

Annual Report 2010

010

OHB Technology AG in Figures

The Group	in EUR 000s				
	2010	2009	2008	2007	2006
Revenues	425,448	287,164	232,473	218,801	163,147
Total revenues	453,323	321,818	260,029	223,340	185,699
EBITDA	33,688	31,659	28,736	25,903	27,936
EBIT	22,730	20,771	18,708	17,486	20,428
EBT	15,384	18,039	16,092	18,373	21,982
Net income for the period	9,642	14,860	8,998	12,478	12,016
Earnings per share (EUR)	0.55	0.96	0.61	0.84	0.81
Total assets	466,396	441,905	328,104	315,011	287,494
Equity	105,170	98,125	81,362	81,541	79,104
Cash flow from operating activities	42,123	32,596	9,353	4,382	-6,511
Equity investments	19,126	14,681	16,260	20,053	6,876
thereof capital spending	6,543	120	1,520	4,331	1,378
Employees on December 31	1,677	1,546	1,284	1,189	823

The Stock	in EUR 000s				
	2010	2009	2008	2007	2006
Closing price	16.60	11.20	8.00	13.59	11.55
Year high	18.34	11.35	13.92	15.45	11.89
Year low	11.50	5.85	4.82	9.65	7.40
Market capitalization at year-end	290 million	196 million	119 million	203 million	172 million
Number of shares	17,468,096	17,468,096	14,928,096	14,928,096	14,928,096

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The OHB Group at a glance



THE GROUP

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

Business units and subsidiaries

Space Systems + Security		
100 %	OHB-System AG, Bremen, Germany	
Payloads + Science		
100 %	Kayser-Threde GmbH, Munich, Germany	
Space International		
100 %	Carlo Gavazzi Space S.p.A., Milan, Italy	
100 %	LUXSPACE Sàrl, Betzdorf, Luxembourg	
100 %	Antwerp Space N.V., Antwerp, Belgium	

Space Systems + Security

This business unit's activities encompass satellites, human spaceflight, exploration and security/reconnaissance technologies. It develops and builds low-orbit and geostationary small satellites for science, navigation, communications and earth observation. The human space flight segment includes work on constructing the International Space Station ISS and fitting it out with research equipment. Exploration primarily entails research of outer space. Reconnaissance satellites and broadband radio transmission of imaging data form the core of the security and reconnaissance activities.

Payloads + Science

This business unit specializes in developing and implementing payloads, scientific equipment and devices for aeronautics/aerospace, research institutes and industry. Applications range from earth observation and satellite navigation to scientific payloads for exploration and the ISS as well as technology testing.

Space Transportation International

This business unit comprises and integrates all non-German activities in connection with the construction of micro and mini-satellites and ground segments, human and unmanned space flight systems and scientific payloads.


Space Transportation + Aerospace Structures


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

Telematics + Satellite Operations

The Telematics business unit develops comprehensive solutions for the efficient management of transportation activities. The main focus of its activities is on OEM solutions for commercial vehicle producers, applications for government agencies and security organizations as well as geographical information systems and web-based database solutions. This business unit is also responsible for marketing ORBCOMM satellite services across Europe.

Space Transportation + Aerospace Structures


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


100% **MT Mechatronics GmbH,** Mainz,
Germany 


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

100% **MT Aerospace Satellite Products Ltd.,**
Wolverhampton, UK 

Telematics + Satellite Operations

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

74,9% **megatel GmbH,**
Bremen, Germany 

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

**Ulrich Schulz,**

born in 1951, degree in engineering, Member of the Management Board since 2000, COO Telematics of OHB Technology AG

Marco R. Fuchs,

born in 1962, attorney, Member of the Management Board since 2000, Chief Executive Officer of OHB Technology AG

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

born 1938, degree in engineering, Member of the Management Board since 2002, COO Space Technology of OHB Technology AG

Dear shareholders, customers and business associates,

2010 was the most successful year in the OHB Group's history, which spans almost 30 years. The figures achieved for 2010 confirm this outstanding performance and our ongoing growth trajectory, with total revenues rising to around EUR 453 million in 2010 (previous year EUR 322 million) accompanied by an increase in EBIT to EUR 22.7 million (previous year EUR 20.8 million). At a current figure of around EUR 1.2 billion, the order backlog has exceeded the one billion mark and, with the award of the contract for the Meteosat Third Generation (MTG) program, will reach a new record of around EUR 2 billion. With these amply filled order books, our continued growth and ongoing strong capacity utilization are assured over the next few years.

Space Systems + Security

OHB-System AG is currently the Group's main growth driver. The award of the contract for the development and construction of the first 14 satellites for the Galileo* European satellite navigation system in January 2010 as well as the decision made by EUMETSAT and ESA in November 2010 in favor of the syndicate comprising Thales Alenia Space and OHB-System for the delivery of the MTG satellites testify to the role played by the Company as a system leader for European satellite programs. As ESA's third large system integrator (LSI), OHB-System has been able to compete on the same footing with leading companies in Europe. Spurred by these successes, we have taken a large step forward in our efforts to achieve our goal of broadening the role which we play in telecommunications, navigation, earth observation, exploration and scientific research.

Payloads + Science

2010 was also a year full of success for Kayser-Threde GmbH. Working in collaboration with Thales and OHB, Kayser-Threde was selected as the prime supplier of highly complex payloads for two MTG sounder satellites. At the same time, the TET-1 technology testing project, which Kayser-Threde is conducting as the lead manager, has received flight approval after the successful completion of the test campaign and is therefore to be launched in the near future. With these milestones and the progress being made on the German hyperspectral earth observation satellite EnMAP, Kayser-Threde is contributing to the Group crucial technologies and capabilities in the area of highly complex payloads, thus paving the road for continued growth.

Space Transportation International

Comprising all non-German Group activities, the Space International business unit continued to grow last year. In July 2010, OHB Technology AG acquired all of the capital of Belgian space technology company Thales Alenia Space Antwerp. Renamed Antwerp Space N.V. after the acquisition, this company specializes in developing and producing equipment for ground stations, particularly for telecommunications and earth observation applications and is assembling the network linking the mission and control centers of the future Galileo* European satellite navigation system. The range of products acquired through this transaction will reinforce the OHB Group's ground segment activities. In this way, OHB Technology AG is systematically continuing its growth strategy in the ESA countries. Belgium is the fifth largest financial contributor to ESA and therefore a key country for future ESA programs.

Space Transportation + Aerospace Structures

In the year under review, MT Aerospace was able to look back on six successful Ariane 5 launches with a total of 12 satellite missions. With 42 consecutive successful launches, Ariane 5 is the most reliable vehicle for space missions. As the largest German supplier of components, MT Aerospace plays an important role in the Ariane program and will continue to demonstrate the reliability and efficiency of its products in future launches of the Ariane 5. However, this OHB Group business unit is also expanding in the aviation segment. At the beginning of 2011, OHB Technology AG (70 percent) and Apollo Capital Partners GmbH (30 percent) took over the Bavarian engine components supplier Aerotech Peissenberg GmbH & Co KG together with its subsidiaries in France and the Czech Republic from the former owner Robert Drost. Aerotech Peissenberg produces sensitive components for aircraft propulsion systems and industrial gas turbines. With this strategic acquisition, the OHB Group is extending its aviation activities for the purpose of improving its position in national and international aviation business and of harnessing new market potential.

Telematics + Satellite Operations

Although the favorable general economic conditions were also reflected in the commercial vehicle market in 2010, this did not yet result in any recovery in sales of telematics systems. To offset flat new business in the commercial segment and to reduce the dependence of telematics business on commercial vehicle OEMs, OHB Teledata entered the market for battery management systems and will be developing these activities into a core skill. It has already generated business in the marine sector and for automotive electric drives in hybrid vehicles. In addition, OHB Teledata has triggered hardware developments in on-board computers and navigation systems and, if justified by demand, will be able to launch these in the market in the future.

Stock performance

Spurred in particular by the contract awarded to OHB-System for the construction of the first 14 Galileo* satellites, the Company's stock performed extremely well particularly in the first half of the year. In fact, it rose by 48 percent in 2010, closing the year at EUR 16.60. This was accompanied by an increase in average daily trading volumes from around 15,000 shares in the previous year to over 48,000 in 2010, thus providing further proof of the appeal of our stock.

Looking forward to 2011

The OHB Group has entered the European arena and is now facing up to the challenges arising from system leadership in major European space programs. We want to harness the resultant opportunities for the entire Group so that we are able to grow on a steady and enduring basis. This year, we will be particularly focusing on enhancing the quality of all the work performed in our projects. We expect total revenues to rise to around EUR 600 million, with EBIT also continuing to grow to approx. EUR 27 million. At the same time, particular attention will be paid to ensuring the successful implementation of the major satellite programs Galileo*, MTG, SGEO and EnMap. We will also be closely involved in the further development of Ariane 5. Moreover, with the upcoming EDRS (European Data Relay System) and DEOS (German Orbital Servicing Mission) projects, major contract award decisions in the telecommunications and robotics segments are scheduled for 2011.

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 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 OHB Group remains a European success story.

Bremen, March 16, 2011



Marco R. Fuchs
CEO

Dear shareholders,

2010 was a year of particular importance for the OHB Technology Group. In addition to the contract for the Galileo* project, which was awarded in January and provides for OHB to build the first 14 satellites for the European satellite navigation system as the prime contractor, the Company passed a further milestone when it received the contract for the development and production of the third-generation Meteosat satellites in November 2010.

OHB Technology 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. One objective for the coming year is to interest a greater proportion of women in the exciting and interesting career opportunities awaiting them in aerospace, a sector which is still heavily dominated by men. We want to gain and recruit more girls and women for technical careers. 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.



Prof. Heinz Stoewer,

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



Christa Fuchs,

Chairwoman of the Supervisory Board of OHB Technology AG, Member of the Supervisory Board 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, engineer, Professor of Mechanics and Fluid Mechanics at the University of Bremen, Production Technology Faculty, Managing director of ZARM-Fallturm-Betriebsgesellschaft mbH

* see Glossary

Ongoing dialog with the Management Board

During the year under review, the Supervisory Board performed its duties with great care in accordance with the applicable statutory requirements, the provisions of the Company's bylaws and its rules of conduct. 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. 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.

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 as well as the adjusted corporate budgets. Ordinary meetings of the Supervisory Board in 2010 were held on March 17, May 19, July 8 and November 18. In addition, the Supervisory Board met on December 17 to discuss the Management Board's current report on the corporate budget for 2011 and 2012.

The meeting held on March 17, 2010 was chiefly devoted to the Management Board's report on the Group's performance in the period commencing January 1, 2009 and ending December 31, 2009, the current state of business as well as forecasts for 2010. For this purpose, the Management Board submitted the annual financial statements, the consolidated financial statements and the management reports for OHB Technology AG and the Group for 2009. The statutory auditors from BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, personally presented the audit report and elaborated on it at this meeting.

At the meeting held on May 19, 2010, the Management Board reported on the Group's business performance in the first quarter of 2010 as well as the current state of business. A further item on the agenda concerned the Management Board's status report on the planned acquisition of Thales Alenia Space Antwerp N.V. and the Group's 2010 strategy workshop. In addition, a new code of conduct for the Management Board was approved and adopted.

The main matters dealt with at the meeting held on July 8, 2010 concerned the request for proposals for the Meteosat Third Generation (MTG) project as well as the resolution approving the acquisition of Thales Alenia Space Antwerp N.V. This acquisition will strengthen the fifth business unit Space International, which was established in the previous year. Further matters dealt with at this meeting included the Management Board's report on the Group's business performance in the first half of 2010 and the current state of business. In addition, the planned infrastructure projects in Bremen and Munich were presented and discussed.

At the meeting held on November 18, 2010, the Management Board reported on the Group's business performance in the first nine months of 2010, the current state of business as well as business expectations for the year as a whole. The review of the year was supplemented with a report on current investor relationship activities. 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.

Held shortly before the end of the year on December 18, 2010, the Supervisory Board's fifth meeting dealt primarily with the Management Board's report on the updated corporate budget for 2011 and 2012. The assumptions underlying the budget and possible scenarios for the next two years were discussed comprehensively and in great detail.

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 Technology AG's website. The Supervisory Board regularly discussed the application and further development of the principles of corporate governance within the Company. On November 18, 2010, the Management Board and the Supervisory Board issued an updated declaration of conformity in accordance with Section 161 of the 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 Technology AG for 2010 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 15, 2011, 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 actual disclosures of the report are correct and (2) the Company did not pay inordinately high amounts relating to the transactions mentioned in the report."

The Supervisory Board raises no objections following its own examination and therefore approves the Management Board's related parties report.

The Supervisory Board wishes to thank the Management Board, all employees and the employee representatives for the work performed. They have once more made a contribution to a very successful year for OHB Technology AG.

Bremen, March 15, 2011

A handwritten signature in blue ink, reading "Christa Fuchs". The signature is written in a cursive style with a horizontal line above the first name.

Christa Fuchs
Chairwoman of the Supervisory Board



“OHB – committed to enduring success“

Over the past few years, OHB Technology AG together with its subsidiaries has joined the vanguard of the European space industry. Its systems and technologies are generating new impetus for growth markets such as satellite-based communications and navigation and opening up new perspectives for earth observation and scientific research. Now more than ever, the name “OHB” typifies the enduring success of a mid-size German company. We interviewed the Company’s CEO Marco R. Fuchs to find out where OHB currently sees itself.

In 2011, OHB Technology AG will be celebrating the tenth anniversary of its stock market flotation. Looking back on this period, how do you think OHB has developed over these ten years and where is it today?

To start off, I think it’s fair to say that we have made enormous progress in every respect. This is not only true in economic terms, as reflected in our revenues and earnings but also applies to our strategic alignment, the expertise which we have amassed as system leaders, our enterprise base and, flowing from this, the role which we play in the space industry as a whole.

What does this specifically mean?

The economic aspects are clearly reflected in our figures. When we went public in 2001, OHB Teledata had total revenues of around EUR 15 million. OHB-System AG, which was not yet part of the listed company at that stage, generated a figure of around EUR 27 million, making a combined total of some EUR

42 million. Since then, we have grown more than ten-fold both organically and as a result of a series of wise acquisitions.

At the same time, we have also broadened our enterprise base. With our sites in the German space technology centers of Bremen and Bavaria and additionally also in other European countries, we well and truly figure among the sector heavyweights. Thus, our employee numbers have risen from around 250 at OHB-System and OHB Teledata in 2001 to a current total of some 2,200 including the staff at Aerotech Peissenberg. Most of these are highly qualified engineers.

How do you view this development from the stance of a shareholder?

I think that we have every reason to be satisfied with the performance of our stock price, which advanced at a very gratifying rate last year in particular. One of the reasons for this is that we have repeatedly prevailed in important international bidding processes such as Galileo* and MTG, thus demonstrating our competitiveness. We have very respectable order levels and generally feel very well poised to embrace the future. At this stage, we expect to be able to report further growth in total revenues and earnings in 2011.

To what factors do you attribute your extraordinary growth story?

This is doubtless not due to a single factor but rather the interplay of multiple aspects. It starts with the goal which we have set ourselves, namely to offer the best solutions for our mar-

“With our sites in the German space technology centers of Bremen and Bavaria, we well and truly figure among the sector heavyweights.“



“We are ideally positioned for top performance in this environment.”



kets and to be successful with the best possible technology at affordable prices. The fact that we are repeatedly able to provide services which meet this goal is closely related to our organic corporate structure and culture, which is not necessarily typical of this sector.

Would you care to explain this?

Space technology means thinking in terms of systems. And in the light of our goal, we also see ourselves as a type of system. It can perhaps be most appropriately summed up as the “OHb principle”. Yet, it is a principle which rests on several different pillars. For one thing, there are the short decision-making routes and the flexibility of a lean mid-sized family-run company with a decentralized corporate structure. Despite our growth, we have retained this characteristic and nurture it very vigilantly. For another, we have grown both organically from within and as a result of a series of successful acquisitions. In this way, we have generated volume and also gained additional skills which have enhanced our competitiveness. Another key element is the wise networking of our subsidiaries’ expertise and – related to this – the conscious commitment to external and internal competition. We are competitive not only in the market but also within the Group and encourage a constant competition of ideas. Ultimately, we are convinced that this benefits not only us but, more particularly, our customers as well.

How do you plan to shape the Group’s future growth?

More than ever, space technology is a beacon European industry and we are ideally positioned for top performance in this environment. We focus on first-class satellite systems as well as participating in the development of viable launch vehicles. To this end, we will continue to grow endogenously but also execute strategically sensible acquisitions should the opportunity present itself. We expect to reach annual sales of one billion euros by 2020.

Are you also pursuing a global growth strategy?

With projects such as SAR-Lupe, SGeo and Galileo* to its name, OHb enjoys not only European-wide esteem but is also creating a perspective for global growth. Day for day, we demonstrate that we know how to combine technology, quality and price to optimum effect for the benefit of our customers on both a large and small scale. For this reason, it is only logical that we repeatedly engage in promising talks on a global level. That said, we see the European markets as continuing to provide the main underpinnings for our growth.

In mid January 2011, you had to relieve the CEO of your subsidiary OHb-System AG of his duties.

That was unfortunately necessary after the records of a conversation between him and diplomats at the US embassy in Berlin entered the public domain via a report in a Norwegian daily. All of a sudden, we had very conflicting reports of what had actually happened. However, we had no choice if we were to protect our viability as a European partner and our reputation in general. We saw no alternative to this step to avert harm from the Company. As a result, I have now also assumed the position of CEO of OHb-System AG on an interim basis. I’m sharing these tasks with my fellow Board members Dr. Fritz Merkle and Frank Negretti in an arrangement which is working very well.

After clearly concentrating on space technology over the past few years, you recently announced an acquisition in the aviation sector with the takeover of Aerotech Peissenberg. What was the reason for this step?

We are still continuing to focus on space technology. However, I think that Aerotech Peissenberg was a wise move as it supplements the still relative small aviation activities at MT Aerospace. The former MTU facility in Peissenberg offers us a good position as a supplier of components for aircraft engines, allowing us to reinforce our product and fabrication activities. The manage-

* see Glossary

ment at MT considered this to be very promising, so we'll see if they're right.

Space technology is still considered to be a project-driven niche market. Do you additionally see any scope for economies of scale?

On the one hand, that's true. However, the role played by space technology as a beacon European industry has grown, as I mentioned before. In any case, it will remain interesting for us to continue positioning ourselves in this market as a competitive provider of quality. Our systems and technologies are generating new impetus for growth markets such as satellite-based communications and navigation, opening new perspectives for earth observation and scientific research. It is quite possible that opportunities will arise for transferring these technologies and expertise to commercial applications.

There is a shortage of highly qualified engineers – to what extent is OHB affected by this?

Fortunately, we have not yet had to face this problem and I am confident that this is how things will remain in the future. Space technology exerts a great fascination, encouraging many highly qualified engineers with a passion for this field to submit unsolicited applications. Applicants – many of whom are women – don't just come from Germany but from all parts of Europe.

How do you manage to nurture the "OHB principle" given the Group's larger dimensions and international footprint?

We know where we came from and what makes us strong. Accordingly, the direction in which we are headed is clear. The basis of a successful future for OHB continues to be derived from the established values of a dynamic family-run mid-size German company. We consider efforts to nurture and enhance these values – the "OHB principle" – in our now larger and still growing dimensions to be a core management task within the Group.

OHB celebrating the 10th anniversary of its stock-market flotation

March 2001: Flotation of the telematics company OHB Teledata AG, a spin-off from OHB-System AG ("Neuer Markt" Frankfurt/M.). Issued capital: EUR 7,464,048

December 2001: OHB-System was awarded the contract for the SAR-Lupe reconnaissance system. At around EUR 300 million, this was the largest single contract received by the OHB Group to date.

July 2002: After the non-cash capital contribution of OHB-System AG to OHB Teledata AG, the new OHB shares were listed for the first time. Admitted issued capital: EUR 14,928,096. The Company was renamed OHB Technology AG in its capacity as the holding/parent company.

December 2004: The Frankfurt stock exchange launched the new GEX index in January 2005 to track the performance of owner-dominated small and mid-caps. OHB Technology AG was included in this index.

June 2005: The OHB Group acquired MT Aerospace AG (formerly MAN Technologie AG), which primarily supplies components for the European Ariane 5 launch vehicle and tank systems for the aviation industry.

August 2007: The acquisition of Munich-based space technology company Kayser-Threde GmbH strengthened the OHB Group's position as the second space technology group in

Germany, particularly with respect to payloads and scientific apparatus.

February 2009: MT Aerospace AG signed long-term delivery contracts for components for a further 35 Ariane 5 launch vehicles. Combined total value: EUR 370 million.

August 2009: OHB Technology AG acquired Carlo Gavazzi Space S.p.A., Milan, thus extending its position with European programs. The share capital was increased to EUR 17,468,096 with the issue of 2,540,000 new bearer shares.

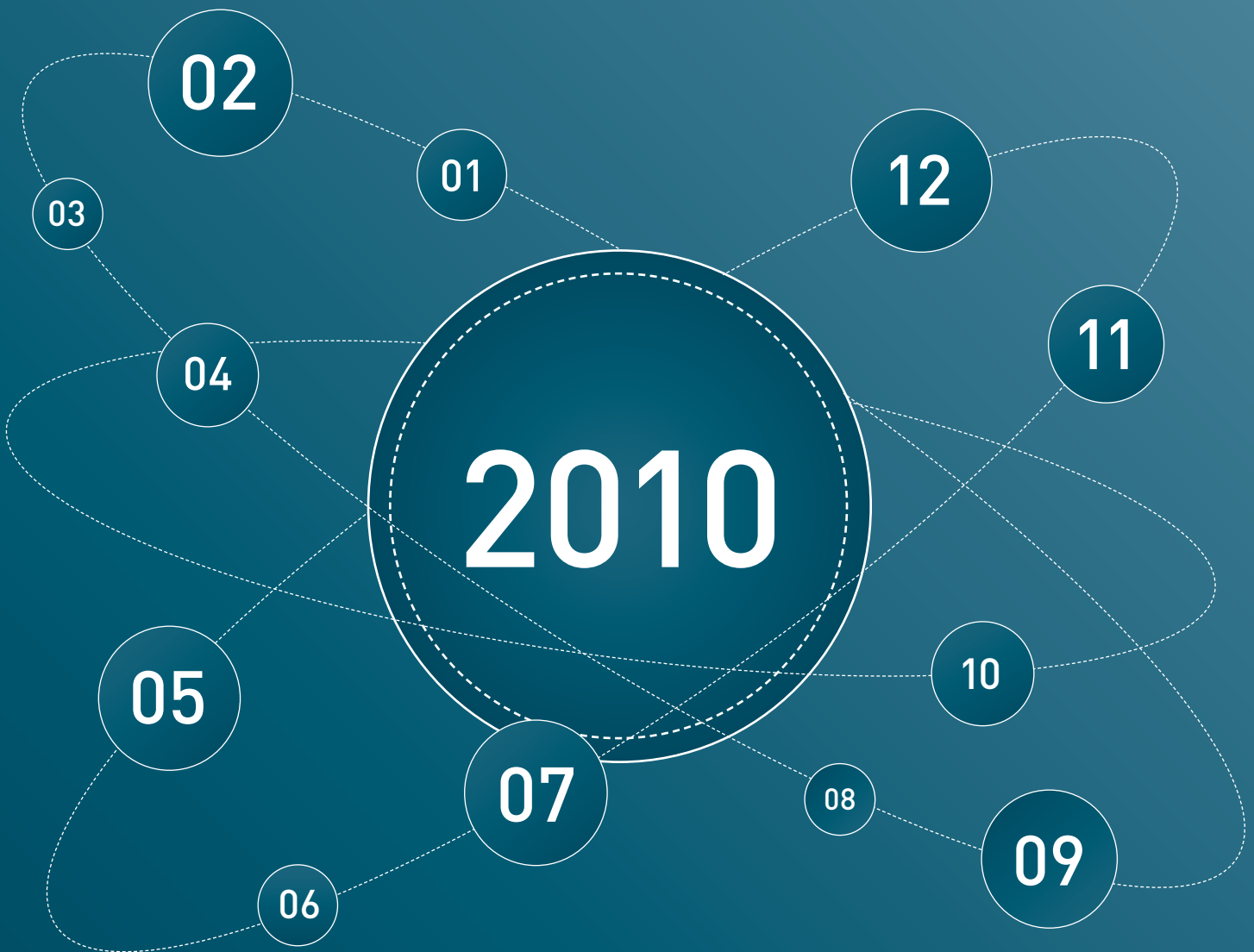
January 2010: OHB-System AG and ESA signed the Galileo* contract. OHB-System was named prime contractor for 14 satellites and is responsible in this capacity for developing and producing the satellite bus (contract volume of around EUR 566 million).

