

Annual Report 2004



Corporate profile

The Company

OHB Technology AG is Germany's first listed space technology company. With its three operative business units – Space Technology + Security, Telematics and Satellite Services – it develops comprehensive solutions for international customers. To this end, OHB Technology AG covers the entire value chain from the development, construction and operation of satellites to data transmission and processing. Thanks to the successful combination of space technology and telematics skills backed by more than 20 years of experience in high-tech engineering, OHB Technology AG holds an excellent position in Europe.

[The OHB Technology Group in brief](#) ►

Space Technology + Security

This business unit focuses on small satellites, manned spaceflight and security/reconnaissance technologies. In keeping with this, OHB-System AG specializes in developing, constructing, launching and operating small satellites for research, communication and earth observation purposes. The manned space flight segment entails work on constructing the International Space Station ISS and fitting it out with research equipment. At the same time, the business unit is successfully responding to the growing market for security and reconnaissance technologies.

Telematics

The Telematics business unit develops comprehensive solutions for the efficient management of transportation including logistics management, consignment tracking and the carriage of hazardous and perishable goods. Further aspects of its activities entail OEM solutions for commercial vehicle producers, applications for government agencies and security organizations as well as geographical information systems and web-based database solutions.

Satellite Services

OHB Technology AG offers satellite services via its share in the US-based operator of the global ORBCOMM satellite system. As a result, it is able to operate and market these satellite services in Europe on an exclusive basis.

Group Structure of OHB Technology AG

SPACE TECHNOLOGY + SECURITY	TELEMATICS	SATELLITE SERVICES
100 %	100 %	100 %
OHB-System AG, Bremen	OHB Teledata GmbH, Bremen	Telemondo International GmbH, Bremen
100 %	100 %	100 %
STS Systemtechnik Schwerin GmbH, Schwerin	Timtec Teldatrans GmbH, Bremen	ORBCOMM Deutschland AG, Bremen
49,9 %	74,9 %	50 %
COSMOS International GmbH, Bremen	megatel GmbH, Bremen	ORBCOMM Europe LLC, Bremen
12 %	51 %	14 %
BEOS GmbH, Bremen	Telematic Solutions S.p.A., Milan, Italy	ORBCOMM Inc., Dulles (VA), USA
100 %		
LUXSPACE Sàrl, Betzdorf, Luxembourg		
50 %		
OHB-ElectroOptics GmbH, Bremen		
34 %		
ELTA S.A., Toulouse, France		

OHB Technology AG in Figures

THE GROUP

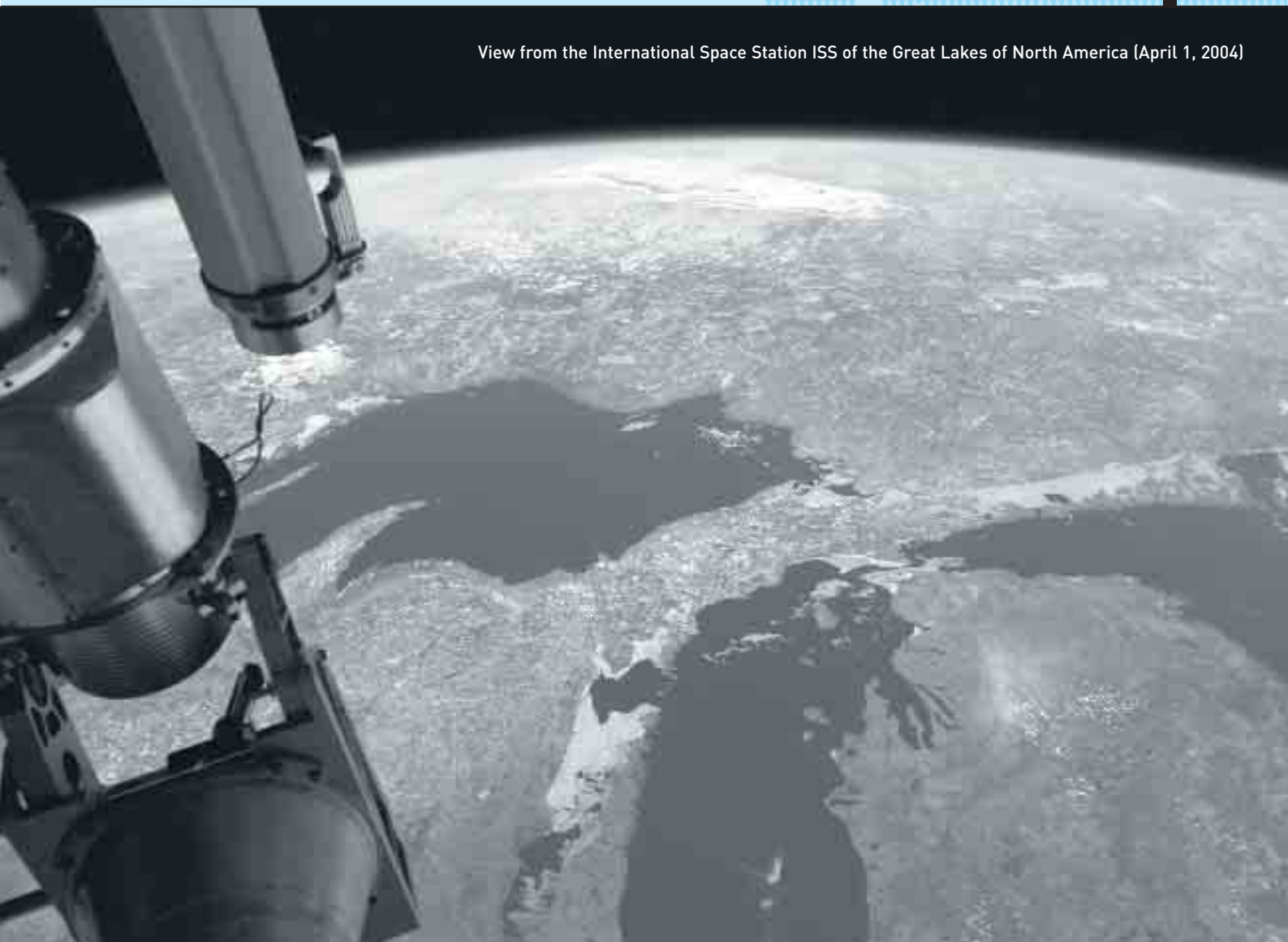
EUR 000	2004	2003	2002
Revenues	137,909	96,349	67,961
Total revenues	114,081	105,784	78,867
EBITDA	11,565	8,508	5,331
EBIT	8,467	6,289	3,706
EBT	10,331	6,992	4,019
Net income for the period	6,119	4,554	3,409
Earnings per share (EUR)	0.42	0.31	0.23
Total assets	121,342	120,450	85,981
Equity	44,441	39,381	34,622
Cash flow from operating activities	21,398	28,228	15,152
Equity investments	5,775	3,929	7,296
Capital spending	4,012	424	2,388
Employees on December 31	282	287	292

