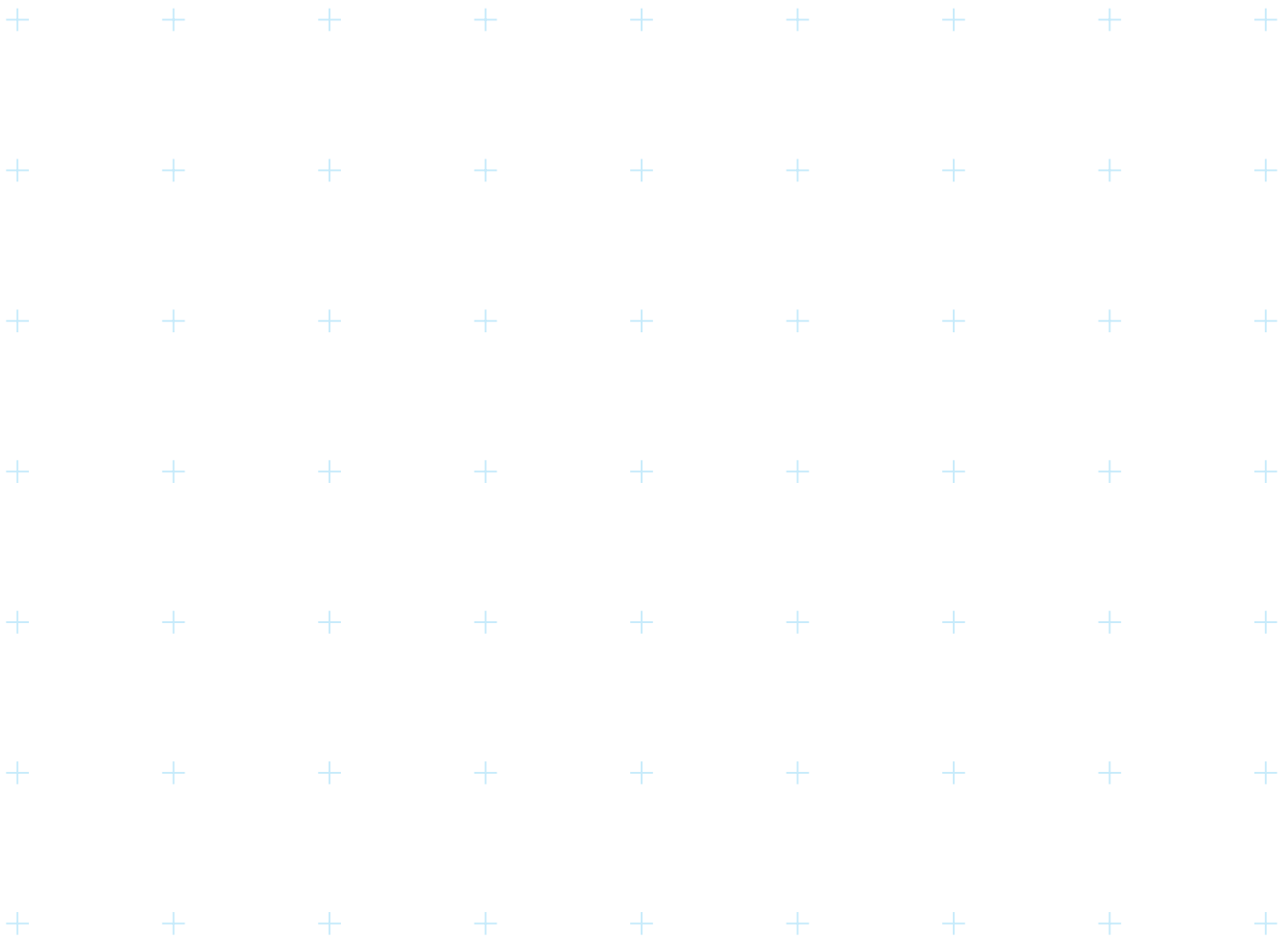


АНИПАГ ВЕЪОВЪ 2002

ANNUAL REPORT 2002



The OHB Technology Group in Brief ►



TELEMATICS	
100 %	OHB Teledata GmbH
100 %	Timtec Teldatrans GmbH
51 %	Telematic Solutions SpA
63 %	megatel GmbH

SPACE TECHNOLOGY + SECURITY	
100 %	OHB-System AG
50 %	Cosmos International GmbH
12 %	BEOS GmbH
100 %	STS Schwerin GmbH
34 %	ELTA S.A.

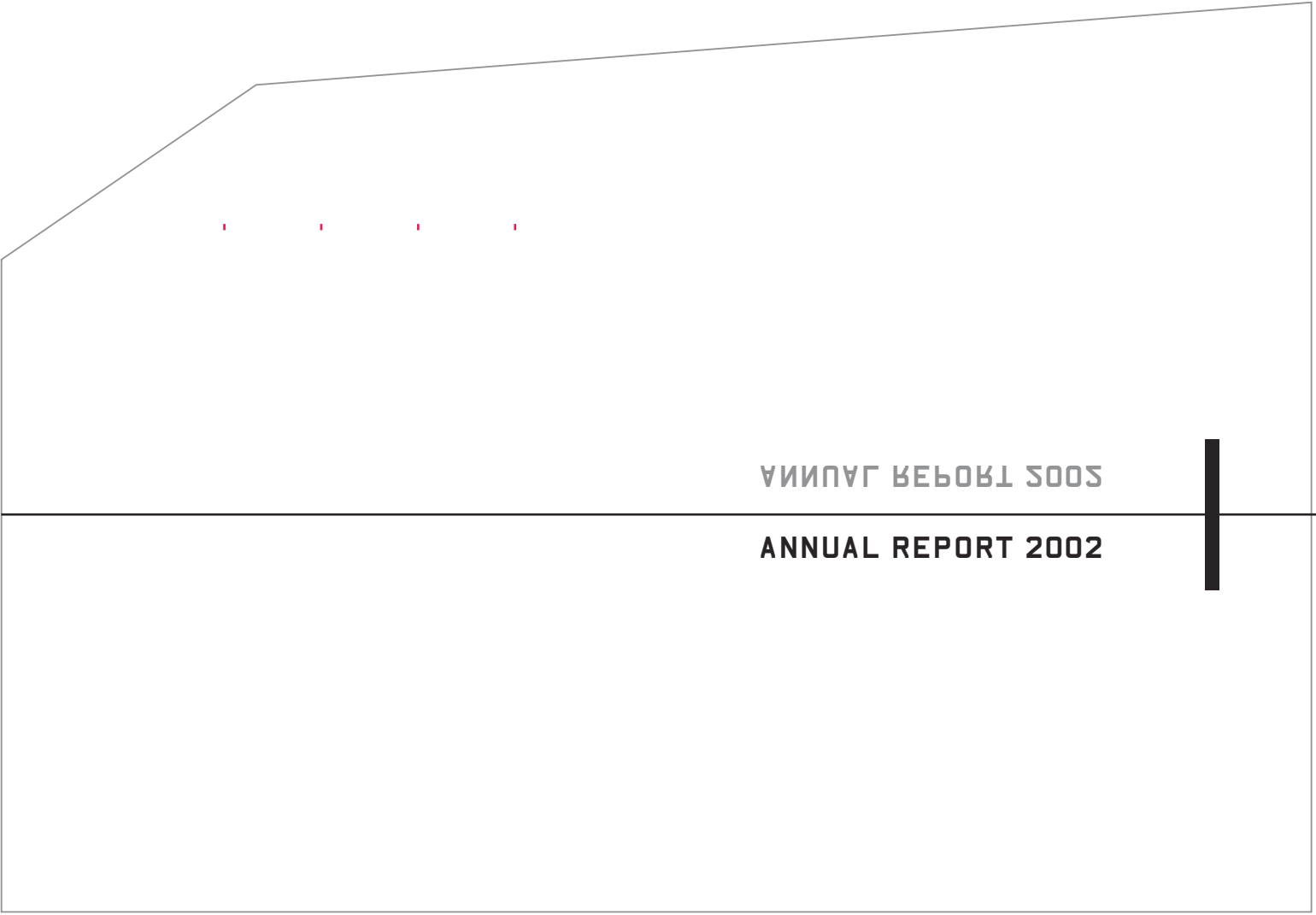
SATELLITE SERVICES	
100 %	ORBCOMM Deutschland AG
15 %	ORBCOMM LLC
50 %	ORBCOMM Europe LLC

THE OHB TECHNOLOGY GROUP

THE OHB TECHNOLOGY GROUP IN BRIEF

EUR 000	2002	2001	2000*
Total revenues	78,867	15,025	6,624
EBIT	3,706	452	-39
EBT	4,019	794	6
Net income	3,409	322	1
Earnings per share in EUR	0.23	0.04	-
Total assets	85,981	31,615	6,308
Equity	34,622	27,965	5,213

* Single company statement of OHB Teledata AG



АИИПЦГ ВЕБОВЛ 2002

ANNUAL REPORT 2002

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DEAR CUSTOMERS, BUSINESS ASSOCIATES AND SHAREHOLDERS,

2002 was the most successful year in the OHB Group's history spanning over 20 years. Total revenues came to approx. EUR 79 million and earnings per share to EUR 0.23, thus fully meeting our high expectations. Just as importantly, the Group was revamped and realigned to form the new OHB Technology company. The successful merger of OHB Teledata and OHB-System has given rise to the first listed German technology and space company. The amalgamation of the Space Technology + Security business unit with the Telematics business unit caused total revenues and earnings per share to surge five-fold. This in connection with order books worth roughly EUR 260 million testifies to the momentum and sustainability of the Group's business growth.

In the Space Technology + Security business unit, the SAR-Lupe project is progressing well, with a number of key milestones achieved on schedule in 2002. In October 2002, the contract for Phase I of the implementation of a European satellite system comprising the German SAR-Lupe satellites (radar images) and the French Helios II satellites (optical images) was awarded. A key source of business in 2003 will be the planned invitation for tenders for a military satellite communications system. Decisions are also about to be made on other satellite projects such as the Galileo navigation system and the ESA research missions. Accordingly, the Management Board is very confident of being able to garner significant new business in the satellite area. Turning to manned space flight, projects are continuing in spite of the tragic loss of the Columbia space shuttle. The Group will be seeking further follow-up orders to replace the projects due for completion in 2003/2004.

Telematics business was dragged down in 2002 by general economic weakness. We assume that the restructured and realigned OHB Teledata GmbH will be able to successfully gain new business this year particularly from commercial vehicle producers and public-sector customers (security agencies and organizations).

Needless to say, the performance of our stock was not satisfactory in 2002. Although it substantially outperformed the DAX and the NEMAX, it was unable to shrug off the effects of the prevailing bear market. On the strength of our favorable operative business and the robustness of our stock at least in relative terms, we ask our shareholders for their continued trust. We are confident of being able to benefit to a disproportionately strong degree from a recovery in the financial markets.

In the two years since OHB Teledata's stock market flotation in March 2001, the Company has worked well with shareholders' money, achieving net inflows of around EUR 20 million; in the light of continued corporate expansion, the Group's liquidity of EUR 15.5 million at the end of 2002 testifies to its solid balance-sheet ratios in spite of significant spending on extending telematics business and acquiring a number of equity interests. Apart from the merger with OHB-System, special mention should also be made of the following acquisitions completed in 2002: acquisition of a 34 percent stake in ELTA S.A., Toulouse, extensions to investment in the ORBCOMM satellite system as well as the acquisition and restructuring of Timtec Teldatrans GmbH. As expected, ELTA S.A. operated profitably in 2002 and was thus acquired at an inexpensive price. By contrast, further restructuring and development work is necessary at ORBCOMM and Timtec Teldatrans in order for profitability objectives to be achieved. Acquired in 2001, megatel GmbH, Bremen and Telematics Solutions SpA, Milan, performed gratifyingly in the year under review, both posting slight increases in revenues and earnings.

At this stage, no further acquisitions are planned. However, existing equity interests will be increased in the event of appealing openings presenting themselves. Nonetheless, growth will primarily be organic this year. Sales and profits will rise sharply, with total revenues expected to exceed the EUR 100 million mark.

The key towards achieving this target is our unique team of innovative and committed employees, whose ideas and dedication to providing our customers with benefits and ensuring their satisfaction will continue to be our strength and underpin our success in the future.

We would like to take this opportunity to thank our customers, business partners and shareholders most sincerely for their confidence in us. We will continue to devote all our energies and abilities to furthering the Group's business in the interests of continued earnings growth.

Bremen, March 2003



Marco R. Fuchs
Chairman of the Management Board



“OUR COMPANIES ARE ABLE TO BENEFIT SUBSTANTIALLY FROM EACH OTHER!”



INTERVIEW WITH MARCO R. FUCHS, CEO,
AND PROF. MANFRED FUCHS, COO SPACE
TECHNOLOGY AT OHB TECHNOLOGY AG



$$\frac{V^2}{2}$$


Last year saw the emergence of OHB Technology AG, an integrated European technology and space company, which has pooled its core competence in the areas of space technology and security, telematics and satellite services under a single roof. The group is managed by Marco R. Fuchs and his father, Prof. Manfred Fuchs. Two generations, three business units – and a number of clear answers explaining the reasons for the merger.

**WHEN DID YOU FIRST START
THINKING ABOUT THE POSSIBILITY
OF MERGING OHB TELEDATA AG
AND OHB-SYSTEM AG?**

(M. R. Fuchs): This option was initially considered at the time of OHB Teledata's stock-market flotation. However, at that stage we were convinced that the telematics sector was facing a boom and therefore felt that this segment was more attractive to the stock markets, particularly the Neuer Markt.

(Prof. Fuchs): As well as this, we thought the risk of taking all the companies to market at the same time was simply too great.

HOWEVER, YOU EFFECTIVELY ONLY TOOK A YEAR TO MERGE THE COMPANIES. WHY WAS THIS STEP TAKEN SO SWIFTLY?

(M. R. Fuchs): It is all a question of the right timing. We are still convinced of the prospects for telematics but the market is not expanding as quickly as we had hoped for. A group of companies covering several business segments is less exposed to cyclical vagaries as we are able to work with related technological skills on a cross-sector basis. We always channel our resources very flexibly into the areas promising the greatest success at any given time. It was ultimately this which prompted the decision to create OHB Technology AG.

YOU SAID THAT THE BOOM IN TELEMATICS HAD FAILED TO LIVE UP TO EXPECTATIONS. HOW IS THE SPACE TECHNOLOGY MARKET FARING?

(Prof. Fuchs): The situation is disparate. In the area of commercial communications satellites and carrier rockets, European-wide space technology business suffered serious setbacks last year, dragging down the entire sector.

OHB was not affected by this, however, as we are the only German company to have entered the high-potential market for military satellite projects by garnering the SAR-Lupe project. Looking forward, we want to defend and extend this leadership position in the military space segment in Germany.

At the same time, we are already working very successfully on the future European navigation system Galileo. In this way, OHB should continue to be assured of stable growth in defiance of the generally weak trend in the space market.

WHAT ARE THE ADVANTAGES OF THE MERGER FOR THE INDIVIDUAL OHB TECHNOLOGY AG COMPANIES?

(Prof. Fuchs): It is not merely a merger. What we have additionally done is to restructure the group to make it fit for future requirements. The business segments have been streamlined, something which gives us clear advantages as we are able to deploy our capacity and resources, particularly our staff, more flexibly and on an enterprise-wide basis.

(M. R. Fuchs): Our companies are able to benefit substantially from each other! We have combined the market-oriented approach of OHB Teledata with the many years of technical experience held by OHB-System.

HAVE YOU ALSO CONSIDERED JETTISONING ANY BUSINESS?

(M. R. Fuchs): No! We are pursuing a long-term strategy and believe in the success of a combination of space and telematics technology. Our business units supplement each other well. Naturally enough, we are observing the markets in which we are engaged very closely. If any of these markets should fail to perform in accordance with our expectations, we will of course take suitable measures – just as we have done by restructuring the Group. That said, just because a certain segment of the market is not booming at a given time does not mean

that it has to be discarded. We remain committed to long-term steady growth in the telematics sector.

(Prof. Fuchs): Our technological skills make us very flexible. The way we work can best be described as being modular in nature.

(Prof. Fuchs): This method has constantly proven its merits in the past. By avoiding rigid structures but responding flexibly and openly to the market, we are frequently able to quite simply outpace our competition and offer more convincing products and services.



In the space technology segment, we are never fixated on an individual product but constantly combine our skills and knowledge to come up with new products meeting our customers' requirements to optimum effect.

CONSTANTLY RECOMBINING SKILLS AND KNOWLEDGE SOUNDS VERY RESOURCE-INTENSIVE. IS THIS AN EFFECTIVE WAY OF DOING BUSINESS?

(M. R. Fuchs): This also applies to our Telematics business unit. Of course, we have developed standard products. But this does not mean that we have neglected our project business as this is the only way of progressing and adjusting to changed conditions. In this way and by broadening our range of products and services, we are able to successfully boost our growth potential.