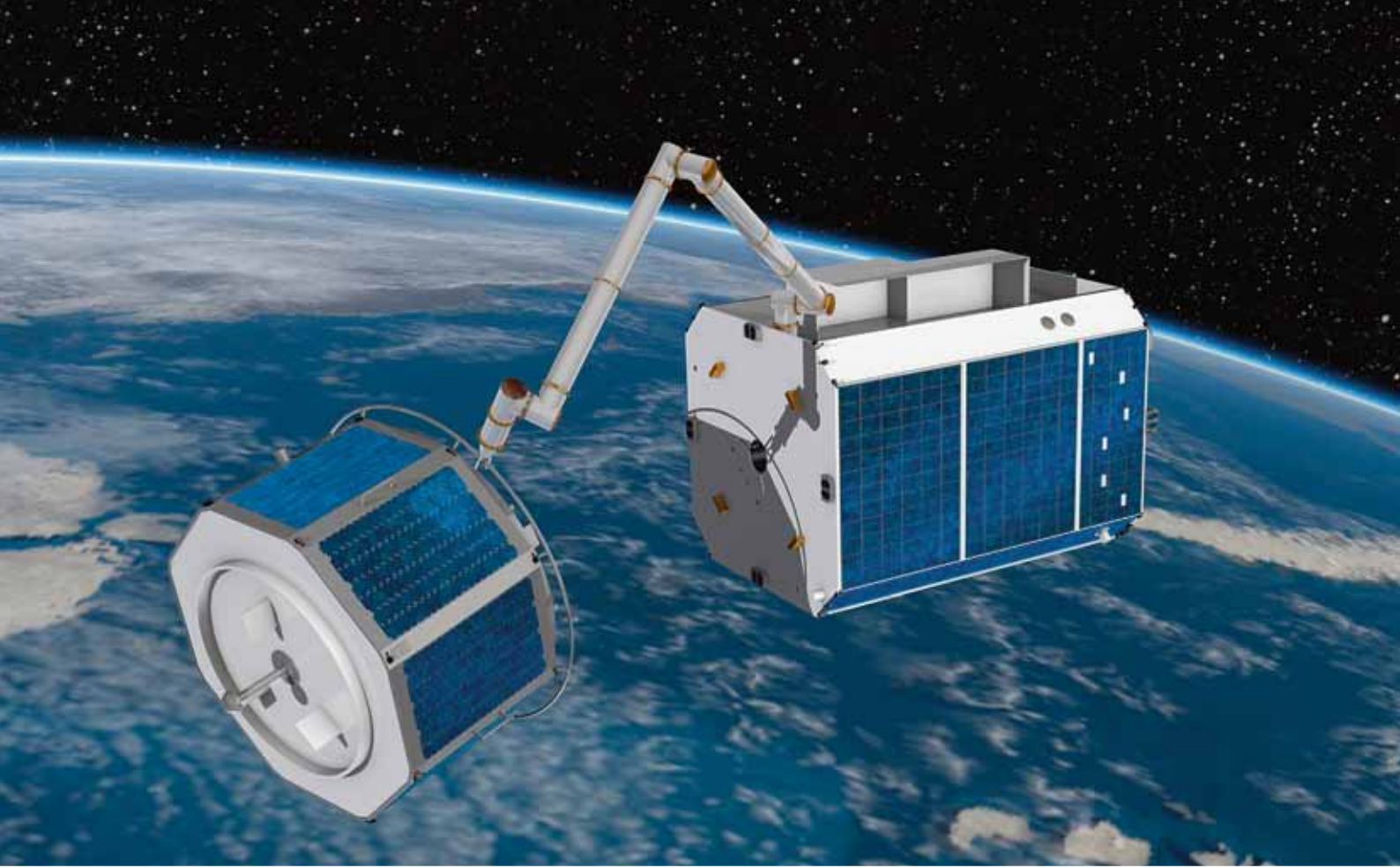
November 2010: OHB-System AG and Thales Alenia Space signed the first sub-contract in the MTG project. Once it has been awarded in full, the total value of the contract will come to around EUR 750 million for OHB.

February 2011: The OHB Group acquired OHB Aerotech Peissenberg, a supplier of components for aircraft engines, which supplements MT Aerospace's aircraft components business. This acquisition strengthens its product activities and reduces its dependency on Ariane-5 business.

HIGHLIGHTS 2010

2010 was a year of further growth for OHB Technology AG. Here are the main events of the year.





2010 at a glance

January 2010

OHB-System and SSTL awarded contract for the construction of 14 Galileo navigation satellites

The Commissioner of Transport and Vice President of the European Union, Antonio Tajani, announced on January 7, 2010 that the syndicate comprising OHB-System AG and Surrey Satellite Technology Ltd. (SSTL) had been selected to build and test 14 satellites for the EU-funded satellite navigation system Galileo*. Acting with the support of the European Space Agency ESA, the Commission thus completed a key stage in the bidding process, which had been ongoing since September 2008. The contract worth EUR 566 million was signed on January 26, 2010.

As a result of this decision, OHB-System will be assuming the role of prime contractor for the fabrication of the 14 satellites and is simultaneously responsible for developing the satellite bus and for the overall integration of the satellites. SSTL will be developing and constructing the navigation payload and additionally assisting OHB with the final assembly of the satellites. The 14 satellites will be integrated in Bremen.

In the construction of the satellites, both partners will be able to harness the decades of experience which they have amassed. Not least of all, OHB-System successfully built and launched the German SAR-Lupe radar reconnaissance system, an array of five identical satellites, on time and within budget. SSTL held primary responsibility for the successful construction and testing of the first Galileo* satellite, GIOVE A, and the development and assembly of the RapidEye constellation, which also comprises five satellites.

The European Commission split the invitation for proposals for the entire system into six segments. OHB and SSTL jointly submitted bids for the "satellite" segment, i.e. the development, construction and testing of up to 32 satellites for which invitations for proposals had been issued. The contract award entails an initial work package of 14 satellites, with further packages to be awarded in a future bidding process.

The other segments of the system are "System support", "Ground mission", "Ground control", "Operations" and "Launch services".



Rene Oosterlinck, ESA, and Berry Smutny, OHB, signing the contract (bottom); top: animation of a Galileo* satellite, preliminary testing of Galileo* subsystems at OHB-System in Bremen

* see Glossary

The Galileo* system comprises up to 32 satellites in three orbital paths. The average altitude stands at around 24,000 km



January 2010

MT Aerospace qualifies world's largest overwrapped satellite propellant tank for Alphas

The European Space Agency ESA and the Alphas Joint Project Team successfully completed the qualification review of one of the world's largest yet lightest satellite tanks ever built. Developed and manufactured by MT Aerospace of Augsburg, Germany, under contract to Astrium Space Transportation, Munich, this carbon-fiber overwrapped propellant tank sets new performance standards with an overall volume of up to 1925 liters and a dry mass of less than 85 kg. The first set of two proto-flight tanks had already been successfully integrated in the chemical propulsion system of the new European Alphas satellite platform at Thales Alenia Space in Cannes, France.

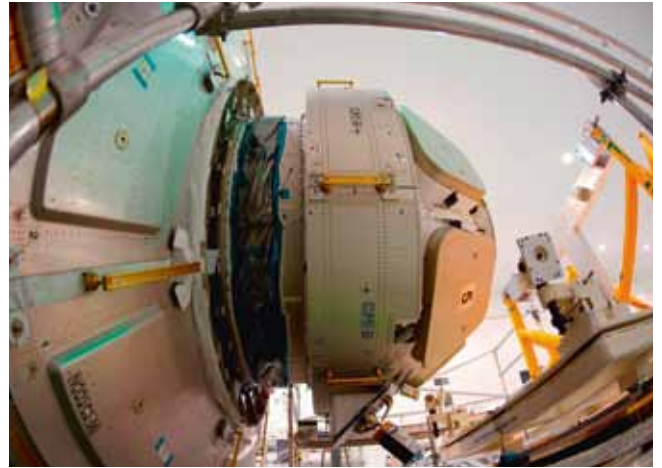
This milestone completed a 5-year development for the Astrium-led Alphas chemical propulsion system and for the Alphas industrial joint project team (JPT) formed by Astrium Satellites, Toulouse, and Thales Alenia Space, Cannes.



Tank production at MT Aerospace in Augsburg

February 2010

OHB-System: Space Shuttle Endeavour transports European modules "Node 3" and "Cupola" to the ISS



At 10:14 hours CET on February 8, the Space Shuttle "Endeavour" lifted off in a mission to transport the two European modules "Node-3" and "Cupola" to the International Space Station ISS. These two modules mark the completion of Europe's contribution to the multinational space station. OHB-System AG, which had already been materially involved in the development and construction of the Columbus research module, also worked on the implementation of "Node-3". The node is one of two European structures required for the ISS's modular design. Under contract to Thales Alenia Space, OHB-System assembled and integrated the entire harness system for "Node-2" and "Node-3". OHB had additionally developed and assembled the secondary structures for "Node-2".

February 2010

Christian Wulff visits OHB

On February 12, the then prime minister of Lower Saxony, Christian Wulff, who has since become the German federal president, visited OHB's head office in Bremen. During his visit, he was briefed on the space technology and satellite programs being pursued by OHB Technology AG and its subsidiaries. The managing shareholders of the OHB Group, Christa and Prof. Manfred Fuchs, additionally provided information on the company's history and development.

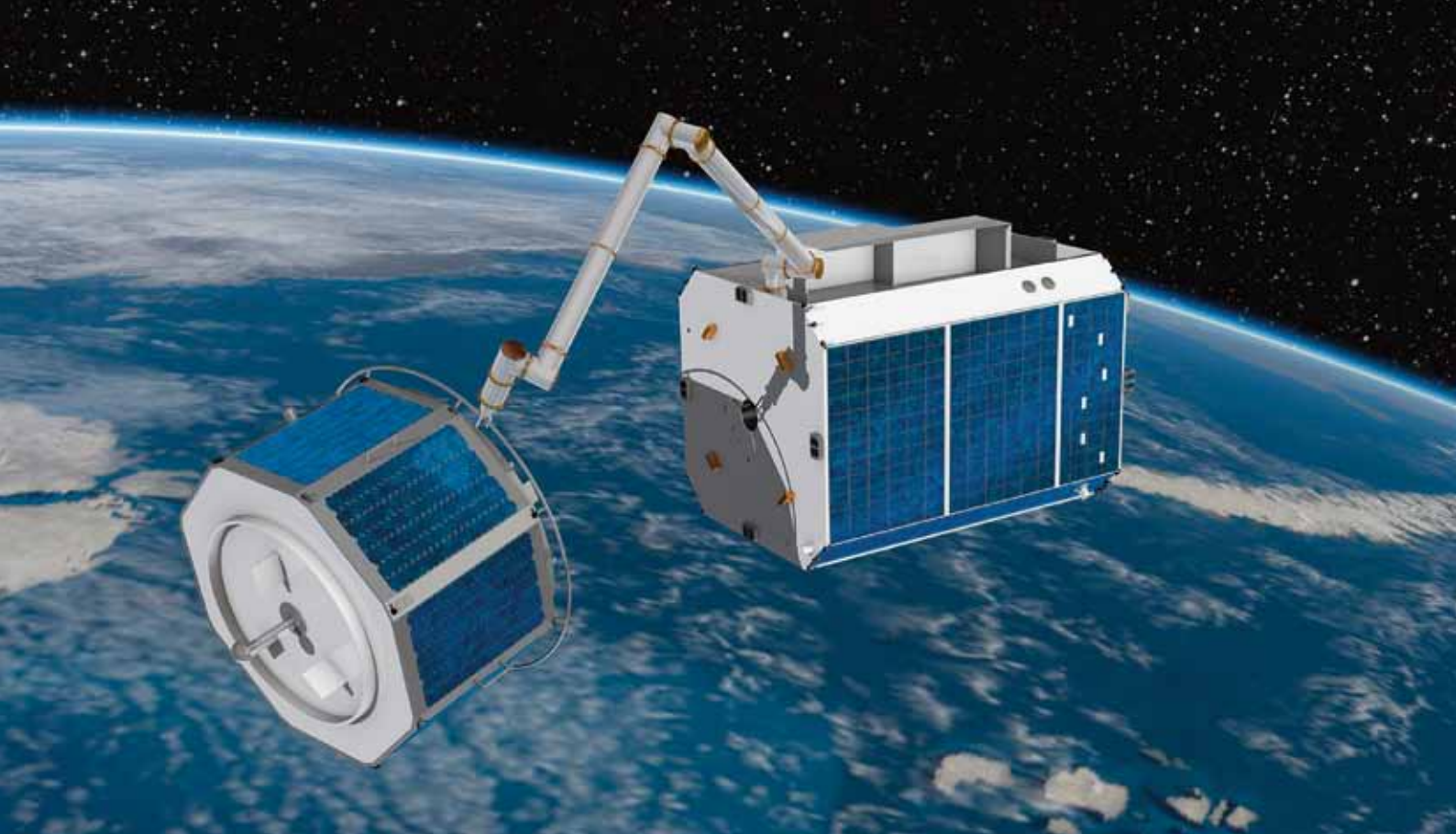
left to right: Marco R. Fuchs, Christian Wulff, former prime minister of Lower Saxony, Christa Fuchs, Prof. Manfred Fuchs

February 2010

MT Aerospace develops steering flaps and heat shield for the European Reentry Vehicle IXV

MT Aerospace was awarded a further follow-up contract for the development and configuration of steering flaps and heat shield components for the European Reentry Vehicle IXV. With a weight of around two tons, the ESA technology mule is part of the Future Launcher Preparatory Program (FLPP), under which orbital testing is to be conducted in 2013 to assess the capabilities of European planetary reentry technologies. Under contract to syndicate leader Thales Alenia Space Italia, Turin, MT Aerospace is developing and designing the light-weight movable steering flaps, which have a length of around 0.8 meters and a weight of only 37 kg or so and will be fitted to the aft of the vehicle, as well as key elements of the heat shield attached to the vehicle's rear made from a patented ceramic composite material able to resist high temperatures.





Animation of the docking maneuver between the DEOS service satellite and the client

February 2010

OHB-System awarded contract for general system management for the definition phase of the DEOS German robotics mission.

The Space Agency of the German Aerospace Center (DLR) has assigned OHB-System overall system management for the definition phase (Phase B) of a future German Orbital Servicing Mission (DEOS). Accordingly, the Bremen-based space technology company assumed system responsibility within the preparatory mission and product definition activities. The purpose of the DEOS project is to demonstrate the technologies required for a future operational on-orbit servicing system for the unmanned robot-based inspection, maintenance and assembly of orbiting infrastructure elements as well as controlled orbit maneuvers and returns to earth. DEOS is being executed by the DLR Space Agency with funding provided by the German Ministry of Economics and Technology. The general "DEOS Phase B" project is divided into five segments, which have been awarded separately to individual system managers in the following areas: 1. Overall System, 2. Service Satellite Platform, 3. Client Satellite Platform, 4. Berthing, Docking and Maintenance and 5. Satellite Approach and Disposal.



Animation: Bringing a decommissioned satellite back to the earth's atmosphere

OHB-System AG will be responsible for Segment 1 "System management of the overall system" and is tasked in this capacity with coordinating and monitoring the overall project, consolidating all design, engineering and product verification activities and the specifications of the mission and the entire system including the launcher, space and ground segments.

February 2010

Kayser-Threde awarded contract for DEOS subsystem

Kayser-Threde GmbH is responsible for the definition of the robotic system and the berthing, docking and maintenance elements of the mission within Segment 4. This system chiefly



comprises the robotic payload of the service satellite and is made up of a robotic arm and a docking mechanism including the necessary sensors and actuators for manipulating the target object.

March 2010

Kayser-Threde celebrates successful completion of the MAXUS-8 mission

On March 26, a MAXUS research vehicle with a length of 17.5 meters and a weight of 12.2 tons lifted off from the ESRANGE launch pad in northern Sweden. Its four experiment modules conducted research on such basic matters as microgravitation biology and materials research in gravity-free conditions.

Within this ESA mission, Kayser-Threde was responsible for the service systems, the exterior structures and payload integration as well as for performing the corresponding environmental tests. Once the research vehicle had reached an altitude of 700 kilometers, a good 12 minutes were available for experimentation in gravity-free conditions. Kayser-Threde provided launch assistance on site and supplied the landing information required to recover the research vehicle. Kayser-Threde has been a project partner since the research program's inception by prime contractor Astrium in 1991.



Preparations for the lift-off of a MAXUS rocket at the ESRANGE launch pad in Sweden.

March 2010

Carlo Gavazzi Space: Key milestones achieved with AMS and LARES



Integration and testing of LARES at CGS in Milan

In March, Carlo Gavazzi Space supplied two major subsystems for the Antimatter Spectrometer (AMS) laboratory on board the International Space Station ISS. In addition, the LARES research satellite successfully completed qualification testing. With its sophisticated deployment system, the satellite is currently being integrated at CGS. The satellite is to be placed in orbit during the maiden voyage of the VEGA launch vehicle at the end of 2011. As part of the activities under the European AURORA planet research program, CGS has entered into a contract with ESA for the execution of a study on in-situ resource utilization (ISRU). This is part of the core AURORA program, which has been initiated by ESA to define exploration architectures and scenarios and to develop technologies for exploring Mars and the moon.

March 2010

OHB Teledata: project C4i – surveillance software for the Port of Shuaiba in Kuwait – successfully completed

In November 2009, OHB Teledata was awarded a contract for the integration of cartographic software in the C4i command and control center in Shuaiba, Kuwait. Shuaiba is one of the largest ports in Kuwait and also serves as a logistic hub for the US Army in connection with "Operation Iraqi Freedom". The purpose of C4i is to ensure full surveillance of the port area from the land and seaside to protect facilities and cargo. The

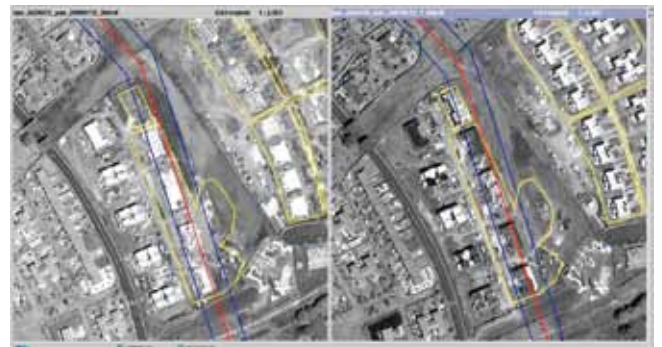
OHB Teledata cartographic software is used to visualize and control fixed installations such as video cameras and special sensors. The positions and movements of mobile units fitted with tracking modules on the land and sea side are also visualized using the OHB installation. The installation was completed and handed over to the customer in March 2010. The successful execution of this project marks the entry into a new market segment for OHB Teledata. Declarations of intent have already been received for further surveillance centers for tank farms in Kuwait.

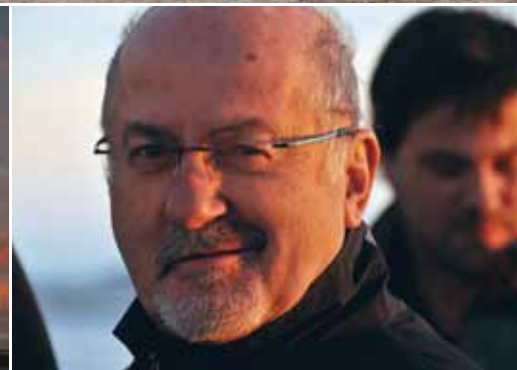


April 2010

Evaluation of investment projects by LuxSpace

LuxSpace was awarded a contract by ESA under the terms of which it is to act as a technical agent for the European Investment Bank (EIB). In this capacity it will be verifying 20 different projects being funded by the bank to determine whether earth observation (EO) data can be used for enhancing monitoring activities and to generate EO service specifications on this basis. This project follows on from the very successful completion of a preliminary study in which three information projects were executed for the EIB and the steel group Arcelor-Mittal, respectively. This project was launched on April 19.





The first ALMA telescope antennae installed at an altitude of over 5,000 meters above sea level.
Prof. M. Fuchs (l.) and Prof. M. Terenghi, ESO (r.)

May 2010

MT Mechatronics: Visit to the ALMA project in the Atacama desert in Chile

In May 2010, the members of the Management Board and the Supervisory Board of OHB Technology, OHB-System and MT Aerospace visited the construction site of the international ALMA radio telescope project in North Chile to examine at first hand the integration work being performed by MT Mechatronics. The ALMA project is the world's largest network of radio telescopes for exploring space. Organized by the customer European Southern Observatory (ESO), the visit also included inspections of the VLT telescope in Paranal and the ESO center in Santiago de Chile.





May 2010

OHB-System awarded contracts for the operation of the French SAR-Lupe ground station and the German HELIOS II ground station

OHB-System AG was awarded a contract under the E-SGA program (Europeanization of Satellite-Based Reconnaissance) providing for the operation of both the French ground station of the SAR-Lupe system and the German ground station of the HELIOS II system. The two contracts have a combined value of EUR 14.0 million. As part of the binational collaboration between France and Germany in the area of satellite-based reconnaissance, OHB-System AG has implemented a further SAR-Lupe ground station in France, allowing the French army to directly access the reconnaissance information collected by the German SAR-Lupe radar satellite system. Similarly, the German federal armed forces are able to access the image data collected by the two French optical reconnaissance satellites HELIOS 2A and 2B via the German HELIOS II ground station. Operation of the two ground systems commenced in July 2010.



Integration, testing and artificial depiction of the SAR-Lupe system

May 2010

MT Mechatronics passes an important milestone in the assembly of the 64m radio telescope in Sardinia

Together with its partners, MT Mechatronics passed an important milestone in the construction of the radio telescope in Sardinia (SRT). A massive crane lifted the main reflector, which weighs 500 tons and has a height of 64 meters, onto the previously assembled 35-meter high support structure of the radio telescope. A 1,350 tons Liebherr crane, which had been transported to the site especially for this purpose by Mammoet, a specialist in heavy-duty lifting gear, was used. The Sardinian radio telescope has a reflector surface with an area of 3,000 square meters made from a large number of aluminum panels and is passively set to 500 μ m. The fully revolving radio telescope will have a total weight of 3,000 tons once it has been completed. The project is being planned and built by MT Mechatronics GmbH as the prime contractor for the Italian institute INAF (Istituto Nazionale di Astrofisica). The site is located roughly one hour north of Cagliari in southern Sardinia.



Assembly work on the radio telescope in Sardinia





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

“Our aim is to interest even more women in the exciting and interesting challenges in the aviation and aerospace industry.”

Female engineers at OHB

May 2010

Women at OHB

More and more women are opting for a career in engineering. At OHB, numerous female engineers have embarked on promising careers and now form a crucial part of our team of experts.

Although they are still something of a rarity in this profession, which continues to be dominated by men, our women have a very favorable experience of OHB. As a family-run business, OHB creates an atmosphere in which female employees feel very comfortable.

Women are more than welcome at the Company. After all, it has in Christa Fuchs, OHB's founder and the chairwoman of its Supervisory Board, a woman at its helm.

OHB is supporting the University of Bremen's third summer camp for female engineers to encourage women who are interested in technical matters but are unsure about the studies and the career which they wish to pursue to consider a career in engineering. The range of courses is targeted at female students at all types of universities and other interested specialists from both inside and outside Germany.

May 2010

First SOFIA flights with an open hatch

Developed and built under the lead management of Kayser-Threde and the former MAN Technologie (since renamed MT Aerospace AG), the unique telescope, which is unrivalled anywhere in the world, successfully completed its first-light flight in the night from May 25 to May 26, 2010. The joint DLR/NASA SOFIA (Stratospheric Observatory for Infrared Astronomy) project is an airborne infrared observatory weighing 17 tons fitted to the aft of a modified Boeing 747SP. This marked an extraordinary engineering feat as the astronomic observations were executed using a large telescope with an open hatch traveling at a speed of around 800 km/h. The roughly eight-hour flight at an altitude of up to 11 km allowed initial images of celestial bodies to be captured.