THE STOCK

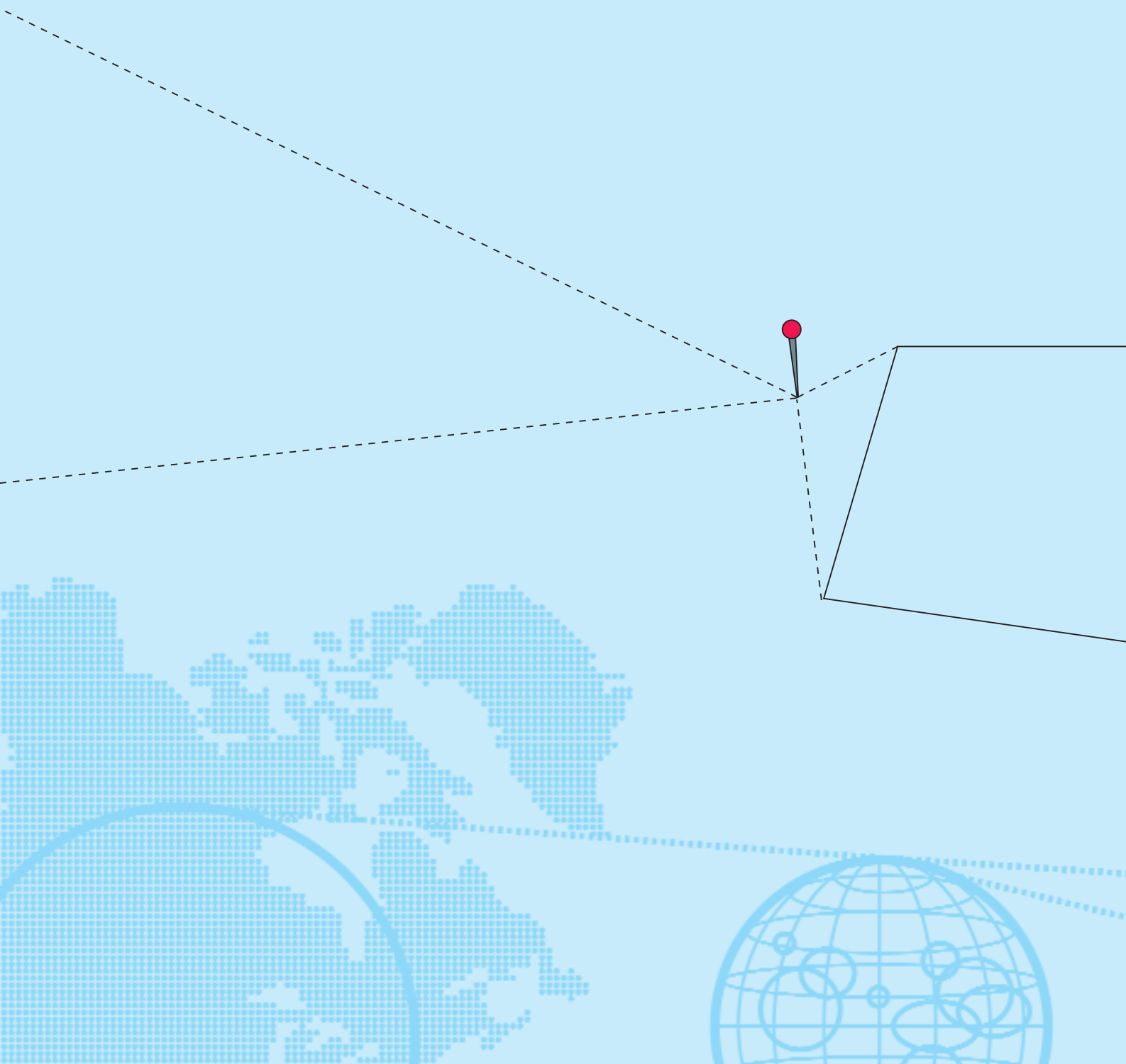
EUR	2004	2003	2002
Closing price	7.30	6.82	3.15
Year high	7.45	7.90	6.20
Year low	4.92	3.00	2.70
Market capitalization at year-end	109 million	102 million	47 million
Number of shares	14,928,096	14,928,096	14,928,096

Annual Report 2004

View from the International Space Station ISS of the Great Lakes of North America (April 1, 2004)



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The Management Board

**Members of the
Management Board:**

Marco R. Fuchs

Born in 1962
Attorney at law,
Member of the
Management Board
since 2001,
Chairman of the
Management Board

Prof. Manfred Fuchs

Born in 1938,
Graduate engineer,
Member of the
Management Board
since 2002,
In charge of Space
Technology +
Security

Ulrich Schulz

Born in 1951,
Graduate engineer,
Member of the
Management Board
since 2001,
In charge of
Telematics



From left: Prof. Manfred Fuchs, Marco R. Fuchs, Ulrich Schulz

Dear shareholders,
customers and business associates,

Fiscal 2004 was the most successful year in the OHB Group's history. At EUR 0.42, earnings per share fully lived up to our ambitious expectations and were roughly one third up on the previous year (EUR 0.31). Sales came in at EUR 138 million (previous year: EUR 96 million), with total revenues reaching a record EUR 114 million (previous year: EUR 106 million). For the first time since the Company's stock-market flotation, the Management Board and the Supervisory Board will be asking shareholders to approve a dividend of EUR 0.12 per share for 2004. This year, we expect to achieve a further improvement in profitability and earnings per share.