**TECHNOLOGIES IN PERSPECTIVE:
OHB TECHNOLOGY AG AND ITS...**





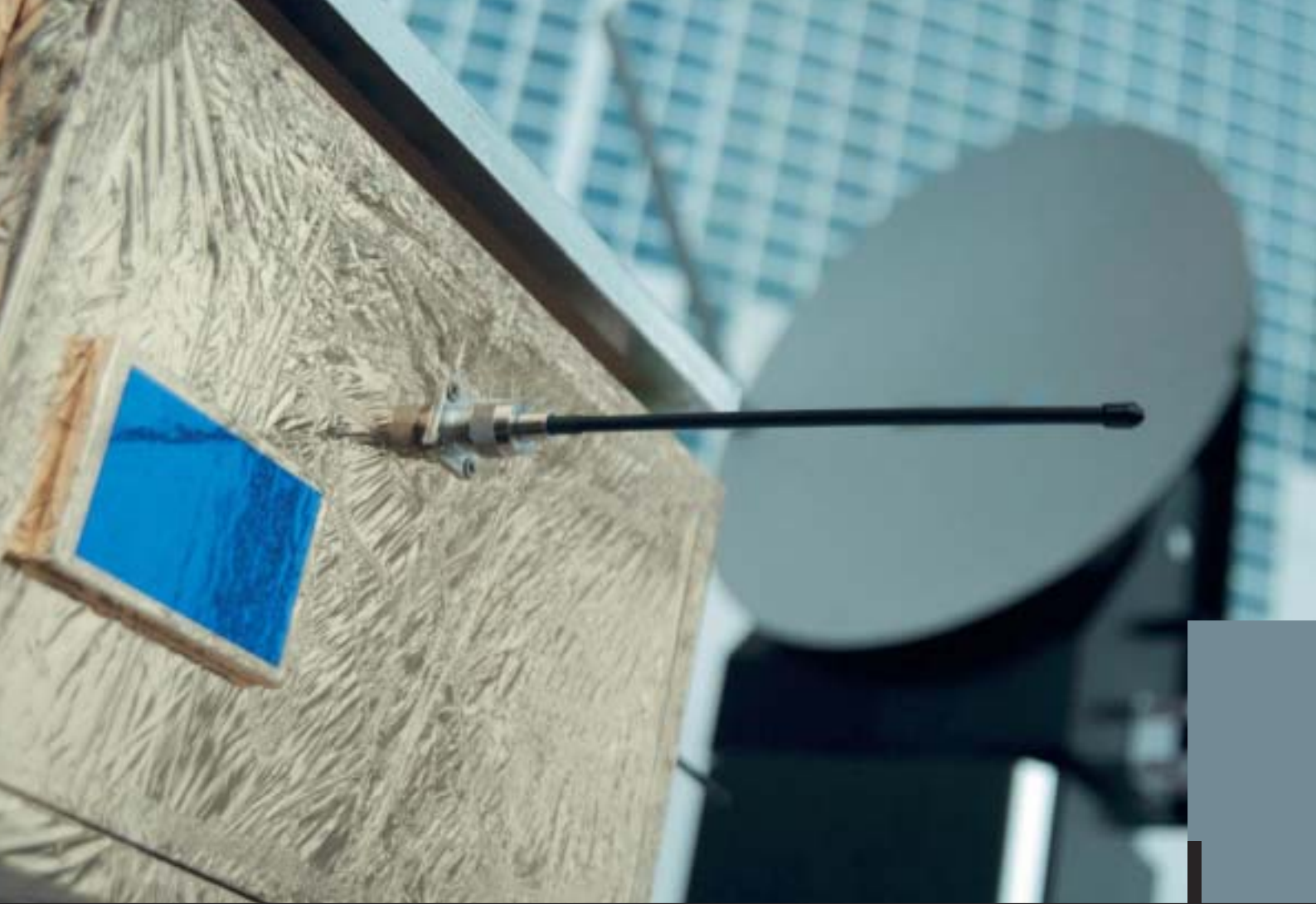
SPACE TECHNOLOGY + SECURITY

TELEMATICS

SATELLITE SERVICES

... BUSINESS UNITS





SPACE TECHNOLOGY + SECURITY



THE BROAD-BASED ABILITY TO MANAGE COMPLEX SYSTEMS MAKES OHB A UNIQUE SPECIALIST

Successfully bucking the trend as a systems manager

The Space Technology + Security business unit, OHB-Technology AG's oldest and largest segment, can rely on the twenty years of experience, knowledge and skills amassed by OHB-System AG. Whereas parts of the space industry are in a difficult position, OHB has been progressing steadily in the small satellite segment. This is because OHB is a unique systems provider possessing highly innovative skills and technological expertise in key strategic areas. Yet, its true specialization is its ability to manage complex technical systems on a broad basis.

Our skills lie in the development of complex space systems for small satellites, manned space flight as well as technology for security and reconnaissance applications. This is possible thanks to the flexibility and qualifications of our staff, 95 percent of whom are highly qualified scientists and engineers with access to a global network of partners and suppliers for handling projects to optimum effect.

One example of this is the SAR-Lupe project. OHB has been able to assemble the largest radar satellite syndicate including companies such as Alcatel Space, Tesat Spacecom, Saab Ericsson and many small to mid-size enterprises. This syndicate pools the best in European experience in subsystems for radar satellites. As a result, OHB's system skills have been combined with the specialist capabilities of technology companies who are the best of breed in their chosen areas.

PROJECT: SAR-LUPE

SAR-Lupe is a radar-based reconnaissance system consisting of five small satellites as well as a ground segment for receiving and evaluating image data. SAR-Lupe works day and night regardless of the weather and supplies immediate and highly detailed radar images of virtually any area of the earth. OHB is the main contractor for the development, construction, launch and 10-year operating period between 2002 and 2016.

BENEFITS AND POTENTIAL: SAR-Lupe is Germany's first satellite system for strategic reconnaissance. The system can be extended on a modular basis. The radar satellite product will be distributed as SAR Sat on a worldwide basis for other applications.

PARTNERS: BMVg and BWB (customer) as well as Alcatel Space, DLR GSOC, EADS Dornier, RST, RTG, Saab Ericsson Space, Tesat Spacecom, Thales as subcontractors



RADAR SATELLITES

PROJECT: E-SGA

The E-SGA study is to be used to "Europeanize the ground segment of SAR-Lupe". The ground segments of SAR-Lupe and the French optical reconnaissance system Helios II are to be used jointly as the core element of European-wide strategic reconnaissance operations. OHB is analyzing the technical aspects in need of modification and will be completing a budget and schedule by mid 2003.

BENEFITS AND POTENTIAL: Germany and France are laying the foundations for a European reconnaissance system. E-SGA marks the first step in this project. The results of the study will be used as a basis for procuring the extended German ground segment for handling international projects. The European partners will also require their own SAR-Lupe element in their ground stations for evaluating reconnaissance data.

PARTNERS: BMVg, BWB (customer), EADS Dornier (subcontractor)



RECONNAISSANCE SYSTEM

Yet, we do not re-invent the wheel time and time again. Rather, one of our strengths is our ability to find the most suitable and least expensive components on the world market and to integrate them to come up with innovative high-tech products in the course of our development work.

We fill any gaps in the global market with proprietary developments which are used as technological products for future missions. With this expertise, we are already serving the growing market for strategic military technologies and satellites very successfully.

Project work – not just a phase

A space project always comprises several phases which are managed by various industrial teams initially working in competition with each other. Each project poses unique demands and always involves new developments or modifications to existing technology.

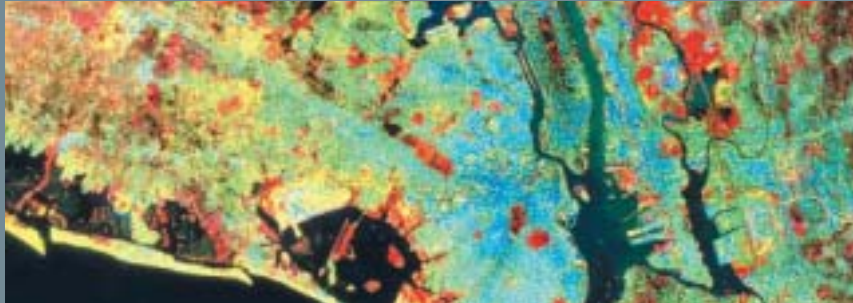
The period during which a feasibility study is conducted is known as Phase A. After it is completed successfully, it is followed by Phase B, during which the project design is defined and the project costs are budgeted. Upon the completion of this phase, during which various industrial teams work in competition with each

PROJECT: MSC FOR KOMPSAT-2

Kompsat-2 is an earth-observation satellite for the South Korean ministry of science and technology. A multispectral camera (MSC) will be generating high-resolution images for geographic information systems. OHB is scheduled to complete work on developing and constructing data transmission subsystems in spring 2003.

BENEFITS AND POTENTIAL: The channel-coding and encryption unit for transmitting quick and complex data from space is an OHB development. The system operates very reliably and quickly and can process large volumes of data. Thanks to its certified suitability for space, it is resistant to all environmental factors even including radiation. This also makes the system ideal for commercial and military applications.

PARTNERS: KARI, South Korea, elop Ltd., Israel (customer), as well as STS Schwerin and DSI Bremen as subcontractors

**DATA TRANSMISSION FOR MSC**

other, a decision is made on the quote to be used. Then comes Phase C/D, in which the ultimate configuration is fixed and the final product is designed, built, integrated and tested. Depending on the project, there may also be a Phase E encompassing system operation.

How everything began

OHB-System was established in 1982 following the acquisition of Otto Hydraulik Bremen by the Fuchs family. Within the space of two decades, the five-man company specializing in repairing hydraulic systems for the German armed forces has evolved into a group of companies employing some 290 highly trained specialists and playing a leading role in the European market for small satellites.

OHB is also a prominent player in the area of manned space flight. In fact, it is the only company to be involved in all the main research facilities of Columbus, the European contribution to the International Space Station ISS.

PROJECT: ENVISAT

Envisat, the largest European environmental satellite to date, has been orbiting the earth since March 2002 with the purpose of mapping the world's ecological systems. One of the objectives is to develop a three-dimensional CO₂ map of the atmosphere. OHB developed and built the entire mechanical ground support equipment, the central computer for the SCIAMACHY atmosphere measuring device and the cable systems for the MIPAS interferometer for Envisat.

BENEFITS AND POTENTIAL: The computer can be used in the same or similar configurations for other research missions. In addition, OHB has substantially extended its skills in the area of mechanical ground support equipment.

PARTNERS: ESA, British Aerospace and Astrium (customer)



ENVIRONMENTAL SATELLITE

PROJECT: EPM – European Physiology Modules

OHB is the main contractor for the development and construction of the EPM research unit for the European Columbus module of the International Space Station ISS. EPM will be fitted with research modules to examine the human-psychological effects of long-term stays in space. OHB's subsidiary STS is developing four medical devices for the Cardiolab module which will be monitoring astronauts' cardio-vascular systems.

BENEFITS AND POTENTIAL: The EPM experiments will produce findings which will help to understand phenomena such as aging, osteoporosis, balance problems or muscular atrophy. With EPM and Cardiolab, OHB is proving its skills in developing medical devices for space research and extending its technological foundations.

PARTNERS: ESA (customers), as well as STS Schwerin, EREMS, France and Verhaert, Belgium as subcontractors



SPACE MEDICINE

OHB has also been channeling its high-tech skills and knowledge into the growing market for security and reconnaissance applications with great success for a number of years. This culminated in the Company being awarded the contract for the first German satellite-based radar reconnaissance system SAR-Lupe, thus placing it ahead of its competitors.

A strong group

In the course of its history, OHB-System has acquired a number of strategic interests. In this way, the Group is able to internally handle large parts of the entire value chain of a project from the seed idea and the development, implementation and integration of the underlying technology to rocket construction and launches. We offer our clients all-in system solutions, allowing us to address a broad market and ensuring us of dynamic growth.

As part of its strategy to broaden its European footprint, the OHB Group acquired a 34 percent stake in electronics specialist ELTA S.A., Toulouse in October 2002. Established in 1975, ELTA is experienced in developing and constructing extremely robust electronics systems for aerospace and aeronautics and particularly specializes in technologies and equipment for collecting, measuring and transmitting data as well as for locating and controlling mobile assets. It thus

PROJECT: BIOLAB/EMCS

Biolab and EMCS are biological-research laboratories for use in space to study the effects of varying degrees of gravity on plants and small animals and their behavior. OHB developed and built the core centrifuges in 1997-2002. The rotors simulate varying degrees of gravity and additionally incorporate the life-support systems for the specimen animals and plants.

BENEFITS AND POTENTIAL: It is hoped that Biolab and EMCS will provide a greater insight into how biological processes work, e.g. by allowing models of vascular systems in plants or changes in cell growth to be examined under different gravity conditions. With these projects, OHB has again proven its competence in the development of life-support systems for biological research in space.

PARTNERS: **ESA and Astrium (customer)**

**BIOLOGICAL RESEARCH****PROJECT: ARDS/ BÜLAND**

ARDS/BüLAND is a revolutionary system for the radio-based transmission of aerial images compressing data virtually free of any loss. In this way, it is possible for high-resolution reconnaissance images (radar, infrared and optical) captured by air-borne scouting systems such as drones to be transferred securely over large distances. OHB will be developing the system until the end of 2005 and testing its efficiency in flight.

BENEFITS AND POTENTIAL: This project gives OHB the technological basis for data reduction and transmission applications for high-resolution reconnaissance images for use in future security systems.

PARTNERS: **BMVg, BWB (customer)**

**IMAGE DATA TRANSMISSION**

supplements the OHB Group's space technology and telematics activities to an equal extent. Thanks to ELTA's many years of successful work with leading companies and sectors, the OHB Group will now also be able to open up the important French market.

Working in conjunction with Astrium and ZARM-FAB, OHB is developing services for the future users of the International Space Station ISS and in 1998 established **Bremen Engineering Operation Science, or BEOS GmbH** for short, to this end. Customers will be receiving assistance from qualified BEOS engineers from the initial phase right through to the final results of the experiment.

The **STS Systemtechnik Schwerin GmbH** was incorporated in 1993 and is the OHB Group's specialist for the development of medical apparatus for use in space. Thus, STS has supplied various medical devices for Cardiolab, the joint German-French research laboratory for the International Space Station ISS.

A further focus of the Schwerin-based company's activities is the creation of highly specialized testing and ground stations for small satellites. To date, these have been developed for and integrated into numerous national and international satellite projects.

PROJECT: PICA/NODES

Between 1996 and the end of 2002, OHB developed and constructed the entire power, measuring and data cable systems for Columbus, the European research module for the International Space Station ISS as well as 10 km of electrical and around 1 km of fiber-optic wiring together with the secondary mechanical structures for Nodes 2 and 3 of the ISS. The nodes are the manned linking modules between the ISS laboratories.

BENEFITS AND POTENTIAL: With this project, OHB has once more demonstrated its ability to develop and integrate complex cable systems and mechanical structures for manned space flight.

PARTNERS: ESA, Astrium and Alenia Spazio, Italy (customer)



INTERNATIONAL SPACE STATION ISS

Via its share in **COSMOS International Satellitenstart GmbH**, OHB-System has access to the COSMOS 3M, the world's most successful two-stage rocket. In roughly 750 flights the Russian transportation system has achieved a success rate of 97.4 percent and can handle payloads of up to 1,500 kg in weight, making it the ideal launcher for small satellites. This relatively large capacity also allows COSMOS to carry several payloads, thereby helping to spread launching costs across multiple customers.

Focus on benefits

With its 20-year track record, OHB has amassed skills in numerous areas, making it a stable and valuable partner to the European space industry. Today, we are a Company which lead-manages complex projects and acts as subcontractor and subsystem supplier for large-scale projects.



WITH END-TO-END SOLUTIONS FOR LOGISTICS AND INDUSTRY, OHB IS THE MARKET AND TECHNOLOGY LEADER FOR COMMERCIAL TELEMATICS

Efficient solutions under a single roof

Traffic and logistics – two of the most important economic sectors – are increasingly being pervaded by telematics.

Telematics entails recording local mobile data, transmitting it on a near real-time basis to the customer and processing, evaluating and depicting it by means of intelligent solutions. Thus, to give a simple example, data on the current positions of a fleet of trucks, freight lists, loading and unloading processes, cargo hold temperatures etc. can be transmitted to the forwarding company's head office, allowing it to operate more efficiently and to keep track of all movements in a bid to improve its competitive position on a sustained basis. In the key commercial traffic telematics segment, the OHB Group is the European market and technology leader and plays a crucial role in setting the pace of this market. In addition to leading international logistics and industrial companies, its customer base increasingly also includes security agencies and organizations.

End-to-end competence

As the leading partner for telematic solutions for multimodal transportation, OHB is able to provide all-in end-to-end solutions from mobile equipment to communications facilities as well as the head-office applications comprising our client

PROJECT: TELEMATICS PLATFORM FOR RESCUE AND FIRE-FIGHTING SERVICES (OHB TELEDATA)

The one-year pilot project for implementing a telematics platform at the fire brigade in Frankfurt/M. will be completed at the end of 2003.

BENEFITS AND POTENTIAL: Mobile recording and automated transmission of various mission data ensure improved evaluation and, in the medium term, help to improve data quality for rescue services. The fire-fighting vehicles use the telematics system for vehicle positioning with integrated automatic and dynamic navigation functions. Building plans are transmitted to the onboard computers to enhance resource deployment at the site. It will also be possible to offer the platform to other law-enforcement agencies.

PARTNERS: Frankfurt/M. Fire Brigade (customer), HBS Software



FIRE FIGHTING VEHICLE

PROJECT: E-CARGO-SERVICE (TIMTEC TELDATRANS)

With "e-Cargo-Service", DB Cargo AG will be providing information services for locating, monitoring and optimizing the use of cargo wagons as of 2003.

BENEFITS AND POTENTIAL: The aim is to be able to offer high-quality service, e.g. by means of end-to-end transport tracking, notification of planned delivery dates, near-real-time proactive information on any deviations or likely duration of delays as well as immediately available information on the current transport status. At the same time, e-Cargo-Service forms the basis for securing and managing return freights abroad. Several tens of thousands of cargo wagons at DB Cargo alone are likely to be fitted with autarkic telematics systems over the next few years, where Timtec wants to contribute significantly.

PARTNERS: DB Cargo AG (customer)



OPTIMIZING TRANSPORTATION

servers and Internet solutions. This end-to-end competence for all main forms of land and water-based transportation is unique in Europe.

It is based on a group of potent companies engaged in telematics business under OHB Technology AG's roof: **OHb Teledata GmbH** develops and distributes solutions for efficient fleet and freight management, sector solutions for monitoring temperatures and non-central materials management. **Timtec Teldatrans GmbH** is a key supplier of autarkic telematics systems for combined and rail-based transportation. **megatel GmbH** supplements the range with its expertise focusing on geographic information systems such as electronic atlases as well as commercial web-based database solutions. **Telematic Solutions SpA** is a leading telematics company in Italy primarily offering security and theft-prevention products for a broad range of passenger vehicles alongside commercial telematics solutions. This is backed up by further monitoring systems such as the "FreeGuardian" mobile wireless camera monitoring system.