SOFIA: NASA Boeing 747 with an open hatch, behind which the telescope is located.

June 2010

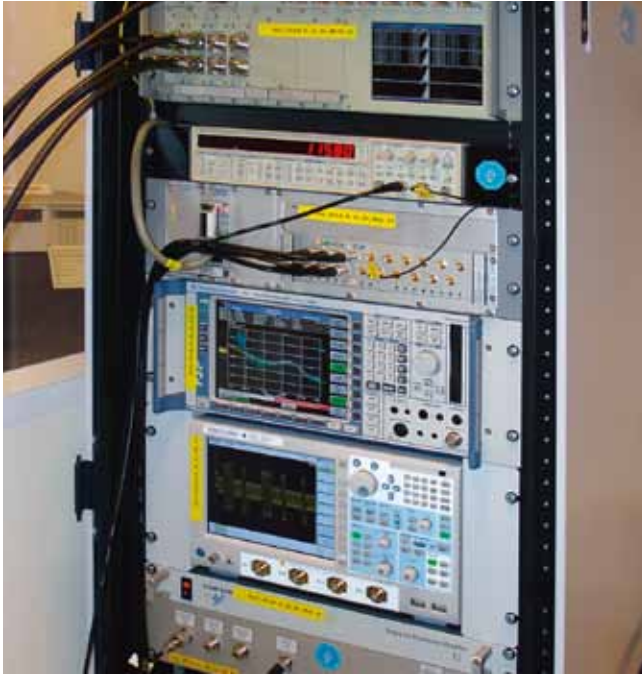
Ongoing activities by LUXSPACE in satellite-based ship monitoring

At the middle of the year, LuxSpace completed a preliminary study on the development of a new payload for monitoring ships. This system tracks ship positions by recording the signals emitted by the navigation radars installed on all ships. Preparations are now underway for a follow-up project as a basis for construction of the system, which is to go into operation in 2014. At the same time, LuxSpace has gained further customers for its ship monitoring system using the satellite-based AIS. A service level agreement was entered into with the European Marine Safety Agency (EMSA), which is based in Lisbon.



June 2010

Atomic clocks installed by **Kayser-Threde** at the GALILEO* control center



As part of the precise timing facility (PTF) contract, Kayser-Threde fitted out the GALILEO* control center at the DLR site in Oberpfaffenhofen with four caesium atomic clocks and two highly stable active hydrogen masers between March and June. These clocks together with a further redundant PTF will be generating the time signals required to synchronize the entire GALILEO* system. The precise timing facility, in turn, generates the GALILEO* system time (GST) and distributes it within the system. Kayser-Threde was instructed by the European Space Agency ESA to design, integrate and test the entire PTF system and is being supported by an international team of acknowledged time experts.

June 2010

Carlo Gavazzi Space: New Ariane telemetry products under development

Carlo Gavazzi Space signed two new contracts with the French space agency CNES related to the provision of a system to capture, process, record and retransmit the Ariane 5/ATV telemetry as well the OCAM Soyuz video stream (Online CAMera System) to a remote control center. The OCAM system is an additional telemetry acquisition system for the Ariane 5, Soyuz, Vega launcher. This system was delivered at the end of the year.



Lift-off for the ARIANE 5 launcher

* see Glossary



Top: The OHB Group's stand at ILA2010 in Berlin | middle (from left): Peter Hintze, parliamentary state secretary in the German Federal Ministry of Economics and Technology and aviation/aerospace coordinator of the German federal government; Marco Fuchs, OHB; Prof. Johann-Dietrich Wörner, CEO of DLR; Hans Steininger, CEO of MT Aerospace; Erwin Huber, CSU; Lieutenant General Aarne Kreuzinger-Janik, Chief of Staff German Air Force; Prof. Manfred Fuchs, OHB | Below (from left): Evert Dudok, CEO of Astrium GmbH, Jean-Jaques Dordain, director-general of ESA, Prof. Manfred Fuchs, OHB, Prof. Volker Liebig, ESA

June 2010

ILA2010: OHB with the largest presence to date

OHB Technology AG had the largest stand in its history at the 2010 Berlin Air Show (ILA). The OHB Group and its subsidiaries OHB-System AG, Bremen, Kayser-Threde GmbH, Munich, MT Aerospace AG, Augsburg, Carlo Gavazzi Space SpA, Milan, Italy, and Luxspace Sàrl, Betzdorf, Luxembourg, presented themselves to the public on a stand with a floor area measuring more than 400 square meters.



July 2010

Celebration on Wendelstein for the Kayser-Threde telescope

Kayser-Threde is the prime contractor in the construction of the technically sophisticated 2-meter Fraunhofer telescope for the new Wendelstein observatory operated by Ludwig-Maximilian University in Munich. A celebration marking the half-way completion of the dome and the building was held at the site at the end of July 2010. Kayser-Threde has completed the development and design work for the telescope, which features a wide-angle camera and a multi-channel camera.



July 2010

MT Aerospace develops new common bulkhead technology for the upper stage tank of a next-generation launcher



Partitions for tanks in the upper stage of next-generation launchers

The program's objective is to develop an ultra light-weight propellant tank with a sandwich common bulkhead patented by MT for a next generation launcher. During the 22-month technology program several models will be manufactured and tested. The contract with Astrium, Bremen, as the prime contractor was signed on July 13. The new larger upper stage tank with two integrated chambers for liquid hydrogen and liquid oxygen will have a capacity of 29.3 tons. This will enable a new upper stage to transport payloads of up to 11.2 tons into geostationary transfer orbit or various target orbits. The design concept proposed by MT Aerospace showing a 40 mm thin sandwich bulkhead between the cold liquid hydrogen (-253 °C) and the comparatively warm liquid oxygen (-183 °C) is about 40% lighter than a twin bulkhead with a vacuum chamber; its insulation properties are ten times better in comparison to an alternative concept with a wet internal insulation.

July 2010

OHB Technology acquires Thales Alenia Space Antwerp N.V. and extending its presence in Europe

On July 19, OHB Technology AG acquired all of the capital of Thales Alenia Space Antwerp N.V., Antwerp, Belgium, from Thales Alenia Space France SAS.

With its headcount of around 42 employees, Thales Alenia Space Antwerp N.V. generated sales of around EUR 10 million in 2009. Following the acquisition, it has been renamed Antwerp Space N.V.

Antwerp Space specializes in developing and producing equipment for ground stations, particularly for telecommunications and earth observation applications and is assembling the network linking the mission and control centers of the future Galileo* European satellite-based navigation system. The range of products acquired through this transaction will reinforce the OHB Group's ground segment activities.

In this way, OHB is systematically continuing its growth strategy in the ESA countries. Belgium is the fifth largest financial contributor to ESA and therefore a key country for future ESA programs.



antwerpspace
An OHB Technology Company

August 2010

10 years of plasma crystal research at Kayser-Threde

Developed by Kayser-Threde, the PK-3 Plus plasma crystal unit was successfully put in operation by cosmonaut A. Skvortsov for a series of experiments on board the ISS. This 13th mission concentrated on crystallization, melting, discharge and agglomeration experiments.

Like its predecessor, the PK-3 Plus was developed and assembled by Kayser-Threde in close collaboration with internationally renowned scientists. Under the terms of a contract awarded by DLR, Kayser-Threde oversaw all system aspects of the research unit.

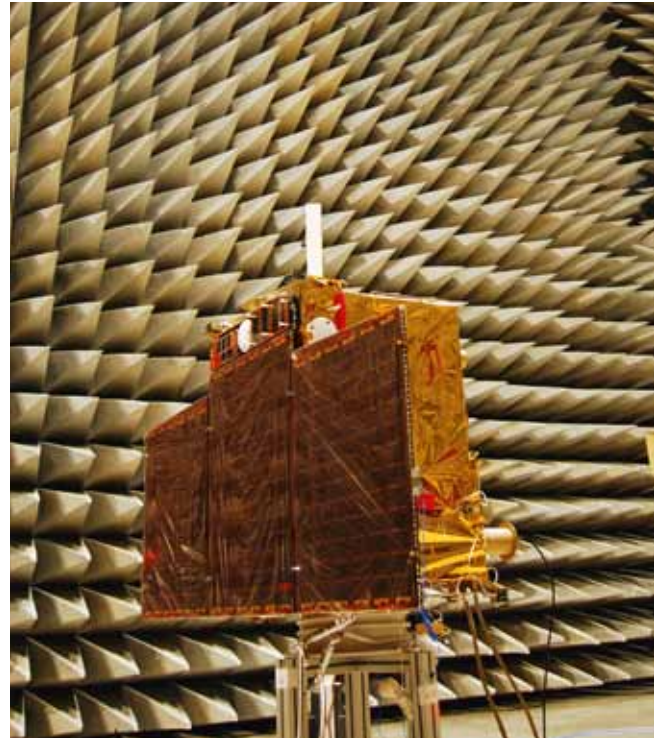
Research has been performed on board the ISS using plasma-crystal equipment provided by Kayser-Threde since the beginning of 2001 and to date all experiments have been completed successfully.



Cosmonaut Skvortsov during the experiments with PK-3 on board the ISS

September 2010

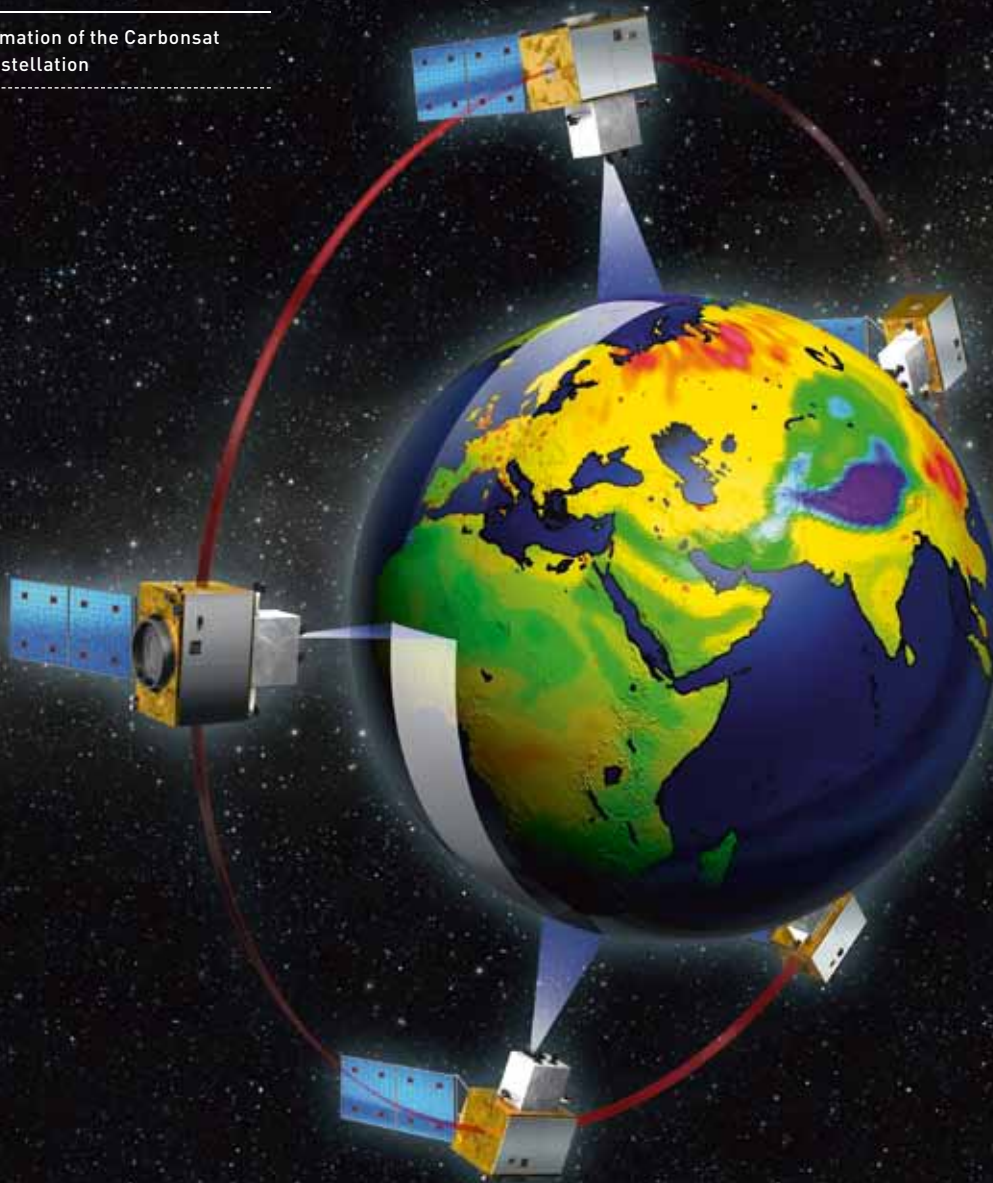
Kayser-Threde: TET-1 satellite given flight readiness status following qualification testing



Top: Environmental testing of the TET-1 satellite at IABG in Ottobrunn
Right: Integration of TET-1 at Kayser-Threde in Munich

In August, Kayser-Threde was admitted to qualification testing in its capacity as prime contractor of the national TET-1 satellite mission (technology mule). TET-1 underwent simulated 24-hour mission operations in which alongside the standard experiment program 15 orbits with five direct data transmissions were simulated at Kayser-Threde's integration room. In September, TET-1 was examined intensively for viability at the IABG space testing center. The qualification program comprised vibration, acoustic and shock testing, electromagnetic compatibility (EMC) testing, thermal vacuum tests and tests to determine the satellite's mass properties. After the successful completion of the testing program, TET-1 received flight-readiness status.





September 2010

Expansion in OHB-System's international partnership for the CarbonSat constellation

OHB-System AG will be working with the Chinese Institute of Remote Sensing Applications (IRSA), Peking, in the future under the terms of a memorandum of understanding which was signed by both parties in Peking in September. The aim is to develop a global satellite system for measuring the greenhouse gases which are at the root of global warming. The partnership was initiated as a result of a proposal for a satellite-based global measuring and monitoring system for the greenhouse gases CO₂ and methane known as the "CarbonSat" constellation. This idea is based on the previous research work with the ESA satellite ENVISAT, the Scanning Imaging Absorption

Spectrometer for Atmospheric Chartography" (SCIAMACHY) and related Chinese research.

OHB-System and the Institute of Environmental Physics (IUP) at the University of Bremen working with the support of the German Aerospace Center (DLR) and economic development agency Wirtschaftsförderung Bremen have devised a new measuring system based on a satellite constellation with enhanced sensors. The concepts and technologies developed are world leaders. Consequently, it will now be possible for the first time to collect daily measurements in high local resolution to create a reliable base of data for more accurate forecasts of climatic change as a foundation for political and economic decisions.

September 2010

Successful further development of friction-stir-welded and spin-molded aluminum-lithium tank domes for carrier applications at MT Aerospace

Working in collaboration with Lockheed Martin Space Systems and NASA, MT Aerospace has successfully completed a program for fabricating inexpensive and highly efficient tank domes for future launch systems.

Under this development program, tank domes were produced using highly rigid aluminum-lithium alloy for the first time. Compared with conventional materials used in space technology, this alloy exhibits greater rigidity combined with reduced density and permits weight savings of up to 25%.

To date, domes with a diameter of up to 5.4 meters have been produced to successfully demonstrate the viability of the new material. Looking forward, the entire process (FSW, spin-molding) is to be industrialized and additionally used for larger-diameter tanks fitted to future heavy-lift launchers.



Friction-stir-welding of a tank dome at MT Aerospace in Augsburg

October 2010

New appointment to the Management Board at MT Aerospace



Dr. Wolfgang Konrad

Dr. Wolfgang Konrad joined MT Aerospace's Management Board on October 1, 2010, assuming the position of chief operating officer. After graduating with a degree in mechanical engineering from the Darmstadt Technical University, he went on to complete his doctorate at Princeton University in the United States. He commenced his career in 1993 at BMW Rolls-Royce AeroEngines in Munich and Berlin, before moving to BMW AG in Munich in 1998, where he held various management positions in

development, production and quality assurance. At the beginning of 2007, he joined MTU Aero Engines and was appointed managing director of MTU Maintenance Berlin-Brandenburg GmbH, Ludwigsfelde.

October 2010

OHB-System: Celebrations to mark the official commencement of the Europeanized **SAR-Lupe system**



The "Europeanization of satellite-based reconnaissance" project (E-SGA) officially went into operation on October 20 at the German federal armed forces' strategic reconnaissance command in Gelsdorf. Held in the presence of the Vice Chief of Staff of the Bundeswehr and Chief of Staff of the Streitkräftebasis, Vice Admiral Wolfgang Kühn, the vice-president of the German Federal Office of

Defense Technology and Procurement (BWB) as well as numerous representatives of the German federal armed forces, the French army, industry and science, this ceremony marked the completion of efforts to establish what will initially be a bilateral cooperation program.

OHB-System AG was selected by the German Federal Ministry of Defense, BWB and the French military procurement authority DGA as the prime contractor for the implementation of E-SGA. Work entailed modifying the German SAR-Lupe ground segment so that it is able to function as a multinational ground segment which can be addressed by partner nations requesting or providing image data. In addition, OHB developed and supplied a partner ground segment for France known as the French SAR-Lupe Ground Segment (FSLGS), allowing it to issue instructions to the SAR-Lupe system. In this connection, OHB was also awarded the contract to operate the ground segment.

A further aspect of the contract was to connect the German HELIOS II ground segment Centré Primee Helios Deutschland (CPHD) to the multinational SAR-Lupe ground segment so that the French system can be addressed in Germany. The development contract was completed on time and in budget. During acceptance testing, the customer determined that the defined requirements had been satisfied in full.

November 2010

MT Aerospace works with Bavarian research centers on new launcher technologies

On November 11, the Bavarian Minister of Economic Affairs, Martin Zeil, kicked off two Bavarian research projects aimed at making future launchers lighter, more efficient and less expensive.

MT Aerospace AG CEO, Hans Steininger, accepted from the minister government grants under the "BayernFIT – Forschung, Innovation, Technologie" innovation program. MT Aerospace AG is the largest German partner in the European Ariane program. Within these projects, the company will be working with the Augsburg technology cluster comprising various research institutes and the University of Augsburg as well as the Bavarian state government.



Bavarian minister of economics, Martin Zeil (middle) handing Hans Steiniger, the CEO of MT Aerospace (left), the investment grant documents

The ambitious goal is to achieve a weight reduction of up to 30% in future launchers as well as considerable cuts in production costs. Over the next three years, the Bavarian state government and MT Aerospace AG will be investing a joint sum of around EUR 7 million.

November 2010

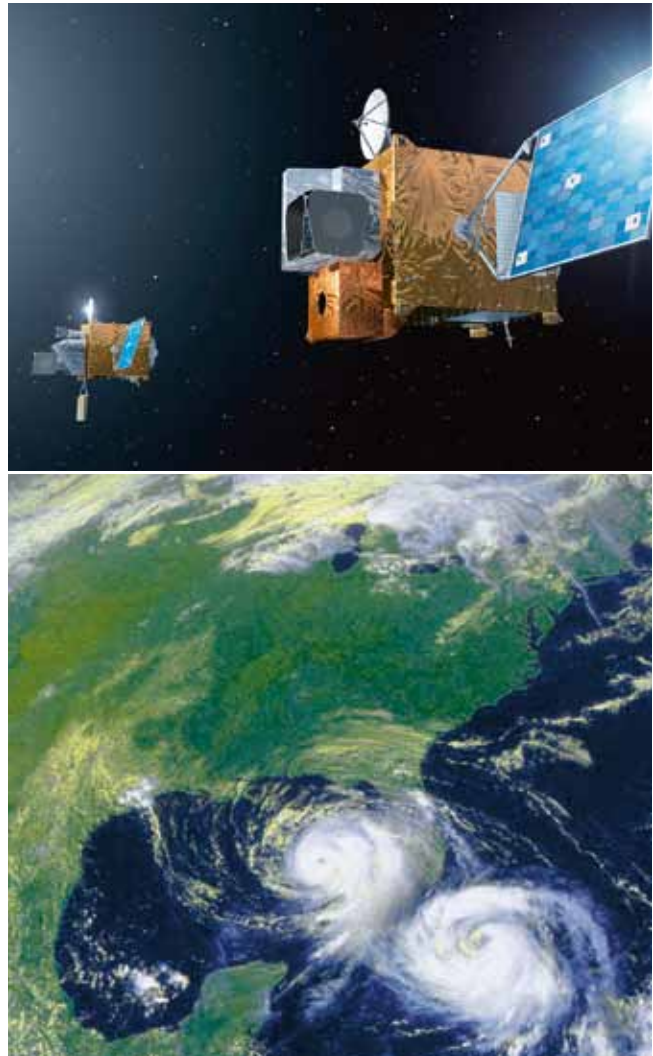
Preliminary MTG contracts signed by Thales Alenia Space, OHB-System and Kayser-Threde

Thales Alenia Space, the prime contractor, and its partner OHB-System, announced at the end of November the signature of an "authorization to proceed" (ATP) with the European Space Agency (ESA) for the Meteosat Third Generation (MTG) system. Co-financed by the European Space Agency and the meteorological organization Eumetsat, this program will guarantee European access to space-acquired meteorological data until 2037. After a hotly contested bidding process, this signing marked the completion of the ESA/Eumetsat selection phase.

MTG is a six-satellite system of four imaging satellites carrying imaging and lightning-detection facilities as well as two sounder satellites providing infrared and ultraviolet capabilities for both climate and meteorological applications. The launch of the first MTG imaging satellite is planned for 2017, marking the beginning of the in-orbit lifetime of the imager mission, followed by the launch of the first MTG sounding satellite in 2019. The MTG mission will result in substantial improvements in the capabilities of European meteorological services.

The sounder satellites will deliver unprecedented information on water vapor and temperature profiles. The ultraviolet, visible and near-infrared Sentinel-4 instrument will also be used. It will be scanning Europe and providing information on atmospheric chemistry and air quality, thus contributing to the GMES (Global Monitoring for Environment and Security) initiative. In addition to its prime contracting role, Thales Alenia Space is in charge of the imaging mission and will be supplying the four imaging satellites and their main instrument.

OHB-System is in charge of the sounder mission and will be providing the two sounders satellites. Its affiliate Kayser-Threde will be delivering the sounder instruments to be used for researching the earth's atmosphere. As well as this, OHB-System will be developing and building the 3-axes stabilized common platform for the satellites.



Top: animation of the two satellite types in the MTG program

Bottom: Weather forecasts derived from satellite-based earth observation

November 2010

megatel: Modernization of the cold roll line 2 L2 for Novolipetsk Steel (NLMK) in Lipetsk, Russia



Cold roll line at NLMK in Lipetsk, Russia

Converteam GmbH in Berlin was awarded the contract to modernize the single-stand cold roll line 2 for one of the leading Russian steel producers, NLMK Novolipetsk Steel in Lipetsk (Russia). In its capacity as sub-contractor, OHB subsidiary megatel is responsible for the visualization of the Level 2 dialogs in the process management system. This entails developing dialogs for the entry area and the master control system. These dialogs are used to manage and edit the input and output sequences as well as the milling data. The system went into operation on site in Russia between November 2010 and January 2011 under the supervision of megatel staff, among others.