This annual report describes in greater detail our international network of subsidiaries and investments. In 2004, we went to considerable efforts to build up and extend these companies. In February and August 2004, ORBCOMM Inc. completed in two steps a major capital issue valued at around USD 38 million. OHB maintained its share of 14% and is currently the largest investor. The new companies established in 2004 include OHB-ElectroOptics GmbH, Bremen (50/50 joint venture with ELOP Electro-Optics Industries Ltd., Revohot, Israel) and the 100% subsidiary LUXSPACE Sàrl, Betzdorf, Luxembourg. In February 2005, we placed our long-standing joint activities with Russian partner POLYOT in Omsk, Russia, on a new basis by establishing COSMOS Space Systems AG. These initiatives together with our existing activities in Italy and France form a crucial part of our growth strategy.

The past years have been characterized by the establishment of OHB Technology AG in connection with a non-cash capital increase, spending on existing investments such as ORBCOMM and the incorporation of new subsidiaries and joint ventures. This year, further decisions concerning the acquisition of key companies are on the agenda again with the aim of extending the OHB Group's market footprint in the German and European space technology market. At the same time, the consolidation and shakeout of the space and defense technology markets are opening up interesting and promising prospects.



Marco R. Fuchs, Chairman of the Management Board

In the Space Technology + Security business unit, the main upcoming event is the decision on the SATCOMBw II contract in spring 2005. OHB is participating in this bidding process via a team with T-Systems International GmbH and Thales Defense Deutschland GmbH. If the bid is successful, OHB will be playing a leading role in implementing this large-scale project, which is worth around EUR 1 billion.

The SAR-Lupe program progressed well in 2004. The important imaging tests (inverted test as well as satellite end-to-end test) were completed successfully between summer and autumn 2004. These tests impressively demonstrated the system's imaging capabilities. In December 2004, OHB lodged a supplementary bid covering measures to enhance the technical capabilities of the satellites in response to a request received from the public-sector customer. These adjustments are currently being implemented, with the contract expected to be formally extended in spring 2005. Work on the German-French SAR-Lupe/Helios system is proceeding according to plan. Bids for the ESGA and F-SLGS projects were submitted in response to invitations by the public-sector customer and are currently being negotiated. January 2005 saw the successful demonstration launch of the COSMOS-3M rocket with the enlarged payload volume required for SAR-Lupe.

In the area of manned space flight, the Company managed to obtain significant bridging, operating and production contracts with the EPM (European Physiology Modules), FSL (Fluid Science Lab) and ATV (Automated Transfer Vehicle) projects, ensuring full capacity utilization in these areas for now. Work on extending the International Space Station ISS is expected to be resumed as of summer 2005.

The Telematics business unit managed to return to profit-making territory in 2004, with OEM business with commercial vehicle producers in particular offering strong potential. Thus, after years of consolidation, the business unit has returned to a growth course. OHB Teledata is especially well positioned thanks to business with MAN, DAF, Peterbilt, Kenworth and SCANIA.

The third business unit Satellite Services is still small and predominantly comprises the ORBCOMM investment. In addition to its successful recapitalization, ORBCOMM managed to achieve key successes in 2004. Thus, roughly 115,000 user terminals were activated in the ORBCOMM network in February 2005. In response to an order received from the U.S. Coast Guard, work has commenced on developing a second generation of ORBCOMM

satellites. As part of a project to be fully financed by the U.S. Coast Guard, ORBCOMM Inc. has assigned OHB System with the task of developing and building a prototype satellite, which is to be launched at the beginning of 2006. The communications payload will be supplied by Orbital Science, the producer of the first-generation satellites and founder of ORBCOMM. Thus, ORBCOMM's growing success is also opening up potential for OHB System to play a leading role in the provision of roughly 24 second-generation ORBCOMM satellites.

The Company's Stock achieved moderate advance in 2004 after its blistering performance in 2003 with gains of over 115 %, outperforming the benchmark TecDAX index (- 4 %) by 7 % and marching in line with the DAX (+ 7%). The stock has been rising steadily since the beginning of 2005 and established itself in a consistent range above EUR 8.

Given our operative successes and promising outlook, we are confident that the stock will continue to outperform this year as well. We see the introduction of the GEX as a means of heightening interest in our stock and also as confirmation that our family-managed structure represents a market and competitive advantage.

Once more, we would like to take this opportunity to thank our staff in the various Group companies. This year as in earlier years, our success will hinge decisively on their commitment and ideas.

We would also like to express our gratitude to our customers, business associates and shareholders for their continued confidence and the pleasant relations.