Projects, products and services

There is hardly another company possessing comparable skills in handling telematics projects for individual requirements. The knowledge which we develop for market release in these projects is transplanted successfully to standard applications targeted at a large number of users.

PROJECT: MAN TBM - TELEMATICS BOARD MODULE (OHB TELEDATA)

The on-board computer was developed to offer telematics services for MAN Nutzfahrzeuge. The factory-fitted system is integrated in the truck and transmits vehicle data (CAN bus) to users.

BENEFITS AND POTENTIAL: MAN TeleMatics lets customers optimize their logistic processes and manage their fleets more efficiently. All the functions required for this – from positioning and order management to technical deployment analysis – are integrated. The main advantages are more efficient management as well as reduced communication and fuel costs. With this successful joint venture with MAN, OHB has created the basis for developing business with other commercial vehicle producers and OEM partners.

PARTNERS: MAN Nutzfahrzeuge AG (customer)

**FLEET MANAGEMENT****PROJECT: XMOTION (OHB TELEDATA)**

OHB is responsible for defining the technical configuration and conducting field transportation-tracking trials in an EU-funded project for testing applications for new GPRS and UMTS communications services.

BENEFITS AND POTENTIAL: OHB will be adapting and extending its products for the GPRS and UMTS broadband networks as part of xMotion. The project focuses on video-aided online tracking (video streaming) of vehicles transporting cash and valuables. Broadband communications in conjunction with intelligent vehicle equipment will open up a new quality in the prosperous security management market.

PARTNERS: European Commission (customer), T-Systems Nova, T-Mobile, Microsoft, BIBA, IKOM, Land Bremen, Rosenbauer International, Kötter Security

**UMTS**

In addition to the TIPS (Tracking, Identification, Positioning, Security) family for tracking mobile assets and communicating with transporter crews and ATIS (Autarkic Telematics Information System) for unmanned transportation, this division is also responsible for developing and producing **on-board computers**, which many renowned vehicle producers (e.g. MAN Nutzfahrzeuge, Kögel Fahrzeugwerke and Fahrzeugwerk Bernard Krone) install on an OEM basis.

OHB offers Internet applications for monitoring and controlling mobile assets, tracking status and measuring data as well as individual routing and data transfers in line with our customers' specific needs. The "Hansestar" Internet portal is used for tracking ocean containers. "Teldatatrans" is the telematics service for trailers, land and construction machinery while "CargoView" is for rolling stock.

Economic advantages

OHB's projects, products and services are networked with each other in such a way that they afford our customers the greatest possible benefits.

It was with this aim in mind, for example, that a solution for optimizing plant logistics at BASF's chemicals factory in Ludwigshafen was developed. Strain on the infrastructure is reduced to a minimum, allowing transportation vehicles to be used far more efficiently. A telematics solution was developed for Brenntag

PROJECT: AMISAT (TELEMATIC SOLUTIONS)

An integrated telematics application has been developed for Italian company Grupo Filo Diretto's comprehensive insurance package. At the heart of this universal communications solution is an on-board computer specially designed for this project.

BENEFITS AND POTENTIAL: AMISAT offers the insured party full theft and hull insurance including various services related to private and business vehicle use. If necessary, the automatic positioning function can be activated or a voice link established with an emergency or towing service at the press of a button. In this way, the OHB Group has tapped potential allowing it to make a broad-based entry into the major passenger vehicle market for other insurers and countries as well.

PARTNERS: Grupo Filo Diretto (customer)



VEHICLE TRACKING

PROJECT: LOCATION OF T-PUNKT STORES (MEGATEL)

Development of a location-based service for Internet searches for T-Punkt stores was completed in 2002. The solution has been integrated in Deutsche Telekom's website.

BENEFITS AND POTENTIAL: The solution provides Deutsche Telekom customers with the option of an Internet-based search for the closest T-Punkt store throughout Germany. After entering the postcode or town and specifying a radius of between 5 and 30 km, the user is shown a map setting out the closest T-Punkt stores complete with address data and opening hours. Authorized Deutsche Telekom users can use the system independently on line to add new T-Punkt stores, to which the correct geo-positioning data is then automatically assigned.

PARTNERS: Deutsche Telekom AG (Customer)



GEO POSITIONING

GmbH, allowing a systematic flow of information from the receipt of orders to the invoicing stage of the transportation logistics chain. The functions which this offers can be used along the entire transport logistics chain.

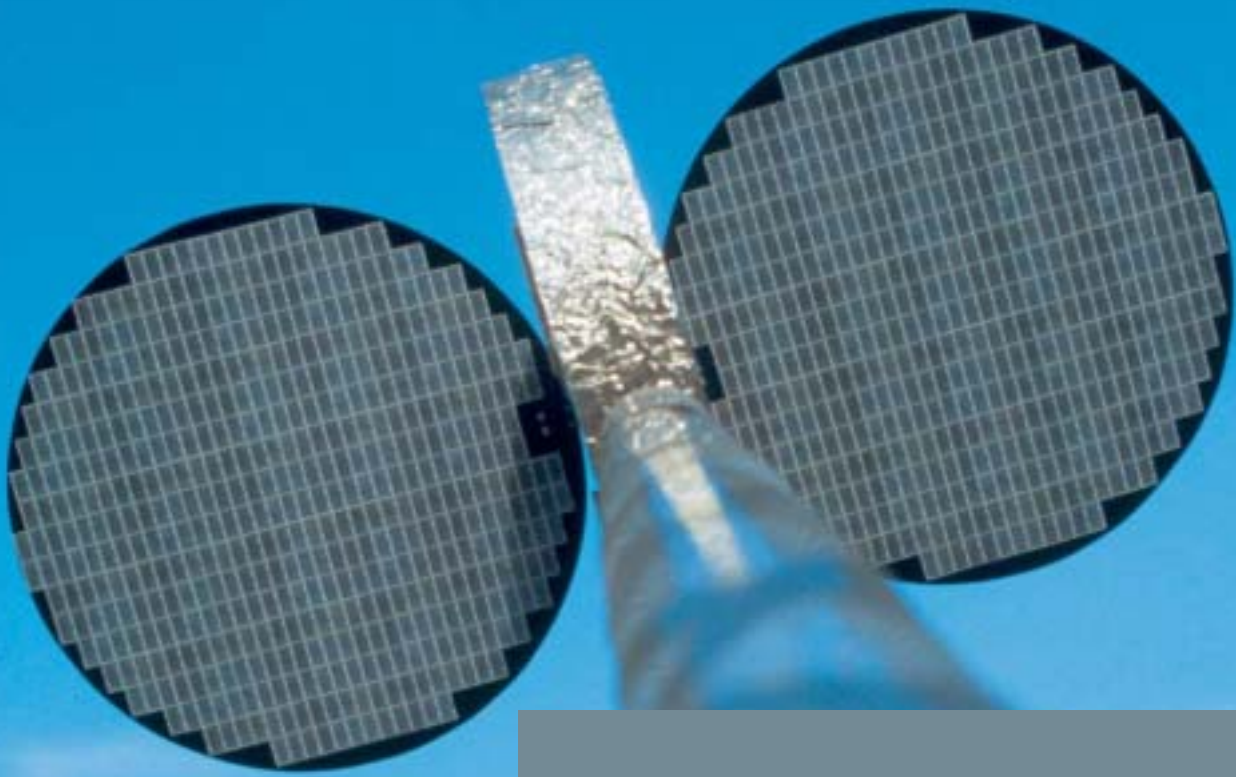
The benefits are considerable: Reduced communications, personnel and fuel costs enable small to mid-size companies to achieve savings of several hundreds of thousands of euros within the space of a few years.

As a telematics partner for the public sector, OHB handles research and development jobs for the EU and develops telematic solutions for government security agencies and organizations. To give one example, it supplied the German Federal Border Police with a fleet management system allowing near-real-time vehicle tracking via circuit switch data (CSD) in addition to standard SMS communications. This fleet management system is suitable for all public and private-sector security organizations.

Well positioned for the future

In both strategic and operative terms, we are well poised to give our customers competitive advantages and to support them in their internationalization strategies by providing innovative telematics solutions. In this way, we will also be able to further extend our technological leadership in the future.





SATELLITE SERVICES

ORBCOMM: Inexpensive communications around the world

Global telecommunications solutions require a non-wireline infrastructure which is both efficient and inexpensive and available where other services are not. OHB is able to offer this service via its share in the globe-spanning ORBCOMM satellite communications system, allowing our customers to benefit from the added flexibility of global use of our telematics solutions.

The ORBCOMM system can be used all over the world including in places where there is no GSM coverage. Moreover, in markets such as the United States, South America and also Asia, where there is no uniform broad-based GSM network, ORBCOMM provides an inexpensive alternative to conventional mobile communications for logistics companies.

Currently comprising 30 low-earth-orbit (LEO) satellites, ORBCOMM is a bi-directional satellite communications system for wireless e-mail communications spanning the globe. It is a near real-time system transmitting at low data rates. OHB acquired a stake in the US operating company as well as a 50 percent share in ORBCOMM Europe LLC in 2002. As a result, OHB is in the highly attractive position of being able to operate and market these satellite services in Europe on an exclusive basis.

GLOBAL TELEMATICS REQUIRE TIGHTLY MESHED COMMUNICATIONS NETWORKS: ORBCOMM WORKS INEXPENSIVELY AND RELIABLY IN PLACES WHERE OTHER SERVICES ARE NOT AVAILABLE



TANK MONITORING

**PROJECT: UTILITYEYE TANK
MONITORING SYSTEM**

The system is used for remote monitoring of private and commercial gas and oil tanks. Data on the levels of oil and gas suppliers' tanks is transmitted via the ORBCOMM satellite system.

BENEFITS AND POTENTIAL: The availability of current data on tank levels facilitates the entire delivery process. Utilities and producers of industrial gases are able to harness substantial savings potential thanks to inexpensive, secure and swift satellite communications regardless of tank locations. Accordingly, the use of the ORBCOMM satellite system permits the global marketing of these systems.

PARTNERS: International LPG Distributor (customer), Andronics, ORBCOMM Europe

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MANAGEMENT REPORT AND FURTHER INFORMATION

**MANAGEMENT REPORT
OH B TECHNOLOGY STOCK
REPORT BY THE SUPERVISORY BOARD
CORPORATE GOVERNANCE**

MANAGEMENT REPORT FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2002 AND ENDING DECEMBER 31, 2002

2002 was the most successful year in the OHB Group's corporate history. With total revenues of approx. EUR 78.867 million and earnings of EUR 0.23 per share, the Group expanded more than five-fold over the previous year.

This growth was underpinned by the successful amalgamation of OHB-System AG's space technology and security activities with the "old" OHB Teledata AG's telematics business. In order to achieve this, OHB Teledata AG acquired all the shares in OHB-System AG in a non-cash capital increase in 2002, spun off its operative telematics business to a new company called OHB Teledata GmbH and then renamed itself OHB Technology AG.

The Group is engaged in three areas of business under the roof of the restructured OHB Technology AG. Together with its smaller subsidiaries as well as its interest held in ELTA S.A., Toulouse, OHB-System AG operates in the space technology and security segment. OHB Teledata GmbH, Timtec Teldatrans GmbH, megatel GmbH and Telematic Solutions SpA, Milan, cover telematics business. The third area of activity – satellite services – is handled by ORBCOMM Deutschland AG as well as via the equity interests in ORBCOMM LLC, and ORBCOMM Europe LLC. However, as it makes only a marginal contribution to the Group's total revenues and earnings, it is combined with the Telematics business unit for segment reporting purposes.

SECTOR AND MARKET SITUATION

Space Technology + Security

The setting against which the Space Technology + Security business unit engages in its activities has recently been characterized by divergent trends.

On the one hand, a new market has emerged in Germany as a result of demand for satellite systems for military applications. After being awarded the contract to develop the SAR-Lupe reconnaissance system in 2001, thus gaining a leading market position in Germany in this area, OHB-System AG expects to be invited to lodge a bid for a military satellite communications system in 2003. OHB will be bidding for this project as part of a strong syndicate.

On a European level, the planned Galileo satellite-aided navigation system also harbors the possibility of a new and sustained market for the European satellite industry. Here, OHB-System AG will be seeking a share of this business via a large syndicate. However, a final political decision in favor of this program has not yet been made.

On the other hand, the global satellite industry has recently experienced considerable setbacks in connection with commercial communications satellites. The same thing has also applied to the European carrier rocket segment over the past few months. As OHB is not significantly engaged in either of these two areas, it has not felt the effects of these trends.

Turning to the area of manned space flight, the loss of the Columbia space shuttle on February 1, 2003 will in all likelihood result in delays in the further development of the International Space Station ISS. Pending the resumption of space shuttle flights, the ISS will be largely serviced by Russian carrier rockets. This will have virtually no effect on business for the European Space Agency (ESA) as development and construction of the European contribution to the ISS have already progressed far and will continue unchanged. The market situation for ESA research satellites is characterized by long-term stable budgets. Future satellite missions are currently being examined and selected in what are known as "Phase A" studies. OHB is involved in a series of these studies – as lead manager in some cases or as a syndicate member in others.

Telematics

Following preliminary signs of recovery in the market for telematics solutions in the first quarter, we were faced with the realization that the trough had not yet been overcome. The weak state of the economy in Germany precipitated substantial cuts in capital spending. Moreover, our customers in the logistics sector were faced with lower cargo volumes. These two factors together placed a sizeable damper on capital spending both within Germany and internationally.

What is more, there is uncertainty on the part of forwarders and carriers in Germany ahead of the introduction of a toll system on September 1, 2003. This not only involves commercial ramifications. The announcement that telematic value-added services are to be offered in addition to the toll-pay-

ment function has reinforced our customers' "wait-and-see" stance. At this stage, it is not possible to say when the toll system consortium will receive permission to offer such value-added services. OHB also plans to offer telematics devices with a toll-payment function and is already engaged in talks in this connection.

Commercial vehicle manufacturers want to fit telematics devices on an OEM basis and use telematics services to improve customer-bonding effects. We expect this to spur foreign business in particular. Demand for sophisticated customized solutions from OHB in the form of projects will also remain strong.

The security agencies and organizations customer group is of particular interest to us in spite of the current tight public-sector budgets as these bodies are seeking to update their communications facilities to incorporate the latest technological developments, optimize their logistics and, thus, enhance the transparency of their operations. OHB is one of the few companies to develop and have already implemented special solutions for this market.

TOTAL REVENUES BY BUSINESS UNIT	
EUR 000	2002
Space Technology + Security	68,167
Telematics	15,034
Consolidation	-4,334
Total	78,867

SALES AND TOTAL REVENUES

On the whole, the OHB Technology Group exceeded its own forecasts last fiscal year. Consolidated total revenues came to EUR 78.867 million (previous year: EUR 15.025 million) and sales to EUR 67.961 million (previous year: EUR 12.439 million), equivalent to an increase of over 400 % over the previous year. This sharp increase is primarily due to the integration of the Space Technology + Security business unit.

Non-consolidated total revenues came to EUR 68.167 million in the Space Technology + Security business unit and EUR 15.034 million in the Telematics business unit. Non-consolidated sales stood at EUR 59.201 million in the Space Technology + Security business unit and EUR 12.246 million in the Telematics business unit. The figures for the Satellite Services business unit are included in those for the Telematics business unit.

Given the first-time consolidation of OHB-System and its subsidiaries, the comparison of the previous year's figures in the following section provides only a limited guide in some cases.

SPACE TECHNOLOGY + SECURITY

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

Total revenues before consolidation came to EUR 68.167 million, with sales standing at EUR 59.201 million.

The largest single project at the moment, SAR-Lupe, is currently progressing better than expected. In the first twelve months of the project, the subcontracts have been awarded and components subject to long delivery periods procured. The critical design review in conjunction with the German Federal Office for Defense Technology and Procurement was completed successfully, as was testing of the technologically sophisticated traveling wave tube for generating the radar impulse in December 2000.

The Federal Republic of Germany has signed an agreement with France providing for a joint European reconnaissance satellite system to be developed on the basis of the SAR-Lupe and French Helios programs. In this connection, OHB-System signed a contract in October 2002 with the German Federal Office for Defense Technology and Procurement concerning Phase I of the Europeanization of the SAR-Lupe project. The necessary studies were commenced under the auspices of OHB-System in a preliminary step to create a joint system comprising the SAR-Lupe satellites (radar images) and the Helios II satellites (optical images). Following the completion of the studies, the program is to be implemented at the end of 2003.

The second main long-term project concerns the European Physiology Modules (EPM) for the International Space Station ISS, with which research is to be conducted into the effects of extended stays in space on human physiology. Work on this project is proceeding according to schedule, with the critical design review now completed.

In the period under review, OHB won the ESA tender for the European Transport Carrier (ETC) for transporting sensitive scientific apparatus and samples to the International Space Station ISS. Development work has recently commenced. Thanks to the ETC, OHB-System will be able to further extend its share in operation and utilization business with the ISS even after the completion of development activities.

TELEMATICS

As in earlier years, tailored solutions for our demanding customers made a key contribution to Telematics business unit in 2002 again. The Telematics business unit posted non-consolidated total revenues of EUR 15.034 million (previous year: EUR 15.025 million).

Thanks to our technological skills and capabilities, we were able to migrate our solutions to other types of applications, something which will contribute to the medium and long-term stabilization of sales and revenues.

Thus, for example, an agreement was entered into with BASF concerning a project for optimizing logistics at that company's Ludwigshafen plant. For the first time, a new data transmission method superior to the previous SMS process in both terms of costs and data transmission capacities will be deployed. OHB Teledata sees this project as paving the way for further optimization of large-scale production plants of the type used in the chemicals industry. However,

other sectors which stand to gain from delivery and sales optimization have also expressed strong interest in such a telematics network. Thus, it is now possible for a leading producer of rescue vehicles to collect operating data from all around the world using an OHB solution to support maintenance and repair work.

