

Annual Report 2011



The OHB Group at a glance

OHB AG is a European space flight and technology group and one of the most important independent forces in European aviation/aerospace. With 30 years of experience in developing and executing innovative space technology systems and structures and its range of specific aviation/aerospace and telematics products, the OHB Group is superbly positioned to face international competition.

“Structure follows strategy” – in line with this principle, OHB AG has reorganized its business units. The new segmentation reflects the strategy of integrating the individual subsidiaries more effectively in order to harness synergistic benefits and to pool related areas more efficiently. The Group’s skills, strategies and solutions are pooled in two core segments.



Business units and investments


The **“Space Systems”** business unit focuses on developing and executing space projects. In particular, it is responsible for developing and fabricating low-orbiting and geostationary small satellites for navigation, research, communications and earth observation including scientific payloads. Its manned space flight activities chiefly entail the assembly and fitting of the International Space Station ISS, Columbus and ATV. The exploration segment works on studies and models for exploring our solar system, primarily the Moon and Mars. In addition, efficient reconnaissance satellites and broadband wireless transmission of image data form core technologies for security and reconnaissance.


The **“Aerospace + Industrial Products”** business unit is primarily responsible for fabricating aviation and space products as well as other industrial activities. In this area, OHB has established itself as a significant supplier of aerospace structures for the aviation and space industry; among other things, it is the largest German supplier of components for the Ariane 5 program and an established producer of critical components for aircraft engines. In addition, OHB is an experienced vendor of mechatronic systems for antennas and telescopes and is involved in several major radio telescope projects. OHB telematics systems serve the logistics industry around the world by offering efficient transport management and consignment tracking facilities.


OHB AG




Space Systems


100 % **OHB System AG**,
Bremen,
Germany 

100 % **Kayser-Threde GmbH**,
Munich,
Germany 


100 % **CGS S.p.A.**,
Milan,
Italy 


100 % **LUXSPACE Sàrl**,
Betzdorf,
Luxembourg 


100 % **Antwerp Space N.V.**,
Antwerpen,
Belgium 


100 % **OHB Sweden AB**,
Solna,
Sweden 


Aerospace + Industrial Products

70 % **MT Aerospace AG**,
Augsburg,
Germany 

70 % **Aerotech Peissenberg GmbH & Co. KG**,
Peissenberg, Germany 

100 % **OHB Teledata GmbH**,
Bremen,
Germany 

74.9 % **megatel GmbH**,
Bremen,
Germany 

100 % **Telematic Solutions S.p.A.**,
Milan,
Italy 

OHB AG in Figures

The Group	in EUR 000s				
	2011	2010	2009	2008	2007
Revenues	555,689	425,448	287,164	232,473	218,801
Total revenues	555,292	453,323	321,818	260,029	223,340
EBITDA	43,101	33,688	31,659	28,736	25,903
EBIT	27,276	22,730	20,771	18,708	17,486
EBT	19,517	15,384	18,039	16,092	18,373
Net income for the period	13,523	9,642	14,860	8,998	12,478
Earnings per share (EUR)	0.78	0.55	0.96	0.61	0.84
Total assets	528,239	466,396	441,905	328,104	315,011
Equity	113,577	105,170	98,125	81,362	81,541
Cash flow from operating activities	21,137	42,123	32,596	9,353	4,382
Equity investments	15,346	19,126	14,681	16,260	20,053
thereof capital spending	156	6,543	120	1,520	4,331
Employees on December 31	2,352	1,677	1,546	1,284	1,189

The Stock	in EUR				
	2011	2010	2009	2008	2007
Closing price	11.40	16.60	11.20	8.00	13.59
Year high	17.45	18.34	11.35	13.92	15.45
Year low	8.25	11.50	5.85	4.82	9.65
Market capitalization at year-end	199 million	290 million	196 million	119 million	203 million
Number of shares	17,468,096	17,468,096	17,468,096	14,928,096	14,928,096

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

born 1938, engineer,
member of the Management
Board of OHV AG since 2002

Marco R. Fuchs,

born in 1962, attorney,
Chief Executive Officer of
OHV AG since 2000

Ulrich Schulz,

born in 1951, engineer,
member of the Management
Board of OHV AG since 2000



Dear shareholders, customers and business associates,

In 2011, the OHB Group once again reached new heights in total revenues and earnings, improving on the records which it had achieved in 2010. The strategy of continuous and above all controlled growth generated total revenues of EUR 555 million in 2011 (previous year: EUR 453 million), resulting in an impressive increase of 23 percent. This was due to organic growth achieved through new contracts and projects as well as additions and extensions to existing orders. However, last year, the OHB Group also grew as a result of major and minor acquisitions in the space and aviation sector, which will strengthen the Group's competitive position in its two business units. Group management's main task in 2011 was to integrate the newly acquired companies within OHB AG's corporate structure, which had also been revised at the same time.

At the beginning of 2011, the new OHB AG replaced the former five business units with only two. The new structure reflects the strategy of integrating the individual subsidiaries more effectively in order to harness synergistic benefits, to pool related areas more efficiently and to allocate functions and tasks to the individual business units more appropriately.

The restructuring of the business units was accompanied by the decision to rename the Group OHB AG as a step towards strengthening its identity and cohesion both on the inside and the outside. By stressing the traditional OHB name, we want to underscore our Group's momentum as well as its status as one of the leading space and technology companies in Europe. At the same time, the new name will convey the unique aspects of the Group's business and the virtues of an enterprise able to look back on a history of 30 years in which we have achieved so much success. The new logo captures this idea very effectively.

"Space Systems" business unit

The previous business units "Space Systems + Security", "Payloads + Science" and "Space International" have been integrated within the new business unit "Space Systems". This business unit is focusing on developing and executing space projects.

Effective July 1, 2011, the OHB Group acquired the Space Systems division from the Swedish Space Corporation (SSC) via the newly established company OHB Sweden AB, Stockholm, in an asset deal. With the acquisition of this business and the incorporation of OHB Sweden, OHB has gained access to important and valuable resources and skills in the development and construction of satellite and payload systems.

On February 2, 2012, the European Space Agency ESA awarded the syndicate comprising OHB System AG and Surrey Satellite Technology Ltd., Guildford, UK, (SSTL), a contract to build and test a further eight satellites for the EU-funded European satellite navigation system Galileo*. The contract is worth around EUR 256 million. OHB System is the prime contractor for the construction of what is now a total of 22 satellites for the system and responsible for developing the

satellite bus and for integrating the satellites. SSTL is developing and constructing the navigation payload and additionally assisting OHB System with the final assembly of the satellites. The 22 satellites will be undergoing final assembly in Bremen.

The critical design review (CDR) process, arguably the most important phase prior to series production, commenced on schedule in the third quarter of 2011. Conducted over several months, it entails a final examination of the system specifications and all development and integration processes. This CDR is being performed jointly by the industry team from OHB System and Surrey Satellite Technology Ltd. (SSTL) together with representatives of the European Commission under the supervision of the ESA. OHB System has already delivered a preliminary data package to the customers for this purpose. The CDR process has been proceeding successfully.

The first two satellites for the European satellite navigation system Galileo* (producer: Astrium) were placed in orbit for the first time on board a Russian Soyuz launcher, which lifted off from Kourou, French-Guyana, on October 21, 2011. This type of vehicle is also to be used to launch the first ten FOC (full operational capability) satellites supplied by OHB.

“Aerospace + Industrial Products” business unit

The previous business units “Space Transportation + Aerospace Structures” and “Telematics + Satellite Operations” have been merged within the new business unit “Aerospace + Industrial Products”, which is chiefly responsible for fabricating aviation/aerospace products as well as telematics.

In February 2011, MT Aerospace Holding GmbH, a subsidiary of OHB AG, acquired Aerotech Peissenberg GmbH & Co. KG, a producer of sensitive components for aircraft engines and industrial gas turbines, with retroactive effect from January 1, 2011. With this acquisition, OHB was able to additionally strengthen its aviation activities and broaden its “Aerospace + Industrial Products” business unit.

Record earnings achieved – higher dividend proposed

However, what is decisive for you as our shareholders is the fact that we were to reach new heights in total revenues and earnings. Thus, operating earnings (EBITDA) climbed by over 28 percent to a total of EUR 43.1 million (previous year: EUR 33.7 million), outpacing the growth in total revenues. At the same time, the OHB Group’s operating earnings (EBIT) rose by 20 percent to EUR 27.3 million (previous year: EUR 22.7 million). Consolidated net profit for the year after non-controlling interests came to EUR 13.5 million (previous year: EUR 9.6 million), rising at a disproportionately strong rate of just under 41 percent over the previous year and resulting in earnings per share for 2011 of EUR 0.78 (previous year: EUR 0.55). The Management Board and the Supervisory Board will be asking the shareholders to approve a dividend of EUR 0.35 per share.

* see Glossary

OHB stock closing a weak year with gains in the fourth quarter of 2011

After a turbulent year, the German benchmark DAX index closed 2011 with a loss of around 15 percent. Overall, OHB stock also mirrored the downward path taken by the market as a whole. With no trend initially emerging up until mid July, the stock declined for several weeks from the end of July. The announcement of a stock buyback program on September 13, 2011 caused the stock to gain almost 7 percent in a single day on that date, fueling further gains in the ensuing weeks, which ultimately reached double digits by the end of the year. At EUR 11.40, the stock closed the year substantially lower than at the end of the previous year (EUR 16.60), stabilizing at between EUR 13.50 and EUR 14.00 as of the end of February 2012.

Looking forward to 2012

Moving forward, the OHB Group will be maintaining the growth strategy which it has adopted and with an order backlog of EUR 1,046 million, i.e. virtually unchanged over the previous year (EUR 1,160 million), will be able to continue operating at high capacity utilization in all business units. On the strength of this solid basis for planning, the Management Board expects consolidated total revenues to rise by around EUR 65 million to EUR 620 million in 2012 as a whole, underpinned by both business units, whose total revenues will be up on 2011 levels. At over EUR 46 million and more than EUR 30 million, respectively, EBITDA and EBIT should also be up on the previous year in 2012.

Management Board's vote of thanks

I would like to take this opportunity to thank all our staff at all of the Group's companies for their services, dedication and innovative ideas. If it were not for them, we would not have achieved last year's successes. All business units, including our new investments, have contributed to the Group's growth and competitiveness. It is with this same commitment and enthusiasm that we will be joining together in our efforts to ensure that the new OHB Group remains a European success story.

Bremen, March 14, 2012



Marco R. Fuchs
Chief Executive Officer

Dear shareholders,

Driven by business success, 2011 was a year of both consolidation and a new beginning for the OHB Group in two respects. On the one hand, the task was to maintain the high volume of orders by means of additions to the Galileo* project, under which OHB as the prime contractor was awarded the contract for a further eight satellites in addition to the existing contract for the first 14 satellites for the European satellite navigation system, as well as extensions to the contract for the development and production of six third-generation Meteosat satellites. Valued at around EUR 1.05 billion on December 31, 2011, the Group's order books are sufficient to secure capacity utilization and also growth over the next few years. On the other hand, it was necessary for the new investments to be integrated within the OHB Group's new structure. This entailed addressing both technological and economic challenges as well as the selection of the right management staff.

OHB AG together with its Supervisory Board and Management Board is committed to good and responsible corporate governance. This commitment is shared by the majority shareholders and the Group's entire management. In addition to the observance of high statutory and ethical standards by employees with their keen sense of responsibility, OHB attaches particular importance to environmental protection, the greatest possible quality and the safety, health and equality of its employees. Looking ahead over the next few years, one objective will be to interest a greater proportion of women in the exciting and interesting career opportunities awaiting them in aviation/aerospace, a sector which is still heavily dominated by men, and to encourage more girls and women to embark on a technical career. In this respect, the now traditional "Girls' Day", which the Group organizes, merely marks the beginning of a whole series of activities and measures aimed at arousing women's interest in a career in this industry. Special partnerships with universities and tertiary-education institutions as well as training and skills development for women as well as the targeted development of female staff right up to the management and executive level will provide additional ongoing support for this program in the future.

Ongoing dialogue with the Management Board

In 2011, 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. The Supervisory Board is responsible for overseeing the Management Board by monitoring 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.

The Management Board briefed the Supervisory Board regularly and comprehensively on order intake, total revenues, earnings and capacity utilization at OHB Technology AG as well as within the individual business units, particularly updating it on the progress made in integrating the newly acquired investments. The Management Board answered all of the Supervisory Board's questions in full and comprehensively. The Supervisory Board sought and received ongoing information on corporate planning, strategic development and the main acquisition projects and advised the Management Board on individual matters relating to corporate acquisitions and project tenders.

* see Glossary



The Supervisory Board after being re-elected at the annual general meeting in Bremen on May 12, 2011

Prof. Heinz Stoewer,

Member of the Supervisory Board since 2005, born in 1940, graduate engineer, M. Sc., Emeritus Professor of Space Systems Engineering, Technical University of Delft, Netherlands, managing director of Space Associates GmbH

Christa Fuchs,

Chairwoman of the Supervisory Board of OHB AG since 2002, born in 1938, business woman, managing shareholder of VOLPAIA Beteiligungs-GmbH

Prof. Dr.-Ing. Hans J. Rath,

Deputy chairman of the Supervisory Board, member of the Supervisory Board since 2001; born in 1947, graduate engineer, professor of Mechanics and Fluid Mechanics at the University of Bremen, Production Technology Faculty, managing director of ZARM Fallturm-Betriebsgesellschaft mbH

Meetings of the Supervisory Board

The Supervisory Board held five scheduled meetings at which it deliberated on the Group's performance, the reports submitted by the Management Board, the status of pending tender processes and planned acquisitions, progress made in integrating the newly acquired investments and the corporate budgets for 2012 and 2013. Ordinary meetings of the Supervisory Board in 2011 were held on March 15, May 12, September 6, November 28 and December 16.

The meeting held on March 15, 2011 was chiefly devoted to the Management Board's report on the Group's performance in the period commencing January 1, 2010 and ending December 31, 2010, the current state of business as well as forecasts for 2011. For this purpose, the Management Board submitted the annual financial statements, the consolidated financial statements and the management reports for OHB AG and the Group for 2010. The statutory auditors from BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, personally presented the audit report and elaborat-

ed on it at this meeting. The Supervisory Board approved the annual financial statements and the consolidated financial statements of OHB AG. At this meeting, the agenda of the 11th annual general meeting, which took place on May 12, including proposed resolutions for the utilization of the unappropriated surplus, among other things, was finalized. A resolution was also passed to change the Company's name from OHB Technology to OHB AG. The Supervisory Board deliberated in detail on potential acquisitions by the Group and its subsidiaries.

At the meeting held on May 12, 2011, the Management Board reported on the Group's business performance in the first quarter of 2011 as well as the current state of business. In addition, the Management Board and the Supervisory Board engaged in a preliminary review of the annual general meeting, which had been held on the same day. Further key aspects included the Management Board's status report on individual acquisitions, namely the the Swedish Space Corporation's Space Systems Division, Aerotech Peissenberg (ATP) and parts of Rheinmetall Italia's space activities, as well as the scheduling of the Group's 2011 strategy workshop and its agenda. In addition, the chairman and deputy chairman of the Supervisory Board were elected.

The Management Board's report on business in the first half of 2011 and the status report on the individual space projects Galileo*, Meteosat Third Generation (MTG), SmallGEO and EnMAP were the main items on the agenda of the meeting held on September 6, 2011. In addition, a status report was submitted on the current progress in the integration of the most recent acquisitions.

At the meeting held on November 28, 2011, the managing directors and members of the management board of Aerotech Peissenberg GmbH & Co. KG and MT Aerospace AG discussed the current business situation and the outlook for the two companies for the coming year together with the Management Board and Supervisory Board of OHB AG.

Held shortly before the end of the year on December 16, 2011, the Supervisory Board's fifth meeting dealt primarily with the Group's business performance in the third quarter of 2011 and expected earnings for 2011 as well as the updated corporate budget for 2012 and 2013. The assumptions underlying the budget and possible scenarios for the next two years were discussed comprehensively and in great detail. In this connection, the individual business segments which had been discussed during the previous meeting and integration progress were analyzed. The Management Board and the Supervisory Board jointly issued the declaration of conformity to the German Corporate Governance Code stipulated by Section 161 of the Stock Corporation Act and finalized the financial calendar for 2012.

Corporate governance

The Management Board also submitted a corporate governance report to the Supervisory Board in accordance with Section 3.10 of the German Corporate Governance Code in connection with the corporate governance declaration stipulated by Section 289a of the German Commercial Code. The corporate governance declaration can be examined at OHB AG's website. The Supervisory Board regularly discussed the application and further development of the principles of corporate

* see Glossary

governance within the Company. On December 16, 2011, the Management Board and the Supervisory Board issued an updated declaration of conformance in accordance with Section 161 of the German Stock Corporation Act and made this available permanently to shareholders at the Company's website.

Approval of the annual financial statements

The annual financial statements, the consolidated financial statements and the related management reports of OHB AG for 2011 were audited by BDO 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 14, 2012, these documents were discussed in the presence and with the involvement of the statutory auditor.

The Supervisory Board did not raise any objections and accepted the results of the audit. It approved the consolidated financial statements, as a result of which they are now deemed to 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 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 facts stated in the report are correct,
2. the Company's transactions as detailed in the Report were not unreasonably high."

The Supervisory Board raises no objections following its own examination and therefore approves the Management Board's Related Parties Report.

It 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 AG.

Bremen, March 14, 2012



Chairwoman of the Supervisory Board

30 years of growth

Ulrich Schulz, member of the Management Board,
on OHB's success story

Ulrich Schulz, who has been a member of OHB AG's Management Board since 2000, was the first university graduate to be employed by Christa Fuchs for OHB back in 1982. He has been at the Company's helm for 30 years and is one of the few to have witnessed OHB's entire history. In this interview, he describes this exciting time and talks about the opportunities and risks of growth.

Mr. Schulz, you have been with OHB for 30 years. Looking back today, how would you describe the Company's history?

The best way of telling the Company's history is to divide it into three episodes. In the first ten years the focus was on establishing its identity. Up until we moved to our present premises in 1988, we were involved in a large number of projects, ranging from water processing equipment to oil skimming ships. We covered a broad range of activities, something which opened us up to the possibility from a very early stage of trying out completely new things. In the mid-eighties, we commenced our initial forays into human space flight. It was during this period that key programs such as Mikroba, Falke and initial apparatus developments for the Spacelab missions were initiated. One particular highlight from this period which I remember is my first experiments in weightless conditions on parabolic flights over the North Sea on board a Boeing 707. In the nineties, satellite business developed increasingly alongside human space flight. We were involved in the D2 mission, the assembly of two nodes for the ISS and several experiment tracks for the Columbus module. During this period, we also worked on the first small satellites BremSat and Safir as well as Abrixas, which

weighed just under 600 kilograms. In the light of the experience which we had gained with Safir, we planned to place the Company on two pillars, namely space technology and telematics. At that time, telematics were a promising market, which we wanted to open up with our small communications satellites. And, indeed, the first few projects were financially successful. I recall our projects with Readymix, Kühne + Nagel and the largest contract for MAN, for which we have fitted more than 50,000 trucks to date with our on-board computers. It was ultimately these successes which led us to the stock market. This now brings me to the last phase of our Company's history – the period since our stock market flotation in 2001, which is characterized by immense growth in space business thanks to acquisitions and major projects such as SAR-Lupe, Ariane 5 and, more recently, Galileo* and MTG. Over the past ten years, the Company has undergone remarkable change, entering the champions league of the space industry.

Why do you think OHB has been so successful in the European market?

One of the most important reasons for our success is the fact that OHB has consistently dared to go new ways over the past 30 years. As we do not have any heritage of our own, we have had to prove ourselves with our innovativeness in many areas. This is joined by our ability to submit very good bids in which we were, and are still, able to score with our ideas to make up for our lack of long-term experience.

Other decisive strengths include our enormous flexibility, which we have been able to maintain to this very day, the rela-



“We started at an early stage to try out new things.”

* see Glossary



“There considerable potential for further growth. We are laying the foundations today to harness this potential.”



tively lean structures of our Company and the short decision-making routes, which allow us to respond quickly and effectively. All of this has contributed to our success.

In 2001 OHB AG was the first German space technology company to enter the stock market. What significance do you think this milestone had in the Company's history?

The stock-market flotation was a decisive step forward in OHB's history in two respects. For one thing, we were able to raise the funding which we required at that time to prepare OHB System for the bidding process for SAR-Lupe and the resultant contract. If it had not been for the proceeds from the flotation, we would have been far less competitive. At the time, we had different expectations with respect to the progress of business in the telematics sector as it was precisely here that we saw the growth drivers which analysts and investors consider to be so important, in other words mass series production of products. Later on, however, we were forced to realize that telematics did not live up to our original expectations. The second important result of the stock-market flotation was that it substantially boosted awareness of OHB. We became known to a broader public as the first space technology company in Germany, something which rendered both our Company and the sector as a whole rather more transparent. Although it also meant more work for us in the form of additional tasks and obligations, OHB would not be as well-known as it is today if we had not floated the Company on the stock market.

In 2005, the OHB Group acquired MAN Technologie AG. This acquisition ushered in the steep ascent to become one of the leading European space technology companies. How did you prepare for what at that time was the merger with a substantially larger company?

The core consideration leading up to the acquisition process was the realization that we were no longer able to rely on telematics as a second mainstay of our business and therefore had

to find a different alternative to satellite technology. With its many years of experience and involvement in the Ariane program, MAN Technologie provided this alternative. It contributed a number of things which had been absent from OHB System: heritage, series production and protracted programs. And, importantly, it was engaged in a different area to space technology, namely the fabrication of structures. During that phase, it would have been difficult for us to integrate another system producer. However, with the clearly distinct areas of business, we quickly developed the approach which continues to characterize us today – a federal system. By operating side by side, both companies were able to preserve their identities, meaning that we could dispense with complex and expensive adjustment processes, for which we did not have the structural resources.

Since then, other companies such as Kayser-Threde, CGS, Antwerp Space and OHB Sweden have been integrated, giving OHB a European face. Is the Group well positioned as a result?

Yes, I think it is. Our "Space Systems" business unit is already superbly positioned for the development, construction and operation of satellite systems. OHB System is a specialist in systems weighing 500 kilograms or more plus platform expertise. Kayser-Threde is the repository of our payload skills. LUXSPACE, OHB Sweden and CGS are experts in micro and mini satellites. And Antwerp Space holds key skills in ground segments. The "Aerospace + Industrial Products" business unit is dominated by MT's Ariane 5 business. We hold ten percent of the work package for the entire program, making us the largest German supplier. The other activities in this area such as telematics, IT services or engine components are relatively small but supplement the range effectively. So, all told, we are really well positioned. Our challenge is now to reinforce this status and to leverage it even more effectively.

Where do you see potential today for securing and extending everything that the Company has achieved on a sustained basis?

Well, we see a lot of potential in synergistic effects, which we can doubtless harness with our large-scale programs. Take MTG, for example: OHB System and Kayser-Threde will be working more closely together than ever. This means that we must create structures at the group level to organize processes and cultural relations as efficiently as possible. The same thing applies to SmallGEO: several OHB companies are working together on this project. The more closely the project teams work the smoother our operations will be.

In addition, we are working at the holding company level on structures to cut costs on a Group-wide basis without compromising the individual companies' independence. Thus, for example, we have started to procure software centrally and are updating the IT infrastructure to ensure the greatest possible compatibility with all existing systems. This is all being done step by step and with circumspection.

With the acquisition of Aerotech Peissenberg, OHB is now also entering the aviation sector. Is space technology's big sister a future market for OHB?

Space will remain our core business. That's not going to change. We have established ourselves in the elite division and want to maintain this position. Aviation is an exciting industry offering major opportunities but also involving risks. Established suppliers are merciless in defending their markets and there is immense pressure on prices. We therefore want to achieve sustained high capacity utilization at Aerotech Peissenberg by taking part in as many major programs as possible to establish the company in this market as well in the future.

Finally, where do you see the OHB Group at the end of the decade?

Well, I hope that we can continue enlarging our position in the European space market by 2020. By that time, we will have largely completed the MTG program and the first Galileo* satellites will have been in orbit for six or seven years. Given their life expectancy, we will then be ready to engineer and assemble the next generation. Of course, I also hope that our SmallGEO platform plays a far greater role in the commercial telecommunications market as this is where considerable potential is to be found for satellite engineering. The Ariane business is also exciting. This year's ESA Council meeting at ministerial level will be showing us where the journey is headed. Our goal is of course to maintain and, ideally, extend the share that we currently have in the Ariane 5 project. All told, I am confident about the OHB Group future. But we must lay the foundations today – and this is precisely what we are doing.

Further voices from the OHB family



Hans J. Steininger

CEO at MT Aerospace AG

Thanks to the acquisition of our company by OHB in 2005, it has been possible to preserve MAN Technologie's skills and particular expertise and to ensure that it can continue to grow in the long term.

Since joining the OHB Group, we have continued to grow steadily, boosting our sales by around 70 percent. As part of one of the most important space and technology groups in Europe, we are ideally positioned today to successfully face the challenges facing our industry both today and in the future.



Jürgen Breitkopf

CEO of Kayser-Threde GmbH

Like OHB System up in north of Germany, Kayser-Threde was a family-run company in Southern Germany with humble origins which has since advanced to become a major internationally acknowledged player in the space

industry. The two companies' skills are a perfect match and are now united under a single roof. Kayser-Threde is synonymous with reliable scientific payloads and outstanding optical systems. We are part of the OHB family.



Gierth Olsson

Managing Director of OHB Sweden AB

OHB is the ideal new shareholder for us! Like us, space is close to their hearts. They think, work and live for space systems. If it had not been for the acquisition, our reputation as a systems provider would

have been at risk and Sweden would have lost valuable skills which have been painstakingly accumulated over the past 30 years. We at OHB Sweden are now facing the future confidently.

1981-2011: OHB LOOKING BACK ON 30 YEARS OF SUCCESS

1981



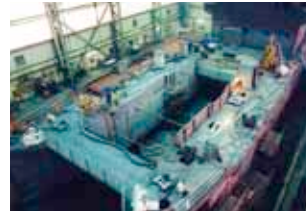
December 1981: Christa Fuchs acquired Otto Hydraulik Bremen (OHB), becoming managing director.

1982



OHB recruited Ulrich Schulz, today a member of the Management Board, as its first engineer and sixth employee.

1983



OHB developed a hydraulic ship drive.

1984



OHB received a contract for the construction of an MPOSS (multi-purpose oil skimming system) ship.

1989



Experimental flight of Mikroba-4 in Northern Sweden | Second launch of the COSIMA experiment. | OHB built the processing unit for the SCIAMACHY spectrometer for DASA. | OHB built the video control module for NIZEMI (low centrifuge microscope) as a sub-contractor.

1990



OHB named prime contractor for various experimental payloads for the German D-2 space mission (Anthrack and biolaboratory). | Whirl tanks made by OHB to separate liquids and gases of various densities were tested in parabolic flights over the North Sea.

1991



Participation by OHB in the development of the Fluid Science Lab for the Columbus. | OHB involved in eight out of 14 research projects on board the German-Russian MIR '92 mission.

1992



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

1985



Manfred Fuchs joined OHB. | OHB entered the space industry.

1986



Construction of the Mikroba (micro-gravitation with a balloon) research capsule. | OHB awarded prime contract for the construction of the whirl tank.

1987



FALKE falling body research system for measuring aerodynamic data developed and constructed by OHB as the prime contractor.

1988



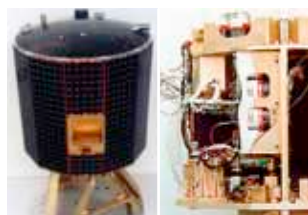
Launch and return of the COSIMA payload from orbit. | OHB moved to new premises in Universitätsallee 27 in Bremen.

1993



OHB Teledata GmbH established as a provider of telematics systems. | OHB System awarded contract to build the oil-skimming ship KNECHTSAND. | Columbus satellite integration hall built. | OHB System built the aquatic-biological experiment CEBAS for DARA.

1994



First German mini-satellite BremSat released from the Space Shuttle. | OHB System Bremen built the satellite for ZARM in Bremen.

1995



OHB opened its second premises in Universitätsallee 29 in Bremen. | OHB Teledata started on the development of commercial application software for traffic telematics. | Project work commenced on the ABRIXAS x-ray satellite. | Marco R. Fuchs joined OHB System AG.

