0	26
KT Verwaltungsgesellschaft mbH, Bremen (Germany)*	100.0	25
LUXSPACE Sàrl, Betzdorf (Luxembourg)*	100.0	13
OHB-ElectroOPTics GmbH, Bremen (Germany)*	50.0	13
Cosmos Space Systems AG, Bremen (Germany)*	33.3	20
MT Aerospace Guyane S.A.S., Kourou (French Guiana)*	100.0	152
MT Aerospace Satellite Products Ltd., Wolverhampton (UK)*	100.0	161
Arianespace S.A., Evry (France)	7.8	1,789
MAN Dezentrale Energiesysteme GmbH, Munich (Germany)*	100.0	1,022
Kayser-Threde NA Inc., Flint (USA)*	100.0	1
VRS Verkehr Raumfahrt Systemtechnik GmbH, Leipzig (Germany)*	60.0	31
Kayser-Threde Trading (Shanghai) Co., Ltd., Shanghai (China)*	100.0	100
ENERGIA Deutschland GmbH, Munich (Germany)*	40.0	10
RapidEye AG, Munich (Germany)	2.9	17
ORC Orbital Recovery Corporation, Grand Cayman (Cayman Islands)	2.9	95
OSSL Orbital Satellite Services Ltd., London (UK)	14.6	119

* not consolidated in the year under review for materiality reasons

Borrowing costs

Borrowing costs are not included in the cost of production.

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.

Net financial income

Net financial income includes the share of profits of associates accounted for at equity as well as other investments including profit from the sale of financial assets, interest expenditure on liabilities, dividends, interest income on receivables and currency gains and losses.

Interest income is taken to the income statement in accordance with the effective interest method. Dividends are reported in the income statement upon a resolution to distribute a dividend being passed. Interest expenditure on pension provisions is also reported as interest expenditure.

Intangible assets

As of each balance sheet date, OHB Technology reviews the carrying values of its intangible assets 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.

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 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.

Intangible assets acquired from third parties primarily comprise software programs, order books acquired and licenses. These are written down on a straight-line basis over a period of between one and six years. Internally generated developments are written down on a straight-line basis over the expected useful life of four years.

Property, plant and equipment

As of each balance sheet date, OHB Technology reviews the carrying values of its 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.

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.

Property, plant and equipment held under finance leases are reported at the lower of the fair value or the present value of the minimum lease payments and written down over the shorter of their expected useful lives or the term of the lease.

Financial assets

Investments carried at equity

Investments carried at equity are reported at cost net of the share in their profit/loss for the year. Assets are for the most part recognized at their fair values. Accordingly, as a precautionary measure, no writeups are included.

Other financial assets

Other financial assets are reported at cost and measured in accordance with their fair value. This item primarily comprises the investments in ORBCOMM Inc. and SpaceDev Inc., details of whose stock market prices were available as of the balance sheet date. Adjustments resulting from fair value accounting are recognized under equity. The deferred tax arising from this transaction is reported under deferred tax liabilities.

Inventories

Inventories are recognized at historical cost or the lower applicable net recoverable 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 take account of 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 production costs plus administrative overhead costs provided that a partial profit can be estimated with a reasonable degree of reliability. Projects for which partial profits have been recognized are reported under revenues pursuant to IAS 11.22. The corresponding contract costs are recognized as cost of materials/services in the fiscal year in question.

Receivables

Receivables and other assets are reported at their settlement amount. 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.

Securities/financial instruments

The fair values are determined on the basis of the stock market prices as of the balance sheet date.

Deferred taxes

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 uniform tax rate of 32 % for calculating deferred taxes. In earlier years, differentiated tax rates of between 38 and 40 % had been applied.

Following the approval of the upper house of parliament in Germany (Bundesrat) of the 2008 Corporate Tax Reform on July 6, 2007, tax rates will be lowered as of January 1, 2008. Consequently, deferred tax assets and liabilities recognized in the OHB Group must be measured using the lower tax rates applicable from January 1, 2008 in accordance with IAS 12.

Shareholders' equity

IAS 32 (Financial Instruments: Disclosure and Presentation) stipulates that equity must not include any contractual obligation to deliver cash or any other financial asset to another entity. OHB defines equity as its subscribed capital plus share premium, other comprehensive income and retained earnings.

Provisions for pensions and similar obligations.

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.

Other provisions

Other provisions have been reliably assessed for matters resulting in an outflow of enterprise resources to settle present obligations in accordance with IAS 37. Estimates are primarily based on detailed calculations.

Liabilities

Liabilities comprise financial liabilities, trade payables and other liabilities. Financial liabilities are reported at amortized cost. Any differences between historical cost and the settlement amount are reported in accordance with the effective interest method. Liabilities are recognized at their nominal or settlement amount.