In the public-sector customer group, a project for equipping a unit of the German Federal Border Police with telematics solutions was completed in the year under review. In this project, OHB Teledata implemented a fleet management system for the first time allowing not only standard SMS communications but also near real-time vehicle tracking via CSD (online tracking). The successful completion of this project marks the first phase in the transition to GPRS and UMTS solutions for OHB Teledata. Under an EU project, an order was received for UMTS solutions for the audiovisual monitoring of transportation of cash and valuables. This accentuates the fact that the scope of possible uses of commercial telematics is far from being exhausted. Further evidence of this can be seen in a special project commissioned by the City of Frankfurt fire brigade under which OHB is to develop three prototypes specially tailored to meet the fire brigade's needs.

During the period under review, further development work on the TIPS products continued at an intensive pace. The standardized interface (TIPS Connector) now makes it possible to link a wide variety of different software products for the forwarding industry with TIPS in a further step to heighten these products' appeal to our customers.

Work on extending the product range and, hence, also the potential for individual uses was stepped up. Examples include the integration of new cartographic material in TIPS 4.1 as well as the launch of a new CAN bus on-board computer, the BC11.

Even so, sales volumes in this business unit failed to live up to expectations in 2002. We assume that business with commercial vehicle producers and other OEM partners in particular will make a significant contribution to growth in this segment as of 2003/2004.

Following the pooling and centralization of telematics services for road and rail applications, the synergistic benefits are now gradually beginning to unleash their expected effects, boosting our efficiency.

megatel GmbH is systematically extending its operations. In addition to an order for the production of a web-based company register for DeTeMedien, megatel GmbH is also engaged in developing the Berlin yellow pages directory for the Internet including data hosting.

Developed by Timtec Teldatrans, the Intelligent Data Management System (IDM) was unveiled at the IAA commercial vehicles show in September 2002: Wherever location information is not available via GPS - e.g. in halls or loading terminals - these gaps are

filled by reference to a location database. This database is continuously updated and extended via the telematics systems in use.

ORDER BOOKS

Order books increased substantially in value in 2002 over the previous year, coming to EUR 262.128 million on December 31, 2002. Of this, the Space Technology + Security business unit accounted for EUR 255.042 million. The final contractual services in connection with the largest single project – SAR-Lupe – are scheduled for performance in 2016. Other orders have durations of up to 3 years.

EARNINGS

OHB Technology's earnings matched expectations in 2002. Consolidated net income came to EUR 3.409 million in 2002, up from EUR 0.322 million in the previous year. Similarly, earnings per share stood at EUR 0.23 in the year under review, an increase from EUR 0.04 in 2001. Earnings before interest and tax (EBIT) came to around EUR 3.706 million in the year under review (previous year: EUR 0.452 million).

With non-consolidated EBIT of EUR 4.718 million, the Space Technology + Security business unit made a disproportionately large contribution to earnings. In contrast

EBIT BY BUSINESS UNIT	
EUR 000	2002
Space Technology + Security	4,718
Telematics	-670
Consolidation	-342
Total	3,706

BALANCE SHEET STRUCTURE		
EUR 000	2002	2001
Medium and long term assets	15,802	4,502
Current assets	67,319	27,095
Deferred taxes	2,576	0
Prepaid expenses	284	18
Assets	85,981	31,615
Shareholders' equity	34,622	27,965
Provisions	4,153	333
Liabilities	46,936	3,317
Prepaid expenses	270	0
Liabilities and shareholders' equity	85,981	31,615

to last year, however, the Telematics business unit posted a loss at the EBIT level of EUR 0.670 million (previous year: EBIT of EUR 0.452 million).

OHB Technology posted net financial result of EUR 0.155 million due to its holdings of cash and cash equivalents.

OHB Technology AG carries a net loss of EUR 4,448,276.96 on its financial statements compiled in accordance with German GAAP (HGB). This is primarily due to costs incurred in connection with the stock-market flotation and the non-cash capital increase.

ASSETS AND FINANCIAL CONDITION

Total assets expanded by EUR 54.366 million to EUR 85.981 million. This increase as well as the changes in the other balance-sheet items were primarily due to the first-time consolidation of the Space Technology + Security business unit.

Consolidated capital spending came to EUR 21.071 million. We spent EUR 7.600 million on operating and business equipment.

Orders in progress increased ten-fold over the previous year to EUR 27.948 million. This was offset on the liabilities side by advance payments of EUR 23.278 million received for orders.

Cash and cash equivalents rose from EUR 9.081 million in the previous year to EUR 15.558 million.

The equity of EUR 34.622 million equals 40.3 % of the total assets and covers fixed assets by a factor of 2.2. After deducting the advance payments from inventories, resulting in a corresponding reduction in total assets, the equity ratio stands at 55.2 %.

PERSONNEL STRUCTURE		
	2002	2001
Development, system engineering	160	72
Hardware production, mechanics, service	45	16
Sales, project management	46	18
Administration and system administration	32	18
Quality management	9	1
Total	292	125

STAFF AND STAFF WELFARE

The OHB Technology Group had a year-end headcount of 292 (previous year: 125).

In connection with Group restructuring, Prof. Manfred Fuchs joined OHB Technology AG's Management Board. At the same time, Mrs. Christa Fuchs retired from the Management Board of OHB-System and assumed the office of chairwoman of OHB Technology AG's Supervisory Board. OHB Technology AG's structures were streamlined in the autumn of the year under review.

The exchange of employees within the Group not only improved capacity utilization and enhanced the transfer of knowledge but also heightened communications amongst staff. The Management Board is committed on a permanent basis to implementing further steps to optimize the Group's structure.

ENVIRONMENTAL MANAGEMENT

The main development, production, distribution and system-management processes for space, environmental, information and communications technologies are:

- offers
- preliminary development/
main development
- procurement
- production
- integration/assembly
- storage, dispatch, transportation

None of these processes involve the use of hazardous substances and materials necessitating compliance with the ISO 14001 standard. General consumables as well as special waste, e.g. metallic substances, are disposed of in a controlled manner subject to standard contracts with external waste management companies or are recycled.

In addition, special environmental compatibility analyses are performed for projects in which hazardous substances are required for operating purposes by way of exception.

RESEARCH AND DEVELOPMENT

In addition to project development work for customers, the Group is also engaged in free research and development activities. Research and development costs totaled EUR 4.423 million. Of this, development costs of EUR 3.339 million were capitalized as assets. The non-capitalized research and

development costs entailed expenditure of EUR 1.084 million on general research and development activities.

The focus was on enhancing technology for LEO and geostationary satellites. In this connection, the new target is to develop small geostationary satellites for research and telecommunications.

Research and development expenditure in the Space Technology + Security business unit comprises free research and development activities targeted at strengthening operations and preparing for future technologies as well as proprietary developments in government-funded research projects. The bulk of research and development tasks is financed using funds which OHB-System receives from various institutions such as the European Union, the German Federal Government or the State of Bremen. These research and development projects are funded at a rate equaling a certain percentage of the total costs pursuant to prevailing EU law. The share of funding provided by the institution in question ranges between 35 % and 75 % depending on the market proximity of the subsidized project.

The Telematics business unit develops its standard products within the framework of specific customer projects as well as on an independent basis. Development costs are primarily carried as project development costs.

SUBSIDIARIES AND PARTNERSHIP VENTURES

The transfer of OHB-System AG's capital to OHB Teledata AG was completed on June 27, 2002 with the entry of this transaction in the companies register. The non-cash capital contribution was completed on a one-for-

one basis. To achieve this ratio, 2.0854875 OHB Teledata AG shares per OHB-System AG share were issued to the existing shareholders of OHB-System AG. After the legal amalgamation of OHB-System AG and OHB Teledata AG, the new space technology and telematics group adopted the name OHB Technology AG on November 1, 2002.

The two legacy shareholders of megatel GmbH exercised the first level of their put options, causing the stake held by OHB Technology in this company to rise from 51.2 % to 63,3 % on January 1, 2002.

In the interests of further advancing its growth, OHB Technology increased its 33.3 % share in Teldatrans GmbH to 100 % on April 1, 2002 (with retroactive commercial effect as of January 1, 2002), simultaneously taking over the core activities of Timtec Telematic GmbH (Lünen) in a bid to enhance its skills and expertise in commercial telematics for combined and rail-based cargo transportation. Customers are now able to acquire manual and autarkic telematics from a single supplier. In this way, the OHB Group is reinforcing its claim to technological leadership in the area of commercial telematics.

Hansestar GmbH became a 100 % subsidiary of the OHB Group on October 1, 2002, after which it was renamed OHB Teledata GmbH. Looking forward, this company will be responsible for operative telematics business in Bremen.

In the year under review, the internationalization of the OHB Group was systematically continued with the acquisition of a 34 % stake in ELTA S.A., a French specialist in high-performance electronics. The purchase and sale contract provides for call options allowing the share to be increased to 66 % in 2003 and 2004.

SUPERVISION AND TRANSPARENCY

OHB Technology's Management Board permanently monitors the Group's operating, market and financial risks. It is integrated in material business and capital spending decision-making processes.

All supplies and services are invoiced in euro. Customers' payment practices are monitored closely to minimize the risk of defaults.

Offer-calculation and project-management controlling activities were further extended, with particular attention paid to large projects. As the Space Technology + Security business unit primarily works for public-sector customers, costs are checked and monitored pursuant to public-sector pricing regulations. Supplier monitoring was intensified in an attempt to assess operating and technical risks more effectively and to respond accordingly.

A quality management system has been implemented for the main Group companies attaching particular attention to risk management. This risk management system is to be introduced at all the Group companies step by step.

The Management Board regularly tracks and analyzes trends and developments in the sector, the market and the overall economy, attaching particular importance in this respect to direct contacts with customers and suppliers.

In the light of current market perspectives and the outlook for business as well as the financial situation, the Management Board considers the risks to be small.

RELATED PARTIES REPORT

The Management Board has compiled a related parties report pursuant to Article 312 of the German Joint Stock Companies Act examined and approved as part of the audit of the annual financial statements in

view of the fact that the Fuchs family effectively holds a controlling position over the Group and its direct and indirect subsidiaries.

The Management Board declares as follows in this related parties report: "No transactions or measures of disadvantage to the Company as defined in Article 312 of the German Joint Stock Companies Act have been engaged in."

OUTLOOK

The OHB Technology Group will remain on its growth course in fiscal 2003, with revenues and total sales growing by substantial double-digit rates. Total revenues are expected to exceed the EUR 100 million mark and earnings per share will also rise sharply.

Key new business being sought in 2003 concerns the implementation of the SAR-Lupe/Helios II reconnaissance system as well as the marketing of the SAR Sat satellites to allied countries. In addition, the Management Board hopes to receive an invitation to lodge a bid for Stage 2 of the SatcomBw military communications satellite project in the summer or autumn of this year. OHB will be bidding for this project in a strong syndicate.

Pending the solution of the remaining political problems, work on implementing the Galileo program, which has already been given a fundamental go-ahead, will commence in 2003. Further promising talks have been held concerning additional orders in connection with this large-scale project, which entails a separate European satellite navigation system to complete with the current quasi monopoly of the US GPS system.

This spring, the European Space Agency ESA will be awarding contracts for Phase A of the SWARM satellite project, an array of small satellites for examining the earth's magnetic field.

To sum up, the Management Board is very confident of being able to garner significant new business in the satellite area.

The success of the SAR-Lupe project will continue to be of prime importance. Thus, the task at hand will be to systematically build on the excellent work of the past few months by completing key milestones.

In the manned spaced flight segment, key projects such as EPM, Nodes 3 and the Fluid Science Lab for conducting research into the transportation of materials and energy as well as into the surface phenomena of liquids and gases under gravity-free conditions are nearing completion. In all three projects, OHB has been able to solve complex technical and programming challenges to the satisfaction of its customers. It is now a question of garnering follow-up orders in this segment such as the recent orders for ETC, the Biolab trainer and the flyweel, a workout device for astronauts. The full impact of the Columbia crash on the construction and operation of the International Space Station ISS will emerge as the year progresses. We expect our C.E.B.A.S program, the largest space aquarium for conducting research into the sense of balance under gravity-free conditions, to be further enhanced and used for research purposes in the next two years.

The Space Technology + Security business unit is heavily exposed to the state of the budgets of its public-sector customers. Accordingly, for competition-related reasons there is no guarantee that individual contracts will be awarded to the OHB Group either in terms of the planned volume or schedule.

Turning to the Telematics business unit, we will be seeking to extend product business with commercial vehicle producers and other OEM partners. The Management Board expects this distribution channel to enable larger volumes to be sold on a sustained basis. The introduction of road tolls entails both opportunities and risks. On the one hand, it may contribute to a breakthrough in telematics for commercial vehicles in volume terms. On the other hand, however, the possibility of the toll system syndicate offering telematics services may hinder competition.

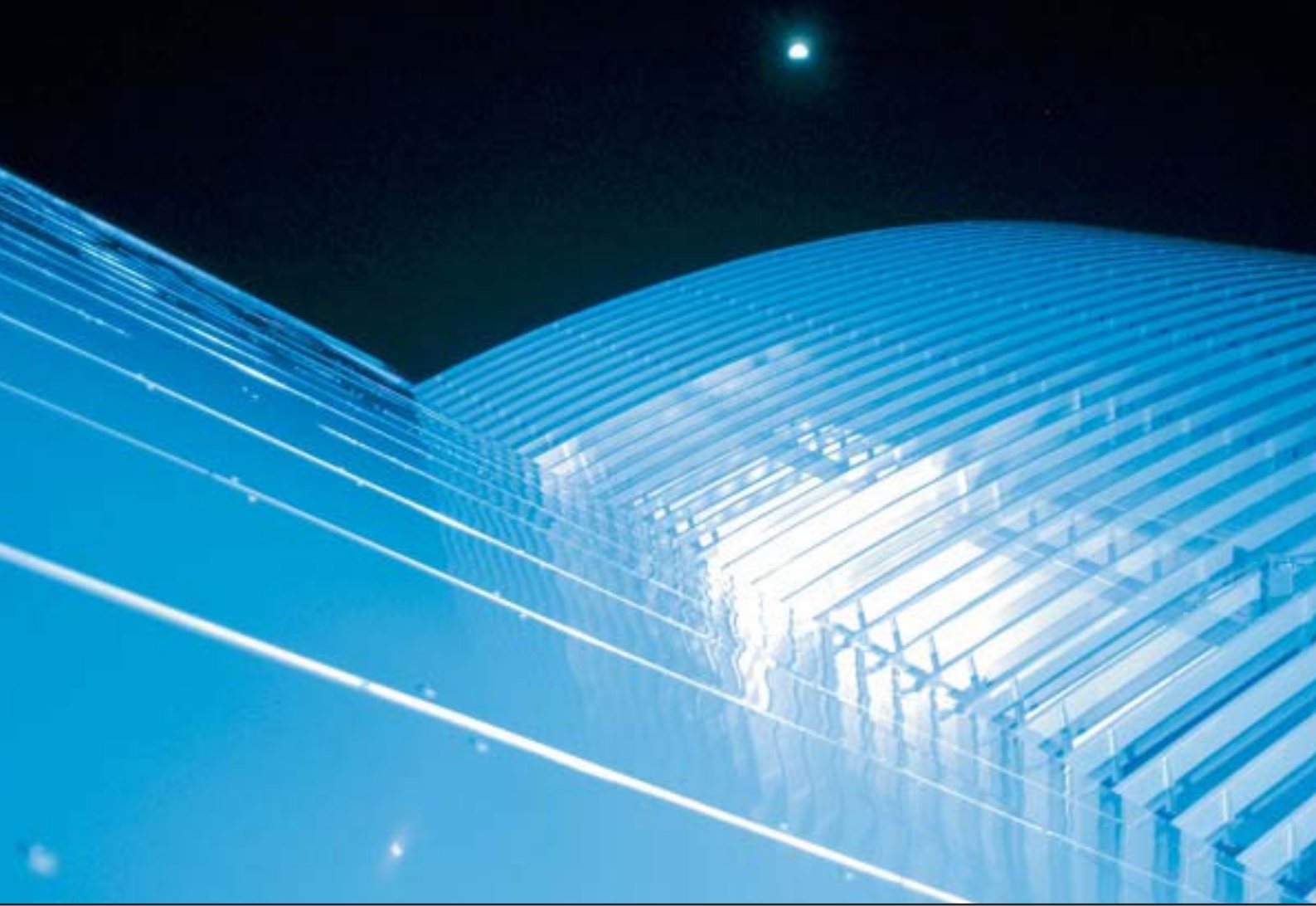
With respect to public-sector telematics customers, the Group will be attempting to harness further synergistic benefits from business with the German federal armed forces for the benefit of activities for security agencies and organizations.

In their joint activities, it will be increasingly important for the telematics subsidiaries to collaborate even more closely and efficiently in the development of products and provision of services.

Turning to the ORBCOMM satellite services, the goal is clear: To ensure a further steady rise in customer numbers.

There are currently no plans for any new corporate acquisitions in 2003. Appealing openings are scrutinized in a critical decision-making process. Otherwise, the Management Board assumes that increases in existing equity interests may offer some appeal.

OHB Technology AG's solid financial position offers a strong basis for strengthening the Group in the face of the current general difficulties. OHB stands to emerge strengthened from possible future consolidation in the European space industry.



EXTENDING OUR HORIZON: IT IS WORTH VIEWING THINGS FROM DIFFERENT
DAY-TO-DAY BENEFITS. OHB TECHNOLOGY AG IS THE FIRST LISTED GERMAN





ANGLES IN ORDER TO DEVELOP SOLUTIONS OFFERING DECISIVE SPACE AND TECHNOLOGY COMPANY.



**PERFORMANCE OF
OHB TECHNOLOGY STOCK**

In the year under review, the performance of OHB Technology stock was affected by the protracted bear market on the one hand and the integration of OHB System and its subsidiaries on the other.