1996



OHB System awarded contract for the construction of hardware for medical experiments for the MIR'97 mission. | Phase C/D commenced for the SCIAMACHY atmospheric measurement device, the Fluid Science Lab and LLMS. | Subcontract received for the SYSTA Ariane tracking system.

1997



Work commenced on the telematics projects for Readymix (position tracking) and Kühne + Nagel (consignment tracking). | Contract received for the development and construction of centrifuges for the Biolab (biological laboratory) and EMCS (European Modular Cultivation System) biological space stations.

1998



ORBCOMM Deutschland AG incorporated to market satellite services in Germany. | Space Aquarium CEBAS successfully launched. | OHB's second own satellite Safir-2 launched.

1999



ABRIXAS launched. | Contract received from MAN Nutzfahrzeuge AG to develop an on-board telematics module. | OHB named prime contractor for the development and construction of the EPM (European Physiology Module) and ETC (European Transport Carrier) units on board the ISS.

2000



July: CHAMP (Challenging Minisatellite Payload) satellite launched. OHB organized the launch and developed the interface between the rocket and the satellite. | Market launch of the TIPS range. | OHB Teledata converted into a joint stock company (AG).

2005



Acquisition of MT Aerospace AG, which primarily supplies components for the European Ariane 5 launch vehicle and tank systems for the aviation and space industry.

2006



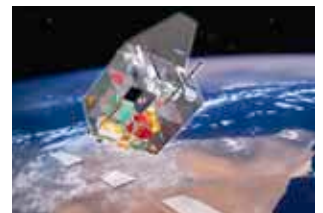
MT Aerospace awarded further Ariane 5 production contract worth EUR 55 million. | Successful launch of the first radar satellite for the SAR-Lupe system. | OHB awarded contract worth a total of around EUR 87 million for implementing the E-SGA and FSLGS ground segments

2007



Acquisition of the Munich-based space company Kayser-Threde GmbH, strengthening the OHB Group's position as the second space technology group in Germany.

2008



Kayser-Threde awarded prime contract from DLR for the development and construction of the German hyperspectral Earth observation satellite EnMAP (environmental mapping). The contract has a volume of EUR 95 million.

2001



→ OHB floated on the stock market. | New company headquarters completed in Karl-Ferdinand Braunschweig, Bremen. | SAR-Lupe project: OHB syndicate awarded contract for the development, construction, launch and operation of the radar-based reconnaissance system.

2002



→ ENVISAT launched – OHB responsible for the entire mechanical ground support equipment and involved in the development of the SCIAMACHY and MIPAS spectrometers. | Birth of OHB Technology AG following the merger of OHB System and OHB Teledata. | First-time listing of new OHB shares on the Frankfurt stock exchange.

2003



→ Space Aquarium CEBAS successfully launched for a third time. | OHB System asked to conduct a further study on a combined SAR-Lupe/Helios II system. | OHB Technology AG ranked first in Germany and 10th in Europe as the fastest-growing high-tech company in 2003.

2004



→ OHB involved in the development of protective shields and cable harnesses for the ATV fleet for the ISS. | SAR-Lupe demonstrating superb image quality in inverted testing. | OHB System awarded follow-up orders for the ISS. | SCANIA placed an order with OHB Teledata for the supply of approximately 1,100 on-board telematics computers.

2009



→ Acquisition of Carlo Gavazzi Space S.p.A, Milan, extending market position in European programs. | MT Aerospace AG signed long-term delivery contracts for components for a further 35 Ariane 5 launch vehicles.

2010



→ OHB System named prime contractor for 14 satellites for the Galileo* program; first sub-contract signed for the Meteosat project. Total value for the OHB Group: over EUR 750 million.

2011



→ Continuation of European growth strategy with the acquisition of the Swedish Space Corporation's space systems business and the takeover of Aerotech Peissenberg, a Bavarian supplier of components for jet engines.

HIGHLIGHTS IN 2011

2011 was a year of further growth for OHB AG. Here are the main events of the year in chronological order.



2011 at a glance

January 2011

TET-1 satellite mission cleared for transportation to the launch site

At the end of January, the technology testing mule TET-1 was cleared for transportation to the launch site in Baikonur in Kazakhstan. A Soyuz launcher will be placing the TET-1 in a low orbit. Developed and built by Kayser-Threde for the German Aerospace Center (DLR), TET-1 is a national small satellite to be used for the on-orbit verification (OOV) of technology experiments. The satellite with the eleven technological experiments which it carries has a total mass of 120 kilograms. TET-1 has been developed with funding provided by the German Federal Ministry of Economics and Technology. The launch is now scheduled for May 2012.



Engineers working on the TET-1 satellite at Kayser-Threde in Munich

January 2011

Visit by state secretary Bomba to OHB in Bremen

The state secretary in the German Federal Ministry of Transport, Construction and Urban Development (BMVBS), Rainer Bomba, visited the OHB Group's headquarters in Bremen in January. During his visit, he was informed of the Company's history and development as well as its current space programs and studies. The main purpose of his visit was to receive an update on OHB System's work on developing and building the satellites for the Galileo* European navigation system. The German Ministry of Transport is the main body within the Federal Republic of Germany responsible for implementing the first major space project in the European Union.



State secretary Rainer Bomba (left) and Prof. Manfred Fuchs at OHB in Bremen

January 2011

HTV successfully launched at the Tanegashima space center in Japan

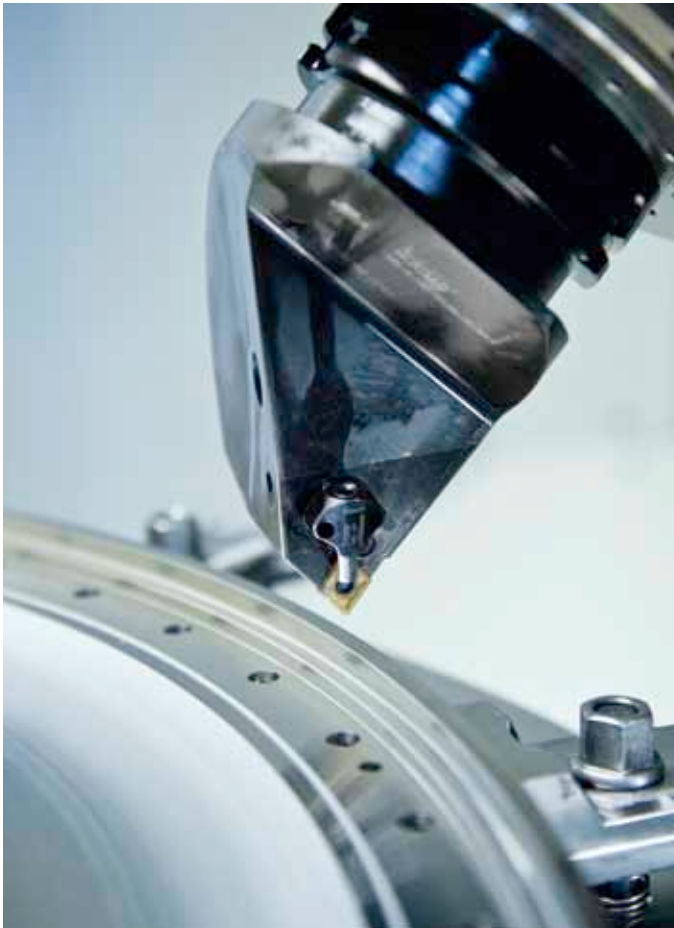
On January 22, 2011, an H-IIB carrying HTV-II lifted off from the Japanese space center in Tanegashima. MT Aerospace supplied a spin-molded bulkhead for the HTV's pressure module. The HTV carried six tons of scientific equipment, food and clothing to the ISS, docking with it successfully on January 28, 2011. All told, MT Aerospace has supplied Mitsubishi Heavy Industries with 80 spin-molded tank domes for the main stage tank of the Japanese launcher H-IIA.

February 2011

Aerotech Peissenberg acquired by MT Aerospace Holding

MT Aerospace Holding GmbH, a joint venture established by OHB AG, Bremen, (70%) and Apollo Capital Partners, Munich, (30%) acquired Bavarian engine components supplier Aerotech Peissenberg GmbH & Co. KG together with its affiliates in France and the Czech Republic with retroactive effect as of January 1, 2011 from the former shareholder Robert Drosten. An established operator for many years, Aerotech Peissenberg produces sensitive components made from heat-resistant nickel-based alloys and titanium for aircraft engines and industrial gas turbines. With around 490 employees, it generated sales of around EUR 46 million in 2010.

Left and bottom right: High-precision tools for the production of aircraft engine components; top right: celebration to mark the transfer of Aerotech Peissenberg on March 29, 2011





Animation of the decoupling process of the "Johannes Kepler" automated transfer vehicle (ATV)

February 2011

ATV „Johannes Kepler“ successfully launched

The second automated transfer vehicle (ATV) "Johannes Kepler" was launched on board the 200th Ariane in the early hours of February 16. The ATV is an autonomous transport vehicle, which docked with the International Space Station ISS on February 24 to supply it with food, fuel and other items as well as scientific payloads. Contracts have been awarded for a total of five ATVs; they are being developed and assembled by principal contractor Astrium in Bremen for the European Space Agency ESA. Working as subcontractors, OHB System AG in Bremen and MT Aerospace AG in Augsburg are both making crucial contributions to this program. With a total mass of over 20 tons, the ATV is the heaviest payload ever to have been transported on board an Ariane 5.



Animation of the approach of an ATV to the ISS

March 2011

Flight-testing unit for the Dassault Falcon 7X heated water tank delivered

After the completion of the critical design review for the heated water tank on March 1, 2011, the flight testing unit for the business aircraft Falcon 7X was delivered to the customer Dassault Aviation on March 28, 2011. The tank was immediately forwarded to the assembly line where it was integrated in the test aircraft. MT Aerospace has been producing the 80l drinking water tank in series since 2005. An additional 80l tank with modified brackets to permit the installation of an electric heating element is required for the optional shower unit available on board the aircraft.



Water tank undergoing quality assurance at MT Aerospace

March 2011

Successful mission for the TEXUS-49 research vehicle

Measuring 12 meters in length, the research vehicle lifted off from the Esrange space center in northern Sweden on March 29, 2011 for a 20-minute flight, during which weightless conditions were created on board for around six minutes.

The Kayser-Threde team was involved before, during and after the flight and, as with earlier missions, was responsible for integrating the payload and for providing the service systems. The customer was the space management department of the German Aerospace Center (DLR) in Bonn, which in 1977 launched the TEXUS research program, in which Kayser-Threde has been involved from the outset.

April 2011

Ralf Paschetag joining Kayser-Threde GmbH's management



Ralf Paschetag (47) was appointed commercial director of Kayser-Threde GmbH, Munich, effective April 1, 2011. A graduate in industrial economics, he has joined Jürgen Breitkopf and is responsible for finance, controlling, procurement, legal, human resources and infrastructure.

April 2011

German-Kazakh talks in Bremen

On April 13 and 14, talks were held at the OHB Group's headquarters in Bremen between the Kazakh space agency Kazcosmos and representatives of space companies in Bremen including OHB System, ZARM and the DLR Institute of Space Systems. The discussions explored possibilities for joint activities between the parties in the development and construction of telecommunications satellites and small satellites. The bilateral talks have their roots in a partnership agreement signed in 2009. The upshot of the two-day talks was the establishment of a working party comprising Kazakh engineers and representatives of OHB System AG to determine the specifics of the partnership between Germany and Kazakhstan.



Prof. Fuchs addressing the participants of the German-Kazakhstan talks

April 2011

Further successful **Ariane 5** launcher mission



Launch of an Ariane 5 carrying the Yahsat Y1A and Intelsat New Dawn satellites

On April 22, 2011 an Ariane 5 launcher (V201) carrying two telecommunications satellites on board lifted off successfully from the European space center Kourou in French-Guyana. It released two satellites – “Yahsat Y1A” (5,935 kilograms) for the Al Yah Satellite Communications Company (United Arab Emirates) and “New Dawn” (approx 3,000 kilograms) for Intelsat – into their geostationary orbits.

May 2011

Rheinmetall Italia’s satellite business taken over by OHB Group

Telematic Solutions S.p.A., a subsidiary of OHB AG, acquired Rome-based Rheinmetall Italia’s satellite business in an asset transaction. The business acquired has twelve employees and order books currently worth around EUR 7 million including subcontractors. With this acquisition, the OHB Group is able to retain the existing order structures for the current joint programs between Rheinmetall Italia and OHB’s largest Italian subsidiary, CGS S.p.A. in Milan.

May 2011

Ariane 5 Mid Life Evolution

Signed by MT Aerospace with Astrium at the beginning of May, the cooperation agreement for the development of the new upper-stage tank of the Ariane 5 ME (Mid Life Evolution) marked a further step towards the next-generation European launcher. MT Aerospace is responsible for developing and assembling the enlarged lighter metallic propellant tank, which should render the new cryogenic upper stage with its re-ignitable engine even more efficient. Scheduled to go into operation in 2017, the Ariane 5 ME will have a 20 percent greater payload capacity. The European Ariane 5 launcher is being developed and built under the industrial lead management of Astrium.

May 2011

Dr. Axel Deich appointed to the management of Aerotech Peissenberg GmbH & Co. KG



Dr. Axel Deich, managing director of Aerotech Peissenberg GmbH & Co. KG

Dr. Axel Deich was appointed to the management of Aerotech Peissenberg GmbH & Co. KG, a subsidiary of OHB AG (70%) and Apollo Capital Partners GmbH (30%). Aged 54 years, he has more than 20 years of experience in the aviation and space industry and came to the OHB Group from Swiss company RUAG Space.

May 2011

German Federal minister of Economics, Dr. Philipp Rösler opens the new clean room and building complex at OHB

During his visit on May 17, Dr. Philipp Rösler, the German Federal Minister of Economics and Technology, held talks with the members of the Management Board and the management staff of all German OHB companies to discuss current projects, conditions in the sector and its importance as a technological force for all industry. "OHB is a shining light in the German high-tech industry," the minister said at the conclusion of his talks. "It has combined visions, leading-edge technology and the spirit of a mid-size company to create an extremely successful blend." This was followed by a ceremony in which Dr. Rösler officially opened the new Building 4 and the new satellite clean room at the Company's premises in Bremen.



Minister of Economics Dr. Philipp Rösler during the opening ceremony

May 2011

Alpha Magnetic Spectrometer (AMS-02) on board the International Space Station ISS



AMS-02 on the upper stage of a rocket

On May 20, CGS celebrated the launch of the AMS-02 Alpha Magnetic Spectrometer, the largest space-borne instrument for conducting basic research into physics. It is currently being operated as an external payload on board the International Space Station ISS and is the result of the joint activities of 65 institutions and companies. CGS played a crucial role with the development of its thermal control system and the main electricity system.

June 2011

MT Aerospace Satellite Products supplies 81 propellant tanks for the Iridium NEXT satellite program

Thales Alenia Space, awarded MT Aerospace Satellite Products, a subsidiary of MT Aerospace based in Wolverhampton (UK), a contract for the fabrication of 81 propellant tanks for the Iridium NEXT satellite program. The company will be supplying titanium propellant tanks for the next-generation satellite constellation, which is expected to be launched from 2015. With this order, which is the largest in its history, the company will be operating at full capacity for the next three years. As well as this, it marks MT Aerospace Satellite Products' first foray into the market for commercial satellite constellations.



Tank production at MT Aerospace in Wolverhampton, UK



Top: Integration work on one of the two Prisma satellites at OHB in Sweden. Bottom: The Prisma engineering team

June 2011

OHB AG acquires Space Systems division from SSC / OHB Sweden AB incorporated

The OHB Group acquired the Space Systems division from the Swedish Space Corporation (SSC) via an asset deal and integrated it in a newly incorporated company, OHB Sweden AB, Solna. With some 50 employees, this division generated sales of around EUR 21 million last year. Renamed OHB Sweden, the division is an industrial partner to both the Swedish National Space Board and the European space agency ESA with many years' standing. OHB Sweden's current programs include a 30 percent share in the development and construction of the Small- GEO satellite platform, which is of material importance to the



OHB Group, and the lead management of the Swedish PRISMA demonstrator model.



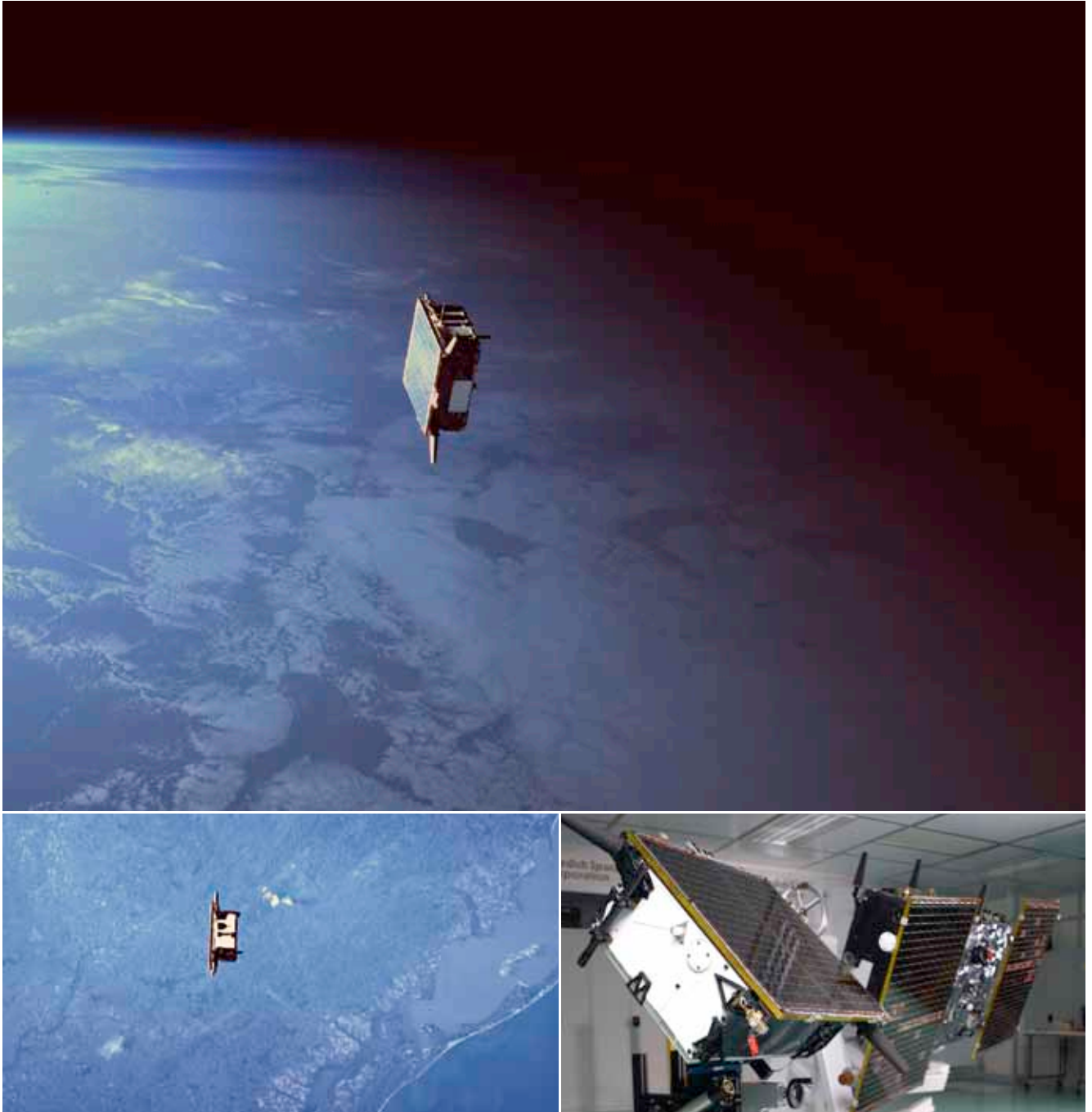
Top: Prof. Manfred Fuchs talking to the Vice President of the European Commission, Antonio Tajani, Middle (from left): Hans J. Steininger, Marco R. Fuchs, Dr. Thomas Enders, CEO Airbus, and Prof. Manfred Fuchs; Dr. Axel Stepken, member of the supervisory board of MT Aerospace AG; Hans J. Steininger and Prof. Dr. Johann-Dietrich Wörner, CEO of DLR; Prof. Manfred Fuchs, Robert J. Bentley, Governor of Alabama, United States, Martin Günthner, senator of economics in Bremen, Bottom: OHB's reception in Paris

June 2011

OHB AG at the 2011 Paris Air Show

On June 20 – 26, OHB AG had a stand at the Paris Air Show, the world's largest aviation and aerospace exhibition, in the Parisian suburb of Le Bourget together with its subsidiaries Kayser-Threde GmbH, MT Aerospace AG, LUXSPACE Sàrl, Antwerp Space N.V. and Aerotech Peissenberg GmbH & Co. OHB AG showcased current products and programs and offered information on the Group on a floor area of some 300 square meters, which also provided sufficient space for presentations and talks with customers, partners and political decision makers.





Target satellite of the Prisma formation and part of the earth, photographed from the second Prisma satellite; both satellites form part of the Prisma system at OHB in Sweden

August 2011

PRISMA formation flying


In August, operation of the formation flying and rendezvous system PRISMA consisting of two highly innovative and autonomous spacecraft was brought back to OHB Sweden after being on loan to DLR/GSOC for a period of five months. This also marked the end of the nominal mission which had been a great success, receiving praise from the partners CNES, DLR, ESA and NASA. Commercial experience have been conducted on board the system since August with great success.

August 2011

Kayser-Threde assembles a 22-ton telescope on Mount Wendelstein

In a contract awarded by the Bavarian State Government on behalf of Munich's Ludwig Maximilian University (LMU), Kayser-Threde constructed a technically highly innovative 2-meter-class telescope for the Wendelstein Astro-Physical Observatory. After provisional assembly and successful testing, the telescope was dismantled and shipped to its final destination in the German Alps. At the end of December, the new telescope went into operation for the first time. Although only the rough adjustments with lasers and mechanical alignment of the optical components had been completed, the telescope provided very promising data even at this early stage. It is to be officially handed over to the customer in the first half of 2012.



A photograph of an Ariane 5 rocket launch at dusk. The rocket is silhouetted against a dark blue sky with a bright orange sun or moon in the upper right. Palm trees are visible in the foreground, and a few people can be seen in the distance watching the launch.

August/September 2011

Arianespace places a further four telecommunications satellites in orbit with two successful Ariane 5 launches

On August 7, 2011, the 203rd Ariane 5 launcher lifted off from the Kourou space center, releasing the ASTRA 1N communications satellite as well as a second satellite – the BSAT-3c/JC-SAT-110R – into their geostationary orbits. The payload had a total weight of 9,095 kilograms. This was followed on September 21, 2011 by the 204th Ariane flight, during which two satellites – Arabsat-5C and SES-2 – were placed in orbit. Arabsat-5C is a multifunctional satellite which will be supplying the Middle East and Africa with all kinds of communication services. The SES-2 is a television satellite for the provision of digital media in the United States and the Caribbean. The 46th consecutive successful Ariane 5 mission had a total payload of 8,975 kilograms. According to Arianespace's plans, the next Ariane 5 launch is scheduled for spring 2012 and will be carrying the third ATV "Edoardo Amaldi".

Launch of an Ariane 5 ECA carrying the ASTRA 1N and BSAT-3c/JCSAT-110R satellites

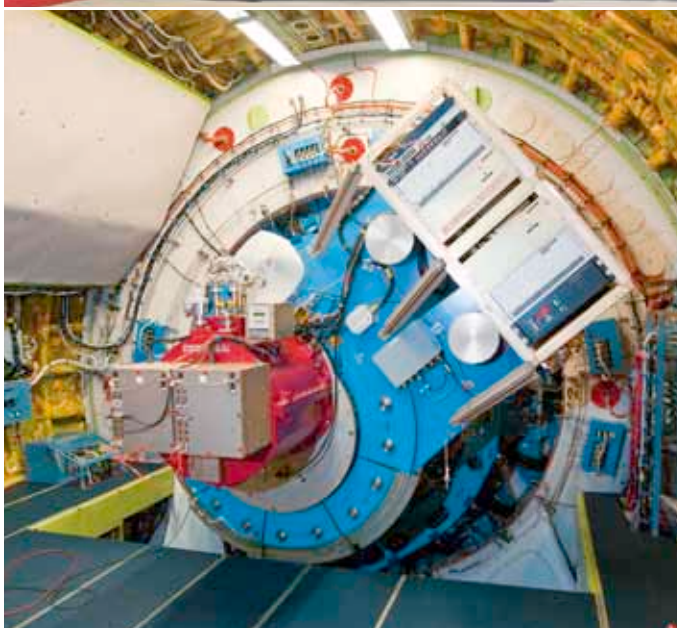
September 2011

Airborne observatory SOFIA visits Germany

For the first time since going into operation, the internationally unique infrared observatory SOFIA paid a visit to Germany. In doing so, it returned to the land of its birth – as the technology which it carries was developed under the auspices of the Mainz-based company MT Mechatronics GmbH in conjunction with MT Aerospace AG in Augsburg and Kayser-Threde GmbH in Munich, all OHB Group companies. SOFIA is a telescope with a length of 2.7 meters on board a converted Boeing 747SP and is used to

explore young stars and planetary systems as well as the Milky Way. The observatory works at a flight altitude of around 13 kilometers, allowing the infrared light emitted by celestial bodies to be observed free of any restrictions. This special telescope has been in use for research purposes since November of last year.

Top left: SOFIA, the stratospheric observatory for infrared astronomy visiting Germany; top right: with the open hatch behind which the telescope is located; bottom left: telescope structure in the aft of the Boeing 747SP; bottom right: SOFIA air-borne





September 2011

ESA and OHB System sign an addendum to the contract for the development of the SmallGEO geostationary satellite platform

The European Space Agency ESA and OHB System AG signed an addendum to the contract for the development of the SmallGEO geostationary satellite platform on September 29, 2011. The addendum has a value of EUR 14 million. The SmallGEO platform is being developed by a syndicate lead-managed by OHB System AG within the ESA ARTES-11 program and is to go into operation in 2013 for the first time with a communications payload to be known as "Hispasat AG1" for Spanish communications service provider Hispasat.



Animation of a communications satellite based on the SmallGEO platform

October 2011

The ALMA telescope commenced observation operations on October 3, 2011

The Atacama Large Millimeter/Submillimeter Array, ALMA, is currently the world's most advanced ground-based observatory. It was built on the Chajnantor Plateau in northern Chile at an altitude of 5,000 meters. Once the final stage has been completed in 2013, the telescope will comprise a total of 66 high-precision antennas operating in the millimeter and sub-millimeter range with a maximum distance of 16 kilometers. At this stage, around one third of the antennas with a distance of 125 meters have already been installed. With the rising number of antennas and the greater distance between them, the telescope's capabilities will grow substantially in the future. As it is, however, ALMA is already the world's most powerful telescope. Within the European industrial syndicate, MT Mechatronics is responsible for the full assembly of the European ALMA antennas in Chile.



Top: Preliminary photographs taken by the ALMA telescope plumbing the depths of the universe; bottom: ALMA antennas on the Chajnantor Plateau in the Atacama Desert in Chile



October 2011

First satellite built in Luxembourg, the “VesselSat1” successfully launched

LUXSPACE successfully completed the first test of the VesselSat, a light satellite weighing roughly 28 kilograms for satellite-based monitoring of AIS data. The satellite was placed in an orbit close to the equator on October 12, 2011 on board an Indian PSLV launcher. Following in-orbit testing and the check-out phase, VesselSat1 was integrated in the ORBCOMM system. Unlike polar satellites, the satellite is able to monitor shipping in equatorial waters with substantially greater refresh rates thanks to its specific orbit. A second AIS satellite, VesselSat2, which has already been built by LUXSPACE, was launched into a polar orbit from China in January 2012.



Using AIS signals to monitor ship movements

October 2011

First Soyuz launch from Kourou successfully completed – work on Galileo* progressing well

On October 21, 2011, the first two satellites for the European satellite navigation system Galileo* (produced by Astrium) were placed in orbit on board a Russian Soyuz launcher. This model is also being used to launch the first ten FOC (full operational capability) satellites supplied by OHB. The two satellites form part of the orbital trial phase, during which comprehensive testing of the Galileo space, ground and user segment is to be conducted. Together with a further two satellites to be launched in summer 2012, the in-orbit validation (IOV) of the Galileo* system will be executed in this way. The European Commission used the successful launch as an opportunity for announcing a request for bids for the construction of a further six to eight FOC satellites. In February 2012, the European Commission announced that the OHB System/SSTL syndicate had also won the second bid and was therefore awarded the contract for the production of a further eight satellites on top of the 14 already ordered.