IAS 32 (Financial Instruments: Disclosure and Presentation) stipulates that equity must not include any contractual obligation to deliver cash or any other financial asset to another entity. As the dormant shareholders of a fully consolidated company hold a right of termination giving rise to compensation claims which may be asserted against the company, the capital contributions made by these shareholders are reported as liabilities in accordance with IAS 32. This also applies notwithstanding the fact that under local accounting rules it may be recognized as equity.

Estimates

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 biometric 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.

NOTES ON CONSOLIDATED INCOME STATEMENT

(1) Sales

Sales from construction contracts as defined in IAS 11 came to EUR 89.350 million in the year under review (previous year EUR 58.956 million). The related contract costs stood at EUR 81.129 million (previous year EUR 52.863 million). The resultant earnings before interest and taxes (EBIT) for fiscal 2007 equaled EUR 8.221 million (previous year EUR 6.093 million).

Sales break down by business unit as follows:

in EUR millions	2007	2006
Space Systems + Security	69.272	58.956
Payloads + Science	29.932	0
Space Transportation + Aerospace Structures	110.568	93.207
Telematics + Satellite Operations	14.478	14.093
Consolidation	-5.449	-3.109
Total	218.801	163.147

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

The decline in inventories of finished goods and work in progress is due primarily to the Payloads + Science business unit (- EUR 8.6 million). On account of the balancing effects of the other business units, inventories contracted by a total of EUR 7.7 million.

(3) Other operating income

This includes income from the reversal of provisions as well as income from grants of EUR 2.279 million (previous year EUR 1.654 million).

(4) Cost of materials

in EUR millions	2007	2006
Expenditure on raw materials and consumables	87.062	75.975
Expenditure on services purchased	22.671	14.272
Total	109.733	90.247

(5) Personnel expenses

in EUR millions	2007	2006
Wages and salaries	55.466	42.233
Social security charges and expenditure on old age pensions and support	10.594	9.090
Total	66.060	51.323

(6) Depreciation and amortization

No non-scheduled depreciation/amortization was required in the year under review. Further details are set out in the consolidated statement of asset movements.

(7) Share of profit of associates

The share of profit of associates comprises the share in the profit earned by ELTA S.A. (EUR 0.359 million), which is consolidated at equity.

In the year under review, the sale of the shares in ORBCOMM Inc. including those sold by consolidated company ORBCOMM Deutschland AG resulted in non-recurring income of EUR 3.211 million, which is reported as a share of profit of associates.

(8) Income taxes

Actual income tax of EUR 4.639 million arose with respect to the consolidated German companies; income tax of EUR 0.058 million arose outside Germany. Income taxes for 2007 have been calculated in detail on the basis of differentiated tax rates of 38 % and 40 %, respectively. Deferred tax assets are allowed for pursuant to IAS 12. As a result of the 2008 corporate tax reform, domestic deferred taxes were calculated using a tax rate of 32 %. The weighting of the aforementioned differentiated tax rates gives rise to a tax rate of 38.25 %.

Reconciliation of tax expense

in EUR millions	2007	2006
Taxes at a tax rate of 38.25%	7.028	8.408
Partially tax-exempt income	-1.336	-0.168
Effects of tax reform	-0.954	0
Tax losses utilized	-0.341	0
Non-deductible operating expenses	-0.014	0.317
Additional non-domestic taxes	0.014	0.006
Effective tax expense	4.397	8.563

Deferred taxes

The deferred tax assets primarily arise from the difference 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.

Analysis of deferred taxes and assets:

in EUR millions	2007		2006	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets and property, plant and equipment	0.164	4.618	0.952	4.406
Financial assets	0	1.376	0	2.793
Current assets	0	5.157	0	5.841
Provisions	4.950	-0.084	6.088	0
Liabilities	0	2.405	0.028	2.856
Tax losses and credits	2.735	-0.003	1.962	0
Netting effects	0.228	0	0.517	0
Total	8.077	13.469	9.547	15.896

(9) Minority interests

Minority interests are valued at EUR 1.498 million and relate to Telematic Solutions SpA, MT Aerospace Holding GmbH and megatel GmbH.

IFRS/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. Accordingly, there is no difference between basic and diluted earnings per share. The calculations were based on 14,870,279 shares as the Company held 57,817 treasury shares as of the balance sheet date. The consolidated net income of EUR 12.478 million was used for calculation purposes. Earnings per share for 2007 came to EUR 0.84 (previous year EUR 0.81).

NOTES ON THE CONSOLIDATED BALANCE SHEET**(10) Goodwill and other intangible assets**

The balance sheet for the year ending December 31, 2007 includes goodwill of EUR 8.341 million (see table entitled "Goodwill"). The calculation of new goodwill is described in the segment report. No impairment losses arose in the year under review.