Although it closed the year almost 27 % down, the stock still managed to substantially outperform the benchmark NEMAX All Share Index, which lost 63 %, and the DAX, which fell by 44 % in 2002. The Management Board is convinced that the announcement in March 2002 of the non-cash capital increase made a key contribution to our stock's relative outperformance. On the last day of 2002, OHB Technology stock traded at EUR 3.15. The high for the year was EUR 6.20 and the low for the year EUR 2.70 (daily closing prices).

In spite of the stock's outperformance relative to the broad market, OHB's Management Board is, of course, not satisfied with how the stock has fared as it has not

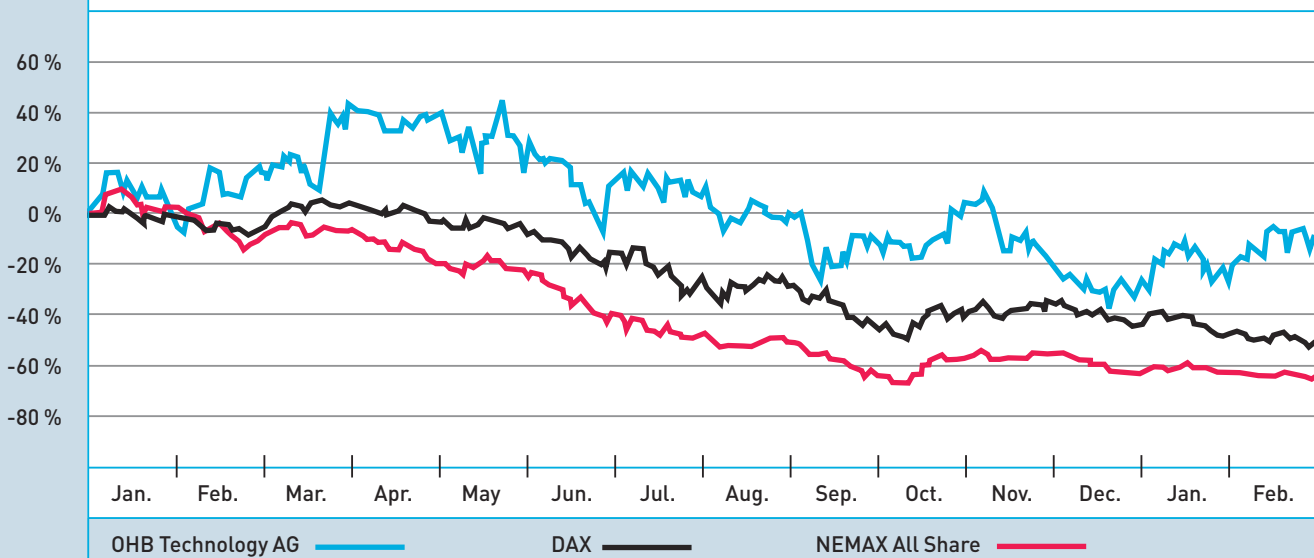
yet been possible to a sufficient degree to convert the OHB Group's operative successes into demand for our stock.

The integration of OHB System and its subsidiaries gave rise to the first listed German space and technology company. At the same time, the number of shares was doubled to 14,928,096 in conjunction with substantial changes to the shareholder structure. The free float now stands at around 27 %, while the Fuchs family's pooled voting rights account for the remaining 73 % or so. OHB Technology AG held treasury stock of a further 50,000 shares (0.33 %) as of the balance-sheet date.

Our investor relations activities attach key importance to providing objective and reliable information as well as proper reporting in the interests of heightening transparency and openness and strengthening investor confidence.

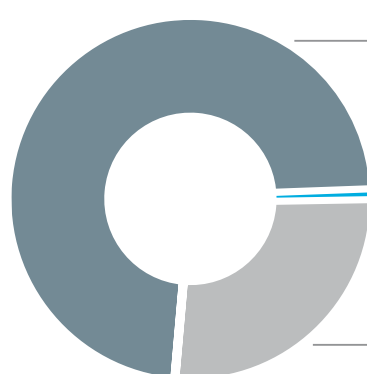
COMPARATIVE PERFORMANCE OF OHB TECHNOLOGY STOCK

January 1, 2002 - February 28, 2003



SHAREHOLDER STRUCTURE OF OHB TECHNOLOGY AG

Effective December 31, 2002



73.02 %

Fuchs family voting pool (10.900.223 shares)

0.33 %

OHB Technology AG (50.000 shares)

26.65 %

Free float (3.977.873 shares)

Intensive communications with the financial press resulted in favorable reporting, with financial analysts consistently upbeat in their assessment of our Company. As well as this, members of the Management Board as well as our staff held numerous group and one-on-one talks with shareholders and other interested parties.

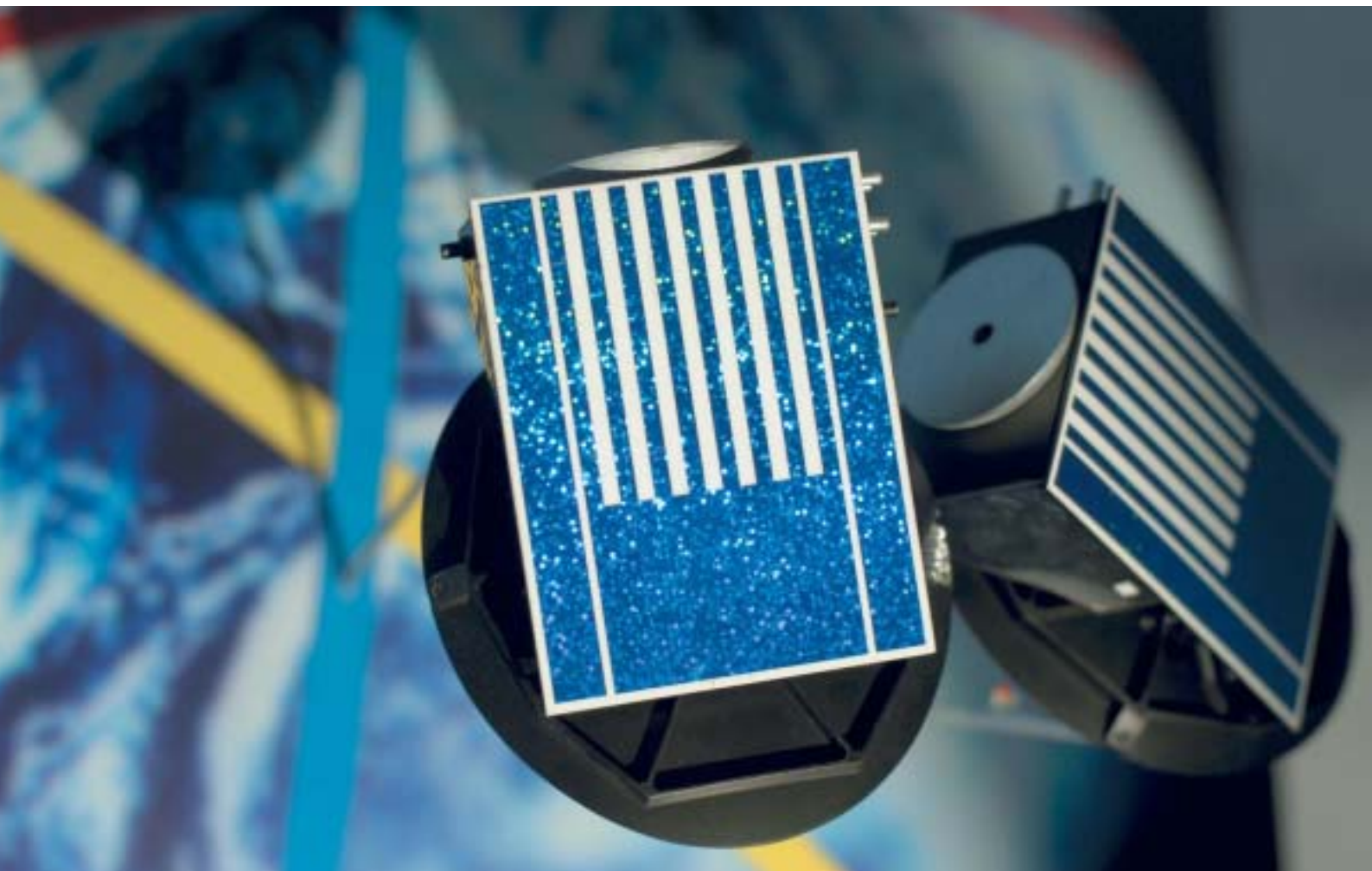
DZ Bank was named our designated sponsor on January 1, 2003. As a result, we are hopeful of achieving improved access to private investors in particular.

The Management Board welcomes Deutsche Börse AG's new index segmentation. OHB-Technology was one of the first stocks to be admitted to the new prime standard. Our medium term goal is to achieve a listing in the TecDax.

On February 24, 2003, the Management Board began acting on the authorization granted by the shareholders at the annual general meeting held on May 22, 2002 by buying back the Company's own stock.

THE STOCK AT A GLANCE

Securities code number	593612	Share price at the end of 2001	EUR 4.29
ISIN	DE0005936124	Share price at the end of 2002	EUR 3.15
Ticker	OHB	High in 2002	EUR 6.20
Trading segment	Prime Standard	Low in 2002	EUR 2.70
Designated Sponsor	DZ BANK AG	Share price on February 28, 2002	EUR 3.90
Share capital	EUR 14,928,096	Earnings per share	EUR 0.23
Share type	No-par-value ordinary bearer shares	Average daily trading volume in units in Frankfurt (Xetra + floor) in 2002	11,544





Christa Fuchs,
Chairwoman of the
Supervisory Board

In fiscal 2002, the Supervisory Board held four meetings at which it discussed the Company's condition and performance, its business forecasts and business policy in detail. To this end, both strategic and key operational issues were dealt with at length. In addition, there was a regular exchange of information between the members of the Supervisory Board and the Management Board outside the meetings.

The Supervisory Board complied with the duties imposed on it by the Company's articles of association and monitored the activities of the Management Board, devoting particular attention to the non-cash capital increase and the related restructuring of the Group. Further key issues of interest to the Supervisory Board included acquisitions to enlarge the Group as well as strategically important orders.

At the Supervisory Board's meeting of November 12, 2002, the members of the Management Board and the Supervisory Board discussed in detail the ramifications of Article 161 of the German Joint Stock Companies Act, which provides for the observance of the German Corporate Governance Code. In this connection, OHB Technology AG has declared its conformity with the German Corporate Governance Code.

At the meeting held on March 24, 2003, the auditors BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft, Hamburg, presented their report on the financial statements and consolidated financial statements for the year ending December 31, 2002 and the Group management report, which they had audited and deemed to be in compliance with the relevant statutory provisions.

The auditors from BDO were available to the Management Board and the Supervisory Board throughout the entire year to answer any questions.

The Supervisory Board conducted its own examination of the financial statements and the management report as well as the consolidated financial statements and the Group management report and found no grounds for any objections.

The Supervisory Board approves the auditors' report as well as the financial statements, management report, consolidated financial statements and the Group management report, which are therefore deemed to have been adopted.

The Related Parties Report compiled by the Management Board was audited by BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft, Hamburg and given the following unqualified audit certificate:

"Having examined and assessed the Related Parties Report in accordance with our duties, we hereby confirm that 1. the facts stated in the report are correct, 2. the Company's transactions as detailed in the Report were not unreasonably high."

The Supervisory Board has raised no objections after its own examination and therefore approves the Related Parties Report compiled by the Management Board.

On June 27, 2002, Prof. Manfred Fuchs retired from the Supervisory Board to adopt a position on the Company's Management Board. As a replacement member, Mrs. Christa Fuchs automatically became a member of the Supervisory Board and was elected Chairwoman of the Supervisory Board on June 28, 2002. At the same time, she retired from the Management Board of OHB System AG.

The Supervisory Board wishes to thank the Management Board and all employees for the work performed in fiscal 2002.

Christa Fuchs

IN FEBRUARY 2002, THE GOVERNMENT COMMISSION APPOINTED BY THE GERMAN FEDERAL JUSTICE MINISTRY UNVEILED THE GERMAN CORPORATE GOVERNANCE CODE.

This Code comprises key statutory regulations governing the management and supervision of listed German companies and complies with international and national standards concerning responsible and value-oriented corporate governance.

The Corporate Governance Code comprises three different types of regulations:

- Binding statutory regulations
- Recommendations
- Suggestions

Only the statutory provisions are binding and are therefore outside the scope of this declaration of conformity. The recommendations are covered by the declaration. However, companies are obliged to disclose any non-compliance with these. There is no obligation to disclose any deviations from suggestions.

OHB Technology AG welcomes the German Corporate Governance Code and its legally binding nature. The Management Board and the Supervisory Board of OHB Technology AG declare that the Company already conforms with the recommendations of the Corporate Governance Code Commission appointed by the German Federal Government and will continue to do so in the future.

DECLARATION OF CONFORMITY

BY OHB TECHNOLOGY AG

PURSUANT TO ARTICLE 161 OF

THE GERMAN JOINT-STOCK

COMPANIES ACT CONCERNING

THE GERMAN CORPORATE

GOVERNANCE CODE

OHB Technology AG deviates from the principles of the German Corporate Governance Code in only a small number of points:

Formation of committees (5.3)

The German Corporate Governance Code recommends the formation of suitably qualified committees. OHB Technology AG has not formed any committees on account of the small number of members on its Supervisory Board (three).

Independence of Supervisory Board members (5.4.1)

The German Corporate Governance Code recommends taking precautions to ensure that members of the Supervisory Board are sufficiently independent. OHB Technology is of crucial importance for the Fuchs family. The fact that Mrs. Christa Fuchs chairs the Supervisory Board does particular justice to the supervisory function. In this connection, greater importance was attached to her many years of experience and extensive knowledge than the desirability for greater independence.

Age limits for the Management Board and the Supervisory Board (5.4.1. and 5.1.2)

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

Board as this would limit the availability of suitable Management Board members for appointment by the Supervisory Board.

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

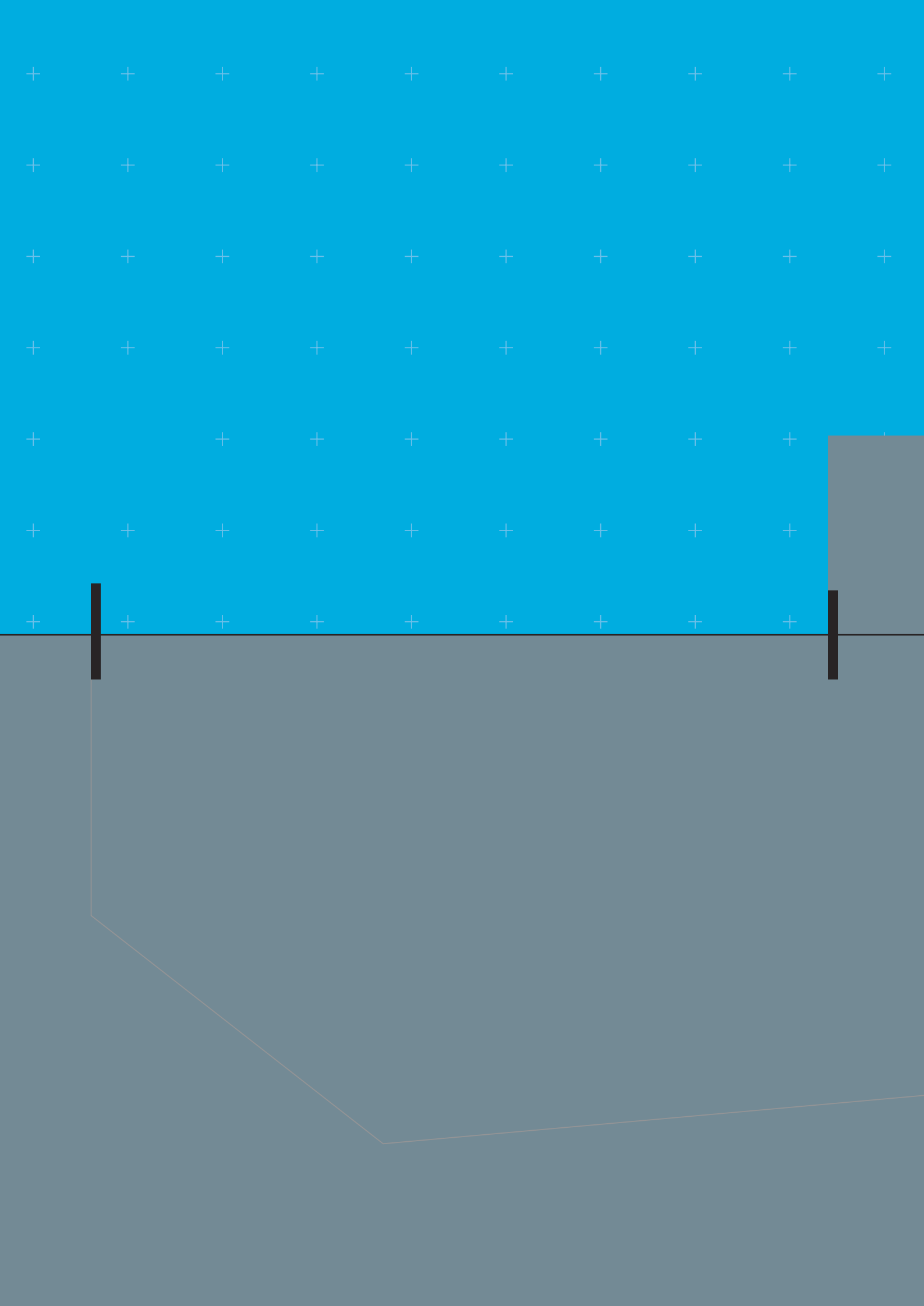
The German Corporate Governance Code recommends compensating the deputy chairman of the Supervisory Board. OHB Technology AG does not think that this person's commitment would be improved by such an arrangement. Accordingly, the Company's bylaws do not provide for any particular compensation for the deputy chairman of the Supervisory Board.