The first FOC satellites supplied by OHB for the Galileo* program are to be handed over to the customer at the end of 2012.

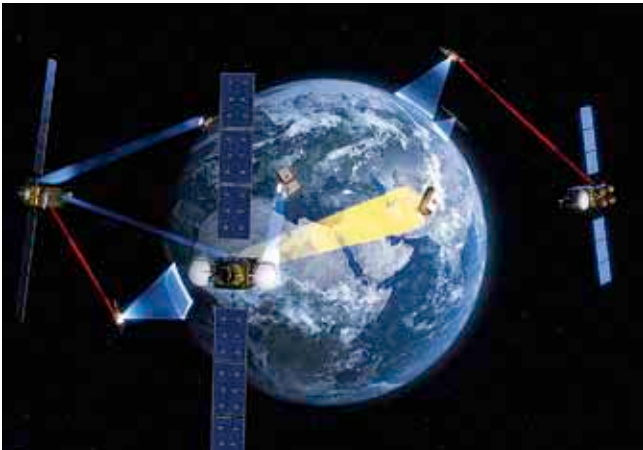


First flight of a Soyuz launcher from Kourou, French-Guyana. Successful launch of the first two Galileo* in-orbit validation (IOV) satellites

* see Glossary

October 2011

OHB System awarded an addendum to the sub-contract for EDRS by Astrium



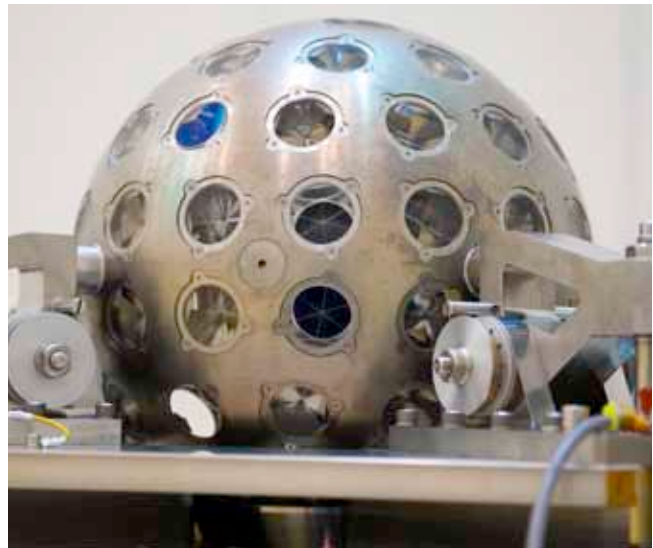
Animation of the European data relay satellite system EDRS

On October 25, 2011, OHB System AG and Astrium, the industrial prime contractor in the implementation of the European Data Relay Satellite System (EDRS), signed an addendum to the existing preliminary authorization to proceed (PATP) for the development and construction of a dedicated EDRS satellite. The addendum arose after Astrium and the European Space Agency ESA had officially signed the contracts for the implementation of the EDRS program on October 4, 2011. As a result of this addendum, the volume of the contract awarded to OHB System AG has risen from an initial EUR 7.4 million to EUR 52.135 million for development work from April 2011 until the end of July 2012.

October 2011

LARES given the go-ahead

Following the completion of the qualification campaign, the LARES (LAser RELativity System) was shipped to Kourou, where it was placed in orbit on board the successful maiden flight of the Vega launcher on February 13, 2012. CGS was the prime contractor to the Italian space agency ASI and developed the LARES satellite, whose purpose is to verify Albert Einstein's theory of relativity.



LARES satellite developed to verify Albert Einstein's theory of general relativity. LARES was placed in orbit on board a Vega launcher on February 13, 2012

November 2011

Research in gravity-free conditions: TEXUS-48 mission a success.

On November 27, 2011, a TEXUS high-altitude rocket measuring 12 meters in length completed a research flight lasting a good 13 minutes for the German Aerospace Center (DLR). During the parabola flight, almost completely weightless conditions arose on board the aircraft for a period of around six minutes, during which various experiments were performed. The Munich-based space technology company Kayser-Threde was materially involved in the success of the mission.



December 2011

Vega ground station

In December, CGS successfully completed the preparations and tests for the qualification and configuration of all systems for the maiden flight of the Vega on February 13, 2012. The activities performed by CGS included the design, development, delivery, assembly and qualification of the low-voltage and safety systems, the telecommunications systems, the mechanical infrastructure and the liquid systems.

The VEGA VV01 launcher before its maiden flight at the European Spaceport in Kourou (French-Guyana): On board: LARES – developed by CGS in Milan



December 2011

Galileo*: Antwerp Space signs a contract for the data distribution network of the ground mission segment.

Antwerp Space and Thales Alenia Space France signed a contract for the design, development and construction of the FOC (full operational capability) phase of the mission data dissemination network. The Galileo* ground network is responsible for interconnecting the different ground stations worldwide, including the ground control stations, the sensor stations and the up-link stations. The contract has a total value of EUR 11 million and covers activities for the network activities of Antwerp Space until March 2015. As part of the FOC phase of the ground mission segment network contract, Antwerp Space will extend the existing IOV (in-orbit validation) ground network, and include additional features.

December 2011

Manfred Fuchs awarded the Werner von Siemens Ring

Prof. Dott. Ing. h.c. Manfred Fuchs was selected by the Werner von Siemens Ring Foundation as this year's winner of the prize of the same name. The "Siemens Ring" is the greatest German honor for achievements in technical sciences. Fuchs thus joins such illustrious names as Prof. Dr. Hermann Scholl (Bosch GmbH) in this impressive list of German technical greats.

Manfred Fuchs was awarded the Ring "in recognition of his services in the continued development of application satellite technology with which Germany is at the very vanguard of this area in Europe," according to the jury.

December 2011

EnMAP: Optical structure for thermal vacuum test

The structural thermal demonstration model of the hyperspectral sensor of the EnMAP environmental satellite underwent extensive testing in December to verify the thermal model designed by Kayser-Threde. 365 test cases were simulated in the 3.5 meter-long IAGB thermal chamber, generating more than one terrabyte of data. This data was combined with the results of the previous vibration test for the critical design review scheduled for 2012.



EnMAP before the thermal vacuum test at IAGB mbH in Munich

December 2011

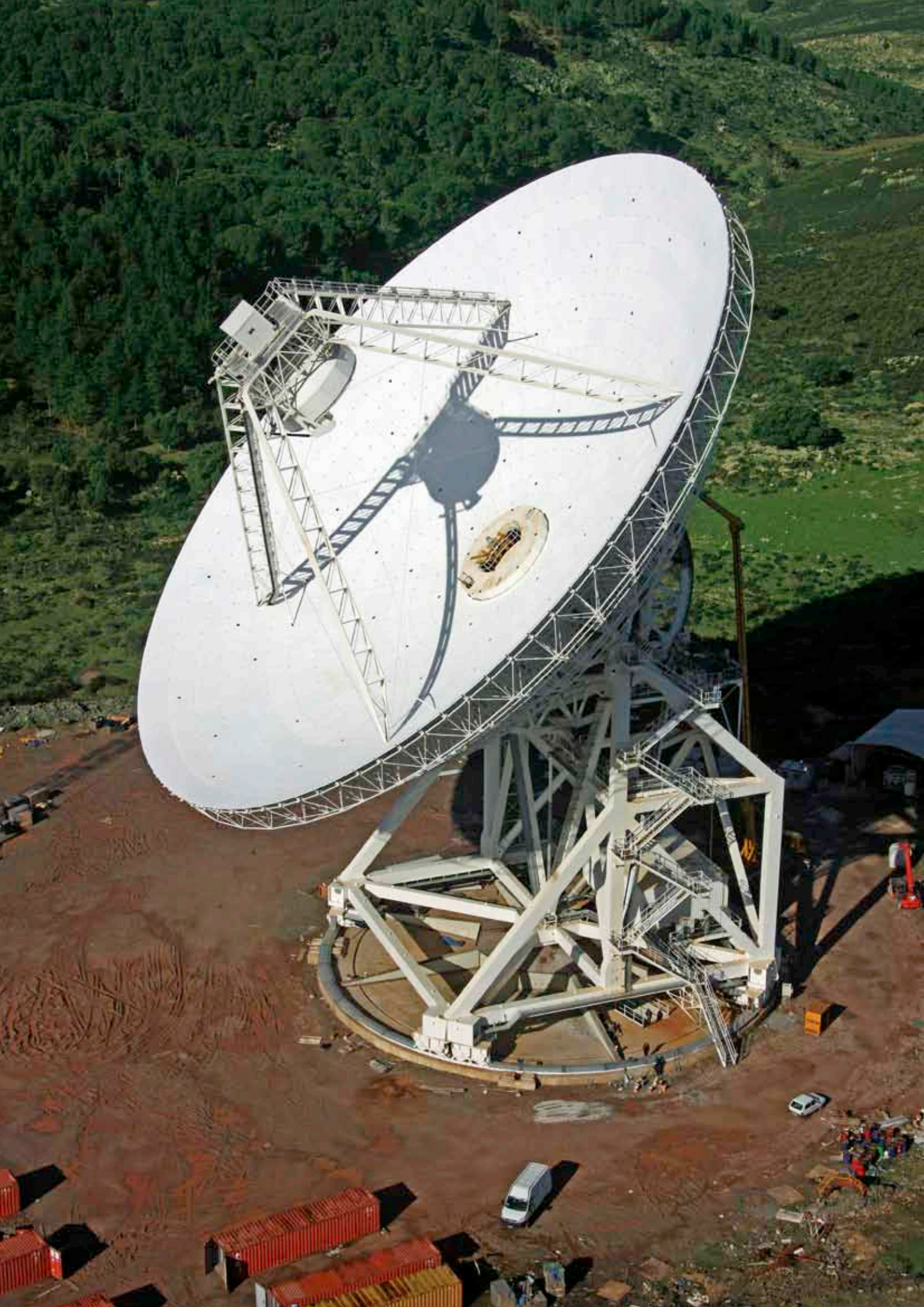
MT Mechatronics celebrates 50 years of building telescopes in Mainz

In a ceremony attended by roughly 200 guests from politics, science and industry, MT Mechatronics GmbH – a specialist in antennas as well as radio and optical telescopes and mechatronic equipment – celebrated its 50th anniversary on December 13, 2011. Guests included the minister of economics of the state of Rhineland-Palatinate, Eveline Lemke, and long-standing partners from programs such as ALMA and SOFIA. During the ceremony held at Schloss Mainz, the subsidiary of aviation and space technology supplier MT Aerospace AG looked back on half a century of building telescopes in Mainz. MT Mechatronics has been a leading partner in the development and construction of antennas and telescopes as well as major research facilities since 1961. Currently, for example, it is supplying 25 antennas for the world's largest radio telescope project ALMA in Chile. MT Mechatronics was also materially involved in the SOFIA air-borne observatory and the gantry for the Heidelberg Ion Radiation Therapy Center.



Top: Eveline Lemke, Minister of Economics, Climate Protection, Energy and Planning of the State of Rhineland-Palatinate;
Bottom and right: Antennas being assembled in Sardinia







Impressions of the ceremony for the German Journalist Award for aviation and space at OHB's offices in Bremen

December 2011

German Journalist Award

The German Journalist Award for aviation and space was announced for the second time on December 16, 2011. The recipient was presented with the award in a special ceremony held at OHB's offices in Bremen. The award acknowledges the achievements of non-specialist journalists who convey to the broad readership matters relating to all matters of aviation and space. It is divided into three categories – print, radio and television – each of which entails prize money of EUR 5,000 donated by the German Aerospace Industries Association (BDLI). Nearly all renowned editorial offices and many freelance authors all around Germany submit entries for this award. A jury under the auspices of the German School of Journalism evaluates the entries, which have been published or broadcast within the past year.

The German Journalist Award for aviation and space is organized and bestowed by the Association for the Promotion of Technical and Scientific Journalism, which is domiciled within the German School of Journalism (DJS) in Munich. Under BDLI's sponsorship, this highly coveted media award is an independent sector award backed by a large number of supporters in the aviation and space sector. The award is the successor of the Ludwig-Bölkow journalism award, which was donated by space technology group EADS in 2004 and bestowed in conjunction with the German School of Journalism.

December 2011

Tanks for the new Ariane 5 ME are being built in Bremen



Computer animation of the possible new building at Airport City

On December 19, OHB together with Astrium GmbH bought from the City of Bremen land measuring 20,000 square meters at Airport City in Bremen, where they will be building two new production facilities for the construction and assembly of special tanks. Up to 100 new production and development jobs are to be created.

The ESA Conference of Ministers will be making a decision on the Ariane 5 ME program in November 2012. Experts assume that it will approve the project. The maiden flight of the Ariane 5 ME launcher is scheduled for 2017.

December 2011

CFRP structure for reflecting telescope delivered to Russian Energia Group

After a project period of just over six months, MT Aerospace delivered the second CFRP structure for a reflecting telescope to Russian space group Energia. This followed on from the prototype which MT Aerospace had supplied in August. The telescope is a high-precision optical device, which Energia is assembling for an Arab customer. It is scheduled for launch into space in 2012.

December 2011

Battery management system for marine applications



Outer casing of OHB Teledata's battery management system

Following the completion of the study and specification phase, OHB Teledata was awarded a contract in May 2011 for the development of a battery management system for lithium-ion batteries for marine applications. The contract covers the entire electronic hardware and software as well as the mechanical outer casing design and cabling. The project has a duration of twelve months. In December 2011, OHB Teledata delivered two B2 samples, which passed the environmental tests. The customer will be entering the internal testing phase upon the completion of the project.



Top and bottom right corner: Marco, Christa and Prof. Manfred Fuchs celebrated OHB's 30th anniversary together with staff at the Christmas party held on December 16, 2011. Back in December 1981, Christa Fuchs had acquired shares in Otto Hydraulik Bremen.

December 2011

OHB's 30th anniversary – thanks to all employees

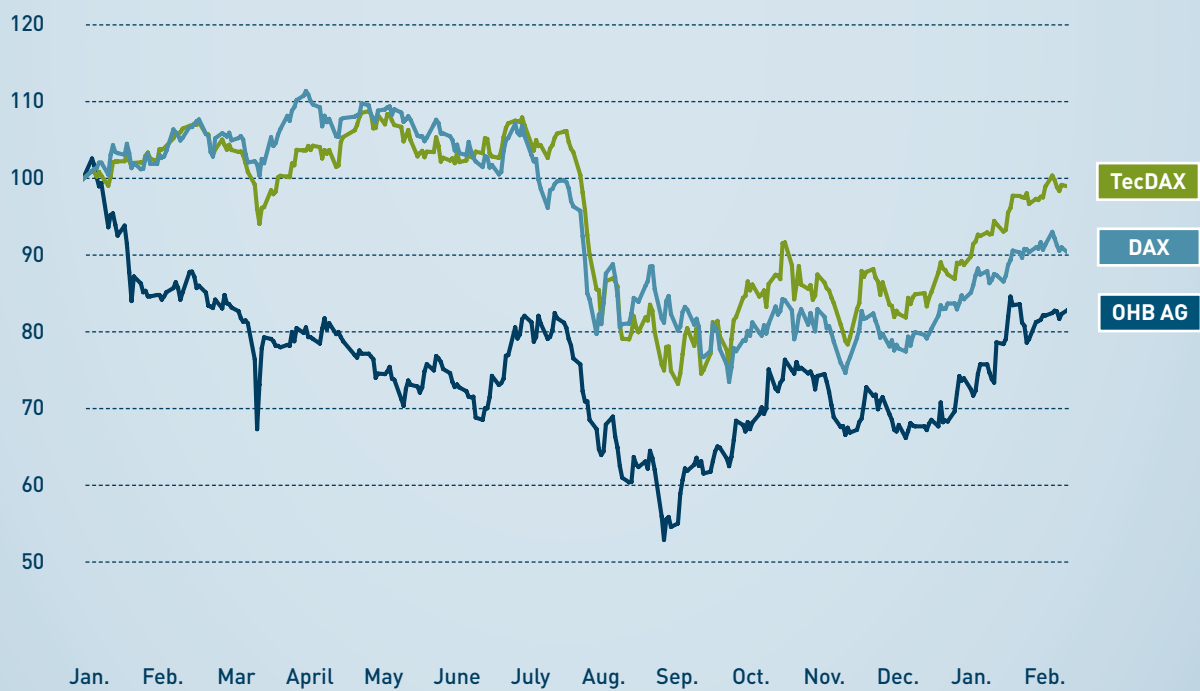
With their enthusiasm, creativity and commitment, our employees have all consistently helped to turn our dreams and visions into reality. It is to their courage and passion that we owe our excellent reputation. They have always been the ones who have turned the OHB adventure into a success story.

We thank them for their services.



OHB STOCK

OHB stock buoyed by sharp rise in order receipts at the end of 2011



German benchmark index down 15% at the end of an eventful year

German blue chip stocks provided little reason for euphoria last year in multiple respects, with only seven of the 30 DAX stocks closing the year up. Although the DAX was able to enter the new year on the upside move which had emerged in December 2010, this trend came to a halt in March. Utilities, in particular, came under pressure from the reactor catastrophe in Fukushima, Japan, and the resultant change in political acceptance of nuclear power. Yet, conditions also proved challenging for other sectors, with protracted concerns surrounding the stability of the euro and the state of the Southern European economies taking their toll on investor sentiment. Bonds held by banks harbored considerable risk potential as Greek government bonds had to be written down. In September 2011, the DAX dropped to 4,966 points in response to the threat of insolvency in the United States and the poor financial condition of several EU countries. The ensuing recovery was not able to prevent the DAX from closing the year down roughly 15%.

OHB stock closing a weak year with gains in the fourth quarter of 2011

All told, OHB stock was unable to withstand the pressure exerted on the market as a whole. With no trend emerging up until mid July, the stock declined for several weeks from the end of July. The announcement of a stock buyback program on September 13, 2011 caused the stock to gain almost 7% over the previous day on that date, fueling further gains in the ensuing weeks, which ultimately reached double digits by the end of the year.

Stock buyback program

In accordance with the authorization granted at the annual general meeting on May 19, 2010, the Management Board decided on September 13, 2011 to execute a stock buyback program. For this purpose, up to 250,000 shares are to be purchased via the stock market via an independent bank, which has been retained to complete the program. In accordance with the authorization granted at the annual general meeting, the stock bought back may be used for several different purposes, e.g. to place the Company's shares in foreign stock markets, to pay for the acquisition of other companies, parts of companies or shares in such companies and to issue shares to the Company's employees.

OHB stock data

ISIN	DE0005936124
Ticker	OHB
Trading segment	Prime Standard
Sector	Technology
Subsector	Communications Technology
Indices	Prime All Share, Tec All Share, CDAX
Designated sponsor	DZ BANK AG, HSBC Trinkaus & Burkhardt KGaA
Issued capital	EUR 17,468,096
Share type	No-par-value ordinary bearer shares

Treasury stock

As of December 31, 2011, OHB AG's treasury stock comprised a total of 80,496 shares, equivalent to 0.46% of its issued capital, an increase of 13,542 over December 31, 2010 due to the aforementioned stock buyback program; the average price per share paid stands at EUR 11.0145.

Investor relations activities

Last year, OHB took part in various capital market conferences and road shows. In addition, it again attended Deutsches Eigenkapitalforum in Frankfurt am Main in mid November 2011. As usual, the Capital Market Day held in Bremen on February 8 marked the beginning of the year's IR activities. In various lectures and presentations, analysts, journalists and other representatives of the financial markets were briefed once more on the current status of various projects and the OHB Group's new corporate structure as well as the performance of its latest acquisitions.

The publication of the quarterly interim reports was accompanied by regular telephone conferences held by the Management Board and the investor relations team with analysts and investors. Throughout the year, the investor relations department dealt with numerous inquiries received from private investors and financial journalists.

Resolution passed at the annual general meeting approving higher dividend

At the annual general meeting held on May 12, 2011, the shareholders passed a resolution to authorize the distribution of EUR 0.30 per dividend-entitled share for 2010, an increase of 20% over the previous year. Accordingly, the total distribution amount on the 17,401,142 dividend-entitled shares came to EUR 5.2 million, up from EUR 4.4 million in the previous year. The remaining unappropriated surplus of EUR 11.1 million was carried forward.

In addition to the ratification of the actions of the Management Board and Supervisory Board, further resolutions were passed to elect the statutory auditor of the annual and consolidated financial statements and to elect the Supervisory Board. There were no changes in the composition of the Supervisory

Analyst ratings

Date	Bank	Target price in EUR	Rating
February 2012	WestLB	-	Neutral
February 2012	Bankhaus Lampe	17.00	Buy
February 2012	HSBC Trinkaus & Burkhardt	16.00	Overweight
February 2012	DZ BANK	16.00	Buy
February 2012	Commerzbank	16.00	Buy
January 2012	VISCARDI	15.00	Buy

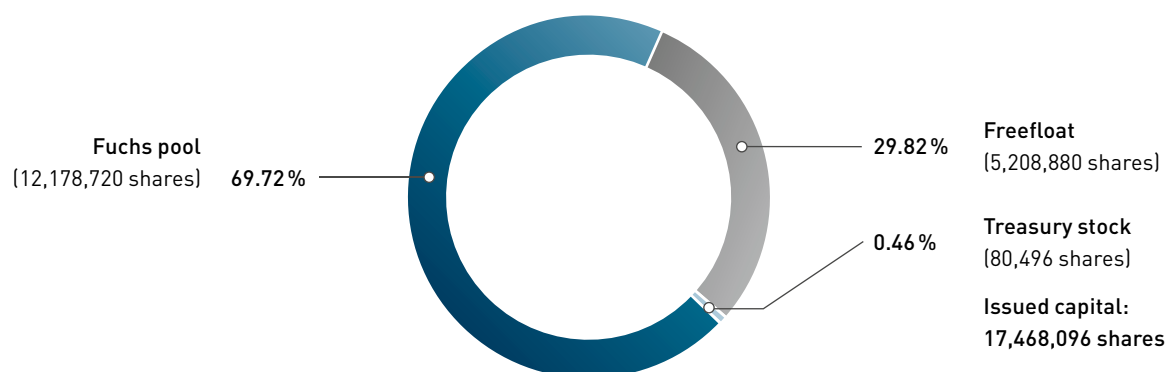
Board as a result, with Mrs. Christa Fuchs, Prof. Hans J. Rath and Prof. Heinz Stoewer reelected for a further five years.

OHB stock parameters in EUR (Xetra)

	2011	2010	2009	2008
End-of-year price	11.40	16.60	11.20	8.00
High for the year	17.45	18.34	11.35	13.92
Low for the year	8.25	11.50	5.85	4.82
Market capitalization (end of year)	199 millions	290 millions	196 millions	119 millions
Average daily trading volumes (Xetra + floor)	20,346 shares	47,546 shares	15,220 shares	8,868 shares
Price/earnings ratio (P/E) (final trading day of the year)	14.62	30.18	11.66	13.1
Earnings per share (EPS)	0.78	0.55	0.96	0.61
Dividend per share	0.35*	0.30	0.25	0.25
Dividend yield (end of year)	3.07%	1.81%	2.23%	3.13%

* Subject to approval by the shareholders

OHB AG shareholder structure on December 31, 2011

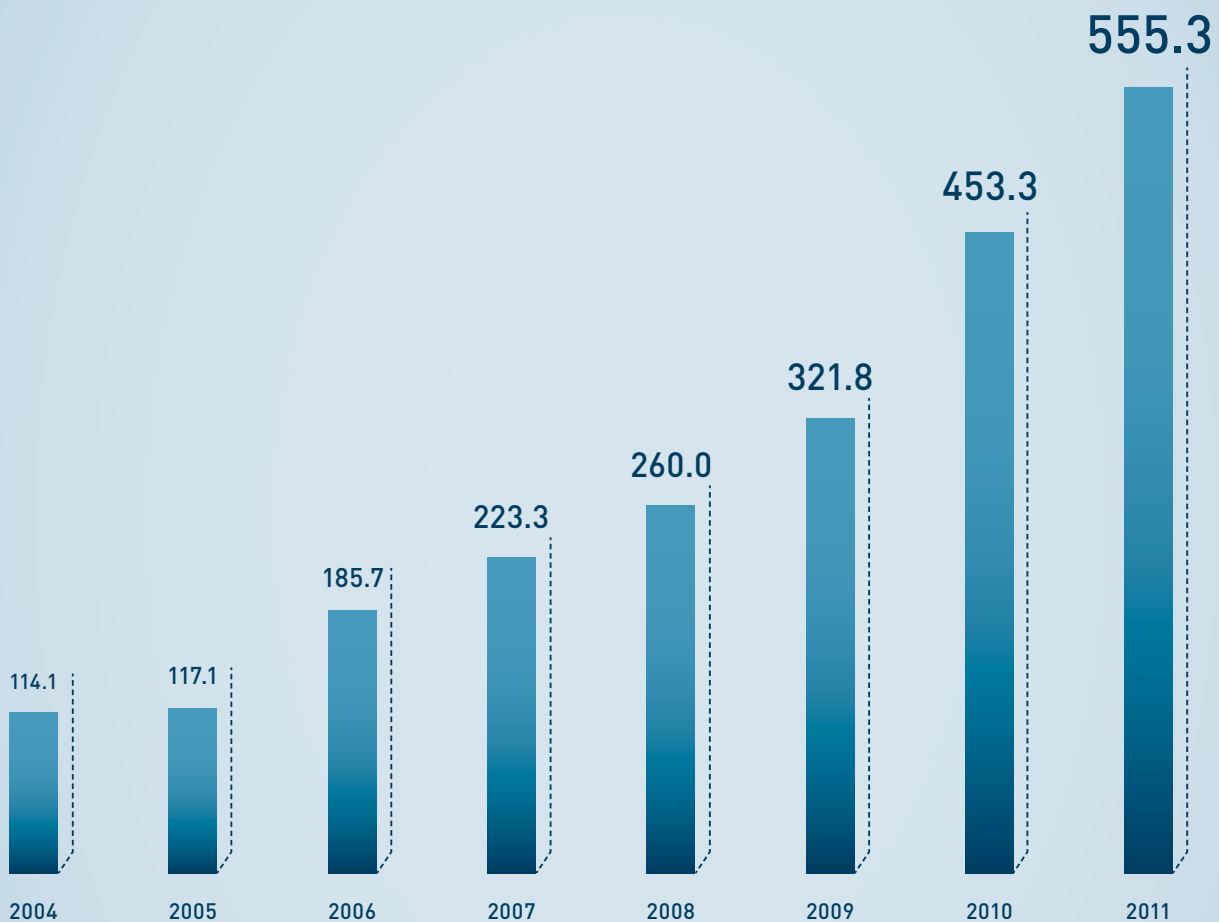




Impressions of the 8th Capital Market Day in Bremen

GROUP MANAGEMENT REPORT

Management report for the year from
January 1, 2011 until December 31, 2010



Consolidated total revenues over eight years in EUR millions

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I. BUSINESS PERFORMANCE AND UNDERLYING CONDITIONS

1. Highlights

23% increase in total revenues to EUR 555 million

The OHB Group's total revenues rose by EUR 102 million to a total of EUR 555 million in the year under review. This reflects the first-time consolidation of Aerotech Peissenberg GmbH & Co. KG and OHB Sweden AB in the year under review.

New record in EBIT again

EBITDA rose to a total of EUR 43.1 million (previous year: EUR 33.7 million), with operating earnings (EBIT) also climbing to EUR 27.3 million in the year under review (previous year: EUR 22.7 million). Consolidated net profit for the year after non-controlling interests came to EUR 13.5 million (previous year: EUR 9.6 million), while earnings per share for the year under review equal EUR 0.78 (diluted and basic), up from EUR 0.55 in the previous year.

Order backlog of EUR 1,046 million as of December 31, 2011 still at a very high level

At EUR 1,046 million (previous year: EUR 1,160 million), the order backlog remained at a very high level primarily due to the successful new project business achieved in 2010 and 2011. This ensures a very reliable basis for future planning and high capacity utilization across all business units.