Bremen, March 2005



Marco R. Fuchs
Chairman of the Management Board

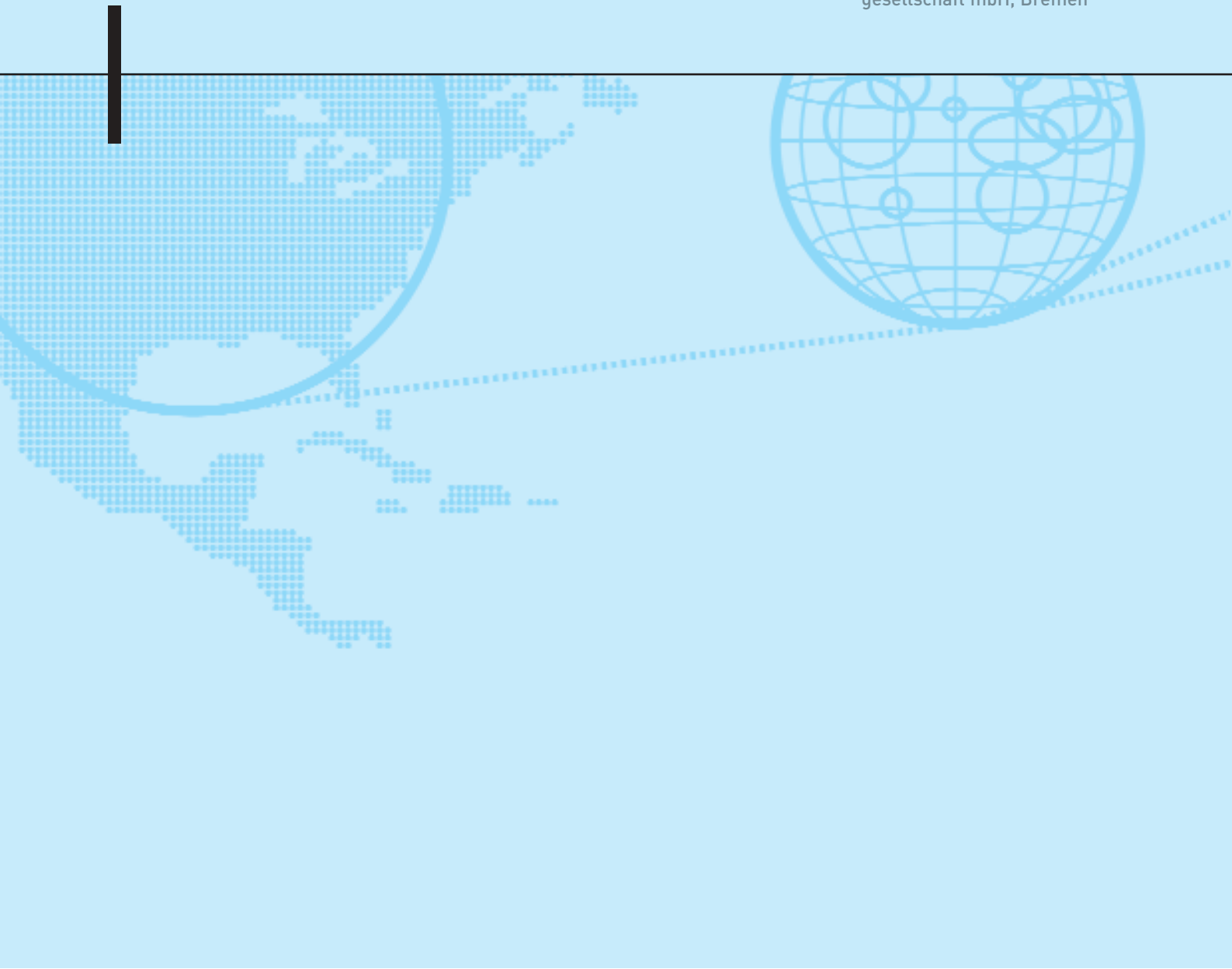
The Supervisory Board

**Members of the
Supervisory Board:**

Christa Fuchs
Born in 1938,
Business woman,
Member of the Super-
visory Board since 2002,
Chairman of the
Supervisory Board,
Managing shareholder
of Volpaia Beteiligungs-
gesellschaft mbH, Bremen

Hans J. Steininger
Born in 1961,
Graduate engineer,
Member of the Super-
visory Board since 2001,
Deputy chairman of the
Supervisory Board,
Managing shareholder of
Apollo Capital Partners
GmbH, Munich

Prof. Dr. Hans J. Rath
Born in 1947,
Graduate engineer,
Member of the Super-
visory Board since 2001,
Professor of Mechanics
and Fluid Mechanics at the
University of Bremen,
Managing director of
ZARM-Fallturm-Betriebs-
gesellschaft mbH, Bremen



Dear shareholders,

In fiscal 2004, the Supervisory Board closely tracked the Company's condition and performance. We advised the Management Board on matters pertaining to the management of the Company and monitored management activities in accordance with the duties imposed on us by statute, the Company's bylaws and our code of conduct. The Supervisory Board kept us briefed on the business performance and economic condition of the Company and its subsidiaries on a prompt and comprehensive basis at our meetings as well as in the form of written reports. Moreover, the Chairwoman of the Supervisory Board was kept informed of all material developments and decisions made by the Management Board on an ongoing basis. In addition, she regularly consulted with the Chairman of the Management Board on the Company's strategic orientation and risk management. Four regular meetings of the Supervisory Board were held in the year under review and attended by all members.

Main aspects of the Supervisory Board's deliberations

At our meetings, we discussed the Company's current business performance, risk situation and key business transactions and also passed resolutions on the decisions made by the Management Board requiring the Supervisory Board's approval.

In the year under review, the deliberations of the Supervisory Board focused on the Management Board's strategic plans and the implementation of these plans, the outlook for the Company as a whole and the individual business units as well as the medium-term corporate planning including financial, investment and personnel planning. The Management Board explained any differences between actual figures and targets, stating the reasons for these deviations.

We passed a resolution on November 17, 2004 approving the establishment of LUXSPACE Sàrl in Luxembourg. The purpose of this company is to utilize the potential arising from Luxembourg's ESA membership and to cover industrial applications for space technology. At the same time, the joint activities with SES GLOBAL and SES ASTRA are being intensified in Betzdorf.

The long-standing partnership with ELOP/Elbit in Israel led to the establishment of a joint venture known as OHB-ElectroOptics in which the two companies' infrared activities are to be pooled in the future. This plan was also approved by the Supervisory Board.

Corporate governance

We dealt in detail with the German Corporate Governance Code at one of our meetings as well as on the basis of written documents and passed a resolution providing for a regular review of compliance with the Code. The Management Board and the Supervisory Board have updated the declarations of conformity in accordance with the German Corporate Governance Code.



From left: Hans J. Steininger, Christa Fuchs, Prof. Dr. Hans J. Rath

Annual and consolidated financial statements

BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft, Hamburg, audited the parent-company annual financial statements and the consolidated financial statements for the year ending December 31, 2004 as well as the management report and granted an unqualified auditor's certificate in all cases.