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

The German Corporate Governance Code recommends paying the members of the Supervisory Board performance-related compensation in addition to a fixed component. OHB Technology AG's bylaws do not provide for any performance-related compensation for members of the Supervisory Board.

Management Board and Supervisory Board of OHB Technology AG

Bremen, December 2002



CONSOLIDATED FINANCIAL STATEMENTS OF OHB TECHNOLOGY AG

**CONSOLIDATED FINANCIAL STATEMENTS
NOTES
AUDITOR'S CERTIFICATE
CALENDAR OF EVENTS/CONTACTS**

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET		EUR 000	12/31/2002	12/31/2001
Assets	see Notes			
A. Medium- and long-term assets				
I. Goodwill	(1)	2,905	1,151	
II. Intangible assets	(2)	6,594	1,490	
III. Property, plant and equipment	(3)	3,063	350	
IV. Financial assets	(4)	3,240	1,511	
		15,802	4,502	
B. Current assets				
I. Inventories	(5)	30,140	4,306	
II. Trade receivables	(6)	21,621	13,708	
III. Cash and cash equivalents		15,558	9,081	
		67,319	27,095	
C. Deferred tax assets	(7)	2,576	0	
D. Prepaid expenses		284	18	
Total assets		85,981	31,615	
Equity and liabilities	see Notes			
A. Equity	(8)			
I. Subscribed capital		14,928	7,464	
II. Share premium		14,771	19,043	
III. Treasury stock		-193	-193	
IV. Accumulated profit/loss		3,780	371	
		33,286	26,685	
V. Minority interests		1,336	1,280	
		34,622	27,965	
B. Provisions	(9)	4,153	333	
C. Liabilities	(10)	46,936	3,317	
D. Prepaid expenses	(11)	270	0	
Total equity and liabilities		85,981	31,615	

CONSOLIDATED INCOME STATEMENT		12/31/2002	12/31/2001
EUR 000	see Notes		
1. Sales	(12)	67,961	12,439
2. Changes in inventories of finished goods and work in progress	(13)	6,188	1,047
3. Other own work capitalized	(14)	2,560	1,201
4. Other operating income	(15)	2,158	338
Total revenues	(16)	78,867	15,025
5. Cost of materials	(17)	51,026	7,442
6. Personnel expenses	(18)	16,023	5,054
7. Depreciation and amortization	(19)	1,625	290
8. Other operating expenses	(20)	6,487	1,787
9. Operating earnings/EBIT		3,706	452
10. Net financial income	(21)	370	710
11. Interest expenditure		215	43
12. Investment income	(22)	158	-325
13. Earnings before income taxes (and minority interests) EBT		4,019	794
14. Income tax	(23)	442	168
15. Other tax		0	5
16. Net income/loss		3,577	621
17. Minority interests	(24)	-168	-299
18. Consolidated net income after minority interests		3,409	322
19. Profit/loss carry forward		371	49
20. Accumulated profit/loss		3,780	371

Consolidated Financial Statements

CONSOLIDATED CASH FLOW STATEMENT	2002	2001
EUR 000		
Operating earning	3,706	452
Income taxes paid	-442	-168
Depreciation/amortization	1,625	290
Gross cash flow	4,889	574
Increase (-)/decrease (+) in own work capitalized	-2,560	-1,201
Increase (-)/decrease (+) in inventories	-25,833	-3,156
Increase (-)/decrease (+) in receivables and other assets including deferred items	-7,913	-12,225
Increase (+)/decrease (-) in liabilities and short-term accruals	23,478	2,554
Increase (+)/decrease (-) in down payments received	23,091	0
Net cash from operating activities	10,263	-14,028
Acquisition of medium- and long-term assets and goodwill	-11,526	-57
Proceeds from the sale of medium- and long-term assets	0	5
Interest and other investment income	370	710
Net cash from investing activities	-11,156	658
Payments from shareholder	3,191	24,150
Payment of IPO costs	-1,084	-2,807
Increase in financial liabilities	645	0
Minority interests	-56	-1,280
Interest and other investment payments	-215	-43
Net cash from financing activities	2,481	20,020
Decrease/increase in cash and cash equivalents	6,477	7,224
Currency translation	9,081	1,857
Cash and cash equivalents at end of period	15,558	9,081

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	
EUR 000	
Shareholders' equity January 1, 2002	27,965
Increase in subscribed capital due to takeover of shares in OHB-System AG	7,464
Netting of costs of non-cash capital increase with share premium with no effect on income statement	-1,084
Treasury stock	0
Consolidated net income 2002	3,409
Goodwill in OHB-System AG netted with share premium	-2,257
Consolidation of an Internet portal by OHB Teledata GmbH (previously HANSESTAR GmbH) prior to entering group with no effect on income statement	-1,993
Deferred tax assets formed with no effect on income statement for Hansestar Internet-Portal (see above)	950
Minority interests in 2002	168
Shareholders' equity December 31, 2002	34,622

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF ASSET MOVEMENTS			Acquisition costs		
for the period January 1 to December 31, 2002	1/1/2002	Additions first- time consolidation	Additions	Disposals	12/31/2002
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
I. Goodwill	1,202	2,080	625	785	3,122
II. Intangible assets					
Concessions and industrial rights	332	252	302	407	479
Software acquired	122	943	162	97	1,130
Software generated	1,197	2,606	2,549	0	6,352
III. Property, plant and equipment					
Other plant and operating and business equipment	722	6,330	1,270	777	7,545
IV. Investments					
Equity interests in associated companies	0	57	0	0	57
Equity investments	1,398	0	859	1,398	859
Other Investments	438	1,509	1,529	1,152	2,324
Total	5,411	13,777	7,296	4,616	21,868

Cumulative depreciation					Book values	
1/1/2002	Additions first- time consolidation	Additions	Disposals	12/31/2002	12/31/2002	12/31/2001
EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
50	0	167	0	217	2,905	1,151
3	117	37	106	51	428	330
74	375	125	46	528	602	48
85	263	440	0	788	5,564	1,112
372	3,696	856	442	4,482	3,063	350
0	0	0	0	0	57	0
325	0	0	325	0	859	1,073
0	0	0	0	0	2,324	438
909	4,451	1,625	919	6,066	15,802	4,502

GROUP NOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS

At their annual general meeting held on May 22, 2002, the shareholders of OHB Teledata AG passed a resolution to rename the Company OHB Technology AG. This resolution was entered in the companies register on November 1, 2002. Only the Company's new name, i.e. OHB Technology AG, is used in these Notes.

The Company's head office is located at Universitätsallee 29, 28359 Bremen, Germany. OHB Technology AG exercises the function of a holding company within the OHB Group. The Group is primarily engaged in the production and distribution of products and projects as well as the provision of high-technology services particularly in the areas of telematics, space and aeronautic technology and satellite services.

Principles and methods

The consolidated financial statements correctly depict the economic condition of the Company and the Group. The consolidated financial statements have been compiled in accordance with the International Accounting Standards (IAS) prevailing on the date of the balance sheet in the light of the interpretations of the Standing Interpretations Committee (SIC). German GAAP (HGB) differs from IAS in a number of material aspects. Any deviations between German GAAP and IAS are explained under the individual items of the balance sheet and the income statement.

In addition to the income statement and the balance sheet, the Group compiles a cash flow statement, a statement of equity

movements and a consolidated statement of asset movements. Segment reporting as well as the declaration pursuant to Article 161 of the Joint Stock Companies Act (Corporate Governance Code) are also included in the Notes.

Various items of the balance sheet and the income statement have been combined in the interests of heightened clarity. The breakdown of these items is set out and described separately in the Notes.

The income statement was compiled using the cost of production method.

Consolidation methods

All material subsidiaries under the legal or effective control of OHB Technology AG have been consolidated.

With respect to financial assets, shares are carried at their cost of acquisition plus writeups. In the case of companies consolidated at equity, the share carried includes the profit/loss attributable to the share in question.

Any excess of the cost of acquisition over the fair value of the net assets is recognized as an asset pursuant to IAS 22.41. Any negative goodwill is deducted from the goodwill items. The negative goodwill arising from first-time consolidation of the OHB Teledata GmbH continues to be carried as of the balance sheet date.

CONSOLIDATION PERIMETER					
Name of company	Earnings on ordinary activity in 2002 EUR 000	Share held %	Prorated share capital EUR 000	Prorated equity EUR 000	Consolidation
Telematic Solutions, SpA, Mailand (I)	354	51.0	765	1,431	fully consolidated
OHB Teledata GmbH, Bremen (D)	-174	100.0	153	6,173	fully consolidated
megatel Informations- und Kommunikationssysteme GmbH, Bremen (D)	144	63.3	260	429	fully consolidated
Timtec Teldatrans GmbH, Lünen (D)	-373	100.0	150	-237	fully consolidated
OHB-System AG, Bremen (D)	4,447	100.0	3,579	7,969	fully consolidated
STS Systemtechnik Schwerin GmbH, Schwerin (D)	124	100.0	26	208	fully consolidated
ORBCOMM Deutschland AG, Bremen (D)	-2	100.0	50	96	fully consolidated
ELTA S.A., Toulouse (F)	325	34.0	884	861	at equity

Consolidation perimeter

OHB Technology AG's consolidated financial statements include OHB Technology AG as well as six domestic and one foreign subsidiary and a further foreign equity interest carried at equity.

To simplify matters, shares acquired or increased during the year under review are consolidated as of January 1, 2002 on account of the retroactive effect of the underlying contracts.

The table of consolidation perimeter sets out these subsidiaries and companies in which equity interests are held together with the size of the share, prorated equity and their consolidation status.

In addition, equity interests were held in other companies (see table of further equity interests on the next page).

These companies were not included in the consolidation perimeter in accordance with the IAS principle of materiality.

The Company's financial assets also include investments in other companies (see table of investments on the next page).

FURTHER EQUITY INTERESTS

Name of company	Share held %	Pro rata value of shares EUR 000
Diana Burlak International Satellitenstart GmbH, Bremen (D)	100.0	19
OHB Marine Technologies GmbH, Bremen (D)	100.0	25
Cosmos International Satellitenstart GmbH, Bremen (D)	50.0	13
Technikom Polska LLC, Wilmington (USA)	33.3	159

INVESTMENTS

Name of company	Share held %	Pro rata value of shares EUR 000
ORBCOMM LLC, Dulles (USA)	15.4	1,973
ATB GmbH, Bremen (D)	5.0	26
BEOS GmbH, Bremen (D)	12.0	60
Intospace GmbH, Hannover (D)	0.6	1
Navigate Consortium, Mailand (I)	10.0	103

On March 20, 2002, the Company entered into a capital contribution and post-formation agreement with all the shareholders of OHB-System AG in return for the issue of new shares effective January 1, 2002. The contributing shareholders received 2.0854875 shares in OHB Technology AG for every share in OHB-System AG contributed. This translates into a ratio of 1:1 between OHB-System AG and the accepting company. Among other things, the validity of the post-formation agreement was subject to the condition precedent of the Company's shareholders approving the transaction. At their annual general meeting held on May 22, 2002, the shareholders duly approved the post-formation agreement. The capital contribution and post-formation agreement of March 20, 2002 took effect upon being entered in the companies register on June 27, 2002.

OHB Technology AG has held 100 % of the share capital of Teldatrans GmbH,

Münster since January 1, 2002. On April 1, 2002, Teldatrans GmbH acquired all of the Telematics business unit's technical and commercial expertise, information services as well as the related customer base held by Timtec Telematik GmbH, upon which it was renamed Timtec Teldatrans GmbH and moved its domicile to Lünen.

In 2002, OHB Technology acquired a 34 % stake in ELTA S.A., Toulouse with retro-active effect as of January 1, 2002. ELTA S.A. is primarily engaged in developing and constructing extremely robust electronics systems for aerospace and aeronautics and particularly specializes in technologies and equipment for collecting, measuring and transmitting data as well as for locating and controlling mobile assets. The purchase and sale contract also provides for OHB Technology to exercise call options in 2003 and 2004 to increase its share by a total of a further 32 % of the shares.

Following the approval granted by the shareholders at the annual general meeting on May 22, 2002, OHB Technology AG entered into a profit transfer agreement on November 11, 2002 with OHB-System AG for the period commencing on January 1, 2002 and ending on December 31, 2007. This profit transfer agreement was entered in the companies register on December 3, 2002.

The two co-shareholders of megatel Informations- und Kommunikationssysteme GmbH (hereinafter referred to as megatel GmbH) exercised two put options for 12.1 % of that company's capital in a contract dated September 2001 effective January 1, 2002. Accordingly, the Company held 63.3 % in megatel GmbH on the balance sheet date.

The purchase and sale agreement concerning megatel GmbH grants the two co-shareholders further put options for 11.6 % of the shares, exercise of which is contingent upon certain contractual sales and earnings targets being reached in 2002. This results in an accumulative purchase price of a maximum of EUR 373,000.

Effective January 1, 2002, OHB Technology AG acquired the remaining 50 % stake in the share capital of HANSESTAR Logistik- und Verfolgungssystem für den Seeverkehr GmbH, Bremen amounting to EUR 153,387.57 and is now the sole shareholder. It has since been renamed OHB Teledata GmbH.

On September 20, 2002, OHB-System AG signed with the approval of the shareholders profit transfer agreements with ORBCOMM Deutschland AG and STS Systemtechnik Schwerin GmbH for a period commencing on January 1, 2002 and ending on December 31, 2007. These profit transfer agreements were entered in the companies register on December 2, 2002 and December 17, 2002.

The share in ORBCOMM LLC directly acquired from ORBCOMM Holdings LCC was increased by USD 200,000 on February 19, 2002. In the further course of the year, OHB Technology AG granted ORBCOMM LLC loans totaling USD 1,037,000. Of this amount, a sum of USD 637,000 was converted to an equity stake in Orbcomm LLC on November 15, 2002. The balance of USD 400,000 plus interest is securitized in the form of a subordinated convertible secured note issued by ORBCOMM LLC on November 15, 2002. The share in ORBCOMM LLC directly and indirectly held by OHB Technology AG on December 31, 2002 stood at 15.4 %. This includes direct shares as well as those held via ORBCOMM Deutschland AG, ORBCOMM Holdings LLC and ORBCOMM Asset Holdings Ltd. In addition, there is the above-mentioned subordinated convertible secured note, which counts towards the share held.

Related parties disclosure.

The related parties as defined in IAS 24 are Mrs. Christa Fuchs, Prof. Manfred Fuchs and Marco R. Fuchs.

The following companies are related parties:

- OHB Grundstücksgesellschaft Achterstraße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft Kitzbühler Straße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft Universitätsallee GmbH & Co. KG, Bremen
- Carlo Gavazzi Space SpA, Mailand

Christa Fuchs, Bremen, informed the Company that her share of the voting rights in OHB Technology AG, Bremen exceeded the 50 % threshold on June 27, 2002 and currently stands at 73.00 %. Of these, 59.15 % are assigned to her pursuant to Article 22 (2) of the German Securities Trading Act and of this percentage a share of 33.51 % pursuant to Article 22 (1) No. 1 of the German Securities Trading Act.

Prof. Manfred Fuchs, Bremen, informed the Company that his share of the voting rights in OHB Technology AG, Bremen exceeded the 50 % threshold on June 27, 2002 and currently stands at 73.00 %. Of these, 50.07 % are assigned to him pursuant to Article 22 (2) of the German Securities Trading Act and of this percentage a share of 33.51 % pursuant to Article 22 (1) No. 1 of the German Securities Trading Act.

Marco R. Fuchs, Lilienthal, informed the Company that his share of the voting rights in OHB Technology AG, Bremen exceeded the 50 % threshold on June 27, 2002 and currently stands at 73.00 %. Of these, 70.29 % are assigned to him pursuant to Article 22 (2) of the German Securities Trading Act and of this percentage a share of 33.51 % pursuant to Article 22 (1) No. 1 of the German Securities Trading Act.

Under the terms of the capital contribution and post-formation agreement of March 20, 2002, OHB Technology AG, Bremen, and Mrs. Christa Fuchs, Prof. Manfred Fuchs and Telemondo GmbH, i.e. the legacy shareholders of OHB-System AG, Bremen, agreed to transfer the shares in OHB-System AG to OHB Technology AG in the form of a non-cash capital increase.

OHB Technology AG and the legacy shareholders of OHB-System AG agreed on the following contribution ratio: 2.0854875 shares in OHB Technology AG with dividend entitlement as of January 1, 2002 were granted for every share in OHB-System AG with dividend entitlement as of January 1, 2002. The legacy shareholders of OHB-System AG contributed 3,579,043 OHB-System AG shares with a notional nominal value of EUR 1.00 each in return for the issue of 7,464,048 new no-par value bearer shares in OHB Technology AG with a notional

nominal value of EUR 1.00 each and with dividend entitlement as of January 1, 2002.

The audit of the non-cash capital contribution produced the following results:

“The disclosures made in the Supervisory Board’s post-formation report concerning the non-cash capital contribution and the issue amount for the shares to be granted and accepted are correct and complete.

The consideration to be furnished by the Company for the non-cash capital contribution is reasonable as the value of the non-cash capital contribution is at least as high as the value of the shares to be issued as consideration thereof.”

As the Fuchs family effectively exerts control over the Company via direct and indirect holdings, the Management Board has compiled a related parties report pursuant to Article 312 of the German Joint Stock Companies Act (AktG), which was audited and approved during the auditing of the annual financial statements.

In this related parties report, the Management Board makes the following declaration: “No transactions or activities impairing the Company’s interests pursuant to Article 312 of the Joint Stock Companies Act have been engaged in.”

Currency conversion

All outgoing invoices are denominated in euro.

Incoming invoices denominated in a foreign currency are converted and placed on the books on the balance sheet date.

