Annual Report 2007

Rohwedder
Excellence in Automation

Group Numbers at a Glance

Accounts to IFRS

		2007	2006 [B]	2005	2004	2003
Sales revenues	€m	132.7	90.4	143.2	117.1	137.0
Thereof international	%	52.0	34.1	36.4	31.5	30.9
Total operating performance	€m	132.5	89.2	139.3	122.7	128.3
Total operating performance per employee	€'000	167.5	176.3	224.3	169.0	171.9
Cost of materials	€m	78.2	52.1	86.3	68.9	68.2
Cost of materials ratio	%	59.0	58.4	62.0	56.2	53.2
Personel expenses	€m	42.8	30.0	34.7	40.5	39.9
Personnel expenses ratio	%	32.3	33.6	24.9	33.0	31.1
Number of employees as of 12/31	No.	967	501	608	692	754
Number of employees (annual average)	No.	791 [C]	506	621	726	746
Earnings before taxes [D]	€m	-10.4	-4.5	1.9	-4.5	3.2
Group result before minority interests	€m	-1.7	6.8	1.1	-2.8	1.7
Balance sheet total	€m	120.8	75.0	84.1	90.6	93.0
Equity [A]	€m	38.3	42.0	33.2	31.3	35.5
Equity Ratio	%	31.7	56.0	39.5	34.6	38.1
Investment in fixed assets	€m	26.3	1.4	4.3	3.4	7.8
Depreciation of fixed assets	€m	2.6	1.5	3.9	6.1	4.2
Cash flow	€m	1.6	10.3	5.5	-0.3	5.8
Cash flow as a percentage of sales	%	1.2	11.4	3.8	0.0	4.7
Earnings per share to IAS 33	€	-0.35	1.34	0.01	-0.62	0.31

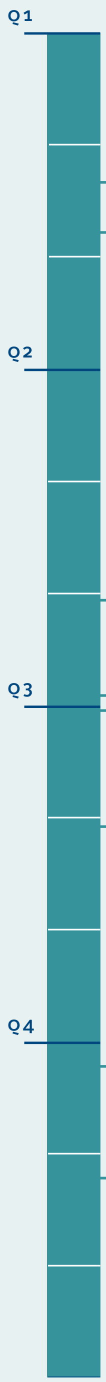
[A] Equity from 2005 including minority interests

[B] Excluding Roth & Rau AG

[C] In relation to 12 months 791 (JOT = 7 months)

[D] 2006 and 2007 excluding results for discontinued operation

Important Events in 2007



February 2007
Rohwedder AG sells shares in Roth & Rau AG.

February 2007
Rohwedder AG acquires MIMOT GmbH effective from January 1, 2007.

June 2007
Effective from June 1, 2007, Rohwedder AG takes over in full Elektrobit Corporation's Production Solutions division and runs it as its JOT Automation business unit.

June 2007
The eighth Rohwedder AG Annual General Meeting decides on June 29, 2007 to pay a dividend of €0.25 per dividend-entitled share.

July 2007
Manfred G. Müller is appointed to the Rohwedder AG Managing Board from July 1, 2007 as a deputy Board member with responsibility for integrating JOT Automation into the Rohwedder Group.

August 2007
MIMOT GmbH, Lörrach, is merged with Rohwedder AG, effective from January 1, 2007.

October 2007
Second Lake Constance Automation Forum in Friedrichshafen on »Precision in Assembly, Laser Use and Testing – In Quest of µ.«

November 2007
Rohwedder's newly positioned *Electronics Production Solutions* division presents itself for the first time at the Productronica trade show in Munich.

Rohwedder worldwide:
Making joint use of opportunities

Annual Report 2007

Rohwedder

Excellence in Automation

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Rohwedder locations around the world:

CANADA
Toronto

USA
Dallas

MEXICO
Querétaro

FRANCE
Gerstheim

ITALY
Arezzo

GERMANY
Bermatingen
Bochum
Bruchsal
Lörrach
Markdorf
Radolfzell

FINLAND
Oulu
Salo
Kuopio

ESTONIA
Tallinn

HUNGARY
Budaörs

ROMANIA
Timisoara

INDIA
Chennai

CHINA
Beijing
Suzhou

SOUTH KOREA
Seoul

AUSTRALIA
Scoresby

Making joint use of opportunities.

When Rohwedder AG in June 2007 took over JOT Automation of Finland with nearly 400 employees and locations in countries that included Estonia, South, Korea, India and China, it was the largest acquisition in the history of Rohwedder, a long-established firm in Bermatingen on Lake Constance. Figuratively speaking, it was at the same time a further exclamation mark in the company's successful transition from a regional manufacturer of precision tools to a globally operating automational technology group.

Jointly with JOT Automation we in the Rohwedder Group set standards in developing and manufacturing innovative and reliable automation solutions for our customers all over the world. And jointly with JOT Automation we will make use of every growth opportunity that arises and work forcefully toward a position as world market leader – always with the good of the company and its partners in mind.

*That is why we would like to present to you in greater detail on the following pages a number of the new, larger Rohwedder Group's key locations with selected technologies as an example designed to give you an impression of the opportunities that will come our company's way around the globe in the future. Rohwedder – Making joint use of opportunities.

Photo by bodenseefoto.eu/Karrer

Herzlich willkommen am Rohwedder-Standort in Bermatingen.

Welcome to the Rohwedder site in Bermatingen.

With a history of settlement and culture dating back over thousands of years, the Lake Constance region today is home to more than three million people, and as the centre of a unique European border triangle it attracks enthusiastic visitors from all over the world with its picturesque towns and villages and its mild climate.

In addition, the area around Central Europe's third-largest lake enjoys an outstanding reputation as a business location and is the home of a large number of well-known companies.

They include the Rohwedder Group, which from here embarked on its impressive transformation from a regional, family firm to a global player – and with its largest German production location and head office in Bermatingen perfectly reflects Lake Constance's innovative strength, cosmopolitanism and internationality.

47° 43' 45" N 9° 21' 0" O
CET

After taking into operation here in 1990 a large, modern production facility, Rohwedder AG transferred its headquarters to Bermatingen in 2000, the year it went public. This quiet village near Lake Constance has since been the head office location of the international Rohwedder Group and in charge of all corporate functions such as Finance, IT, Human Resources and Corporate Communications. In addition, Bermatingen is the manufacturing and administrative center of the Assembly Technologies Europe business unit. From here, the latest automation technology "Made in Germany" is shipped to automotive and medical industry customers all over the world.

The core competences of the Rohwedder site in Bermatingen, with over 200 employees, are the conception and realization of fully automatic, modular assembly solutions. The range of goods and services on offer extends, depending on the area of application, from value for money, scalable versions to highly complex plant with numerous production stages. This makes swift and safe assembly of the individual parts, labeling and, finally, quality testing of the products in question possible. Rohwedder solutions are geared perfectly to developments in respect of short product life cycles and swiftly changing assembly requirements. They also come with powerful plant management software for central monitoring and management of work processes.

Official name: Federal Republic of Germany / Capital: Berlin / Official language: German / Currency: Euro (€) /
Country code: +49 / Population: 82,4 million / Degree of urbanization: 75% / Population density: 230 inhabitants per km² /
Population growth: –0.1% / GDP (nominal): €2,322.2 billion / Neighboring countries: 9 / Country symbol: D /

The Rohwedder **SHW 09726** plant (above), with dimensions of 11 × 6.5 meters, is used for automatic assembly, testing and labeling of oil pumps for automobiles. A total of ten automatic stations in three assembly cells, two ① manual workplaces and an additional analysis or repair workplace make possible cycle times of 22 seconds.

The components placed manually on the workpiece holder (oil pump housing, cap, lock washer, inner and outer rotor) are checked automatically with the aid of photoelectric sensors to ensure that they are present and correctly positioned. In the next production process additional ② components (such as compression spring and control piston) are fed automatically and assembled, the housing and cap drill hole are oiled, the cap – monitored for torque and angle of rotation – is screwed into position and the pump's pressure and suction power are checked.

After assembly of the lock washer the products are labeled by means of a so-called scratch embosser (with continuous numbering). If, in the course of testing at the various stages, the assembly process undertaken is found to have been faulty, the oil pump is transported straight to the analysis workplace, where it is disassembled by hand and then returned to the assembly process.

Welcome to the Rohwedder site in Toronto.

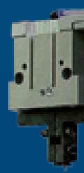
Toronto's location on the shore of Lake Ontario is unique, and Canada's largest city is not lacking in other superlatives either. The city was an early adopter of the benefits of a modern immigration policy, and business in Ontario benefits in particular from a superbly trained workforce and the highest density of engineers anywhere in the OECD.

In addition, the province of Ontario is stepping up the transfer of research to industry and has made the local automobile industry the largest in North America by means of farsighted business development and systematic creation of clusters.

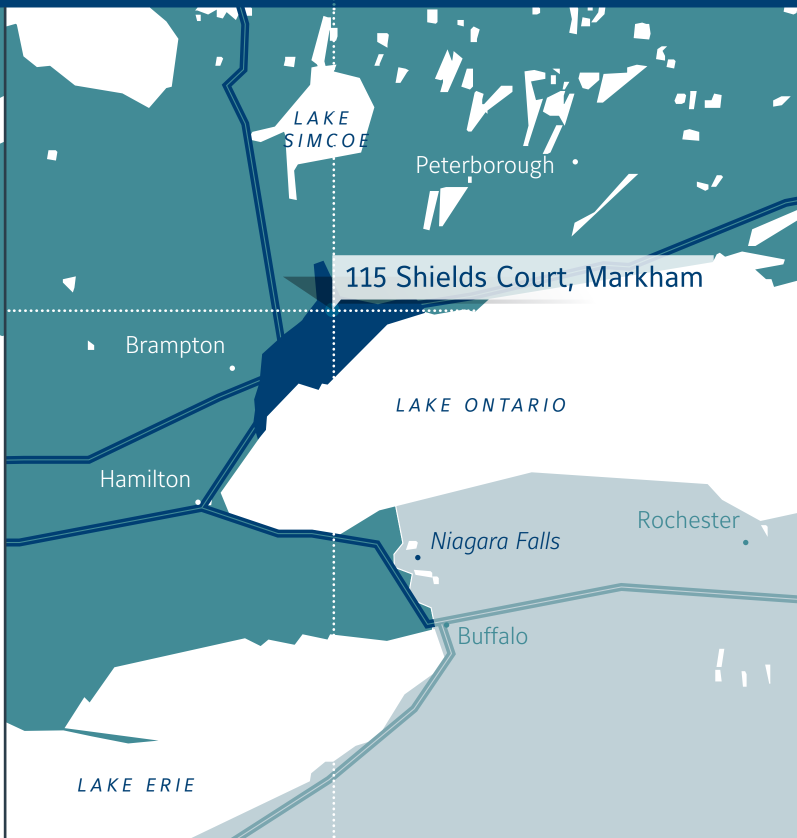
This location is a unique selling proposition for the local Rohwedder site too. With the flexible and adaptable automatic solutions that it provides, Rohwedder has direct access from Toronto to the North and Central American market and enjoys energetic support from the service and sales location in Querétaro, Mexico.

43°38'53"N 79°24'15"O
-6 CET

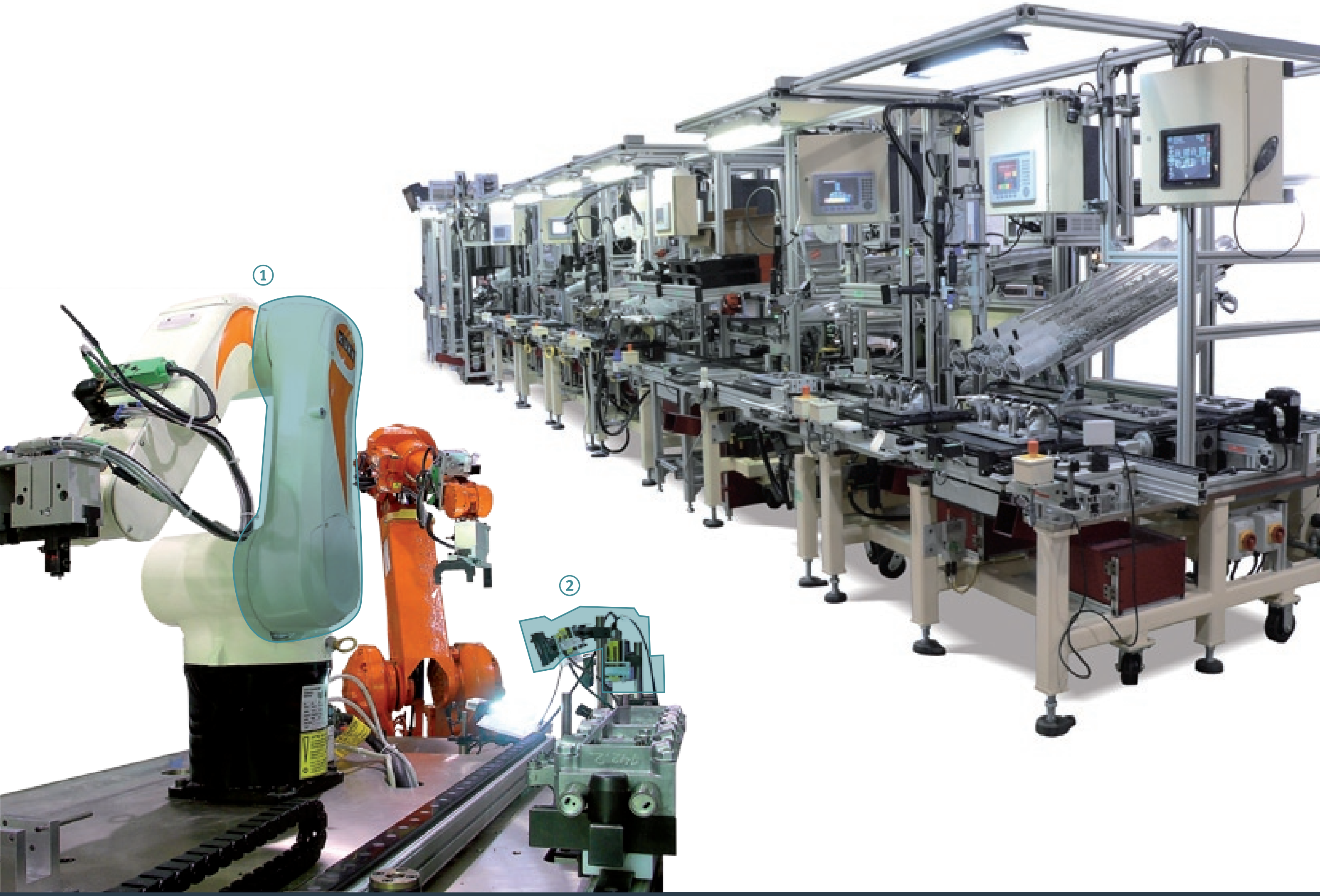
In 2000 Rohwedder AG acquired Automated Systems Inc., Canada, founded in 1986 and located in Markham, near Toronto. Rohwedder Canada Inc. today supplies the North and Central American market jointly with its Rohwedder Mexico colleagues. Its customers are mainly in business in automotive and, increasingly, medical technology and in electronics production. Due to a similar range of business activities the 50 or so employees at the Canadian production facility work particularly closely with the German site in Bermatingen. Synergy efffects and with them competitive advantages are achieved regularly by means of an intensive exchange of personnel and projects jointly devised and realized. These benefits are then passed on to the customers.



The range of automation solutions provided by Toronto is enormous and fulfills nearly every customer need. From lean manufacturing to automatic assembly solutions the most varied degrees of automation are supplied. The Rohwedder engineers' experience of different production environments and a continuous process of improvement ensure that the optimal manufacturing solution is provided for the task required. In this way our customers in areas such as vehicle interior equipment, propulsion and engine components or on-board electronics are able to manufacture products flexibly and deliver value for money on Rohwedder plant.



Official name: Canada / Capital: Ottawa / Official languages: English, French / Currency: Canadian dollar ($) /
Country code: +1 / Population: 32.98 million / Degree of urbanization: 80% / Population density: 3.2 inhabitants per km^2 /
Population growth: 0.9% / GDP (nominal): €756.2 billion / Neighboring countries: 2 / Country symbol: CDN /



The **3985 Multirobot production line** from Rohwedder's Assembly Technologies North America business unit is used in the automotive industry and has been put into operation in Mexico. It is a production solution for engine bridge assembly and inspection with a total of nine stations in which, inter alia, ABB robots are used for handling and a ① KUKA robot is used for automatic clip insertion. Valve rockers are also inserted into the components with high precision. A further advantage of this compact assembly line is the final inspection using an ② image processing system. The end product is used by a Japanese automobile manufacturer.

The Rohwedder Canada Inc. plant shown above right, the **3730 Lean Manufacturing Assembly Line**, was designed for a well-known automotive supplier in the southeastern United States. With its flexible design it can assemble different versions of automotive air-fuel intake manifolds. The products pass through a total of 14 different production stations, ending the line with a thorough quality check carried out with the aid of a robot and an image processing system.

Tervetuloa Rohwedderin toimipisteeseen Ouluun.

Welcome to the Rohwedder site in Oulu.

This is a country with the imprint of extremes of nature. As one of the world's northernmost countries Finland is very sparsely populated and at the same time the most densely wooded country in Europe with very cold winters and the phenomenon that in some areas the sun no longer rises or falls at certain times of the year.

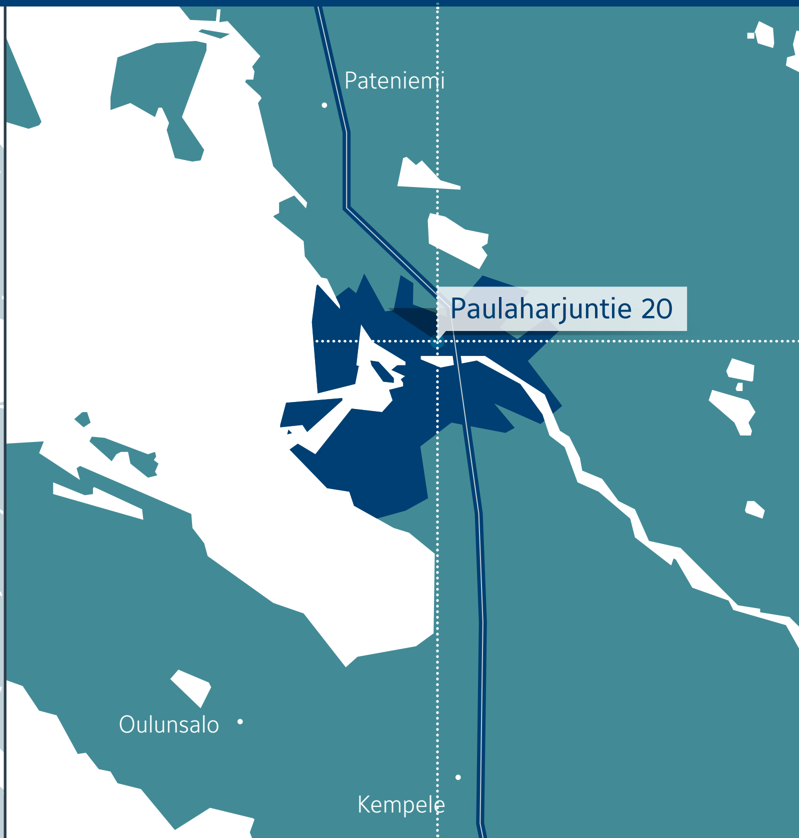
Due to a strong commitment to research and development the place of agriculture, which used to be the predominant economic sector, has now been taken by a highly productive high-tech industry that has transformed Finland into a leading international information and communication society.

The Rohwedder location in Oulu benefits from this transformation. In addition to its role as the legal domicile of JOT Automation it is a high-tech center with over 100 employees who deal mainly with research and development, engineering and international sales.

65°3'0"N 25°28'0"O
+1 CET

JOT Automation was founded in 1984 in Haukipudas, near Oulu on the west coast of Finland. By the time the company was first listed on the Helsinki stock exchange in September 1998 it had developed into a leading provider of manufacturing technologies for the electronics and telecommunications industries. Its remarkable success story continued in 2002 when it merged with the Finnish Elektrobit Group. In May 2006 the Elektrobit JOT Automation / Production Solutions segment became an independent business unit with a view to making it attractive for potential partners in view of its internationally acknowledged know-how.

The Rohwedder Group grasped this unique opportunity and took over from the Elektrobit Corporation as of June 1, 2007 the entire Production Solutions division along with the rights to the JOT Automation brand. In modern premises to which they moved in December 2007 the employees of the Oulu branch focus – in addition to their core area, Research and Development – on central JOT topics such as managing Sales, IT and Human Resources. The enormous innovative capacity that the Finnish Rohwedder location can call its own is illustrated by the many successful developments in modern flexible test and automation technology for which it has been responsible in recent years, especially for manufacturers of telecommunications equipment and for the automotive, medical and consumer goods industries.



Official name: Republic of Finland / Capital: Helsinki / Official languages: Finnish, Swedish / Currency: Euro (€) / Country code: +358 / Population: 5.28 Mio. / Degree of urbanization: 61% / Population density: 16 inhabitants per km² / Population growth: 0.4% / GDP (nominal): €167.1 billion / Neighboring countries: 3 / Country symbol: FIN /

A newly developed device is the **Intelligent Handset Tester (IHT)** for testing the software or user interface of cellular phones. The device has a ① universal adapter for inserting different mobile phone models. It also incorporates a robot finger to hit the keys in the telephone keypad and a ② camera to check for pixel errors and check the backlighting of the display. A loudspeaker and two microphones are used for acoustic tests of recording and playback quality, while a special sensor tests the functionality of the vibration alert. In addition, the menu structure, ringtones and built-in camera can be tested automatically. The PC that controls the IHT then compiles a report in which errors and deviations are outlined in detail.

The compact, fully automatic **J505-60 Desktop Robot Cell for Screw Insertion** was also developed for use in mobile phone manufacture. This automatic screwdriver makes production is swift and inexpensive by using four handling positions on the directly powered ③ rotary table and ④ two automatic screwdrivers to work on two products in parallel. With its practical design as a table unit and a variety of screw insertion programmes the machine can be switched flexibly between production lines in accordance with capacity requirements. Built-in error testing also ensures high product quality by means of continuous monitoring of measurement data.


NCC

Tere tulemast Rohwedder'i Tallinna üksusesse.

Welcome to the Rohwedder site in Tallinn.

Estonia has been a member of the European Union since 2004 and now has a reputation for being a »model pupil« among the new EU member-states. It is a parliamentary republic that can look back on a remarkable economic development and has succeeded in building a bridge between the traditional Western European markets and the emerging markets of Eastern Europe.

The Estonian capital Tallinn, especially, which for centuries has sported the hallmarks of German, Scandinavian and Russian influence, symbolises this successful interchange between East and West.