Goodwill

in EUR millions	2007	2006
Goodwill from the transfer of Telemondo International GmbH's business operations from the single-entity accounts for OHB System AG	0.629	0.629
Goodwill from consolidation of:		
STS Systemtechnik Schwerin GmbH	0.566	0.566
Timtec Teldatrans GmbH	0.115	0.115
ORBCOMM Deutschland AG	0.556	0.556
Telematic Solutions S.p.A.	0.801	0.801
megatel GmbH	0.646	0.646
KT Beteiligungs GmbH & Co. KG	4.800	0
Kayser-Threde GmbH	0.228	0
Total	8.341	3.313

In connection with the allocation of the purchase price of Kayser-Threde, orders of EUR 1.467 million were capitalized. Orders in the space technology segment are written down over three years, those in the process control technology segment over two years and those in the automotive segment over one year.

The amounts written down are set out in the consolidated statement of changes in assets. Unrestricted ownership rights are held for intangible assets. No liens have been granted as collateral for liabilities. Research and development costs totaled EUR 12.211 million (previous year EUR 8.218 million). Of this, an amount of EUR 5.735 million (previous year EUR 3.085 million) comprises capitalized development costs.

(11) 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. The first-time consolidation of Kayser-Threde GmbH also resulted in considerable additions to property, plant and equipment. These include assets arising from finance leases of EUR 0.918 million.

There are unrestricted ownership rights to the remaining assets classed as property, plant and equipment. The amounts written down are set out in the consolidated statement of changes in assets. No accelerated depreciation was required.

(12) Investments carried at equity

This item includes the cost of acquiring the investment in ELTA S.A. Toulouse, plus the share in its profit/loss for the years.

(13) Other financial assets

Changes in the carrying values of the other financial assets are as follows:

in EUR millions	2007	2006
Amount on January 1	23.443	12.930
Adjustments to fair value recognized under equity	0.581	9.660
Changes in consolidation perimeter	0.486	0
Additions	3.972	1.041
Disposals	10.691	0.188
Amount on December 31	17.791	23.443

(14) Receivables and other assets

Receivables and other assets are recognized at amortized cost. Receivables of EUR 4.122 million are due for settlement in more than one year. The carrying values of other current assets and liabilities primarily match their fair value.

Receivables and other assets mainly comprise claims under reinsurance. In addition, this item includes current and non-current loan receivables. There is no material interest risk or risk of default.

As of the balance sheet date, currency forwards worth USD 5.3 million and GBP 58,000 had been transacted to cover the exports of a consolidated company. The market value of these forward transactions stood at EUR 0.013 million.

Trade receivables are due for settlement in less than one year and are reported at amortized cost, which generally equals their nominal value net of any adjustments. Reasonable adjustments are made to allow for discernible risks. As of the balance sheet date, adjustments of a total of EUR 0.533 million had been made.

In connection with the syndicated loan contract entered into by a consolidated company, its receivables were pledged in full to the lenders (EUR 8.801 million).

(15) Inventories

Inventories increased over the previous year to EUR 72.310 million (previous year EUR 51.395 million). Advance payments are not netted with inventories.

in EUR millions	2007	2006
Raw materials and supplies	15.931	10.057
Unfinished goods and services	45.545	38.001
Finished goods	1.227	0.761
Payments on account made	9.607	2.576
Total	72.310	51.395

(16) Securities

As of the balance sheet date, the securities portfolio was valued at EUR 29.429 million (previous year EUR 35.568 million). Of these, securities at fair value through profit and loss were valued at EUR 29.135 million (previous year EUR 30.448 million) and available-for-sales securities at EUR 0.294 million (previous year EUR 0 million).

Part of the securities at fair value through profit and loss are used as security for guarantee facilities. The maximum collateral value stands at EUR 11.498 million.

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.

(17) Cash and cash equivalents

Cash and cash equivalents were valued at EUR 43.629 million (previous year EUR 53.934 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 and are exposed to only immaterial risk of any change in value. Part of the commercial papers are used as collateral for bank guarantee facilities. The maximum collateral value stands at EUR 22.135 million.

Shareholders' equity

Consolidated Statement of Equity

in EUR millions	Subscribed capital	Additional paid in capital	Retained earnings
Dividends	0	0	0
Consolidated net income for the year	0	0	0
Other comprehensive income	0	0	0
Additional paid in capital	0	2	0
Other changes to minority interests	0	0	0
12/31/2006	14.928	15.127	0.520
Dividends	0	0	0
Consolidated net income for the year	0	0	0
Other comprehensive income	0	0	0
Additional paid in capital	0	4	0
Changes in treasury stock	0	0	0
Other changes to minority interests	0	0	0
12/31/2007	14.928	15.131	0.520