The documents relating to the annual financial statements and the audit reports were made available to all members of the Supervisory Board in good time. The audit committee conducted a preliminary examination of the annual financial statements, the related management reports and the proposal for the allocation of the Company's unappropriated surplus. At the meeting dated March 14, 2005, the Supervisory Board dealt in detail with the annual financial statements and the audit reports in the presence of the auditor, who reported on the main findings of the audit. Following our own examination of the documents submitted by the Management Board and the auditor, we do not have any objections and have adopted BDO's findings. We approve the annual financial statements and management report for OHB Technology AG and the consolidated financial statements and consolidated management report for the year ending December 31, 2004 prepared by the Management Board. Accordingly, they are duly adopted. We concur with the Management Board's proposal for the allocation of the Company's unappropriated surplus.

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 actual disclosures of the report are correct and (2) the Company did not pay inordinately high amounts relating to the transactions mentioned in the report."

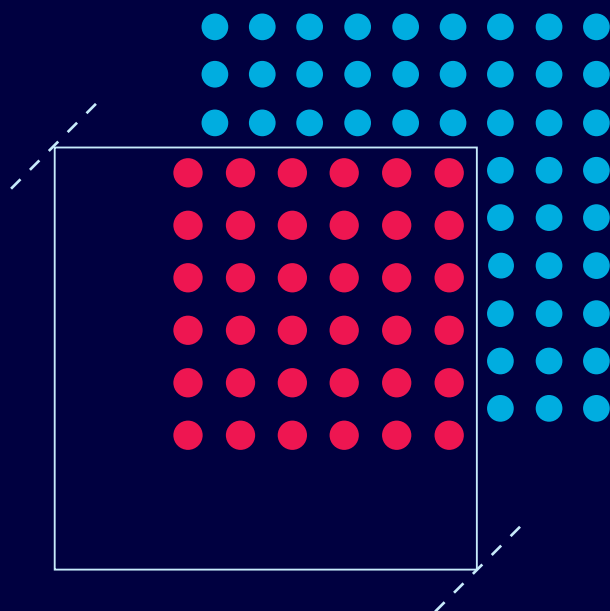
The Supervisory Board raises no objections following its own examination and therefore approves the Management Board's related parties report.

The Supervisory Board wishes to thank the Management Board as well as all employees for their dedication and commitment in fiscal 2004.

Bremen, March 15, 2005

Christa Fuchs
Chairwoman of the Supervisory Board

Corporate Governance



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 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.

A revised version of the German Corporate Governance Code was released on May 21, 2003 and took effect upon July 4, 2003. This declaration of conformity refers to the new version dated May 21, 2003.

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

Individualized disclosure of Management Board compensation (4.2.4)

The German Corporate Governance Code recommends reporting compensation of the members of the Management Board on an individualized basis. OHB Technology AG takes the view that the aggregate compensation paid to the Management Board is a meaningful criterion for assessing the degree of reasonableness. For this reason, only the total and not the individual breakdown by management board member is disclosed.

Age limits for the Management Board (5.1.2)

The Corporate Governance Code recommends defining maximum ages for the members of the Management Board. 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.

Formation of Supervisory Board 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. The fact that Mrs. Christa Fuchs chairs the Supervisory Board does particular justice to the Fuchs family's supervisory interests. In this connection, greater importance was attached to many years of experience and extensive knowledge than the need for greater independence.

Age limits for the the Supervisory Board (5.4.1.)

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

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

The German Corporate Governance Code recommends making particular allowance for the deputy chairman of the Supervisory Board in connection with compensation. However, OHB Technology AG takes the view that this recommendation makes little sense with a Supervisory Board comprising only three members. Accordingly, OHB Technology AG's bylaws do not provide for any particular compensation for the deputy chairman of the Supervisory Board.

Performance-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 21, 2004



Far-reaching aerial reconnaissance: The CONDOR reconnaissance drone at the COLUMBUS integration hall

OHB Technology Stock

OHB Stock 2004 (Relative Performance)



Gains of 7% in 2004: TecDAX substantially exceeded, DAX tracked – good start to 2005

At the beginning of 2004 in particular, the stock markets were influenced by the unabated appreciation in the value of the euro, with further strain coming from the United States. By the end of the year, however, the benchmark equity indices had managed to break free of their sideways ranges thanks to improved underlying conditions and closed 2004 at levels close to their highs for the year.

OHB stock was unable to shrug off the effects of this trend in the first quarter, suffering disproportionately and hitting a low for the year of EUR 4.92 at the end of March. The stock underperformed the benchmark indices substantially in September and October in particular, but was able to easily outperform the DAX and the TecDAX shortly before the end of the year in November and December. Numerous one-on-ones during a nationwide road show organized by the Management Board following the release of the nine-month report in early November 2004 additionally spurred the stock's positive trend at the end of 2004, unleashing heightened demand on the part of institutional investors. In this connection, the main focus of attention was on analysts and investors who primarily cover technology stocks and small and mid-cap companies.

OHB STOCK DATA	
ISIN	DE0005936124
Ticker	OHB
Trading segment	Prime Standard
Prime sector	Technology
Industry group	Communications Technology
Indices	Prime All Share, Tec All Share, CDAX, GEX
Designated sponsor	DZ BANK AG
Issued capital	EUR 14,928,096
Share type	No-par-value ordinary bearer shares

All told, the stock's performance was satisfactory. For the year as a whole, OHB stock posted a gain of some 7 % and thus kept pace with the DAX, which was also up 7 %, by the end of the year. At the same time, it substantially exceeded the TecDAX, which shed 4 % of its value for the year as a whole. At year-end, OHB Technology AG stock was trading at EUR 7.30. In 2005 to date, it has continued to perform well and has established itself in a consistent range above EUR 8.00. On March 1, 2005 it was trading at EUR 8.60.