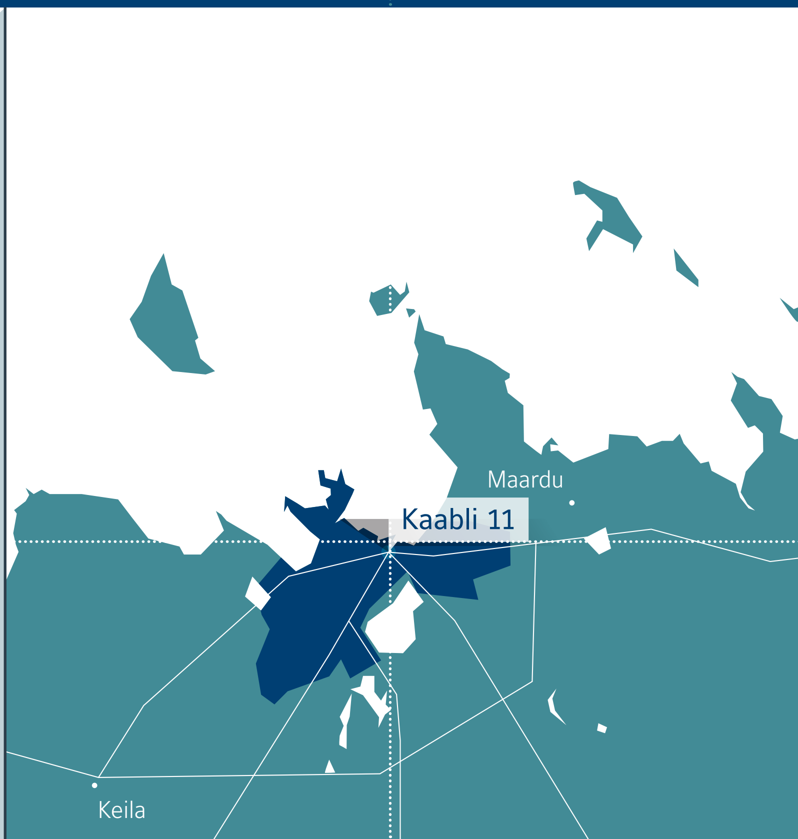
The Rohwedder site there has been in existence since 1991, the year when Estonia declared its independence. Ever since, a workforce of around 200 employees has developed and manufactured testing systems and product-specific adapters in large numbers and high quality for cellphone production plant – especially for the Asian and European markets.

Tallinn ESTONIA

59°26'0"N 24°46'0"O
+1 CET

Founded in 1991 as a branch of the Finnish company CAF, the Tallinn works became a part of JOT Automation in 1995 in the course of a corporate merger. JOT Estonia has since been a cornerstone of the group of companies both in manufacturing and as a provider of high-quality design services. The Tallinn works is now the most important production facility for automated testing and depaneling solutions that are sold in the Asian and European markets in particular and also in the American market. In addition, Tallinn has considerable research and development capacities, and that makes it a key factor in the entire group's outstanding innovative strength.

Today the Rohwedder location in Tallinn manufactures high-speed depaneling machines that can be incorporated in industrial automation lines, for one. For another, it makes tried and tested white boxes shielded from high frequencies that are used for final testing of electronic products, such as cellphones, and multistage test systems with extremely exacting properties for the high-end segment. With many years of experience in developing and manufacturing product-specific adapters and components for wireless technology, the Estonian location is for the Rohwedder Group a trump card in the highly promising international telecommunications market.



Official name: Republic of Estonia / Capital: Tallinn / Official language: Estonian / Currency: Estonian kroon (EEK) / Country code: +372 / Population: 1.34 million / Degree of urbanization: 69% / Population density: 30 inhabitants per km² / Population growth: -0.2% / GDP (nominal): €10.5 billion / Neighboring countries: 2 / Country symbol: EST /

The extremely compact **J401-03 Test Handler for Agilent 3070** is a flexible automatic in-circuit tester that is very easy to use and is suitable for mass production. It has a fast and powerful ① press with four threaded spindles and a force of up to 10,000 Newton, which corresponds to a tonne. Circuit boards up to 411 mm wide and 726 mm long can be checked on both sides with the Agilent test adapters. Optionally the low-maintenance unit can be expanded to include a barcode reader. Machine attributes such as adjustable width, electrical SMEMA connection and variable track height naturally form part of its standard features.

In the **J401-11 Tiny Test Handler** Rohwedder offers its customers a unit with a minimal footprint (500 × 800 mm) that can be used – especially for time-consuming and highly demand tests – to test printed circuit boards and general functions. The Tiny Test Handler is operated by a ② touch display. It is scalable for swifter and more effective testing. While one circuit board is being tested on the upper conveyor belt, another is being conveyed along the lower belt to the next Tiny Test Handler. If required and subject to higher unit demand it can be linked up to as many as 32 other units of its kind and thereby offers maximum flexibility along with controlled deployment of investment. High productivity is accompanied by optimal capacity utilization of the machines.

欢迎光临 Rohwedder 北京公司

Welcome to the Rohwedder site in Beijing.

The best-preserved section of the Great Wall of China is to the northwest of Beijing and is not only a UNESCO world heritage site but also one of the Chinese capital's principal attractions.

The Great Wall is 6,350 km long and in volume and mass as well as length is the world's largest edifice. It therefore symbolizes China old and new – the new China that has developed in recent years into one of the most important partners in world trade.

To do justice to the dynamic development of the Chinese market now and in the future, Rohwedder only last year expanded its production capacity significantly by relocating to a modern industrial park. Rohwedder Beijing now employs a payroll of more than fifty.

Beijing CHINA

39° 55' 44" N 116° 23' 18" O
+7 CET

The JOT Automation site in Beijing has been in existence since 2001. The office established back then initially handled only sales and service of a variety of products. To make use of the favorable local production costs in global competition, production began here in 2005. When, shortly afterwards, the production and administrative capacities could no longer keep pace with the enormous growth, the unit relocated at the beginning of 2007 to a modern industrial park with more generously proportioned premises and capacity for expansion. Here the employees manufacture and sell standardized testing and handling machinery for the booming Chinese electronics and telecommunications industry in the major commercial centers of Beijing, Shenzhen and Suzhou – and, of course, for the whole world market. Our manufacturing location in Beijing will naturally be expanding in the years ahead because we want to make use of the cost benefits there for the entire Rohwedder Electronics Production Solutions division.

The bandwidth of Rohwedder products made in Beijing includes modular conveying systems for electronic assembly groups, manual workplace solutions that are easy to integrate, facilities for flexible changes to the flow of materials, for conveying circuit boards both horizontally and vertically and for fast feeding of assembly groups to conveyor belts from storage facilities. In addition, solutions for turning, rotating and transferring individual assembly groups and scanners for recording product data precisely are available. A separate application design team deals specially with adapting these Rohwedder solutions in the best possible way to individual customer requirements.

Official name: People's Republic of China / Capital: Beijing / Official language: Standard Chinese (Mandarin) / Currency: Renminbi (CNY) / Country code: +86 / Population: 1.3 billion / Degree of urbanization: 43% / Population density: 137.6 inhabitants per km² / Population growth: 0.6% / GDP (nominal): €1,716.9 billion / Neighboring countries: 14 / Country symbol: CN /

The **J206-51 AOI Workstation** is a workplace for manual processing of circuit boards tested and found to be faulty within a production line directly after an automatic optical inspection system (AOI). Along with ① storage facilities for components and documents and provisions for health and safety, further options are available. As with all JOT systems the SMEMA electrical interface can be expanded to include other interface systems. Also, and as a matter of course, specific circuit boards can transferred systematically and errors can be shown on a monitor screen. With a standard workstation length of 2,000 mm both different track speeds and a ② flexible track width setting can be selected.

The Rohwedder **J219-02 Wave Solder Infeed** is used especially to feed circuit boards fast and automatically to wave soldering machines. In addition to a SMEMA electrical interface the station features a storage programmable control (SPC) that is, for example, capable of optionally taking over an automatic change of width. In addition, along with the freely adjustable track height a ③ feed angle of between 2 and 9 degrees can be set. A further characteristic of the installation is its flexible conveyor speed. Machine lengths of 500 or 700 mm are available, so different sizes of product can be fed in.

The Management Board

Joachim Rohwedder

CEO

since 1999

In charge of:

Strategy, Technology, Sales, Investor Relations, Marketing

Other positions:

- Member of the Board of JOT Automation Ltd., Oulu, Finland
- Advisory Board Chairman of Rohwedder Canada Inc., Markham, Ontario
- Advisory Board Chairman of Rohwedder Pty. Ltd., Victoria, Australia
- Vice-Präsident of the VDMA, Frankfurt
- Board member, VDMA Robotics and Automation Association
- Advisory Board Chairman of Elgo-Elektrik GmbH, Singen

Harald Löhle

CFO

since 1999

In charge of:

Finance, HR, Controlling, Materials Management, IT

Other positions:

- Member of the Board of JOT Automation Ltd., Oulu, Finland
- Administrative Board member, ASIC Robotics AG, Burgdorf, Switzerland

Manfred Müller

DEPUTY DIRECTOR

since 2007

In charge of:

Integrating JOT Automation into the Rohwedder Group

Other position:

- Member of the Board of JOT Automation Ltd., Oulu, Finland

Letter to Shareholders

Dear Shareholders,

with the JOT Automation takeover the past year was definitely one of the most remarkable in Rohwedder AG's over 50 years of corporate history. The acquisition has meant that the Rohwedder Group has achieved a new dimension and grown to twice its original size. Around the world about 1,000 employees now work under the Rohwedder umbrella brand, and I would like to take this opportunity of thanking them expressly for their hard work. I must also thank all of our customers for their confidence in the performance of our products and technologies.

Since 2005 the Rohwedder Group has pursued a consistent alignment to two selected core areas of automation technology: Mechatronics Production Solutions (MPS) and Electronics Production Solutions (EPS). We have streamlined our equity portfolio accordingly and in this connection, as repeatedly announced, invested the proceeds of the Roth & Rau equity disposal in systematic expansion of our core competences. Since June 1, 2007 JOT Automation, an established company with over 20 years of corporate history and an excellent reputation in the automation industry, has been a member of the Rohwedder Group.

With this acquisition we have gained quite crucially in **internationality** that in fiscal 2007 the international share of our sales revenues exceeded 50 percent compared with 34 percent the previous year.

In all, the Rohwedder Group's **total operating performance** in the financial year 2007 was **EUR 132.5 million**. We therefore slightly exceeded our target: a total operating performance of between EUR 120 million and EUR 130 million. The EBIT forecast that we made at our DVFA analysts' conference was EUR 1.0 million to EUR 2.0 million, including the EUR 10.0 million in extraordinary income from the sale of Roth & Rau. This target we also achieved – with earnings of EUR 1.5 million before interest and taxes.

In view of the substantial investment that we have made to ensure the company's competitiveness we will be recommending to the Annual General Meeting of shareholders to be held on June 30, 2008 that no dividend be paid for the financial year 2007. I must ask you, ladies and gentlemen, to show understanding in this point because the **Rohwedder Group's EUR 1.7 million net loss after taxes** in 2007 includes the following charges totaling EUR 2.2 million: the cost of integrating our new JOT Automation business unit and the cost of measures to improve results at the Bermatingen location.

In addition to this EUR 2.2 million we were hit by currency losses at Rohwedder Canada Inc., and by further losses incurred at the MIMOT locations in France and the United States that were shut down at the end of the year as a result. Furthermore, a change in tax rates led to a EUR 0.2 million increase in deferred tax liabilities.

Ladies and gentlemen, along with the positive news in connection with our acquisition of JOT Automation I am sorry to report that the Bermatingen site in the **Mechatronics Production Solutions (MPS)** segment gave us further cause for concern last year and was largely responsible for the fact that we were unable to achieve our operating earnings targets. **Several loss-making projects** impaired the earnings position of the Assembly Technologies Europe business unit considerably. In particular, the size of one project, as it subsequently transpired, was definitely too large with its wide range of product parts for the existing structures at the Bermatingen location. We decided to take the order on for strategic reasons in 2006 to open up a new line of business. We later realized that the decision was wrong because we were unable to complete the order at a profit. The product that was to be manufactured on this Rohwedder plant was still under development by the customer and its technology proved highly complex.

We have learned our lesson from this mistaken decision and have adopted a strict approval procedure for taking on new projects so as to reduce technical and commercial risks significantly in advance. That was one of the important measures at the Assembly Technologies Europe business unit that the new site manager initiated to get Bermatingen back on the right course in 2008.

A further reason for confidence is the fact that **synergies** are alive and well **in the Rohwedder Group**. Large projects are being undertaken internationally and across locations. Vision technology, for example, serves us as a successful door opener for the acquisition of projects of this kind. It is a key technology that can be used in quality assurance for automation solutions in the different Rohwedder business units. Another encouraging development in the MPS segment is that the Micro Technologies business unit in Bruchsal and the Vision Technology business unit in Markdorf both achieved a positive EBIT unlike in the previous year.

The **Electronics Production Solutions (EPS)** segment also developed most satisfactorily and ended the year with a balanced EBIT. Order intake and total operating performance at the Radolfzell location were above plan, and earnings before interest and taxes were **almost in the black** in spite of the earlier insolvency of its main customer BenQ Mobile GmbH & Co. OHG, Munich.

↑ JOT Automation: Electronics manufacturing line with two test phases

At the MIMOT Surface Mount Technologies business unit in Lörrach total operating performance and order intake both developed as expected, and we were able to earn a markedly positive EBIT there.

The new **JOT Automation** business unit also reported a **very good order intake**, and its EBIT on operational business was already in the black for the seven months from June 1, 2007. The cost of integrating and consolidating business activities exceeded earnings in the last financial year, however.

Dear shareholders, in addition to a review of the financial year 2007 I would like to go into greater detail at this point about the take-over of JOT Automation, which we anticipate far-reaching benefits for the entire Rohwedder Group. What are these benefits?

Only by means of having acquired JOT Automation we are in a position to benefit with our new international locations from business with the electronics and telecommunications industry, especially in the gigantic **Asian growth market**.

In addition, **business in standardized products** manufactured by JOT Automation is an important factor in boosting the Rohwedder Group's profitability. For one, technological risks are easier to avoid in this segment than in Rohwedder's customer-specific project business. For another, business in standardized products offers an opportunity of earning better margins by selling higher quantities. At our Radolfzell location we are benefiting especially from the acquisition because we are now receiving orders there that can be handled in collaboration with JOT, and the incorporation of standard JOT components in Rohwedder system solutions leads to substantial cost benefits.

In the course of corporate integration we are currently coordinating optimally the EPS division's **product and solutions portfolio** in order to make full and effective use of all savings potentials.

Synergies are also taking shape in collaboration with the MPS division, especially in procurement, technology, sales and service. The Rohwedder Group's international presence and its more extensive technological know-how must, after all, benefit all of our customers. On pages 6 to 25 of this Annual Report we provide an insight into a number of the new and larger Rohwedder Group's international locations.

At present the **integration of JOT Automation** is in full swing. Measures that extend across locations are being coordinated and we are busy implementing the 10-point integration program we adopted. As you can imagine, this is an extremely exacting task. To do it justice, Mr. **Manfred Müller** has since July 1, 2007 served as deputy Board member of Rohwedder AG in charge of the successful integration of JOT Automation.

Ladies and gentlemen, our company underwent fundamental changes last year. With the acquisition of JOT Automation and the extension of Rohwedder core competences we have taken decisive steps to ensure the further success of the Rohwedder Group and are now superbly positioned in the world market for automation technology. We offer our customers excellent products and solutions and our employees interesting jobs with international prospects.

The Rohwedder Group now has everything in place to shape its future successfully with its own resources. Our aim is to achieve **organic growth without further acquisitions**. In establishing the new and larger Rohwedder Group in 2007 we have achieved a great deal, if not yet everything. That is why we are all the more intent this year and in the years ahead on doing all that we can to make our vision of becoming a world market leader in automation technology by 2010 come true. This is why it is worth summoning up the patience that is required for the path on which we have embarked.

I look forward to making full use with you, our shareholders, of the opportunities that lie ahead of us and to ensuring in the future that your investment is full of promise.

Yours truly,

Joachim Rohwedder
MANAGEMENT BOARD CHAIRMAN
Bermatingen, March 2008

The Supervisory Board

Prof. Dr. Wilfried Sihn

CHAIRMAN OF THE SUPERVISORY BOARD

- Professor at the Department of Management Sciences at the Vienna University of Technology and director of the Fraunhofer Project Group for Production Management and Logistics in Vienna

Dr. Siegfried Goll

VICE-CHAIRMAN OF THE SUPERVISORY BOARD

- Former Management Board Chairman, ZF Friedrichshafen AG

Dr. Peter A. Kaemmerer

MEMBER OF THE SUPERVISORY BOARD

- Member of the Management Board of Landesbank Baden-Württemberg

Report by the Supervisory Board

Dear Shareholders,

2007 was a very important year for the further business development of the Rohwedder Group. The strategic decisions that were taken by the Management Board and Supervisory Board laid firm foundations for the company to achieve a leading market position in automation technology by 2010.

The Supervisory Board again fulfilled last financial year its statutory obligations and obligations arising from the Articles of Incorporation. We continuously advised and supervised the Management Board in its management of the company. The Management Board kept us informed regularly, comprehensively and in a timely manner about both business planning and actual developments at the company. The Management Board briefed us in detail on deviations from targets and the counter-measures to be initiated. To form a precise judgment on the risk management employed, the Supervisory Board invited the head of the relevant location to discuss certain agenda items and report on his business unit's economic situation.

The Supervisory Board was involved in good time in all fundamental Rohwedder Group decisions and all matters that required our approval. The Supervisory Board chairman, for example, maintained regular contacts, both orally and in writing, with the Management Board outside of Supervisory Board meetings in order to discuss important business transactions in detail.

Focal Points of Supervisory Board Discussions

In financial year 2007 five Supervisory Board meetings were held, with all members attending all sessions.

THE KEY TOPIC AT THE ACCOUNTS MEETING HELD ON MARCH 30, 2007 was the debate on the annual financial statements and consolidated financial statements for the financial year 2006. At this meeting the Supervisory Board also reviewed efficiency of its own work by means of a detailed questionnaire and came to a positive conclusion.

In accordance with the recommendations of the German Corporate Governance Code the Management Board and Supervisory Board agreed to propose to the 2007 Annual General Meeting of shareholders that the Supervisory Board's remuneration should in the future include a performance-related component. Details will be found in the remuneration report that forms part of the Corporate Governance Report by the Management Board and Supervisory Board.

In addition it was agreed at the meeting held on March 30, 2007 that MIMOT GmbH, Lörrach, should be merged with Rohwedder AG with economic effect from January 1, 2007. The Supervisory Board had already approved on February 7, 2007 the Management Board's decision to acquire MIMOT in its entirety with economic effect from January 1, 2007.

Another important focal point of our deliberations was – in addition to the Group's commercial situation – the intended takeover of the Production Solutions division of the Elektrobit Corporation, Finland, which is now bundled in JOT Automation Ltd., Finland. The Management Board outlined in detail to the Supervisory Board the reasons why the acquisition is necessary to ensure the Rohwedder Group's competitiveness and presented a report on the latest state of negotiations with the Elektrobit Corporation. The planned approach to integrating the new division was also outlined in detail. The Supervisory Board decided at the end of March that Mr. Manfred Müller was to be appointed as a deputy member of the Management Board with responsibility for integrating JOT Automation into the Rohwedder Group. As Vice President of Siemens Energy and Automation in Dallas, Texas, Mr. Müller had already brought an extensive integration project to a successful conclusion and is therefore outstandingly qualified for this task. In addition to working in the United States he had already spent several years working in Asia, so he had the international business experience required to integrate JOT Automation, a globally active company, into the Rohwedder Group.

AT THE EXTRAORDINARY MEETING OF THE SUPERVISORY BOARD HELD ON MAY 5, 2007 the sole item on the agenda was the proposed acquisition of JOT Automation. After checking the necessary documentation and discussing the matter in detail with the Management Board the Supervisory Board agreed to the acquisition in principle but subject to the proviso that negotiations with the Elektrobit Group came to a successful conclusion. The takeover by Rohwedder AG finally took place on June 1, 2007 with economic effect from that date.

AT THE SUPERVISORY BOARD MEETING HELD ON JUNE 29, 2007 the Management Board reported in detail on the Rohwedder Group's business development. The site manager in charge of the Assembly Technologies Europe business unit in Bermatingen reported on his business unit's economic position. The measures that he proposed to solve the problems at Bermatingen and take the location forward failed to convince the Management Board and Supervisory Board. In view of these differences on the location's strategic alignment the Management Board, Supervisory Board and manager in charge decided to part company by mutual agreement.

FROM THE SUPERVISORY BOARD MEETING HELD ON SEPTEMBER 28, 2007 the deputy member of the Management Board appointed by the Supervisory Board as of July 1, 2007 attended meetings of the Supervisory Board along with the CEO and the CFO. After a detailed description by the CFO of the Rohwedder Group's economic position we discussed in detail the deputy Board member's status report on JOT Automation.

DURING THE SUPERVISORY BOARD MEETING HELD ON NOVEMBER 16, 2007 the new Bermatingen site manager appointed by the Management Board introduced himself. With interruptions he has worked for Rohwedder AG since 1995 and was latterly responsible for taking forward the turnaround of the Vision Technology business unit as site manager at the Markdorf location. As the new site manager of the Assembly Technologies Europe business unit he reported on the business situation in Bermatingen and presented the newly initiated measures to improve results.

On other agenda items the Management Board presented status reports on the other Rohwedder business units. They included an outline of the decisions taken and approaches adopted on integrating JOT Automation. Detailed planning for the financial year 2008 was also approved at this meeting.

Another topic discussed at the last meeting held in financial year 2007 was measures to prevent corruption in the Rohwedder Group. The Management Board presented a detailed catalog of proposed measures.

Audit of the 2007 Accounts

On June 29, 2007 the Annual General Meeting chose Dr. Ebner, Dr. Stolz und Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, to audit the annual financial statements. The auditor audited the annual and consolidated financial statements drawn up by the Management Board and the Rohwedder AG management report and consolidated management report for the financial year 2007 and issued an unqualified audit certificate for them.

The annual and consolidated financial statements, the management report for the company and the management report for the Rohwedder Group were made available to us, along with the auditor's reports, in good time for the accounts meeting held on March 27, 2008. At this meeting, which was attended by the auditor, who reported on the material findings of his audit, we discussed the documents intensively with the Management Board. The auditor was available answer further questions and the Supervisory Board was able to agree with the auditor's findings.

The Supervisory Board itself checked the annual and consolidated financial statements, the management report and consolidated management report in detail and raised no objections.

We have approved the annual and consolidated financial statements drawn up by the Management Board, with the result that the accounts are now approved in accordance with Section 172 of the German Securities Act (Aktiengesetz/AktG). We also checked and approved the Management Board's proposed appropriation of earnings.

The Supervisory Board would like to thank all employees, the staff representatives and the Management Board for their hard work and commitment in financial year 2007.

Stuttgart, March 27, 2008
The Supervisory Board

Prof. Dr. Wilfried Sihn
SUPERVISORY BOARD CHAIRMAN

Corporate Governance Report

Enhancing transparency and building confidence among investors, customers, employees and the general public are fundamental objectives of the German Corporate Governance Code (GCGC). Since it was first adopted in 2002 it has formed a significant part of corporate culture in Germany. It is reviewed and updated annually by the government commission in charge of so doing.