Competitive position strengthened as a result of acquisitions

In February 2011, MT Aerospace Holding GmbH, a subsidiary of OHB AG, acquired Aerotech Peissenberg GmbH & Co. KG, a producer of sensitive components for aircraft engines and industrial gas turbines. With this acquisition, OHB was able to additionally strengthen its aviation activities and broaden its "Aerospace + Industrial Products" business unit.

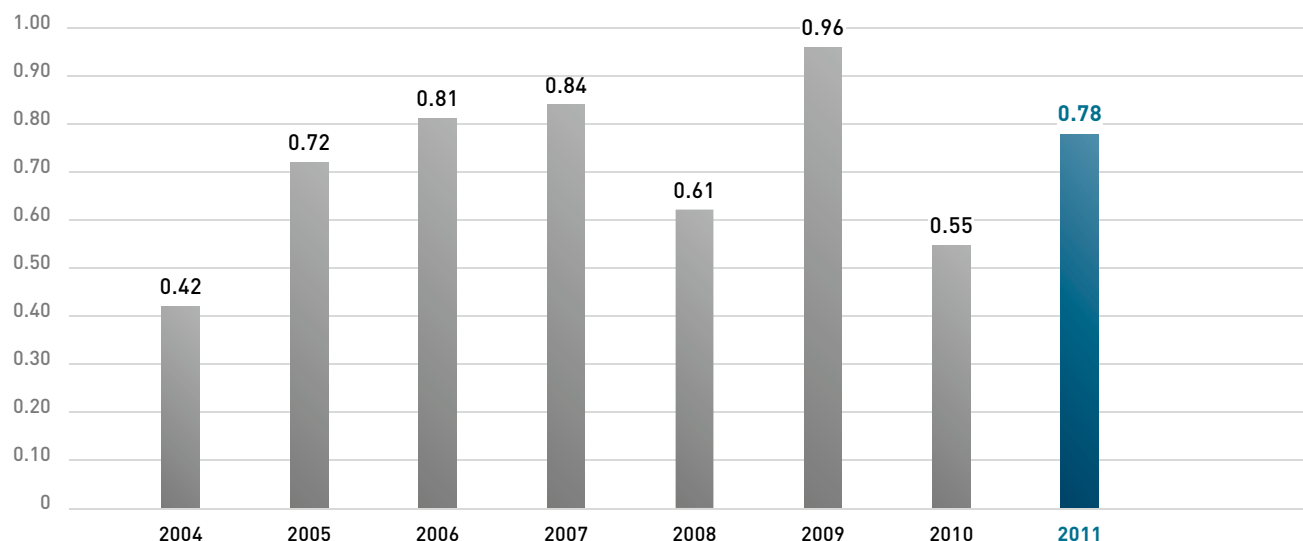
Effective July 1, 2012, the OHB Group acquired the Space Systems division from the Swedish Space Corporation (SSC) in an asset deal. Through the acquisition of this business and the incorporation of OHB Sweden, OHB has gained access to important and valuable resources and skills in the development and construction of satellite and payload systems.

2. Underlying economic conditions

The German economy grew again sharply in 2011, with price-adjusted gross domestic product rising by 3.0%, up from the figure of 2.3% which the German federal government had stated in its annual forecast for 2011. The German workforce stood at around 41.1 million in 2011, the highest figure ever recorded. The strong economic growth had broad-based underpinnings. The buoyant employment market spurred consumer spending, causing it to rise by 1.4% over the previous year. With high capacity utilization achieved across the economy as a whole, spending on capital goods climbed by a very sharp 7.8% again in 2011. The construction industry benefited from the generally

Earnings per share

Over eight years in EUR



very low interest rates, expanding by 5.9% in 2011, i.e. three times the rate recorded in 2010 (1.9%). Foreign trade accounted for around 0.9% of the growth in GDP.

3. Underlying conditions in the sector

a) Space flight

International conditions for space flight were generally favorable, albeit to differing degrees from region to region. Given the long-term nature of the programs and projects, macroeconomic conditions in individual countries have at most only an indirect effect on current activities.

Whereas in Europe the programs initiated by the European Space Agency (ESA) and the European Union (EU) ensure stable performance thanks to their long-term planning horizons, the US government has made what in some cases are drastic cuts to the budgets of NASA and other agencies which are potential customers for space projects.

After two decades of uncertainty as to the future direction, space activities in the Russian Federation have received a new perspective accompanied by radical consolidation and renewal in the Russian space industry. China, India and South Korea are still pursuing their ambitions of establishing their own national space flight competence and infrastructure.

Space projects around the world have been very successful aside from a few exceptions in the Russian programs. In Europe, the first Soyuz launch from the European Kourou space center carrying on board the first two Galileo* satellites for the in-orbit verification (IOV) program and the launch of the second ATV on board an Ariane 5 to supply the International Space Station ISS and to correct its orbit were of particular importance. In 2011, NASA's Space Shuttles completed their last three flights. In addition to the usual supplies, the Endeavour transported to the ISS the Alpha Magnetic Spectrometer (AMS), an instrument almost four meters in size and weighing 7.5 tons to be used for searching for dark material and dark energy. At the same time, China placed its first space station Tiangong 1 in an orbit around the earth. Currently, the US probe Voyager 1, which was launched in 1977, is leaving our solar system, marking a first for a man-made object.

The Treaty of Lisbon has given the European Union and also the European Commission key influence over European space technology in the future.

However, the final structures have not yet been created. At the same time, priority is being given to the Galileo* navigation system, followed by the GMES (Global Monitoring for Environment and Security) program for environmental matters. In addition, civil security will also be playing a key role in the future.

In Germany, the national space technology budget and the national contributions to the ESA programs were increased slightly as planned in 2011. In December 2010, the German federal government, represented by the German Federal Ministry of Economics, published the main elements of the national space technology strategy. These were then implemented by the German Space Agency (DLR) as part of the national space program.

In 2011, the German Federal Ministry of Defense outlined the possible specifications for a follow-up system to SAR-Lupe, with proposals for the development of such a system expected to be requested in 2012 followed by the award of the contract in 2013.

Despite the difficult general economic situation and the change of government in late 2011, space activities continue to be supported with high priority in Italy, the OHB Group's second most important market after Germany. Among other things, research activities contribute to high-quality employment in a period of economic difficulties. Furthermore space is perceived as one of the high technology industrial sectors where the Italian industry has a good positioning in Europe.

Demand for launch services is still steady. The enduring technical success of the Ariane 5 program with a total of 46 consecutive successful launches should result in a reliable launch cadence at Arianespace again in 2012.

b) Aviation

The aviation market continued to grow in 2011, with a further increase in flights and capacity utilization in both passenger traffic and cargo. According to the report of the International Air Transport Association (IATA), passenger traffic increased by 5.9%. Capacity rose by 6.3% in the passenger segment and by 4.1% in the cargo segment. Aircraft producer Boeing delivered a total of 474 aircraft in 2011 and received new orders for 921 aircraft. Its competitor Airbus delivered 534 aircraft and received a further record number of new orders for 1,608 aircraft. Orders were particularly underpinned by the A320neo, the revised version of the successful Airbus A320 family. To date, 1,200 of these aircraft have been ordered. Looking ahead over the next few years, growth rates look set to rise, a trend which will also feed through to the aviation components industry.

* see Glossary

4. Organizational and legal structure of the Group

As a space flight and technology group, OHB AG combines activities from different areas of high technology. In addition to space flight activities, aircraft components business forms a key element of its activities.

The individual companies are able to retain their individuality and corporate culture within the Group, while still being bound by the decisions made by the parent company. OHB AG itself does not engage in any operating business but supports the subsidiaries in their sales and marketing activities and thus assumes the role of an active holding company.

In 2011, OHB AG reorganized its activities, reducing the number of segments from five to two. The previous structure with its five segments was abandoned in the interests of greater transparency and clarity. The new segmentation reflects the strategy of integrating the individual subsidiaries more effectively in order to harness synergistic benefits and to pool related areas with greater efficiency. The new structure mirrors the functions and tasks of the business units with greater accuracy, thus enhancing coordination by the Management Board. Jointly obtained new project business is executed within the new business units.

OHB AG comprises the following business units:

Space Systems

This business unit is focusing on developing and executing space projects. In particular, it is responsible for developing and fabricating low-orbiting and geostationary small satellites for navigation, research, communications and earth observation including scientific payloads. Its manned space flight activities chiefly entail projects for the assembly and fitting of the International Space Station ISS, Columbus and ATV. The exploration segment works on studies and models for exploring our solar system, primarily the moon and Mars. Reconnaissance satellites and broadband wireless transmission of image data form core technologies for security and reconnaissance.

Aerospace + Industrial Products

This segment is primarily responsible for fabricating aviation and space products as well as other industrial activities. In this area, OHB has established itself as a significant supplier of aerospace structures for the aviation and space industry; among other things, it is the largest German supplier of components for the Ariane 5 program and an established producer of critical components for aircraft engines. In addition, OHB is an experienced vendor of mechatronic systems for antennas and telescopes and is involved in several major radio telescope projects. OHB telematics systems serve the logistics industry around the world by offering efficient transport management and consignment tracking facilities.

II. BUSINESS PERFORMANCE

The OHB Group's very favorable performance in terms of sales, total revenues, EBITDA and EBIT continued in 2011. Thus, total revenues rose by 23% over the previous year from around EUR 453 million to around EUR 555 million in the year under review. This was accompanied by a 31% increase in sales to around EUR 556 million, up from EUR 425 million the previous year.

There are numerous reasons for our successful development and the superb position which the Group has achieved in the aviation and space industry.

For one thing, the underlying conditions are currently favorable. Space is a key technological industry, which is receiving political support in Europe, where OHB has facilities in Germany, Italy, Sweden, Belgium and Luxembourg.

A further factor is that space technology is now more closely aligned to user benefits and plays a crucial role in our day-to-day activities. This change also forms the basis for commercial space flight, which requires cost-efficient satellites for communications, navigation and earth observation.

1. "Space Systems" business unit

Business in the "Space Systems" business unit is chiefly characterized by long-term projects which are generally awarded by public-sector customers. The very high order backlog of more than EUR 615.2 million (December 31, 2011) and the broad potential for generating new project business ensure high forward planning visibility over protracted periods of time in tandem with steady growth.

a) Earth observation and reconnaissance

Developed and built by OHB System, the SAR-Lupe system with its five radar satellites, ground segments and the combined German-French reconnaissance satellite system comprising SAR-Lupe (radar images) and Helios 2 (optical images) is operating stably and to the full satisfaction of the customer (German Federal Office of Defense Technology and Procurement) and the German armed forces. In this way, the German armed forces have a highly modern and capable radar satellite reconnaissance system.

In 2011, OHB conducted preparatory studies for a follow-on SAR-Lupe system so that it is ready for the expected request for proposals in 2012.

Progress on the national optical earth observation program EnMAP (Environmental Mapping and Analysis Program) is still delayed to some extent. With its hyperspectral sensors, the EnMAP environmental satellite is primarily designed to characterize and monitor the condition of the earth. It is an innovative system which it will be possible to use for many new areas of application.

As a partner of Thales Alenia Space, OHB System was selected by ESA and EUMETSAT for the development and construction of the third-generation European weather satellites MTG (Meteosat Third Generation) in November 2010 and awarded the contract for the development program (Phase B) at the beginning of 2011. Worth a total of around EUR 1.25 billion including a share for the OHB Group of over EUR 750 million, the entire contract is to be awarded at the beginning of 2012. The contract provides for the delivery of six satellite platforms, two payloads to be supplied by Kayser-Threde with infrared sounders and the integration of these payloads with two of the platforms to fabricate fully enclosed satellite systems. The four other platforms will be delivered to Thales Alenia Space in France, where they will form the basis for the imager satellites. The technological basis for all six satellites is the SmallGEO platform developed by OHB.

In July 2010, OHB was awarded a contract by ESA to conduct the GMES Security study. This extensive study, most of which was executed in 2011, identified the requirements with respect to a future European space infrastructure to protect civil security in Europe. GMES Security is a possible candidate for inclusion in an upcoming major infrastructure project.

Thanks to contributions made by OHB System and Kayser-Threde, the scientific proposal for a greenhouse gas monitoring mission (CarbonSat) under the lead management of the University of Bremen was selected by ESA out of two candidates for the next Earth Explorer Mission. OHB System submitted a proposal in 2011; however, ESA has so far not made any decision.

Developed and assembled by Kayser-Threde for the German Aerospace Center (DLR), the TET-1 technology testing satellite was released for lift-off at the Russian space center in Baikonur

at the end of January and will be propelled into space on board a Soyuz launcher. The launch is scheduled for May 2012.

In this way, OHB has various earth observation products ranging from radar satellites to optical observation systems.

b) Communications

The award by commercial Spanish satellite services provider HISPASAT of a contract for the delivery of the AG1 satellite in 2009 marked an important milestone for OHB System in the ongoing commercial exploitation of the SmallGEO platform. For this purpose, OHB's new SmallGEO platform is being deployed directly in a satellite operator's commercial system, with the satellite scheduled for a 2014 launch.

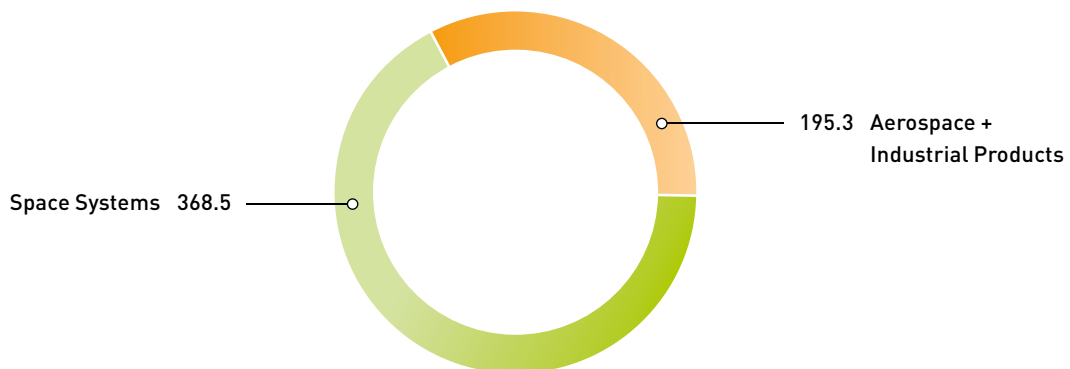
ESA has also selected the SmallGEO platform as a basis for the European Data Relay Satellite System (EDRS) within the ARTES-7 program. Following an invitation for proposals for the EDRS program, ESA awarded the contract to satellite operator Astrium Satellite Services in the third quarter of 2010. Accordingly, OHB System is supplying the satellite. Following the signing of the first sub-contract, development work commenced in 2011. The enhancements to the SmallGEO model for use as a specialized data relay satellite in ultra-high-speed satellite-to-satellite communications are creating an important new strategic segment in both the civilian and military market.

This OHB-developed platform was also selected by DLR as the basis for a national telecommunications mission ("Heinrich Hertz Satellite"). In this connection, OHB System submitted a proposal for the development phase for this mission in 2011.

Developed by LUXSPACE and the first satellite to be built in Luxembourg, "VesselSat1" was launched successfully from the Indian space center Sriharikota on board a PSLV vehicle in

Total revenues by business unit before consolidation and holding

2011 in EUR millions



October 2011 and placed in an orbit close to the equator. The identical "VesselSat2" satellite was also successfully launched in China in January 2012.

The satellites form part of the existing ORBCOMM system, which now comprises a total of 28 satellites and are responsible for the satellite-based monitoring of Automatic Identification Service (AIS) data.

c) Navigation

After the award by the EU and ESA on January 7, 2010 of a contract worth EUR 566 million for the construction and testing of 14 satellites for the Galileo* FOC (Full Operational Capability) space segment, the necessary project team was assembled. Considerable progress has been made on the development work to the customer's complete satisfaction, with all subcontracts awarded and the necessary infrastructure measures implemented.

The critical design review (CDR) of the project was successfully completed in December 2011. On February 2, 2012, OHB System signed a further contract for the delivery of an additional eight Galileo*-FOC satellites with the EU/ESA. This additional contract is valued at around EUR 256 million.

d) Space exploration

OHB System has submitted a bid for the carrier/orbiter element of ESA's ExoMars program. It is a member of the Thales Alenia Space team on this European mission to Mars. As NASA has withdrawn from the partnership with ESA, work is only secured until March 2012. ESA is currently negotiating with the Russian

space agency ROSCOSMOS in the hope of finding a replacement partner for NASA on this project.

In 2011, CGS was able to reinforce its role in scientific space programs with the development and execution of complex contributions. The AMS-02 Alpha magnetic spectrometer was launched into space on May 16, 2011. CGS made a significant contribution to completing the laboratory, which is operating flawlessly.

In December 2011, the LARES satellite, which had been developed and assembled by CGS, was shipped to the spaceport in French Guyana, where it was launched on February 13, 2012 on board the first European Vega vehicle for small to mid-size payloads.

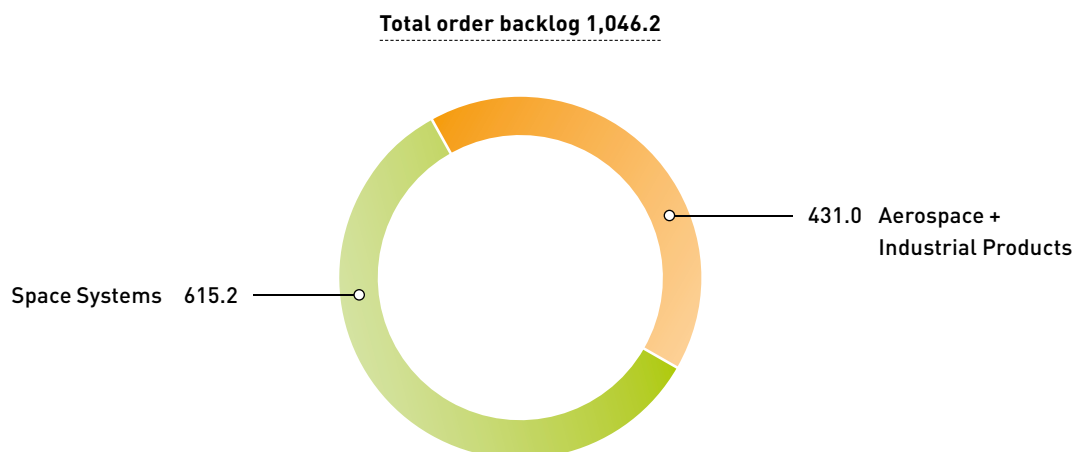
Finally, the LISA Pathfinder made an important step forward for its completion and flight in 2014. In this connection, CGS developed the LISA Pathfinder Inertial Sensor.

As with earlier missions, Kayser-Threde was involved in the integration of the payloads and service systems for two missions before, during and after the flight of the TEXUS research vehicle in 2011. Weightless conditions were generated for several minutes during the flights from the Esrange space center in the north of Sweden. The German Space Agency (DLR) was the customer.

In a contract awarded by the Bavarian State Government for Munich's Ludwig Maximilian University (LMU), Kayser-Threde constructed a technically highly innovative 2-meter-class telescope for the Wendelstein Astro-Physical Observatory in 2011. At the end of December, the new telescope went into operation for the first time, collecting a very promising amount of data. It

Order backlog by business unit

12/31/2011 in EUR millions



is to be officially handed over to the customer in the first half of 2012.

e) Space research and robotics

OHB System was involved in several studies in connection with ESA's next European scientific research missions in 2011. In this way, it is also building up a position for itself in this "classic" segment of space technology. It is focusing on the major Jupiter-Ganymede/Laplace mission as this is where its Small-GEO program will be able to make an optimum contribution. Selection by ESA and further studies are scheduled for 2012.

In the DLR's national program, studies by OHB System and Kayser-Threde on the planned German "DEOS" robotics mission were completed in 2012. The two companies plan to supply important contributions to the request for proposals for the execution of the program in 2012.

In August the operation of the formation flying and rendezvous system PRISMA consisting of two highly innovative and autonomous spacecraft was brought back to OHB Sweden after being on loan to DLR/GSOC for a period of five months. The original purpose of the now completed mission was to demonstrate the autonomous satellite formation flight and to prepare future in-orbit inspection and repair missions. The system is now being used to conduct experiments for institutional and commercial customers.

f) Manned spaceflight

In 2011, OHB System's contract for the support of work on board the International Space Station ISS was renewed. This contract includes the management of experiments as well as mainte-

nance and repair work for the equipment developed and supplied by OHB System.

g) Ground stations

CGS completed its contributions to the ground segment for the small European launcher Vega at the end of 2011. The maiden flight from the space center in French-Guyana was executed on February 13, 2012.

In December 2011, Antwerp Space N.V. received a contract to design, develop and assemble the FOC phase of the mission data distribution network as part of the ground mission segment (GMS) for the European Galileo* program. This will ensure steady utilization of the capacity available within this segment of Antwerp Space until 2014. Antwerp Space has been working since 2006 on the existing IOV (in-orbit verification) ground network, achieving the main milestones in 2011.

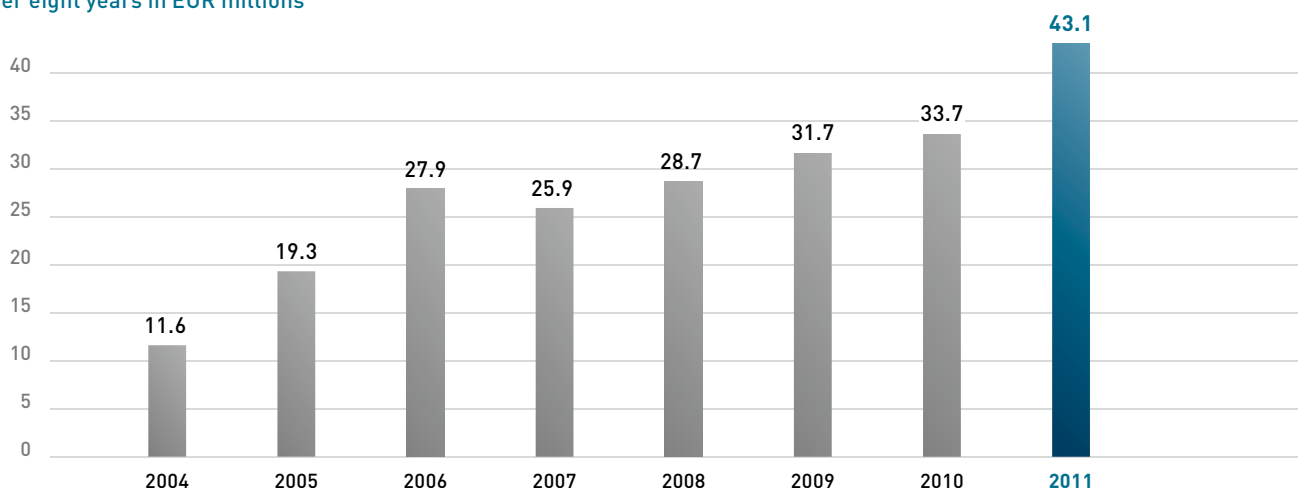
2. "Aerospace + Industrial Products" business unit

Five Ariane 5 launches were successfully executed in 2011. Four of these involved the enhanced ECA version, while one launch entailed the ES version (for the ATV in February 2011). Production and delivery of all Ariane 5 components by MT Aerospace proceeded according to schedule.

In 2011, the company's business in aircraft products primarily entailed the production and delivery of fresh and waste water tanks for Airbus aircraft. There are delays in the development of tanks for the new Airbus A350 for reasons for which the customer is responsible. The first new series component for business in light-weight structures for the A400M military transporter was delivered in December 2011. With Airbus's

EBITDA

Over eight years in EUR millions



* see Glossary

production planning now stable for the A400M, MT Aerospace expects output to rise substantially from mid 2012.

In 2011, six out of the 25 13-meter antennas for the ALMA Chile project and the 64-meter radio telescope in the SRT Sardinia project were successfully handed over to their respective customers. In addition, the preliminary design review for the ATST Hawaii project was completed. As well as this, MT Mechatronics GmbH received a contract from the Fraunhofer Institute for the construction of a bearer structure for an XXL computer tomography system.

Aerotech Peissenberg is involved in new projects for nearly all aircraft engine producers. It is also supplying spare parts for many projects. The strategic relations with Rolls-Royce, the largest European manufacturer of aircraft engines, is an important factor in the participation in the current phase of market growth. In this connection, Aerotech Peissenberg is playing a particularly important role as a strategic supplier of rotating parts for Rolls-Royce. Two further master contracts were signed in 2011.

In the telematics segment, more than 5,200 telematics devices were delivered in 2011. With the extension of the telematics business of our long-standing customer MAN Commercial Vehicles to Europe, OHB will continue to supply a comparable volume of telematics equipment in 2012 and 2013. Important milestones were achieved in connection with the battery management system project, marking a continuation of the successful performance of this new segment.

III. SALES AND ORDERS

In 2011, the OHB Group's total revenues rose by EUR 102.0 million or 23% over the previous year to EUR 555.3 million. With an increase of EUR 63.7 million in non-consolidated total revenues to EUR 368.5 million, the "Space Systems" business unit performed particularly well again. Consolidated sales came to EUR 555.7 million (previous year: EUR 425.5 million).

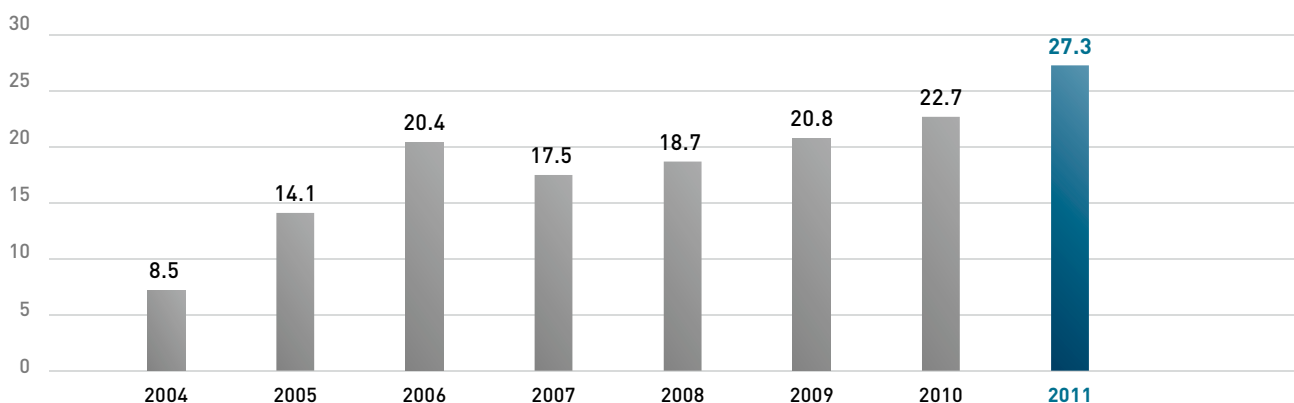
Orders and ongoing business were very strong in the "Space Systems" business unit. Thus, non-consolidated total revenues came to EUR 368.5 million in 2011 (previous year: EUR 304.8 million), Non-consolidated sales reached EUR 363.1 million (previous year: EUR 286.3 million). This very encouraging performance is particularly due to progress made in the satellite programs. The heavy order backlog of over EUR 615.2 million as of December 31, 2011 ensures high forward visibility over a protracted period of time as well as continued growth.

At EUR 195.3 million in 2011, non-consolidated total revenues in the "Aerospace + Industrial Products" business unit were up EUR 42.3 million or 28% on the previous year particularly due to the first-time consolidation of Aerotech Peissenberg.

At EUR 1,046 million as of the balance sheet date (previous year EUR 1,160 million), the OHB Group's order backlog remained at a very high level, with the "Space Systems" business unit contributing EUR 615.2 million and the "Aerospace + Industrial Products" business unit EUR 431.0 million as of the balance sheet date.

EBIT

Over eight years in EUR millions



IV. RESULTS OF OPERATIONS

In the period under review, the OHB Group generated EBITDA of EUR 43.1 million (previous year: EUR 33.7 million) and EBIT of EUR 27.3 million (previous year: EUR 22.7 million). Net profit after tax stood at around EUR 13.5 million in the year under review (previous year EUR 9.6 million), while earnings per share equaled EUR 0.78 in 2011, up from EUR 0.55 in 2010.

Thanks to improved margins, the EBITDA and EBIT targets set for 2011 were slightly exceeded notwithstanding the fact that total revenues were somewhat lower than previously expected.