By stepping up capital markets communications, the Company has been able to generate additional demand on the part of private investors. Various road shows as well as the participation in several capital market and investor conferences in Germany and other European countries stimulated demand on the part of institutional investors. OHB organized its first "Capital Market Day" in February 2005. Attended by analysts, bankers, investors and journalists, this forum took place at the Company's offices in Bremen and provided a greater insight into OHB's space technology and telematics business as well as offering opportunities for discussions with the management of these business units. Further investor relations activities are being planned for this year to reinforce direct contact with all investors alongside the existing communications channels.

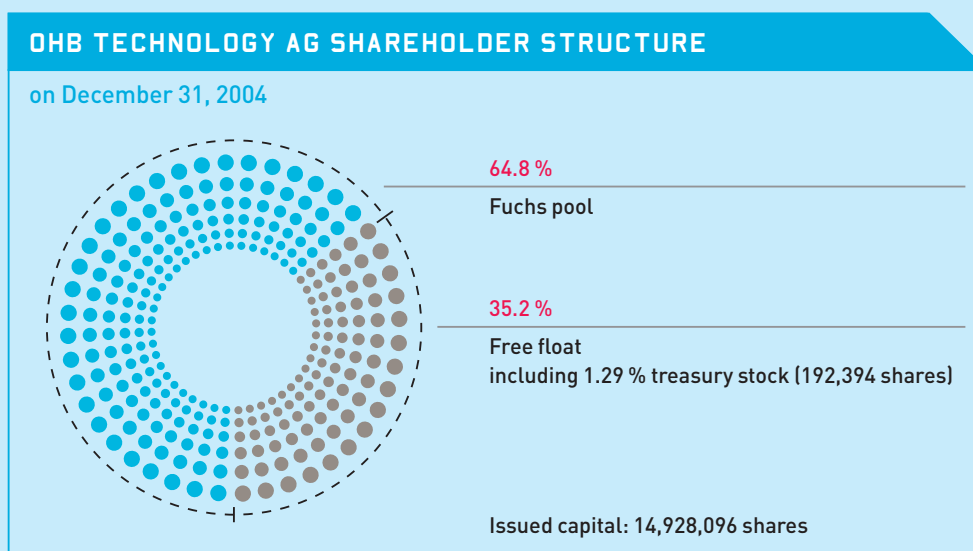
OHB STOCK PARAMETERS

in EUR	2004	2003
Closing price (XETRA December 30)	7.30	6.82
High for the year	7.45	7.90
Low for the year	4.92	3.00
Market capitalization (XETRA December 30)	109 million	102 million
Average daily trading volumes (XETRA + floor)	18,432 shares	16,071 shares
Price/earnings ratio (XETRA December 30)	17.4	22.0
Earnings per share	0.42	0.31
Cash flow per share	1.45	1.89
Proposed dividend per share	0.12	n/a
Dividend yield (XETRA December 30)	1.64 %	n/a

Staff compensation program organized again

As part of a staff compensation program, OHB Technology AG bought back its own shares pursuant to the authorization granted by the shareholders. Roughly 53,000 shares have been used as part of this program and issued to selected staff.

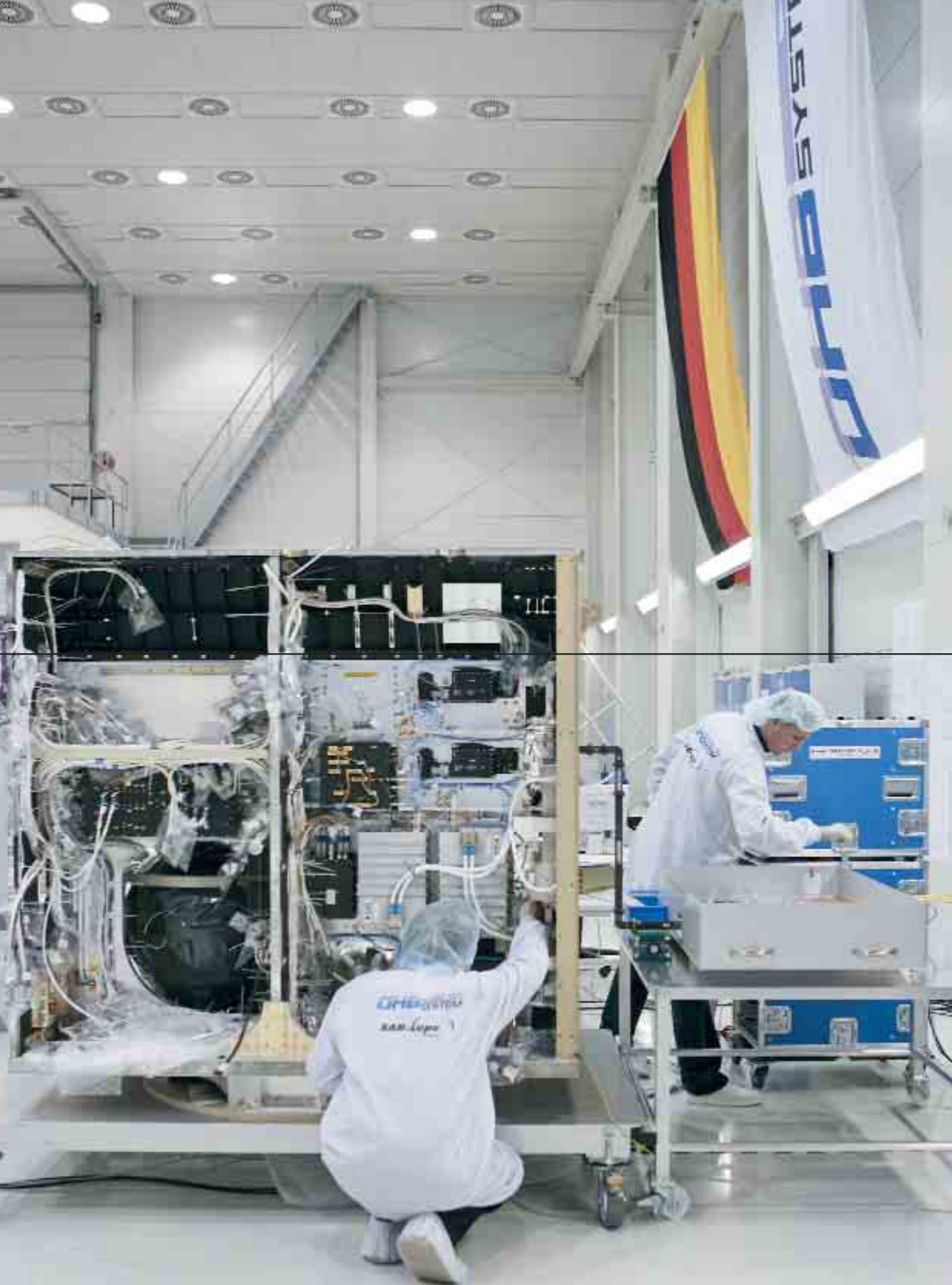
OHB Technology AG is confident that the establishment of the GEX, Deutsche Börse AG's new index for tracking owner-managed companies not tied to quantitative criteria but to qualitative parameters such as the ownership structure as a selection characteristic, will generate heightened interest in the Company's stock in the capital market and thus also lead to even greater acceptance, including with private investors, in the long term.