Rohwedder AG is committed to the principles of the German Corporate Governance Code and implements internationally recognized standards of good and responsible corporate management. In the process our special focus is on a sustainable increase in enterprise value.

We document in a declaration of conformity in accordance with Section 161 of the German Securities Act the points on which we depart from the recommendations of the German Corporate Governance Code. The Rohwedder AG Management Board and Supervisory Board issued their most recent declaration of conformity on March 13, 2008. It is available to read and download at any time on the Rohwedder AG website under the heading Corporate Governance.

The Rohwedder AG Management Board and Supervisory Board each declare that the recommendations of the German Corporate Governance Code submitted by the Government Commission in the version dated June 14, 2007 are and have been followed with the exception of the following points:

Point 4.2.3

The Rohwedder AG stock option plan does not provide for a cap in the event of extraordinary, unforeseen developments.

Point 4.2.4

Compensation of Management Board members is stated as a total sum in accordance with the resolution adopted by a three-quarters majority at the Annual General Meeting held on June 30, 2006.

Points 5.2 and 5.3

In view of the size of the Supervisory Board the formation of committees, especially an audit committee, is inappropriate.

Point 7.1.2

In accordance with the rules that apply to the Prime Standard stock market segment, consolidated financial statements must be published within four months of the end of the financial year.

In accordance with the rules that apply to the Prime Standard stock market segment, interim reports must be published within two months of the end of reporting period at the latest.

March 13, 2008

For the Management Board

Joachim Rohwedder
MANAGEMENT BOARD CHAIRMAN

For the Supervisory Board

Prof. Dr. Wilfried Sihn
SUPERVISORY BOARD CHAIRMAN

Remuneration Report as per GCGC 4.2.5

MANAGEMENT BOARD REMUNERATION totaled € 948,000 in financial year 2007. The total remuneration paid to Management Board members consists of fixed and variable components. The variable component is equivalent to a percentage of the Rohwedder AG net surplus and of the Rohwedder Group's net surplus for the previous year. This percentage is calculated after netting out any net loss for the year or loss carryover during the Board member's term in office.

Provisions for profit sharing and income taxes must be added to the net profit or loss for the year made by Rohwedder AG or the Rohwedder Group and returns from it have to be subtracted. The above-mentioned total Management Board remuneration includes the taxable share for private use of company cars. Length of service expenditure arising in financial year 2007 from pension obligations for two Management Board members amounted to € 126,000.

SUPERVISORY BOARD REMUNERATION at Rohwedder AG is based on Section 12 of the Articles of Incorporation. Each member of the Supervisory Board receives in addition to his expenses remuneration that consists of a fixed and a variable component. The variable component is geared to the dividend paid per share. Remuneration paid to Supervisory Board members in financial year 2007 totaled € 45,000 and breaks down as follows:

Remuneration	in €'000
Prof. Dr. Wilfried Sihn SUPERVISORY BOARD CHAIRMAN	20
Dr. Siegfried Goll SUPERVISORY BOARD VICE-CHAIRMAN	15
Dr. Peter A. Kaemmerer SUPERVISORY BOARD MEMBER	10

Supervisory Board members received no payment or other benefits in respect of personal services.

Disclosures as per GCGC 6.6

Shares held by Management Board and Supervisory Board members

As of December 31, 2007 members of the Management Board held directly or indirectly the following shares or stock options in Rohwedder AG:

Management Board members hold Number	Shares	Options
Joachim Rohwedder	420,900	0
Harald Löhle	100,000	0
Manfred Müller	5,020	0

As of December 31, 2007 Supervisory Board members held the following shares in Rohwedder AG:

Supervisory Board members hold Number	Shares
Prof. Dr. Wilfried Sihn	100

Disclosure as per GCGC 7.1.3

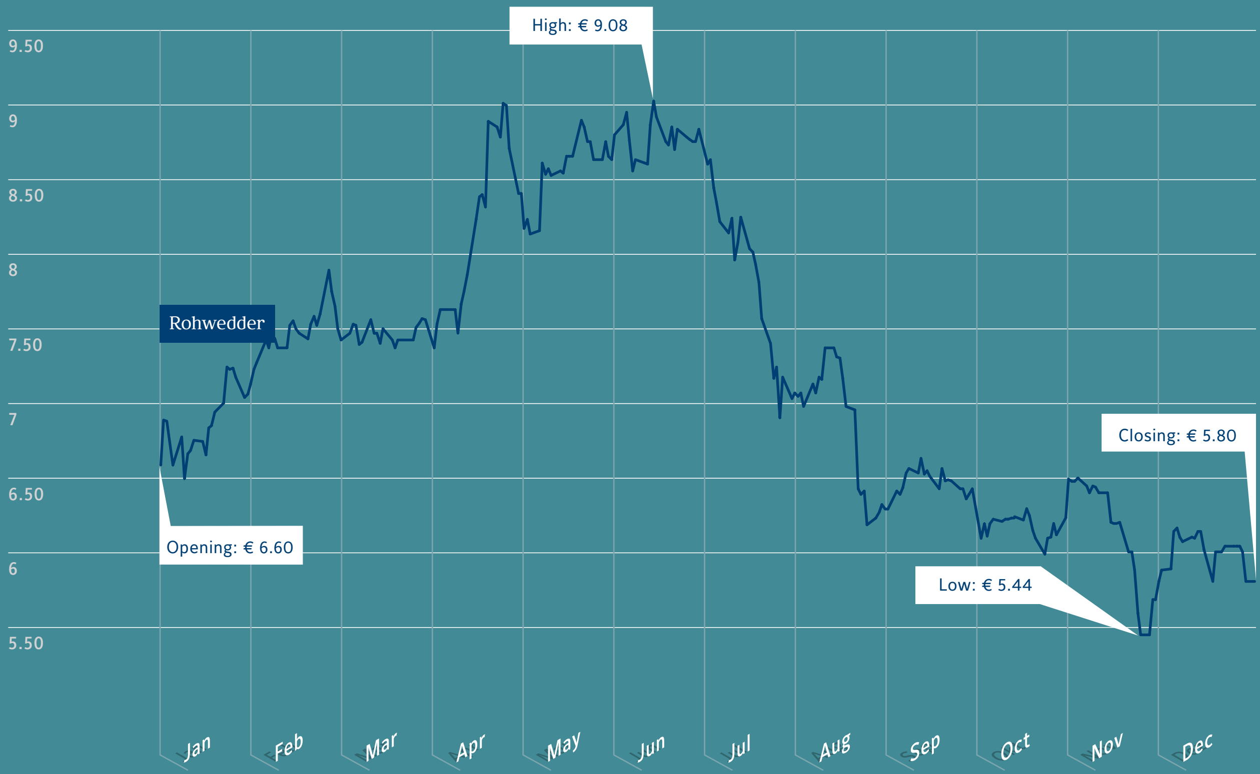
Rohwedder AG stock option program

In 2000 a stock option program amounting to 120,000 Rohwedder shares was launched.
Options to acquire Rohwedder stock could be granted to Management Board members (up to 22,000) and to managerial employees (up to 98,000). This stock option program ran until 2004. As of December 31, 2007 a former Management Board member held options to acquire 7,000 and managerial employees held options to acquire a total of 20,100 Rohwedder shares.

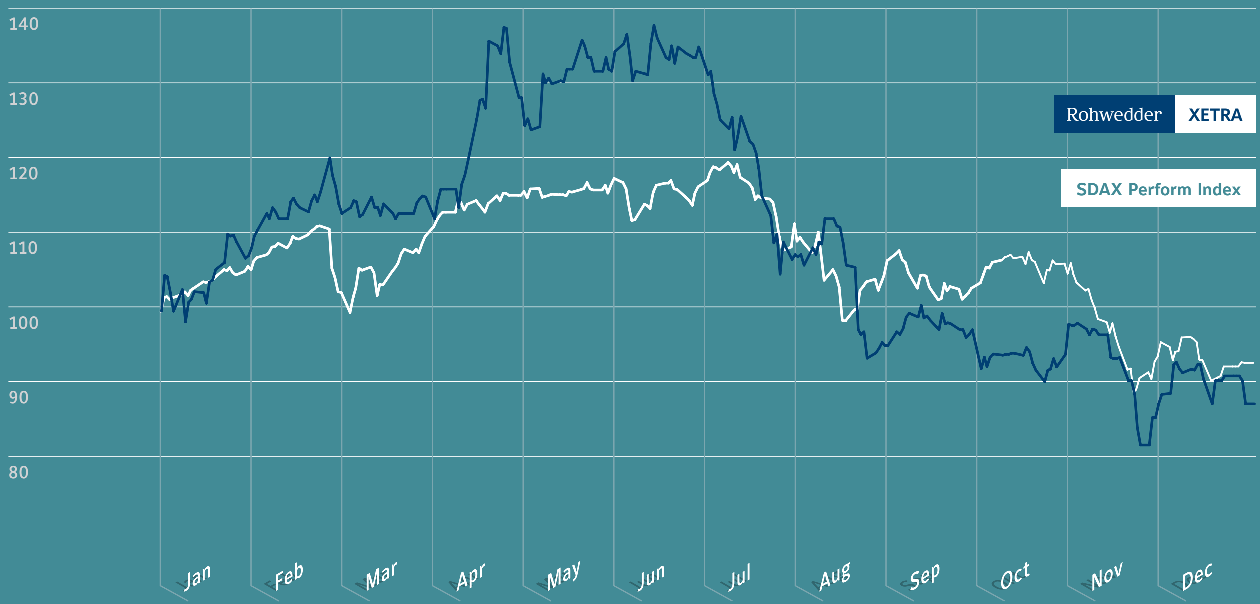
Options may only be exercised three years after they were granted at the earliest. The purchase price is equivalent to the average stock market price of the share on the ten trading days before the option was granted. The precondition for exercising option rights is a contract of employment that has not been terminated at the time of exercise and the fulfillment of one of two specified exercise obstacles.

These obstacles relate to the share price trend relative to that of the SDAX index and to the company's earnings trend. The exercise date is the day after the company's Annual General Meeting. Alternatively, the person entitled to stock options may be offered cash compensation instead.

Rohwedder Share Price in 2007
in Euro



Rohwedder Share Price Performance Compared with the SDAX Index in 2007
in percent



The share

Stock Markets

The stock market year 2007 was a very turbulent one for many investors all over the world. The US subprime mortgage crisis in summer 2007 hit stock markets especially hard. The Dow Jones index nevertheless ended the year up by around 7 percent, and Europe's Euro Stoxx 50 index closed the year with growth of 4 percent. In the first quarter of 2008 the crisis in the world's stock markets intensified, however, with the Dow Jones down by nearly 8 percent as of March 31, 2008 and the Euro Stoxx 50 index down by around 17 percent.

For the most important German share index, the DAX, 2007 was a successful year. In the course of the year it notched up a gain of around 22 percent, performing better than all the major European indices. The TecDAX index of technology shares also performed very well, ending the year with a gain of nearly 30 percent.

2007 was a much more difficult year for German second-tier stocks. The MDAX was unable to recover from its mid-year losses and gained a mere 4 percent over the year. In the SDAX index of small shares losses over the year averaged nearly 8 percent.

Development of the Rohwedder Share

The Rohwedder share shed around 12 percent of its value in the course of the stock market year. After a starting price of €6.60 on January 2, 2007, February to mid-April saw a sideways movement at a price level of around €7.50. The Rohwedder share price reached its high water mark for the year at €9.08 on June 14.

During the second half of 2007 the share price deteriorated significantly in a nervous market environment. After the August 20 profit warning the share price fell to an initial low of €6.19. It reached its low water mark for the year at €5.44 on November 26. The Rohwedder share ended the stock market year 2007 on December 28 at a price of €5.80. Rohwedder AG at that time held 99,632 own shares.

Due to the weak US economy, general uncertainty intensified in financial markets in the new year, leading to the Landesbank Baden-Württemberg reducing its DAX price targets in February 2008. Changes in basic scenario assumptions also made the LBBW adjust its forecasts for individual shares. These included Rohwedder AG. The bank reduced its share price target from €7.00 to €5.50 and a Hold rating.

The Rohwedder share has been unable to buck the downward trend of all German indices since the beginning of 2008. The share price on March 27, 2008 was €4.05.

Capital Increase

It is most gratifying to report that Rohwedder has been able to gain a new investor in the course of fiscal 2008. Kreissparkasse Biberach acquired the new Rohwedder AG shares issued for the capital increase agreed on February 27, 2008.

On the basis of the authorization given by the company's Annual General Meeting on June 28, 2004 and as approved by the Supervisory Board the Rohwedder AG Management Board decided to increase the company's capital stock from €5,000,000 to €5,499,999 by issuing 499,999 new bearer shares in return for cash and ruling out a rights entitlement. Landesbank Baden-Württemberg will accompany the listing process for the new shares.

»The Kreissparkasse Biberach is, on a selective basis, a partner in long-term investments with growth and value improvement potential.
With our long-term investment in the Rohwedder Group we are adding to our portfolio another leading company in its industry. It is a company with clear international growth prospects yet one that has marked regional links with Baden-Württemberg.«

Thomas Jakob
Deputy Board Chairman, Kreissparkasse Biberach

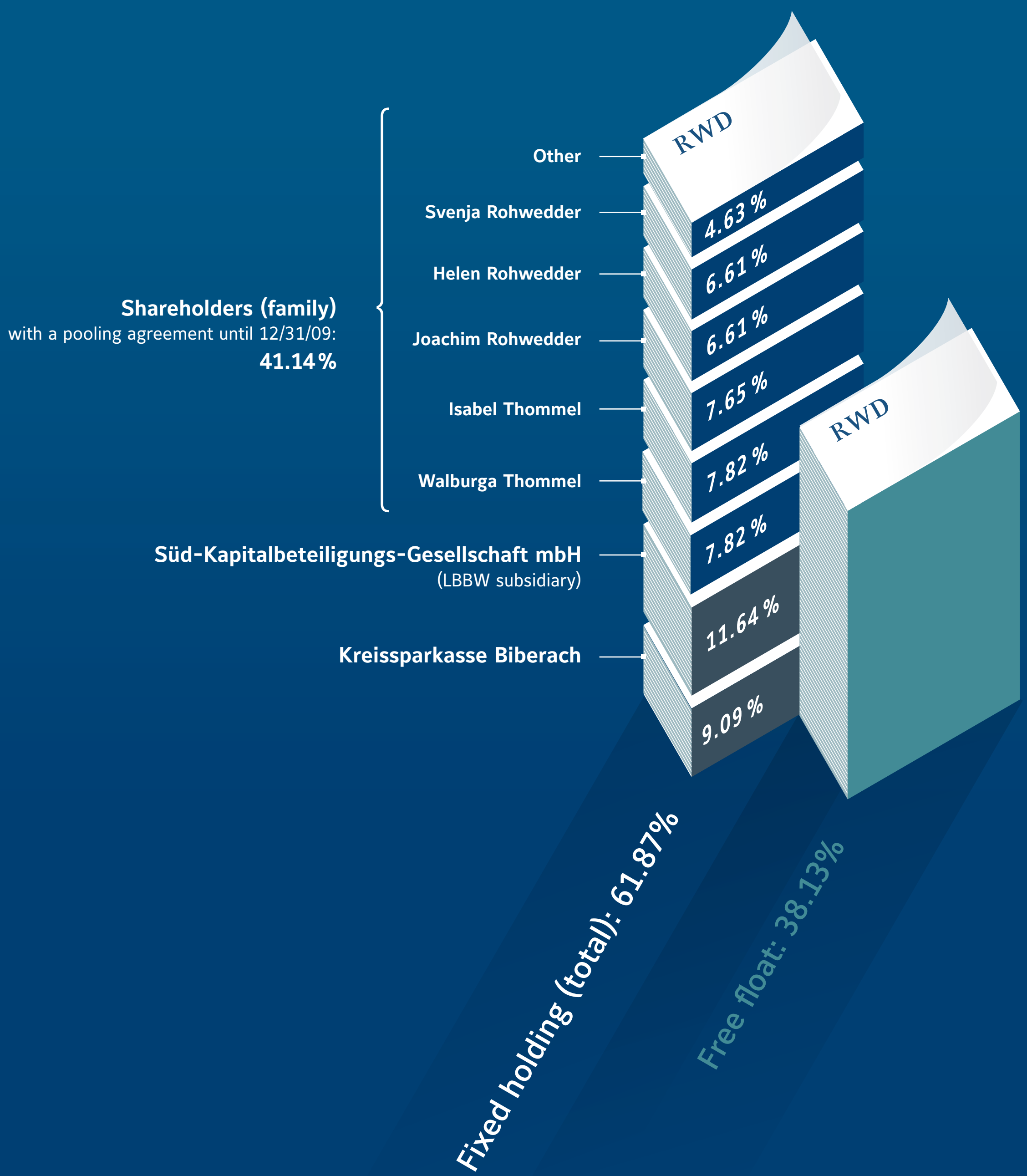
The capital increase is likely to be entered into the commercial register in April 2008. Rohwedder AG anticipates a capital inflow of €2.45 million. The proceeds of the transaction will be used by Rohwedder AG as planned to handle the acquisition of JOT Automation. At the same time the capital increase will serve to boost the company's equity ratio.

Rohwedder Share: Key Figures

ISIN	DE0007057705
Symbol	RWD
Markets	Xetra, Frankfurt, Stuttgart
Trading segment	Prime Standard
Issue price	€ 15.00
Closing price for the year	€ 5.80
High for the year	€ 9.08
Low for the year	€ 5.44
Market capitalization as of December 28, 2007	€ 29 million
Capital stock	5,000,000 individual bearer shares
Designated sponsor	Landesbank Baden-Württemberg (LBBW)

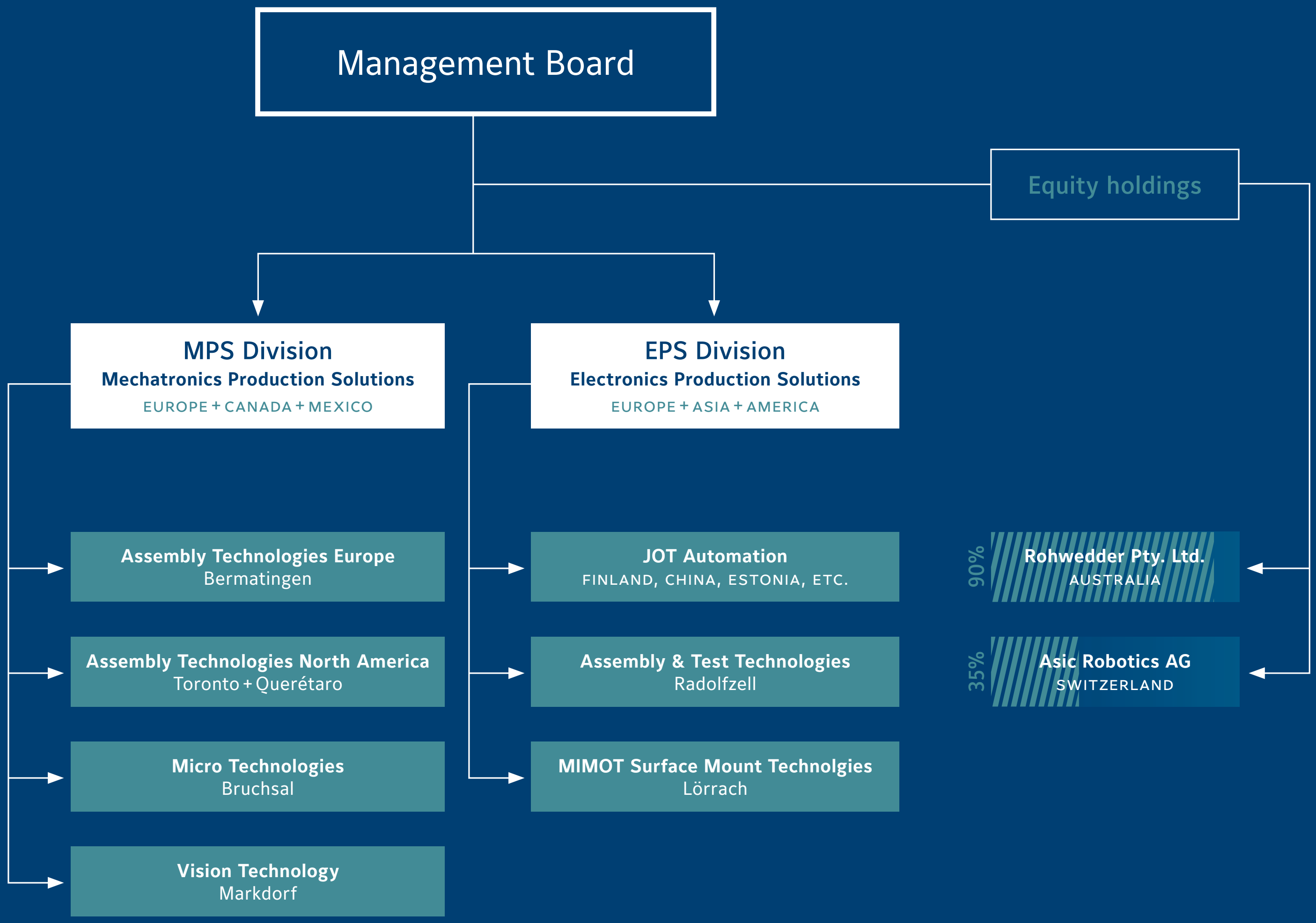
The Future Shareholder Structure of Rohwedder AG

in relation to 5,499,999 shares



The Rohwedder Group

Corporate Structure of Rohwedder AG



↑ The Group's head office in Bermatingen

Excellence in Automation

For decades the Rohwedder Group has delivered efficient automation technology. By taking over JOT Automation we were able last year to complement the innovative Rohwedder system solutions in an ideal manner by sophisticated standard JOT products. With this decisive enlargement of its range of goods and services the Rohwedder Group is able to continue to offer its renowned clients an intelligent production process that above all delivers value for money.

On request we take on the entire responsibility for our customers – from consulting via conception and implementation to a worldwide aftersales service which guarantees that Rohwedder plant will continue to function safely. At every stage of project competent specialists are at work in close cooperation with our business partners to realize the best possible partial or fully automatic manufacturing solution.

For a large number of Rohwedder customers in industries such as automotive, telecommunications, consumer goods, electronics and medical technology our powerful system and standard equipment holds the key to success in the face of global competition.