December 2010

Arianespace: **Sixth successful Ariane 5 launch** in 2010

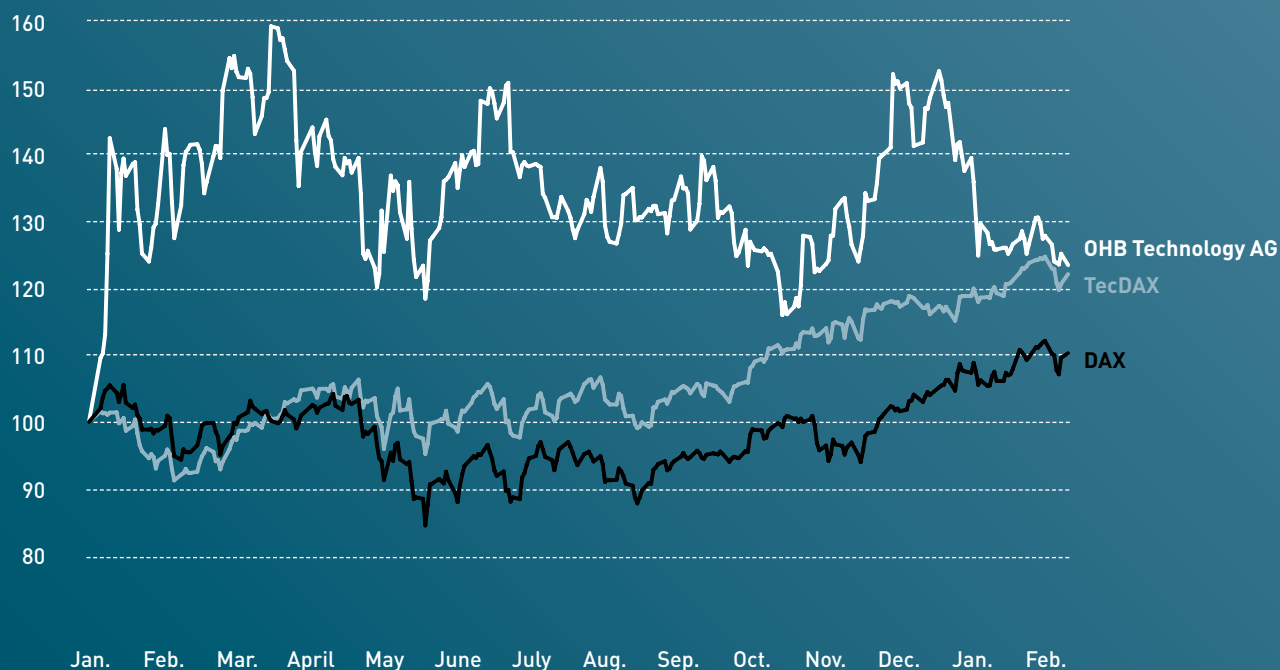
With the sixth successful Ariane 5 mission on December 29, Arianespace completed its very ambitious launch schedule for 2010.

This day marked the end to a successful year as well as the 41st consecutive successful launch of an Ariane 5. This time, the launcher carried two telecommunications satellites – the Hispasat 1E and Koreasat 6 – into space, releasing them with great precision into their planned orbits just 34 minutes after lift-off. Arianespace has also gotten off to a dynamic start in 2011, with the first Ariane 5 flight, which transported the second Automated Transfer Vehicle (ATV) to the International Space Station, lifting off on February 15, 2011. A total of six Ariane-5 launches are planned for 2011.

Arianespace's capital was increased in December 2010, with MT-Aerospace widening its share in the company to 8.3%.

OHB TECHNOLOGY STOCK

OHB stock buoyed at the end of 2010
by sharp rise in order receipts



Financial market caught between the effects of the economic crisis and the recovery

In 2010, stock markets continued on the upward trajectory which had emerged at the end of 2009. After hitting a low for the year of 5,434 points on February 5, 2010, the DAX staged a sharp recovery, hitting a high for the year of 7077.99 on December 21, 2010. It was particularly driven by strong growth in China and the emerging markets. The US Federal Reserve Bank also provided additional stimulus with its policy of cheap money and a further program to buy public-sector debt instruments.

Finally, the DAX closed the year at 6914.19 points. With a gain of 16%, it was the best performing European index. By comparison, the Dow Jones advanced by 11% over the year as a whole. Mid and small caps also made considerable headway, with the MDAX rising by 35% and the SDAX by as much as 46%. TecDAX edged up by 4% over the year, closing at 850.67 points.

OHB stock bucking trends in the broad market

Contrary to the market as a whole, OHB stock performed excellently in January in particular. This was in response to news that OHB had been selected to build and test 14 satellites for the EU-funded Galileo* European navigation system on January 7, 2010. The announcement generated heightened interest in the stock, something which was reflected in a sharp rise in demand. Following the announcement that OHB-System had been selected, more than 1 million OHB shares were traded for the first time on a single day on January 8, 2010. At the same time, the stock reached an all-time high and also a high for the year of EUR 18.34 on that day. Thereafter, it experienced relatively heavy volatility. OHB stock closed 2010 at EUR 16.60, up 48% for the year, thus outperforming all main indices.

Average daily trading volumes of OHB stock remained well up on the previous year. In 2010, an average of around 48,000 shares a day were traded via Xetra and on the stock-market floor, compared with just under 15,000 in the same period of the previous year, translating into a more than three-fold increase over the previous year.

OHB stock data

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

Investor relations activities

Last year, OHB presented itself to various investors and analysts at several capital market conferences including in Frankfurt am Main and Baden-Baden as well as at Deutsches Eigenkapital-forum. In addition, it organized road shows in London and the Middle East.

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.

Held on February 10, 2011 in Bremen, the "Capital Market Day" once again marked the first major investor relations activity in the new year. Roughly 40 analysts, bankers, investors and journalists accepted the invitation issued by the Management Board. The presentations held particularly focused on the current Galileo and Meteosat projects as well as the performance of the Group's European subsidiaries.

Dividend of EUR 0.25 per share approved at the annual general meeting

At the annual general meeting held on May 19, 2010, the shareholders passed a resolution approving the distribution of a dividend of EUR 0.25 for 2009. As a result, the Company has continued to pursue its consistent dividend policy. In addition, it was authorized to buy and utilize its own shares in accordance with Item 6 of the Agenda. Item 7 of the Agenda was also approved, allowing the creation of contingent capital for future equity issues. A further resolution was passed permitting an amendment to the Company's bylaws in line with the Act to Implement the Shareholder Rights Directive, which took effect in 2009.

Treasury stock

The current stock buyback program commenced on November 1, 2007. No treasury stock was acquired in 2010. At this year’s annual general meeting, the shareholders passed a resolution permitting the Company to buy back its own shares on or before May 18, 2015. As of December 31, 2010, OHB Technology AG’s treasury stock comprised a total of 66,954 shares, equivalent to 0.38% of its issued capital, i.e. unchanged in number since December 31, 2009.

Analyst ratings

Date	Bank	Target price in EUR	Rating
March 2011	VISCARDI	22.00	Buy
February 2011	Commerzbank	20.00	Buy
February 2011	WestLB	18.50	Buy
February 2011	DZ BANK	16.50	Buy
November 2010	HSBC Trinkaus & Burkhardt	16.50	Overweight

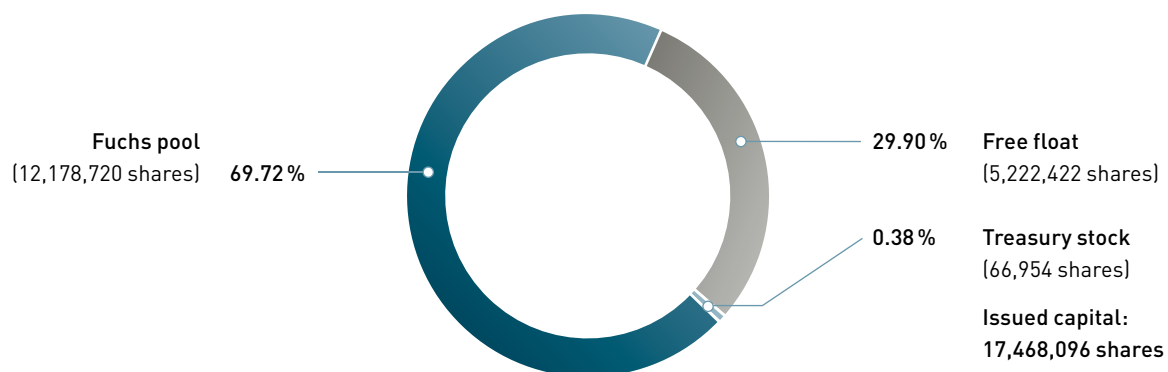


The 7th Capital Market Day was held in Bremen this time

OHB stock parameters in EUR (Xetra)

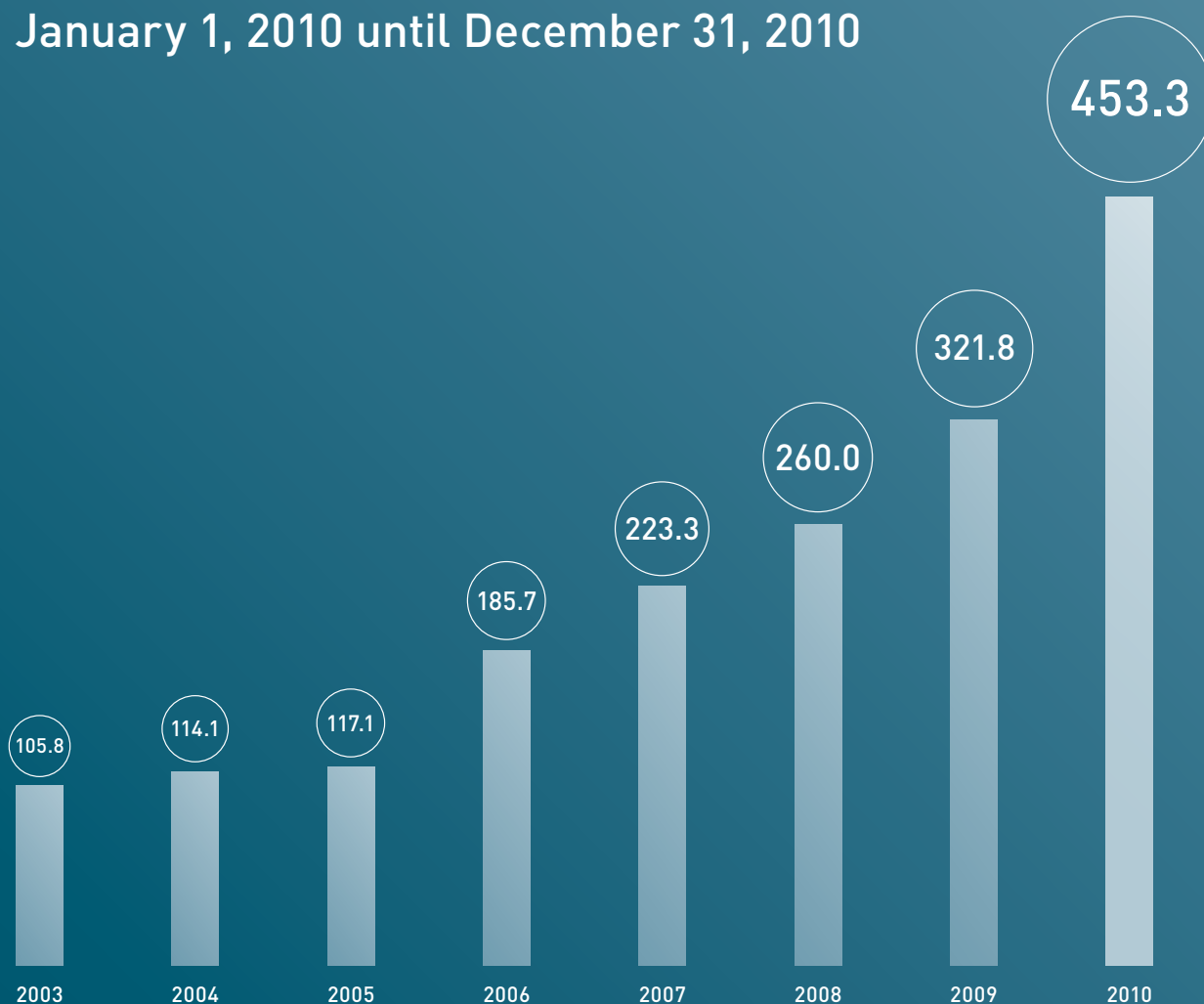
	2010	2009	2008	2007
End-of-year price	16.60	11.20	8.00	13.59
High for the year	18.34	11.35	13.92	15.45
Low for the year	11.50	5.85	4.82	9.65
Market capitalization (end of year)	290 million	196 million	119 million	203 million
Average daily trading volumes (Xetra + floor)	47,546 shares	15,220 shares	8,868 shares	16,984 shares
Price/earnings ratio (P/E) (final trading day of the year)	30.18	11.66	13.1	16.2
Earnings per share (EPS)	0.55	0.96	0.61	0.84
Dividend per share	0.30*	0.25	0.25	0.25
Dividend yield (end of year)	1.81 %	2.23 %	3.13 %	1.84 %

* Subject to approval by the shareholders

OHB Technology AG shareholder structure on December 31, 2010

GROUP MANAGEMENT REPORT

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



Consolidated total revenues over eight years in EUR millions

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BUSINESS PERFORMANCE AND UNDERLYING CONDITIONS

Highlights in 2010

41% increase in total revenues to EUR 453 million

The OHB Technology Group's total revenues rose by EUR 131 million to EUR 453 million in the year under review. With an increase of EUR 90 million or 133% in total revenues to EUR 210 million, the Space Systems + Security business unit performed particularly well. Moreover, the full-year inclusion of Carlo Gavazzi Space S.p.A., which had been consolidated for the first time on October 1, 2009, also had a favorable effect in the year under review.

Order backlog of EUR 1,160 million as of December 31, 2010 still at a very high level

At EUR 1,160 million (previous year EUR 834 million), the order backlog remained at a very high level primarily due to the successful new business achieved in 2010. This ensures a very reliable basis for future planning and high capacity utilization across all business units.

Record EBIT achieved

EBITDA rose to a total of EUR 33.7 million (previous year EUR 31.7 million), with operating earnings (EBIT) also climbing to EUR 22.7 million (previous year EUR 20.8 million). Consolidated net profit for the year came to EUR 9.6 million (previous year EUR 14.9 million), while earnings per share for the year under

review equal EUR 0.55 (diluted and basic), down from EUR 0.96 in the previous year.

Successful new business efforts

Im January 2010, OHB-System AG and the European Space Agency ESA signed a contract for the development and construction of 14 Galileo* satellites. The project has a total volume of around EUR 566 million. OHB-System AG has assumed the function of prime contractor and is also responsible for the development and assembly of the satellite bus.

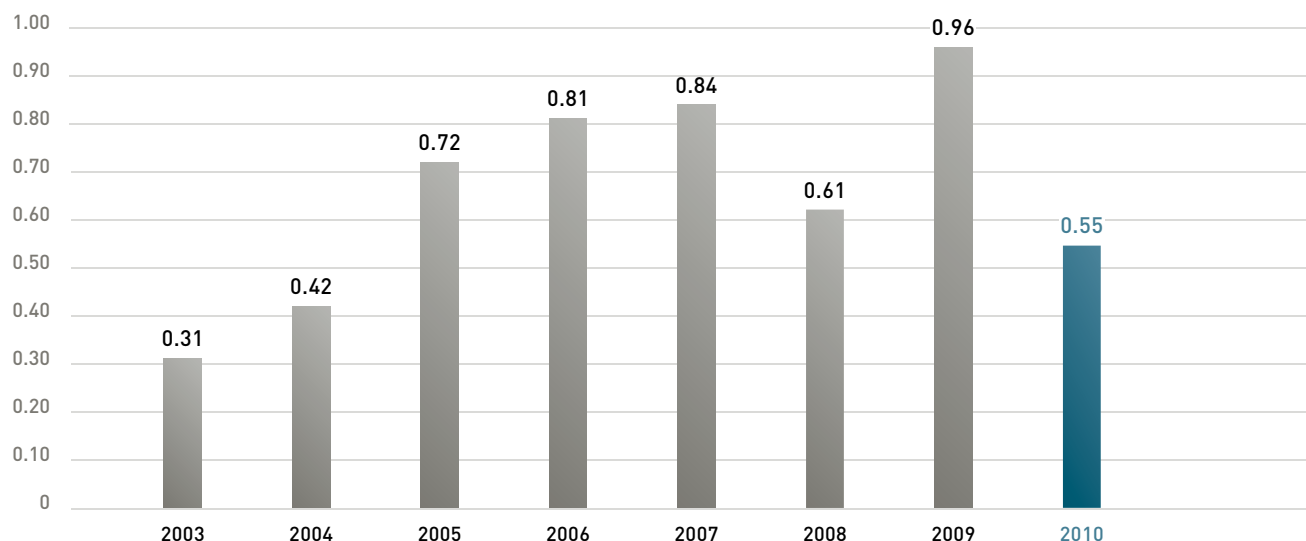
OHB-System AG and the prime contractor for the third-generation Meteosat system Thales Alenia Space signed a preliminary part contract, known as the "authorization to proceed" (ATP) in November 2010. Co-financed by the European Space Agency and the meteorological organization Eumetsat, this program will guarantee European access to space-acquired meteorological data until 2037. The project has a volume of around EUR 1.3 billion, of which a sum of approximately EUR 750 million has been allocated to the OHB Technology Group. The "authorization to proceed" entails development work of a volume of around EUR 21 million over the next six months.

Underlying economic conditions

After the previous severe slump, gross domestic product (GDP) in Germany expanded by 3.6% in price-adjusted terms in 2010, marking the strongest rate of growth since German reunification. Foreign trade contributed one third to this favorable performance. Exports, which had tumbled by 14% during the

Earnings per share

Over eight years in EUR



economic crisis, were spurred by the sharp increase in demand in the emerging markets. However, domestic demand also made a crucial contribution to growth, with consumer spending as well as capital goods and construction spending all rising substantially. At 40.5 million, employment numbers reached a new high, while the number of unemployed dropped accordingly. Germany closed 2010 as one of the world's best economic performers with GDP expansion three times the average recorded for the European Monetary Union as a whole.

Underlying conditions in the sector

Space technology

Conditions in the national and international space technology sector have remained upbeat. In Germany, the national space technology budget and the German contributions to the ESA programs continued to rise steadily as planned. In December 2010, the German federal government, represented by the German Federal Ministry of Economics, published the main elements of the national space strategy. The German Aerospace Center (DLR) will be implementing this strategy as a national space program this year.

The Treaty of Lisbon gives the European Union and also the European Commission key influence over European space technology in the future. Although the final structures are still to be created, it is already clear that crucial importance will be attached to civil security alongside navigation (Galileo*) and the environment (GMES – Global Monitoring for Environment and Security).

In 2010, 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. European cooperation in the area of satellite-based reconnaissance is currently being restructured and realigned on the basis of studies to which OHB-System has also made intensive contributions.

The market for commercial communications satellites and earth observation remains stable.

Demand for launch services is still steady. The enduring technical success of the Ariane 5 program should result in a reliable launch cadence at Arianespace again in 2011.

Space activities, particularly those associated with the establishment of telecom and earth observation infrastructures, enjoy high priority in Italy. In 2010, the Italian Space Agency (ASI) drafted a long-term plan mapping out opportunities for funding 'flagship' national programs in the application domain as well as research on scientific payloads technology.

Telematics + Satellite Operations

The favorable underlying economic conditions were also reflected in the commercial vehicle market in 2010, with the sector registering a substantial increase in new registrations over the previous year. Even so, they were still down on the long-term average.

As a result, no recovery emerged in sales of factory-fitted telematics systems for commercial vehicles. In the wake of the economic downswing in 2009, many customers had postponed planned product launches for 2008/2009 until further notice.

Organizational and legal structure of the Group

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

OHB Technology is a joint stock company incorporated in accordance with German law with registered offices in Bremen. The subsidiaries and associates of OHB Technology AG are overseen locally by their respective managements, who are able to directly contribute their experience and skills and benefit from market proximity. This decentralized structure offers decisive advantages: Direct communications between suppliers, customers or other stakeholders and the responsible contacts within the individual companies reduce the loss of information and time. In addition, 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 Technology 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.

OHB Technology AG comprises the following business units:

- The **Space Systems + Security** business unit, which specializes in satellite development, human spaceflight, exploration as well as security and reconnaissance technology.
- The **Payloads + Science** business unit, which concentrates on developing and implementing payloads, scientific equipment and devices for aeronautics/aerospace, research institutes and industry.
- The **Space International** business unit, which covers all space activities outside Germany.
- The **Space Transportation + Aerospace Structures** business unit, which is primarily a supplier of key components for aerospace and aviation products and possesses system skills in the antenna and mechatronics segment.
- The **Telematics + Satellite Operations** business unit, whose main focus is on OEM solutions for commercial vehicle producers as well as geographical information systems and web-based database solutions.

* see Glossary

BUSINESS PERFORMANCE IN 2010

The OHB Group's very favorable performance in terms of sales, total revenues, EBITDA and EBIT continued in 2010. In particular, total revenues rose by 41% over the previous year from around EUR 322 million to around EUR 453 million in the year under review. This was accompanied by a 48% increase in sales to around EUR 425 million, up from EUR 287 million the previous year. In this connection, it should be noted that Carlo Gavazzi Space S.p.A., which had been acquired on October 1, 2009, was consolidated for the first full year.

Space Systems + Security business unit

In the Space Systems + Security business unit, OHB-System AG works on long-term projects which are generally awarded by public-sector customers. The very high order backlog of currently more than EUR 600 million ensures high forward planning visibility over protracted periods of time and sustained growth.

Earth observation and reconnaissance

The OHB-System-developed SAR-Lupe satellites and the related ground systems provide the German federal armed forces with a highly modern and capable radar satellite reconnaissance system. The system is operating stably and to the full satisfaction of the customer (German Federal Office of Defense Technology and Procurement) and the German armed forces. The contract for the establishment of the joint German/French reconnaissance system comprising the SAR-Lupe satellite system (radar images) and the French Helios II program (optical images) has now largely been completed. Known as E-SGA/FSLGS, the system was handed over to the customer in October 2010. OHB is currently conducting preparatory studies for a follow-up 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) has been delayed. Equipped with several hyperspectral sensors, it will be primarily used to map the state of the planet and to continue monitoring its condition. It is an innovative system which can be used for many new areas of application.

Using as a basis the SGEO communications satellite platform, OHB-System submitted a tender for the development and construction of the third-generation European weather satellites MTG (Meteosat Third Generation) as a co-prime in conjunction with Thales Alenia Space. Worth a total of around EUR 1.25 billion including a share for the OHB Group of some EUR 750 million, this bid was selected by ESA and EUMETSAT in November 2010. This was followed by the grant of authorization to proceed on the first phase of the development program.

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.

Following 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.

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

In July 2010, OHB was awarded a contract by ESA to conduct the GMES Security study. This extensive study will be identifying requirements with respect to a future European space infrastructure to protect civil security in Europe. GMES Security is a possible candidate for inclusion in the next major EU infrastructure project.

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 in the ongoing commercial exploitation of the SGEO platform. For this purpose, OHB's new SGEO satellite platform is being deployed directly in a satellite operator's commercial system. The satellite is scheduled for launch in early 2013.

ESA is also planning to use the SGEO platform as a basis for the European Data Relay Satellite (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. OHB-System has been selected as the supplier of the satellite. A final decision on the implementation of the project was made in February 2011, with the first part-contract expected to be signed in March 2011.

The enhancements to the SGEO 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 defined by DLR as the basis for a national telecommunications mission ("Heinrich Hertz Satellite"). OHB-System has completed the relevant Phase A study, with a decision on the implementation of the Heinrich Hertz mission expected in 2011.

Navigation

The EU and ESA invited proposals for the operational satellites of the Galileo* space segment. On January 7, 2010, OHB was awarded the contract worth EUR 566 million for the construction and testing of 14 satellites.

In view of the tight deadline, all necessary infrastructure measures were implemented and the project team assembled in 2010. All main subcontractors and suppliers were selected in 2010 and most of the corresponding contracts awarded.

Space exploration

OHB-System has submitted a bid for the carrier/orbiter element of ESA's ExoMars program. The Company is a member of the Thales Alenia Space team on this European mission to Mars. Following the establishment of a partnership between ESA and NASA, OHB-System was instructed to commence work in 2010.

Space research and robotics

OHB-System is participating in ESA's next European scientific research mission as a prime contractor and will be preparing studies for the Marco Polo and Laplace missions. In this way, it is continuing to establish a position for itself in this classic segment of space technology. The Company will be specifically focusing on the major Jupiter-Ganymede/Laplace mission as this is where its SGEO experience will be able to make a particular contribution. Selection by ESA and further studies are scheduled for 2011.

Thus, OHB-System has been assigned system manager status for Phase B of the planned German "DEOS" robotic mission in the national program. This system manager status for a highly complex satellite system for the verification of de-orbiting and in-orbit servicing of LEO satellites marks a crucial

milestone in efforts to grow system capabilities in all market segments and also forms an important element of the national space strategy.

Human spaceflight

A series of experiments overseen by OHB-System was conducted on the international space station ISS. They included WAICO 2, which examined plant growth in gravity-free conditions.