EBIT before consolidation in the "Space Systems" business unit almost doubled, climbing by EUR 12.0 million to EUR 25.1 million. The EBIT margin relative to non-consolidated total revenues thus widened to 6.8%, up from 4.3% in the previous year. At 15.3%, the EBIT margin relative to the segment's own manufacturing input was substantially higher than the previous year's figure of 11.3%. This particularly reflected the favorable progress made on the large projects.

EBIT in the "Aerospace + Industrial Products" business unit came to EUR 2.2 million (previous year: EUR 5.3 million), translating into an EBIT margin of 1.1% (previous year: 3.5%). The reduction in this margin is chiefly due to the first-time consolidation of Aerotech Peissenberg GmbH & Co. KG and that company's muted business performance in the ten months since being consolidated. The restructuring measures implemented during this period should result in an improvement in the overall situation in 2012.

The OHB Group recorded net finance expense of EUR 7.8 million in 2011 (previous year: EUR 7.3 million). This includes

other finance expense of EUR 7.241 million (previous year: EUR 6.823 million) chiefly comprising interest expense on pension provisions of EUR 4.175 million (previous year: EUR 3.789 million).

The parent-company financial statements prepared according to German GAAP (HGB) for OHB AG carry an unappropriated surplus of around EUR 16.2 million for 2011.

The Management Board and Supervisory Board will be asking the shareholders to approve a dividend of EUR 0.35 per share for 2011 at this year's annual general meeting.

V. ASSETS AND FINANCIAL CONDITION

In the year under review, total assets rose from EUR 466.4 million to EUR 528.2 million. Group capital spending totaled EUR 15.3 million in 2011 (previous year EUR 19.1 million).

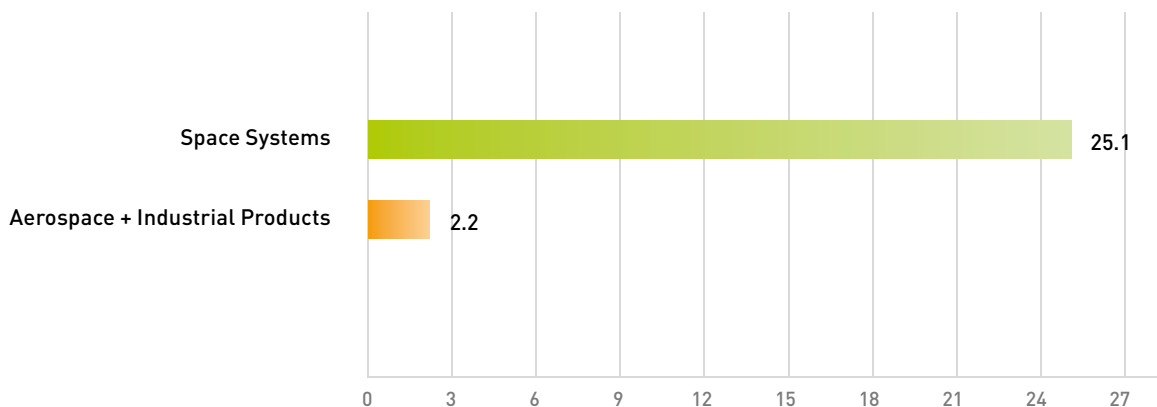
Inventories dropped in value from EUR 103.9 million to EUR 89.0 million; on the other hand, prepayments received from customers came to EUR 122.4 million (previous year: EUR 132.5 million).

Cash and cash equivalents including short-term securities were valued at EUR 94.4 million as of December 31, 2011, up from EUR 87.5 million in the previous year. A net inflow was generated from operating activities in the year under review. A detailed analysis of the cash flow can be found in the cash flow statement in the consolidated financial statements. With its heightened cash and cash equivalents, the OHB Group was able to fund all main planned investments internally.

Equity rose by EUR 8.4 million over the previous year, standing at EUR 113.6 million as of December 31, 2011 (previous

EBIT by business unit before consolidation and holding

2011 in EUR millions



year: EUR 105.2 million). The equity ratio stood at 22% as of the balance sheet date (previous year: 23%).

In addition to prepayments received, the pension provisions of EUR 81.7 million at the end of 2011 continue to constitute the large item on the right-hand side of the balance sheet after equity.

The non-current financial liabilities of EUR 44.5 million chiefly relate to the project finance loans raised by the Italian subsidiary CGS S.p.A.

Trade receivables of EUR 186.7 million (previous year: EUR 140.1 million) were matched by trade payables of EUR 95.1 million (previous year: EUR 67.4 million).

The Management Board generally considers OHB AG's net assets and financial condition to be solid.

VI. EMPLOYEES

Staff numbers grew again substantially in several Group companies in 2011. In addition to quantitative growth, questions relating to qualitative human resources planning came to the fore both for the individual companies and for the Group as a whole. Against this backdrop, a qualifications database was implemented throughout the Group companies. This is a tool for individual human resources development as well as a means of comparing Company-wide employee potential with future qualifications requirements. It was possible to cover personnel requirements and also fill qualification shortfalls by means of internal Group transfers again in 2011.

An HR best practices project was launched to additionally network the Group companies. This project analyzed the HR processes at individual companies and provided the basis for

implementing best practices across the group. This serves the purpose of offering employees greater scope for career development on the basis of comparable personnel development standards.

As of December 31, 2011 the number of employees within the OHB Group had increased by around 40% to 2,352 (previous year 1,677). The increase of 675 in the headcount includes the 542 employees at companies which had not yet been consolidated in the previous year (Aerotech Peissenberg and OHB Sweden). In addition, personnel capacity in the "Space Systems" business unit (OHB System and Kayser-Threde) in particular was enlarged.

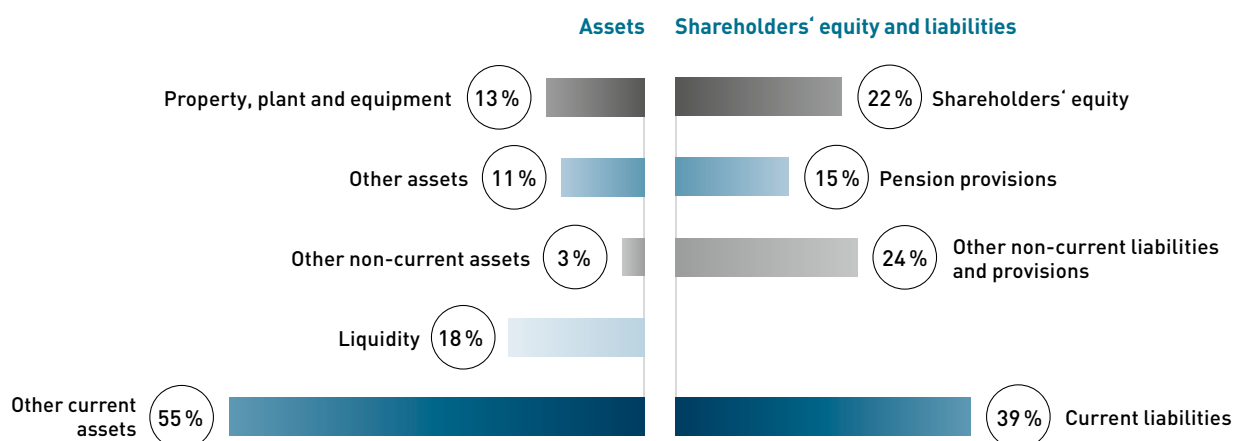
VII. RESEARCH AND DEVELOPMENT

In the year under review, OHB spent roughly EUR 15.0 million (previous year: EUR 14.3 million) on research and development (R+D). 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 proximity to completion of the development project.

In the "Space Systems" business unit, one of the main focuses was on basic space research and technology in connection with enhancing and future-proofing the SmallGEO platform particularly in the light of commercial customers' requirements. Other key aspects entailed radar technologies for the purpose of securing the technological facilities required for the follow-up SAR-Lupe system.

Asset structure | Total assets 12/31/2011: EUR 528 million

In a percentage of total assets



The "Aerospace + Industrial Products" business unit particularly performed the following development work on new products, product enhancements and cost reductions.

In the bearer components segment, work was performed on such technological and process-related matters as the preparation of the upper-stage tank for the Ariane 5 ME and the tanks and structures for a new-generation launcher (NGL) as well as an enhanced version of the Vega launcher (evolution).

In the satellite tanks segment, the mass-optimized tank structure made of metal liner and a CFRP wrapping was implemented on the basis of experience gained from the development of the Alphabus tank. The tank was tested and delivered on schedule. A concept was developed for the market for such high-pressure tanks aimed at achieving substantial savings and gaining a good competitive position.

In the aviation segment, the use of composite materials (CFRP) is growing in importance in aircraft engineering thanks to their improved resistance to corrosion and greater durability compared with conventional aluminum alloys. MT Aerospace AG is working steadily on enhancing its skills in the development and fabrication of CFRP components.

It holds a leading position in fresh and waste water tanks for commercial aircraft. To strengthen its competitiveness, it is exploring cost-cutting measures in the production and definition of advantageous tank configurations (tank suspension).

VIII. QUALITY AND ENVIRONMENT MANAGEMENT DATA PROTECTION AND PROCESSES

1. Quality and environment management

Quality and environment management is monitored and regularly updated on a non-centralized basis by the individual companies.

Working on behalf of OHB AG, OHB System keeps track of the validity of the necessary certificates for coordinating selected individual processes and for harnessing synergistic benefits arising from the implementation of these processes at the following companies:

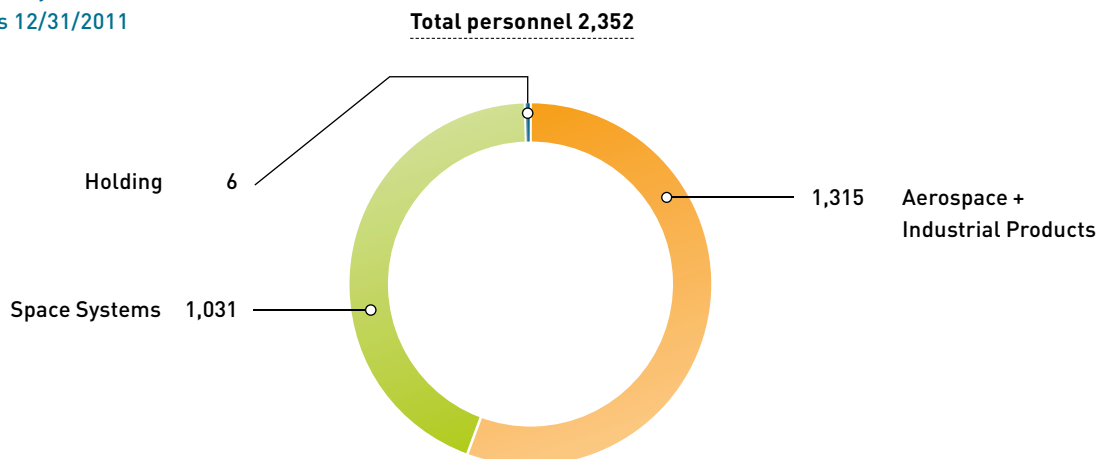
- OHB System AG
- OHB Teledata GmbH
- megatel GmbH
- Kayser-Threde GmbH
- LUXSPACE Sàrl
- MT Aerospace AG
- MT Mechatronics GmbH
- CGS S.p.A.
- Antwerp Space N.V.
- Aerotech Peissenberg GmbH & Co. KG
- OHB Sweden AB

Legal responsibility for implementation of the certificate requirements in product-related operational quality processes rests with the individual companies.

Certification of the individual companies' quality management encompasses the sum total of distribution, systems management, development, procurement, production and maintenance of products for space and environmental technology, information and communications technology as well as software products and services.

Staff

Total personnel by
business units 12/31/2011



a) OHB System AG**EN ISO 9100:2009 quality management system
(aerospace/aeronautics)****Including ISO 9001:2008 quality management system
(base certification)**

OHB System is certified for the distribution, development, procurement and production and operation of space technology products and projects. This certification involves inclusion on the BDLI supplier list and in the global OASIS database. The certificate QS.3674 HH issued by Germanischer Lloyd remains in force until May 2012.

Re-certification in accordance with the updated 9100-2009 standard was successfully executed in February 2012 and will be completed by June 1, 2012.

The QS.3674 HH certificate issued by Germanischer Lloyd will therefore be renewed until June 2015.

AQAP Standards (military and NATO projects)

The German Federal Office of Defense Technology and Procurement (BWB) has issued a certificate for military aerospace and aviation products and projects in accordance with AQAP 2110 (quality management) and AQAP 2210 (software quality assurance).

The term of this certificate is tied to the term of the EN/ISO certificate.

b) OHB Teledata GmbH**ISO 9001:2008 quality management system
(base certification)**

OHB Teledata is certified for distribution, procurement, development, production and the provision of services for telematics and telecommunications products and projects and for battery management.

The QS-2276 HH certificate issued by Germanischer Lloyd remains in force until July 2014.

ISO 14001:2004 environmental management

OHB Teledata has a certified environmental management system.

The EM-4595 HH certificate issued by Germanischer Lloyd remains in force until November 2014.

c) megatel GmbH**ISO 9001:2008 quality management system
(base certification)**

megatel is certified for distribution, development and the provision of services for information technology products and projects.

The QS-6080 HH certificate issued by Germanischer Lloyd remains in force until July 2014.

d) Kayser-Threde GmbH**ISO 9001:2008 quality management system
(base certification)**

Kayser-Threde is certified for development, production and distribution of systems for science, space transportation and industrial applications.

DEKRA certificate No. 41294186/5 remains in force until July 2012. These certificates are to be renewed by a further three years.

ISO 14001:2004 environmental management

Observance of the environmental management requirements stipulated by this standard is overseen by an environmental management officer; formal certification is not necessary.

e) LUXSPACE Sàrl**ISO 9001:2008 quality management system
(base certification)**

LUXSPACE Sàrl is certified for development, procurement and distribution of space transportation components and systems.

The QS-4930 HH certificate issued by Germanischer Lloyd remains in force until June 2014.

f) MT Aerospace AG**EN ISO 9100:2009 quality management system
(aerospace/aeronautics)****Including ISO 9001:2008 quality management system
(base certification)**

MT Aerospace is certified for the development and production of components and subsystems for aerospace, aviation and defense as well as for industrial applications. This certification involves inclusion on the BDLI supplier list and in the global OASIS database.

The QS-8086 HH certificate issued by Germanischer Lloyd remains in force until February 2015.

Valid permits have been issued by the German Federal Aviation Office for production (LBA WASA Part 21) and for maintenance (LBA EASA Part 145).

The term of these certificates is tied to the term of the EN 9100:2009 certificate.

g) MT Mechatronics GmbH**ISO 9001:2008 quality management system
(base certification)**

MT Mechatronics GmbH is certified for consulting, studies, execution planning, production, assembly, commissioning, system integration and service of communications antenna, radio and optical telescopes, mechatronic devices for research institutions and medical ion and proton therapy equipment as well as launch equipment for the European space program. The DEKRA certificate remains in force until December 2014.

h) CGS S.p.A.**ISO 9001:2008 quality management system
(base certification)**

CGS is certified for research, development, production and the provision of services for aviation and aerospace products and projects.

Certificate No. 869 issued by Quaser Certificazioni covers the CGS branches in Milan, Benevento and S. Giorgio del Sannio and is valid until February 2015.

i) Antwerp Space N.V.**ISO 9001:2008 quality management system
(base certification)**

Certification for a quality management system in accordance with ISO 9001:2008 was successfully completed at the beginning of 2012.

The QS-8094 HH certificate issued by Germanischer Lloyd remains in force until February 2015.

j) Aerotech Peissenberg GmbH & Co. KG**EN ISO 9100:2009 quality management system
(aerospace/aeronautics and defense)
ISO 9001:2008 quality management system
(base certification)**

Aerotech Peissenberg GmbH & Co. KG is certified for the production of components for aircraft engines for civil and military purposes and industrial gas turbines as well as the mechanical production of highly resilient and complex components for aviation and space as well as defense. This certification involves inclusion on the BDLI supplier list and in the global OASIS database.

Certificate 248899 ASH issued by DQS GmbH remains in force until January 2013.

ISO 14001:2004 environmental management

Aerotech Peissenberg GmbH & Co. KG has a certified environmental management system.

Certificate 248899 ASH issued by DQS GmbH remains in force until December 2012.

k) OHB Sweden AB**ISO 9001:2008 quality management system
(aerospace/aeronautics and defense)**

After its separation from Swedish Space Corporation, it was not possible for the certificates to be transferred to OHB Sweden.

Accordingly, the quality management system is to be recertified by Intertek in accordance with ISO 9001:2008 at the end of 2012.

2. Data privacy**Audit in accordance with the German Federal Data Privacy Act**

The privacy of personal data in accordance with the German Federal Data Privacy Act as most recently amended is safeguarded by the data privacy officers at the individual companies in Germany who are formally registered with the responsible state data privacy agencies. Local implementation of the data privacy requirements are set forth in manuals and process descriptions and monitored by the responsible data privacy officers.

3. Important process qualifications

OHB System AG, Kayser-Threde and CGS will be completing qualification testing for welding processes for surface-mounted devices (SMDs) for further component groups, including for FPGA with 352 connectors in accordance with the ESA ECSS standards in 2012.

Aerotech Peissenberg is certified for special processes in aviation, space and defense (NADCAP, National Aerospace and Defense Contractors Accreditation Program) and holds process certificates for non-destructive testing and coatings until July 2012. These certificates are to be duly renewed.

OHB Sweden will be seeking certification in accordance with ISO 3834 for fusion welding in 2012.

**REACH (Registration, Evaluation, Authorization of Chemicals)
Regulation (EC) No. 1907/2006**

EU rules came into effect on January 1, 2007 governing the management of chemical substances in the EU for all industrial products. These rules primarily set out regulations for the registration and monitoring of hazardous substances accounting for more than 0.1 percentage by weight in the product (according with registration in the REACH database).

All OHB companies are aware of this registration duty and impose this requirement on their subcontractors. OHB actively supports a joint initiative of the European space industry to seek exemption for hydrazine from the EU to ensure its continued availability for use.

Pending the combination of the REACH regulation and the RoHS (restriction of the use of certain hazardous substances) directive to limit the use of certain dangerous materials in electrical and electronic devices, all companies are seeking to avoid the use of dangerous substances in their electronic products. These are substances which are already being avoided for use in space products in accordance with the ESA ECSS standards.

IX. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE PERIOD UNDER REVIEW

On February 2, 2012, the European Space Agency ESA awarded the syndicate comprising OHB System AG and Surrey Satellite Technology Ltd., Guildford, UK, a contract to build and test a further eight satellites for the EU-funded European satellite navigation system Galileo*. The contract is worth around EUR 256 million. Accordingly, OHB System is the prime contractor for the construction of what is now a total of 22 satellites for the system and is responsible for developing the satellite bus and for integrating the satellites. The 22 satellites will undergo final assembly in Bremen.

X. OUTLOOK

The OHB Group will remain on its growth trajectory in 2012 again.

1. "Space Systems" business unit

In 2012 and beyond, the "Space Systems" business unit will be concentrating on continued successful work on the Galileo*, SmallGEO – HISPASAT AG1, Meteosat Third Generation, EDRS and EnMAP projects.

The full contract for the MTG project is expected to be awarded in several stages by the end of 2012. This will also include contracting out the IRS instrument (infrared sounder) to Kayser-Threde GmbH.

A final decision on the future of the ESA ExoMars project and, hence, the carrier/orbiter for the project is expected by the middle of the year.

Of central strategic importance is the award of the SAR-Lupe follow-on program. A proposal is to be submitted in mid 2012, with a decision on the contract award expected to be announced in 2013.

Contracts are expected for further studies in connection with CarbonSat and the ESA scientific research missions.

With respect to national programs, CGS plans to confirm its role of second player in Italy for satellite missions, both for science and remote sensing. In addition, the company plans to play a major role in the development of payload technologies for optical and multi-spectral sensors.

Budgetary decisions in the EU, on the part of ESA and in the national space programs in Germany and Italy as well as the other countries in which OHB companies are located point to stable underlying conditions and a sufficiently firm basis for future planning. The precise budgets and programs at the ESA level will be determined at the ESA Council meeting at ministerial level, which is taking place in Italy in November 2012.

With its current and planned projects and programs, OHB AG's "Space Systems" business unit is ideally positioned to safeguard the level which it has achieved on a sustained basis and to continue growing successfully.

2. "Aerospace + Industrial Products" business unit

In the "Aerospace + Industrial Products" business unit, the existing order backlog will ensure continued production and delivery of parts for the Ariane 5 in 2012 and 2013. One key aspect of space development activities will again entail work on crucial technologies for the new cryogenic Ariane 5 ME upper-stage tank together with preparatory activities for the later production of this tank. Key preliminary work has already been completed in the study and bridging phase. The proposals which have been submitted for the following phases are currently being discussed with the customer.

The greater number of Ariane 5 launches and the resultant increase in deliveries of the necessary components may have a positive impact on earnings.

In the aviation segment, a small increase in business volumes for the production of fresh and waste water tanks for Airbus is expected. In view of the delays which have arisen, the development of water tanks for the new Airbus A350 is now expected to be completed by mid 2012. The deliveries of the air inlet/outlet systems for the A400M military transporter should generate initial series sales in 2012, with a sharp increase expected for the following years.

The long-term outlook in the aviation market is positive. Aircraft such as the Boeing Dreamliner B787, the Airbus A350 (XWB) and the Airbus 320neo will cover a large proportion of this demand for new aircraft. This trend will be particularly driven by the newly developed engines, which achieve reduced fuel consumption and lower emissions (NOx, noise) in tandem with greater efficiency. This will convince airlines of the need for spending on these new technologies, thus resulting in heightened capacity requirements on the part of OEMs and their upstream component suppliers.

Since 2010, Aerotech Peissenberg has been able to increasingly secure long-term contracts. This trend was successfully continued in 2011, culminating in the strengthening of strategic relations with Rolls Royce, which resulted in an increase in order receipts. This was aided by the development of complex new products for Rolls-Royce in 2011, which reinforced the customer's trust in Aerotech Peissenberg's capabilities.

Looking forward, Aerotech Peissenberg expects to be able to obtain further important contracts and thus to increase utilization of its existing capacity. In addition to solely quantitative growth, it is increasingly attempting to optimize the portfolio of components for Aerotech Peissenberg.

In the antenna and telescope segment, existing order backlog is sufficient to ensure utilization of the existing resources

until 2013. OHB expects this segment to perform well provided that the ALMA project in Chile continues to progress as planned and no further unforeseen extraordinary strains on earnings arise.

A positive earnings effect may also arise from additional contracts within the ALMA and SRT projects as well as new service activities.

In the telematics area, OHB is currently in negotiations for the delivery of 10,000 to 20,000 on-board computers over the next two years.

Work is continuing on making battery management systems a core competence. The aim is to launch the first product on the market in 2012.

3. Outlook for the Group as a whole in 2012

The Management Board expects continued growth in 2012, with consolidated total revenues in the OHB Group climbing by some EUR 65 million to more than EUR 620 million, underpinned by both business units, whose total revenues will be up on 2011 levels. At over EUR 46 million and EUR 30 million, respectively, EBITDA and EBIT will also be up substantially on the previous year in 2012.

The OHB Group expects a significant increase in earnings in the "Aerospace + Industrial Products" business unit in particular.

The Management Board assumes continued growth in 2013. The OHB Group assumes that earnings will continue to increase significantly in the "Aerospace + Industrial Products" business unit in 2013. Earnings in the "Space Systems" business unit should continue growing steadily from their 2011 levels in 2012 and 2013.

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

XI. INTERNAL CONTROL AND RISK MANAGEMENT

The control and risk management system forms an integral part of the corporate, planning, accounting and control processes and constitutes a material component of the management system. The Product Quality and Supply Chain Management/Purchasing departments particularly monitor suppliers so that operating and technical risks can be assessed more reliably and suitable precautions taken. Monthly and quarterly reporting constitutes an integral part of OHB AG's risk management operations and has been spread to include all of the Group's companies. Group-wide controlling instruments (e.g. business intelligence software) are used for reporting purposes. One key aspect concerns comparisons of the actual/required figures and deviation analyses.

Budgeting, regular forecasts and ongoing reporting discussions supplement standardized reporting in the two business units.

Appropriate precautions are taken in the accounting and consolidation process to ensure full implementation of the double-sign-off principle. Access restrictions to the IT system ensure a high degree of data security. In addition, the accounting system complies with the requirements of public-sector contract awarding rules.

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 a large proportion of public-sector customers both directly and indirectly. 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 no adjustments to or prolongation of individual receivables have 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.

XII. OPPORTUNITY AND RISK REPORT

OHB AG'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 opportunities and risk management system used by the OHB Group is primarily supported by the central Quality Management and Finance/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 opportunities and 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 opportunities and risks to be identified at an early stage.

The subsidiaries submit standardized monthly reports to OHB AG covering all processes, opportunities 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 AG's business activities:

1. Sector risks, risks in underlying conditions

The "Space Systems" business unit primarily works 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 AG in view of its special position as a German systems provider for space technology.

In the "Aerospace + Industrial Products" business unit, the greatest market risk is in mechatronic systems for antennas and telescopes due to the heavy dependency on the global market for scientific radio and optical telescopes as the award of such contracts is materially determined by the provision of the necessary funding by the national governments involved.

2. Strategic risks

The "Aerospace + Industrial Products" business unit is heavily exposed to the fortunes of the Ariane 5 program. A further main determinant is the successful completion of development projects within the stipulated periods and in line with the contractual prices.

3. Sourcing risks

The cost of raw materials rose slightly in 2011 in some cases. The agreed delivery periods are very largely observed by the suppliers.

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. The efficiency of supply chain management has been improved by means of improvements in the vendor complaint system and by centralizing responsibility for safeguarding sourcing. As a result, it has been possible to reduce response times for complaints. In addition, it is continuing to tap new sources.

4. 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 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.

5. IT risks

The Group's business processes increasingly rely on information services and systems. The primary purpose is to ensure smooth operations of all IT systems and networks to support development and production processes.

A further key aspect of the IT security strategy is to control access to data and to monitor data traffic both inside and outside the enterprise.

All main IT systems are fitted with the latest antivirus systems and are automatically updated with the most important operating systems and applications.

The modernization of the infrastructure at the Bremen facility and extensions to server virtualization have been largely completed. In this connection, corresponding storage clusters and new innovative backup systems have been implemented. IT processes are to be adjusted to the new requirements. In addition, an attempt is to be made to harness Group-wide synergies.

6. Financial risks

Most goods and services procured are invoiced in euro. Foreign-currency transactions in the dollar region may result in translation gains or losses. In the aviation segment, the dollar-denominated orders and receivables were hedged. The securities entail long-term investments with acceptable risks. A conclusive assessment of the risk situation is not possible due to the current situation in the financial markets. Further information is available in the IFRS 7 disclosures contained in the notes to the consolidated financial statements.

Working capital requirements can be reduced substantially by prepayments received for part services provided; as a result, liquidity risks can be considered to be controllable.

7. 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. Employee numbers have risen as a result of organic growth particularly in the "Space Systems" business unit. Despite the flourishing 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. Training and skills development also provide an important instrument for minimizing personnel risks.

8. Summary

Throughout 2011, the OHB Group's exposure was for the most part confined to the risks described. In the light of current market trends and the outlook for the Company's business, its order backlog and its financial situation, the Management Board considers future risks to the Group to be acceptable. No risks to the Group's going-concern status are currently discernible.

9. Opportunity and risk report

The observance and evaluation of and business response to opportunities and the potential which they harbor as well as the response to risks calls for professional opportunities management, which is combined in the OHB Group's opportunity and risk management system.

10. Material opportunities

Systematic observation of all invitations for proposals by ESA on a European and also a national level within the EU allows the OHB Group to take part in many major bidding processes in Europe. With its European-wide presence and strong national companies specializing in selected technologies and applications in the space industry, OHB additionally has the opportunity of bidding for space contracts which are awarded to individual nations in accordance with the ESA's GEO return principle alongside EU-wide bids. In the individual countries, the Group's national companies are additionally able to bid for contracts and projects awarded by the national space agencies. The high degree of specialization of the individual companies within the OHB Group generally means that when it bids for major ESA project it receives the status of lead-manager or subcontractor of the lead-manager. OHB's specific space expertise is based on the long-standing experience of the responsible persons within the Group as well as basic research performed in this area allowing promising future areas and developments in European space flight to be identified at an early stage and corresponding research and development activities performed on a "continuent" basis. However, in addition to public-sector contracts and development projects, increasing commercialization of space both worldwide and in Europe is the main growth driver. Telecommunications, media offerings and the increasing exploration of the earth by means of space technology are of key importance in this connection.