Solutions & Products

The Rohwedder Group's Technology Portfolio

Assembly Technologies Europe & Assembly Technologies North America

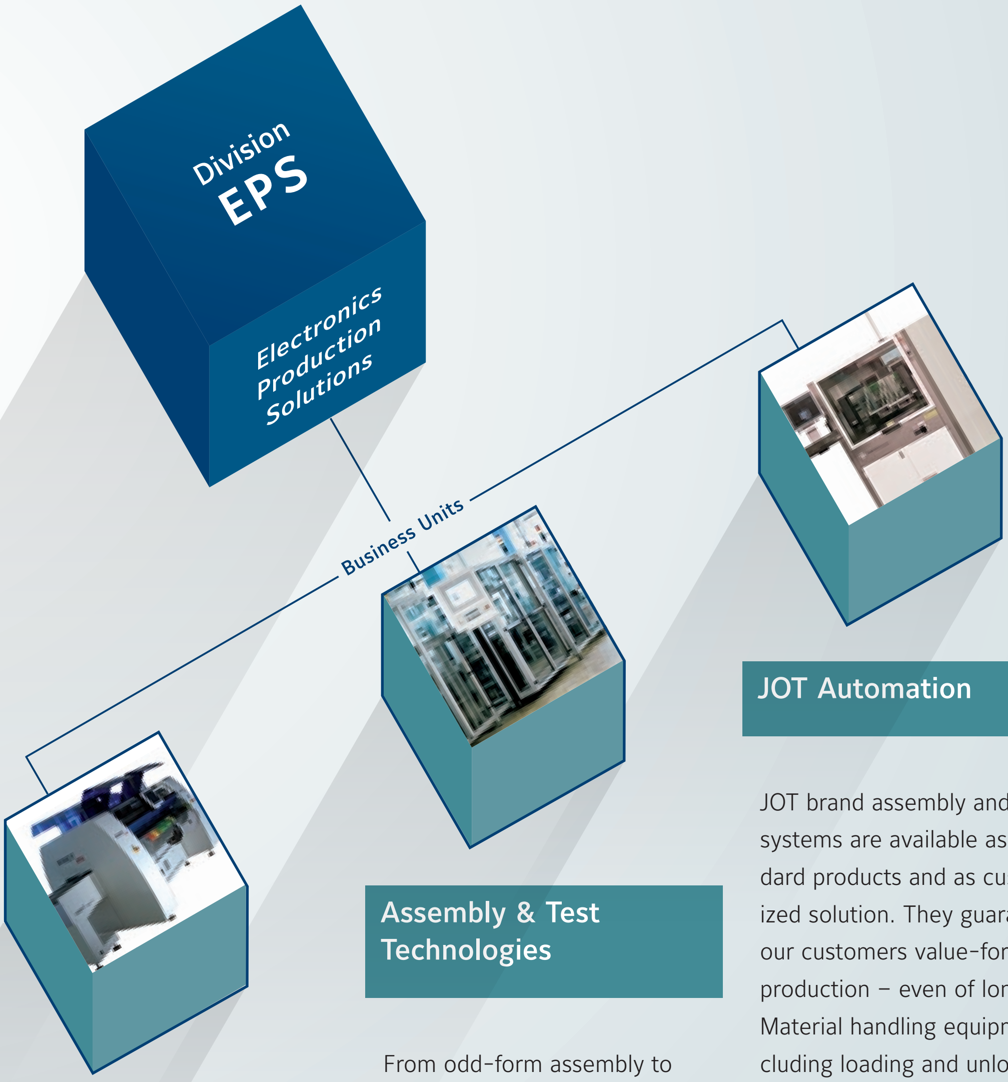
For the international automotive supplies industry we implement automation solutions with which complex products such as car transmissions, steering systems or clutches are manufactured. In addition, we are active in medical technology such as assembly systems for test tubes, toothbrushes, medical canula or packaging plant for contact lenses.

Micro Technologies

We have the know-how by which to manufacture microproducts under industrial conditions: high-speed microassembly, injection molding automation and special systems for microchip and RFID production.

Vision Technology

Our image processing systems are used for purposes such as surface inspection, tests for completeness, robot guidance or touch-free three-dimensional measuring.



JOT Automation

JOT brand assembly and testing systems are available as standard products and as customized solution. They guarantee our customers value-for-money production – even of long runs. Material handling equipment, including loading and unloading modules, lifts and conveyor belts, are also a part of what JOT Automation has to offer. So it is equipment for material processing, such as marking, labeling and laser technologies.

Assembly & Test Technologies

From odd-form assembly to depanelization and from assembly processes to complex testing processes for electronic components, Rohwedder delivers semi- and fully automatic system solutions of the highest quality to customers all over the world.

MIMOT Surface Mount Technologies

For 30 years MIMOT has stood for innovative technologies and flexible solutions in mounting SMDs. Its range of goods and services includes assembling flexible circuit boards, 3D placement, dispensing soldering paste, and turnkey SMT lines.

Group Management Report

Overall Economic Development

The world economy expanded very strongly again in 2007 with 5.2 percent although it was hit in summer by the credit and liquidity crisis which originated in the US real estate market. The development of the world economy was not as heterogeneous as in the previous years. Economic momentum in the USA and in Japan slowed down whereas the threshold countries again experienced a strong rise in the gross domestic product. This was especially true for the Asian region and here, in particular for China, where, after 11.1 percent in 2006, a growth of even 11.6 percent was experienced last year – in spite of interest rises, higher tax loads on exports and massive credit restrictions, in particular during the last quarter.

In Latin America, the momentum of the economic development continued to be high although the gross domestic product growth rates of some important economies no longer reached the values of the previous years. In the European Union and in Japan, where the actual gross domestic product expanded strongly up into the current year, the underlying economic trend weakened. While Europe remained slightly under the 2006 level, growth in Japan decreased more noticeably from 2.4 to 1.9 percent.

USA, Canada and Mexico

In the USA, economic sentiment deteriorated visibly in the course of 2007. The crisis in the US real estate market and the resulting turbulence in the financial sector influenced overall economy more and more and caused a clear restraint in consumer spending. This restraint was influenced not only by the decreased inclination to buy but also because the criteria for allocating consumer credits became much stricter. The overall growth of only 2.1 percent was clearly below the 2006 value (2.9 percent).

In spite of the decreasing economic growth of its most important trade partner, the USA, Canada was able to hold its ground well in 2007 and registered an only slightly weakened economic growth of 2.6 percent. Oil, minerals and increasingly also agricultural products formed the backbone of Canadian economy in view of the high worldwide demand for raw materials.

In Mexico, the GDP growth decreased somewhat to approximately 3.4 percent in 2007 after a very robust boom in 2006. Last but not least, the weaker business activity in the US also had a negative effect on the strongly US-dependent Mexican export industry.

Europe

The upswing in the euro zone also continued on into 2007 despite the distinct deterioration in monetary framework conditions, with domestic spending as the motor of the development. All in all, the gross domestic product in the euro zone rose by 2.6 percent after 2.7 percent in 2006. Growth In the European Union remained unchanged at a high level of 2.9 percent.

Some clear differences between the individual countries could be seen as in the previous year. While Spain, Greece, Finland, Ireland and Slovenia achieved above average growth rates, some clearly higher than 3.5 percent, the two large European economies of France and Italy in particular clearly dropped behind with 1.9 and 1.8 percent.

Economic growth in the new EU states also remained at a high level in 2007. The Baltic states were again most successful with 10.5 and 9.0 (Latvia and Estonia) as well as 7.8 percent (Lithuania). The economy within the new member states, Poland (6.5 percent) and the Czech Republic (6.0 percent), clearly continued to grow – just as Romania (6.2 percent) and Slovakia (8.7 percent).

Germany

The upswing that began in 2005 in Germany continued despite the massive increase in the value-added tax, even though its momentum decreased clearly towards the end of the year. All in all, the price-adjusted gross domestic product (GDP) increased in 2007 by 2.5 percent (previous year: 2.9 percent). Contrary to 2006, exports (plus 1.5 percent) showed a higher increase than domestic demand (plus 1.1 percent). The highest growth impulses originated in particular from investments in equipment and exports.

Sectoral Development

The **Robotics and Automation** sector registered a 15.0 percent increase in sales revenues to € 8.4 billion in the reporting year according to VDMA (Verband Deutscher Maschinen- und Anlagenbau e. V.). Not only the automotive industry but also other industries, for example, food, pharmaceutical, electronics and medical technology industries invested in the productivity of their equipment.

Subsectors

Industrial Vision Technology

However, after years of dynamic growth, the growth course of industrial vision technology in the reporting year lost some momentum. The 4.0 percent growth in this subsector was not as strong as expected, and a turnover of approx. € 1.2 billion was achieved.

Assembly and Handling Technology

The assembly and handling technology subsector in contrast, with 15.0 percent growth to € 5.1 billion, achieved a peak year according to the judgment of the VDMA. Handling technology in particular was able to register a strong growth. The use of innovative assembly and handling solutions enables operating in the market at competitive costs and securing the demanded quality.

Robotics

The robotics subsector posted the strongest increase in turnover with 22.0 percent growth to € 2.1 billion. This was due to the fact that the trend towards high-quality robotics system solutions has strengthened.

Course of Business and Sales Trend

The Rohwedder Group's total operating performance in reporting year 2007 amounted to € 132.5 million (previous year: € 89.2 million). In comparison with the 2006 financial figures, the newly acquired Business Units MIMOT have been registered in financial year 2007 since January 1, 2007 and JOT Automation since June 1, 2007. MIMOT and JOT Automation contributed with € 48.0 million in total towards the total operating performance of the Rohwedder Group. The € 4.7 million decrease in the original Rohwedder business is due to the total operating performance reduction at the Radolfzell location amounting to € 8.8 million.

Sales revenues in the reporting year totaled € 132.7 million (previous year: € 90.4 million), with sales outside Germany having risen significantly to 52.0 percent (previous year: 34.1 percent). MIMOT und JOT Automation accounted for a total of € 46.1 million of the sales revenues of € 132.7 million.

As at Dec. 31, 2007 the Rohwedder Group's order backlog totaled € 55.6 million (previous year: € 29.7 million) with MIMOT and JOT Automation contributing a total of 21.9 million.

Orders received by the Rohwedder Group in financial year 2007 totaled € 148.9 million. The share of MIMOT and JOT Automation totaled € 60.2 million.

Sales by Segment in € million	**2007**	**2006**
Mechatronics Production Solutions	69.0	65.2
Electronics Production Solutions	63.7	25.2
Total	**132.7**	**90.4**

Earnings Position

Following the decision of the Management Board of Rohwedder AG in February 2007 to sell the 20-percent share in Roth & Rau AG, the shares were represented according to the provisions of IFRS 5 as discontinued operation. The previous year was adapted accordingly to allow comparisons.

In 2007, the Rohwedder Group's earnings before interest, taxes, depreciation and amortization (EBITDA) totaled € -5.8 million (previous year: € -1.9 million). Earnings before interest and taxes (EBIT) were € -8.5 million (previous year: € -3.4 million); each including the result of participations. This EBIT considers the following extraordinary expenses totaling € 2.2 million: Cost of integration of JOT Automation, cost of measures for result improvement at the Bermatingen location as well as costs from a compromise settlement relating to the process risk described in the Annual Report 2006 in connection with the liquidation of the Rohwedder Inc. USA in 2005. The EBIT of financial year 2006 included extraordinary expenses of € 1.9 million.

Earnings before taxes (EBT) totaled €–10.4 million (previous year: € -4.5 million). These include the losses in the amount of € 0.7 million at the MIMOT locations in the USA and France which were therefore closed as at the end of the year.

The annual deficit in the Rohwedder Group totaled € −1.7 million (previous year annual net surplus: € 6.8 million). The extraordinary income from the sale of Roth & Rau of € 9.9 million (previous year: € 10.1 million) has been accounted for in the annual deficit.

Segment Report

In accordance with the adopted strategic orientation, Rohwedder AG sold all shares in the former majority holding Roth & Rau AG in the reporting year and now concentrates fully on its two core competences Mechatronics Production Solutions (MPS) and Electronics Production Solutions (EPS), after which the two Divisions of the Rohwedder Group are named. Analog to this current company structure, segment reporting of the Rohwedder Group was restructured on January 1, 2007. To allow comparisons with the previous year, we corrected the 2006 business figures for Roth & Rau AG and adapted them to the MPS and EPS segments. In financial year 2007, the MIMOT Business Unit was added to the EPS segment as at January 1 and the JOT Automation Business Unit as at June 1.

In the **Mechatronics Production Solutions (MPS)** segment, the significantly negative EBIT resulted from loss projects at the Bermatingen location. With the benefit of hindsight, the scope of one particular project was definitively oversized for the structures existing at the Bermatingen location because of its diversified product parts spectrum. At that time, the contract had been accepted for strategic reasons to gain market shares in an area of assembly automation that was new for Rohwedder. This decision turned out to be wrong because it was impossible for us to complete this contract with a profit.

In this loss project as well as a further project, the high technical complexity of the products to be produced on the Rohwedder equipment represented a challenge for the exact advance performance specification – the more so as these products were still being developed by the customer and numerous modifications had to be implemented on the equipment. The industry passed on the risk of higher costs resulting from these conditions to a high extent to the Rohwedder Group as vendor.

Apart from that, these major projects ending in losses had a considerably negative effect on operations in other Bermatingen projects because unplanned resources have to be tied to a considerable extent during realization of the equipment.

In addition to these two major projects, further projects were completed in Bermatingen with significant losses in the last financial year. This also included a strategic project to gain new customers in the medical technology field. This equipment caused one-off research and development costs of € 0.5 million. We expect follow-up orders in financial year 2008.

The Rohwedder North America Inc. with locations in Canada and Mexico also belongs to the MPS segment. The 2007 EBIT was negatively affected here, among other factors, by the around 17 percent exchange rate increase of the CAN dollar against the US dollar, and even though Rohwedder Canada Inc. calculates on the basis of the CAN dollar, the company receives the majority of orders in US dollars because of its many export customers. In the past financial year, the US dollar significantly lost in value in relation to all other important currencies and also was subject to a neither foreseeable nor never before experienced volatility in relation to the CAN dollar. This resulted in one-off losses in projects for Rohwedder

Canada Inc. totaling € 0.7 million. Our approach to be better prepared in the future for such exchange rate fluctuations is described in Section »Financial Activities« of the risk disclosure statement.

Moreover, the Toronto location completed two loss projects in the first half of 2007, because the Toronto location is realizing more and more demanding automation solutions. The drastic rise in the technological level caused initial losses. Numerous process optimizations were introduced to prevent these initial losses in the future. These include, in addition to stricter resource and time schedules, an increased qualification of external design performance as well as a reduction of purchasing costs.

The third negative factor at the Toronto location was an under-utilization in the second and third quarters of 2007 because of the low level of incoming orders at the beginning of the year. To improve the earnings situation in this area, Rohwedder North America started a major sales offensive which won eight new customers. They placed orders with us in the second half of 2007 so that the order level at the end of the year was also very good.

The successful cooperation of the North American Rohwedder locations with the Business Units in Germany is also very positive for the Rohwedder Group and our customers. At present, one project is being handled in cooperation with Bermatingen and a further project together with Bruchsal.

The Micro Technologies Business Unit at the Bruchsal location encouragingly achieved the turnaround in 2007 in contrast to the previous year because, after a hesitant start in the first quarter, investment activities livened up and we were able to win more new customers. We also extended business relations with our key accounts.

The Vision Technology Business Unit in Markdorf also operated with a profit. The incoming order level planned for the reporting year was not achieved because, contrary to expectations, two customers did not place orders. The Markdorf location still achieved a satisfactory result despite these unfavorable conditions.

The **Electronics Production Solutions (EPS)** segment achieved a break-even EBIT in the reporting year, although it includes € 1.6 million of one-off integration costs. At the Radolfzell location both the incoming order level as well as the total operating performance were above plan. The EBIT of this location almost achieved a »positive zero« – and this one year after the insolvency of main customer BenQ Mobile GmbH & Co. OHG.

Radolfzell already benefited from the acquisition of JOT in the fourth quarter of 2007. The very first equipment for key customers from the medical, automotive and telecommunication industries were planned with a respectable share of JOT components. The cost advantages resulting from the integration of JOT standard products into the Rohwedder System Solutions secure the Radolfzell location with 100 employees.

In the MIMOT Business Unit in Lörrach, total operating performance and incoming order level developed as planned in the reporting year. The Business Unit also achieved a very good EBIT even though the closing down of the uneconomical US-MIMOT and MIMOT France had a negative effect on the result with € 0.7 million. The new flexible high-performance placement system MIMOT MX was successfully placed in the market.

The JOT Automation Business Unit of the EPS segment, the largest acquisition of the Rohwedder Group and – as already mentioned – part of the Group since June 1, 2007, achieved the planned total operating performance as well as a positive operating EBIT in the short fiscal year 2007. However, the costs for integration and introduction of 17 new products exceeded the income of this Business Unit. Integration costs accrued for example for closing down locations and for relocating one location. In addition, the integration of the IT structure of JOT Automation into the Rohwedder Group involved expenses. Further costs were costs for synergy development in the areas of Administration, Engineering and Sales.

That JOT Automation customers very much appreciate the takeover by the Rohwedder Group is proven, among other factors, by the incoming order level of € 47.0 million between June 1 to December 31, 2007, an encouraging approx. 30 percent above the € 35.0 million originally planned.

Development of Associated Companies

Takeover and Merger of MIMOT GmbH

At the beginning of 2007 and with economic effect from January 1, 2007, Rohwedder AG purchased 100% of the shares of MIMOT GmbH with domicile in Lörrach .

With economic effect from January 1, 2007, the MIMOT GmbH, Lörrach, was merged with Rohwedder AG. The entry was made into the commercial register on August 3, 2007. This location is now referred to as Rohwedder AG / MIMOT Surface Mount Technologies as Business Unit within the Rohwedder EPS Division.

The purchase price for the business shares was € 3.2 million minus the net financial indebtedness. In addition, Rohwedder AG pays an additional purchase price (earn out) for the years 2007 and 2008 which depends on the MIMOT earnings before interest and taxes (EBIT).

As at Dec. 31, 2007, the locations MIMOT France and MIMOT USA were closed down and deconsolidated.

Rohwedder North America Inc. suffered a loss in financial year 2007 as against the previous year.

Rohwedder Pty. Ltd. in Australia was able to improve its result as compared to the previous year, and an annual net surplus was achieved.

Takeover of JOT Automation

With economic effect from June 1, 2007, Rohwedder AG took over the Production Solutions Business Unit from the Finnish Elektrobit Group. Rohwedder AG has integrated the Business Unit with approx. 400 employees in various countries in its Electronics Production Solutions (EPS) Division as JOT Automation Business Unit.

The purchase price totaled € 29 million minus the net financial indebtedness. An additional purchase price based on the earn-out clause did not accrue for financial year 2007, however, may accrue in 2008.

The minority holding Asic Robotics AG was balanced at equity in the reporting year and made a positive contribution toward the consolidated result.

Separation from Ziegler GmbH

In the course of the adjustment of the investment portfolio of the Rohwedder Group, which has been implemented since the financial year 2005, Rohwedder AG sold its minority holding Ziegler GmbH (40 percent) with a sales contract dated November 29, 2007.

Sale of Shares in Fatec Co., Ltd.

With economic effect from December 31, 2007, Rohwedder AG also sold its 27.9 percent of shares in Fatec Co., Ltd. in South Korea.

The proceeds from the sales of the Ziegler and Fatec shares totaled € 0.4 million.

Rohwedder AG Sells Shares of Roth & Rau AG

On February 22, 2007, Rohwedder AG sold 460,000 of their then 460,100 shares in Roth & Rau AG over-the-counter at a price close to the market price. The total proceeds amounted to approx. € 18.9 million and served for further business development of the company. The earnings without operative background from the sale of the shares resulting for the Rohwedder Group in the financial year 2007 amount to approx. € 9.9 million.

Balance Sheet Structure

The acquisition of MIMOT and JOT Automation as well as the sales of the shares in the following companies have had a significant influence on the balance sheet structure of financial year 2007: Roth & Rau AG, Fatec Co., Ltd. and Ziegler GmbH. In addition, the locations MIMOT USA and MIMOT France were closed. The Rohwedder Group's balance sheet total has risen by € 45.8 million to € 120.8 million as compared with the previous year, thereof MIMOT and JOT Automation: € 43.6 million; disposal of Roth & Rau: € 8.8 million. Debts increased by € 49.5 million to € 82.5 million, thereof MIMOT and JOT Automation: € 30.1 million.

On the assets side of the Rohwedder Group, fixed assets increased by € 13.4 million to € 44.7 million (addition of MIMOT and JOT Automation: € 24.0 million; disposal of associated companies: € 0.5 million). Inventories increased in the reporting year to € 15.7 million (previous year: € 3.5 million) (addition of MIMOT and JOT Automation: € 11.2 million). Accounts receivable and other asset items increased from € 24.1 million in 2006 to € 47.8 million (addition of MIMOT and JOT Automation: € 20.6 million). Cash and cash equivalents, on the contrary, decreased from € 10.5 million in the previous year to € 8.2 million in 2007.

On the liabilities side of the Rohwedder Group, equity capital decreased from € 42.0 million to € 38.3 million in 2007 which is equivalent to an equity ratio of 31.7 percent (previous year: 56.0 percent). Long-term debts increased from € 12.2 million in 2006 to € 18.9 million in the reporting year. Short-term debts increased from € 20.8 million in the previous year to € 63.7 million in 2007 (addition of MIMOT and JOT Automation: € 29.3 million).

Employees

As at December 31, 2007, the number of employees in the Group rose to 967 employees (previous year: 501). MIMOT and JOT Automation contributed to this rise with a total of 460 employees.

The average number of employees in the year under review was 791 (previous year: 506). Personnel expenditure in 2007 totaled € 42.8 million (previous year: € 30.0 million), equivalent to a personnel expenses ratio of 32.3 percent (previous year: 33.6 percent).

In all, 41 apprentices and trainees (previous year: 30) were employed in commercial and industrial trades in the reporting year.

Investments

The volume of investment in last financial year of the Rohwedder Group was € 26.8 million (previous year: € 0.7 million), which is mainly to be attributed to the acquisition of JOT Automation. In addition, € 0.7 million was used for in-house development costs and € 1.6 million for general investments.

Depreciation in 2007 totaled € 2.6 million (previous year: € 1.5 million).

Research and Development

Direct investments in research and development by the Rohwedder Group in 2007 totaled € 0.7 million (previous year: € 0.2 million). € 0.5 million were invested for the second generation of the »MicRohCell« standard microassembly cell, and development at the Bruchsal location was completed in the reporting year. € 0.2 million were invested at the Markdorf location for the development of the standardized vision technology software. This software has already been successfully implemented in some projects and resulted in significant process optimization.

In addition, the targeted orientation of new technologies to the requirements of our customers has the effect that the main share of research and development in the Rohwedder Group is performed directly within the scope of customer-order projects. These costs are not stated separately but posted within the scope of the respective projects. For example, the costs referred to in the segment report for a project in the medical sector at the Bermatingen location.

Research and development are also of very high importance in the new JOT Automation Business Unit. Approx. 10 percent of the JOT Automation employees are involved in the development of new products for the market. Between the takeover on June 1 and December 31, 2007, € 1.0 million were spent in this Business Unit for R & D that are presently directly posted to costs at 100%.

Risk Management

Risk management in the Rohwedder Group stands for active, purposeful management of risks and opportunities and therefore plays a fundamental role in all decisions and business processes.

The Rohwedder AG Management Board is responsible for cross-enterprise early identification of threats to the company's continued existence and for suitable countermeasures. Operative responsibility lies with heads of department and with the management of subsidiary companies. They are required, for instance, to report at regular intervals to Financial Controlling on risks, opportunities and development trends. Within this scope, the Managers of the Business Units also have to specify measures to eliminate the risks.

Although the loss risks at the Bermatingen location could be identified in financial year 2007, the ultimate extent was incorrectly judged because of the complexity of the projects so that for example the modification costs accrued were considerably higher than expected.