Consolidated statement of recognized income and expenses

in EUR millions	2007	2006
Fair value remeasurement gains/losses recognized directly under equity relating to securities as well as expenditure from the disposal of assets	-7.029	9.660
Deferred taxes on the fair value remeasurement gains/losses recognized directly under equity	0.144	-0.184
Sum total of the fair value remeasurement gains/losses recognized directly under equity	-6.885	9.476
Net income for the year before minority interests	13.976	13.419
Sum total of recognized income and expenses	7.091	22.895
of which attributable to		
- equity holders of OHB Technology AG	5.593	21.492
- other equity holders	1.498	1.403

(18) 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 executed if the holders of such options exercise these. The new shares are



Revaluation surplus	Consolidated profit	Treasury stock	Shareholders' equity excluding minority interests	Minority interests	Shareholders' equity
0	-2.980	0	-2.980	0	-2.980
0	12.016	0	12.016	1.403	13.419
9.476	0	0	9.476	0	9.476
0	0	0	0.002	0	0.002
0	0	0	0	-0.027	-0.027
9.476	32.029	-0.167	71.913	7.191	79.104
0	-3.428	0	-3.428	0	-3.428
0	12.478	0	12.478	1.498	13.976
-6.885	0	0	-6.885	0	-6.885
0	0	0	0.004	0	4
0	0	-0.372	-0.372	0	-0.372
0	0	0	0	-0.329	-0.329
2.591	41.079	-0.539	73.710	8.360	82.070

dividend-entitled for the first time in the fiscal year in the course of which they are issued. The Management Board is authorized subject to 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 10, 2007, the shareholders passed a resolution authorizing the Company's Management Board – subject to 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 on or before May 9, 2012. The new shares may also be issued to the Company's employees. In addition, the Company's Management Board was authorized – subject to 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 in 2007 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. The Management Board is additionally authorized subject to the Supervisory Board's approval to determine the extent and nature of the option rights and the other conditions of issue.

(c) Authorization to acquire and sell treasury stock

At the annual general meeting held on May 10, 2007, the shareholders authorized the Company to buy back treasury stock of up to a total of 10 % of the Company's share capital on or before November 9, 2008. Upon this authorization taking effect, the authorization granted on May 10, 2006 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 be any more than 10 % above or below 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.

Subject to the Supervisory Board's approval, these shares may be used for all purposes permitted by law. In particular, they may 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 also 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.

(19) Additional paid-in capital

The additional paid-in capital primarily comprises the cash proceeds from the stock-market flotation.

(20) Retained earnings

Retained earnings include the negative goodwill arising from the consolidation of newly acquired companies up until 2002.

(21) Unrealized gains and losses recognized under equity

This equity item relates to the fair-value measurement of the shares held in ORBCOMM Inc. and SpaceDev 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 0.042 million) were also recognized under equity.

(22) Treasury stock

On October 19, 2007, the Management Board of OHB Technology AG decided to implement a stock buyback program and to acquire up to 100,000 of the Company's shares in accordance with a resolution passed by the shareholders at the annual general meeting on May 10, 2007. The shares are to be used to acquire all or part of other entities and businesses and/or for employee bonus programs for the Company and its affiliates as well as for executive remuneration schemes. The Company started buying back shares on the stock market floor on November 1, 2007.

On the balance sheet date, treasury stock comprised 57,817 shares (previous year 27,394), meaning that a total of 14,870,279 shares were outstanding as of the balance sheet date. The treasury stock was measured at an average price of EUR 9.314 per share and shown separately from the Company's share capital on the face of the balance sheet.

(23) Minority interests

The minority interests are valued at EUR 8.360 million (previous year EUR 7.191 million) and relate to the co-shareholders in the MT Aerospace subgroup, megatel GmbH and Telematic Solutions S.p.A.

Provisions

Statement of Changes in Provisions		in EUR millions			
	Amount on January 1, 2007	Additions	Reversals	Changes in	Amount on December 31, 2007
Pension provisions	65.528	4.144	2.743	0.379	67.308
- of which non-current	65.528	4.144	2.743	0.379	67.308
Tax provisions	3.482	3.881	3.281	0	4.082
- of which non-current	0	0	0	0	0
Deferred taxes	15.896	0.528	4.064	1.109	13.469
- of which non-current	15.896	0.528	4.064	1.109	13.469
Other provisions	21.579	11.691	13.118	1.668	21.820
- of which non-current	3.237	0.397	1.776	0.205	2.063
Total	106.485	20.244	23.206	3.156	106.679

(24) Provisions for pensions and similar obligations.

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

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.

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: 5.20 % (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: 1.75 % (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 0.821 million (previous year EUR 1.352 million)
- Interest expenditure on entitlement already acquired: EUR 3.335 million (previous year EUR 2.987 million)

Defined-benefit obligations not funded by external plans are valued at EUR 65.629 million (previous year EUR 72.484 million). The actuarial losses arising in the year under review equal EUR 0.771 million (previous year EUR 7.446 million). Accordingly, the pension provisions are valued at EUR 66.400 million (previous year EUR 65.038 million).