XIII. 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 66 - 67 forms an integral 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.

XIV. RELATED PARTIES REPORT

The OHB 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: "The Management Board declares that with respect to the transactions described in the related parties report the Company received reasonable remuneration for each transaction in the light of the circumstances of which it was aware at the point in time at which the transactions described were executed. No actions taken or omitted at the request or in the interest of the aforementioned persons and the companies controlled by them gave rise to any disadvantage."

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

Breakdown of the subscribed capital (No. 1)

Issued capital stood at EUR 17,468,096.00 on the balance sheet date and was divided into 17,468,096 no-par-value bearer shares.

Restrictions to voting rights or the transfer of shares (No. 2)

Prof. Dott. Ing. h.c. Manfred Fuchs, Christa Fuchs and Marco R. Fuchs, who are also shareholders of VOLPAIA Beteiligungs GmbH, and VOLPAIA Beteiligungsgesellschaft mbH in their capacity as shareholders of OHB 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. On February 4, 2009, the parties signed an addendum to this pooling contract imposing on them restrictions with respect to the sale of the shares held in the pooling contract. On July 10, 2009, the parties signed a revised version of the pooling contract. Romana Fuchs Mayrhofer joined this pool in January 2010. A total of 69.72% of the Company's issued capital is held in this pooling contract.

Shares exceeding 10% of the voting capital (No. 3)

As of the balance sheet date, Prof. Dott. Ing. h.c. Manfred Fuchs holds 21.54% and Marco R. Fuchs 15.37% of OHB AG's subscribed capital. VOLPAIA Beteiligungs-GmbH holds a further 21.35% of the Company's shares. Together with the shares held by Christa Fuchs (8.59%) and Romana Fuchs Mayrhofer (2.86%), 69.72% of the Company's shares are subject to a pooling contract providing for the coordinated exercise of voting rights as of the balance sheet date.

Statutory stipulations and provisions contained in the Company's bylaws with respect to the appointment and dismissal of members of the Management Board and amendments to the bylaws (No. 6)

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 bylaws of OHB AG in the version dated May 16, 2011 stipulate that the Supervisory Board is to appoint the members of the Management Board and determine their number. A member of the Management Board may be appointed Chairman. In addition, the Supervisory Board is empowered to appoint members of the Management Board as deputy to the Chairman of the Management Board.

The procedure for amending the bylaws is governed by Sections 133, 179 of the German Stock Corporation Act. Article 20 of OHB AG's bylaws also authorizes the Supervisory Board to make amendments to the bylaws affecting only their version.

Powers of the Management Board to issue or buy back shares (No. 7)

At the annual general meeting held on May 19, 2010, the shareholders passed a resolution authorizing the Management Board to buy back up to 10% of the Company's share capital in existence as of the date of the resolution until May 18, 2015.

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 Stock Corporation Act.

The Company held 80,496 shares as treasury stock as of the balance sheet date. This is equivalent to around 0.46% of its share capital.

At the annual general meeting held on May 19, 2010, the shareholders authorized the Management Board to increase with the Supervisory Board's approval the Company's share capital by up to EUR 8,734,048.00 on a cash or non-cash basis by issuing new shares once or several times on or before May 18, 2015. 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' subscription rights

- for fractional amounts;
- for part of the authorized capital up to a maximum of EUR 1,746,809.00 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 8,734,048.00 provided the new shares
 - are issued as consideration for the acquisition of all or part of other companies or entities or other assets and such acquisition is in the interests of the Company; or
 - are issued on a cash basis and provided that such acquisition is in the interests of the Company; or
 - or are issued 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.

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

XVI. CORPORATE GOVERNANCE DECLARATION

The corporate governance declaration was officially published on OHB AG's website in March 2012. The Internet address is: www.ohb.de → Investor Relations → Corporate governance → Corporate governance declaration

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 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 of OHB AG and forms part of the Group management report for 2011. As a matter of principle, the compensation paid to the members of the Management Board comprises fixed and variable components. The service contracts currently in force with the members of the Management Board (duration: July 1, 2009 until June 30, 2012) provide for variable compensation to be determined on the basis of a direct share in profit (percentage of EBT).

There is currently no provision for any share-based compensation components or compensation components with a long-term incentive. 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 compensation for a further period of six months. The members of the Management Board are entitled to a company car.

The compensation paid to the members of the Management Board breaks down as follows: The total fixed compensation paid in 2011 came to EUR 0.732 million (previous year: EUR 0.732 million), while the variable component equaled EUR 0.538 million (previous year: EUR 0.631 million). The breakdown by members of the Management Board is as follows: Mr. Marco R. Fuchs received a sum of EUR 0.284 million (previous year: EUR 0.284 million) as fixed compensation including all benefits as well as advances towards health and pension insurance and a non-cash benefit in the form of contributions of EUR 1,700 (previous year: EUR 1,700) towards an endowment policy. Variable compensation equaled EUR 0.230 million (previous year: EUR 0.270 million). Prof. Dott. Ing. h.c. Manfred Fuchs received a sum of EUR 0.263 million (previous year: EUR 0.263 million) as fixed compensation including all benefits such as advances towards health. Variable compensation equaled EUR 0.230 mil-

lion (previous year: EUR 0.270 million). In addition, payments of EUR 37,000 were made by OHB System AG pursuant to a pension commitment assumed in 1988 under which he is to receive a sum of EUR 3,000 a month upon turning 65 years. Mr. Ulrich Schulz received a sum of EUR 0.185 million (previous year: EUR 0.185 million) as fixed compensation including all benefits as well as advances towards health and pension insurance and a non-cash benefit in the form of contributions of EUR 1,200 (previous year: EUR 1,200) towards an endowment policy. Variable compensation equaled EUR 0.077 million (previous year EUR 0.091 million).

In her capacity as chairwoman of the Supervisory Board, Mrs. Christa Fuchs received a sum of EUR 20,000 for 2011 (previous year: EUR 20,000), while Prof. Dr.-Ing. Hans J. Rath received 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 was paid compensation of EUR 0.117 million (previous year: EUR 0.117 million) for her advisory services for members of the OHB Group in the year under review. Prof. Heinz Stoewer received compensation totaling EUR 0 in the year under review (previous year: EUR 0) and Prof. Rath compensation of EUR 0 (previous year: EUR 0) 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 1,500,690 shares, Prof. Heinz Stoewer, a member of the Supervisory Board, 1,000 shares and Marco R. Fuchs, chairman of the Management Board, 2,684,796 shares. The other members of the Management Board Prof. Dott. Ing. h.c. Manfred Fuchs and Ulrich Schulz held 3,763,064 and 54 shares, respectively. On December 31, 2011, VOLPAIA Beteiligungs-GmbH held 3,730,170 shares. Christa Fuchs held 20%, Marco R. Fuchs 25% and Prof. Dott. Ing. h.c. Manfred Fuchs 35% of the capital of VOLPAIA Beteiligungsgesellschaft as of the balance sheet date.

Directors' dealings

In the year under review, members of the Company's Management Board and Supervisory Board as well as related legal entities did not report any securities transactions.

Objectives regarding the composition of the Supervisory Board

OHB AG seeks to implement the principle of diversity in the composition of the Supervisory Board and has formulated the following objectives in this connection. The members of the Supervisory Board as a whole (i.e. collectively and not neces-

sarily each individual member of the Supervisory Board) should have expertise in the following areas:

- good knowledge of the aviation/aerospace industry, particularly space technology
- many years of practical experience in industry, science and public organizations/agencies
- extensive knowledge gained over many years in finance, accounting, bookkeeping and administration.

In addition, the principle of diversity is implemented by ensuring an appropriate degree of female representation on the Supervisory Board. As well as this, a combination of members from scientific, technical and commercial backgrounds is sought.

Status of implementation

A high degree of diversity in terms of gender, expertise and international experience has been achieved with the appointment of Mrs. Christa Fuchs, the founder of OHB System and commercial managing director with many years of experience, to the position of chairwoman of the Supervisory Board, Professor Rath, who has extensive skills as a scientist, an entrepreneur and a space technology expert, and Professor Stoewer as an internationally renowned space technology expert and former manager of ESA and managing director of the German Space Agency.

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

OHB 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 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 May 2010 version of the Corporate Governance Code. OHB AG differs 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 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 AG's Supervisory Board has not formed any committees on account of the small number of members (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; 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 (5.4.6)

OHB AG takes the view that this recommendation makes little sense with a Supervisory Board comprising only three members. Accordingly, its 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 (5.4.6)

OHB takes the view that such an arrangement is not appropriate for the Company as performance-tied compensation is incompatible with the monitoring duties imposed on the Supervisory Board (from the Company's point of view). Accordingly, OHB AG's bylaws do not provide for any performance-related compensation for members of the Supervisory Board.

Management Board and Supervisory Board of OHB AG

Bremen, December 16, 2011

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the Period
from January 1, 2011 until December 31, 2011



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I. CONSOLIDATED INCOME STATEMENT

		in EUR 000s	
	Note	2011	2010
1. Sales	(1)	555,689	425,448
2. Changes in inventories of finished goods and work in progress	(2)	-23,823	7,450
3. Other own work capitalized		8,246	7,156
4. Other operating income	(3)	15,180	13,269
5. Total revenues		555,292	453,323
6. Cost of materials	(4)	323,656	275,616
7. Staff costs	(5)	149,568	114,256
8. Depreciation and amortization	(6)	15,825	10,958
9. Other operating expenses		38,967	29,763
10. Operating profit (EBIT)		27,276	22,730
11. Other interest and similar income	(7)	995	746
12. Other financial expenses	(7)	7,241	6,823
13. Currency translation gains/losses		-185	-61
14. Net profit/loss from shares carried at equity	(7)	31	-388
15. Investment income	(7)	-1,359	-820
16. Net financial income/expense		-7,759	-7,346
17. Earnings before taxes		19,517	15,384
18. Income taxes	(8)	6,438	5,176
19. Consolidated net income for the year		13,079	10,208
20. Minority interests	(9)	444	-566
21. Consolidated net income for the year after minority interests		13,523	9,642
22. Consolidated profit carried forward		59,449	55,027
23. Additions to share premium		0	0
24. Consolidated profit		72,972	64,669
25. Number of shares		17,399,351	17,401,142
26. Earnings per share (basic, EUR)		0.78	0.55
27. Earnings per share (diluted, EUR)		0.78	0.55

II. STATEMENT OF COMPREHENSIVE INCOME

		in EUR 000s	
	Note	2011	2010
Consolidated net income for the year		13,079	10,208
Exchange difference on translating foreign operations	(21)	29	16
Net gains/losses from the measurement of financial assets recorded under equity	(21)	830	143
Cashflow Hedges	(21)		
Recycling		-119	-58
Gains/losses arising during the year		-43	119
Other comprehensive income after tax		697	220
Comprehensive income		13,776	10,428
Of which attributable to			
equity holders of OHB AG		14,265	9,862
other equity holders		-489	566

III. CONSOLIDATED BALANCE SHEET

Assets

		in EUR 000s	
	Note	December 31, 2011	December 31, 2010
Goodwill	(10)	7,687	7,687
Other intangible assets	(10)	32,412	28,503
Property, plant and equipment	(11)	68,707	53,580
Shares carried at equity	(12)	1,926	1,895
Other financial assets	(13)	15,793	15,354
Non-current assets		126,525	107,019
Other non-current receivables and assets	(14)	2,875	3,411
Securities	(16)	5,334	5,259
Deferred taxes		5,803	4,369
Other non-current assets		14,012	13,039
Property, plant and equipment/non-current assets		140,537	120,058
Inventories	(15)	89,007	103,939
Trade receivables	(14)	186,687	140,087
Other tax receivables	(14)	5,749	8,648
Other non-financial assets	(14)	11,815	6,125
Securities	(16)	3,250	4,268
Cash and cash equivalents	(17)	91,194	83,271
Current assets		387,702	346,338
Total assets		528,239	466,396

Shareholders' equity and liabilities

		in EUR 000s	
	Note	December 31, 2011	December 31, 2010
Subscribed capital	(18)	17,468	17,468
Additional paid-in capital	(19)	15,094	15,094
Retained earnings	(20)	520	520
Other comprehensive income	(21)	-2,276	-3,018
Treasury stock	(22)	-781	-632
Consolidated profit		72,972	64,669
Shareholders' equity excluding minority interests		102,997	94,101
Minority interests	(23)	10,580	11,069
Shareholders' equity		113,577	105,170
Provisions for pensions and similar obligations	(24)	81,676	74,292
Other non-current provisions	(25)	3,487	2,442
Non-current financial liabilities	(26)	44,464	42,798
Non-current advance payments received on orders	(27)	65,757	61,818
Deferred tax liabilities		13,240	9,845
Non-current liabilities and provisions		208,624	191,195
Current provisions	(25)	20,378	16,326
Current financial liabilities	(28)	18,536	4,396
Trade payables	(29)	95,089	67,429
Current advance payments received on orders	(30)	56,617	70,662
Tax liabilities		5,293	4,901
Other current liabilities	(31)	10,125	6,317
Current liabilities		206,038	170,031
Total equity and liabilities		528,239	466,396

IV. CONSOLIDATED CASH FLOW STATEMENT

	in EUR 000s	
	2011	2010
Operating EBIT	27,275	22,730
Non-cash income from first-time consolidation	-3,158	-4,338
Income taxes paid	-1,415	-8,075
Non-cash income	-522	0
Depreciation/amortization	15,825	10,959
Changes in pension provisions	916	1,634
Gross cash flow	38,921	22,910
Increase(-)/decrease (+) in own work capitalized	-7,258	-6,912
Increase(-)/decrease (+) in inventories	27,022	2,668
Increase(-)/decrease (+) in receivables and other assets	-41,161	21,768
Increase(+)/decrease (-) in liabilities and current provisions	14,884	-73
Increase(+)/decrease (-) in advance payments received	-11,306	1,282
Profit (-)/loss (+) from the disposal of non-current assets	35	480
Cash inflow/outflow from operating activities	21,137	42,123
Payments made for investments in non-current assets	-8,217	-12,214
Payments received/made from the acquisition of consolidated companies	1,772	5,451
Payments received from the disposal of non-current assets	138	16
Interest and other financial income	920	659
Payments made in connection with items not allocated to operating or financing activities	0	10
Cash inflow/outflow from investing activities	-5,387	-6,078
Dividend payout	-5,220	-4,350
Equity issue	0	0
Payments made/received for other financial instruments	4,000	-4,192
Payments made for the settlement of financial liabilities	-14,492	-29,574
Payments received from raising borrowings	20,431	32,802
Acquisition of treasury stock	-149	0
Minority interests	0	-1,973
Interest and other financial expenses	-8,045	-7,028
Cash inflow/outflow from financing activities	-3,475	-14,315
Changes to cash and cash equivalents	12,275	21,730
Consolidation-related changes to cash and cash equivalents	0	1,517
Currency-related changes to cash and cash equivalents	-160	-60
Cash and cash equivalents at the beginning of the period	79,079	55,892
Cash and cash equivalents at the end of the period	91,194	79,079
Cash and cash equivalents at the end of the period and current financial instruments		
January 1	92,798	82,005
Changes in cash and cash equivalents including securities and current financial instruments	6,980	10,794
December 31	99,778	92,798

Notes on the cash flow statement on page 92.

V. CONSOLIDATED STATEMENT OF CHANGES IN ASSETS

Production and aquisition costs

For the year from January 1 until December 31, 2011	Balance on January 1, 2011	Revaluations	Additions from first-time consolidation	Additions	Disposals	Reclassi- fications	Balance on December 31, 2011
	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
I. Goodwill	8,957	0	0	0	0	0	8,957
II. Intangible assets							
Concessions and industrial property rights	2,039	0	0	5	0	0	2,044
Software acquired	9,784	0	1,870	1,027	149	0	12,532
Software produced	48,811	0	0	7,258	37	0	56,031
III. Property, plant and equipment							
Operating and business equipment	81,680	0	5,913	6,907	3,019	-7	91,474
Property and plant	43,172	0	11,936	149	8	0	55,249
IV. Financial assets							
Investments in affiliated companies	63	0	0	0	0	0	63
Investments in associated companies	1,895	0	0	31	0	0	1,926
Other investments	33,945	830	0	156	554	7	34,384
Total	230,346	830	19,719	15,533	3,768	0	262,660

Production and aquisition costs

For the year from January 1 until December 31, 2010	Balance on January 1, 2010	Revaluations	Additions from first-time consolidation	Additions	Disposals	Reclassi- fications	Balance on December 31, 2010
	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
I. Goodwill	8,957	0	0	0	0	0	8,957
II. Intangible assets							
Concessions and industrial property rights	1,980	0	0	59	0	0	2,039
Software acquired	9,459	0	7	640	373	51	9,784
Software produced	41,833	0	0	6,912	0	66	48,811
III. Property, plant and equipment							
Operating and business equipment	79,943	0	449	4,915	3,510	-117	81,680
Property and plant	42,829	0	286	57	0	0	43,172
IV. Financial assets							
Investments in affiliated companies	63	0	0	0	0	0	63
Investments in associated companies	2,284	0	0	0	389	0	1,895
Other investments	28,630	143	-296	6,543	1,075	0	33,945
Total	215,978	143	446	19,126	5,347	0	230,346

Accumulated depreciation

Balance on January 1, 2011	Additions from first-time consolidation	Additions	Disposals	Balance on December 31, 2011
EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
1,270	0	0	0	1,270
1,851	0	51	0	1,902
8,064	0	1,457	149	9,372
22,216	0	4,705	0	26,921
54,946	0	7,180	2,866	59,260
16,326	0	2,432	2	18,756
0	0	0	0	0
0	0	0	0	0
18,654	0	0	0	18,654
123,327	0	15,825	3,017	136,135

Book values

Balance on December 31, 2011	Balance on December 31, 2010
EUR 000s	EUR 000s
7,687	7,687
142	188
3,160	1,720
29,110	26,595
32,214	26,734
36,493	26,846
63	63
1,926	1,895
15,730	15,291
126,525	107,019

Accumulated depreciation

Balance on January 1, 2010	Additions from first-time consolidation	Additions	Disposals	Balance on December 31, 2010
EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
1,270	0	0	0	1,270
1,685	0	166	0	1,851
7,649	0	785	370	8,064
17,971	0	4,245	0	22,216
54,735	0	3,688	3,477	54,946
14,252	0	2,074	0	16,326
0	0	0	0	0
0	0	0	0	0
18,654	0	0	0	18,654
116,216	0	10,958	3,847	123,327

Book values

Balance on December 31, 2010	Balance on December 31, 2009
EUR 000s	EUR 000s
7,687	7,687
188	295
1,720	1,810
26,595	23,862
26,734	25,208
26,846	28,577
63	63
1,895	2,284
15,291	9,976
107,019	99,762

VI. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR 000	Subscribed capital	Additional paid-in capital	Retained earnings	Other comprehensive income	Consolidated profit	Treasury stock	Shareholders' equity excluding minority interests	Minority interests	Shareholders' equity
Note	(18)	(19)	(20)	(21)	(22)	(23)	(23)	(23)	(23)
December 31, 2009	17,468	15,094	520	-3,238	57,549	-632	86,761	11,364	98,125
Dividend payment (EUR 0.25 per share)	0	0	0	0	-4,350	0	-4,350	0	-4,350
Comprehensive income	0	0	0	220	9,642	0	9,862	566	10,428
Changes to consolidated companies	0	0	0	0	1,828	0	1,828	1,112	2,940
Other changes	0	0	0	0	0	0	0	-1,973	-1,973
December 31, 2010	17,468	15,094	520	-3,018	64,669	-632	94,101	11,069	105,170
Dividend payment (EUR 0.30 per share)	0	0	0	0	-5,220	0	-5,220	0	-5,220
Comprehensive income	0	0	0	742	13,523	0	14,265	-489	13,776
Changes in treasury stock	0	0	0	0	0	-149	-149	0	-149
December 31, 2011	17,468	15,094	520	-2,276	72,972	-781	102,997	10,580	113,577

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

The Company has its head office at Karl-Ferdinand-Braun-Str. 8 in 28359 Bremen, Germany. OHB 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 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. The consolidated financial statements have been prepared in accordance with the going-concern principle. The Group manages its capital with the aim of ensuring that all Group members are able to operate in accordance with the going-concern principle and with the aim of maximizing income from its investments by optimizing its equity and debt capital. Managed

capital comprises solely the equity capital of EUR 113.577 million shown on the face of the consolidated financial statements. The overall strategy pursued by the Group is unchanged over 2010. The Group is not subject to any externally imposed capital requirements. In addition to the consolidated balance sheet, consolidated income statement and the consolidated statement of comprehensive income, the consolidated annual financial statements include a consolidated cash flow statement and a statement of changes in consolidated equity. The segment report and the consolidated statement of changes in assets are 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 Corporation Act have been duly made. The income statement has been compiled using the total-cost method.

The reporting currency is the 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 generally used to account for the acquisition of subsidiaries by the Group. All material subsidiaries under the legal or constructive control of OHB AG have been consolidated.

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 3.32. The full goodwill method is applied.

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

The carrying amounts of companies consolidated at equity are adjusted to allow for the proportionate profit/loss attributable to such companies.

In the case of business combinations based on a transaction under common control, consolidation is performed using the pooling of interests method.

Acquired businesses

On February 10, 2011, MT Aerospace Holding GmbH, Bremen, a joint venture established by OHB AG, Bremen, (70%) and Apollo Capital Partners, Munich, (30%) signed a contract for the acquisition of all the capital of the Bavarian drive components supplier Aerotech Peissenberg GmbH & Co. KG (ATP) together with its affiliates in France and the Czech Republic with retroactive effect from January 1, 2011. The seller was the Drosten Group, Grünwald. Aerotech Peissenberg produces sensitive components made from heat-resistant nickel-based alloys and titanium for aircraft engines and industrial gas turbines. With staff numbering some 490, Aerotech Peissenberg together with its affiliates in the Czech Republic and France generated sales of around EUR 46 million in 2010. Order receipts were valued at roughly EUR 86 million at the end of 2010. The purchase price paid for the company stood EUR 1.

Aerotech Peissenberg was consolidated for the first time effective March 1, 2011 on the basis of the interim financial statements as of that date. Preliminary consolidation is temporary. First-time consolidation produced negative goodwill of EUR 0.181 million, which was taken to profit and loss in accordance with IFRS 3.34. In addition, shareholder loans of EUR 1.7 million were repaid and, in this connection, other operating income of EUR 0.511 million recorded. The main assets acquired were intangible assets (EUR 1.870 million), land and buildings (EUR 11.936 million), property, plant and equipment (EUR 5.691 million), non-current assets (EUR 0.461 million), inventories (EUR 12.078 million), receivables (EUR 2.770 million) and other assets (EUR 1.347 million). Liabilities primarily comprised provisions for pension-like obligations (EUR 7.057 million), financial liabilities (EUR 10.389 million), provisions (EUR 4.076 million), trade payables (EUR 10.587 million) and other liabilities (EUR 3.863 million). This includes contingent liabilities of EUR 0.052 million. The company's assets and liabilities were measured at their fair value. Since being consolidated within the OHB Group, Aerotech Peissenberg has generated sales of EUR 43.538 million and sustained a net loss of EUR 3.079 million in this period.

The OHB Group acquired the Space Systems division from the Swedish Space Corporation (SSC) via an asset deal. Through the acquisition of this business and the incorporation

of OHB Sweden, OHB has gained access to important and valuable resources and skills in the development and construction of satellite and payload systems. With 50 employees, this division generated sales of around EUR 21 million in 2010. The purchase price for the acquisition company, in which OHB AG holds 100% of the capital, stood at EUR 5,000. This acquisition company, which was immediately renamed OHB Sweden AB, paid a price of EUR 1 to the seller SCC for the assets held by SCC. OHB Sweden AB was consolidated for the first time as of July 1, 2011 on the basis of the opening balance sheet prepared for the new company OHB Sweden AB and is provisional. The first-time consolidation of OHB Sweden AB did not have any impact on profit and loss. However, the acquisition of the assets from SCC by OHB Sweden resulted in negative goodwill of EUR 3 million, which was taken to profit and loss in accordance with IFRS 3.34. This difference results from a positive assessment of the synergistic benefits arising from SSC projects with the OHB Group. The main assets acquired were property, plant and equipment (EUR 0.219 million), current assets (EUR 1.395 million) and cash and cash equivalents (EUR 1.755 million). Liabilities primarily comprise prepayments received (EUR 0.591 million), provisions (EUR 4.756 million) and other liabilities (EUR 0.255 million). The company's assets and liabilities were measured at their fair value. Since being consolidated within the OHB Group, OHB Sweden has generated sales of EUR 4.788 million. The net profit arising during this period stands at EUR 0.678 million and includes the negative goodwill of around EUR 3 million recognized in profit and loss. In addition, the OHB subsidiary Telematik Solutions S.p.A. acquired assets from Rheinmetall Italia under the terms of an asset deal.

The preliminary initial consolidation of Antwerp Space N.V. in 2010 was completed without any changes.

Consolidated companies

OHB AG's consolidated financial statements include OHB AG, 13 domestic and seven non-domestic subsidiaries and a further non-domestic associate accounted for 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", page 77). 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. The share holdings shown in the tables entitled "Consolidation perimeter" and "Further investments and financial assets" correspond to the voting rights held. On March 1, 2011, Aerotech Peissenberg GmbH & Co. KG was consolidated following its acquisition by MT Aerospace Holding GmbH, Bremen, a joint venture of OHB AG (70%) and Apollo Capital Partners GmbH (30%). Similarly, the newly incorporated company OHB Sweden AB was consolidated for the first time on July 1, 2011.

OHB AG's consolidated financial statements include the following companies: see "consolidation perimeter" table.

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. The annual financial statements of the independent non-domestic subsidiaries MT Aerospace Satellite Products and OHB Sweden AB were prepared in their domestic currency (GBP and SEK, respectively) and translated using the functional currency principle in accordance with IAS 21. The foreign-currency difference arising from translation of the equity capital is recorded within equity from unrealized gains/losses.

Summary of significant accounting policies

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 2011 fiscal year:

- **IFRS 1** "First Time Adoption of IFRS". The revised version of IFRS 1 is compulsory for companies preparing IFRS financial statements for the first time. The changes relate to the limited exemption from comparison figures for first-time adopters and changes to the accounting methods in the year of adoption. The changes are not relevant for the OHB Group.
- **IFRS 3** "Business Combinations". The changes relate to the measurement of non-controlling interests and accounting for non-reimbursed and voluntarily reimbursed share-based remuneration in connection with a business combination as well as transitional rules for contingent consideration in connection with a business combination occurring before IFRS 3 (2008) came into effect. The changes are not relevant for the OHB Group.
- **IFRS 7** "Financial Instruments". The changes to IFRS 7 entail clarification of the disclosures required in the notes and are observed by the OHB Group as far as they are relevant.
- **IAS 1** "Presentation of Financial Statements". The changes relate to the presentation of movements in other comprehensive income, stating that these details may optionally

Consolidated companies

Name of company	Share held (%)	Consolidation
OHB System AG, Bremen (Germany)	100.0	Fully consolidated
STS Systemtechnik Schwerin GmbH, Schwerin (Germany)	100.0	Fully consolidated
KT Beteiligungs GmbH & Co. KG, Bremen (Germany)	100.0	Fully consolidated
Kayser-Threde GmbH, Munich (Germany) ¹	100.0	Fully consolidated
CGS S.p.A. (until March 31 Carlo Gavazzi Space S.p.A.) (Italy)	100.0	Fully consolidated
OHB Sweden AB, Solna (Sweden)	100.0	Fully consolidated
Antwerp Space N.V., Antwerpen (Belgium)	100.0	Fully consolidated
LUXSPACE Sàrl, Betzdorf (Luxembourg)	100.0	Fully consolidated
ELTA S.A., Toulouse (France)	34.0	At Equity
MT Aerospace Holding GmbH, Bremen (Germany)	70.0	Fully consolidated
MT Aerospace AG, Augsburg (Germany) ²	100.0	Fully consolidated
MT Aerospace Grundstücks GmbH & Co. KG, Munich (Germany) ³	100.0	Fully consolidated
MT Mechatronics GmbH, Mainz (Germany) ³	100.0	Fully consolidated
MT Aerospace Satellite Products Ltd., Wolverhampton (UK) ³	100.0	Fully consolidated
MT Aerospace Guyane S.A.S., Kourou (French Guiana) ³	100.0	Fully consolidated
Aerotech Peissenberg GmbH & Co. KG, Peissenberg (Germany) ²	100.0	Fully consolidated
OHB Teledata GmbH, Bremen (Germany)	100.0	Fully consolidated
megatel Informations- und Kommunikationssysteme GmbH, Bremen (Germany)	74.9	Fully consolidated
Timtec Teldatrans GmbH, Bremen (Germany)	100.0	Fully consolidated
Telematic Solutions S.p.A., Milan (Italy)	100.0	Fully consolidated
ORBCOMM Deutschland Satellitenkommunikation AG, Bremen (Germany)	100.0	Fully consolidated

¹ held by KT Beteiligungs GmbH & Co. KG

² held by MT Aerospace Holding GmbH

³ held by MT Aerospace AG

also be included in the notes. The OHB Group has made use of this option.