As consequence of this unacceptable situation, the new Executive Vice-President initiated the following measures for long term prevention of future loss projects:

On the one hand, the volume of the total operating performance planned in Bermatingen is adapted to the performance capability of this location. On the other hand, a more stringent release procedure has been introduced for the acceptance of new projects (Gate 1). An improved technical due diligence examination before offer preparation is performed to further improve avoidance of technical and commercial risks. These measures also include detailed capacity planning and the implementation of new early-warning systems in project controlling to increase transparency.

A limited choice of key vendors exists in vendor management (Gate 2). For example, we will concentrate on specialized, external design offices that are involved in projects at an early stage and share responsibility for their handling and earnings contribution. We conclude exactly defined master contracts with these preferred vendors and promote an optimum interface management.

Another extremely important part of the optimization measures serves the qualitative improvement of our operative assembly sections at the location (Gate 3). The effectiveness of these measures introduced at the Bermatingen location is continuously reviewed based on meaningful key performance indicators and project reviews.

Risks and Opportunities Inherent in Future Developments

Market and Competition

Following the acquisition of MIMOT and JOT Automation, the Rohwedder Group realizes at present approx. 50 percent of its sales revenues with the automotive industry, and within the Rohwedder Division Mechatronics Production Solutions (MPS), the business share in this sector is approx. 85 percent.

In this sales market, we have to distinguish between equipment realized for the electronic automotive market and equipment for the mechatronic automotive market, because electronic components are gaining more and more importance in vehicles so that this is a growth market. In contrast, business with mechatronic components has rather a stagnating tendency. This means that our activity in the Rohwedder Division Mechatronics Production Solutions (MPS) entails higher risks than in our Electronics Production Solutions (EPS) Division. In the MPS Division, price pressure and competition have intensified further over the last years, with a negative effect on profit margins. This intensive competition can already be perceived for the automotive manufacturers who have to face increasing competition from low-cost suppliers from Eastern Europe and Asia.

The OEMs (Original Equipment Manufacturers) pass on this price pressure to their suppliers who, in turn, are our customers, so that this chain reaction has a strong influence on the earning power of the Rohwedder Group. Based on this situation, we see only an average growth potential in our activity for the overall automotive industry and it is our aim to realize up to 40 percent of our projects within the MPS Division in other industries.

We have already been successful with this strategy in the medical technology field because here the Rohwedder Group was already able to successfully carry out several projects – with the prospect of securing repeat orders.

A special risk in the activity of our JOT Automation Business Unit lies in the fact that we realized 77 percent of the JOT Automation turnover in the short fiscal year 2007 and thus approx. 19 percent of our group turnover with one particular customer. To gain more independence from this customer, we are increasingly expanding our business activities to various fields of the electronics industry. As from April 1, 2008 an employee specially hired for business development will be responsible for this expansion.

Geographically, we are close to our customers worldwide. It is planned to further expand our operating facility in the low-wage country China so that we can improve our service to the telecommunication industry as well as other industries in Asia. In Chennai (India), we have a service and sales location that also serves for market observation.

These markets with rising sales shares are extremely relevant for the Rohwedder Group because we want to face the increasing price war and cost pressure in Europe with a successive shift of our value chain to Asia.

Customer-Specific Project Business

Customer-specific project business in general entails potential risks inasmuch as many of our automation solutions are unique with regard to both technology and handling. Standardization effects increase partially but only have limited scope. The high technical complexity of products to be produced on Rohwedder equipment also makes an exact advance performance specification a challenge. This means the risk of higher costs is shifted more and more to the Rohwedder Group as supplier, in particular by the automotive industry.

In addition, with some projects, the products to be manufactured on our equipment are still being developed by the customer. The resulting special challenges in the realization of automation solutions are hard to plan in advance and therefore can cause additional costs as well as delays. This, in turn, has negative effects on our total operating performance and on our earnings.

Although we face these challenges by working according to simultaneous engineering principles, the problems can not be fully avoided. Restrictive contract terms such as product liability or contract penalties represent additional risks for the Rohwedder Group.

We counteract the general risk involved in the customer-specific project business by acquiring more and more repeat orders. The Rohwedder Group is thus able to make use of already realized technologies several times and, in addition, generate higher profitability. Here, we take advantage of strengthening customer retention for whom individually tuned automation solutions provide important extra value. This special know-how sets us clearly apart from our competitors for the respective projects.

In addition to repeat orders, the business with the standardized products of JOT Automation is an important measure to increase the profitability of the Rohwedder Group, because technological risks can be avoided here more easily than in our traditional customer-specific project business. Moreover, there is an opportunity to achieve much better margins through sales of higher quantities.

Research and Development

The comprehensive R&D activities of JOT Automation offer the Rohwedder Group the excellent opportunity to secure its competitive advantage in this area. On the other hand, delays in the development of new products can cause higher costs than intended and delays also have inherent turnover risks when the customer can only install the new developments much later than originally scheduled because of own tight production schedules.

Integration of JOT Automation in the Rohwedder Group

The largest Rohwedder acquisition, JOT Automation, not only opens up obvious chances, such as global presence and competitive advantages, but also holds risks. For example, integrating this new Business Unit as quickly and effectively as possible in the Rohwedder Group is a very comprehensive task and is expected to take until the end of 2008. Cross-location measures are coordinated continuously according to the devised ten-point integration program so that the new savings potentials can be successfully used.

An important chance in the integration of JOT Automation is the utilization of the new sales channels for all Business Units of the two Divisions MPS and EPS, because the Rohwedder Group now has even more well-known key accounts than before from the telecommunications, medical, consumer, automotive and electronics industries.

The extra value for the JOT customers is that they can now benefit from our experience in handling complex automation projects as well as from the Rohwedder competence in Micro Technologies and Vision Technology.

Personnel

We recognize a risk in winning qualified technical personnel, in particular in the areas of mechanical design and software design. We counteract this situation in the short term by intensifying our personnel marketing. A medium-term measure to prevent skills shortage is the specific development of our activities in the field of the dual system of vocational education. We therefore provide more training positions for student trainees. We also promote a demand-oriented education program for all employees to prepare them for the continuously growing demands of the market.

Procurement

The Rohwedder Group is subject to procurement risks as a manufacturing company in the automation technology business. By that we mean among others the timely availability and quality of primary and intermediate products used in the manufacture of our complex plants. Vendors can experience bottlenecks if they do not have sufficient capacity to meet rising demands, especially when the overall economic situation is excellent. Long delivery dates cause considerable problems in the realization of our automation systems.

The relevant procurement markets are monitored continuously to minimize these risks and at the same time to make use of favorable procurement options. We are already active in low-cost purchase in Eastern Europe within scheduling restrictions and see this as a special opportunity for the future.

Based on the existing higher purchase volume in the Rohwedder Group, we are negotiating with our main vendors from whom we expect much better purchase conditions. First successes have already been achieved.

Financial Activities

In the course of ordinary business activity we are exposed to currency, interest rate and price risks. Appropriate financial instruments are utilized in cases where the Rohwedder Group proposes to make use of hedging instruments to cover these financial risks. We only resort to derivative financial instruments if they can be used as hedge for positions, financial investments and financing that arise from operative business. We cover ourselves against foreign exchange risks, for example, by means of currency future trading. We do not engage in speculative business.

If the increase in the Canadian dollar exchange rate against the US dollar continues, we no longer have a competitive advantage with our Toronto location as against the USA. This implies that the weakness of the US dollar affects us negatively because our Canadian subsidiary does approx. two thirds of its turnover with North American customers.

For better protection, especially against currency variations in connection with the Canadian dollar in the future, a special program was started in the last financial year with which the risks are secured as soon as the orders are received by Rohwedder Canada Inc.. The disadvantage is, on the one hand, that this security is very expensive and, on the other hand, currency fluctuations that occur during the period between submitting the offer to the customer until the receipt of the order can not be covered.

We use recognized valuation procedures to assess derivatives. Doing business of this kind is subject to in-house guidelines and strict controls.

Two process risks exist at present with Rohwedder Canada Inc. in Toronto.

Legal

To deal with possible legal risks that may arise from the widest range of fiscal, competition, patent, safety and environment law regulations and legislation we take intensive external legal advice before making our decisions.

Damage Risks

This risk category includes fire, product liability and environmental risks. We assume responsibility for safety, health and the environment and have communicated binding principles on these issues. In addition to taking out insurance cover against damaging events we have drawn up contingency plans that are regularly reviewed and trained in close cooperation with testing agencies and local emergency services.

At the time of writing there were no risks that posed a threat to the Rohwedder Group's continued existence.

Fundamentals of the Remuneration System of Management Board and Supervisory Board

Management Board remuneration consists of fixed and variable components, of which the variable components are a percentage of the annual net surplus of Rohwedder AG and the annual net surplus of the Rohwedder Group in the year under report. In addition, pension benefit plans for two members of the Management Board exist.

The general meeting of shareholders decided on June 30, 2006 that the information demanded according to § 285 Sentence 1 No. 9 Letter a Sentence 5 to 9 as well as § 314 Paragraph 1 No. 6 Letter a Sentence 5 to 9 of the German Commercial Code (HGB) will be omitted for five years.

Each Supervisory Board member receives, in addition to the payment of his expenses a remuneration consisting of a fixed and a variable remuneration component. The variable remuneration is oriented to the amount of the dividend paid per share.

Statement According to Takeover Directive Implementation Act

Composition of Capital Stock

The capital stock totals € 5,000,000.00 (in words: Five million Euros). The capital stock is divided into 5,000,000 individual bearer share certificates. Each share certificate entitles to one vote. All rights and obligations result from the Stock Corporation Act, especially from §§ 12, 133 and 174.

Holdings in the Capital Stock of the Company

Original shareholders (family) with pool contract until December 31, 2009	**45.3%**
Thereof more than 5%:	
Walburga Thommel	8.60%
Isabel Thommel	8.60%
Joachim Rohwedder	8.42%
Helen Rohwedder	7.27%
Svenja Rohwedder	7.27%
Other original shareholders	5.09%
SüdKB Süd-Kapital-Beteiligungsgesellschaft mbH, Stuttgart (subsidiary company of LBBW)	**12.8%**

Shareholders Agreement (Pool Contract)

The original shareholders Joachim Rohwedder, Ruth Rohwedder, Susanne Rohwedder, Ingeborg Buhmann, Walburga Thommel, Isabel Thommel and Dr. Jürgen Thommel signed a pool contract on February 19, 1999. The purpose of this agreement is the uniform exercising of the voting rights of the shares that are subject to this agreement as well as the long-term retention of the shares with restricted transferability in family possession. Shares with restricted transferability for the purposes of the pool contract are all shares in the possession of the pool members as well as all shares that will be bought in future by the pool members based on options for these shares as well as the options themselves for shares with restricted transferability.

According to the contents of the pool contract, the voting rights of the pool members will be exercised uniformly in the general meeting of the company according to a resolution of the pool meeting to be passed in advance. The voting right of the pool members in the pool meeting depends on their voting right in the general meeting of the company.

Each pool member is entitled to sell his/her shares with restricted transferability without consent of the other pool members to other pool members or persons who are related in a straight line with pool members providing the buyer declares to join this contract during the transfer. If a pool member intends to sell all or part of his/her shares to other persons than those referred to above, he/she must first offer the shares to all other pool members for acquisition. When a pool member dies, the pool contract will be continued with his/her heirs.

The contract can be changed or terminated by a resolution requiring a majority of three quarters of the votes of all pool members. Termination of the pool contract was possible for the first time on December 31, 2006 and then at the expiration of every third year after this date with a term of six months. The terminating person leaves the pool when the pool termination becomes effective. The pool will be continued with the remaining pool members. When a pool member leaves the pool by termination, the remaining pool members are entitled to take over the shares with restricted transferability of the person leaving the pool. With agreement of June 24, 2006, the pool contract was prolonged until December 31, 2009.

Legal Provisions and Statutory Provisions Concerning the Appointment and Dismissal of Members of the Management Board and Amendments of the Statutes

With respect to the legal provisions concerning the appointment and dismissal of members of the Management Board we refer to §§ 84, 85 German Stock Corporation Act (Aktiengesetz, AktG) and with respect to the legal provisions concerning the amendment of the statutes to §§ 133, 179 AktG.

The Statutes of Rohwedder AG stipulate the following: Resolutions of the general meeting are passed with simple majority of the votes given unless mandatory provisions of the German Stock Corporation Act stipulate anything to the contrary. As far as the German Stock Corporation Act stipulates in addition that a majority of the capital stock is represented when a resolution is passed, the simple majority of the represented capital is sufficient as far as this is legally allowed. The Supervisory Board is entitled to perform amendments of the Statutes that merely affect the wording.

Authority of the Management Board to Issue and Buy Back Shares

Approved Capital

The general meeting of June 28, 2004 entitled the Management Board until June 27, 2009, with the approval of the Supervisory Board, to increase the capital stock by up to € 2,0 million by the single or multiple issue of up to 2.0 million of new individual bearer share certificates against non-cash contributions (approved capital I).

The general meeting of June 28, 2004 entitled the Management Board until June 27, 2009, with the approval of the Supervisory Board, to increase the capital stock by up to € 500,000 by the single or multiple issue of up to 500,000 new individual bearer share certificates against cash contributions (approved capital II).

Conditional Capital

There is € 120,000 in **conditional capital 2000**. As at Dec. 31, 2007 there were 27,100 option rights of which 7,000 were held by a former Management Board member and 20,100 by executive employees.

In 2000, a stock option program totaling 120,000 Rohwedder shares was launched. Options to buy Rohwedder stock were granted to Management Board members (up to 22,000) and to executive employees (up to 98,000). This program ran until 2004.

They could not be exercised until at least three years after issue. The exercise price is the average stock market price over the 10 trading days before the issue. Options may only be exercised by company employees whose contracts have not been canceled at the time of exercise and are subject to the fulfillment of one of two conditions.

The conditions relate to the share price development compared with the SDAX index and to the company's earning trend. The day after the company's annual general meeting of shareholders counts as the date of issue. Alternatively, the option holder can be offered a cash settlement.

In addition, there exists **conditional capital 2006** totaling € 1.0 million. According to the resolution of the general meeting of shareholders on June 30, 2006, the Management Board was authorized to increase with the consent of the Supervisory Board the capital stock until June 29, 2011 by issuing up to 1 million registered common shares with voting rights. The conditional capital increase serves exclusively to issue shares to the holders of warrant bonds or convertible bonds.

Authorization for Acquisition of Own Shares and for Sales with Exclusion of Subscription Rights

The general meeting passed a resolution on June 29, 2007 to authorize the company as from June 29, 2007 until November 30, 2008, to buy and sell own shares according to the following provisions.

The company is entitled to acquire shares of the company for any allowed purpose; trading with own shares is not allowed. The authorization can also be performed for group companies or at the account of the company or its group companies by third parties.

The authorization is limited to the acquisition of maximum ten percent of the capital stock available at the time of the resolution concerning the acquisition of shares. The authorization can be exercised in full or in part, once or several times. At no time may the acquired shares, together with other own shares in the possession of the company or to be attributed to it according to § 71 a ff. AktG, amount to more than 10 percent of the capital stock.

The acquisition will be performed via the stock exchange or by means of a public tender offer statement directed to all shareholders or by means of a public invitation to all shareholders to submit sales offers.

The Management Board is authorized to use shares of the company acquired on the basis of this authorization or of former authorizations with the consent of the Supervisory Board – in addition to sales via the stock exchange or by offer with option to all shareholders – as follows:

1.) Offer shares to third parties during company mergers or when acquiring companies,
2.) Offer shares to option holders from the stock option program,
3.) Sell shares to third parties against cash,
4.) Grant shares to creditors from partial debentures with conversion or option privileges or conversion obligations on shares of Rohwedder AG for fulfillment of their rights,
5.) Forfeit shares without the forfeiture or its performance requiring a further resolution of the general meeting.

Transactions of Special Significance after the End of the Financial Year

Rohwedder AG Decides on Capital Increase

On the basis of the authorization approved by the company's June 28, 2004 Annual General Meeting the Rohwedder AG Management Board resolved on February 27, 2008 to increase the company's capital stock by € 499,999 to € 5,499,999 from the present € 5,000,000 by issuing 499,999 new bearer shares in return for cash and ruling out a rights option. The Supervisory Board has endorsed this decision.

The Landesbank Baden-Württemberg will manage the new shares' stock market listing. A German investor is acquiring them.

Rohwedder AG expects a € 2.45 million capital inflow from the capital increase. The company will use the proceeds of the transaction as planned for the settlement of the acquisition of JOT Automation. At the same time, the capital increase further strengthens the company's equity capital base.

Outlook

Overall Economic Development

The world economy is expected to grow more slowly in 2008 than in 2007. This concerns all three large global regions of Western Europe, North America and Asia – with the strongest decrease expected in North America and there especially in the USA. The economic development in the threshold countries will cool down in the forecasting horizon. Although the rise in the gross domestic product will continue to be dynamic in China, it will more or less level off to under 11.0 percent, not least because of the weakening export dynamic. It must also be expected that economic momentum will slow down in the other East Asian countries as well as India and Latin America. Japan, that benefited to a lesser extent from the global dynamics of the past year, is expected to have a restrained development next year with a plus of 1.7 percent. A growth of the world economy by the currently forecast 4.8 percent would still mean the fourth highest value within the last 17 years.

USA, Canada and Mexico

The economic prospects for the USA are still negatively affected by the crisis in the real estate market and the resulting problems in the capital markets. In the meantime, however, the easing of the monetary policy and the economic package of the government are having a stimulating effect and should raise demand as from spring by approximately half a percent. The increase in consumer spending is still expected to be very low, and the expansion of corporate investments will considerably decrease in view of worsened sales and income expectations. This is also applicable in the machinery and equipment field to a lesser extent where investments are expected to be somewhat lower in 2008 than in the previous year. All in all, the real gross domestic product of the USA will expand by only 1.6 percent in 2008.

In Canada, a growth of approx. 8.0 percent in machinery and equipment investments is forecast for 2008. The economic slowdown in the USA will still also affect Canada – with a delay and to a lesser extent. Last year's high revaluation of the Canadian dollar which is now traded almost 1:1 to the US dollar also plays a role which represents a problem for the export-oriented Canadian economy. Prognoses for 2008 expect growth to level off to 2.0 to 2.5 percent, depending on the economic development in the USA.

Mexico will also be affected by the weaker US economy. However, thanks to the tax reform of September 2007, considerable extra income flows into the Federal budget 2008 that will be spent for comprehensive economic programs. Traffic infrastructure as well as the social security, education and homeland security will be improved. Moreover, thousands of new jobs will be created. The GDP will rise by approx. 3.7 percent in 2008.

Europe

Orientation of the finance policy in Europe will tend to be expansive over the next two years. Apart from the rise in short-term interest rates, the development of the euro in the course of 2007 also contributed to the deterioration of the monetary framework conditions. The gross domestic product in the European Union will still increase by approx. 2.0 percent this year and by approx. 2.1 percent next year. Consumer spending is expected to have a restrained expansion in the stress field of increasing employment, higher inflation and comparable low pay rises. Investments are expected to show a lower increase, in particular because the climax of the investment cycle has already been passed.

Germany

In Germany, the pace of expansion should initially slow down this year because projects that had been brought forward will initially reduce investment activities. A return to potential growth is expected afterwards. The relevant factor is real consumer spending although private consumption is expected to increase somewhat less than still expected in the autumn report of the economic research institutes because of the increasing inflation. All in all, the gross domestic product will rise by approx. 1.7 or 1.8 percent.

Industry

The Robotics and Automation section of the German Engineering Federation VDMA (Verband Deutscher Maschinen- und Anlagenbau e. V.) forecasts an increase in sales revenues for the Robotics and Automation industry by 10.0 percent to € 9.2 billion.

The following developments are forecast for the three subsections:

- Industrial vision technology will increase its turnover by 6.0 percent.
- The VDMA expects an increase in turnover of 10.0 percent to € 5.7 billion for the assembly and handling technology division.
- The robotics subsector is expected to grow by 12.0 percent to € 2.3 billion.

Group

Segments

In the **Mechatronics Production Solutions (MPS) segment** we expect a higher total operating performance in 2008 than in 2007 because of the good order backlog at the beginning of financial year 2008 as well as a positive EBIT.

In the Assembly Technologies Europe Business Unit we expect a somewhat lower total operating performance for financial year 2008 than in the previous year as well as an almost break-even EBIT.

We are confident that we can reach this objective because the current order backlog of the Bermatingen location contains projects which – as described in the »Risk Management« section – were scrutinized thoroughly for technical feasibility and technical risks and meet the requirements of this strict preselection. The optimized interface management between the internal departments in Bermatingen as well as with the external network of vendors already shows first success.

An important long-term objective at the Bermatingen location is to create a balanced relationship between the three business fields »Powertrain«, »Mechatronic« and »Medical Device« with »Medical Device« having the highest chances for growth.

We consider the Assembly Technologies North America Business Unit with its locations in Canada and Mexico well positioned in 2008 for the developments in the North American automotive sector. Two main trends can be seen there: On the one hand, cost effectiveness and quality improvement remain the decisive success factors for automation solution providers. On the other hand, the automotive industry also expects new technologies from us because the products to be manufactured should contribute more to environmental protection and economical fuel consumption.

We will meet these rising demands from our customers. We can guarantee low costs – especially in low-wage countries such as Mexico – with our »lean manufacturing lines« where manual work stations can be optimally integrated into the production processes. Moreover, the Rohwedder sales and service location in Querétaro that was opened in 2007 benefits our business partners in the automotive industry who shifted a considerable part of their production facilities to Mexico to save costs.

We are also able to meet the high quality requirements because we are going to handle very comprehensive and complex projects in the future even more intensively with the experienced European Rohwedder Business Units. We will benefit in particular from the know-how of the German Assembly Technologies Europe Business Unit in the field of automation solutions for the automotive industry in our North American Business Unit. This applies, for example, when it comes to developing innovative technologies to manufacture products that provide optimized fuel supply in vehicles. In this manner, the Assembly Technologies North America Business Unit can focus on market niches where high-grade investments are planned. The risk in the cooperation with the European Rohwedder Business Units lies at present in the strong revaluation of the euro against the US dollar, because our American customers only bill in US dollars.

New chances for the future also result from the customers of the Toronto location that were acquired in 2007 from partially new product areas, because we have gained important experience in these successful projects, e.g. in the field of automotive electronics or modules for airconditioning vehicle interiors.

Keeping in line with our diversification strategy, we focus in North America not just on the automotive industry for customers but also on other industries, e.g. medical technology and consumer products, because these industries are not totally dependent on the overall economic development in the USA.

On the basis of the described tendencies in the industry as well as the company-internal initiatives started to increase productivity, we see good chances for Rohwedder North America Inc. to further extend its market shares in the automation technology sector in the current financial year. However, the general development of the North American economy remains an uncertainty factor. All in all, the Assembly Technologies North America Business Unit expects a higher total operating performance in 2008 than in 2007 as well as a positive EBIT without consideration of possible foreign exchange risks that cannot be planned.