On the basis of defined-benefit obligations as of December 31, 2006 of EUR 72.485 million (previous year EUR 72.895 million), provisions of EUR 65.039 million (previous year EUR 63.260 million) including non-realized actuarial losses of EUR 7.446 million (previous year EUR 9.635 million) were set aside at the beginning of the year. The expense of EUR 4.096 million (previous year EUR 4.339 million) reported in the income statement is offset by payments from the provisions of EUR 2.735 million (previous year EUR 2.549 million). Accordingly, the provisions stand at EUR 66.400 million (previous year EUR 65.038 million) as of December 31, 2007.

The present value of the defined-benefit obligations stood at EUR 72.895 million as of December 31, 2005, EUR 72.485 million as of December 31, 2006 and EUR 65.629 as of December 31, 2007.

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 not be exceeded in the current fiscal year.

Throughout the rest of the OHB Group, pension provisions and similar obligations stand at EUR 0.908 million and are reported in accordance with the applicable tax rules. They are valued using the fractional-value method. The fractional values are computed using actuarial principles on the basis of the 2005 G 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.

Other provisions (current and non-current)

Non-current provisions primarily comprise provisions for reduced pre-retirement working commitments in the Space Transportation and Aerospace Structures business unit. Current provisions of EUR 7.839 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 (EUR 8.677 million) and income tax (EUR 4.082 million).

(25) Non-current financial obligations

This entails non-current liabilities to banks held by the Italian subsidiary Telematic Solutions S.p.A (EUR 2.040 million) as well as the capital contributions of dormant shareholders at Kayser-Threde GmbH (EUR 4.000 million). These liabilities are due for settlement in more than 12 months after the balance sheet date. The average interest rate on these liabilities stands at 8.6 %.

(26) Non-current advance payments received on orders

This entails advance payments made by customers for contracts under construction which are due for completion in more than twelve months.

(27) Current financial obligations

This mostly entails the current account liabilities of Kayser-Threde GmbH as well as the current liabilities towards the banks of the Italian subsidiary Telematic Solutions S.p.A. These liabilities are due for settlement in more than 12 months after the balance sheet date. The average interest rate on these liabilities stands at 8.0 %.

(28) Trade payables

Liabilities are reported at their settlement amount. All liabilities are due within one year.

(29) Current advance payments received on orders

This item comprises advance payments made by customers for contracts under construction due for completion in less than twelve months.

(30) Other current liabilities

This mostly comprises tax liabilities, liabilities under a lessor loan as well as liabilities under finance leases of EUR 0.227 million. It also includes liabilities to minority and former shareholders.

Additional disclosures on financial instruments

Originated financial assets primarily comprise other financial assets, receivables, securities available for sale and cash and cash equivalents. The available-for-sale financial assets are reported at their fair value and the other financial asset at amortized cost. Originated financial liabilities primarily comprise liabilities measured at amortized cost. Holdings of originated financial instruments are reported on the face of the balance sheet and measured at their maximum default risk. Adjustments are made for all discernible risks of default in financial assets.

The fair values match the capital market prices.

Carrying value of financial instruments by type

in EUR millions	Financial assets	Trade receivables	Other receivables and assets	Securities and cash and cash equivalents	Total	Previous year
Held-to-maturity assets (HtM)	0	0	0	0	0	5.120
Loans and receivables (LaR)	0	69.336	8.877	43.629	121.842	113.533
Available-for-sale assets (Afs)	13.848	0	0	0.294	14.142	19.064
Trading assets (FAHfT)	0	0	0	29.135	29.135	30.447
			Advance payments received on orders			
	Financial liabilities	Trade payables		Other liabilities	Total	Previous year
Financial liabilities measured at amortized cost (FLAC)	8.516	28.863	75.054	13.802	126.235	101.905
Trading liabilities (FLHfT)	0	0	0	0	0	0

Net gains/losses by type

		in EUR millions			
		Cost	Fair value	Adjustments to fair value recognized under equity	Gains/losses for period
Financial assets at fair value through profit and loss	FAFVPL	33.078	33.078	0	0
of which financial instruments designated using the fair value option		0	0	0	0
of which held for trading		28.940	29.135	0	0.431
Held-to-maturity assets	HtM	0	0	0	0
Loans and receivables	LaR	121.842	121.842	0	0
Available-for-sale financial assets	AfS	11.506	14.142	2.635	1
Financial liabilities at fair value through profit and loss	FLFVPL	0	0	0	0
of which financial instruments designated using the fair value option		0	0	0	0
of which held for trading		0	0	0	0
Financial liabilities at amortized cost	FLAC	126.235	126.235	0	0

Credit risks

Credit risks are generally low as only bonds originating from investment-grade issuers are acquired, the portfolio of receivables is broadly diversified (no risk clustering) and business is transacted only with counterparties with top credit ratings.