In 2010, various experiments were successfully completed in the EPM space laboratory, which had been developed and built by OHB-System in 2008 and transported to the ISS together with the European Columbus module. One of these experiments was Neurospat for investigating astronauts' spatial orientation in gravity-free conditions together with a device for measuring long-term cosmic radiation exposure in the Columbus module.

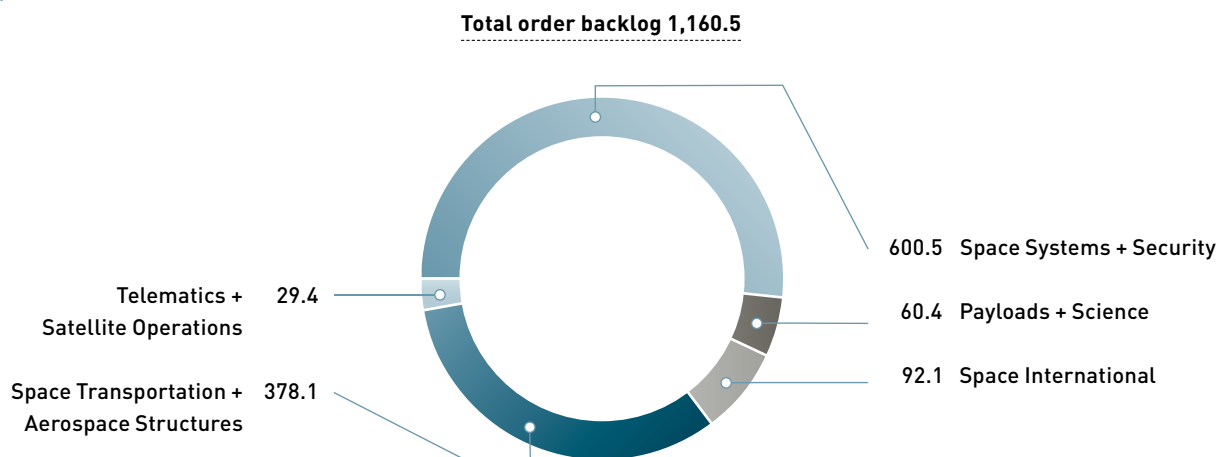
Payloads + Science business unit

Space technology

The outstanding event of the year in the space technology segment was the award of two major contracts under the MTG program. Kayser-Threde is a subcontractor for both Thales Alenia Space and OHB-System. The contract entails the development and construction of a total of six third-generation European weather satellites for ESA and the European weather organization EUMETSAT. Kayser-Threde is the prime contractor for one of the two main instruments which will be deployed on two satellites. At the same time, it will be responsible for major subsystems of a further key instrument which will be fitted to the other four satellites. This was followed in the autumn by the

Order backlog by business unit

12/31/2010 in EUR millions



* see Glossary

issue of authorization to proceed with the first phase of the development program.

Work was commenced on the establishment of the Precise Timing Facility (PTF) – a ground unit for synchronizing the on-board clocks of all Galileo* satellites – at the control center in Oberpfaffenhofen. In spring 2010, a further campaign was held with the launch of a high-altitude MAXUS research rocket, to which Kayser-Threde telemetrics and recovery systems were fitted.

The airborne SOFIA telescope went into operation, while cosmonauts on board the space station completed further series of experiments involving the PK-3 Plus plasma crystal system. All these instruments completed their programs as planned or are continuing to function correctly.

In September, Kayser-Threde had TET-1 tested intensively for viability at the IABG space testing center located not far away in Ottobrunn. Following the successful completion of the qualification program at IABG in Oberpfaffenhofen, further testing and the flight acceptance review in November 2010, DLR issued authorization to proceed with the flight, which is scheduled for the first half of 2011.

Process control technology

Process control technology activities have been playing a leading role in innovative systems for the remote control and automation of German railway company DB's own signaling technology (station signaling systems) since 1976. In 2010, ten new construction and conversion projects were completed and numerous existing signaling systems equipped with new functions.

Space International business unit

In a further step to implement its European growth strategy, OHB Technology AG acquired all of the capital of Thales Alenia Space Antwerp N.V., Antwerp, Belgium, on July 19, 2010. Consolidated in full from August 1, 2010, the company was renamed Antwerp Space N.V. in October 2010 and forms part of the Space International business unit.

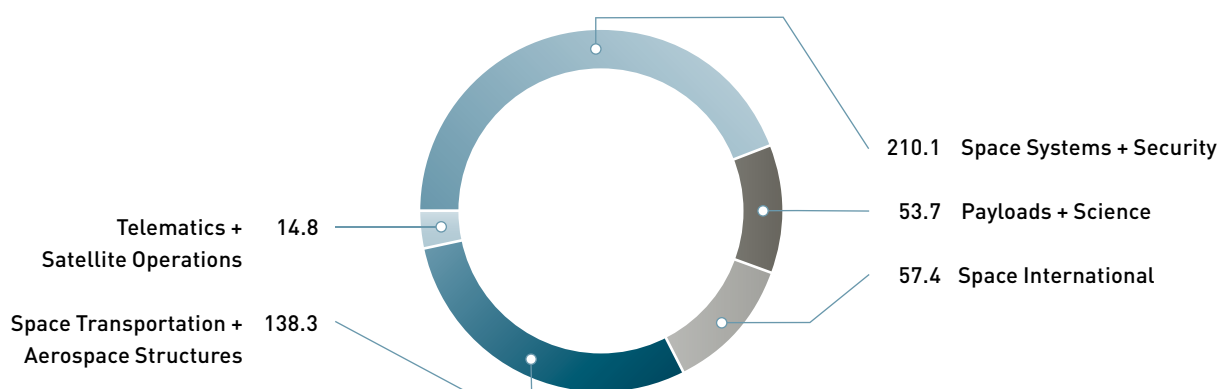
The year under review was significantly influenced by the progress made on project work, particularly satellites. Deserving of special mention in this connection is the PRISMA satellite project (customer: Italian Space Agency ASI) with a hyperspectral scientific payload in connection with a high-performance platform, which successfully passed an important contractual milestone, the critical design review (CDR). LARES, the first satellite to be launched by VEGA, has initiated the flight readiness review culminating in a launch in late 2011.

In the area of scientific payloads and laboratories, Carlo Gavazzi Space delivered to NASA the hardware required for the AMS antimatter spectrometer, which is set to fly with the last Shuttle mission in 2011, and made further progress in the integration of the flight model of the LISA Pathfinder Inertial Sensor.

Integration within the OHB Group of Antwerp Space N.V., which specializes in developing and producing equipment for ground stations particularly for telecommunications and earth observation applications, was completed at the end of the year. The most important project currently being pursued by Antwerp Space N.V. is the assembly of the overarching network linking the mission and control centers of the future Galileo* European

Total revenues by business unit before consolidation and holding

in EUR millions



satellite-based navigation system. In addition, the company's future strategy was jointly mapped out by the OHB Group and the Belgian space agency (BELSPO) and provides, among other things, for the addition of activities related to in-orbit hardware for satellites.

LUXSPACE continued to broaden its AIS data service activities in 2010. In addition to gaining new institutional and commercial customers, it was awarded a contract by US company ORBCOMM Inc. for the construction of two AIS satellites. To be launched in 2011, the two satellites will supply AIS data of a substantially improved quality for both ORBCOMM and LUXSPACE. At the same time, various milestones were achieved in connection with the Small GEO project, in which LUXSPACE is responsible for the TTR system and the simulator.

Space Transportation + Aerospace Structures business unit

In 2010, a total of six Ariane 5 launches were successfully executed, all entailing the enhanced-performance ECA version with a payload of around 9 tons. Production and delivery of Ariane 5 components proceeded according to schedule.

In 2010, business in aircraft products primarily entailed the delivery of fresh and waste water tanks for Airbus aircraft. Development of tanks for the new Airbus A350 is continuing in budget and on time. No series sales have so far been generated from business in light-weight structures for the military transporter A400M with Airbus. Moreover, Airbus canceled the contract for the development and delivery of floor brackets for the long-haul A380 aircraft in 2010.

Heavy assembly work on the Sardinian radio telescope was successfully completed in December 2010. This had been preceded in May 2010 by a spectacular big lift in which the steel

reflector with a diameter of 64 meters and a weight of 520 tons, which had been preassembled and welded in full on the ground, was lifted by a special crane and mounted on top of the 34 meter high tower.

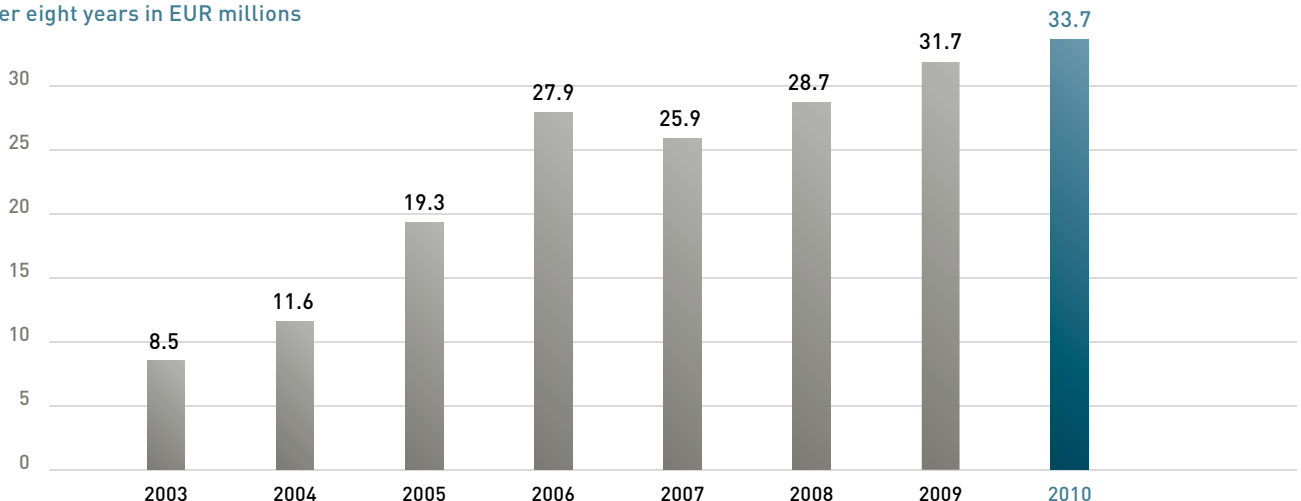
At the end of 2010, the customer was furnished with two antennas for testing purposes for the ALMA project, which is currently being assembled in the Atacama Desert in Chile and comprises 25 individual radio telescopes with a mirror diameter of 12 meters. The contract is being executed by a European industrial syndicate, of which MT Mechatronics is also a member. In addition to supplying the mechanical elements, the company is additionally responsible for the assembly and the start-up of all 25 precision telescopes in Chile. The project has fallen behind schedule due to delays in the deliveries of the necessary components and the need for complex on-site system adjustments.

May saw the first-light flight for the SOFIA infrared telescope, which had been developed and built by MT Mechatronics as lead manager for DLR. For the first time, this unique airborne observatory observed infrared objects in flight. MT Mechatronics continues to deploy its own team of experts to optimize the overall system. Currently stationed at NASA in Dryden, California, the observatory is expected to arrive in Germany in the late summer of 2011 for the first time, at which time it will be making its public debut.

In 2010, MT Mechatronics was awarded a contract by the Spanish ministry of infrastructure to develop the next-generation telescopes for very long baseline interferometry including turn-key assembly of a total of 3 facilities near Madrid, on the Canary Islands and on the Azores. This development will result in a new standard for the global market.

EBITDA

Over eight years in EUR millions



Likewise, MT Mechatronics received in 2010 a contract from the United States providing for system detail engineering and the delivery of the hardware and software for the control systems for the ATST Advanced Technology Solar Telescope. To be assembled at an altitude of 3,000 meters on Mount Haleakala on Maui, Hawaii, the ATST will be one of the world's largest and most powerful solar telescopes. MT Mechatronics is confident that this preliminary US contract will provide it with improved access to the US market for future projects.

Telematics + Satellite Operations business unit

Talks are currently being held with DAF on future joint project activities. One possible scenario entails the relaunch of the existing product or the development of a new or enhanced system.

The number of telematics systems shipped to MAN Commercial Vehicles rose again substantially to around 5,200 units. This trend should continue this year as a follow-up system is not planned until the beginning of 2013.

The development of a navigation system for a Northern European commercial vehicle OEM passed further milestones. As a result, a testing phase over a period of several months is currently ongoing, with a market launch scheduled for this year.

In response to flat new business in telematics terminals in the truck segment, OHB has entered the market for battery management systems. In this segment, it has already generated business in the marine sector and for automotive electric drives in hybrid vehicles. Both projects are proceeding according to schedule; in fact, the automotive project has completed extensive testing.

Last year, OHB Teledata and megatel successfully completed the integration of a software package in the C4i command and control center in Shuaiba, Kuwait. The purpose of C4i is to ensure full surveillance of the port area from the land and sea-side to protect infrastructure facilities and cargo. The successful execution of this project marks the entry into a new market segment. Following the successful completion of this product in Kuwait, OHB will in a follow-up project be supplying core components required for monitoring a further major infrastructure project. Last year, megatel launched an iPhone application known as ShareLock to permit mobile recording of data by service staff. In addition to recording data, the product helps field employees to plan their tours and provides navigation for transportation on foot or cycle and by car.

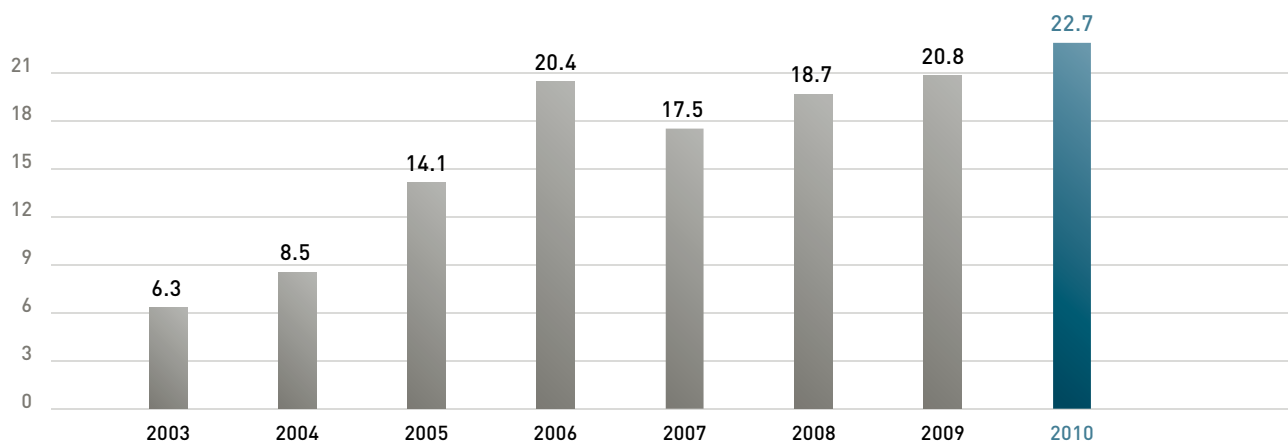
SALES AND ORDERS

The OHB Technology Group's total revenues rose by EUR 131 million to EUR 453 million in 2010. With an increase of EUR 90 million or 133% in total revenues to EUR 210 million, the Space Systems + Security business unit performed particularly well. Moreover, the inclusion of Carlo Gavazzi Space S.p.A., which had been consolidated for the first time on October 1, 2009, for the first full year also had a favorable effect in the year under review. Consolidated sales came to EUR 425.5 million (previous year: EUR 287.2 million).

Orders and ongoing business were very strong in the **Space Systems + Security** business unit. Thus, non-consolidated total revenues came to EUR 210.1 million in 2010 (previous year EUR 89.9 million), while non-consolidated sales rose to EUR 206.8 million (previous year EUR 88.7 million). This very encouraging

EBIT

Over eight years in EUR millions



performance is particularly due to the progress made on the Galileo* project and the gratifying growth in order receipts. The heavy order backlog of over EUR 600 million as of December 31, 2010 ensures high forward visibility over a protracted period of time as well as continued growth.

The **Payloads + Science** business unit generated non-consolidated total revenues of EUR 53.7 million in 2010 (previous year EUR 64.3 million), accompanied by sales of around EUR 42.7 million (previous year EUR 62.0 million). Looking forward, this business unit alongside the Space Systems + Security business unit will materially benefit from the Meteosat Third Generation project. The planned share of this project will be worth around EUR 322 million.

On October 1, 2009, the Group was extended with the addition of the new

Space International business unit following the acquisition of Carlo Gavazzi Space. This new business unit comprises the Group's non-German space technology activities and is primarily made up of Carlo Gavazzi Space (Milan) as well as the investments in LUXSPACE Sàrl and ELTA, which had previously been assigned to the Space Systems + Security business unit up until December 31, 2008. In addition, OHB Technology AG acquired all of the capital of Thales Alenia Space Antwerp N.V., Antwerp, Belgium, in 2010. The acquisition was executed on July 19, 2010 and the company consolidated in full from August 1, 2010. Renamed Antwerp Space NV on October 28, 2010, this company specializes in developing and producing equipment for ground stations, particularly for telecommunications and earth observation applications. The business unit generated non-consolidated total revenues of EUR 57.4 million in 2010 (previous year

EUR 19.9 million), accompanied by non-consolidated sales of EUR 53.2 million (previous year EUR 17.7 million).

The increase in total revenues and sales was particularly driven by the consolidation of Carlo Gavazzi Space for the first full year.

The **Space Transportation + Aerospace Structures** business unit recorded total non-consolidated revenues of EUR 138.3 million in 2010 (previous year EUR 151.0 million) and non-consolidated sales of EUR 133.2 million (previous year EUR 123.2 million). As of January 1, 2010, MT Aerospace Guyane S.A.S., Kourou (French Guiana), and MT Aerospace Satellite Products Ltd., Wolverhampton (United Kingdom) were consolidated for the first time due to a revised assessment of their materiality. Both companies are 100% subsidiaries of MT Aerospace AG.

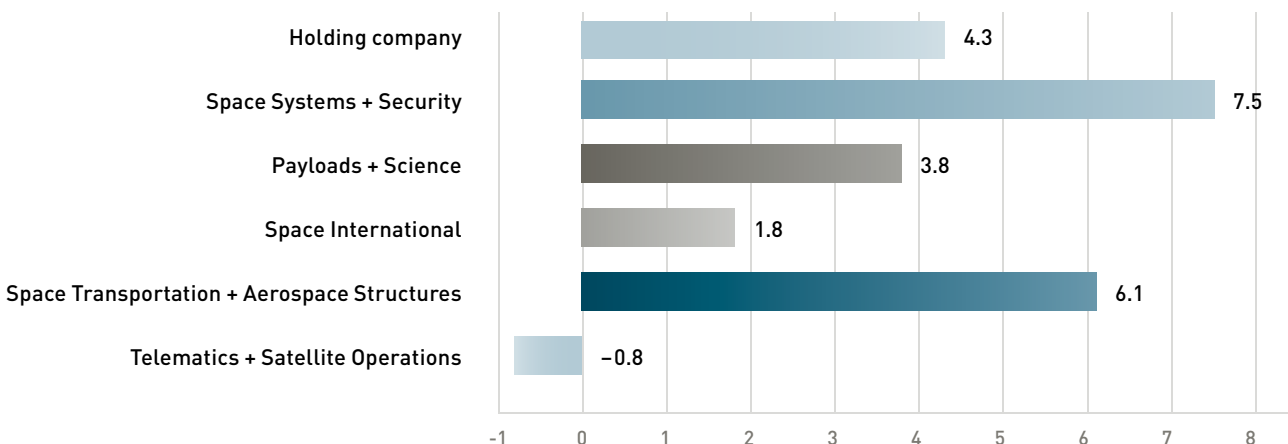
Non-consolidated total revenues in the **Telematics + Satellite Operations** business unit came to EUR 14.8 million in 2010, down on the previous year's figure of EUR 18.6 million.

Non-consolidated sales stood at EUR 14.3 million (previous year EUR 17.1 million).

As of the balance sheet date, the OHB Technology Group's order backlog remained at a very high level of EUR 1,160.5 million (previous year EUR 834.0 million), with the Space Systems + Security business unit accounting for EUR 600.5 million of this volume. On the balance sheet date, order backlog stood at EUR 378.1 million in the Space Transportation + Aerospace Structures business unit, EUR 60.4 million in the Payloads + Science business unit, EUR 92.1 million in the Space International business unit and EUR 29.4 million in the Telematics + Satellite Operations business unit.

EBIT by business unit before consolidation

2010 in EUR millions



* see Glossary

RESULTS OF OPERATIONS

With consolidated EBITDA coming to EUR 33.7 million (previous year EUR 31.7 million) and consolidated EBIT to EUR 22.7 million (previous year EUR 20.8 million) in the year under review, net profit after tax stood at around EUR 9.6 million (previous year EUR 14.9 million), while earnings per share equaled EUR 0.55 in 2010, down from EUR 0.96 in 2009.

All told, the full-year forecast for total revenues was exceeded in 2010, while EBITDA and EBIT guidance was essentially met. Earnings were additionally buoyed by the acquisition and first-time consolidation of Antwerp Space N.V. Antwerp Space was consolidated for the first time effective August 1, 2010 on the basis of the interim financial statements as of that date. First-time consolidation produced negative goodwill of EUR 4.338 million, which was taken to profit and loss in accordance with IFRS 3.34 et seq.

Before consolidation, the **Space Systems + Security** business unit generated EBIT of EUR 7.5 million in 2010 (previous year: EUR 3.4 million), translating into an EBIT margin of 3.6% (previous year 3.8%). This improvement in earnings was attributable to the sharp rise in total revenues in this business unit together with substantial productivity gains.

EBIT in the **Payloads + Science** business unit came to EUR 3.8 million (previous year EUR 4.1 million), equivalent to an EBIT margin of 7.1% (previous year 6.4%).

The **Space International** business unit contributed EBIT of around EUR 1.8 million (previous year EUR 3.7 million).

EBIT before consolidation in the **Space Transportation + Aerospace Structures** business unit stood at EUR 6.1 million in the year under review (previous year: EUR 10.6 million), equivalent

to an EBIT margin of 4.4% (previous year 7.0%). In this business unit, an adjustment to the fair value of a major project in response to a more cautious appraisal is the reason for the lower earnings in the year under review.

The **Telematics + Satellite Operations** business unit sustained a loss of EUR 0.8 million at the EBIT level (previous year profit at the EBIT level EUR 0.7 million) chiefly as a result of lower sales.

The OHB Technology Group recorded net financial expense of EUR 7.3 million in 2010 (previous year EUR 6.4 million). The other finance expenditure of EUR 6.823 million (previous year EUR 6.378 million) included in this figure chiefly relates to interest expenditure on pension provisions of EUR 3.789 million (previous year EUR 3.864 million) and interest on debt capital of EUR 2.317 million at the level of one subsidiary.

The parent-company financial statements prepared according to German GAAP (HGB) for OHB Technology AG carry an unappropriated surplus of around EUR 16.3 million for 2010.

The Management Board and Supervisory Board will be asking the shareholders to approve a dividend of EUR 0.30 per share for 2010 at this year's annual general meeting.

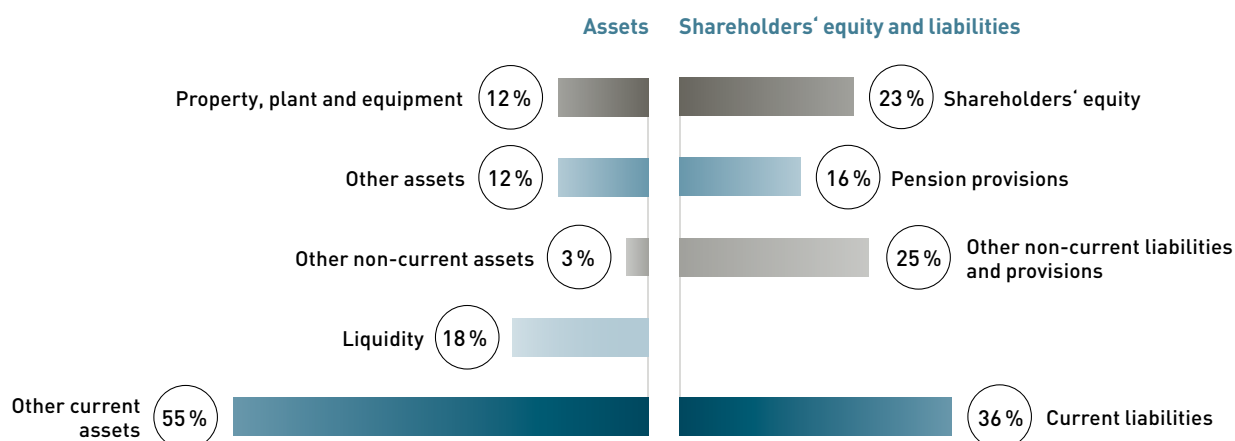
ASSETS AND FINANCIAL CONDITION

In the year under review, total assets rose from EUR 441.9 million to EUR 466.4 million. Group capital spending totaled EUR 19.1 million in 2010 (previous year EUR 14.7 million).