The Micro Technologies Business Unit in Bruchsal expects for the financial year 2008 a continuing investment activity in the cultivated markets and especially for the established international key accounts. Remake orders (repeat projects) with minimized order risks can again be expected in 2008.

The „MicRohCell" standard microassembly cell will gain ground in the market in 2008 through several reference projects and strengthen our technical and cost position as a provider of flexible microassembly solutions. The extension of the product family with different characteristics will be performed in customer applications. The new standard system architecture that was also created within the scope of this „MicRohCell" R&D project will also be usable as cost-efficient tool for automation tasks on other platforms.

The seven point program for standardization and process improvement that was completed last year now shows the desired effects. The Micro Technologies Business Unit expects a higher positive EBIT for 2008 as well as an increased total operating performance as compared with 2007.

In the Vision Technology Business Unit in Markdorf we also intend to increase the total operating performance in 2008 while the EBIT shall be maintained at the level reached in 2007. It is very encouraging that vision technology can be used for quality assurance in the automation solutions of the various Rohwedder Business Units. This key technology is therefore intended to serve as successful door opener in the future for the acquisition of large projects across our locations. Moreover, the perspectives in Markdorf are very positive for the 2008 financial year, because orders with repeat potential are expected, e.g. from medical technology. The previously successful strategy to serve key accounts from various sectors will be further pushed in the Vision Technology Business Unit as well as in the whole of the Rohwedder Group.

At the Radolfzell location which belongs to the **Electronics Production Solutions (EPS) segment**, we plan a clear increase of the total operating performance and of the EBIT in financial year 2008. This expected growth is the result of our improved competitiveness in a positive market environment. This was achieved by the strict customer orientation of all our business processes that has been implemented for many years, and the resulting positive feedback from our customers. In addition, the acquisition of JOT Automation enabled us to improve our cost position – especially for standard products – as well as extend our customer base.

In the MIMOT Surface Mount Technologies Business Unit in Lörrach we expect a consolidation in line with the market after the 2007 record year. It is intended to extend our software department, to supplement the product portfolio and to grow in the solutions business. We will secure our competitiveness through savings in material costs.

For the JOT Automation Business Unit we expect a good development in the current financial year with an increased total operating performance and a positive EBIT in comparison with 2007.

The decisive competitive advantage of JOT Automation is that we provide our customers with top technologies with a high degree of support. Therefore, the JOT research and development budget will amount to approx. € 2.0 million in 2008 as in the complete previous year.

We intend to shift the production of fully developed products more and more to Beijing to further optimize the JOT Automation cost structure. Almost the complete production of machines that serve to handle materials was already shifted from Estonia to China in 2007. It is planned to shift part of test equipment manufacturing there as well in the current financial year. This means that our Beijing location will expand in the future and assume a very important role within the global production sites of the Rohwedder Group. The focus of the Rohwedder value chain is thus shifting more and more to Asia, especially in the EPS division.

Within the course of the integration of JOT Automation, the complete production and solution spectrum of the EPS Division is optimally aligned, with focus on profitability and growth chances. Since the JOT Automation Business Unit ideally supplements the Rohwedder technology portfolio, we can now participate more and more in the growth of electronics production which is continuously gaining importance in all industrial sectors.

All in all, based on the acquisition of JOT Automation, we will be able to significantly increase the total operating performance in the Electronics Production Solutions segment in the current financial year as compared to 2007 and achieve a clearly positive EBIT.

The whole of the **Rohwedder Group** has been greatly strengthened by the acquisition of JOT Automation. We are present worldwide for our customers and offer them a decisive extra value with our effective technology portfolio. The chance-risk mix in the Rohwedder Group has also considerably improved by the purposeful expansion by the attractive business with JOT series products. It is now important to continuously exchange best practices and the know-how between the individual Business Units and thus ensure the profitability of the complete company.

We see the earning targets for the Rohwedder Group in the current financial year at a total operating performance of approx. € 150 million and an EBIT of approx. € 4.0 million. This prognosis considers the € 2.0 million of research and development costs at JOT Automation already mentioned.

Our vision for the future remains in attaining a peak position for the Rohwedder Group in the international competition of automation providers up to the year 2010 by consolidation and organic growth in its two core competences MPS and EPS. ■

Bermatingen, March 19, 2008
Rohwedder Aktiengesellschaft
The Management Board

Joachim Rohwedder	Harald Löhle	Manfred Müller
CHIEF EXECUTIVE OFFICER	MEMBER OF THE MANAGEMENT BOARD	DEPUTY MEMBER OF THE MANAGEMENT BOARD

Disclaimer

This management report contains future-oriented statements on expected developments. These statements are based on current assessments and by nature involve risks and uncertainties. The actual results could deviate from the assessments formulated here.

Consolidated Financial Statements

Balance Sheet

Assets in € '000	For details see Note	Dec. 31, 2007	Dec. 31, 2006
Long-term assets			
Intangible assets	D.3	29,384	8,032
Fixed assets	D.4	11,533	10,623
Financial assets	D.5	3,776	3,873
Deferred taxes	D.6	4,443	5,527
		49,136	**28,055**
Short-term assets			
Inventories	D.7	15,664	3,529
Receivables and other assets	D.8	47,755	24,125
Cash and cash equivalent	D.9	8,245	10,481
		71,664	**38,135**
Sum total of assets of continued activities		**120,800**	**66,190**
Sum total of assets discontinued activities		0	8,814
Sum total of assets		**120,800**	**75,004**

Liabilities in € '000	For details see Note	Dec. 31, 2007	Dec. 31, 2006
Equity	D.10		
Subscribed capital		5,000	5,000
Capital reserves		26,851	26,851
Treasury stock		-701	-571
Accumulated other equity		7,120	10,735
Equity excluding minority interests		38,270	42,015
Equity held by minority interests		0	0
Sum total of equity		**38,270**	**42,015**
Long-term debts			
Long-term loans	D.11	12,188	8,441
Long-term lease liabilities	D.12	184	0
Deferred taxes	D.13	4,640	2,046
Pension provisions	D.14	1,859	1,696
Sum total of long-term debts		**18,871**	**12,183**
Short-term debts			
Liabilities	D.15	48,057	14,450
Prepayments received and production orders	D.16	6,530	2,597
Provisions	D.17	9,072	3,759
Sum total of short-term debts		**63,659**	**20,806**
Sum total of debts		**82,530**	**32,989**
Sum total of equity and debts		**120,800**	**75,004**

Income Statement

Consolidated Income Statement in € '000	For details see Note	Jan 1 – Dec. 31, 2007	Jan 1 – Dec. 31, 2006
Sales revenues	E.2	132,747	90,420
Change in inventories of finished and unfinished products		-911	-1,413
Internally produced and capitalized assets	E.3	656	228
Total operating performance		**132,492**	**89,235**
Other operating income	E.4	2,218	1,507
Cost of materials	E.5	-78,188	-52,142
Personnel expenses	E.6	-42,761	-29,983
Depreciation of intangible and tangible fixed assets	E.7	-2,647	-1,533
Other operating expenses	E.8	-18,066	-9,293
Result from special items	E.9	-2,170	-1,922
Result before financial result and taxes on income		**-9,122**	**-4,131**
Income from associated companies		648	688
Other interest and similar income	E.10	613	186
Interest and similar expenses	E.11	-2,527	-1,234
Depreciation on financial assets		-10	0
Earnings before taxes		**-10,398**	**-4,491**
Taxes on income and profits	E.12	-1,081	-224
Other taxes	E.13	-86	281
Earnings from activities to be continued		**-11,565**	**-4,434**
Earnings from discontinued Business Unit	**E.14**	**9,854**	**11,227**
Consolidated net loss / profit for the year		**-1,711**	**6,793**
Minority interests share of earnings		4	181
Rohwedder AG shareholders' share of results		-1,715	6,612
		-1,711	**6,793**
IAS 33 earnings per share, undiluted, in € per share	**E.15**	**-0.35**	**1.34**
IAS 33 earnings per share, diluted, in € per share	**E.15**	**-0.35**	**1.34**
Proposed dividend per share, in € per share		**0.00**	**0.25**

Flow of Funds Statement

Flow of Funds Statement in € '000	Jan. 1 – Dec. 31, 2007	Jan. 1. – Dec. 31, 2006
Net loss/profit for the period before minority interests	-1,711	6,793
Depreciation of asset items	2,657	1,806
Income/expenses with no effect on cash	6	706
Changes in deferred taxes	1,121	871
Change in pension provision	-490	126
Cash Flow	**1,583**	**10,302**
Increase in inventories	-2,772	-573
Increase (–) / decrease (+) in receivables and other assets	-11,330	5,728
Increase in prepayments received for orders	4,679	43
Increase (+) / decrease (–) in business-related liabilities	5,677	-5,380
Change in Working Capital	**-3,746**	**-182**
Result of equity valuation	-520	-1,246
Profits (–) / losses (+) from assets disposals	-10,056	-10,357
Currency differences	-665	353
Outflow of Funds from Business Activity	**-13,404**	**-1,130**
Investments in intangible assets and fixed assets	-2,276	-1,761
Sale of consolidated companies (less cash transferred)	0	12,299
Outpayments for acquisitions (less cash acquired)	-17,646	0
Inpayments from asset disposals	19,395	94
Outflow/inflow of Funds from Investment Activity	**-527**	**10,632**
Change in treasury stock	-130	-69
Dividend paid	-1,231	-739
Loans raised	20,119	6,668
Loans repaid	-7,063	-8,209
Inflow/Outflow of Funds from Financing Activity	**11,695**	**-2,349**
Increase/reduction in cash and cash equivalent	-2,236	7,153
Cash in hand at beginning of period	10,481	3,328
Cash in Hand at End of Period	**8,245**	**10,481**

Changes in Equity Statement

2006 in € '000
Position at Jan. 1, 2006
Net surplus for the year
Increase in associated companies' equity without effect on results
Disposal of minority interests
Offset of negative minority interests
Change in treasury stock
Dividends to shareholders
Currency differences
Change in provision for cash flow hedge
Position at Dec. 31, 2006

2007 in € '000
Net loss/surplus for the year
Offset of negative minority interests
Change in treasury stock
Dividends to shareholders
Currency differences
Change in provision for cash flow hedge
Position at Dec. 31, 2007

Equity held by shareholders in the parent company					Equity held by minority interests	Group equity capital
Subscribed capital	Capital reserve	Treasury stock	Other comprehensive equity capital	Total		Total
5,000	**26,851**	**-502**	**122**	**31,471**	**1,707**	**33,178**
			6,612	6,612	181	6,793
			4,709	4,709		4,709
					-1,955	-1,955
			-67	-67	67	0
		-69		-69		-69
			-739	-739		-739
			51	51		51
			47	47		47
5,000	**26,851**	**-571**	**10,735**	**42,015**	**0**	**42,015**
			-1,715	-1,715	4	-1,711
			4	4	-4	0
		-130		-130		-130
			-1,231	-1,231		-1,231
			-661	-661		-661
			-12	-12		-12
5,000	**26,851**	**-701**	**7,120**	**38,270**	**0**	**38,270**

Notes to the Consolidated Financial Statements

A Purpose of the Company

Rohwedder AG, domiciled in Bermatingen, is noted in the Commercial Register of the Freiburg district court (Amtsgericht) under HRB 581322. The consolidated financial statements of Rohwedder AG to December 31, 2007 drawn up in accordance with § 315 a of the German Commercial Code (Handelsgesetzbuch, HGB) and the Group management report will be published in the electronic Bundesanzeiger (Federal Gazette).
The company's business activities are Mechatronics Production Solutions (MPS) and Electronics Production Solutions (EPS).

B Accounting Principles

[1] General

Rohwedder AG's consolidated financial statements for the financial year 2007 are drawn up in accordance with International Financial Reporting Standards (IFRS). The principles of the framework and the International Accounting Standards Boards (IASB) that were in force on the balance sheet date were applied, as were the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were in force for the financial year 2007. Any application of special IFRS standards to individual items is noted in the further course of the Notes.

The consolidated financial statements of Rohwedder AG give an overview of the Group's asset, financial and earnings situation that represents the actual circumstances.

In the current financial year, it is mandatory for the first time to observe the following standards and interpretations:

Standard	Title
IAS 1	Revision of IAS 1 – Presentation of Financial Statements
IFRS 7	Financial Instruments – Disclosures
IFRIC 7	Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of Application of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	IFRS 2 Group and Treasury Share Transactions

The application results essentially in comprehensive reporting duties in the Notes to the Consolidated Financial Statements (IFRS 7).

The IASB and IFRIC adopted or modified the following accounting standards and interpretations that were accepted by the EU:

Standard		Adopted by EU as at Dec. 31, 2007	To be applied from
IFRS 8	Operating Segments	Yes	2009
IAS 1	Presentation of Financial Statements	No	2009
IAS 23	Borrowing Costs	No	2009
IFRIC 12	Service Concession Arrangements	No	2008
IFRIC 13	Customer Loyalty Programmes	No	2008
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	No	2008

The option to apply these standards prematurely was not made use of. Effects on the asset and earnings situation would result from the modification of IAS 23 by the increase of the balance sheet entry of qualified assets.

[2] Accounting and Valuation Methods

All the companies in the consolidation entity use uniform accounting and valuation methods. The consolidation methods and accounting and valuation principles used in the previous year continued in principle to be applied. The application of IFRS 5 (Discontinued Operations) results in restructuring in balance sheet and income statement.

The annual financial statements of companies included in the consolidated financial statements are drawn up to the balance sheet date of the consolidated financial statements. The income statement is drawn up on the basis of the total cost method. Unless otherwise stated, all amounts shown are in thousands of euros (€ '000).

C Consolidation Principles

[1] Consolidation Entity

The consolidated financial statements include all associated companies in which Rohwedder AG directly or indirectly is a majority shareholder or in which, by virtue of other rights, group control is exercised as defined in IAS 27. Initial consolidation is undertaken with effect from the day on which Rohwedder AG has directly or indirectly exercised group control over the subsidiary.

In financial year 2007, the consolidation entity included, in addition to Rohwedder AG, three foreign subsidiaries as well as the JOT-subgroup comprising a total of eleven companies. Minority interests are listed separately in the consolidated balance sheet and income statement.

ASIC Robotics AG, Burgdorf (Switzerland) was, as in the previous year, incorporated in the consolidated financial statements on the basis of the equity method.

In the course of the financial year 2007, Rohwedder AG sold the at-equity balanced holdings in Roth & Rau AG, Hohenstein-Ernstthal (short: Roth & Rau AG), Fatec Co., Ltd., Kwangmyung-City (Korea) (short: Fatec) and Ziegler GmbH Fertigungstechnik, Markdorf (short: Ziegler).

From these sales, Rohwedder AG achieved a profit of € 9,776,000 in total.

[2] Additions from Consolidations

With effect from January 01, 2007, Rohwedder AG bought 100 percent of the shares in Mimot GmbH, Lörrach (short: Mimot), at a purchase price of € 3.2 million minus the net financial indebtedness. The purchase price also includes a purchase price component which is dependent on the results before tax and interest for the financial years 2007 and 2008 that has been considered already in the balance sheet as at Dec. 31, 2007.

With effect as of January 01, 2007, Mimot GmbH was merged with Rohwedder AG.

The following presentation shows the fair values of the Mimot Group at the acquisition date January 01, 2007:

Fair Values of the Mimot Group
in € '000

Long-term assets	1,162
Short-term assets	5,982
Long-term debts	1,860
Short-term debts	2,045

Since the time of the merger with Rohwedder AG, the company achieved sales revenues totaling € 13.1 million and a result of € 1.1 million.

With effect from June 01, 2007, Rohwedder AG took over the Finnish company JOT Automation Ltd., Oulu/Finnland (short: JOT), from the Finnish Elektrobit Group. This company is a spin-off of the Elektrobit Group. Rohwedder AG thus holds 100 percent of the stock of JOT Automation Ltd. The purchase price of the company was € 29 million minus the net financial indebtedness and can increase by a result-dependent purchase price component for the financial years 2008 and 2009 which has been considered in the balance sheet to the extent to which payment can be expected. At the acquisition date, the following assets and debts were contained in the JOT balance sheet:

Fair Values of JOT Automation Ltd.
in € '000

Long-term assets	22,983
Short-term assets	22,909
Long-term debts	2,777
Short-term debts	18,833

From the acquisition process of the company, intangible assets totaling € 9.8 million for technology (€ 3.1 million), customer base (€ 1.1 million) and brand (€ 5.6 million) that had not yet been entered in the balance sheet were capitalized. A goodwill of € 11.3 million results from the positive income expectation of the company. Since the time of the initial inclusion in the consolidation entity, the company contributed to the turnover with € 32.9 million and to the result with € −1.2 million.

By the inclusion of the company in the consolidation entity, the balance sheet total as at Dec. 31, 2007 increased by € 35.9 million. The causes were essentially the application of goodwill, the inclusion of intangible assets as well as the trade receivables.

The turnover for the whole financial year 2007 was € 48.2 million.

[3] Equity Holdings

Overview

Rohwedder North America Inc., Markham / Canada consolidated [1]
Rohwedder Canada Inc., Markham / Canada [2]
Rohwedder Pty. Ltd. , Victoria / Australia
Rohwedder Automation (Suzhou) Co., Ltd. / China
Mimot Nevada Inc., Irvine / USA [3]
Mimot California LLC, Irvine / USA [3]
EURL Mimot France, Steinbrunn le Bas / France [3]
JOT Automation Ltd., Oulu / Finland
ASIC Robotics AG, Burgdorf / Switzerland
Ziegler GmbH Fertigungstechnik, Markdorf, Germany
Fatec Co., Ltd., Kwangmyung-City, Kyunggi-do / Republic of Korea
OÜ JOT Eesti, Tallinn / Estonia
JOT Automation Italia S.r.l., Arezzo / Italy
JOT Automation Hungary Kft., Budaörs / Hungary
SC Elektrobit SRL, Timisoara / Romania
JOT Automation GmbH, Bochum, Germany
JOT Automation da Amazonia Ltda., Manaus / Brazil
JOT Automation Inc., Irving / USA
JOT Automation Ltd., Beijing/ China
JOT Automation Korea Ltd., Seoul / Korea
Elektrobit Technologies India Pvt. Ltd., Chennai / India

1 This company previously operated as Rohwedder Canada Inc. Holding.

2 This company was consolidated with Rohwedder North America Inc., Markham / Canada and previously operated as Rohwedder Automated Systems Inc., Markham / Canada.

3 These companies are in liquidation.

Held by Rohwedder AG	Held by North America Inc.	Held by Mimot Nevada Inc.	Held by JOT Automation Ltd.	Reporting currency	Date of initial consolidation	Date of deconsolidation
100 %	0%	0%	0%	CAD	23.05.00	
0%	100%	0%	0%	CAD	23.05.00	
90%	0%	0%	0%	AUD	01.10.02	
100%	0%	0%	0%	CNY	01.01.05	
100%	0%	0%	0%	USD	01.01.07	31.12.07
0%	0%	99%	0%	USD	01.01.07	31.12.07
100%	0%	0%	0%	EUR	01.01.07	31.12.07
100%	0%	0%	0%	EUR	01.06.07	
35%	0%	0%	0%	CHF	–	
0%	0%	0%	0%	EUR	–	31.12.07
0%	0%	0%	0%	KRW	–	31.12.07
0%	0%	0%	100%	EEK	01.06.07	
0%	0%	0%	100%	EUR	01.06.07	
0%	0%	0%	100%	EUR	01.06.07	
0%	0%	0%	100%	EUR	01.06.07	
0%	0%	0%	100%	EUR	01.06.07	
0%	0%	0%	100%	BRL	01.06.07	
0%	0%	0%	100%	USD	01.06.07	
0%	0%	0%	100%	CNY	01.06.07	
0%	0%	0%	100%	KRW	01.06.07	
0%	0%	0%	99.8%	INR	01.06.07	

[4] Currency Translation

In translating financial statements of consolidated companies that are drawn up in a foreign currency, the concept of the functional currency is used. The group companies conduct their business independently and draw up their financial statements in their national currency. The translation of annual financial statements of foreign associated companies is undertaken for the consolidated financial statements at the historic exchange rate for equity values and at the exchange rate on the balance sheet date for all other balance sheet items. Balance sheet translation differences were shown without effect on results as »balancing items resulting from currency translation«. Income state items are valued at the annual average exchange rate. Net results for the year are also translated using the average rate.

The following euro exchange rates were used:

Euro exchange rate	Average rate 2007	As at Dec. 31, 2007	As at Dec. 31, 2006
US dollar (USD)	0.7301	0.6801	0.7586
Canadian dollar (CAD)	0.6779	0.6950	0.6535
Australian dollar (AUD)	0.6119	0.5972	0.5992
Swiss franc (CHF)	0.6220	0.6025	0.6217
Chinese yuan (CNY)	0.0961	0.0932	0.0972
Romanian lev (RON)	0.3001	0.2770	0.2962
Hungarian forint (HUF)	0.0040	0.0039	0.0039
Brazil real (BRL)	0.3764	0.3867	0.3525
Korean won (KRW)	0.0008	0.0007	0.0008
Indian rupee (INR)	0.0177	0.0173	0.0170

Foreign currency transactions are as a matter of principle booked at the exchange rate on the transaction date. On the balance sheet date, foreign-currency financial instruments as defined in IAS 32 are translated at the annual average rate. Translation differences are taken into consideration with effect on results.

Translation of the assets of the foreign subsidiaries into the reporting currency was done at the exchange rate on the balance sheet date.

[5] Consolidation Methods

The consolidated financial statements are based on the annual financial statements to Dec. 31, 2007 drawn up by companies that form a part of the consolidation entity. Where the cost of acquisition of equity holdings exceeds the Group's share of the company's equity on initial consolidation, goodwill is capitalized. As a part of the ensuing consolidation, undisclosed reserves and liabilities are continued, written off or retransferred in the corresponding assets and liabilities as applicable. Capitalized goodwill is checked at least once a year for impairment. Intra-group sales, income and expenditure were eliminated, as were all receivables and payables between consolidated companies.

D Notes on the Balance Sheet

[1] Cost of Acquisition Principle

The annual financial statements are based on the cost of acquisition principle. Unless otherwise stated, assets and liabilities are stated at their nominal value less any value adjustments that may be necessary.

[2] Financial Instruments

Financial instruments are stated at cost of acquisition on the trading day when they are first included in the balance sheet. A strict lowest-value principle applies to their follow-on valuation according to the German Commercial Code (HGB). According to IFRS, the follow-on valuation depends on their respective classification and is either at market value or at net book value as defined in IAS 39. In this way unrealized profits and losses are stated. According to IFRS, financial derivatives must always be shown in the balance sheet at market value, either as an asset or as a liability. As a matter of principle, changes in market value have an immediate effect on results.

The Group's financial assets come in the category loans and receivables. Classification depends on the purpose pursued with the financial asset's acquisition.

Financial liabilities come in the category "financial debts evaluated at net book value".

Three swap transactions were concluded as a hedge against interest rate risks. In accordance with IAS 39 they are shown in the balance sheet as of the business transaction and the change in market value is shown without effect on results as a provision for cash flow hedges. The provision for cash flow hedges changed as following in the financial year:

Position at Dec. 31, 2006	-66
Change	-15
Position at Dec. 31, 2007	**-81**

The swap transactions' market value corresponds to the cash value determined by means of the cash flows from the swap transactions discounted for the term. The market value is determined reliably by the respective book value for all other financial instruments.