Currency risks

The USD/EUR exchange rate influences income in aviation business. The budget for 2008 assumes an exchange rate of USD/EUR 1.40. If it increases to USD/EUR 1.50, this will cause planned income in 2008 to drop by around EUR 0.400 million.

Segment Reporting

	in EUR millions					
	Space Systems + Security		Payloads + Science		Space Transportation + Aerospace Structures	
	2007	2006	2007	2006	2007	2006
Sales	69.272	58.956	29.932	-	110.568	93.207
of which internal sales	1.368	0.392	0.182	-	0	0.005
Total revenues	69.843	63.040	23.060	-	119.429	103.356
Cost of purchased materials and services	42.130	37.977	7.308	-	56.923	47.713
Depreciation	2.171	2.254	1.134	-	3.771	3.882
EBIT	6.397	6.093	2.192	-	9.344	6.618
Non-current assets	9.529	10.008	4.935	-	44.457	41.763
Current assets	42.324	42.223	23.585	-	148.073	146.437
Total assets	51.853	52.231	28.520	-	192.530	188.200
Shareholders' equity	17.944	15.084	1.116	-	19.286	15.295
Liabilities	33.909	37.147	27.404	-	173.244	172.906
Total equity and liabilities	51.853	52.231	28.520	-	192.530	188.200
Capital spending	1.706	1.746	1.264	-	7.170	3.127

In the Space Systems + Security business unit, only a single contract is exposed to the USD exchange rate. If the exchange rate increases by USD 0.10 over that prevailing on the balance sheet date, this will cause planned income to decline by EUR 0.342 million.

Interest risks

Generally speaking, investments with low interest rates are preferred and are subject to normal market fluctuation. One member of the Group entered into a syndicated loan facility of EUR 8 million. Depending on the extent of utilization, this loan is subject to standard market fluctuation in interest rates. Assuming average utilization of a maximum of EUR 2 million, a change by one percentage point in the interest rate would result in additional expenditure of EUR 0.020 million.

The risk report included in the management report describes in detail the liquidity and market risks.

OTHER DISCLOSURES

Segment reporting

The OHB Group's structure was modified following the acquisition of Kayser-Threde.

As a result, it now comprises the following business units:

- Space Systems + Security
- Payloads + Science (as of July 1, 2007)
- Space Transportation + Aerospace Structures
- Telematics + Satellite Operations

A report by secondary segment, e.g. geographic breakdown, has 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

Telematics + Satellite Operations		Holding		Consolidation		Total	
2007	2006	2007	2006	2007	2006	2007	2006
14.478	14.093	0	0	-5.449	-3.109	218.801	163.147
2.946	1.815	0	0	-4.496	-2.212	0	0
16.518	15.524	1.543	8.170	-7.053	-4.391	223.340	185.699
8.577	7.606	0	0	-5.205	-3.049	109.733	90.247
1.358	1.414	0.034	0.009	-0.051	-0.051	8.417	7.508
0.084	0.681	-0.581	6.985	0.051	0.051	17.486	20.428
4.699	4.192	36.145	37.956	-16.439	-16.469	83.326	77.451
16.413	16.197	12.113	15.675	-10.850	-10.490	231.658	210.043
21.112	20.389	48.258	53.632	-27.289	-26.959	314.984	287.494
9.125	9.682	46.800	51.585	-12.201	-12.541	82.070	79.104
11.987	10.708	1.458	2.047	-15.088	-14.418	232.914	208.390
21.112	20.389	48.258	53.632	-27.289	-26.959	314.984	287.494
2.198	1.563	7.716	0.439	0	0	20.054	6.875

holding company is shown separately as most of the equity interests are held on this level. OHB Technology AG exercises the function of an active holding company. The share of profit of ELTA S.A., which is carried at equity, was assigned to the holding company's net financial result (EUR 0.359 million). The carrying value of the investment in ELTA S.A. of EUR 2.227 million was allocated to the holding company's assets. As of December 31, 2007, ELTA S.A had assets of EUR 23.886 million, equity of EUR 6.254 million and debt capital of EUR 17.632 million. Net profit for 2007 came to EUR 1.057 million.

The Payloads + Science business unit was consolidated for the first time on July 1, 2007. In accordance with the price allocation rules stipulated in IFRS 3, assets, liabilities and contingent liabilities were measured at their fair value. The cost of acquiring KT Beteiligungs GmbH & Co. KG, which holds 100 % of the shares in Kayser-Threde GmbH, stood at EUR 5.935 million.

For the purposes of purchase price allocation, goodwill of EUR 4.80 million and intangible assets in the form of order books of EUR 1.47 million were calculated net of the assets acquired and allowance made for deferred taxes of EUR 0.469 million. The order books acquired are to be taken to the income statement over a period of 1–3 years.