A key parameter reflecting greater interest on the part of the capital market in OHB Technology AG stock is the steady rise in average daily volumes of the stock in units (XETRA and floor trading), which in 2004 rose by 15 % over the previous year to around 18,500.

ANALYST RATINGS

Date	Bank	Target price	Recommendation
March 2005	DZ Bank AG	8.50	Buy
March 2005	Sal. Oppenheim	8.00	Buy
January 2005	Viscardi Securities	10.00	n/a
November 2004	Haspa	n/a	Hold
October 2004	Berenberg Bank	9.50	Buy
January 2004	KBC Peel Hunt	9.00	Buy



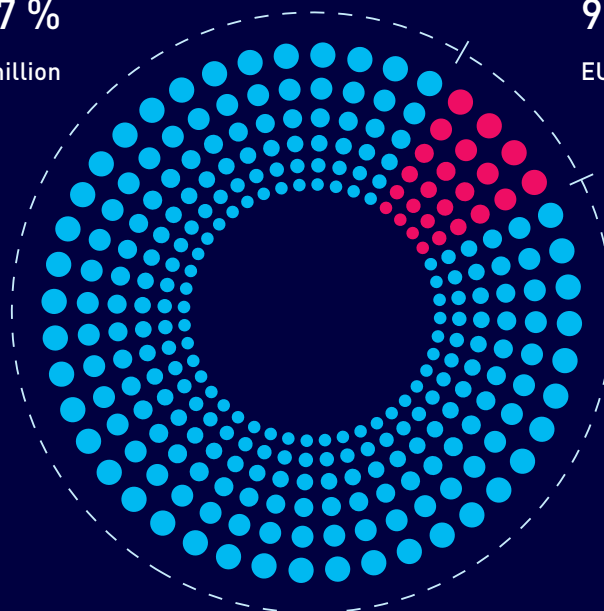
Unique satellite technology at the new OHB integration hall; SAR-Lupe project

Business Units

Sales by Business Units before Consolidation

Space Technology + Security **90.7 %**
EUR 127.809 million

9.3 % Telematics/Satellite Services
EUR 13.144 million



PROF. MANFRED FUCHS,

CEO of OHB-System AG, Bremen, Germany

» As a family-managed company, one of our strengths is to transcend borders and conventions in the way we think. «

Left: Kurt Melching, Head of Finance of OHB Technology AG, Bremen, Germany



Focus on international thrust: OHB Technology AG's business units

“The exploration and use of outer space ... shall be ... the province of all mankind”. These words are taken from Article 1 of the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space of 1967, which currently has 98 signatories. Yet where does space begin? This has also been defined: The transition from the earth to space is of course variable but has been fixed at an altitude of 100 kilometers. This means that international dimensions form an innate aspect of space travel and the directly related pursuits of telematics and satellite services.

Symbolic of this is the greatest technological project of all time: The International Space Station ISS. Born after the Cold War and underpinned by the political will of international co-operation, this ambitious project is primarily motivated today by inter/multi-discipline scientific research and applications.

A total of 15 nations have joined forces to work on this shared extraterrestrial “outpost” of humankind. In addition to the large traditional space-travel nations of Russia and the United States, it also involves Canada, Japan, Brazil, Belgium, Denmark, Germany, France, Italy, the Netherlands, Norway, Sweden, Switzerland and Spain.

By no means are the European countries working independently. Instead, they view space missions as a European challenge, which can be handled only by working on an international level.

OHB Technology AG's mission statement also incorporates this natural trend: In the Group's three business units Space Technology + Security, Telematics and Satellite Services – there are virtually no projects which are being performed on a solely national level or by only a single company. International joint activities the key to success ...