Accounting and valuation methods

Comparison figures for the previous year have been dispensed with in some cases as the consolidation of OHB-System AG for the first time has given rise to substantial changes, meaning that comparison figures offer little guide.

EXPLANATIONS ON THE CONSOLIDATED BALANCE SHEET**(1) Goodwill**

The balance sheet for the year ending December 31, 2002 includes goodwill of EUR 2.905 million (see goodwill table).

Pursuant to a contract dated March 20, 2002, OHB-System AG acquired the material business activities and brand-name rights of Telemondo GmbH, Bremen. No goodwill arose in connection with ELTA S.A. following the deduction of acquisition costs and pro-rated equity.

(2) Intangible assets

Intangible assets acquired from third parties primarily comprise software programs and licenses. These are written down on a straight-line basis over a period of between 3 and 6 years.

Development expenses are recognized as assets pursuant to IAS 38 if a new project or process can be clearly delineated, is technically feasible and is available for own use or sale. Moreover, the development expenses must with sufficient likelihood be covered by future financial inflows. They are recognized on the basis of the production costs incurred, primarily development hours in fiscal 2002 multiplied by the applicable hourly rate and written down on a straight-line basis over the expected useful life of between 3 and 6 years. Depreciation/amortization charges on tangible and intangible assets are carried under depreciation/amortization. Unrestricted ownership rights are held for intangible assets. No liens have been granted as collateral for liabilities.

GOODWILL	EUR 000
Goodwill from the transfer of Telemondo GmbH's business operations from the single-entity accounts for OHB-System AG	7 30
Goodwill from capital consolidation of:	
STS Systemtechnik Schwerin GmbH	6 32
Timtec Teldatrans GmbH	1 30
ORBCOMM Deutschland AG	6 22
Telematic Solutions SpA	8 99
megatel GmbH	4 12
Negative goodwill from the capital consolidation of OHB Teledata GmbH, recognized as an asset pursuant to IAS 22	- 5 20
Total	2,905

Research and development costs came to EUR 4.423 million. Of this, development costs of EUR 3.33 million were capitalized. Non-capitalized costs came to EUR 1.084 million.

(3) Property, plant and equipment

Additions in the fiscal year under review primarily entailed technical/electronic laboratory equipment, hardware, office furniture and minor-value assets. Assets classed as property, plant and equipment are carried at cost less scheduled depreciation over their expected useful lives on a straight-line basis. Subsequent expenditure on assets which does not increase their value or materially extend their useful lives is expensed. Material additions and improvements are recognized as assets. Disposals are reflected in historical acquisition costs as well as accumulative depreciation. Profit and loss from the disposal of assets are carried as other operating income/expenses. Assets subject to wear and tear with an acquisition cost of less than EUR 410.00 are written off in full in the year of acquisition for materiality reasons.

Property, plant and equipment are written down over periods of between 3 and 15 years.

There are unrestricted ownership rights to assets classed as property, plant and equipment. No liens have been granted as collateral for liabilities.

(4) Financial assets

Financial assets were carried at their cost of acquisition on the basis of their assumed value.

SCHEDULE DEPRECIATION/AMORTIZATION PERIODS FOR MEDIUM- AND LONG-TERM ASSETS	
	Years
Goodwill	15 - 20
Concessions and commercial property rights	4 - 10
Software	3 - 6
Buildings and improvements	8 - 14
Operating and office equipment	3 - 15
Motor vehicles	3 - 4

INVENTORIES		
EUR 000	2002	2001
Work in progress	27,948	2,740
Finished goods	2,192	1,566
Total	30,140	4,306

RECEIVABLES AND OTHER ASSETS		
EUR 000	2002	2001
Trade receivables	18,263	6,382
Receivables from related parties	545	6,674
Receivables from affiliated companies	311	0
Receivables from associated companies	856	0
Other assets	1,646	652
Total	21,621	13,708

(5) Inventories

Raw materials and supplies are recognized at the lesser of their acquisition/production or market value on the balance sheet date.

The percentage-of-completion method provided for in IAS 11 was applied allowing for reasonable discounts on the basis of a true and fair view to allow for unexpected future risks as it was possible to calculate the partial profit with adequate precision on the basis of the percentage of completion. Long-term projects in progress on the balance sheet date (durations of 1–15 years) are recognized as assets on the basis of production costs plus administrative overhead costs provided that a partial profit can be estimated with a reasonable degree of reliability. Partial profits were recognized in other projects using generally accepted principles.

Projects for which partial profits of EUR 57.425 million have been recognized are carried under revenues pursuant to IAS 11. The corresponding construction costs of EUR 44.366 million are recognized as cost of materials or services purchased.

Advance payments are not netted with inventories.

(6) Receivables and other assets

Of these, receivables worth EUR 21.621 million are due within one year.

Receivables and other assets are reported at their nominal value. If in individual cases there are justified doubts as to whether receivables can be retrieved, these are shown at the lower achievable value. Individual impairment charges of EUR 0.368 million were taken.

(7) Deferred tax assets

Pursuant to IAS 12, temporary differences between the carrying amount of assets or liabilities on the balance sheet and their tax base in accordance with IAS give rise to deferred tax assets. This refers to tax credits arising from the expected use of existing loss carryforwards in future years and whose realization is sufficiently assured.

(8) Equity

The subscribed capital and share premium are related to OHB Technology AG.

Subscribed capital

The Company's share capital of EUR 14,928,096 is divided into 14,928,096 no-par-value bearer ordinary shares equivalent to a notional share of EUR 1.00 in the Company's share capital and with dividend entitlement as of fiscal 2002, i.e. starting on January 1, 2002. There is one vote for each share held.

Contingent capital

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

Company's Management Board, the Supervisory Board is authorized to determine the specific conditions for such contingent capital increase.

The Company's share capital stood at EUR 7,464,048 on December 31, 2001. The following resolutions were passed at the shareholders' annual general meeting held on May 22, 2002:

Capital contribution and post-formation agreement

On March 20, 2002, the Company entered into a capital contribution and post-formation agreement with all the shareholders of OHB-System AG. Among other things, the validity of the post-formation agreement was subject to the condition precedent of the Company's shareholders approving the transaction. At their annual general meeting held on May 22, 2002, the shareholders duly approved the post-formation agreement.

Non-cash capital increase

At their annual general meeting held on May 22, 2002, the shareholders passed a resolution to increase the Company's share capital by EUR 7,464,048 from EUR 7,464,048 to EUR 14,928,096 through the issue of 7,464,048 new bearer shares with a nominal value of EUR 1.00 each. The new shares are dividend-entitled as of January 1, 2002. The shareholders' statutory subscription rights were excluded.

Creation of new authorized capital

At their annual general meeting held on May 22, 2002, the shareholders passed a resolution authorizing the Company's Management Board – subject to the Supervisory Board's approval – to raise the share capital once or repeated times by a maximum of EUR 7,464,048 on a cash or non-cash basis (authorized capital). The new shares may also be issued to the Company's employees. The authorization granted to the Management Board by the shareholders on January 23, 2001 to increase the Company's share capital by a maximum of EUR 2,582,024 was suspended.

In addition, the Company's Management Board was authorized – subject to the Supervisory Board's approval – to exclude the shareholders' subscription rights for part of the authorized capital up to a maximum of EUR 1,492,809 provided that the new shares are issued in return for cash capital contributions at a price not materially less than the stock-market price; for a part of the authorized capital up to a maximum of EUR 7,464,048 if the shares are issued as consideration for the acquisition of all or part of other companies and such acquisition is in the interests of the Company; or as consideration for cash capital contributions to have the Company's stock listed in a foreign market in which it has previously not been admitted to trading.

Authorization to acquire and sell treasury stock

In a resolution passed at their annual general meeting on May 22, 2002, the shareholders authorized the Company pursuant to Article 71 (1) No. 8 of the Joint Stock Companies Act to acquire its own stock in a volume not exceeding ten percent of its share capital via the stock market or via a public bid addressed to all of the Company's shareholders except for trading purposes and subject to the restrictions provided for in Article 71 (2) of the Joint Stock Companies Act until November 21, 2003 in order to

- reduce equity financing and hence optimize its capital structure
- be able to react flexibly and inexpensively in connection with the acquisition of all or part of another company or in connection with a merger
- have its shares listed in another stock exchange
- honor stock option rights under the stock option program approved by the shareholders at their annual general meeting held on January 23, 2001 by means of the timely acquisition of treasury stock.

The Management Board was authorized – without the need for any further shareholder resolution – to sell the treasury stock which it has acquired not only via the stock market or by means of a public bid directed at all shareholders but also – subject to the Supervisory Board's approval – to sell the stock at a price which does not materially deviate from the average (arithmetic mean) closing price for the stock in XETRA trading on the five trading days preceding the date of the transaction and, in doing so, exclude the shareholders' subscription rights. This authorization is limited to a maximum of ten percent of the Company's share capital – i.e. EUR 1,492,809 – including the authorization granted in connection with the autho-

rized capital to increase the Company's share capital up to a maximum of EUR 1,492,809 subject to the exclusion of the shareholders' subscription rights provided that the new shares are issued in return for cash capital contributions at a price not materially less than the stock-market price; the new shares are issued to third parties as consideration for cash capital contributions provided that the acquisition of such cash capital contributions is in the interests of the Company; the new shares are issued to third parties in consideration of cash capital contributions to have the Company's stock listed in a foreign stock exchange in which it has previously not been admitted to trading; or in exercise of the stock subscription rights under the stock option program approved by the shareholders at their annual general meeting on January 23, 2001; if the treasury stock acquired is to be transferred to members of the Management Board in compliance with stock subscription rights under the stock option program approved by the shareholders at their annual general meeting on January 23, 2001, responsibility fundamentally rests with the Supervisory Board. The authorization to sell the treasury stock on or off the floor may be exercised in part or in its entirety, once or repeatedly, on a single or joint basis.

The Company's Management Board was additionally authorized to redeem treasury stock acquired without the need for any further shareholder resolution.

This has no effect on the right to acquire treasury stock pursuant to Article 71 (1) No. 1-6 of the Joint Stock Companies Act.

As of the balance sheet date, options for 128,000 shares had been granted to employees and options for 60,000 shares to

members of the Management Board using the Company's contingent capital.

The options may not be exercised in the first two years after being issued, i.e. the date of the Company's stock-market flotation, March 13, 2001 ("vesting period"). Within the first twelve months of the expiry of the vesting period, only 50 % of options granted simultaneously may be exercised. At the end of the twelfth month after the expiry of the vesting period, 100 % of options granted simultaneously may be exercised. The options may only be exercised if the target defined for the option in question has been reached and only on banking days within exercise periods ("exercise periods"). The exercise periods commence on the second banking day and end two weeks after the announcement of the business figures disclosed on the day of the Company's annual general meeting or in the period between the day on which the Company's annual general meeting is held and December 31 of the given calendar year.

An option may only be exercised if the price of the Company's stock has increased by at least 2 % per full month since the grant of the option. The performance of the Company's stock is determined by a comparison between the price of the option in question and the highest price reached by the Company's stock on the first banking day following the announcement of the business figures immediately preceding the exercise of the option rights.

The issue price was EUR 10.50. On the balance sheet date, the stock was trading at EUR 3.15.

Share premium

The share premium primarily comprises cash and cash equivalents from the stock-market flotation in 2001. The costs of the stock-market flotation in 2001 and non-cash capital increase in 2002 were not charged to the income statement. The new shares resulting from the non-cash capital increase were also admitted to trading on the stock market. In addition, the goodwill of EUR 2.257 million arising from the consolidation of OHB-System AG was charged to the share premium in 2002 (IAS 22.7).

Treasury stock

As of the balance sheet date, the Company's treasury stock comprised 50,000 shares which it had acquired at an average price of EUR 3.85 in 2001. It is carried at its market price. Treasury stock is shown separately from the Company's share capital in the balance sheet.

On February 24, 2003, the Management Board began buying back the Company's own stock. By March 7, 2003, it had acquired 21,200 shares at an average price of EUR 3.87.

Minority interests

The minority interests are valued at EUR 1.336 million and comprise the co-shareholders in megatel GmbH and Telematic Solutions SpA.

(9) Provisions

The provisions have been reliably assessed for matters resulting in an outflow of enterprise resources to settle present obligations (see table of provisions).

Pension provisions

In Germany, pension provisions are set aside for one member of the Management Board at the rate permitted by tax law. They are valued using the fractional-value method. The fractional values are computed using actuarial principles on the basis of the 1998 mortality tables compiled by Prof. Dr. Klaus Heubeck and an interest rate of 6%. It is assumed that the application of projected unit credit method provided for in IAS 19 will not result in any major differences in this item. A reinsurance policy is carried on the assets side to cover this item.

Special local assumptions apply for foreign staff.

PROVISIONS BREAK DOWN AS FOLLOWS

EUR 000	2002	2001
Pension provisions	475	0
Tax provisions	128	34
Deferred tax assets	2,827	0
Other provisions	723	299
Total	4,153	333

Tax provisions/deferred tax assets

A sum of EUR 0.128 million has been set aside for income tax for actual tax charges for megatel GmbH and Telematic Solutions SpA.

Pursuant to IAS 12, temporary differences between the carrying amount of assets or liabilities on the balance sheet and their tax base in accordance with IAS give rise to deferred tax assets.

Provisions for deferred tax assets stand at EUR 2.827 million. This is primarily for deferred tax assets on the valuation differences between IAS and German GAAP for capitalized development costs (EUR 1.513 million) as well as the application of the percentage-of-completion method (EUR 1.254 million).

Other provisions

Personnel provisions total EUR 0.165 million and comprise unused vacation entitlement, unremunerated overtime as well as contributions for the industrial compensation society.

Provisions of EUR 0.077 million were set aside for accounting and auditing costs. A sum of EUR 0.100 million was set aside for the annual report and the annual general meeting.

(10) Liabilities

Liabilities are reported at their redemption value. All liabilities are due within one year (see table of liabilities).

(11) Accrued expenses

This primarily entails subsidies received which are attributable to the following accounting period.

Financial obligations

Financial obligations under leases are valued at EUR 3.752 million; of this, EUR 2.153 million is for terms of 1–5 years and EUR 0.189 million for terms of more than 5 years.

Operating leases entail financial obligations of EUR 0.187 million. Of this, EUR 0.060 million is for a term of 1–5 years. There are no operating leases with a term of more than 5 years.

There are no other liabilities which may or will necessitate an outflow of resources. No use was made of financial derivatives.

The Company has issued a declaration of subordination for Timtec Teldatrans GmbH with respect to its own receivables for EUR 0.650 million in favor of third-party debtors. It has not issued any guarantee for

STATEMENT OF MOVEMENTS IN PROVISIONS

EUR 000	October 1, 2002	Additions	Reversals	Changes to consolidation perimeter	December 31, 2002
Pension provisions	0	84	0	391	475
Tax provisions	34	89	-15	20	128
Deferred tax assets	0	1,937	0	890	2.827
Other provisions	299	140	-140	424	723
Total	333	2,250	-155	1,725	4.153

LIABILITIES		
EUR 000	2002	2001
Liabilities to banks	1,674	1,028
Advance payments received on orders	23,278	187
Trade payables	20,845	1,259
Other liabilities	1,139	843
Total	46,936	3,317

ELTA S.A.'s liabilities. One consolidated company had issued a guarantee of EUR 0.573 million in favor of a related company effective December 31, 2002.

EXPLANATIONS ON THE CONSOLIDATED INCOME STATEMENT

Recognition of revenues and expenses

Sales and other operating income are recognized on the date on which the services or goods are provided or risk passes to the customer. The percentage-of-completion method provided for in IAS 11 was applied allowing for reasonable discounts on the basis of a true and fair view to allow for unexpected future risks as it was possible

to calculate the partial profit with adequate precision on the basis of the percentage of completion. Long-term projects in progress on the balance sheet date (durations of 1–15 years) are recognized as assets on the basis of production costs plus administrative overhead costs provided that a partial profit can be estimated with a reasonable degree of reliability. Partial profits are recognized in other projects using generally accepted principles.

(12) Sales

Sales break down by business unit as follows:

SALES	
EUR 000	2002
Space Technology + Security	59,201
Telematics and Satellite Services	12,246
Consolidation	-3,486
Total	67,961

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

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS	
EUR 000	2002
Space Technology + Security	6.101
Telematics and Satellite Services	87
Total	6.188

(14) Other own work capitalized

Development expenditure is recognized as an asset pursuant to IAS 38 if a newly developed product or process can be clearly delineated, is technically feasible and is intended either for the Company's own use or for sale. A further condition is that it must be sufficiently likely for the development expenditure to be recouped from future cash flows. Such expenditure is recognized on the basis of the production costs incurred, primarily development hours in fiscal 2002 multiplied by the applicable hourly rate.

(15) Other operating income

This includes income from project subsidies of EUR 1.214 million, most of which found its way into the Space Technology + Security business unit. There are no repayment obligations.

(16) Total revenues

Total revenues comprise:

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

Total revenues break down by business unit as follows:

TOTAL REVENUES	
EUR 000	2002
Space Technology + Security	68,167
Telematics and Satellite Services	15,034
Consolidation	-4,334
Total	78,867

(17) Cost of materials

COST OF MATERIALS		
EUR 000	2002	2001
Expenditure on raw materials and consumables	46,350	5,028
Expenditure on services purchased	4,676	2,414
Total	51,026	7,442

(18) Personnel expenses

PERSONNEL EXPENSES		
EUR 000	2002	2001
Wages and salaries	13,701	4,235
Social security charges and expenditure on old age pensions and support	2,322	819
Total	16,023	5,054

(19) Depreciation/amortization

DEPRECIATION / AMORTIZATION		
EUR 000	2002	2001
Goodwill	167	51
Intangible assets	602	106
Property, plant and equipment	856	133
Total	1,625	290

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

(20) Other operating expenses

Other operating expenses include rentals of EUR 1.685 million and lease installments of EUR 0.195 million.

(21) Net financial income

Net financial income is not operative in nature (see table of net financial income).

(22) Investment income

Investment income comprises the earnings contributions of ELTA S.A. which is carried at equity.