Inventories rose in value from EUR 102.7 million to EUR 103.9 million; on the other hand, prepayments received from customers climbed to EUR 132.5 million (previous year: EUR 127.1 million).

Asset structure | Total assets 12/31/2010: EUR 466 million

In a percentage of total assets



Cash and cash equivalents including securities were valued at EUR 87.5 million as of December 31, 2010, up from EUR 76.8 million in the previous year. A substantial 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 Group was able to fund all main planned investments internally.

Equity rose by EUR 7.0 million over the previous year, standing at EUR 105.2 million as of December 31, 2010 (previous year EUR 98.1 million).

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

The pension provisions of EUR 74.3 million at the end of 2010 continue to constitute the main item on the right-hand side of the balance sheet after equity.

The non-current financial liabilities of EUR 42.8 million reflect the project finance loans raised by the Italian subsidiary Carlo Gavazzi Space S.p.A.

Trade receivables of EUR 140.1 million (previous year EUR 132.9 million) were matched by trade payables of EUR 67.4 million (previous year EUR 57.0 million).

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

EMPLOYEES

2010 saw substantial new recruiting particularly at the Group's Bremen and Munich sites. The award of contracts for navigation and weather satellites in particular necessitated substantial additions to the human resources available at these sites. By gaining these projects, the OHB Group was able to spur aware-

ness levels in the national and international job markets in particular. As a result, it was able to recruit around 130 specialists and university graduates. On an encouraging note, many new employees came from other European countries, thus reflecting within the Group the international profile of this sector and its customers. Onboarding processes providing new employees with information on strategic and organizational matters as well the Group's corporate culture were implemented at the Bremen and Munich sites to assist in successful integration.

It was also possible to cover the high personnel requirements particularly at OHB-System AG in Bremen by means of internal Group sharing of human resources. Thus, OHB-System is benefiting from a temporary secondment of over 30 experts from Italian affiliate Carlo Gavazzi Space. In this way, an important personnel policy initiative which had been adopted in the previous year was implemented in line with requirements.

As of December 31, 2010 the number of employees within the OHB Technology Group had increased by around 9% compared with December 31, 2009 to 1,677 (previous year 1,546).

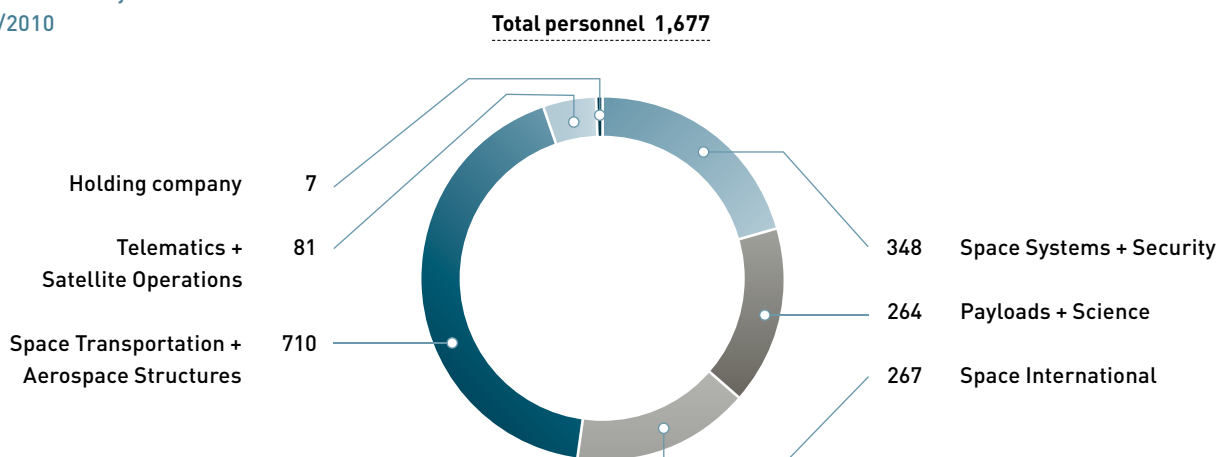
RESEARCH AND DEVELOPMENT

In the year under review, OHB Technology spent roughly EUR 14.3 million (previous year EUR 13.0 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.

Staff

Total personnel by business units
12/31/2010



In the **Space Systems + Security** business unit, one of the main focuses was on technology in connection with enhancing and future-proofing the SGE0 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. As in the previous year, a number of public-sector grants were received for "classic" space technology activities such as Biona or earth observation applications such as DeMarine.

R+D activities in the **Payloads + Science** business unit centered for the most part on additional enhancements to station signaling technology and basic research in the space segments.

In the **Space International** business unit, attention was primarily paid to the development and utilization of micro-technologies and new innovative materials for subsystems and payloads including data handling and transmission. A further focus was placed on activities for technologies related to the future use of optical telescopes for detecting and monitoring near-earth objects (NEOs) and space debris.

Research and development activities at LUXSPACE concentrated on the development of a new micro satellite platform (Espresso) for applications for the satellite-based monitoring of shipping (AIS).

The **Space Transportation + Aerospace Structures** business unit particularly performed the following development work on new products, product enhancements and cost reductions.

In the launcher components segment, various system-technology and production-related tasks were addressed. Efforts to amass subsystem competence for space tanks were continued in sub-projects devoted to cryotanks, polymer liner for high-pressure tanks and cryogenic tank insulation.

Technical preparations for the Ariane 5 ME launcher configuration were primarily directed at the upper stage tanks together with attention to structural issues such as the Ariane 5 front skirt JAVE.

In the satellite tanks segment, the interrelationship between metal liners and CFRP wrapping was optimized by adjusting the material combinations and the process parameters based on experience gained from the development of the Alphabus tank.

MT Aerospace is also working on establishing base skills in management systems for storable propellants. The aim is to develop basic knowledge of the requirements, which propellant management systems must satisfy, and how they function.

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 is working steadily on enhancing its skills in the development and fabrication of CFRP components.

It holds a leading position in fresh and wastewater 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).

The main focus of research and development activities in the **Telematics + Satellite Operations** business unit concerned the development of battery management systems for automotive and military use.

QUALITY, ENVIRONMENT MANAGEMENT AND DATA PROTECTION

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

OHB-System AG monitors quality management for OHB Technology and the necessary current certificates for the following companies:

- OHB-System AG
- OHB Teledata GmbH
- megatel GmbH
- Kayser-Threde GmbH
- LUXSPACE Sàrl
- MT Aerospace AG
- Carlo Gavazzi Space S.p.A.,
- Antwerp Space N.V.

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

Certification encompasses 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.

OHB-System AG

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

Incl. EN ISO 9001:2008 quality management system (base certification)

OHB-System is certified for the distribution, systems management, development, procurement and production and servicing 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.

The new EN 9100:2009 standard including the IAQC requirements will be adopted in autumn 2011 and must be certified by July 1, 2012.

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 ISO certificate.

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.

The certificate QS-2276 HH issued by Germanischer Lloyd remains in force until July 2011.

ISO 14001:2004 environmental management

OHB Teledata has a certified environmental management system.

The certificate EM-4595 HH issued by Germanischer Lloyd remains in force until November 2011.

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

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

The certificate QS-6080 HH issued by Germanischer Lloyd remains in force until July 2011.

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.

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.

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 certificate QS-4930 HH issued by Germanischer Lloyd remains in force until June 2011.

MT Aerospace AG**EN ISO 9100:2003 quality management system (aerospace/aeronautics)
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.

DEKRA certificate No. 880109012/1 remains in force until February 2012.

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 ISO certificate.

The new EN 9100:2009 standard including the IAQC requirements will be adopted in autumn 2011 and must be certified by July 1, 2012.

Carlo Gavazzi Space**ISO 9001:2008 quality management system (base certification)**

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

Quaser Certificazioni certificate No. 869 remains in force until February 2012.

Antwerp Space N.V.**ISO 9001:2000 quality management system (base certification)**

Following the separation from Thales Alenia Space ETCA in 2010, the EN ISO 9100:2000 certification for the quality management system has expired.

Recertification in accordance with EN ISO 9001:2008 is planned for mid-2011.

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 company sites who are formally registered with the responsible state data privacy agencies.

The companies based in Bremen are overseen by OHB Technology's data privacy officer. The requirements stipulated by the German Federal Data Privacy Act are set out in data privacy policies and rules which are binding for all companies based in Bremen.

REACH (Registration, Evaluation, Authorization of Chemicals)

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).

A joint statement dated May 13, 2009 issued by the quality managers of German space technology companies under the lead management of DLR stated that this figure was not relevant for space technology products.

Accordingly, the REACH requirements are not applicable to the OHB Technology Group companies in Germany at this stage.

Process qualifications and certification

OHB-System AG, Kayser-Threde and Carlo Gavazzi Space will be completing qualification testing for welding processes for surface-mounted devices (SMDs) with 352 legs in accordance with the ESA standards in 2011. The corresponding ESA certification permits electronic components to be produced on a state-of-the-art basis without the use of external contractors.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE PERIOD UNDER REVIEW

On February 10, 2011, MT Aerospace Holding GmbH signed a contract for the acquisition of the engine components supplier Aerotech Peissenberg GmbH & Co. KG together with its affiliates in France and the Czech Republic with retroactive effect from January 1, 2011. The seller is the Drost Group, Grünwald. With staff numbering some 490, Aerotech Peissenberg together with its affiliates generated sales of around EUR 46 million in 2010. Order receipts were valued at roughly EUR 86 million at the end of 2010. The company is expected to be consolidated as of March 1, 2011.

Aerotech Peissenberg produces sensitive components made from heat-resistant nickel-based alloys and titanium for aircraft engines and industrial gas turbines.

Via this strategic acquisition, the OHB Group is broadening its business activities in the aviation sector with the aim of improving its position in national and international aviation business and harnessing new market potential.

OUTLOOK

The OHB Technology Group will remain on its growth trajectory in 2011 again.

Space Systems + Security

In 2011 and beyond, the Space Systems + Security business unit will be concentrating on continued work on the Galileo*, SGEO, HISPASAT AG1, EnMAP projects as well as commencing the MTG project.

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

A contract is expected to be awarded for the carrier/orbiter in the EXOMARS project by mid-year. Meanwhile, an invitation for proposals for the ESA Sentinel 5P project should be issued in the second half of the year.

Preliminary project work and studies will address subjects such as MetOp Second Generation, the follow-up system to SAR-Lupe, GMES Security and DEOS, among other things, in 2011. In this connection, the SAR-Lupe replacement is of central strategic importance. The customer plans to issue an invitation for proposals in 2012, with the contract to be awarded in 2013.

Further studies are expected on CarbonSat, ESA scientific missions and the DLR Heinrich-Hertz satellite project.

As in prior years, further contracts should be received from ESA for the scientific operation of the International Space Station. Continued recruiting and adjustments to organizational structures, infrastructure and resources will remain core issues to ensure that these goals can be achieved.

Budgetary decisions in the EU and Germany and on the part of ESA point to stable underlying conditions and a sufficiently firm basis for future planning. With its current projects and programs, OHB-System AG is ideally positioned to safeguard the level, which it has achieved on a sustained basis, and to continue growing successfully.

Payloads + Science

The space technology segment is continuing to pursue a strategy of concentrating on selected areas for which it holds the necessary technology and skills. The purpose of this is to prepare on a scheduled and long-term basis for system leadership in the small and microsatellite programs as well as the development of complex scientific instruments. This approach has proved to be successful and was confirmed last year with the new business achieved in connection with the MTG program.

Looking ahead over the next few years, a further increase in the German space budget will create favorable conditions particularly in the national space program with an increased likelihood of projects being implemented. Kayser-Threde has positioned itself well in this respect and was able to secure preliminary new business last year. Over the next few years, it stands a good chance of being awarded contracts for various projects.

In addition to stabilizing DLR business at a high level, efforts directed at garnering more contracts under ESA programs have begun to bear fruit. Thus, with its broad-based entry into the earth observation program, it will with a very high degree of probability be able to gain contracts, which will ensure full capacity utilization for years to come.

Based on the experience derived from secure data transmission with its customer DB Energie, the process control

technology segment is seeking to extend its business in the automation market in particular. Key aspects here concern safety and security applications, which provide a basis for gaining a foothold in existing markets including via partnerships entered into for this purpose.

Space Transportation International

With respect to national programs, Carlo Gavazzi Space plans to play a major role in the development of earth observation 'flagship' projects and scientific payloads in Italy. This is in line with ASI's plans to significantly concentrate spending at the national level on the implementation of significant infrastructures that the country requires for its national security and for the development of services. Carlo Gavazzi Space also plans to reinforce its role at a European level leveraging its position within OHB Technology.

Antwerp Space plans to extend the range of its activities to include the development of flight hardware associated to the telecommunication subsystems of satellites. In this context, the company will be seeking to participate in highly visible exploration programs.

LUXSPACE Sàrl will be stepping up its small satellite and AIS payload activities.

Space Transportation + Aerospace Structures

In the Space Transportation segment, the existing order backlog will ensure continued production and delivery of parts for the Ariane 5 in 2011 and 2012. Space technology development work will continue to focus on crucial technologies for the production of the new cryogenic Ariane 5 ME upper-stage tank, with further contracts likely to be awarded in 2011 and 2012.

Production of fresh and waste water tanks for Airbus should result in a slight increase in aviation business. Development of water tanks for the new Airbus A350 is expected to be completed in 2011. The delivery of two serial air inlet/outlet systems is planned for the A400M military transporter.

Looking ahead over the next two years, MT Aerospace AG expects to continue operating profitably provided that Ariane business remains successful and no unforeseen extraordinary strains on earnings arise.

Telematics + Satellite Operations

The commercial vehicle market will continue to recover in 2011, with sales figure rising moderately. In addition, OHB Teledata has made use of the phase of stagnation to develop new hardware technologies in on-board computers and navigation systems and, if justified by demand, will be able to launch these in the market in the future. To reduce its dependency on telematics business with commercial vehicle OEMs, OHB is engaging in further projects in the area of battery management systems to turn this into a core competence. Looking forward, this new business is to generate a substantial part of sales in the telematics segment.

Outlook for the Group as a whole in 2011

The OHB Technology Group expects total revenues to rise to over EUR 600 million for 2011, accompanied by an increase in EBITDA to more than EUR 41 million. EBIT should also climb to over EUR 27 million in 2011. Despite the high order backlog and resultant favorable capacity utilization across the Group as a whole, precise guidance for 2012 is difficult. Even so, we feel confident in assuming further growth of more than 10% in all main financial parameters in that year.

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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 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 Technology AG's risk management operations and has been widened 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 five 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.

OPPORTUNITY AND RISK REPORT

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

The risk management system used by the OHB Group is primarily supported by the central Quality Management and 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 risk management is formed by a detailed monthly report for overseeing orders and costs. Reporting also covers all business development, research and development activities and allows potential risks to be identified at an early stage.

The subsidiaries submit standardized monthly reports to OHB Technology AG covering all processes and risks of relevance.

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

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

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

Sector risks, risks in underlying conditions

The Space Systems + Security, Payloads + Science and Space Transportation International business units primarily work for public-sector customers. Accordingly, order receipts depend on public-sector budgets. This market has been consolidating over the past few years. However, this situation is, if anything, favorable for OHB Technology AG in view of its special position as a German systems provider for space technology.

The telematics sector is also witnessing market consolidation, as a result of which the number of commercial vehicle producers has dropped to a handful in the past few years. This has caused the number of potential OEM customers to shrink. There has also been considerable consolidation on the part of our competitors. The fallout from the global financial crisis is still affecting the economic situation of commercial vehicle OEMs and, hence, the prospects for business in the telematics sector.

Strategic risks

The Space Transportation + Aerospace Structures business unit is heavily exposed to the fortunes of the Ariane 5 program. In the Space Systems + Security segments, risks currently arise in

connection with the in-orbit functionality of the SAR-Lupe and ORBCOMM satellites. A further main determinant is the successful completion of development projects within the stipulated periods and in line with the contractual prices.

Sourcing risks

The cost of raw materials, particularly for booster production, remained steady in 2010. The delivery periods agreed upon with the suppliers are very largely observed. The sourcing situation for mechanical parts has eased.

The OHB Group is addressing this situation by monitoring the buy-side market continually, tracking inventories constantly and increasingly taking measures to safeguard the local availability of supplies. In addition, it is continuing to tap new sources. The Space Systems + Security and Payloads + Science business units are exposed to few supply-side risks in the sourcing of subsystems. There is generally sufficient competition amongst suppliers with little likelihood of delivery shortfalls.

Project risks

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

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

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 free of any errors and with maximum efficiency.

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 latest operating systems and applications.

This year, the focus will be on modernizing the infrastructure at the Bremen site and to virtualize servers. As future projects will be increasingly handled on an enterprise-wide basis within the OHB Group, IT planning and strategy is paying attention to ensuring that all sites use the same standards and software tools wherever this is feasible and appropriate.

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 securi-

ties 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.

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 + Security 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.

Summary

Throughout 2010, the OHB Technology 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 as a going concern to be acceptable.

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 62 - 63 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.

RELATED PARTIES REPORT

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

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

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 Technology AG, entered into a pooling contract on December 20, 2001 providing for the coordinated exercise of voting rights with respect to present and future share holdings. 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 Technology 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 Technology AG in the version dated May 26, 2010 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 Technology AG's bylaws also empowers 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 66,954 shares as treasury stock as of the balance sheet date. This is equivalent to around 0.38% 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 in return for a cash capital contribution 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.

CORPORATE GOVERNANCE DECLARATION

The corporate governance declaration was placed on OHB Technology AG's website in March 2011. The Internet address is: www.ohb-technology.de → Investor Relations → Corporate Governance → Declaration on Corporate Governance

Corporate governance report

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

Compensation report

The following compensation report individualizes the compensation paid to the members of the Management Board of OHB Technology AG and forms part of the Group management report for 2010. 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 compensation paid to the members of the Management Board breaks down as follows: The total fixed compensation paid in 2010 came to EUR 0.751 million (previous year EUR 0.680 million), while the variable component equaled EUR 0.631 million (previous year EUR 0). The breakdown by members of the Management Board is as follows: Mr. Marco R. Fuchs received a sum of EUR 0.287 million (previous year EUR 0.251 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 a company car as well as contributions of EUR 1,700 (EUR 1,700) towards an endowment policy. Variable compensation equaled EUR 0.270 million (previous year EUR 0). Prof. Dott. Ing. h.c. Manfred Fuchs received a sum of EUR 0.271 million (previous year EUR 0.253 million) as fixed compensation including all benefits such as advances towards health and pension insurance and a non-cash benefit in the

form of a company car. Variable compensation equaled EUR 0.270 million (previous year EUR 0). 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 0.190 million (previous year EUR 0.173 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 a company car as well as contributions of EUR 1,200 (EUR 1,200) towards an endowment policy. Variable compensation equaled EUR 0.091 million (previous year EUR 0).

In her capacity as chairwoman of the Supervisory Board, Mrs. Christa Fuchs received a sum of EUR 20,000 for 2010 (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 0.140 million) for her advisory services for members of the OHB Technology Group in the year under review. Prof. Heinz Stoewer received compensation totaling EUR 0 in the year under review (previous year EUR 10,500) and Prof. Rath compensation of EUR 0 (previous year EUR 5,800) 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, 2010, 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 reported the following securities transactions:

On January 18, 2010, Dott. Ing. h.c. Manfred Fuchs transferred to Romana Fuchs Mayrhofer 500,000 shares in the form of a non-remunerated endowment.

Objectives regarding the composition of the Supervisory Board

OHB Technology 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. in its entirety and not necessarily each individual member of the Supervisory Board) should meet the following requirements:

- knowledge of the aerospace industry, particularly space technology
- several 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 as well as Professor Rath, who has extensive skills as both 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 TECHNOLOGY AG PURSUANT TO SECTION 161 OF THE STOCK CORPORATION ACT CONCERNING THE GERMAN CORPORATE GOVERNANCE CODE

OHB Technology AG welcomes the German Corporate Governance Code and the fact that it is embodied in statutory law. The Management Board and the Supervisory Board of OHB Technology AG declare that the Company conformed to the recommendations of the Corporate Governance Code Commission appointed by the German Federal Government and will continue to do so in the future. This declaration of conformity is based on the May 2010 version of the Corporate Governance Code. OHB Technology AG deviates from the principles of the German Corporate Governance Code in only a small number of points:

Age limits for the Management Board (5.1.2)

OHB Technology AG does not set a maximum age for members of the Management Board as this would limit the availability of Management Board members for appointment by the Supervisory Board.

Formation of Supervisory Board committees (5.3)

OHB Technology AG'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 Technology; accordingly, a defined age limit is not a desirable factor for selection purposes.