KT Subgroup opening balance sheet as of July 1, 2007

in EUR millions	Carrying value	Adjustment	Fair value
Non-current assets	7.405	1.467	8.872
Inventories	10.717	0	10.717
Cash and cash equivalents	0.368	0	0.368
Other current assets	4.524	0	4.524
Shareholders' equity	2.460	0.998	3.458
Provisions for pensions and similar obligations.	0.379	0	0.379
Other non-current liabilities	8.451	0.469	8.920
Current liabilities	11.724	0	11.724

Pro-forma income statement for 2007

in EUR millions	Group structure (old)	Payloads + Science	Group structure (new)
Sales	188.869	47.424	236.293
Total revenues	200.280	41.341	241.621
Cost of materials and services purchased	102.424	12.423	114.847
Depreciation/amortization	7.283	1.791	9.074
EBT	17.364	1.009	18.373

Other financial obligations

Other financial obligations under leases are valued at EUR 54.805 million (previous year EUR 46.720 million); of this, an amount of EUR 34.935 million (previous year EUR 26.759 million) is due for settlement in 1–5 years and EUR 19.870 million (previous year EUR 19.961 million) after five years. Operating leases entail financial obligations of EUR 0.508 million (previous year EUR 0.341 million) with terms of 1–5 years. There are no operating leases with a term of more than five years.

In addition, this item includes remuneration of EUR 0.320 million for the capital contributions of the dormant shareholders with a term of 1–5 years as well as obligations totaling EUR 0.871 million for fees, maintenance contracts and licenses, which also have a term of 1–5 years.

There are obligations of EUR 0.344 million for a lessor loan within the next five years.

Following the transfer of business activities held by a Group company to a newly incorporated subsidiary, other financial obligations of EUR 66.126 million with a term of up to five years have arisen in the form of letters of comfort. In addition, letters of comfort have been issued to third parties for a Group subsidiary to guarantee the execution of individual contracts.

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 1.596 million. The Company has not issued any guarantees for liabilities held by ELTA S.A. 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.

A subsidiary has pledged its inventories (EUR 9.545 million) and assigned its receivables as collateral for a current account facility. Utilization of this current account facility stood at EUR 0.115 million as of the balance sheet date.

Kayser-Threde GmbH has issued a declaration of subordination for RapidEye AG towards third-party debtors with respect to its own receivables for an amount of EUR 0.389 million. It has also issued a letter of comfort limited to EUR 0.120 million for VRS Verkehr Raumfahrt Systemtechnik GmbH.

Risk report on financial instruments

Financial risks and their management within the Group are described in detail in the risk report set out in the management report.

Staff

The average head count stood at 1,009 in the year under review (previous year 812).

MANAGEMENT BOARD AND SUPERVISORY BOARD

The Company's Management Board comprises:

- Mr. Marco Fuchs, Lilienthal, chairman
- Professor Dott. Ing. h.c. Manfred Fuchs, Bremen
- Mr. Ulrich Schulz, Bremen

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
- Prof. Heinz Stoewer, St. Augustin, Professor em. Space Systems Engineering, Technical University of Delft, Netherlands, managing director of Space Associates GmbH, St. Augustin

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 2007:

- Mr. Marco R. Fuchs, beos GmbH, Bremen, member of the supervisory board; ZARM Technik AG, Bremen, member of the supervisory board; SpaceTec Capital Partners AG, Munich, member of the supervisory board; MT Aerospace AG, Augsburg (Group office); deputy chairman
- Prof. Dott. Ing. h.c. Manfred Fuchs, ATB GmbH, Bremen, member of the supervisory board, beos GmbH, Bremen, member of the supervisory board; MT Aerospace AG, Augsburg (Group office)
- Prof. Dr. Ing. Hans J. Rath, ZARM Technik AG, Bremen, chairman of the supervisory board; beos GmbH, Bremen, member of the supervisory board

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

12/31/2007	Shares	+/- 2007/06
Christa Fuchs, Chairwoman of the Supervisory Board	2,000,690	-
Professor Heinz Stoewer, Member of the Supervisory Board	1,000	-
Marco R. Fuchs, Chairman of the Management Board	414,796	-
Professor Manfred Fuchs, Member of the Management Board	3,473,064	+12,000
Ulrich Schulz, Member of the Management Board	54	-2,850

Exemption from the duty to disclose the financial statements of the Group companies

At their meeting of March 13, 2007, 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.

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
- KT Grundstücksverwaltungs GmbH & Co. KG, Munich

Business transactions with related parties are conducted on arm's length terms. In the year under review, sales and other income of EUR 0.004 million (previous year EUR 0.010 million) arose from transactions with related parties, while expenditure on goods and services purchased and rentals came to around EUR 2.268 million (previous year EUR 2.850 million). Outstanding receivables as of the balance sheet date were valued at EUR 0.041 million (previous year EUR 0.739 million). Outstanding liabilities on the same date stood at EUR 2.322 million (previous year EUR 0.324 million).