[3] Intangible Assets

Intangible assets acquired are stated at cost of acquisition and incidental acquisition costs. They are reduced by scheduled straight-line depreciation over their expected service life which, as a rule, is between three and seven years. Nonscheduled depreciations are made whenever necessary, but if the reason for them ceases permanently to apply (except for goodwill amortization) they are reversed.

As a part of the impairment test according to IAS 36, nonscheduled goodwill depreciation was not undertaken in 2007.

Impairment of goodwill was ascertained by means of the use value. For this purpose, goodwill was allocated to the respective cash-generating units. The cash flow forecast for each of these units is based on detailed management planning for what, in principle, is a two to three year period. Management planning reflects past experience and expectations of future market development. Cash flows beyond the detailed planning period were extrapolated on the basis of estimated growth rates of 1 percent. To discount future cash flows, risk-adjusted interest rates before tax of 9.9 percent or 11.2 percent were applied.

The goodwill of totally € 17.7 million is to be attributed to the MPS segment with € 5.9 million and the EPS segment with € 11.8 million. The JOT Automation goodwill acquired in the financial year concerns the EPS segment. The goodwill is allocated to the following cash generating units: JOT Automation with € 11.1 million, Microtech with € 3.5 million, Rohwedder North America with € 1.8 million, Pematech with € 0.7 million and Visotech with € 0.6 million.

Development costs for new or substantially improved products are capitalized at cost of manufacture insofar as they can be clearly allocated and both their technical feasibility and the ability and intention to market them are assured. Development work must with sufficient probability earn the company a future economic benefit. Capitalized manufacturing costs consist of costs that can directly and indirectly be allocated to the development process. Capitalized development costs are subject to scheduled straight-line depreciation over the planned product life cycle from the time when the software is usable. Development projects that have not yet been completed and capitalized are subjected to an annual impairment test. Research costs and development costs that can not be capitalized are treated with effect on results at the time they are incurred.

In the reporting year, additional costs of € 656,000 were capitalized in addition to the capitalized development costs to Dec. 31, 2006 of € 231,000. Depreciations of € 24,000 were performed in 2007, so that a residual book value of € 863,000 results to Dec. 31, 2007. They concern development costs for products before the start-up of the actual production. The requirements of IAS 38.57 are fulfilled. Public sector subsidies of € 104,000 were spent for development costs. Capitalized development costs are depreciated in a straight line over a three year period from commencement of production. In addition, € 1 million were spent for uncapitalized development costs. The development of intangible assets in the reporting year can be found in the fixed-asset movement schedule.

[4] Fixed Assets

Fixed assets are stated at the cost of acquisition or manufacture in accordance with IAS 16 less scheduled straight-line depreciation. Material nonscheduled depreciation as defined in IAS 36 was not necessary. Fixed asset items are depreciated pro rata in a straight line over their service life. The service life of office and plant equipment ranges from 3 to 16 years.

The development of fixed assets in the reporting year can be found in the fixed-asset movement schedule.

[5] Financial Assets

Holdings in associated companies are stated at their net book value on the balance sheet date. The following overview shows aggregate basic data concerning the companies included in the consolidated financial statements according to the equity method. The values do not refer to the shares held by the Rohwedder group but represent the values on the basis of a fictitious holding of 100 percent.

Associated Companies with at-equity Balancing

in € '000	Dec. 31, 2007	Dec. 31, 2006
Asset items	15,394	85,059
Debts	4,612	39,236
Equity capital	10,782	45,823

Result from at-equity Balancing of Holdings

in € '000	2007	2006
Sales revenues	19,942	65,492
Result	2,074	5,009

The change between 2007 and 2006 concerns essentially the disposal of Roth & Rau AG, of Fatec Co., Ltd. and of Ziegler GmbH.

The overall development of fixed assets was as follows:

Development of Fixed Assets (Composition)
in € ‹000

	Cost of acquisition / manufacture	Currency translation difference
Intangible Assets		
Industrial property rights and similar rights	3,843	0
Goodwill	6,506	-76
	10,349	**-76**
Fixed Assets		
Land and buildings	14,148	-2
Technical plant and machinery	2,186	-3
Other plant, office and plant equipment	7,637	90
Prepayments made and plant under construction	0	0
	23,971	**85**
Financial Assets		
Shares in associated companies	0	0
Associated companies	3,778	0
Loans to companies with which the company is linked by virtue of participation	30	0
Other loans	65	0
Rental property	0	0
Sum total	**3,873**	**0**
Total	**38,193**	**9**

For the previous year's value in associated companies, € 8.814 million that concern discontinued operations were restructured in the relevant balance sheet items.

[6] Deferred Taxes

Taxes on income and profits are calculated from the result before tax and based on the tax rate that is applicable. Deferred taxes are stated in accordance with the »liability method« as defined in IAS 12 in relation to temporary differences between the fiscal balance sheet and the consolidated financial statements. Deferred taxes on valuation adjustments were determined at a uniform mixed tax rate of 28.0 (previous year 37.0) percent across the group. The effect on the result from this change in the tax rate is € –203,000. An asset item for tax carryovers is only capitalized to the extent that future taxable income against which it can be offset is anticipated within a foreseeable planning period.

Deferred taxes on the assets side are as follows:

Addition from initial consolidation	Transfer posting	Addition	Disposal	Depreciation accumulated	Book value Dec. 31, 2007	Book value Dec. 31, 2006	Depreciation financial year
10,260	0	868	0	3,334	11,637	1,526	1,017
11,317	0	0	0	0	17,747	6,506	0
21,577	**0**	**868**	**0**	**3,334**	**29,384**	**8,032**	**1,017**
253	0	44	0	5,752	8,691	8,957	557
521	5	177	2	2,072	812	380	267
717	-5	945	247	7,107	2,030	1,286	806
935	0	242	1,177	0	0	0	0
2,426	**0**	**1,408**	**1,426**	**14,931**	**11,533**	**10,623**	**1,630**
10	0	0	0	10	0	0	10
0	0	520	525	0	3,773	3,778	0
0	0	0	30	0	0	30	0
0	0	0	65	0	0	65	0
3	0	0	0	0	3	0	0
13	**0**	**520**	**620**	**10**	**3,776**	**3,873**	**10**
24,016	**0**	**2,796**	**2,046**	**18,275**	**44,693**	**22,528**	**2,657**

Deferred Tax Credits (Composition)
in € '000

	Dec. 31, 2007	Dec. 31, 2006
Provisions	324	273
Liabilities	23	24
Offsetable losses	3,983	5,037
Fixed assets	108	0
Miscellaneous	5	193
Sum total	**4,443**	**5,527**

Loss carryovers totaling € 24.2 million are not stated in the balance sheet. € 5.1 million of the loss carryovers are usable within 10 years. Value adjustments of deferred taxes on the assets side of € 102,000 were performed in the reporting year. Furthermore, we point out that no active deferred taxes were created for the losses of the financial year.

[7] Inventories

Inventories (Composition)

in € '000	Dec. 31, 2007	Dec. 31, 2006
Raw materials and supplies	5,100	1,469
Unfinished products	9,162	948
Finished goods and products	1,361	104
Prepayments made	275	1,008
	15,898	**3,529**
Prepayments received	-234	0
Sum total	**15,664**	**3,529**

Inventories are stated in the balance sheet at either the cost of acquisition or manufacture or the net sales price that could be achieved on the balance sheet date if that is lower. The principle of loss-free valuation was observed. € 84,000 in value adjustments on inventories was made (previous year: € 277,000).

[8] Receivables and Other Assets

Short-term Receivables (Composition)

in € '000	Dec. 31, 2007	Dec. 31, 2006
Trade receivables	30,683	10,859
Work in process	12,575	11,985
Other receivables and financial assets	4,497	1,281
Sum total	**47,755**	**24,125**

Trade receivables are stated at their nominal value. Default risks were taken into consideration by means of itemized allowances for bad debts totaling € 382,000 (previous year: € 272,000). Lump-sum value adjustments were not undertaken. Receivables in foreign currency are as a matter of principle translated at the exchange rate on the transaction date and later, in accordance with IAS 21, valued at the exchange rate on the balance sheet date. Differences are offset with effect on results.

Product sales revenues are realized with the transfer of ownership and risk to the customer. If a handover to the customer is planned, the sales revenues are not booked until handover is complete. For long-term production orders, sales are realized by the percentage of completion method based on the ratio of costs already incurred to the estimated total contract cost volume. The ratio between already accrued costs and the estimated total cost volume of the contract serves as calculation basis.

The following table shows the amounts of partial sales and the prepayments received. The partial sales comprise the accrued costs plus realized profits minus realized losses.

Production Orders in Process

in € '000	Dec. 31, 2007	Dec. 31, 2006
Realized partial sales	22,182	24,829
Prepayments received	9,607	12,844

Customer receivables from partial profit realization less prepayments received totaled € 12.575 million (previous year: € 11.985 million).

Other Receivables & Financial Assets (Composition)

in € '000	Dec. 31, 2007	Dec. 31, 2006
Tax refund entitlements	1,378	293
Suppliers with debit balances	46	19
Travel expense advances	76	81
Accruals and deferrals	1,739	408
Other	1,258	480
Sum total	**4,497**	**1,281**

[9] Cash and Cash Equivalent

The development of cash and cash equivalent, which constitute the cash flow as per IAS 7, is shown in the flow of funds statement. Cash and cash equivalent consist of cash with banks and cash in hand. As at Dec. 31, 2007, cash and cash equivalent totaled € 8.245 million (previous year: € 10.481 million).

[10] Equity Capital

Subscribed Capital

The capital stock amounted to € 5,000,000.00 on Dec. 31, 2006 (previous year € 5,000,000.00) and is divided into 5,000,000 individual bearer share certificates.

Approved Capital

The general meeting of June 28, 2004 entitled the Management Board until June 27, 2009, with the approval of the Supervisory Board, to increase the capital stock by up to € 2.0 million by the single or multiple issue of up to 2.0 million of new individual bearer share certificates against non-cash contributions (approved capital I).

The general meeting of June 28, 2004 entitled the Management Board until June 27, 2009, with the approval of the Supervisory Board, to increase the capital stock by up to € 0.5 million by the single or multiple issue of up to 0.5 million of new individual bearer share certificates against cash contributions (approved capital II).

Conditional Capital

There is € 120,000.00 in conditional capital 2000 (previous year € 120,000.00).

As at Dec. 31, 2007 there were 27,100 option rights (previous year 52,700).

In 2000, a stock option program totaling 120,000 Rohwedder shares was launched. Options to buy Rohwedder stock were granted to Management Board members (up to 22,000) and to executive employees (up to 98,000). The program ran until 2004. As at Dec. 31, 2007 options to buy 7,000 shares were held by a former Management Board member and a total of 20,100 by executive employees. They could not be exercised until at least three years after issue. The day after the company's annual general meeting of shareholders counts as the date of issue. The exercise price is the average stock market price over the 10 trading days before the issue. Options may only be exercised by company employees whose contracts have not been canceled at the time of exercise and are subject to the fulfillment of one of two conditions:

- The price development of the share of the company since the granting of the respective option (basic value) up to the day before the respective option is exercised (reference value) exceeds the respective development of the SDAX performance index by at least 10 percent.
- The earnings before interest and taxes (EBIT) of the Rohwedder group have grown since the financial year that precedes the financial year in which the issue date of the option occurred up to the financial year that precedes the financial year in which the option was exercised by an annual average of 27 percent minimum as compared with the previous year.

Alternatively, the option holder can be offered a cash settlement.

In addition, there is € 1,000,000.00 in conditional capital in 2006 (previous year € 1,000,000.00). According to the resolution of the general meeting of shareholders on June 30, 2006, the Management Board was authorized to increase with the consent of the Supervisory Board the capital stock until June 29, 2011 by

issuing up to 1 million registered common shares with voting rights. The conditional capital increase serves to issue shares to the holders of warrant bonds or convertible bonds.

Development of Stock Options	2007		2006	
	Number of Options in shares	Average Exercise Price in €	Number of Options in shares	Average Exercise Price in €
Position 1.1.	**52,700**	**10.68**	**73,500**	**12.30**
Acceptance	0	–	0	–
Cancellation	-6,500	8.39	-3,000	8.22
Exercise	0	–	0	–
Discharge	-19,100	14.70	-17,800	17.80
Position Dec. 31	**27,100**	**8.39**	**52,700**	**10.68**
Exercisable at end of year	0	–	0	–

The options pending as at Dec. 31, 2007, had exercise prices between € 6.04 and € 10.40. The average remaining term was 0.98 years. The pending tranches will expire after the general meetings in 2008 and 2009.

Capital Reserve

The capital reserve consists mainly of the amount exceeding the nominal price realized by the company on issuing shares.

Treasury stock

In addition to the stock of 77,575 shares (nominal value € 77,575) held at Dec. 31, 2007, 6,750 shares (nominal value € 6,750.00) were bought in October 2007 at the total price of € 40,778.21 and 3,250 shares (nominal value € 3,250.00) at the total price of € 19,622.15. In December 2007, another 8,700 shares (nominal value € 8,700.00) were bought at the total price of € 49,345.42 and 3,357 shares (nominal value € 3,357) at the total price of € 19,912.08. The acquisition of the shares was entered in the balance sheet at the price on the trading day.

The company thus holds 99,632 shares at the balance sheet date. These 99,632 shares represent 1.99 percent of the capital stock. This stock is held for stock option programs.

For the development of equity capital see the equity capital movement schedule.

Minority Interests

Minority interests of minus 63 exist within the Group at the balance sheet date which concern Rohwedder Pty. Ltd. They were offset with the equity capital of the parent company.

[11] Long-term Loans

Due Dates of Long-term Loans (Composition)

in € '000	Dec. 31, 2007	Dec. 31, 2006
Total	12,188	8,441
Of which due in:		
Between 1 and 5 years	8,685	6,438
More than 5 years	3,503	2,003

Liabilities are secured by land charges and assignments.

[12] Long-term Lease Liabilities

The Rohwedder Group closed finance leasing contracts for various fixed assets. The following overview shows the reconciliation of the minimum lease payments to cash value:

Long-term Lease Liabilities

in € '000	Minimum Lease Payments	Interest Share	Cash Value
Up to 1 year	171	2	169
Between 1 and 5 years	15	0	15
More than 5 years	–	–	–
Sum total	**186**	**2**	**184**

[13] Deferred Taxes

The differences in amounts stated and valuations arising from adjustments of the fiscal balance sheet on consolidated companies to IFRS led to deferred taxes on the liabilities side for the following items:

Deferred Taxes (Composition)

in € '000	Dec. 31, 2007	Dec. 31, 2006
Fixed assets	3,213	705
Receivables	875	780
Provisions	258	170
Other	294	391
Sum total	**4,640**	**2,046**

A uniform, average mixed tax rate of 28.0 percent across the group was used to determine the deferred tax liability. Deferred tax credits were not offset against deferred tax liabilities.

[14] Pension Provisions

Occupation pensions are based as a matter of principle on pension commitments (old age, invalidity and next-of-kin pensions). They depend as a rule on salary and length of service. Reinsurance obligations are pledged to the beneficiaries. As far as the preconditions for stating them as plan assets are fulfilled, the asset values are netted out against the provision.

Pension provisions are created as per IAS 19 according to the projected unit cost method with future obligations being calculated on the basis of pro rata entitlements earned by the balance sheet date. Trend assumptions (salary and pension trends) are taken into consideration in the valuation. The corridor method is used.

Underlying Assumptions
in percent

Interest rate	5.5
Salary trend	0–2.5
Pension trend	2
Fluctuation rate	0–2
Expected earnings from plan assets	4.5

The calculations were also based on the biometric probability values in the 2005 G tables compiled by Prof. Klaus Heubeck.

Pensions Level	DBO	Plan Assets	Profits/Losses (not yet considered)	Net obligations
Result Dec. 31, 2006	4,770	–1,659	–1,415	1,696
Current length of service expenditure	146			146
Interest expenditure	203			203
Expected earnings from plan assets		–72		–72
Amortization of profits / losses			175	175
Pensions paid / single payments	–64			–64
Net contributions		–225		–225
Expected results Dec. 31, 2007	5,055	–1,956	–1,240	1,859
Profits / losses of financial year	–625	–262	887	0
Results Dec. 31, 2007	**4,430**	**–2,218**	**–353**	**1,859**

Thereof € 19,000 are due in 2008. There exists no additional length of service expenditure to be offset. All items are shown under the operating result in the income statement.

[15] Liabilities

Short-term liabilities break down as follows:

Liabilities in € ’000	Dec. 31, 2007	Dec. 31, 2006
Due to banks	24,527	5,862
Trade accounts payable	12,161	6,033
Due to companies with which the company is linked by virtue of participation	0	252
Other liabilities	11,369	2,303
Sum total	**48,057**	**14,450**

Other Short-term Liabilities
in € '000

	Dec. 31, 2007	Dec. 31, 2006
Tax liabilities	1,869	418
Social security liabilities	47	57
Customers with credit balances	43	85
Personnel liabilities	3,082	1,417
Interest rate swap	81	66
Loan from Elektrobit	4,977	0
Other	1,270	260
Sum total	**11,369**	**2,303**

Liabilities are as a matter of principle stated at the redemption amount.

Title to ownership of the articles supplied is retained as is usual in the industry. Money owed to banks is due within a year and is in some cases secured by land charges and assignments.

[16] Prepayments Received and Production Orders

The prepayments received shown on the liabilities side comprise the production orders with balance on the liabilities side as well as other prepayments received.

Short-term Provisions *Table for [17]*
in € ‹000

Provisions for tax	
Other provisions	
Personnel	
Invoices/services outstanding	
Warranty	
Other	
Sum total	

Prepayments Received
in € '000

	Dec. 31, 2007	Dec. 31, 2006
Production orders with balance on the liabilities side	1,756	1,910
Other prepayments received	4,774	687
Sum total	**6,530**	**2,597**

Prepayments received for production orders are netted out on the assets side against receivables to the extent to which production has commenced and are otherwise shown as outstanding on the liabilities side.

The total amount of the prepayments received is split up as follows:

Composition
in € '000

	Dec. 31, 2007	Dec. 31, 2006
Total, of which	16,371	15,441
due within 1 year	16,371	15,441
secured by bank guarantees	8,594	11,911
netted out against inventories	234	0
netted out against receivables	9,607	12,844
shown as outstanding on the liabilities side	6,530	2,597

[17] Provisions

Provisions are stated at their nominal value. Other provisions cover all known obligations toward third parties as per IAS 37. They are stated at the likeliest amount.

The following overview contains details of the composition and development of this item:

	As at 01.01.2007	Currency difference	Addition from consolidation	Consumption	Resolution	Addition	As at Dec. 31, 2007
	0	**0**	**195**	**0**	**0**	**0**	**195**
	1,909	7	293	1,582	92	858	1,393
	736	0	0	422	114	2,491	2,691
	595	10	125	730	0	924	924
	519	5	567	966	9	3,753	3,869
	3,759	**22**	**985**	**3,700**	**215**	**8,026**	**8,877**
	3,759	**22**	**1,180**	**3,700**	**215**	**8,026**	**9,072**

Other provisions concern essentially the obligations from the earn-out from the acquisitions of Mimot and JOT with € 1.435 million as well as provisions for restructuring with € 631,000.

E Notes on the Income Statement

[1] Income Statement

The income statement is drawn up on the basis of the total costs method.

[2] Sales Revenues

The Rohwedder Group records sales in accordance with IAS 18. Product sales revenues are realized with the transfer of ownership and risk to the customer if the payment is stated in or can be determined from the terms of a contract and fulfillment of the claim is probable. The amount of the revenues can be determined reliably. It is sufficiently likely that the Rohwedder Group will receive the economic benefit from the sale and that costs incurred or due to incur in connection with the sale can be determined reliably. If a handover to the customer is planned, the sales revenues are not booked until handover is complete. Subsequent credits are deducted.

For long-term production orders in accordance with IAS 11, sales are realized by the percentage of completion method based on the ratio of costs already incurred to the estimated total contract cost volume. The ratio between already accrued costs and the estimated total cost volume of the contract serves as calculation basis. For make-to-order production of which less than 50 percent has been completed, the zero profit margin method is applied and no partial profit realization is undertaken.

Sales revenues are broken down by segment and shown in the segment reports. The sales revenues stated result from ordinary business activity.

The rise of the sales revenues by € 42.3 million concerns essentially the initial inclusion of the sales revenues of JOT and Mimot with a total of € 46.1 million.

The sales revenues are split up as follows:

Sales revenues
in € '000

	2007	2006
Sales revenues from production orders	81,921	79,932
Sales revenues from sales	40,903	4,837
Income from service business	8,588	5,199
Other sales revenues	1,335	452
Sum total	**132,747**	**90,420**

[3] Internally Produced and Capitalized Assets

Internally produced and capitalized assets consist mainly of capitalized development spending in the Mechatronics Production Solutions segment.

[4] Other Operating Assets

Other Operating Assets
in € ’000

	2007	2006
Income from exchange rate differences	253	129
Income from insurance compensation	206	34
Income from reinsurance	583	187
Income from retransfer of provisions	215	456
Income from asset disposals	64	2
Income from periods unrelated to the accounting period	46	0
Rental income	86	92
Other income	765	607
Sum total	**2,218**	**1,507**

[5] Cost of Materials

Cost of Materials
in € ’000

	2007	2006
Purchased goods	64,902	40,394
Purchased services	13,286	11,748
Sum total	**78,188**	**52,142**

The rise in the cost of materials is to be attributed essentially to the initial inclusion of JOT and Mimot in the consolidated financial statements.

[6] Personnel Expenses

Personnel expenses totaled € 35.137 million (previous year € 25.363 million) for wages and salaries and € 6.630 million (previous year: € 4.425 million) for social insurance contributions. Expenditure on occupational pensions was € 994,000 (previous year: € 195,000). The annual average number of employees was 791 (previous year: 506).

[7] Depreciation of Intangible and Tangible Fixed Assets

The composition of depreciation is evident from the development of fixed assets and is shown in the fixed-asset movement schedule.

[8] Other Operating Expenses

The largest individual items booked as Other Operating Expenses are shown in the following table.

Other Operating Expenses (Composition)
in € '000

	2007	2006
Office, workshop and maintenance costs	1,537	272
Insurance	1,010	909
Gas, electricity, water and heating oil	73	63
Rent and leasing payments	1,320	1,348
Incoming and outgoing freight costs	1,050	157
Travel expenses	3,097	1,644
Sales costs	1,491	572
Expenditure from asset disposal	0	19
Other*	8,488	4,309
Sum total	**18,066**	**9,293**

* For the composition, see the following table

Other Operating Expenses (Composition)
in € '000

	2007	2006
Office and communication expenses	223	164
Advertising costs	227	1
Consulting costs	482	46
Vehicle costs	278	69
Expenses in periods unrelated to the accounting period	131	8
Incidental personnel costs	1,064	490
Maintenance of data processing equipment	2,049	573
Fees and contributions	782	997
Exchange rate differences	815	415
Neutral expenses	350	733
Postage	259	267
Ongoing stock exchange costs	238	231
Other	1,590	315
Sum total	**8,488**	**4,309**

The Neutral expenses comprise essentially the expenses resulting from value adjustments and depreciation of accounts receivable. The differences – some of them high – in the other operating expenses are mainly due to the initial inclusion of JOT and Mimot in the consolidation.