Inclusion of the deputy chairman of the Supervisory Board for compensation purposes (5.4.6)

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

Performance-tied compensation for members of the Supervisory Board (5.4.6)

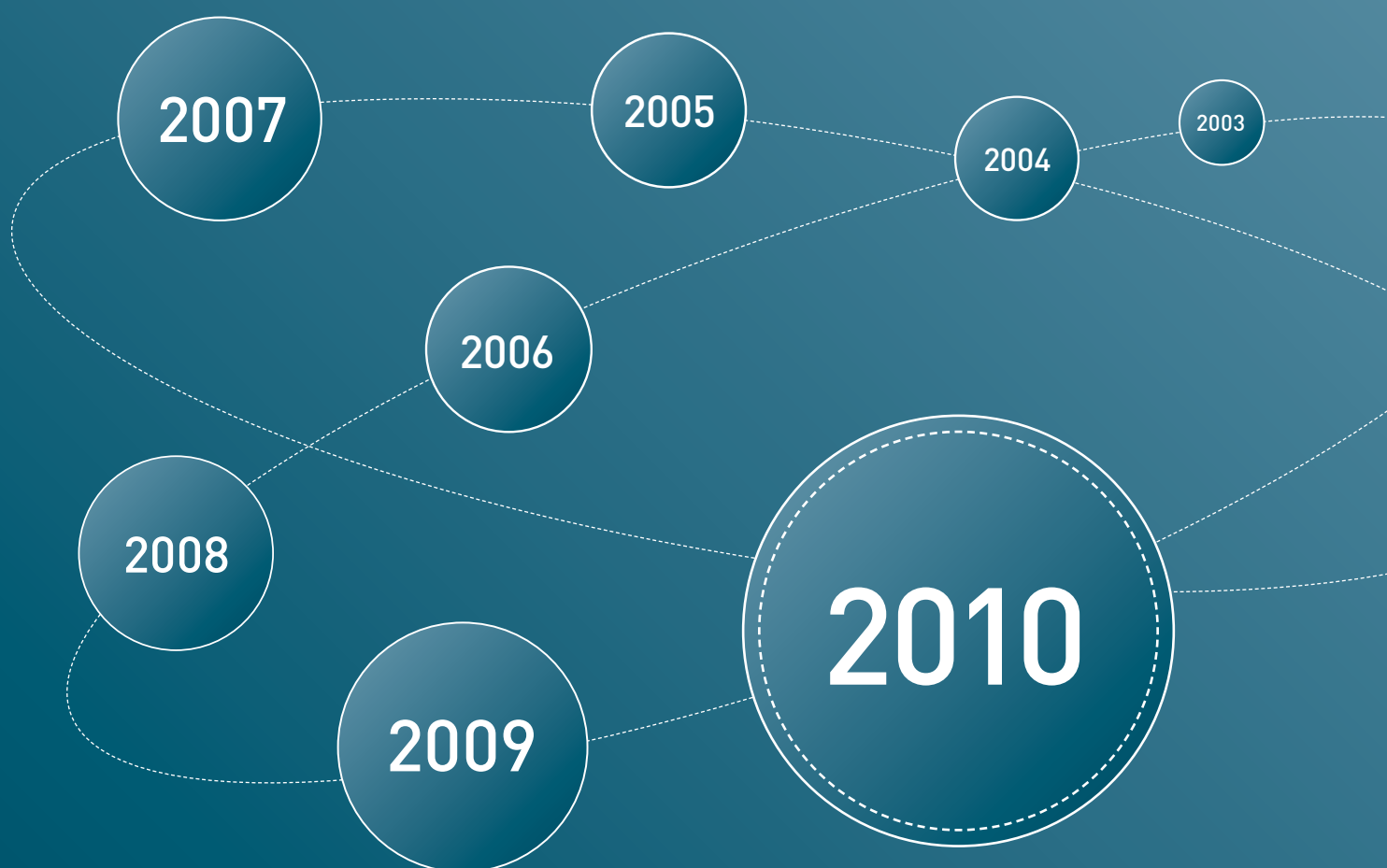
OHB Technology takes the view that such an arrangement is not appropriate for the Company as performance-tied compensation is incompatible with the monitoring duties imposed on the Supervisory Board (from the Company's point of view). Accordingly, OHB Technology AG's bylaws do not provide for any performance-related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

Management Board and Supervisory Board of OHB Technology AG

Bremen, November 18, 2010

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of OHB Technology AG
for the year from January 1, 2010 until December 31, 2010



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Consolidated income statement

		in EUR 000s	
	Note	2010	2009
1. Sales	(1)	425,448	287,164
2. Changes in inventories of finished goods and work in progress	(2)	7,450	18,346
3. Other own work capitalized		7,156	5,092
4. Other operating income	(3)	13,269	11,216
5. Total revenues		453,323	321,818
6. Cost of materials	(4)	275,616	167,927
7. Staff costs	(5)	114,256	92,995
8. Depreciation and amortization	(6)	10,958	10,888
9. Other operating expenses		29,763	29,237
10. Operating profit (EBIT)		22,730	20,771
11. Other interest and similar income	(7)	746	545
12. Other financial expenses	(7)	6,823	6,378
13. Currency translation gains		-61	75
14. Net profit/loss from shares carried at equity	(7)	-388	-515
15. Investment income	(7)	-820	-125
16. Net financial income/expense		-7,346	-6,398
17. Net gains from deconsolidation		0	3,666
18. Earnings before taxes		15,384	18,039
19. Income taxes	(8)	5,176	1,321
20. Consolidated net income for the year		10,208	16,718
21. Minority interests	(9)	-566	-1,858
22. Consolidated net income for the year after minority interests		9,642	14,860
23. Consolidated profit carried forward		55,027	42,689
24. Additions to share premium		0	0
25. Consolidated profit		64,669	57,549
26. Number of shares		17,401,142	15,496,142
27. Earnings per share (basic, EUR)		0.55	0.96
28. Earnings per share (diluted, EUR)		0.55	0.96

Statement of comprehensive income

		in EUR 000s	
	Note	2010	2009
Consolidated net income for the year		10,208	16,718
Exchange difference on translating foreign operations	(21)	16	0
Net gains/losses from the measurement of financial assets recorded under equity	(21)	143	717
Cash flow hedges	(21)		
Recycling		-58	0
Gains arising during the year		119	58
Other comprehensive income after tax		220	775
Comprehensive income		10,428	17,493
Of which attributable to			
equity holders of OHB Technology AG		9,862	15,618
other equity holders		566	1,875

Consolidated balance sheet

Assets		in EUR 000s	
		December 31, 2010	December 31, 2009
	Note		
Goodwill	(10)	7,687	7,687
Other intangible assets	(10)	28,503	25,967
Property, plant and equipment	(11)	53,580	53,785
Shares carried at equity	(12)	1,895	2,284
Other financial assets	(13)	15,354	10,039
Non-current assets		107,019	99,762
Other non-current receivables and assets	(14)	3,411	4,755
Securities	(16)	5,259	5,171
Deferred taxes		4,369	4,608
Other non-current assets		13,039	14,534
Property, plant and equipment/non-current assets		120,058	114,296
Inventories	(15)	103,939	102,687
Trade receivables	(14)	140,087	132,896
Other tax receivables	(14)	8,648	6,997
Other non-financial assets	(1)	6,125	8,195
Securities	(16)	4,268	20,942
Cash and cash equivalents	(17)	83,271	55,892
Current assets		346,338	327,609
Total assets		466,396	441,905

Shareholders' equity and liabilities

		in EUR 000s	
		December 31, 2010	December 31, 2009
	Note		
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)	-3,018	-3,238
Treasury stock	(22)	-632	-632
Consolidated profit		64,669	57,549
Shareholders' equity excluding minority interests		94,101	86,761
Minority interests	(23)	11,069	11,364
Shareholders' equity		105,170	98,125
Provisions for pensions and similar obligations	(24)	74,292	71,568
Other non-current provisions	(25)	2,442	2,828
Non-current financial liabilities	(26)	42,798	14,379
Non-current advance payments received on orders	(27)	61,818	57,933
Deferred tax liabilities		9,845	9,535
Non-current liabilities and provisions		191,195	156,243
Current provisions	(25)	16,326	17,920
Current financial liabilities	(28)	4,396	29,583
Trade payables	(29)	67,429	56,966
Current advance payments received on orders	(30)	70,662	69,186
Tax liabilities		4,901	7,316
Other current liabilities	(31)	6,317	6,566
Current liabilities		170,031	187,537
Total equity and liabilities		466,396	441,905

Consolidated cash flow statement

in EUR 000s

	2010	2009
Operating EBIT	22,730	20,771
Non-cash income from first-time consolidation	-4,338	0
Income taxes paid	-8,075	-4,165
Depreciation/amortization	10,959	10,888
Changes in pension provisions	1,634	1,708
Gross cash flow	22,910	29,202
Increase(-)/decrease (+) in own work capitalized	-6,912	-4,877
Increase(-)/decrease (+) in inventories	2,668	-25,091
Increase(-)/decrease (+) in receivables and other assets	21,768	-7,670
Increase(+)/decrease (-) in liabilities and current provisions	-73	3,761
Increase(+)/decrease (-) in advance payments received	1,282	37,171
Profit (-)/loss (+) from the disposal of non-current assets	480	100
Cash inflow/outflow from operating activities	42,123	32,596
Payments made for investments in non-current assets	-12,214	-9,806
Payments received/made from the acquisition of consolidated companies	5,451	-4,571
Payments received from the disposal of non-current assets	16	3,790
Payments received from the sale of consolidated subsidiaries	0	4,995
Interest and other financial income	659	419
Payments made in connection with items not allocated to operating or financing activities	10	-287
Cash inflow/outflow from investing activities	-6,078	-5,460
Dividend payout	-4,350	-3,715
Equity issue	0	-401
Payments made for other financial instruments	-4,192	0
Payments made for the settlement of financial liabilities	-29,574	-8,000
Payments received from raising borrowings	32,802	610
Acquisition of treasury stock	0	0
Minority interests	-1,973	0
Interest and other financial expenses	-7,028	-6,378
Cash inflow/outflow from financing activities	-14,315	-17,884
Cash changes to cash and cash equivalents	21,730	9,252
Consolidation-related changes to cash and cash equivalents	1,517	0
Currency-related changes to cash and cash equivalents	-60	75
Cash and cash equivalents at the beginning of the period	55,892	46,565
Cash and cash equivalents at the end of the period	79,079	55,892
Cash and cash equivalents at the end of the period and current financial instruments		
January 1	82,005	67,077
Changes in cash and cash equivalents including securities and current financial instruments	10,794	14,928
December 31	92,798	82,005

Notes on the cash flow statement on page 88

Consolidated statement of changes in assets

For the year from January 1 until December 31, 2010	Production and aquisition costs						Balance on December 31, 2010
	Balance on January 1, 2010	Revaluations	Additions from first-time consolidation	Additions	Disposals	Reclassi- fications	
	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

Consolidated statement of changes in assets

For the year from January 1 until December 31, 2009	Production and aquisition costs						Balance on December 31, 2009
	Balance on January 1, 2009	Revaluations	Additions from first-time consolidation	Additions	Disposals	Reclassi- fications	
	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	
I. Goodwill	9,007	0	0	0	50	0	8,957
II. Intangible assets							
Concessions and industrial property rights	1,955	0	25	0	0	0	1,980
Software acquired	9,546	0	64	992	1,136	-7	9,459
Software produced	32,433	0	8,434	4,877	3,911	0	41,833
III. Property, plant and equipment							
Operating and business equipment	67,404	0	12,417	5,680	5,188	-370	79,943
Property and plant	39,440	0	0	3,012	0	377	42,829
IV. Financial assets							
Investments in affiliated companies	63	0	0	0	0	0	63
Investments in associated companies	2,798	0	0	0	514	0	2,284
Other investments	26,906	718	1,200	120	314	0	28,630
Total	189,552	718	22,140	14,681	11,113	0	215,978

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

Accumulated depreciation

Balance on January 1, 2009	Additions from first-time consolidation	Additions	Disposals	Balance on December 31, 2009
EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
844	0	426	0	1,270
1,263	0	422	0	1,685
8,007	0	778	1,136	7,649
14,716	0	3,577	322	17,971
54,774	0	3,697	3,736	54,735
12,264	0	1,988	0	14,252
0	0	0	0	0
0	0		0	0
18,654	0	0	0	18,654
110,522	0	10,888	5,194	116,216

Book values

Balance on December 31, 2009	Balance on December 31, 2008
EUR 000s	EUR 000s
7,687	8,163
295	692
1,810	1,539
23,862	17,717
25,208	12,630
28,577	27,176
63	63
2,284	2,798
9,976	8,252
99,762	99,030

Consolidated statement of changes in equity

in EUR 000s	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)	
December 31, 2008	14,928	15,148	520	-4,014	46,404	-632	72,354	9,008	81,362
Dividend payment (EUR 0.25 per share)	0	0	0	0	-3,715	0	-3,715	0	-3,715
Equity issue	2,540	0	0	0	0	0	2,540	0	2,540
Comprehensive income	0	0	0	776	14,860	0	15,636	1,858	17,494
Cost of equity issue	0	-401	0	0	0	0	-401	0	-401
Changes to consolidated companies	0	347	0	0	0	0	347	0	347
Other changes	0	0	0	0	0	0	0	498	498
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

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 Technology AG exercises the function of an active holding company which manages the subsidiaries within the OHB Group. The Group is primarily engaged in the production and distribution of products and projects as well as the provision of high-technology services particularly in the areas of space and aeronautic technology, telematics and satellite services.

Accounting principles and methods

In accordance with Regulation (EC) 1606/2002 issued by the European Parliament and the Council on July 19, 2002, OHB Technology AG is required to prepare consolidated financial statements in accordance with international accounting standards (IFRS/IAS). The consolidated financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS/IAS) applicable in the EU in the light

of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) as well as the supplementary provisions contained in Section 315 a of the German Commercial Code. 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. The overall strategy pursued by the Group is unchanged over 2009. 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, a statement of changes in consolidated equity and a statement of changes in consolidated assets. The segment report is included in the notes. In addition, the notes contain the declaration required by Section 285 No. 16 of the German Commercial Code confirming that the disclosures stipulated by Section 161 of the

German Stock 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 Technology 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, while negative goodwill is reported through profit and loss.

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

OHB Technology AG acquired all of the capital of space technology company Thales Alenia Space Antwerp N.V., Antwerp, Belgium. The acquisition was executed on July 19, 2010 and the company consolidated in full from August 1, 2010. Preliminary consolidation is temporary. Renamed Antwerp Space NV on October 28, 2010, this company specializes in developing and producing equipment for ground stations, particularly for telecommunications and earth observation applications. In 2009 the company with its 42 employee generated sales of around EUR 10 million. The previous owner was Thales Alenia Space France SAS, Toulouse, France. The purchase price paid for the company stood EUR 1.

Antwerp Space was consolidated for the first time effective August 1, 2010 on the basis of the interim financial statements as of that date. First-time consolidation produced negative goodwill of EUR 4.338 million, which was taken to profit and loss in accordance with IFRS 3.34 et seq. The main assets acquired were property, plant and equipment (EUR 0.219 million), receivables (EUR 1.635 million), other assets (EUR 1.232 million) and cash and cash equivalents (EUR 5.451 million). Liabilities primarily comprised provisions for pension-like obligations (EUR 1.083 million), other provisions (EUR 0.639 million), trade payables (EUR 0.660 million), prepayments received (EUR 0.790 million) and other liabilities (EUR 1.121 mil-

lion). The company's assets and liabilities were measured at their fair value. Since being consolidated within the OHB Group, Antwerp Space has generated sales of EUR 2.526 million and net profit of EUR 0.140 million.

Consolidated companies

OHB Technology AG's consolidated financial statements include OHB Technology AG, twelve domestic and six foreign subsidiaries and a further foreign associate. The table entitled "Consolidated companies" 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 investments and financial assets", page 73). 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 "Consolidated companies" and "Further investments and financial assets" correspond to the voting rights held. As of January 1, 2010, MT Aerospace Guyane S.A.S., Kourou (French Guiana), and MT Aerospace Satellite Products Ltd., Wolverhampton (United Kingdom) were consolidated for the first time due to a revised assessment of their materiality. Both companies are wholly owned subsidiaries of MT Aerospace AG. First-time consolidation did not give rise to any goodwill. The companies were consolidated in accordance with IFRS 1.C4 (j) and their profit prior to the date of first-time consolidation allocated to profit carried forward. Unappropriated surplus rose by EUR 1.828 million. Non-controlling interests rose by EUR 1.112 million. In the year under review, MT Aerospace Guyane and MT Aerospace Satellite Products generated sales of EUR 12.249 million, including internal sales of EUR 7.105 million from business with MT Aerospace AG; net profit in the year under review came to EUR 2.048 million.

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 subsidiary MT Aerospace Satellite Products were prepared in its domestic currency (GBP) 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 2010 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 as of July 1, 2009. The revisions refer solely to the formal structure of IFRS 1. The revised version is not relevant for the OHB Group.
- **Amendments to IFRS 1** "Additional exemptions of first time adopters". The amendments provide guidance on retroactive application to certain matters. They are not relevant for the OHB Group.
- **Amendments to IFRS 2** "Group cash-settled share-based payment transactions". The amendments clarify the situation with respect to share-based payments with cash settlement within the Group. They are not relevant for the OHB Group.
- **Revised IFRS 3** "Business combinations" and Amendments to IAS 27 "Consolidated and separate financial statements". Among other things, the amendments extend the applicability of the provisions to the business combinations of mutual entities and business combinations in the absence of valuable consideration. The costs arising in connection with a

business combination for the issue of debt or equity instruments must now be recorded in accordance with IAS 39 and IAS 32; all other business combination expenses are taken to profit and loss. In addition, the option to use the full goodwill method is introduced. The amendments are of relevance for the OHB Group and have been duly taken into account in these financial statements.

- **Amendments to IAS 39** "Financial instruments: recognition and measurement – eligible hedged items". These amendments provide additional guidance on the designation of hedges. They are not relevant for the OHB Group.
- **Improvements to IFRS** (Annual Improvements Project). The amendments primarily entail adjustments to the wording of individual IFRSs. Possible adjustments have been examined and implemented by the OHB Group.
- **IFRIC 12** "Services concession arrangements". This interpretation provides guidance on accounting for arrangements whereby a government or other body grants contracts for the supply of public services to private operators. These rules are not applicable to the OHB Group.
- **IFRIC 15** "Agreements for the construction of real estate". IFRIC 15 harmonizes the accounting of income from the sale of residential units. These rules are not applicable to the OHB Group.

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
Carlo Gavazzi Space S.p.A. (Italy)	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. München (Germany) ³	94.9	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
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.. Mailand (Italy)	100.0	Fully consolidated
ORBCOMM Deutschland 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

→ **IFRIC 16** "Hedges of a net investment in a foreign operation". This interpretation provides guidance on hedging net investments in foreign businesses. These rules are not applicable to the OHB Group.

→ **IFRIC 17** "Distributions of non-cash assets to owners". IFRIC 17 provides guidance on how non-cash assets paid to owners as dividends are to be treated. These rules are not applicable to the OHB Group.

→ **IFRIC 18** "Transfers of Assets from Customer". IFRIC 18 provides additional guidance on accounting for the transfer of assets by customers. These rules are not applicable to the OHB Group.

Amendments to IFRS 1 „Limited Exemption from Comparative IFRS 7 Disclosures for First Time Adopters“	To be applied in accounting periods beginning on or after June 30, 2010
Revised IAS 24 „Related Party Disclosures“	To be applied in accounting periods beginning on or after December 31, 2010
Amendment to IAS 32 „Classification of Rights Issues“	To be applied in accounting periods beginning on or after February 1, 2010
Improvements to IFRS (issued May 2010)	To be applied in accounting periods beginning on or after July 1, 2010
Amendment to IFRIC 14 „Prepayments of a Minimum Funding Requirement“	To be applied in accounting periods beginning on or after December 1, 2010
IFRIC 19 „Extinguishing Financial Liabilities with Equity Instruments“	To be applied in accounting periods beginning on or after June 30, 2010

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 Satellitestart GmbH, Bremen (Germany)*	49.9	13
Cosmos Space Systems AG, Bremen (Germany)*	66.6	40
Telemondo International GmbH	100.0	26
KT Verwaltungsgesellschaft mbH, Bremen (Germany)*	100.0	25
VRS Verkehr Raumfahrt Systemtechnik GmbH, Leipzig (Germany)*	60.0	31
RapidEye AG, München (Germany)	2.9	17
ENERGIA Deutschland GmbH, München (Germany)*	40.0	10
ORC Orbital Recovery Corporation, Grand Cayman (KY)	2.9	95
OSSL Orbital Satellite Services Ltd., London (UK)	14.6	119
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, München (Germany)*	100.0	1,022
MT Mecatronica Limitada, Santiago de Chile (Chile)*	99.0	30
ORBCOMM Inc., Dulles (USA)	5.3	4,204

* 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, 2010 of EUR 1.023 million and net profit for 2010 of EUR 0, VRS Verkehr Raumfahrt Systemtechnik GmbH with equity as of December 31, 2009 of EUR 0.206 million and a net loss for the year of 2009 of EUR 0.029 million and RST Radar Systemtechnik GmbH with equity as of December 31, 2009 of EUR 0.432 million and net profit for 2009 of EUR 0.017 million.

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

The IASB has issued the above standards, interpretations and revisions to existing standards which are not yet compulsory and which OHB Technology AG did not adopt on a voluntary early basis.

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 Technology AG has decided not 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 degree of completion is determined on the basis of the contract costs which have arisen as of the balance sheet date relative to the expected total contract costs. Long-term projects in progress on the balance-sheet date (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 in accordance with IAS 23.8. No borrowing costs arose in connection with contracts in the year under review.

Own work capitalized

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

Net 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 Technology 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 the expected useful life of four to eight 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 Technology 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 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). On December 15, 2010, Arianespace issued new share capital; in accordance with its share in Arianespace, MT Aerospace AG subscribed to additional capital of EUR 6.536 million. The total carrying amount of this share now stands at EUR 8.328 million.

Inventories

Inventories are recognized at historical cost or the lower net recoverable value prevailing on the balance sheet date.

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 per-

centage 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 Technology 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. 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 2011.

NOTES ON THE CONSOLIDATED INCOME STATEMENT

(1) Sales

Revenues from construction contracts as defined in IAS 11 came to EUR 301.463 million in 2010 (previous year EUR 174.041 million). The related contract costs stood at EUR 286.764 million (previous year EUR 155.933 million). The resultant earnings before interest and taxes (EBIT) for 2010 equaled EUR 14.699 million (previous year EUR 18.108 million).

Sales break down by business unit as follows:

in EUR 000s	2010	2009
Space Systems + Security	206,757	88,727
Payloads + Science	42,657	61,959
Space Transportation International	53,227	17,696
Space Transportation + Aerospace Structures	133,160	123,176
Telematics + Satellite Operations	14,330	17,067
Consolidation	-24,683	-21,461
Total	425,448	287,164

Additional disclosures on POC measurement (IAS 11)

in EUR 000s	Net assets	Net liabilities	Total
Expenses + profit	483,905	243,060	726,965
Prepayments received	399,459	301,558	701,017
Amount shown on balance sheet	84,446	-58,498	23,948

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

The increase in inventories of finished goods and work in progress is due primarily to the Payloads + Science business unit (EUR 8.2 million / previous year EUR 20.2 million). All told, inventories rose by EUR 7.5 million (previous year EUR 18.3 million). There was a reduction of EUR 1.3 million in inventories in the Space Transportation + Aerospace Structures segment.

(3) Other operating income

This includes income from the reversal of provisions of EUR 3.241 million (previous year EUR 2.131 million) as well as income from grants of EUR 4.016 million (previous year EUR 2.292 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 4.338 million arising from the first-time consolidation of Antwerp Space N.V. was also recorded through profit and loss.

(4) Cost of materials

in EUR 000s	2010	2009
Cost of raw materials and goods purchased	207,984	117,457
Expenditure on services purchased	67,632	50,470
Total	275,616	167,927

(5) Staff costs

in EUR 000s	2010	2009
Wages and salaries	94,421	78,464
Social security charges and expenditure on old age pensions and support	19,835	14,531
Total	114,256	92,995

Pensions and pension provisions came to EUR 3.973 million (previous year EUR 3.367 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.

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

The interest income of EUR 0.746 million (previous year EUR 0.545 million) primarily comprises interest earned on the investment of cash in fixed-term deposits.

The other finance expenditure of EUR 6.823 million (previous year EUR 6.378 million) included in this figure chiefly relates to interest expenditure on pension provisions of EUR 3.789 million (previous year EUR 3.864 million) and interest on debt capital of EUR 2.317 million at the level of one subsidiary.

Share of profit/loss of associates

The share of profit/loss of associates comprises the share in the loss of EUR 0.388 million sustained by ELTA S.A. (previous year profit of EUR 0.515 million), which is consolidated at equity.

(8) Income taxes

Actual income tax of EUR 3.558 million (previous year EUR 3.171 million) arose with respect to the consolidated German companies; income tax of EUR 0.480 million (previous year EUR 1.021 million) arose outside Germany. Domestic income taxes in 2010 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	2010	2009
Taxes at a tax rate of 32.00%	4,963	5,778
Reductions to tax expenses as a result of partially tax-exempt income	-1,402	-3,330
Tax losses utilized	77	-237
Non-deductible operating expenses	1,571	1,239
Other tax effects	12	-545
Off-period tax expense	36	-1,617
Additional non-domestic taxes	-81	33
Effective tax expense	5,176	1,321

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 2010, deferred income tax expense of EUR 1.139 million (previous year EUR 2.871 million) was recognized in profit and loss.

Analysis of deferred taxes and assets

in EUR 000s	2010		2009		2010	2009
	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	104	6,644	120	5,792	-868	-1,066
Financial assets	402	20	430	26	-22	526
Current assets	70	7,545	226	7,298	-375	597
Provisions	5,733	214	5,190	147	-142	453
Liabilities	605	211	479	134	49	1,641
Tax losses and credits	2,244	0	2,025	0	219	-199
Consolidation	-4,789	-4,789	-3,862	-3,862	0	919
Total	4,369	9,845	4,608	9,535	-1,139	2,871

One subsidiary recognized deferred income tax assets on the unused tax losses of EUR 1.703 million (previous year EUR 1.680 million). Unused tax losses were available in the year under review. 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 23.895 million reported by Antwerp Space N.V. No deferred income taxes arose from the business combination.

(9) Non-controlling interests

Non-controlling interests are valued at EUR 0.566 million (previous year EUR 1.858 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 17,401,142 shares as the Company held 66,954 treasury shares as of the balance sheet date. The consolidated net profit of EUR 9.642 million was used for calculation purposes. Earnings per share for 2010 came to EUR 0.55 (previous year EUR 0.96).

NOTES ON THE CONSOLIDATED BALANCE SHEET

(10) Goodwill and other intangible assets

The balance sheet for the year ending December 31, 2010 includes goodwill of EUR 7.687 million (previous year EUR 7.687 million) (see table entitled "Goodwill").

Goodwill

in EUR 000s	2010	2009
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.	801	801
megatel GmbH	646	646
Kayser-Threde subgroup	5,003	5,003
Total	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.

Goodwill underwent impairment testing as of December 31, 2010. 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 5 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 10.70% (previous year 12.10%) was applied for domestic goodwill and of 14.50% (previous year 13.06%) for non-domestic goodwill. No discount on growth was included in the calculation of the terminal value (previous year 1.0%). Goodwill and other intangible assets are analyzed on pages 68/69.