References should also be made to the Company's explanations on the related parties report included in the management report in accordance with Section 312 of the German Stock Corporation Act.

Declaration of conformity with the Corporate Governance Code pursuant to Section 161 of the German Stock Corporations Act

The Management Board and the Supervisory Board have published the declaration required pursuant to Section 161 of the German Stock Corporations Act confirming that save for a few small exceptions (see Corporate Governance on page 64-65) the Group already conforms to the German Corporate Governance Code and will continue to do so in the future.

The declaration of conformity has been published on the internet at:
<http://www.ohb-technology.de/ir/erklaeren.html>

Allocation of earnings

The single-entity financial statements prepared for OHB Technology AG pursuant to German GAAP (HGB) for the year ending December 31, 2007 carry net income for the year of EUR 5,698,501.92. OHB Technology AG exercises the function of an active holding company. Its main assets comprise investments which were reported at a value of EUR 31.718 million on the balance sheet date. OHB Technology AG's equity stood at EUR 43.015 million on December 31, 2007. The parent-company financial statements include cash and cash equivalents and other current securities of EUR 3.197 million. Income of EUR 3.403 million received under profit transfer agreements and profits from the sale of financial instruments made a particular contribution to net income for fiscal 2007.

The Management Board will be asking the shareholders to pass a resolution providing for the Company's unappropriated surplus of EUR 5,698,501.92 for fiscal 2007 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.

The treasury stock held by the Company as of the balance sheet date (57,817 shares) are not dividend-entitled in accordance with Section 71b of the German Stock Corporation Act. 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 balance sheet date, 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 are to be approved for publication on March 12, 2008.

Proposed allocation of earnings

in EUR	2007
Distribution of a dividend of EUR 0.25 for each dividend-entitled share (14,870,279 shares)	3,717,569.80
Amount to be carried forward	1,980,932.12
Unappropriated surplus	5,698,501.92

Compensation

The compensation paid to the members of the Management Board comprises fixed and variable components. There are currently no share-based compensation components or compensation components with a long-term incentive effect.

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, which forms part of the management report (page 64).

The total compensation paid to members of the Supervisory Board for fiscal 2007 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.

Mrs. Christa Fuchs received compensation of EUR 0.122 million for her advisory services for members of the OHB Technology Group in the year under review. Prof. Heinz Stoewer received compensation totaling EUR 0.005 million in the year under review for the provision of consulting services.

Auditor fees and services

In the period under review, the OHB Group recorded the following fees paid 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 0.009 million
- Tax consulting services: EUR 0.041 million

Events after the balance sheet date

The Columbus module was launched on board the US Space Shuttle on February 7, 2008. During the mission, it successfully docked with the ISS Space Station and went into operation. This module contains numerous payloads developed by OHB-System and Kayser-Threde. These payloads were also activated without any problems. The operation of the module with all its industrial support services is assured in the medium term.

The consolidated financial statements are to be released for publication after the Supervisory Board's meeting on March 12, 2008.

The Management Board
Bremen, March 6, 2008



Marco R. Fuchs



Prof. Dott. Ing. 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, 2007 and ending on December 31, 2007. 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 7, 2008
BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Rohardt, Wirtschaftsprüfer



ppa. Kerber, Wirtschaftsprüfer

DECLARATION OF THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the Group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

The Management Board
Bremen, March 6, 2008

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GLOSSARY

Agile Astrorivelatore Gamma ad Immagini Leggero; Italian astronomy research satellite

AQAP Allied Quality Assurance Publications; Norm series for quality assurance standards derived of NATO military standard

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 military 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 hyper spectral 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

FM flight model

Galileo European global satellite-based navigation system Galileo is a trademark of the European Commission, and the Galileo space programme is a joint initiative of the European Commission and the European Space Agency (ESA)

GIS Geographic Information System

GMES European initiative for the Global Monitoring for Environment and Security

GRADFLEX GRADient Driven FLuctuations Experiment

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

PSLV Polar Satellite Launch Vehicle

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

TET TechnologieErprobungsTräger; Core element of the national „On-Orbit-Verification program for new technologies

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

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◀ Glossary

Calendar of events in 2008	
Annual press conference and release of annual report for 2007, Bremen	→ March 13
Analyst conference, Frankfurt/Main	→ March 13
3 month report/analyst conference call	→ May 7
Annual general meeting, Bremen	→ May 7
6 month report /analyst conference call	→ August 7
9 month report /analyst conference call	→ November 11
Analyst presentation at Deutsches Eigenkapitalforum, Frankfurt/Main	→ November 10-12