- **IAS 24** "Related Party Disclosures". The revisions to IAS 24 simplify and clarify the definition of related parties. This revision does not have any effect on the OHB Group.
- **IAS 32** "Financial Instruments Presentation". The amendments provide guidance on the classification of subscription rights and accounting of issuers. The changes are not relevant for the OHB Group.
- **IAS 34** "Interim Financial Reporting". Additions to the list of disclosures on financial instruments required to be disclosed in the notes in accordance with IAS 34. These amendments are observed in the OHB Group as far as they are relevant.
- **IFRIC 13** "Customer Loyalty Programs". The revisions provide guidance on the fair value of a loyalty award credit. These rules are not applicable to the OHB Group.
- **IFRIC 14** "Prepayments of a Minimum Funding Requirement". The adjustments provide guidance on the determination of the limits of a defined benefit asset. These amend-

ments are observed in the OHB Group as far as they are relevant.

- **IFRIC 19** "Extinguishing Financial Liabilities with Equity Instruments". IFRIC 19 addresses the accounting of transactions in which the company settles its financial liabilities by issuing shares or other equity instruments. These rules are not applicable to the OHB Group.

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

The IASB has issued the standards, interpretations and revisions to existing standards set out in the table on page 78 which are not yet compulsory and do not become compulsory until future reporting periods and which OHB AG has not adopted on a voluntary early basis.

On the basis of a preliminary assessment, the application of the above-mentioned standards and interpretations will not exert any material influence on the presentation of the financial statements. The Management Board of OHB AG has decided not

Further investments and financial assets

Name of company	Share held (%)	Share in capital EUR 000s
RST Radar Systemtechnik GmbH, Salem (Germany)*	24.0	88
OHB France S.A., Paris (France)*	100.0	37
OHB-ElectroOPTics GmbH, Bremen (Germany)*	50.0	13
beos GmbH, Bremen (Germany)	12.0	60
ATB GmbH, Bremen (Germany)	5.0	26
OHB Marine Technologies GmbH, Bremen (Germany)*	100.0	25
COSMOS International Satellitenstart GmbH, Bremen (Germany)*	49.9	13
Cosmos Space Systems AG, Bremen (Germany)*	66.6	40
Telemondo International GmbH, Bremen (Germany)*	100.0	26
KT Verwaltungsgesellschaft mbH, Bremen (Germany)*	100.0	25
ENERGIA Deutschland GmbH, Munich (Germany)*	40.0	10
Antares S.c.a.r.l., San Giorgio Del Sannio (Italy)*	57.0	91
Arianespace Participation, Evry (France)	8.3	8,328
MT Dezentrale Energiesysteme GmbH, Munich (Germany)*	100.0	1,022
MT Mecatronica Limitada, Santiago de Chile (Chile)*	99.9	30
Aerotech France S.A.S., Chateauroux (France)*	100.0	80
Aerotech Czech s.r.o., Klatovy (Czech Republic)*	100.0	0
ORBCOMM Inc., Fort Lee (USA)	5.0	5,151

* not consolidated in the year under review for materiality reasons

Of the investments in associates and financial assets stated, the following are material: MT Dezentrale Energiesysteme GmbH with equity as of December 31, 2011 of EUR 1.023 million and net profit for 2011 of EUR 0, RST Radar Systemtechnik GmbH with equity as of December 31, 2010 of EUR 0.438 million and net profit for 2010 EUR 0.006 million, Aerotech France S.A.S with equity as of December 31, 2011 of EUR 0.711 million and net profit of EUR 0.182 million and Aerotech Czech s.r.o with equity as of December 31, 2011 of EUR 0.977 million and net loss of EUR 0.266 million.

IFRS 9 "Financial Instruments"	To be applied in accounting periods beginning on or after January 1, 2013
IFRS 7 "Financial Instruments": disclosures	To be applied in accounting periods beginning on or after June 30, 2011
IFRS 10 "Consolidated Financial Statements"	To be applied in accounting periods beginning on or after January 1, 2013
IFRS 11 "Joint Arrangements"	To be applied in accounting periods beginning on or after January 1, 2013
IFRS 12 "Disclosure of Interests in other Entities"	To be applied in accounting periods beginning on or after January 1, 2013
IFRS 13 "Fair Value Measurement"	To be applied in accounting periods beginning on or after January 1, 2013
IAS 27 "Separate Financial Statements"	To be applied in accounting periods beginning on or after January 1, 2013
IAS 28 "Investments in Associates and Joint Ventures"	To be applied in accounting periods beginning on or after January 1, 2013
Amendments to IAS 12 Deferred tax: Recovery of Underlying Assets	To be applied in accounting periods beginning on or after January 1, 2012
Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	To be applied in accounting periods beginning on or after July 1, 2011
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	To be applied in accounting periods beginning on or after July 1, 2012
Amendments to IAS 19 Employee Benefits	To be applied in accounting periods beginning on or after January 1, 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	To be applied in accounting periods beginning on or after January 1, 2013

to apply the aforementioned standards before the accounting periods in which application becomes mandatory.

Changes in accounting policy

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

Recognition of revenues

Revenues 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 percentage 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. Revenues from contracts are calculated by multiplying the percentage of completion with the contractually agreed proceeds including any subsequently agreed additions. Long-term projects in progress on the balance-sheet date (remaining durations of between one and ten years) are recognized as assets on the basis of production costs plus refundable 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.

Borrowing costs

Borrowing costs must be included in the cost of acquisition or construction of qualifying assets in accordance with IAS 23.8.

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. In the year under review, research and development costs of EUR 3.053 million (previous year: EUR 3.255 million) were recorded as expense as the criteria provided for in IAS 38.57 were not satisfied.

Net finance income/expense

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

Interest income is recorded in 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 are also reported as other interest expenditure.

Intangible assets

As of each balance sheet date, OHB reviews the carrying amounts 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.

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 assets are written down on a straight-line basis over their expected useful life of four to ten years.

For the purpose of identifying any impairment, goodwill must be allocated to each cash-generating unit within the Group expected to derive any benefit from the synergistic effects of the business combination. Cash-generating units to which part of the goodwill is allocated are subject to annual impairment testing. If there is any evidence of impairment of a cash-generating unit, it is tested more frequently for impairment. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is initially assigned to the carrying amount of all goodwill allocated to the unit and then on a proportionate basis to the other assets on the basis of the carrying amount of each asset within the unit.

Property, plant and equipment

As of each balance sheet date, OHB reviews the carrying amounts 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 historical 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 recorded within 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

Shares in associates

Shares in associates are reported at cost net of the share in their profit/loss for the year.

Other financial assets

Other financial assets are reported at cost and measured in accordance with their fair value. This item comprises the investments in ORBCOMM 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 is reported under deferred tax liabilities. A further material item is the share held in Arianespace Participation, Evry (France).

Inventories

Inventories are recognized at historical cost or the lower net recoverable value prevailing on the balance sheet date. Part of the inventories were measured using the moving average method.

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 recorded at the lower recoverable value.

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. Construction projects in progress on the

balance sheet date (remaining durations of between one and eight years) are recognized as assets on the basis of production costs plus prorated refundable 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.

Securities/financial instruments

The fair values are determined on the basis of the stock market prices as of the balance sheet date. Non-current securities are measured in accordance with IAS 39 and IFRS 7 (Reclassification of Financial Assets).

Deferred income 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 income taxes. The OHB Group applies a uniform domestic tax rate of 32% for calculating deferred taxes.

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 AG defines equity as subscribed capital, the share premium, unrealized gains and losses recognized within equity, retained earnings and accrued profit brought forward.

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.

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. The percentage-of-completion method is applied to long-term construction contracts. For this purpose, the costs incurred are divided by the total costs to calculate the percentage of completion. 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. In view of the current conditions in the economy and the financial markets, it is not possible at this stage to make any reliable assumptions on the range of possible adjustments which may need to be made to the estimates in 2012.

VIII. NOTES ON THE CONSOLIDATED INCOME STATEMENT

(1) Sales

Revenues from construction contracts as defined in IAS 11 came to EUR 401.823 million in 2011 (previous year: EUR 301.463 million). The related contract costs stood at EUR 375.340 million (previous year: EUR 286.764 million). The resultant earnings before interest and taxes (EBIT) for 2011 equaled EUR 26.482 million (previous year: EUR 14.699 million).

Sales break down by business unit as follows:

in EUR 000s	2011	2010
Space Systems	363,114	286,325
Aerospace + Industrial Products	200,816	147,352
Consolidation	-8,241	-8,229
Total	555,689	425,448

Additional disclosures on POC measurement (IAS 11)

in EUR 000s	Net assets	Net liabilities	Total
Expenses + profit	539,216	474,507	1,013,723
Prepayments received	426,249	514,429	940,678
Amount shown on balance sheet	112,967	-39,922	73,045

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

The reductions in inventories of finished goods and work in progress relate to the "Space Systems" segment at EUR -9.6 million (previous year: EUR +9.2 million) and the "Aerospace + Industrial Products" segment with EUR -14.2 million (previous year: EUR -1.7 million). All told, inventories declined by EUR 23.8 million.

(3) Other operating income

This includes income from the reversal of provisions of EUR 3.178 million (previous year: EUR 3.241 million) as well as income from grants of EUR 5.326 million (previous year: EUR 4.016 million). The income from grants is recognized upon the occurrence of the related costs. At the moment, there is no evidence indicating that the conditions imposed by the providers of grants cannot be satisfied. The negative goodwill of EUR 3 million arising from the first-time consolidation of OHB Sweden AB was also recorded through profit and loss.

(4) Cost of materials

in EUR 000s	2011	2010
Cost of raw materials and goods purchased	241,960	207,984
Cost of services bought	81,696	67,632
Total	323,656	275,616

(5) Staff costs

in EUR 000s	2011	2010
Wages and salaries	123,646	94,421
Social security charges and expenditure on old age pensions and support	25,922	19,835
Total	149,568	114,256

Pensions and pension provisions came to EUR 4.247 million (previous year: EUR 3.973 million).

(6) Depreciation and amortization

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

Analysis of deferred taxes and assets

in EUR 000s	2011		2010		2011	2010
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Change effecting net income	Change effecting net income
Intangible assets and property, plant and equipment	794	9,309	104	6,644	-867	-868
Financial assets	377	510	402	20	-515	-22
Current assets	98	11,234	70	7,545	-3,678	-375
Provisions	6,743	116	5,733	214	44	-142
Liabilities	611	298	605	211	-66	49
Tax losses and credits	5,407	0	2,244	0	3,116	219
Consolidation	-8,227	-8,227	-4,789	-4,789	0	0
Total	5,803	13,240	4,369	9,845	-1,966	-1,139

(7) Net finance income/expense**Interest**

The interest income of EUR 0.995 million (previous year: EUR 0.746 million) primarily comprises interest earned on the investment of cash in fixed-term deposits.

The other finance expense of EUR 7.240 million (previous year: EUR 6.823 million) included in this figure chiefly relates to interest expenditure on pension provisions of EUR 4.175 million (previous year: EUR 3.789 million) and borrowing costs of EUR 2.140 million (previous year: EUR 2.317 million) at the level of one subsidiary.

Net profit/loss from investments

The share of profit/loss of associates comprises the share in the profit of ELTA S.A., which is consolidated at equity, of EUR 0.031 million (previous year: loss of EUR 0.388 million) and the share of loss of a total of EUR 1.256 million arising from impairments on financial assets held by Kayser-Threde GmbH.

(8) Income taxes

Current income tax of EUR 4.134 million (previous year: EUR 3.558 million) arose with respect to the consolidated German companies; income tax of EUR 0.338 million (previous year: EUR 0.480 million) arose outside Germany. Domestic income taxes in 2011 were calculated in detail using different tax rates. Deferred tax assets are recognized pursuant to IAS 12. The domestic deferred income tax is calculated on the basis of tax rates of 32%. The weighting of the individual tax rates results in an average tax rate of 32%.

Reconciliation of tax expense

in EUR 000s	2011	2010
Taxes at a tax rate of 32.00%	6,246	4,963
Reductions in tax expenses as a result of partially tax-exempt income	-256	-1,402
Tax losses utilized	-255	77
Non-deductible operating expenses	1,000	1,571
Other tax effects	-340	12
Off-period tax expense	-428	36
Additional non-domestic taxes	472	-81
Effective tax expense	6,438	5,176

Deferred income taxes

The deferred income tax assets primarily arise from the difference in provisions for pension commitments in accordance with tax laws on the one hand and IFRS on the other. In 2011, deferred income tax expense of EUR 1.966 million (previous year: EUR 1.139 million) was recognized in profit and loss.

Four subsidiaries recognized deferred income tax assets on the unused tax losses of EUR 3.253 million (previous year: EUR 1.703 million). Unused tax losses were available in the year under review at the level of four companies. The forecast for

the next five years indicates that the unused tax losses will be utilized in full. No deferred income taxes were recognized on the unused tax losses of EUR 22.850 million reported by Antwerp Space N.V. In the year under review, non-capitalized tax losses of TEUR 0.829 were utilized.

(9) Non-controlling interests

Non-controlling interests are valued at EUR -0.444 million (previous year: EUR 0.566 million) and relate to 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. There were no comparable rights as of the balance sheet date. Accordingly, there is no difference between basic and diluted earnings per share. The Company's share capital stands at EUR 17,468,096.00. The calculations were based on 17,399,351 shares as the Company held an annual average of 68,745 treasury shares (number of shares at the end of 2010: 17,401,142 shares). The consolidated net profit of EUR 13.523 million net of non-controlling interests was used for calculation purposes. Earnings per share for 2011 came to EUR 0.78 (previous year: EUR 0.55).

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

The balance sheet for the year ending December 31, 2011 includes goodwill of EUR 7.687 million (previous year: EUR 7.687 million) (see table entitled "Goodwill").

Goodwill

in EUR 000s	2011	2010
Goodwill from consolidation of:		
STS Systemtechnik Schwerin GmbH	566	566
Timtec Teldatrans GmbH	115	115
ORBCOMM Deutschland AG	556	556
Telematic Solutions S.p.A. / CGS S.p.A.	801	801
megatel GmbH	646	646
Teilkonzern Kayser-Threde	5,003	5,003
Gesamt	7,687	7,687

Goodwill was tested for impairment at the level of the legal entities (cash generating units as designated in the above table) to which goodwill is assigned. The Telematic Solutions and CGS CGUs were combined in accordance with a resolution passed in 2011 and will constitute a single CGU in the future.

Goodwill underwent impairment testing as of December 31, 2011. No impairments were identified.

The recoverable amount was calculated on the basis of the value in use, which in turn was determined by using a discounted cash flow method. This was based on the forecasts covering a period of five years approved by management for the companies concerned as well as assumed growth rates and EBIT margins in the light of order backlog and historical data as well as annual inflation rates. A pre-tax weighted average cost of capital (WACC) of 9.40% (previous year: 10.70%) was applied for domestic goodwill and of 16.60% (previous year: 14.50%) for non-domestic goodwill. No discount on growth was included in the calculation of the terminal value. Goodwill and other intangible assets are analyzed on pages 72/73.

(11) Property, plant and equipment

Additions in the year under review primarily entailed technical/electronic laboratory equipment, technical equipment and machinery, hardware, operating and business equipment and minor-value assets.

There are unrestricted ownership rights to the remaining assets classed as property, plant and equipment. The depreciation amounts are set out in the consolidated statement of changes in assets. No impairment losses were recognized. The residual carrying amounts of the assets under finance leases stand at EUR 2.195 million (previous year: EUR 0.355 million). Property, plant and equipment are analyzed on pages 72/73.

(12) Shares in associates

This item includes the cost of acquiring the investment in ELTA S.A. Toulouse, plus the share in its profit/loss for the year. The majority shareholder exercises a controlling influence on this entity's business model.

(13) Other financial assets

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

in EUR 000s	2011	2010
Amount on January 1	15,354	10,039
Net fair-value gains/losses recognized in equity	830	143
Changes to consolidated companies	0	-296
Additions	156	6,543
Disposals	-547	-1,075
Amount on December 31	15,793	15,354

The change in fair value recognized within equity relates to the remeasurement of the shares held in ORBCOMM Inc. It was re-measured on the basis of the stock market price of ORBCOMM Inc. as of December 31, 2011 and the USD/EUR exchange rate as of that date. The statement of comprehensive income includes net gains/losses from the measurement of financial assets of EUR 0.830 million.

(14) Receivables and other assets

Receivables and other assets are recognized at amortized cost. Receivables of EUR 2.875 million (previous year: EUR 3.411 million) are due for settlement in more than one year. The carrying amounts of current assets and other receivables primarily match their fair value. Receivables of EUR 110.749 million (previous year: EUR 81.592 million) relate to construction contracts recognized using the percentage-of-completion method.

Receivables and other assets mainly comprise current and non-current loans; there are no material interest or default risks.

As of the balance sheet date, currency forwards worth USD 7.5 million had been transacted to hedge underlying contracts of USD 3.6 million to cover the exports of a consolidated company. The difference is reported as cash flow hedges for expected order receipts in 2012.

Trade receivables are due for settlement in less than one year and are reported at amortized cost, which generally equals their settlement amount net of any adjustments. Reasonable adjustments are made to allow for discernible risks. As of the balance sheet date, impairments of a total of EUR 0.259 million (previous year: EUR 1.215 million) had been recognized.

(15) Inventories

Inventories declined over the previous year to EUR 89.007 million (previous year: EUR 103.939 million). Prepayments received are not netted with inventories.

in EUR 000s	2011	2010
Raw materials and supplies	20,188	20,141
Unfinished goods and services	59,864	77,482
Finished goods and merchandise	3,479	875
Prepayments made	5,476	5,441
Total	89,007	103,939

Prepayments made were allocated to inventories due to their close relationship.

(16) Securities

As of the balance sheet date, the securities portfolio was valued at EUR 8.584 million (previous year EUR 9.527 million). This breaks down as follows: financial assets at fair value through profit or loss EUR 3.058 million (previous year: EUR 3.679 million), available-for-sale financial assets EUR 0 million (previous year: EUR 0.589 million) and loans and receivables EUR 5.334 million (previous year: EUR 5.259 million).

Financial risks primarily comprise liquidity, market price and counterparty default risks. There are no material short-term 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 91.194 million on the balance sheet date (previous year: EUR 83.271 million) and comprised cash in hand and cash at banks. The cash at banks is due within three months and is exposed to only a minimal risk of any change in value.

(18) Subscribed capital

Since September 30, 2009, the Company's issued capital has equaled EUR 17,468,096.00 and is divided into 17,468,096 non-par-value ordinary bearer shares equivalent to a notional share of EUR 1.00 each in the Company's issued capital. There is one vote for each share held.

(a) Contingent capital

At their annual general meeting held on January 23, 2001, the Company's shareholders increased the Company's share capital by approving the issue of a total of EUR 516,404.00 in the form of up to 516,404 bearer shares on a contingent basis. The contingent capital increase is to be used for granting options to entitled persons under the staff compensation system. The contingent capital increase may only be implemented if the holders of such options exercise these. The new shares are dividend-entitled for the first time in the 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 19, 2010, the shareholders passed a resolution authorizing the Company's Management Board – with the Supervisory Board's approval – to raise the share capital once or repeatedly by a total of up to

EUR 8,734,048.00 on a cash or non-cash basis (authorized capital) on or before May 18, 2015. The new shares may also be issued to the Company's employees.

The Company's Management Board was authorized – subject to the Supervisory Board's approval – to exclude the shareholders' subscription rights in the following cases:

- (1) for fractional amounts;
- (2) for part of the authorized capital 2010 up to a maximum of EUR 1,746,809.00 provided that the new shares are issued in return for cash capital contributions at a price not materially less than the stock-market price (Section 186 (3) Sentence 4 of the German Stock Corporation Act);
- (3) for a part of the 2010 authorized capital up to a maximum of EUR 8,734,048.00 provided the new shares

- are issued as consideration for the acquisition of all or part of other companies or entities or other assets and such acquisition is in the interests of the Company provided that such acquisition is in the interests of the Company;
- or are issued 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 19, 2010, 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 May 18, 2015. Upon this authorization taking effect, the authorization granted on May 13, 2009 for the acquisition and utilization of treasury stock was revoked.

a) The Company is authorized to buy back a total of up to 10% of its own share capital in the amount existing as of the date on which the resolution was passed. At no time may the shares acquired by the Company together with other treasury stock already acquired or still held by it or attributable to it in accordance with Sections 71d, 71e of the German Stock Corporation Act exceed more than ten percent (10%) of its share capital.

The authorization may be exercised by the Company in full or in part, once or repeatedly or for different purposes and may also be exercised by dependent companies or companies in which OHB AG holds a majority stake for their account or for third-party account.

The authorization expires on May 18, 2015. The authorization granted by the shareholders in their resolution passed on May 13, 2009 was canceled upon this new authorization taking effect.

b) The acquisition of shares must comply with the equal treatment principle (Section 53a of the Stock Corporation Act) and is executed at the Management Board's discretion either via the

Changes in equity not recognised through the income statement

in EUR 000s	2011			2010		
	before tax	tax effects	net	before tax	tax effects	net
Exchange difference on translating foreign operations	29	0	29	16	0	16
Net gains/losses from the measurement of financial assets recorded under equity	830	0	830	143	0	143
Cashflow Hedges	-235	73	-162	89	-28	61
Total	624	73	697	248	-28	220

stock market (1) or in a public offering addressed to all shareholders (2). In the second case, the provisions of the Securities Acquisition and Transfer Act must be observed where applicable.

(1) If the Company buys back its own shares via the stock market, the purchase price paid per share (net of 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.

(2) If the Company buys back its own shares in a public offering addressed to all shareholders, the purchase price paid per share (net of 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 fifth, fourth and third trading days prior to the publication of the offer. If such a public offering is oversubscribed, the shares must be bought back on a quota system. Provision may be made for the preferred acceptance of a lower volume of up to 100 shares offered per shareholder and rounding in accordance with commercial provisions.

c) The Management Board is authorized to utilize the treasury stock acquired through the exercise of the authorization mentioned above for all purposes permitted by law, including but not limited to the following:

(1) Acting with the approval of the Supervisory Board it may use the treasury stock to have the Company's stock traded on foreign stock exchanges to which it has hitherto not been admitted.

(2) Subject to the approval of the Supervisory Board, it may offer or transfer the treasury stock 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.

(3) It may offer the treasury stock 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.

(4) Acting with the approval of the Supervisory Board, it may redeem the treasury stock without any need for a resolution of the shareholders approving such redemption or related activities.

d) The Management Board is authorized - subject to the approval of the Supervisory Board and without any obligation for a further resolution to be passed by the shareholders - to sell the treasury stock acquired in accordance with the above authorization or in any other manner either publicly or in the form of an offer to 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. For the purposes of the above rule, 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. The maximum of 10% is reduced by the prorated share in the share capital accounted for by shares which are issued during the term of this authorization as part of an equity issue in which pre-emptive shareholder rights are excluded in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act. The volume covered by the authorization is also reduced by an amount equaling the prorated share in the share capital accounted for by conversion and/or option rights under bonds issued since the date on which this authorization takes effect in connection with which pre-emptive shareholder rights are excluded in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act.

e) The aforementioned authorizations may be utilized once or repeatedly, in part or in full, individually or jointly.

f) The shareholders' pre-emptive subscription rights with respect to the Company's treasury stock are excluded in cases in which it is used in accordance with the authorizations described in c) (1) - (3) and d) above.

(19) Share premium

The share premium primarily comprises the cash proceeds from the stock-market flotation.

(20) Retained earnings

Retained earnings includes 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. on the basis of the stock price on the balance sheet date net of the carrying amounts. This adjustment was recognized within equity.

It also includes gains and losses from cashflow hedges.

This entails currency forwards with a fair value of EUR 0.062 million and a term of a maximum of twelve months. In the year under review, no provisions which had been set aside in earlier years were released to profit and loss or netted against acquisition costs. It also includes the foreign currency translation differences arising in connection with independent subsidiaries.

(22) Treasury stock

On September 13, 2010, the Management Board of OHB AG decided to implement a stock buyback program and to acquire up to 250,000 of the Company's shares in accordance with a resolution passed by the shareholders at the annual general meeting on May 19, 2010. Upon this authorization taking effect, the authorization granted on May 13, 2009 for the acquisition and utilization of treasury stock was revoked. The purpose of the treasury stock is to place the Company's shares in foreign stock markets, to pay for the acquisition of other companies, parts of companies or shares in such companies and to issue shares to the Company's employees. The Company has been buying back shares on the stock market floor since September 14, 2011.

As of December 31, 2011, OHB AG's treasury stock comprised a total of 80,496 shares, equivalent to 0.46% of its issued capital, an increase of 13,542 over December 31, 2010 due to the aforementioned stock buyback program; the average price per share paid stands at EUR 11.0145.

(23) Non-controlling interests

The non-controlling interests are valued at EUR 10.580 million (previous year: EUR 11.069 million) and relate to the co-shareholders in the MT Aerospace subgroup and megatel GmbH.

(24) Provisions for pensions and similar obligations.

Provisions for pensions and similar obligations break down as follows:

in EUR 000s	2011	2010
Pensions	79,843	71,759
Similar obligations	1,833	2,533
Provisions for pensions and similar obligations	81,676	74,292

OHB Group has made arrangements for post-retirement benefits for entitled employees in both business units.

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 retirement benefits.

Reinsurance has been taken out to cover retirement benefit obligations. Not all of these reinsurance policies satisfy the conditions for classification as plan assets. The latter are reported within other non-current assets. The reinsurance policies which satisfy the conditions for classification as plan assets are netted with the retirement benefit obligations.

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: 5.00% (previous year 5.00%)
- Estimated future salary/wage increase: 3.00% (previous year 3.00%)
- Wage drift: 0.00% (previous year 0.00%)
- Estimated future pension increase: 2.00% (previous year 2.00%)

The following alternative actuarial assumptions apply to the subsidiary Antwerp Space:

- Discount rate: 4.50% (previous year 4.30%)
- Estimated future salary/wage increase: 3.00% (previous year 3.00%)
- Estimated future pension increase: 2.00% (previous year 2.00%)
- Expected return on plan assets: 4.00% (previous year 4.00%)

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:

in EUR 000s	2011	2010
Current service cost	1,070	929
Interest cost	4,175	3,789
Expect income (-) from plan assets	-276	-66
Amortized actuarial gains (-)/losses (+)	-12	-23
Total	4,957	4,629

The present values of the defined benefit obligations changed as follows:

in EUR 000s	2011	2010
Present value of the defined benefit obligations on January 1	80,433	68,709
Changes to consolidated companies	7,057	6,257
Present value of the entitlement acquired in the year	1,338	929
Interest expenditure on entitlement already acquired	3,907	3,789
Payments from provisions	-4,247	-3,973
Actuarial gains (-)/losses (+)	-1,731	4,722
Present value of the defined benefit obligations on December 31	86,757	80,433

The plan assets break down as follows

in EUR 000s	2011	2010
Value of plan assets on January 1	7,053	0
Changes in the companies consolidated	0	7,056
Payments received	0	301
Payments made	-488	-640
Expected income	276	66
Actuarial gains (+)/losses(-)	-162	269
Value of plan assets on December 31	6,679	7,053

Actual income from plan assets came to EUR 0.114 million (previous year: EUR 0.336 million).