(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 0.355 million (previous year EUR 0.936 million). Property, plant and equipment are analyzed on pages 68/69.

(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	2010	2009
Balance on January 1	10,039	8,315
Net fair-value gains/losses recognized in equity	143	718
Changes to consolidated companies	-296	1,200
Additions	6,543	120
Disposals	-1,075	-314
Amount on December 31	15,354	10,039

The change in fair value recognized within equity relates to the remeasurement of the shares held in ORBCOMM Inc.

It was remeasured due to the stock market price of ORBCOMM Inc. as of December 31, 2010 and the USD/EUR exchange rate as of that date.

(14) Receivables and other assets

Receivables and other assets are recognized at amortized cost. Receivables of EUR 3.411 million (previous year EUR 4.755 million) are due for settlement in more than one year. The carrying amounts of other current assets and receivables primarily match their fair value. Receivables of EUR 81.592 million (previous year EUR 51.955 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 8.0 million had been transacted to hedge underlying contracts of USD 2.6 million to cover the exports of a consolidated company. The difference is reported as cashflow hedges for expected order receipts in 2011.

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, adjustments of a total of EUR 1.215 million had been made.

(15) Inventories

Inventories increased over the previous year to EUR 103.939 million (previous year EUR 102.687 million). Prepayments received are not netted with inventories.

in EUR 000s	2010	2009
Raw materials and supplies	20,141	20,374
Unfinished goods and services	77,482	68,056
Finished goods and merchandise	875	983
Payments on account made	5,441	13,274
Total	103,939	102,687

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 9.527 million (previous year EUR 26.113 million). This breaks down as follows: financial assets at fair value through profit or loss EUR 3.679 million (previous year EUR 20.342 million), available-for-sale financial assets EUR 0.589 million (previous year EUR 0.600 million) and loans and receivables EUR 5.259 million (previous year EUR 5.171 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 83.271 million on the balance sheet date (previous year EUR 55.892 million) and comprised cash in hand and cash at banks. The cash at banks is due within six 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 no-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 repeated times 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 authorized capital 2010 up to a maximum of EUR 8,734,048.00 if the shares are issued as consideration for the acquisition of all or part of other companies and such acquisition is in the interests of the Company; or as consideration for cash capital contributions to have the Company's stock listed in a foreign market in which it has previously not been admitted to trading.

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

(c) Authorization to acquire and sell treasury stock

At the annual general meeting held on May 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 Technology 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 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

Changes in equity not recognised through the income statement

in EUR 000s	2010			2009		
	before tax	tax effects	net	before tax	tax effects	net
Exchange difference on translating foreign operations	16	0	16	0	0	0
Net gains/losses from the measurement of financial assets recorded under equity	143	0	143	718	-1	717
Cashflow Hedges	89	-28	61	84	-26	58
Total	248	-28	220	802	-27	775

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. 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 one independent subsidiary.

(22) Treasury stock

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

On the balance sheet date, treasury stock comprised 66,954 shares (previous year: 66,954). The treasury stock was measured at an average price of EUR 9.439 per share and is shown separately from the Company's share capital on the face of the balance sheet.

(23) Non-controlling interests

The non-controlling interests are valued at EUR 11.069 million (previous year EUR 11.364 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	2010	2009
Pensions	71,759	70,836
Similar obligation	2,533	732
Provisions for pensions and similar obligations	74,292	71,568

The OHB Group has made arrangements for retirement benefits for entitled employees in the Space Transportation + Aerospace Structures and Space International 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 5.50%)
- Wage/salary trend: 3.00% (previous year 3.00%)
- Wage drift: 0.00% (previous year 0.00%)
- Pension drift: 2.00% (previous year 2.00%)

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

- Discount rate: 4.30%
- Wage/salary trend: 3.00%

- Pension trend: 2.00%
- Expected return on plan assets: 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	2010	2009
Current service cost	929	711
Interest cost	3,789	3,864
Expected income (–) from plan assets	–66	0
Non-amortized actuarial gains (–)/losses (+)	–23	–26
Total	4,629	4,549

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

in EUR 000s	2010	2009
Present value of the defined benefit obligations on January 1	68,709	66,117
Changes to consolidated companies	6,257	1,368
Present value of the entitlement acquired in the year	929	711
Interest expenditure on entitlement already acquired	3,789	3,864
Payments from provisions	–3,973	–3,367
Actuarial gains (–)/losses (+)	4,722	16
Present value of the defined benefit obligations on December 31	80,433	68,709

The plan assets break down as follows

in EUR 000s	2010	2009
Value of plan assets on January 1	0	0
Changes to companies consolidated	7,056	0
Payments received	301	0
Payments made	–640	0
Expected income	66	0
Actuarial gains (+)/losses (–)	269	0
Value of plan assets on December 31	7,053	0

Actual income from plan assets came to EUR 0.336 million.

Statement of changes in provisions

in EUR 000s	Balance on December 31, 2009	Added	Utilized	Released	Balance	Changes to consolidated companies	Balance on December 31, 2010
Pension provisions	71,568	5,836	3,946	0	–256	1,090	74,292
– of which non-current	71,568	5,836	3,946	0	–256	1,090	74,292
Other provisions	20,748	12,809	14,629	3,241	0	3,082	18,768
– of which non-current	2,828	1,353	2,378	0	0	639	2,442
Total	92,315	18,645	17,806	3,241	–256	4,172	93,060

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

in EUR 000s	2010	2009
Actual present value of the defined benefit obligation on December 31	80,433	68,709
Fair value of plan assets	-7,053	0
Unrecognized actuarial gains (+)/losses (-)	-2,350	2,126
Pension obligation recorded on the balance sheet	71,030	70,835

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

in EUR 000s	2010	2009
Defined benefit asset	-729	0
Defined benefit liability	71,759	70,835

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 as of December 31, 2007, EUR 65.357 million as of December 31, 2008, EUR 68.709 million as of December 31, 2009 and EUR 73.380 million as of December 31, 2010.

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 Carlo Gavazzi Space S.p.A. in the Space International business unit as of October 1, 2009 and first-time consolidation of Antwerp Space N.V. as of August 1, 2010.

The present value of the defined benefit obligations of EUR 0.768 million (previous year EUR 0.645 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 4.7 to 5.2%. 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 commitments in the Space Transportation and Aerospace Structures segment. Current provisions of EUR 5.598 million (previous year EUR 6.867 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 8.165 million (previous year EUR 8.874 million).

(26) Non-current financial liabilities

This mostly entails non-current liabilities towards banks owed by the Italian subsidiary Carlo Gavazzi Space S.p.A. (EUR 42.044 million). These liabilities are due for settlement in more than twelve months after the balance sheet date. The average interest rate on these liabilities stands at 2.79%.

(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 the banks of the Italian subsidiary Carlo Gavazzi Space S.p.A. (EUR 3.184 million), Telematic Solutions S.p.A. (EUR 0.416 million) and MT Aerospace AG (EUR 0.811 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 prepayments made by customers for contracts under construction due for completion in less than twelve months.

(31) Other current liabilities

These primarily entail liabilities to minority and former shareholders.

Additional disclosures on financial instruments

Originated financial assets primarily comprise other financial assets, receivables, securities available for sale and 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.

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 retrospective 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, 2010, these securities were valued at EUR 5.259 million (previous year EUR 5.171 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 5.635 million. Interest income of EUR 0.088 million was recorded on these securities due to the application of the effective interest method.

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.

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 receivables	Other receivables and assets	Securities and cash and cash equivalents	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

Carrying amounts of financial instruments by type in 2009

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	132,896	19,947	55,892	208,735
Available-for-sale assets (AfS)	4,178	0	0	600	4,777
Trading assets (FAHfT)	0	0	0	20,342	20,342

in EUR 000s	Financial liabilities	Trade receivables	Other receivables and assets	Securities and cash and cash equivalents	Total
Financial liabilities measured at amortised cost (FLAC)	43,963	56,966	127,119	11,802	239,850
Trading liabilities (FLHfT)	0	0	0	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

Net gains/losses by category in 2009

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	26,382	26,204	0	79
of which financial instruments designated using the fair value option		0	0	0	0
of which held for trading		20,521	20,342	0	79
Held-to-maturity financial assets	HtM	0	0	0	0
Loans and receivables	LaR	208,735	208,735	0	-741
Available-for-sale financial assets	AfS	8,076	4,777	718	-2
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	239,850	239,850	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	27,260	2,729	7,119	5,690	42,798
Non-current prepayments received	0	2,742	57,020	0	61,818
Current financial liabilities	4,396	0	0	0	4,396
Trade payables	67,429	0	0	0	67,429
Current prepayments received on orders	66,758	3,904	0	0	70,662
Tax liabilities	4,901	0	0	0	4,901
Other current liabilities	6,317	0	0	0	6,317
Total	177,061	9,375	66,139	5,746	258,321

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 2011.

In the Space Systems + Security business unit, only a single contract is exposed to the USD exchange rate. The budget for 2011 assumes an exchange rate of USD/EUR 1.29. If the exchange rate increases by USD 0.10 over the end-of-year exchange rate, this would cause the planned income to drop by EUR 0.137 million as of the balance sheet date.

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 54 million with various banks.

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.

OTHER DISCLOSURES

Segment reporting

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

The segments are described in detail in the management report. 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

Segment reporting

	Space Systems + Security		Payloads + Science		Space International	
in EUR 000s	2010	2009	2010	2009	2010	2009
Sales	206,757	88,727	42,657	61,959	53,227	17,696
of which internal sales	5,878	12,325	2,411	177	7,875	2,355
Total revenues	210,052	89,923	53,653	64,269	57,431	19,870
Cost of materials and services purchased	170,423	61,261	23,093	32,615	35,934	10,476
EBITDA	9,786	5,573	4,737	5,656	3,766	4,208
Depreciation and amortization	2,309	2,133	945	1,562	1,964	473
EBIT	7,478	3,440	3,792	4,094	1,802	3,735
Non-current assets	11,830	11,024	4,247	4,556	24,227	23,510
Current assets	85,634	63,527	32,285	36,967	87,456	65,410
Total assets	97,464	74,551	36,532	41,523	111,683	88,921
Equity	19,175	17,738	3,331	10,132	15,440	12,617
Liabilities	78,289	56,813	33,201	31,391	96,243	76,304
Total equity and liabilities	97,464	74,551	36,532	41,523	111,683	88,921
Investments net of financial assets	3,120	2,974	1,144	997	3,162	472

this level. OHB Technology AG exercises the function of an active holding company. The share of loss of ELTA S.A., which is carried at equity, was assigned to the holding company's net finance income/expense (loss of EUR 0.388 million). The carrying amount of the investment in ELTA S.A. of EUR 1.895 million was allocated to the holding company's assets. As of December 31, 2010, ELTA S.A. had assets of EUR 33.436 million, equity of EUR 5.574 million and debt capital of EUR 27.862 million. ELTA S.A. reported net loss for 2010 of EUR 2.367 million.

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

in EUR 000s	2010	2009
Space technology	405,848	274,512
Aviation	7,953	13,785
Antennas	23,638	2,921
Automotive	2,794	1,763
Process control technology	4,280	5,909
Telematics	5,618	9,737
Total	450,131	308,627

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

in EUR 000s	2010	2009
Germany	80,837	118,688
Rest of Europe	358,488	183,449
Rest of the world	10,806	6,490
Total	450,131	308,627

The OHB Group's two largest customers, each of which account for more than 10% of sales, generated the following sales: EUR 133.759 million and EUR 50.083 million, respectively. These sales arose in the Space Systems + Security, Payloads + Science and Space International segments.

Non-current assets with a carrying amount of EUR 91.755 million (previous year EUR 86.167 million) are located in Germany and those with a carrying amount of EUR 28.484 million (previous year EUR 28.129 million) are located in other countries.

Pro-forma income statement for 2010

in EUR 000s	Group structure (old)	Antwerp Space N.V.	Negative goodwill	Group structure (new)
Sales	422,922	4,887	0	427,809
Total revenues	445,886	4,982	4,338	455,206
Cost of materials and services purchased	274,140	3,832	0	277,972
Depreciation and amortization	10,893	304	0	11,197
EBT	10,930	-4,873	4,338	10,395

Space Transportation + Aerospace Structures		Telematics + Satellite Operations		Holding company		Consolidation		Total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
133,160	123,176	14,330	17,067	0	0	-24,683	-21,461	425,448	287,164
245	109	7,840	5,353	0	0	-24,249	-20,319	0	0
138,293	151,015	14,831	18,644	8,460	2,542	-29,397	-24,445	453,323	321,818
62,696	74,591	7,908	10,229	0	0	-24,438	-21,245	275,616	167,927
10,351	15,585	731	2,065	4,317	-1,487	-1	59	33,688	31,659
4,213	4,948	1,522	1,357	57	40	-52	375	10,958	10,888
6,138	10,637	-791	708	4,260	-1,527	51	-316	22,730	20,771
50,021	42,776	5,846	6,959	40,903	41,236	-30,055	-30,299	107,019	99,762
170,696	186,156	18,923	21,940	17,075	11,015	-52,692	-42,872	359,377	342,143
220,717	228,932	24,769	28,899	57,978	52,252	-82,747	-73,173	466,396	441,905
26,219	27,793	7,561	8,765	53,767	41,342	-20,323	-20,263	105,170	98,124
194,498	201,139	17,208	20,134	4,211	10,910	-62,424	-52,910	361,226	343,781
220,717	228,932	24,769	28,899	57,978	52,252	-82,747	-73,173	466,396	441,905
4,698	7,872	408	2,129	51	117	0	0	12,583	14,561

Notes on the cash flow statement

With respect to the purchase price paid for Antwerp Space N.V., reference should be made to the notes on acquisitions. Cash and cash equivalents of EUR 5.451 million entered the OHB Group on the date of first-time consolidation. Cash and cash equivalents were provided as collateral for guarantee facilities of up to EUR 17.5 million for a Group member. Corresponding drawing restrictions apply if and to the extent that the guarantee facilities are utilized. Cash and cash equivalents as of December 31, 2010 are recorded net of fixed-term deposits due for settlement in more than three months (2010: EUR 4.192 million; 2009: EUR 0).

Other financial obligations

Other financial obligations under leases are valued at EUR 47.869 million (previous year EUR 54.946 million); of this, an amount of EUR 9.952 million (previous year EUR 9.334 million) is due for settlement in less than one year, an amount of EUR 32.318 million (previous year EUR 32.696 million) in one to five years and an amount of EUR 5.599 million (previous year EUR 12.916 million) in more than five years. Operating leases entail financial obligations of EUR 12.879 million (previous year EUR 1.226 million) due for settlement in one to five years; an amount of EUR 3.239 million (previous year 0.406 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.

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-Technology AG has issued a declaration of subordination for Timtec Teldatrans GmbH towards third-party debtors with respect to its own receivables for an amount of EUR 0.671 million. The Company has not issued any guarantees for liabilities held by ELTA SA. As of the balance sheet date, there were obligations under guarantees of EUR 27.202 million (previous year EUR 26.426 million). OHB Technology AG issued letters of comfort as collateral for current account facilities of a total of EUR 3.5 million granted to a Group member. As of the balance sheet date, these current account facilities had not been utilized.

OHB Technology AG has issued a letter of comfort in favor of a customer for the completion of a project by a Group member.

Kayser-Threde GmbH has issued a declaration of subordination for Rapid Eye AG towards third-party debtors with respect to its own receivables for an amount of EUR 0.389 mil-

lion. It has also issued a letter of comfort limited to EUR 0.120 million for VRS Verkehr Raumfahrt Systemtechnik GmbH.

Risk report on financial instruments

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

Employees

The average head count stood at 1,615 in the year under review (previous year 1,380).

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 as defined in Section 125 (1) 3 of the German Stock Corporation Act in 2010:

- Mr. Marco R. Fuchs, beos GmbH, Bremen, member of the supervisory board (Group mandate); ZARM Technik AG, Bremen, member of the supervisory board; MT Aerospace AG, Augsburg, deputy chairman of the supervisory board (Group mandate)
- Prof. Dott. Ing. h.c. Manfred Fuchs, ATB GmbH, Bremen, member of the supervisory board (Group mandate); OHB-System AG, Bremen, chairman of the supervisory board (Group mandate); beos GmbH, Bremen, member of the supervisory board (Group mandate); MT Aerospace AG, Augsburg, member of the supervisory board (Group mandate)
- Prof. Dr. Ing. Hans J. Rath, ZARM Technik AG, Bremen, chairman of the supervisory board; beos GmbH, Bremen, member of the supervisory board
- Mrs. Christa Fuchs, ORBCOMM Deutschland AG, Bremen, chairwoman of the supervisory board (Group mandate); Cosmos Space Systems AG, Bremen, chairwoman of the supervisory board (Group mandate)

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

as of December 31, 2010	Shares	+/- 2010/09
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	–
Prof. Manfred Fuchs, member of the Management Board	3,763,064	–500,000
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 March 17, 2010, the shareholders of OHB-System AG passed a resolution to adopt the exemption provisions in Section 264 (3) of the German Commercial Code with respect to disclosure of the annual financial statements.

Related parties disclosures

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, Berry Smutny, Frank Negretti, Jürgen Breitkopf, Lanfranco Zucconi, Hans J. Steininger, Dr. Wolfgang Konrad and Walter H. Köppel.

The following companies are related parties:

- OHB Grundstücksgesellschaft, Achterstraße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft, Kitzbühler Straße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft, Universitätsallee GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft, Karl-Ferdinand-Braun-Straße GmbH & Co. KG, Bremen
- VOLPAIA Beteiligungs-GmbH, Bremen
- Apollo Capital Partners GmbH, Munich
- Immobiliare Gallarate, 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 0.03 million (previous year: EUR 0.020 million) arose from transactions with related parties, while expenditure on goods and services purchased and rentals came to around EUR 4.113 million (previous year: EUR 4.756 million). Outstanding receivables as of the balance sheet date were valued at EUR 0.075 million (previous year EUR 0.080 million). As of December

31, 2010, there were liabilities of EUR 0.362 million (previous year EUR 0).

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 62–63) 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: www.ohb-technology.de → Investor Relations → Corporate Governance → Declaration of Compliance

Allocation of earnings

The single-entity financial statements prepared for OHB Technology AG pursuant to German GAAP (HGB) for the year ending December 31, 2010 carry net profit for the year of EUR 16,272,055.39. OHB Technology AG exercises the function of an active holding company. Its main assets comprise investments which were carried at a value of EUR 42.944 million on the balance-sheet date. OHB Technology AG's equity stood at EUR 55.523 million on December 31, 2010. The Company's single-entity financial statements carry cash and cash equivalents of EUR 0.234 million. Income of EUR 5.586 million under profit transfer agreements and from the share of profit of associates of EUR 8.856 million made a particular contribution to net profit for 2010.

The Management Board will be asking the shareholders to pass a resolution providing for the Company's unappropriated surplus of EUR 16,272,055.39 for 2010 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 (66,954 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 000s	2010
Dividend of EUR 0.30 proposed for each dividend entitled share (17,401,142 shares)	5,220,342.60
Amount to be carried forward	11,051,712.79
Unappropriated surplus	16,272,055.39

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 62). The total compensation paid to the members of the Management Board for 2010 came to EUR 1.382 million (previous year EUR 0.680 million).

The total compensation paid to members of the Supervisory Board for 2010 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 0.140 million) for her advisory services for members of the OHB Technology Group in the year under review. Prof. Heinz Stoewer (previous year EUR 10,500) and Prof. Hans J. Rath (previous year EUR 5,800) 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:

- Statutory audit of the annual financial statements: EUR 0.173 million
- Tax consulting services: EUR 0.094 million
- Other services: EUR 0.001 million

Events after the balance sheet date

On February 10, 2011, MT Aerospace Holding GmbH signed a contract for the acquisition of the drive components supplier Aerotech Peissenberg GmbH & Co. KG together with its affiliates in France and the Czech Republic with retroactive effect from January 1, 2011. The seller is the Drosten Group, Grünwald. The purchase price stood at EUR 1. With staff numbering some 490, Aerotech Peissenberg together with its affiliates generated sales of around EUR 46 million in 2010. Order receipts were valued at roughly EUR 86 million at the end of 2010. The company is expected to be consolidated as of March 1, 2011. The measurement of the assets, liabilities and equity capital in accordance with IFRS has not yet been completed as Aerotech Peissenberg has previously not prepared its financial statements in accordance with IFRS.

The consolidated financial statements were approved by the Management Board for publication after the Supervisory Board's meeting of March 15, 2011.

The Management Board
Bremen, March 14, 2011



Marco R. Fuchs



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



Ulrich Schulz

AUDITOR'S CERTIFICATE

"We have audited the consolidated financial statements prepared by OHB Technology 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, 2010 and ending on December 31, 2010. 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 disclo-

tures 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 14, 2011
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, together

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

The Management Board
Bremen, March 14, 2011

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Imprint

Copy and content:

OHB Technology AG, Bremen, Germany
PvF Investor Relations, Eschborn, Germany

Concept and design:

moskito Kommunikation und Design, Bremen, Germany

Photos:

Arianespace S.A., Evry, France
Carlo Gavazzi Space S.p.A., Milan, Italy
Carl-Christian Meyer, Bremen, Germany
European Space Agency, Paris, France
fotoetage (Alasdair Jardine, Kay Michalak,
Michael Jungblut), Bremen/Berlin, Germany
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Washington, USA
Novolipetsk Steel, Lipetsk, Russia
OHB-System AG, Bremen, Germany
OHB Technology AG, Bremen, Germany
Robert Pack, Mülheim, Germany

Editing:

Zertani GmbH & Co. Die Druckerei KG, Bremen, Germany

Printed by:

BerlinDruck, Achim bei Bremen, Germany

Glossary

AGILE Astrorivelatore Gamma ad Immagini Leggero; Italian astronomic research satellite

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

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

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

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 small geostationary telecommunications satellites

BMBVS German Federal Ministry of Traffic, Construction and Urban Development

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

BMVg German Federal Ministry of Defense

BMWi German Federal Ministry of Economics and Technology

BWB German Federal Office of Defense Technology and Procurement

CFK Carbon fiber-reinforced plastic

CNES Centre national d'études spatiales; French space agency

COLUMBUS Name of the European module of the International Space Station

DBO Defined benefit obligation

DGA Délégué général pour l'armement; French military procurement agency

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

D-WERDAS Demonstrator- Wide-range relay-based data transmission system

EBIT Earnings before interest and taxes

EBITDA Earnings before interest, taxes, depreciation and amortization

EBT Earnings before taxes

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

EnMAP Environmental Mapping and Analysis Program; satellite for hyperspectral Earth 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-based reconnaissance

ETC European Transport Carrier; transport rack for sensitive scientific experiments on board the European Columbus module of the ISS	KSA Strategic reconnaissance command of the German federal armed forces; user of the SAR-Lupe system
ExoMars ESA Mars exploration mission	LEO Low earth orbit
R+D Research and development	MTG Meteosat Third Generation; program to develop, build and launch third-generation weather satellites
FM Flight model	NASA National Aeronautics and Space Administration; US space agency
FSLGS French SAR-Lupe Ground Segment- configuration of French Helios ground satellite to receive SAR-Lupe reconnaissance images	OEM Original equipment manufacturer
Galileo European global satellite-based navigation system; Galileo is a trade mark owned by the European Commission. The GALILEO program is a joint initiative of the European Union and the European Space Agency ESA.	ORBCOMM CDS ORBCOMM Concept Demonstration Satellite; first second-generation ORBCOMM satellite
GIS Geographic information system	PMD Propellant management system
GMES European initiative for the global monitoring for environment and security	PSLV Polar Satellite Launch Vehicle
GRADFLEX GRAdient Driven FLuctuations EXperiment	SAR-Lupe Synthetic Aperture Radar-Lupe; system of small satellites with a process for enhancing the quality of radar images
IAS International Accounting Standards	Small GEOs Small geostationary satellites for telecommunications and multimedia applications
IFRS International Financial Reporting Standards	Telematics A system linking telecommunications and IT
IOT Industrial Operator Team; team for preparing the start-up of the Columbus module for the ISS	TET Technology mule; core element of the national “On-Orbit Verification of New Techniques and Technologies” project
ISS International Space Station	WAICO Waving and Coiling Response of Arabidopsis Roots; biological experiment on board the International Space Station

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