(23) Income tax

Income tax of EUR 0.039 million arose on account of the tax loss carryforwards held by the consolidated German companies; income tax of EUR 0.089 million arose outside Germany.

The domestic German deferred tax is calculated on the basis of a tax rate of 39.0 %. Deferred tax assets are allowed for pursuant to IAS 12.

Reconciliation with actual tax charges in fiscal 2002 (see table of income tax).

(24) Minority interests

Minority interests are valued at EUR 0.168 million and relate to Telematic Solutions SpA und megatel GmbH.

IAS earnings per share

Basic earnings per share are calculated by dividing the post-tax earnings attributable to the shares in question by the total number of shares with dividend entitlement. This indicator may be diluted by so-called potential shares – particularly options and subscription rights. Under the terms of a staff compensation program, stock options not eligible for exercise in 2002 were issued. Accordingly, there is no difference between basic and diluted earnings per share. Calculations are based on 14,878,096 shares as the Company has treasury stock comprising 50,000 shares.

NET FINANCIAL INCOME		
EUR 000	2002	2001
Other interest and similar income	370	710
Interest and similar expenses	215	43
Net financial income	155	667

INCOME TAX	
Income tax as carried on the consolidated income statement	442
+ Adjustment for deferred tax assets (particularly on tax credits from losses and loss carryforwards)	1,624
- Adjustment for deferred tax liabilities (particularly on earnings from capitalization of development costs and application of the percentage-of-completion method)	1,938
Actual income tax charges booked in 2002	128

SEGMENT REPORTING		in EUR millions			
	Space Technology + Security	Telematics	Holding company	Consolidation	Total
Total revenues	68,167	15,034	-	-4,334	78,867
of which internal revenues	170	2,467	-	-2,637	0
Cost of materials and services purchased	48,873	5,257	-	-3,104	51,026
Depreciation/amortization	1,035	963	-	-373	1,625
EBIT	4,718	-670	-	-342	3,706
Medium- and long-term assets	8,812	5,583	19,738	-18,331	15,802
Current assets	53,868	10,638	16,284	-10,611	70,179
Total assets	62,680	16,221	36,022	-28,942	85,981
Equity	8,176	9,518	34,594	-17,666	34,622
Liabilities	54,504	6,703	1,428	-11,276	51,359
Total equity and liabilities	62,680	16,221	36,022	-28,942	85,981

The consolidated net income of EUR 3.409 million was used for calculation purposes.

Earnings per share for 2002 came to EUR 0.23 (previous year EUR 0.04).

Segment reporting

For management purposes, the Company is divided into the Telematics business unit, the Space Technology + Security business unit and the Satellite Services business unit. These business units form the basis of segment reporting. The Satellite Services business unit has been combined with the Telematics business unit as the former segment is still in the process of being built up and currently makes only a negligible contribution to the Group' revenues and earnings. A report by secondary segment, e.g. geographic breakdown, has been dispensed with as the Management Board is currently unable to see any material improvement in the

assessment of the Company's opportunities and risks in a breakdown by geographic region.

Segment income, expenses and earnings also entail business relations between the business units. These transfers were netted in full.

Administrative costs are allocated to the segment in which they originate. The compensation for Management Board members Marco R. Fuchs, Ulrich Schulz and Ulrich Wantia was paid solely by OHB Technology AG in 2002, whereas OHB-System AG bore the full cost of compensating Management Board member Prof. Manfred Fuchs.

The income statement for the Telematics business unit includes OHB Technology's total revenues and expenses as the Company was engaged in this area until October 31, 2002.

The holding company is depicted separately for the purpose of reporting assets and liabilities as the shares in Group companies are for the most part reported on the level of the holding company. The holding company is not engaged in any operative business activities.

COMPANY'S CORPORATE-GOVERNANCE BODIES

The Company's Management Board comprises:

- Mr. Marco R. Fuchs, Lilienthal
Chief Executive Officer
- Professor Manfred R. Fuchs, Bremen
(since June 27, 2002)
- Mr. Ulrich Schulz, Bremen
- Mr. Ulrich Wantia, Dortmund

The Management Board received fixed compensation of EUR 0.534 million (previous year EUR 0.384 million) including benefits for health insurance and retirement provisions but – as in the previous year – no variable remuneration. The compensation payable to Prof. Manfred Fuchs is included as of the date of the commencement of his membership on the Company's Management Board.

If the Management Board comprises only a single member, this person is authorized to represent the Company alone. If the Management Board comprises more than one member, the Company is represented by two members or by one member in conjunction with an officer with signing powers (Prokurist).

The Company's Supervisory Board comprises:

- Prof. Manfred Fuchs, Bremen,
Chairman of the Management Board of OHB-System AG,
Chairman, until June 27, 2002
- Mrs. Christa Fuchs, Bremen,
Manager/Shareholder of Volpaia Beteiligungs GmbH, Bremen
Chairwoman, since June 27, 2002
- Mr. Hans J. Steininger, Munich,
Managing director of Apollo Capital Partners GmbH, Munich,
Deputy Chairman
- Prof. Dr.-Ing. Hans J. Rath, Wilstedt,
Professor at the University of Bremen

A sum of EUR 0.040 million was set aside as at December 31, 2002 for remuneration for the Supervisory Board in the fiscal 2002.

Offices held by members of the Company's corporate-governance bodies in other supervisory boards and corporate-governance bodies as defined in § 125 (1) No. 3 of the Joint Stock Companies Act in fiscal 2002:

- Marco R. Fuchs,
BEOS GmbH, Bremen,
Member of the Supervisory Board
- Prof. Manfred Fuchs,
ATB GmbH, Bremen,
Member of the Supervisory Board,
BEOS GmbH, Bremen,
Member of the Supervisory Board
- Hans J. Steininger,
Automation & Productivity AG, Karlsruhe,
(from February 2002 until December 2002)
Member of the Supervisory Board,
Klassik AG, Augsburg,
Member of the Supervisory Board
- Prof. Dr. Ing. Hans J. Rath,
BEOS GmbH, Bremen,
Member of the Supervisory Board

Mrs. Christa Fuchs received compensation of EUR 0.056 million for her advisory services for OHB-System AG in the year under review.

Shares held by members of the Company's corporate-governance bodies

The members of the Company's corporate-governance bodies held the following shares in the Company as of the balance sheet date:

SHARES HELD BY MEMBERS OF THE COMPANY'S CORPORATE-GOVERNANCE BODIES		
	Stocks	Options
Christa Fuchs – Chairwoman of the Supervisory Board	2,070,691	-
Marco R. Fuchs – CEO	404,796	20,000
Prof. Manfred Fuchs – Member of the Management Board	3,423,118	-
Ulrich Schulz – Member of the Management Board	103,281	20,000
Ulrich Wantia – Member of the Management Board	-	20,000

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

The Management Board and the Supervisory Board have lodged the declaration required pursuant to Article 161 of the Joint Stock Companies Act confirming that save for a few small exceptions (see Corporate Governance on page 46/47) they already conform to the German Corporate Governance Code and will continue to do so in the future.

USE OF EARNINGS

The Management Board will be asking the shareholders to pass a resolution to carry forward OHB Technology AG's net loss of EUR 4,448,276.96 calculated pursuant to German GAAP.

Bremen, March 2003



Marco R. Fuchs



Prof. Manfred Fuchs



Ulrich Schulz



Ulrich Wantia

AUDITOR'S CERTIFICATE

We have audited the consolidated financial statements, comprising the balance sheet, the income statement and the statement of changes in shareholders' equity and cash flows as well as the Notes to the financial statements, prepared by the Company OHB Technology AG, Bremen, for the business year from January 1, 2002 to December 31, 2002. The preparation and the content of the consolidated financial statements are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on whether the consolidated financial statements are in accordance with the International Accounting Standards (IAS) based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing requirements and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as in accordance with the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements.

The evidence supporting the amounts and the disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated

financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations and cash flows of the Group for the business year in accordance with IAS.

Our audit, which also extends to the group management report prepared by the executive board for the business year from January 1, 2002 to December 31, 2002, has not led to any reservations. In our opinion, the whole group management report together with the other disclosures in the consolidated financial statements provides a suitable understanding of the Group's position and suitably presents the risks of future development.

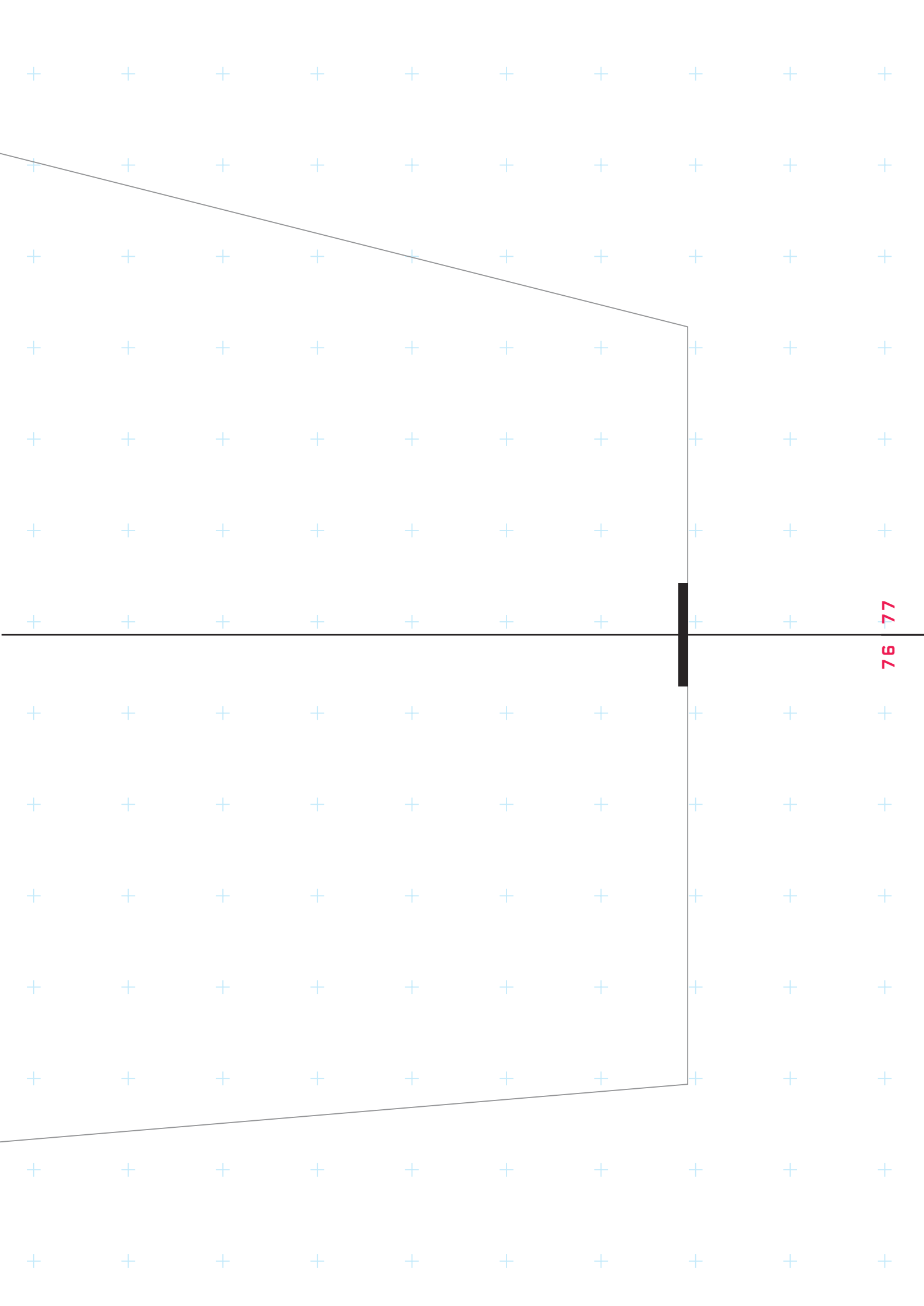
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Wirtschaftsprüfungsgesellschaft



zu Inn- u. Knyphausen
Wirtschaftsprüfer



ppa. Kerber
Wirtschaftsprüfer



MANAGEMENT BOARD OF THE OHB TECHNOLOGY AG

Marco R. Fuchs
CEO



Prof. Manfred Fuchs
COO Space Technology



Ulrich Schulz
COO Telematics



Ulrich Wantia
CFO

CALENDAR OF EVENTS IN 2003	
Analyst conference/annual press conference, Frankfurt/Main	March 27
Release of annual report for 2002	March 27
Annual general meeting in Bremen	May 14
1st quarter report	May 14
2nd quarter report	August 14
3rd quarter report	November 14

PLEASE DIRECT ANY INQUIRIES TO

Ulrich Wantia
CFO

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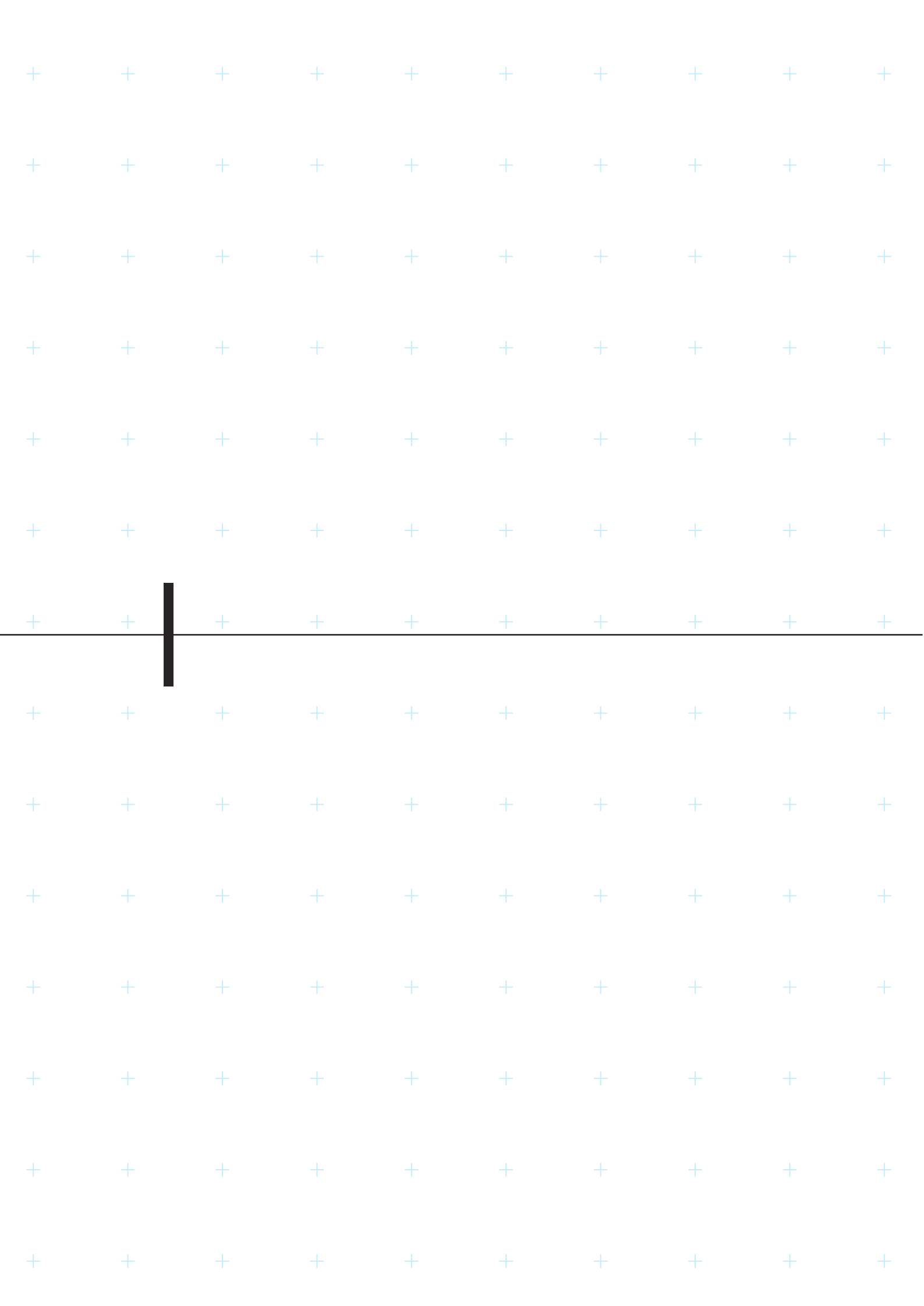
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GLOSSARY

ATIS Autarkic Telematics Information System; Timtec Teldatrans' standard software

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

BGS German Federal Border Police

Biolab Biological research laboratory for the International Space Station

BüLAND Broadband transmission of aerial reconnaissance images

BWB German Federal Office of Defense, Technology and Procurement

BMVg German Federal Ministry of Defense

CAN-Bus Controlled area network Bus

CSD Circuit switch data

Columbus Name of the European module of the International Space Station

EBIT Earnings before interest and taxes

EBT Earnings before taxes

EMCS European Modular Cultivation System; centrifuges for the ISS biology laboratories

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

E-SGA Europeanization of satellite-based reconnaissance

EPS Earnings per share

GIS Geographic information system

GPRS General Packet Radio Services; a transmission standard for the GSM network, also known as 2.5G

GSM Global System for Mobile Communications

ISS International Space Station

Kompsat-2 Korea Multi-Purpose Satellite; earth-observation satellite for the South Korean Ministry of Science and Technology

LEO Low earth orbit

MSC Multispectral camera for generating high-resolution images for geographic information systems (Kompsat-2)

Nodes Manned connecting modules between the ISS laboratories

OEM Original equipment manufacturer

PICA Pre-integrated Columbus assembly

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

SMS Short Message Service

Telematics The marriage of telecommunications and information technology

TIPS Tracking Identification Positioning Security; OHB Teledata's standard software

UMTS Universal Mobile Telecommunications System, also known as 3G



◀ Glossary