The present value is reconciled with the defined benefit (defined benefit liability (+)/defined benefit asset (-)) as follows:

in EUR 000s	2011	2010
Actual present value of the defined benefit obligation on December 31	86,757	80,433
Fair value of plan assets	-6,679	-7,053
Unrecognized actuarial gains (+)/losses (-)	-791	-2,350
Bilanzierte Vermögenszusage	79,287	71,030

The pension obligation breaks down into a defined benefit liability and defined benefit asset as follows:

in EUR 000s	2011	2010
Defined Benefit Asset	-556	-729
Defined Benefit Liability	79,843	71,759

Statement of changes in provisions

in EUR 000s	Balance on December 31, 2010	Added	Utilized	Released	Balance	Changes to consolidated companies	Balance on December 31, 2011
Pension provisions	74,292	5,042	4,162	0	-589	7,057	81,676
- of which non-current	74,292	5,042	4,162	0	-589	7,057	81,676
Other provisions	18,768	15,824	13,913	3,177	-5,205	11,568	23,865
- of which non-current	2,442	1,667	2,373	224	-3,256	5,231	3,487
Total	93,060	20,866	18,039	3,177	-5,794	18,625	105,541

The present values 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, EUR 65.629 million as of December 31, 2007, EUR 65.357 million as of December 31, 2008, EUR 68.709 million as of December 31, 2009, EUR 73.380 million as of December 31, 2010 and EUR 80.078 million as of December 31, 2011.

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 changes in the present value of the defined benefit obligations and plan assets caused by changes in the companies consolidated are due to the first-time consolidation of Aerotech Peissenberg GmbH & Co. KG in the "Aerospace + Industrial Products" business unit as of March 1, 2011 and the first-time consolidation of Antwerp Space N.V. as of August 1, 2010. The present value of the defined benefit obligations of EUR 0.781 million (previous year: EUR 0.768 million) was calculated in accordance with the entry age normal method.

The fractional values are computed using actuarial principles on the basis of the 2005 G biometric tables compiled by Prof. Dr. Klaus Heubeck and an interest rate of 4.4% to 5.1%. 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.

(25) Other provisions (current and non-current)

Non-current provisions primarily comprise provisions for reduced pre-retirement working hour obligations in the "Aerospace + Industrial Products" business unit. Current provisions of EUR 5.250 million (previous year EUR 5.598 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 of EUR 9.565 million (previous year: EUR 8.165 million).

(26) Non-current financial liabilities

This mostly entails non-current liabilities towards banks owed by the Italian subsidiary CGS S.p.A. in an amount of EUR 40.748 million (previous year: EUR 42.044 million). These liabilities are due for settlement in more than twelve months after the bal-

ance sheet date. The average interest rate on these liabilities stands at 3.24%.

(27) Non-current prepayments received

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

(28) Current financial liabilities

This mostly entails current liabilities towards banks and operating leases held by MT Aerospace AG (EUR 10.256 million), Aerotech Peissenberg GmbH & Co. KG (EUR 5.126 million) and the Italian subsidiary CGS S.p.A. (EUR 2.993 million). The related lease liabilities stand at EUR 2.485 million.

(29) Trade payables

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

(30) Current prepayments received

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

(31) Other current liabilities

These primarily entail personnel-related obligations.

Additional disclosures on financial instruments

Originated financial assets primarily comprise other financial assets, receivables, securities available for sale and held to maturity and cash and cash equivalents. The available-for-sale and held-for-trading financial assets are reported at their fair value and the other financial assets 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.

Carrying amounts of financial instruments by type in 2011

in EUR 000s	Financial assets	Trade receivables	Other receivables and assets	Securities and cash and cash equivalents	Total
Held-to-maturity assets (HtM)	0	0	0	0	0
Loans and receivables (LaR)	0	186,687	20,439	91,385	298,511
Available-for-sale assets (AfS)	15,794	0	0	0	15,794
Trading assets (FAHfT)	0	0	0	3,058	3,058

in EUR 000s	Financial liabilities	Trade payables	Advance payments received on orders	Other liabilities	Total
Financial liabilities measured at amortised cost (FLAC)	63,000	95,088	122,374	15,418	295,880
Trading liabilities (FLHfT)	0	0	0	0	0

Carrying amounts of financial instruments by type in 2010

in EUR 000s	Financial assets	Trade receivables	Other receivables and assets	Securities and cash and cash equivalents	Total
Held-to-maturity assets (HtM)	0	0	0	0	0
Loans and receivables (LaR)	0	140,087	18,184	83,271	241,542
Available-for-sale assets (AfS)	4,321	0	0	589	4,910
Trading assets (FAHfT)	0	0	0	3,679	3,679

in EUR 000s	Financial liabilities	Trade payables	Advance payments received on orders	Other liabilities	Total
Financial liabilities measured at amortised cost (FLAC)	47,194	67,429	132,480	11,218	258,321
Trading liabilities (FLHfT)	0	0	0	0	0

Net gains/losses by category in 2011

in EUR 000s		Historical cost	Fair value	Net fair-value gains/losses recognized in equity	Net profit/loss for the period
Financial assets at fair value through profit and loss	FAFVPL	3,322	3,058	0	29
of which financial instruments designated using the fair value option		0	0	0	0
of which held for trading		3,322	3,058	0	29
Held-to-maturity financial assets	HtM	0	0	0	0
Loans and receivables	LaR	298,511	298,511	9	75
Available-for-sale financial assets	AfS	17,662	15,794	830	0
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	295,880	295,880	0	0

Net gains/losses by category in 2010

in EUR 000s		Historical cost	Fair value	Net fair-value gains/losses recognized in equity	Net profit/loss for the period
Financial assets at fair value through profit and loss	FAFVPL	14,943	14,713	0	-14
of which financial instruments designated using the fair value option		0	0	0	0
of which held for trading		3,909	3,679	0	-14
Held-to-maturity financial assets	HtM	0	0	0	0
Loans and receivables	LaR	241,542	241,542	89	88
Available-for-sale financial assets	AfS	8,062	4,910	143	3
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	190,187	190,187	0	0

Liquidity risks**Loan settlement periods**

in EUR 000s	Less than one year	One to two years	Three to five years	More than five years	Total
Non-current financial obligations	0	34,435	5,990	4,039	44,464
Non-current prepayments received	0	21,205	44,552	0	65,757
Current financial liabilities	18,536	0	0	0	18,536
Trade payables	95,089	0	0	0	95,089
Current prepayments received on orders	50,538	6,079	0	0	56,617
Tax liabilities	5,293	0	0	0	5,293
Other current liabilities	10,125	0	0	0	10,125
Total	179,581	61,719	50,542	4,039	295,881

The OHB Group does not have any financial liabilities whose conditions are contingent upon certain financial covenants being observed or reached.

The historical cost of loans and receivables mostly equals their fair value (nominal amount less any impairment). The fair value of financial liabilities at amortized cost is derived from their discounted settlement amounts. Otherwise, fair values are determined by reference to listed prices.

In October 2008, the IASB released revisions to IAS 39 "Financial Instruments: Recognition and Measurement", and IFRS 7, "Financial Instruments: Disclosures" entitled "Reclassification of Financial Assets". The revisions to IAS 39 permit reclassification of non-derivative financial assets recognized as financial assets at fair value through profit or loss in certain circumstances. The revisions to IAS 39 and IFRS 7 take retroactive effect as of July 1, 2008. The Company identified securities to which these revisions may apply as those which it clearly did not intend to sell and which were to be held to maturity as of July 1, 2008. These securities were previously recognized as "held for trading" and are now categorized as "loans and receivables".

As of December 31, 2011, these securities were valued at EUR 5.334 million (previous year: EUR 5.259 million) in accordance with IAS 39 and IFRS 7. The effective interest rates of these securities are between 2% and 6% with an expected cash flow of EUR 5.655 million. Interest income of EUR 0.075 million was recorded on these securities due to the application of the effective interest method. The fair value of these securities stood at EUR 5.318 million as of the balance sheet date.

Credit risks

Credit risks are generally low, the portfolio of receivables is broadly diversified (no risk clustering) and business is transacted only with investment-grade counterparties.

Currency risks

The USD/EUR exchange rate influences income in aviation business. All orders and receivables denominated in US dollars have been hedged by means of currency forwards for 2012.

In the "Space Systems" business unit, only a single contract is exposed to the USD exchange rate. The budget for 2012 assumes an exchange rate of USD/EUR 1.32. If the exchange rate increased by USD 0.10 over the end-of-year exchange rate, this would cause the planned income to drop by EUR 0.181 million.

Interest risks

Generally speaking, investments with low interest rates are preferred so as to avert interest risks and are subject to normal market fluctuation. One non-domestic Group member has credit facilities of EUR 41 million with various banks as of the balance sheet date.

Depending on the extent of utilization, these facilities are subject to normal market fluctuation in interest rates. Assuming average utilization of a maximum of EUR 39 million, a change by one percentage point in the interest rate would result in additional expenditure of EUR 0.390 million.

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

Segment reporting

in EUR 000s	Space Systems		Aerospace + Industrial Products	
	2011	2010	2011	2010
Sales	363,114	286,325	200,816	147,352
of which internal sales	228	144	8,013	8,085
Total revenues	368,520	304,820	195,264	152,986
Cost of materials and services purchased	241,997	213,187	89,448	70,466
EBITDA	31,020	18,290	12,103	11,082
Depreciation and amortization	5,922	5,218	9,907	5,735
EBIT	25,098	13,072	2,197	5,347
Non-current assets	40,736	40,304	72,669	55,867
Current assets	279,480	205,375	206,986	189,619
Total assets	320,216	245,679	279,656	245,486
Equity	46,800	37,946	31,964	33,780
Liabilities	273,416	207,733	247,692	211,706
Total equity and liabilities	320,216	245,679	279,656	245,486
Investments net of financial assets	8,100	7,426	7,197	5,106

X. OTHER DISCLOSURES

Segment report

IFRS 8 stipulates that operating segments are to be defined on the basis of internal segment reporting which is regularly reviewed by the Company's chief operating decision maker with respect to the allocation of resources to these segments and the assessment of their profitability. The main management ratios used within the OHB Group are total revenues and EBIT.

Information reported to the Management Board as the chief operating decision maker for the purposes of allocating resources to the Company's segments as well as the assessment of their profitability mostly covers the types of goods and services which are produced or provided.

The Group comprises the following reportable segments as defined in IFRS 8:

- Space Systems
- Aerospace + Industrial Products

The "Space Systems" segment chiefly develops and executes space projects. The "Aerospace + Industrial Products" segment

is primarily responsible for fabricating aviation and space products as well as other industrial activities.

The segments are described in detail in the management report. The segments were redefined in 2011. The figures for the previous year have been adjusted accordingly. Segment income, expenses and earnings also entail business relations between the business units. These transfers were netted in full. The measurement principles applied in segment reporting are identical to those applied in the preparation of the consolidated financial statements. The holding company is shown separately as most of the equity interests are held on this level. OHB 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 finance income/expense (EUR 0.031 million). The carrying amount of the investment in ELTA S.A. of EUR 1.926 million was allocated to the holding company's assets. As of December 31, 2011, ELTA S.A. had assets of EUR 32.893 million, equity of EUR 5.666 million and debt capital of EUR 25.937 million. ELTA S.A. reported net profit for 2011 of EUR 0.264 million. As OHB holds less than 50% of the voting rights in ELTA S.A., it is not able to exercise any material influence on this company.

Pro-forma income statement for 2011

in EUR 000s	Group structure (old)	Aerotech Peissenberg GmbH & Co. KG	OHB Sweden AB	Negative goodwill	Group structure (new)
Sales	507,363	49,660	4,788	0	561,811
Total revenues	495,895	58,603	7,852	181	562,531
Cost of materials and services purchased	293,162	29,912	3,814	0	326,888
Depreciation and amortization	11,908	4,477	25	0	16,410
EBIT	28,483	-3,725	918	181	25,857
EBT	22,423	-5,327	920	181	18,197

Holding company		Consolidation		Total	
2011	2010	2011	2010	2011	2010
0	0	-8,241	-8,229	555,689	425,448
0	0	-8,241	-8,229	0	0
3,881	8,460	-12,373	-12,942	555,292	453,324
0	0	-7,789	-8,037	323,656	275,616
-22	4,317	0	-1	43,101	33,688
48	57	-51	-52	15,826	10,958
-70	4,260	51	51	27,276	22,730
41,722	40,903	-28,601	-30,055	126,526	107,019
18,097	17,075	-77,046	-52,692	401,714	359,377
59,819	57,978	-105,647	-82,747	528,239	466,396
54,326	53,767	-19,465	-20,323	113,577	105,170
5,492	4,211	-86,182	-62,424	414,662	361,226
59,819	57,978	-105,647	-82,747	528,239	466,396
22	51	0	0	15,319	12,583

Sales (non-consolidated) break down by product group as follows:

in EUR 000s	2011	2010
Space technology	505,578	405,848
Aviation	52,556	7,953
Antennas	28,828	23,638
Automotive	375	2,794
Process control technology	4,710	4,280
Telematics	4,205	5,618
Total	596,251	450,131

OHB AG's non-consolidated sales break down by region (location of customer) as follows:

in EUR 000s	2011	2010
Germany	171,199	80,837
Rest of Europe	418,634	358,488
Rest of the world	6,418	10,806
Total	596,251	450,131

With sales of EUR 143.475 million, a single customer in the "Space Systems" segment accounts for more than 10% of the OHB Group's total sales.

Non-current assets with a carrying amount of EUR 110.966 million (previous year: EUR 91.755 million) are located in Germany and those with a carrying amount of EUR 29.571 million (previous year: EUR 28.484 million) are located in other countries.

Notes on the cash flow statement

Reference should be made to the notes on acquisitions with respect to the purchase price paid for Aerotech Peissenberg GmbH & Co. KG and OHB Sweden AB. Cash and cash equivalents of EUR 1.776 million entered the OHB Group on the date of first-time consolidation. Liquidity comprises cash and cash equivalents as of December 31, 2011.

Other financial obligations

Other financial obligations under leases are valued at EUR 47.947 million (previous year: EUR 47.869 million); of this, an amount of EUR 10.459 million (previous year: EUR 9.952 million) is due for settlement in less than one year, an amount of EUR 29.965 million (previous year: EUR 32.318 million) in one to five years and an amount of EUR 7.523 million (previous year: EUR 5.599 million) in more than five years. Operating leases entail financial obligations of EUR 1.241 million (previous year: EUR 12.879 million) due for settlement in one to five years; an amount of EUR 0.502 million (previous year: EUR 3.239 million) is due for settlement in less than one year. There are no operating leases with a term of more than five years.

The main operating leases are for buildings and have a term of one to five years. There are no purchase options.

Following the transfer of business activities held by a Group company to a subsidiary, other financial obligations of EUR 69.705 million (previous year: EUR 69.705 million) due for settlement in less than five years have arisen in the form of letters of comfort.

There are no other obligations necessitating an outflow of resources. No use was made of financial derivatives. OHB 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 0.371 million. Moreover, Aerotech Peissenberg GmbH & Co. KG has issued a declaration of subordination in favor of its subsidiary Aerotech CZ for its own receivables of EUR 0.977 million. As of the balance sheet date, there were obligations under guarantees of EUR 22.985 million (previous year: EUR 27.202 million). OHB AG issued letters of comfort as collateral for current account facilities of a total of EUR 12.0 million granted to a Group member.

As of the balance sheet date, these current account facilities had not been utilized. Pledges on land and buildings with residual carrying amounts of EUR 24.026 million have been provided as collateral for loans of EUR 10 million at the level of one Group company. In the case of a further subsidiary, pledges on land and buildings with residual carrying amounts of EUR 6,310 million have been provided as collateral for loans of EUR 3.713 million.

OHB AG has issued a letter of comfort in favor of a customer for the completion of two projects by Group members.

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.

Employees

The average head count stood at 2,278 in the year under review (previous year: 1,615).

XI. MANAGEMENT BOARD AND SUPERVISORY BOARD

The Company's Management Board comprises:

- Mr. Marco R. Fuchs, Lilienthal, chairman
- Prof. 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 Beteiligungs-GmbH, 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 in 2011:

- Mr. Marco R. Fuchs, ZARM Technik AG, Bremen, member of the supervisory board; MT Aerospace AG, Augsburg, chairman of the supervisory board (Group mandate); ORBCOMM Inc. Fort Lee, NJ, United States, member of the board of directors (Group mandate); CGS S.p.A., Milan, Italy, member of the board of directors (Group mandate); Telematic Solutions S.p.A., Milan, Italy, member of the board of directors (Group mandate)
- Prof. Dott. Ing. h.c. Manfred Fuchs, OHB System AG, Bremen, chairman of the supervisory board (Group mandate); MT Aerospace AG, Augsburg, member of the supervisory board (Group mandate); CGS S.p.A., Milan, Italy, president of the board of directors (Group mandate); Telematic Solutions S.p.A., Milan, Italy, member of the board of directors (Group mandate)
- Mrs. Christa Fuchs, ORBCOMM Deutschland Satellitenkommunikation AG, Bremen, chairwoman of the supervisory board (Group mandate); Cosmos Space Systems AG, Bremen, chairwoman of the supervisory board (Group mandate); CGS S.p.A., Milan, Italy, member of the board of directors (Group mandate)
- Prof. Dr. Ing. Hans J. Rath, ZARM Technik AG, Bremen, chairman of the supervisory board

Securities held by members of the Company's Management Board and Supervisory Board

as of December 31, 2011	Shares	+/- 2011/10
Christa Fuchs, Chairwoman of the Supervisory Board	1,500,690	-
Professor Heinz Stoewer, Member of the supervisory board	1,000	-
Marco R. Fuchs, Chairman of the Management Board	2,684,796	-
Professor Manfred Fuchs, member of the Management Board	3,763,064	-
Ulrich Schulz, member of the Management Board	54	-

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

At their meeting of April 5, 2011, 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. Aerotech Peissenberg GmbH & Co. KG makes use of the exemption to disclose its annual financial statements in accordance with Section 264 b of the German Commercial Code.

Related parties disclosures

The related parties as defined in IAS 24 are Mrs. Christa Fuchs, Prof. Dott. Ing. h.c. Manfred Fuchs, Marco R. Fuchs, Ulrich Schulz, Dr. Fritz Merkle, Frank Negretti, Jürgen Breitkopf, Lanfranco Zucconi, Hans J. Steininger, Dr. Wolfgang Konrad and Ralf Paschetag. 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
- OHB Grundstücksgesellschaft, Karl-Ferdinand-Braun-Straße GmbH & Co. KG, Bremen
- VOLPAIA Beteiligungs-GmbH, Bremen
- Apollo Capital Partners GmbH, Munich
- Immobiliare Gallarate 150 s.r.l., Milan
- 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 0.01 million (previous year: EUR 0.003 million) arose from transactions with related parties, while expenditure on goods and services purchased and rentals came to around EUR 4.318 million (previous year: EUR 4.113 million) at Group companies. Outstanding receivables as of the balance sheet date were valued at EUR 0.087 million (previous year: EUR 0.075 million). As of December 31, 2011, there were liabilities of EUR 0.481 million (previous year: EUR 0.362 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 Article 161 of the Joint Stock Companies Act

The Management Board and the Supervisory Board have published the declaration required pursuant to Section 161 of the German Stock Corporation Act confirming that save for a few small exceptions (see Corporate Governance on page 66–67) the Group already conforms to the German Corporate Governance Code and will continue to do so in the future. The declaration of conformance is available on the Internet at: <http://www.ohb.de/investor-relations/corporate-governance/entsprechenserklaerung.html>

Allocation of earnings

The parent-company financial statements prepared for OHB AG pursuant to German GAAP (HGB) for the year ending December 31, 2011 carry net profit for the year of EUR 16,223,689.65. OHB AG exercises the function of an active holding company. Its main assets comprise investments which were carried at a value of EUR 43.116 million on the balance-sheet date. OHB AG's equity stood at EUR 55.461 million on December 31, 2011. The Company's single-entity financial statements carry cash and cash equivalents of EUR 0.768 million. Income of EUR 7.550 million under profit transfer agreements made a particular contribution to net income for fiscal 2011.

The Management Board will be asking the shareholders to pass a resolution providing for the Company's unappropriated surplus of EUR 16,223,689.65 for 2011 to be allocated as follows. The figures stated for the total dividend and the amount to be carried forward are based on the number of dividend-entitled shares as of the date of the Management Board's allocation proposal.

Pursuant to Section 71b of the German Stock Corporation Act, the Company's treasury stock (80,496 shares) as of the balance sheet date is not dividend-entitled. If the number of shares held as treasury stock on the date on which the shareholders pass a resolution adopting the proposal for the allocation of the Company's unappropriated surplus is greater or smaller than on the 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.

Allocation of earnings

in EUR	2011
Dividend of EUR 0.35 proposed for each dividend entitled share (17,387,600 shares)	6,085,660.00
Amount to be carried forward	10,138,029.65
Unappropriated surplus	16,223,689.65

Compensation

As a matter of principle, 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 66).

The total compensation paid to the members of the Management Board for 2011 came to EUR 1.309 million (previous year: EUR 1.382 million). The total compensation paid to mem-

bers of the Supervisory Board for 2011 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 0.117 million (previous year: EUR 0.117 million) for her advisory services for members of the OHB Group in the year under review. Prof. Heinz Stoewer (previous year: EUR 0) and Prof. Hans J. Rath (previous year: EUR 0) did not receive any fees for the provision of consulting services in the year under review.

Auditor fees and services

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

- Auditing of the annual financial statements: EUR 0.249 million (previous year: EUR 0.173 million)
- Tax consulting services: EUR 0.091 million (previous year: EUR 0.094 million)
- Other services: EUR 0.023 million (previous year: EUR 0.01 million).

Events after the balance sheet date

On February 2, 2012, the syndicate comprising OHB System AG and Surrey Satellite Technology Ltd., Guildford, UK, (SSTL) was awarded a contract to build and test a further eight satellites for the EU-funded European satellite navigation system Galileo*. The contract is worth around EUR 256 million. Accordingly, OHB System is the prime contractor for the construction of what is now a total of 22 satellites for the system and is responsible for developing the satellite bus and for integrating the satellites. The 22 satellites will undergo final assembly in Bremen.

The consolidated financial statements were approved by the Management Board for publication after the Supervisory Board's meeting of March 14, 2012.

The Management Board
Bremen, March 13, 2012



Marco R. Fuchs



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



Ulrich Schulz

* see Glossary

XII. AUDITOR'S CERTIFICATE

"We have audited the consolidated financial statements prepared by OHB AG, comprising the balance sheet, statement of comprehensive income, income statement, cash flow statement, statement of equity movements and notes, as well as the Group management report for the financial year commencing on January 1, 2011 and ending on December 31, 2011. The preparation of the consolidated 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 (1) HGB are the responsibility of the Company's statutory representatives. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report on the basis of our audit.

We conducted our audit of the consolidated 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 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 assessing the annual financial statements of the companies included in the consolidation, the definition of the companies to be included in

consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives as well as evaluating the overall presentation of the consolidated financial statements. 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 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 (1) HGB 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 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 13, 2012
BDO AG Wirtschaftsprüfungsgesellschaft

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, to-

gether with a description of the principal opportunities and risks associated with the expected development of the Group.

The Management Board
Bremen, March 13, 2012

Contact information

OHB AG

Karl-Ferdinand-Braun-Str. 8
28359 Bremen, Germany

Marco R. Fuchs
Chairman of the Management Board

Michael Vér
Investor Relations
Phone: +49 (0) 421 2020-727
Fax: +49 (0) 421 2020-613
ir@ohb.de

www.ohb.de

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CNES, Paris, France
DECKEL MAHO Pfronten GmbH, Pfronten, Germany
ESA, Paris, France (P. Baudon, P. Carril, S. Corvaja,
J. Huart, D. Ducros, Optique Vidéo du CSG, M. Pedoussaut,
The Light Works)
fotoetage (Alasdair Jardine, Kay Michalak, Michael Jungblut),
Bremen/Berlin, Germany
Haslob Kruse + Partner Architekten BDA, Bremen, Germany
INAF Observatorio Astronomico di Cagliari (Gianni Alvito),
Capoterra, Italy
Kayser-Threde GmbH, Munich, Germany
MT Aerospace AG, Augsburg, Germany
MT Aerospace Satellite Products Ltd., Wolverhamptom, GB
NASA, Washington, USA (Jim Ross, Carla Thomas,
Tom Tschida)
OHB AG, Bremen, Germany
OHB Sweden AB, Solna, Sweden
OHB System AG, Bremen, Germany
OHB Teledata GmbH, Bremen, Germany
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◀ Glossary

Calendar of events in 2012

Annual press conference and release of annual report for 2011, Bremen	March 15
Analyst conference, Frankfurt/Main	March 15
3 month report/analyst conference call	May 16
Annual general meeting, Bremen	May 16
6 month report/analyst conference call	August 9
9 month report/analyst conference call	November 8
Analyst presentation at Deutsches Eigenkapitalforum, Frankfurt/Main	November 12–14

Glossary

AIS Automatic Identification System; radio-based system for identifying the location and parameters of larger ships

ALMA Atacama Large Millimeter Array; a telescope system in the Andes comprising a total of 66 mobile antennas each with a diameter of 12 meters

AMS Alpha Magnetic Spectrometer; magnetic spectrometer for investigating cosmic radiation

AQAP Allied Quality Assurance Publications; series of standards developed by NATA from the military standard for quality assurance systems

ARTES-7 Long-term ESA plan for developing a European communications satellite network using the latest laser communications

ARTES-11 Long-term ESA plan for the development of a European satellite platform for communications and multimedia applications

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

BMBVS German Federal Ministry of Traffic, Construction and Urban Development

BMVg German Federal Ministry of Defense

BMWi German Federal Ministry of Economics and Technology

BWB German Federal Office of Defense Technology and Procurement

CDR Critical design review

CFRP Carbon fiber-reinforced plastic

CNES Centre national d'études spatiales; French space agency

COLUMBUS Name of the European module of the International Space Station

DARA German Agency for Space Matters (1989 – 1997)

DBO Defined benefit obligation

DEKRA Testing body for determining the roadworthiness of vehicles, certification services, safety checks and examination of technical equipment

DLR Deutsches Zentrum für Luft- und Raumfahrt; German Space Agency

EBIT Earnings before interest and taxes

EBITDA Earnings before interest, taxes, depreciation and amortization

EBT Earnings before taxes

EDRS European Data Relay Satellite System; system for implementing a data network in space using optical satellite communications

EnMAP Environmental Mapping and Analysis Program; satellite for hyperspectral terrestrial observation

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

EPS Earnings per share

ESA European Space Agency

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

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

EU European Union

ExoMars Mars exploration mission

R+D Research and development

FOC Full operational capability; final satellite configuration for the operation of a system

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

Galileo The Full Operational Capability phase of the Galileo programme is managed and fully funded by the European Union. The Commission and ESA have signed a delegation agreement by which ESA acts as design and procurement agent on behalf of the Commission. The views expressed in this Press Release can in no way be taken to reflect the official opinion of the European Union and/or ESA. "Galileo" is a trademark subject to OHIM application number 002742237 by EU and ESA.

GMES European initiative for the global monitoring for environment and security

IAS International Accounting Standards

IATA International Air transport Association

IFRS International Financial Reporting Standards

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

IOV In-orbit verification

ISS International Space Station

LEO Low earth orbit

MTG Meteosat Third Generation; program to develop, build and launch third-generation weather satellites

NADCAP, National Aerospace and Defense Contractors Accreditation Program; certification of special aviation, space and defense processes

NASA National Aeronautics and Space Administration; US space agency

OEM Original equipment manufacturer

REACH Registration, Evaluation, Authorization of Chemicals; EU chemicals regulation

RoHS Restriction of the use of certain hazardous substances; EU directive to limit the use of certain dangerous materials in electrical and electronic devices

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

SmallGEOs Small geostationary satellites for telecommunications and multimedia applications

SRT Sardinia Radio Telescope (diameter of 64 meters)

Telematics A system linking telecommunications and IT

TET Technology mule; core element of the national "On-Orbit Verification of New Techniques and Technologies" project

ZARM Center of Applied Space Technology And Micro-gravity at Bremen University

OHB AG

Karl-Ferdinand-Braun-Str. 8
28359 Bremen, Germany

Phone: +49 (0)421 2020-8

Fax: +49 (0)421 2020-613

ir@ohb.de

www.ohb.de