[9] Result from Special Items

The amount comprises three special items in financial year 2007. These cover expenditures from restructuring in connection with the purchase of JOT Automation Ltd. and measures for result improvement at the Bermatingen location totaling € 1.912 million as well as costs of an out-of-court settlement in the USA totaling € 258,000. In financial year 2006, this item also included expenditures in connection with the bankruptcy of BenQ Mobile GmbH & Co. OHG totaling € 1.109 million as well as an out-of-court settlement in the USA with € 813,000.

[10] Other Interest and Similar Income

This is interest earned on cash with banks.

[11] Other Interest and Similar Expenses

Interest expenditure is incurred in connection with use of credit lines and guarantees of bills outstanding.

[12] Taxes on Income and Profits

The taxes on income and profits concern current as well as deferred tax liabilities and credits.

Taxes on Income (Composition)

in € '000	2007	2006
Income tax from continued operations	1,081	224
Income tax from discontinued operations	215	579
Sum total	**1,296**	**803**

Income Tax from Continued Operations

in € '000	2007	2006
Current tax expenditure	151	-298
Deferred taxes	930	522
Sum total	**1,081**	**224**

Income Tax from Discontinued Operations

in € '000	2007	2006
Current tax expenditure	0	365
Deferred taxes	215	214
Sum total	**215**	**579**

Taxes on Income (Composition)

in € '000	2007	2006
Current tax expenditure	-209	-365
Deferred taxes	-1,145	-736
Corporation tax credit from previous years	58	298
Sum total	**-1,296**	**-803**

Deferred Tax Liabilities/Credit (Composition)

in € '000	2007	2006
Deferred taxes on the assets side	**-1,123**	**-212**
Creditable losses	-1,109	-224
Liabilities	-127	0
Other reserves	52	57
Miscellaneous	-47	-44
Elimination of intercompany profit	108	-1
Deferred taxes on the liability side	**-22**	**-524**
Fixed assets	50	-347
Receivables	-11	-135
Reserves	-62	68
Miscellaneous	1	-110
Sum total	**-1,145**	**-736**

The difference between actual tax expenditure and calculated tax expenditure based on a tax rate of 37.0 percent is made up of the following:

Taxes on Income

in € '000	2007	2006
Group result before taxes on income	-328	7,317
Calculated tax earnings (previous year tax expenditure)	121	-2,707
Fiscally unconsidered losses and loss carryovers	-4,577	-1,977
Tax-free income	3,441	3,605
Elimination of participation earnings or statement of earnings from equity accounting	240	461
Effects from change of tax rate	-203	0
Value adjustment of loss carryover	-102	0
Other	-216	-185
Reported tax expenditure	**-1,296**	**-803**

[13] Other Taxes

Other taxes are mainly vehicle taxes.

[14] Earnings from Discontinued Business Unit

The result from discontinued operation concerns the earnings from the sale of the at-equity balanced holding in Roth & Rau AG, Hohenstein-Ernstthal. The sales proceeds totaling € 18.883 million must be compared to expenses of the disposal of the book values of € 8.814 million as well as income tax of € 215,000. In 2006, this item comprised the contributions to the operating income from the holding in Roth und Rau AG, whereby € 0.5 million were attributed to the pro rata contribution to the operating income from the full consolidation, € 10.1 million to the sales of the shares and € 0.6 million to the equity valuation. Taxes on income of € 0.6 million were included.

[15] Group Earnings per Share

The annual average number of shares in 2007 after deduction of treasury stock was 4,919,374 (previous year: 4,930,890). The annual deficit for the year (previous year: annual surplus for the year) after minority interests was € 1.715 million (previous year: € 6.612 million). That makes losses per share € -0.35 (previous year: € 1.34).

The diluted result is equivalent to the undiluted result per share as in the previous year since the exercise hurdles referred to in the stock option program were not fulfilled at Dec. 31, 2007 or the price of the shares as at the balance sheet date was lower than the exercise price specified in the stock option program.

The result per share from continued operations is € −2.35, the result per share from discontinued operations is € 2.00.

F Notes on the Flow of Funds Statement

The flow of funds statement shows how funds have changed in the course of the reporting year through inflows and outflows of funds. In accordance with IAS 7 a distinction is made between cash flows from operating, investment and financing activity. The effects of deconsolidation are eliminated (cf. Section G).

Inflow and outflow of funds from operating activity is sales activity by which cash flow is generated. Cash flow in the financial year included € 2.177 million (previous year: € 1.320 million) in interest paid and € 457,000 (previous year: € 198,000) in interest received. It also included € 0 (previous year: € 67,000) in income taxes paid and € 44,000 (previous year: nil) in income taxes refunded. The cash flows include the disposal of the discontinued operations with € 18.8 million (previous year: € 12.3 million).

Nonpayment-effective expenses are value adjustments on trade receivables and inventories as well income from reversal of provisions.

Inflow and outflow of funds from financing activity consist mainly of funding raised from and repaid to banks.

Financial resources correspond to the financial resources shown in the balance sheet on the balance sheet date (cf. D.9).

The influences of the initial consolidation of JOT and Mimot on the flow of funds statement are shown in the following balance sheet representation:

Balance Sheet in € '000	Dec. 31, 2007 Group	Dec. 31, 2006 Group	Init.conso-lidations	Difference adjusted
Assets				
Long-term assets				
Intangible assets	29,384	8,032	-6,154	15,198
Fixed assets	11,533	10,623	-2,197	-1,287
Financial assets	3,776	12,687	-3	-8,914
Deferred taxes	4,443	5,527	0	-1,084
Short-term assets				
Inventories	15,664	3,529	-10,132	2,003
Receivables and other assets	47,755	24,125	-11,090	12,540
Cash and cash equivalent	8,245	10,481	-7,817	-10,053
Sum total of assets	**120,800**	**75,004**	**-37,393**	**8,403**
Liabilities				
Equity				
Equity excluding minority interests	38,270	42,015	-14,435	-18,180
Long-term debts				
Long-term loans	12,188	8,441	-1,251	2,496
Other long-term liabilities	184	0	-176	8
Deferred taxes	4,640	2,046	0	2,594
Pension provisions	1,859	1,696	-653	-490
Short-term debts				
Liabilities	48,057	14,450	-19,949	13,658
Prepayments received	6,530	2,597	-81	3,852
Provisions	9,072	3,759	-848	4,465
Total liabilities	**120,800**	**75,004**	**-37,393**	**8,403**

G Supplementary Notes on Changes in the Consolidation Entity

JOT Automation Ltd. and Mimot which were included in the consolidation entity after acquisition were integrated at the timepoint of the initial consolidation in the balance sheet with values of € 8.354 million in fixed assets, with € 29.039 million in current assets, with € 1.501 million in provisions and with € 12.101 million in liabilities. The cash available amounted to € 7.817 million, the money owed to banks to € 8.105 million.

H Notes on the Segment Report

The breakdown of segments according to IAS 14 (revised in 1997) is shown in the following overview. The segment report shows in primary segments the breakdown by Mechatronics Production Solutions (MPS) and Electronics Production Solutions (EPS) divisions. It is based on individual financial statements to IAS and on consolidation measures. In a secondary segmentation, the figures are broken down by region.

The performance of individual Group companies is distributed among several segments. Their share of subsegments varies strongly from year to year with the result that a meaningful comparability with previous years' figures is not possible. That is why no breakdown of debts and assets by segment is provided.

Segments by Division in 2007

in € '000	MPS	EPS	Total
Sales revenues	69,161	63,814	132,975
Less intercompany sales	-156	-72	-228
Group sales revenues	**69,005**	**63,742**	**132,747**
EBIT before result of participations and special items	-8,480	1,528	-6,952
Result of participations	**480**	**168**	**648**
Group EBIT after result of participations	-8,000	1,696	-6,304
Result from special items	-521	-1,649	-2,170
Group EBIT after special items	**-8,521**	**47**	**-8,474**
Current investments	1,438	838	2,276
Addition of JOT/Mimot	0	24,016	24,016
Depreciation	**1,123**	**1,524**	**2,647**

Segments by Division in 2006

in € '000	MPS	EPS	Total
Sales revenues	65,212	25,659	90,871
Less intercompany sales	0	-451	-451
Group sales revenues	**65,212**	**25,208**	**90,420**
EBIT before result of participations and special items	-3,838	1,629	-2,209
Result of participations	**496**	**192**	**688**
Group EBIT after result of participations	-3,342	1,821	-1,521
Result from special items	0	-1,922	-1,922
Group EBIT after special items	**-3,342**	**-101**	**-3,443**
Current investments	611	115	726
Depreciation	1,194	339	1,533

Sales Revenues by Region

in € '000	2007	2006
Germany	**63,743**	**59,562**
Other Countries		
EU	23,079	7,705
USA	16,174	3,565
Canada	4,393	13,054
Asia	17,035	3,186
Australia	1,883	1,160
Other	6,440	2,188
	69,004	**30,858**
Sum total	**132,747**	**90,420**

Three companies accounted for more than 10% of sales revenues.

Segment Assets
in € ’000

	2007	2006
Germany	**95,760**	**63,464**
Other Countries		
EU	27,436	0
Canada / USA	12,244	8,071
Asia	5,557	314
Australia	387	440
	45,624	**8,825**
Consolidations	-25,027	-2,812
Sum total	**116,357**	**69,477**

Investments
in € ’000

	2007	2006
Germany	**25,720**	**652**
Other Countries		
EU	312	0
Canada / USA	161	70
Asia	73	2
Australia	12	2
	558	**74**
Sum total	**26,278**	**726**

I Other Disclosures on Financial Instruments

In the course of ordinary business activity we are exposed to currency, interest rate and price risks. In cases in which Rohwedder AG proposes to make use of hedging instruments to cover these financial risks, use is made of appropriate financial instruments. We only resort to financial derivatives if they can be used as hedge for positions, financial investments and financing that arise from operative business. We cover ourselves against foreign exchange risks, for example, by means of currency future trading. We do not engage in speculative business.

We use recognized valuation procedures to assess derivatives. Doing business of this kind is subject to in-house guidelines and strict controls.

[1] Capital Management

Rohwedder AG implements a capital management to ensure financial flexibility to attain the business objectives as well as to increase the Rohwedder AG goodwill. With this capital management, the capital structure is systematically controlled under consideration of economic framework conditions. Optimization of capital management was continued in 2007 without changes.

[2] Risk Management

We also draw attention to the situation report of the company with regard to the risk management activities of Rohwedder AG.

[3] Default Risks

The default risks from trade receivables are essentially covered by a goods credit insurance company. All customers are subjected to a credit screening. The due dates of the trade receivables are represented by the following due date list:

Trade receivables in € '000 Due dates	2007 not due	2007 1 – 30 days	2007 30 – 60 days	2007 > 60 days	2007 Total
Trade receivables	15,510	10,193	2,715	2,647	31,065
Value adjustments	-21	-62	-7	-292	-382
Sum total	**15,489**	**10,131**	**2,708**	**2,355**	**30,683**

All trade receivables are due in the short term, i. e. within one year. This is also valid for the payments expected for these receivables.

Trade receivables are split into regions as follows:

Trade receivables in € '000 Region	Amount
Germany	11,742
Europe	10,067
Asia	5,789
USA	1,958
Canada	629
Others	498
Sum total	**30,683**

The value adjustments have developed as follows:

Value Adjustments
in € '000

	Dec. 31, 2007	Dec. 31, 2006
Position 1.1.	272	277
Addition	366	232
Uitilization	-139	-48
Resolution	-117	-189
Position Dec. 31	**382**	**272**

Value adjustments for trade receivables were performed according to individual assessment. The value adjustments as at Dec. 31, 2007 contain € 43,000 that have been created for receivables from a customer in the amount of € 430,000. This concerns an amount retained by a customer, Rohwedder AG has taken legal action to claim this amount.

[4] Foreign Exchange Risks

Rohwedder AG establishes the consolidated financial statements in thousand euros (T€). Turnover is predominantly generated in the euros in the group; however, expenditures are severely affected by exchange rate variations between euro and Estonian crown (EEK). In particular cases, the company reviews the necessity of a coverage to minimize the foreign exchange risk. The following shows the group's foreign exchange risks:

Foreign exchange risks Dec. 31, 2007
in € '000

	EUR	USD	EEK	CNY	Others	Total
Cash and cash equivalents	6,238	1,253	0	244	510	8,245
Trade receivables	25,881	2,147	773	873	1,009	30,683
Trade accounts payable	-5,273	-241	-4,013	-576	-2,058	-12,161
Sum total	**26,846**	**3,159**	**-3,240**	**541**	**-539**	**26,767**

A change in the rate of exchange as at Dec. 31, 2007 by 10 percent between the euro and the EEK would have changed the result by € 324,000, between euro and CNY by € 55,000 and between euro and USD by € 316,000.

Assuming the constant average rates of exchange from 2006 in 2007, sales revenues would be € 507,000 higher.

[5] Liquidity Risks

The following list shows the due dates of the liabilities in the Rohwedder Group as at Dec. 31, 2007:

Liabilities
in € '000

	Sum	to 1 year	1 – 5 years	More than 5 years
Trade accounts payable	12,161	12,161	–	–
(December 31, 2006)	6,033	6,033	–	–
Due to associated companies outside the consolidation	–	–	–	–
(December 31, 2006)	252	252	–	–
Due to banks	36,715	24,527	8,685	3,503
(December 31, 2006)	14,303	5,862	6,438	2,003
Provisions	9,072	9,072	–	–
(December 31, 2006)	3,759	3,759	–	–
Prepayments received	6,530	6,530	–	–
(December 31, 2006)	2,597	2,597	–	–
Lease liabilities	184	169	15	–
(December 31, 2006)	0	–	–	–
Other liabilities	11,369	11,369	–	–
(December 31, 2006)	2,303	2,303	–	–
Sum total Dec. 31, 2007	**76,031**	**63,828**	**8,700**	**3,503**
Sum total Dec. 31, 2006	**29,247**	**20,806**	**6,438**	**2,003**

To ensure adequate liquidity of Rohwedder AG, finance plans ar ecreated in rolling intervals and the corresponding financing requirements determined.

[6] Interest Rate Risks

Based on the loan liabilities with variable interest rates as well as current account liabilities, the result as at Dec. 31, 2007 would change by € 471,000 for an interest change by 100 basis points.

J Other Notes

[1] Other Financial Obligations

Other financial obligations have the following times to maturity:

Other Financial Obligations
in € '000

	Due in 2008	Due in 2009 – 2012	Total
Rent	2,170	3,857	6,027
Leasing	251	398	649
Service contracts	73	176	249
Other	148	75	223
Sum total	**2,642**	**4,506**	**7,148**

[2] Auditors' Fees

Fees paid to the auditors in financial year 2007 totaled € 189,000 and comprised the following:

Audit of accounts	87
Tax advice	5
Other services	69
Other certification or consulting services	28

[3] Related Parties

Business Relations with Related Parties

Material business relations with related parties are stated in the following table. All transactions were at market rates.

Material Business Relations with Related Parties

in € '000	2007	2006
Purchases of goods and services	**267**	**340**
Rohwedder AG from Ziegler GmbH	267	340

Events after the Balance Sheet Date

On the basis of the authorization approved by the company's June 28, 2004 Annual General Meeting the Rohwedder AG
Management Board resolved on February 27, 2008 to increase the company's capital stock by € 499,999 to € 5,499,999 from the present € 5,000,000 by issuing 499,999 new bearer shares in return for cash and ruling out a rights option. The Supervisory Board has endorsed this decision.

The Landesbank Baden-Württemberg will manage the new shares' stock market listing. A German investor is acquiring them.

Rohwedder AG anticipates a € 2.45 million capital inflow from the capital increase. The company will use the proceeds of the transaction as planned for the settlement of the acquisition of JOT Automation. At the same time, the capital increase is used to further strengthen the company's equity capital base.

Management Board

Joachim Rohwedder BOARD CHAIRMAN, MARKETING, SALES, TECHNOLOGY, STRATEGY, INVESTOR RELATIONS

- Board member of JOT Automation Ltd., Oulu, Finland
- Advisory Council chairman of Rohwedder Canada Inc., Markham/Canada
- Advisory Council chairman of Rohwedder Pty. Ltd., Victoria/Australia
- Advisory Council chairman, Elgo-Elektrik GmbH, Singen
- Vice President of VDMA, Frankfurt
- Member of the board, Robotics and Automation Section, VDMA, Frankfurt

Harald Löhle CHIEF FINANCIAL OFFICER, CONTROLLING, HUMAN RESOURCES, MATERIALS MANAGEMENT, IT

- Supervisory Board chairman Roth & Rau AG, Hohenstein-Ernstthal (until January 31, 2008)
- Board member of JOT Automation Ltd., Oulu, Finland
- Administrative Board member of ASIC Robotics AG, Burgdorf/Switzerland

Manfred Müller DEPUTY MANAGEMENT BOARD MEMBER

- Board member of JOT Automation Ltd., Oulu, Finland

Management Board remuneration totaled € 948,000 (previous year: € 954,000).

The Management Board length of service expenditure shown in the income statement in connection with pension obligations is € 126,000 (previous year: € 111,000). Management Board remuneration consists of fixed and variable components, of which the variable components are a percentage of the annual net surplus of Rohwedder AG and the Rohwedder Group in the previous financial year.

According to the resolution of the general meeting of shareholders on June 30, 2006 the information required according to § 285 Sentence 1 No. 9 Letter a Sentence 5 to 9 German Commercial Code (HGB) will be omitted for five years.

Members of the Management Board directly or indirectly held the following Rohwedder AG stock or stock options at Dec. 31.12.2007:

Members of the Management Board hold Number	**Stock**	**Options**
Joachim Rohwedder	420,900	0
Harald Löhle	100,000	0
Manfred Müller	5,020	0

Supervisory Board

Prof. Dr. Wilfried Sihn (Dipl.-Wirtschaftsingenieur) SUPERVISORY BOARD CHAIRMAN

- Professor at the Department of Management Science, Technical University, Vienna
- Head of the Fraunhofer project group for production management and logistics, Vienna
- Supervisory Board member, Bertrandt AG, Ehningen
- Supervisory Board vice-chairman, Wittenstein AG, Harthausen
- Supervisory Board vice-chairman, flexis AG, Stuttgart

Dr. Siegfried Goll (Dipl.-Ing.) SUPERVISORY BOARD VICE-CHAIRMAN

- Supervisory Board member, Witzenmann GmbH, Pforzheim
- Member of the Board of Directors SAF-Holland S.A., Luxembourg
- Advisory Board member of Voss Holding GmbH + Co.KG, Wipperfürth

Dr. Peter A. Kaemmerer SUPERVISORY BOARD MEMBER

- Member of the Board, Landesbank Baden-Württemberg, Mannheim
- Supervisory Board member of Süd Private Equity GmbH & Co. KGaA, Stuttgart
- Supervisory Board member of BWK GmbH, Unternehmensbeteiligungsgesellschaft, Stuttgart
- Supervisory Board member of LHI Leasing GmbH, München
- Administrative Board member of Schweizerische Nationalversicherungs-Gesellschaft, Basel

Supervisory Board remuneration totaled € 45,000 (previous year: € 45,000).
Members of the Rohwedder AG Supervisory Board held the following shares in the company as at Dec. 31, 2007:

Supervisory Board Members Hold Number	**Shares**
Prof. Dr. Wilfried Sihn	100

Submission of Declarations on the German Corporate Governance Code as per § 161 of the German Stock Corporation Act (Aktiengesetz, AktG)

The Management Board and Supervisory Board have submitted the declaration of compliance as per § 161 AktG and made it permanently available to shareholders on the company's website.

Bermatingen, March 19, 2008
Rohwedder Aktiengesellschaft
The Management Board

Joachim Rohwedder	Harald Löhle	Manfred Müller
CHIEF EXECUTIVE OFFICER	MEMBER OF THE MANAGEMENT BOARD	DEPUTY MEMBER OF THE MANAGEMENT BOARD

Responsibility Statement by the Management Board

To the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements as at December 31, 2007 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group 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.

Bermatingen, March 19, 2008
Rohwedder Aktiengesellschaft
The Management Board

Joachim Rohwedder	Harald Löhle	Manfred Müller
CHIEF EXECUTIVE OFFICER	MEMBER OF THE MANAGEMENT BOARD	DEPUTY MEMBER OF THE MANAGEMENT BOARD

Audit Certificate

We have audited the consolidated financial statements of Rohwedder Aktiengesellschaft, Bermatingen, comprising the balance sheet, income statement, equity capital movement schedule, flow of funds statement and notes – and the consolidated management report for the financial year Jan. 1 to December 31, 2007. Drawing up the consolidated financial statements and group management report to IFRS as applied in the European Union, to the commercial law regulation of § 315 a Section 1 HGB and to the supplementary provisions of the Articles of Incorporation is the responsibility of the company's legal representatives. Our task is to pass judgment, on the basis of our audit, on the consolidated financial statements and the group management report.

We conducted our audit of the financial statements drawn up in accordance with § 317 of the German Commercial Code (HGB) with due regard for the German principles of proper auditing laid down by the Institute of Auditors (IDW). These state that the audit is to be planned and executed in such a way as to be able to identify with a sufficient degree of certainty inaccuracies and infringements that have a material effect on the picture of the asset, financial and earnings position conveyed by the consolidated financial statements. In determining audit activities, knowledge about the company's business activities and economic and legal environment is taken into account, as are expectations of potential errors. As a part of the audit, the effectiveness of the accounting-related internal audit system and the evidence provided for the information given in the consolidated financial statements and the group management report are assessed mainly on the basis of random checks. The audit consisted of assessing the annual financial statements of companies included in the consolidated financial statements, delimiting the consolidation entity, assessing the accounting and consolidation principles applied, the material assessments made by the legal representatives and an appraisal of the overall picture presented in the consolidated financial statements and the group management report. We are of the opinion that our audit forms a sufficiently sound basis for our judgment.

Our audit led to no objections.

In our opinion, based on what we learned in the course of the audit, the consolidated financial statements comply with the IFRS as applied in the European Union, with the commercial law regulations of § 315 a Section 1 HGB and with the supplementary provisions of the Articles of Incorporation and convey a picture of the Group's asset, financial and earnings situation that accords with the actual circumstances. The group management report tallies with the financial statements, generally conveys an accurate picture of the Group's situation and accurately describes the opportunities and risks of future development.

Stuttgart, March 19, 2008
Dr. Ebner, Dr. Stolz und Partner GmbH
Auditors and Tax Consultants

Dr. Wolfgang Russ	Dr. Volker Hecht
Auditor	Auditor

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Financial Calendar 2008

Date	Event
May 30, 2008	First-Quarter Report 2008
June 30, 2008	Annual General Meeting of Rohwedder AG Shareholders in Bermatingen
August 22, 2008	First-Half Report 2008
November 20, 2008	Nine-Month Report 2008
November 20, 2008	DVFA Conference with Analysts in Frankfurt

Rohwedder

Excellence in Automation