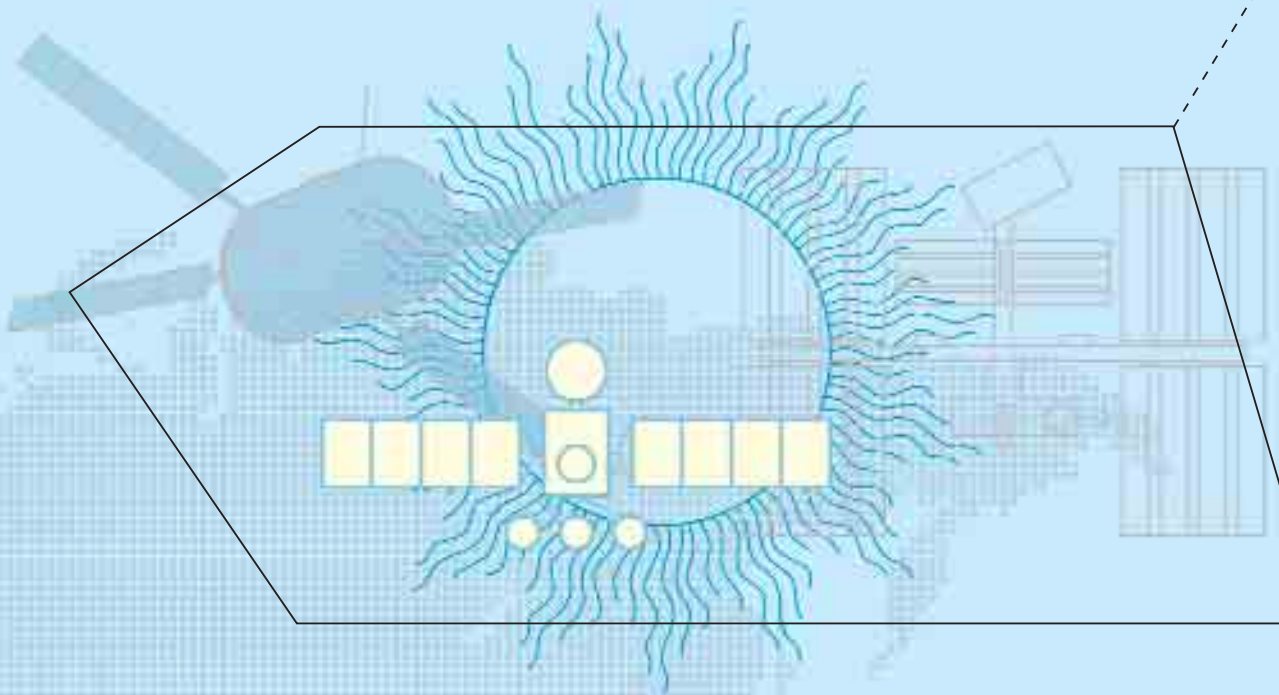
Growing globalization – and, in the wake of this, heightened competition – as well as shorter product lifecycles and development times are forcing most companies to adopt an international orientation. In this respect, the OHB Group is primarily placing store by strategic joint ventures as well as acquisitions and the establishment of subsidiaries to pool and consolidate specific project skills. In this way, the Group combines the skills and abilities of Germany, France, Italy, Israel, Luxembourg, Russia and the United States under a single roof.

Space Technology + Security

The Space Technology + Security business unit focuses on three main areas – small satellites, manned spaceflight and security/reconnaissance technologies. Based in Bremen, space technology company OHB-System AG forms the core of the OHB Group and, with around 200 employees, it is the largest member of the Group. OHB-System AG specializes in developing, constructing, launching and operating small satellites for research, communication and earth observation purposes. The manned space flight segment entails work on constructing the International Space Station ISS and fitting it out with research equipment. In this connection, OHB covers the entire gamut from development and construction to training and transportation. Similarly, the Company is very successfully responding to the growing market for security and reconnaissance technologies as testified to by the fact that OHB-System AG is developing Germany's first satellite reconnaissance system.

Driving force behind innovative ideas

In the course of what is now a history spanning 23 years, the business unit has been consistently extended via a number of strategic investments with the aim of providing customers with end-to-end space travel systems including launch and orbital operations. As a result, OHB-System has always been a driving force behind innovative ideas and developments. At the Bremen Technology Park, OHB engineers and scientists are working on new types of space travel systems targeted at the requirements of the mostly public-sector customers and offering cost-optimized benefits.





Project: SAR-Lupe

Company: OHB-System AG

The special SAR (synthetic aperture radar) method permits high-resolution images of specific regions to be generated from an altitude of around 500 km regardless of the time of day and weather conditions. The SAR-Lupe project comprises five radar satellites and a ground station for controlling the satellites and evaluating the images they capture.

Status

Following the successful completion of the SAR end-to-end test in October 2004 to confirm the image quality, the flight satellites are now being integrated at OHB in Bremen. Located in Gelsdorf, the ground station has now very largely been completed.

Partners

BMVg and BWB (customer) as well as Alcatel Space, Carlo Gavazzi Space, DLR GSOC, EADS, RST, RTG, Saab Ericsson Space, Tesat Spacecom, Thales as subcontractors.

Project: E-SGA & FSLGS

Company: OHB-System AG

The aim of the E-SGA and FSLGS projects is to create a system cluster comprising the SAR-Lupe ground segments and the French Helios II optical reconnaissance system. SAR-Lupe is the German contribution to a future European satellite-based reconnaissance system.

Status

OHB has completed the studies, analyzed the technical adjustments required and produced a schedule and budget for implementing both the German and the French contribution. Valued at roughly EUR 100 million, the bid submitted for implementing the projects is currently being evaluated by BWB and DGA.

Partners

BMVg, BWB, DGA (customer), EADS Dornier subcontractor

Projekt: GALILEO

Company: OHB-System AG

The GALILEO project is a joint initiative of the European Union and the European Space Agency ESA. GALILEO has been designed as an independent European satellite navigation system which will be compatible with the current GPS system. Scheduled to go into operation in 2008, the global navigation positioning system will comprise a network of ground stations and over 30 satellites.

Status

OHB is involved as a sub-contractor in the production of the GSTB V2 test satellite as well as the satellite fleet (GALILEO IOV phase). In addition, the application for operating GALILEO is being evaluated. OHB Technology is a core partner in the iNavSat syndicate.

Partners

EADS Astrium, Galileo Industries (customer)



Project: LUX

Company: OHB-System AG

The LUX satellite bus offers OHB the potential of gaining new customers and developing applications in the economically interesting area of geostationary systems. LUX is a highly efficient and reliable platform for telecommunications, meteorology and earth observation. For this purpose, OHB is seeking to enhance the functionality of satellite applications by deploying small geostationary satellites – “Little GEOs” for short – of a relatively small mass and volume. Both the risk and the costs can be spread more broadly across small satellites. The consistently modular concept will systematically involve the deployment of available and proven technologies. In this way, it is possible for the satellite bus to be modified for individual mission profiles quickly, flexibly and at minimum cost.

Status

LUX is currently in the pre-development phase.

Project: SATCOMBw II

Company: OHB-System AG

Working in conjunction with T-Systems and Thales, OHB has submitted a bid for the assembly and operation of this new satellite communications network for the German Federal Armed Forces. Known as SATCOMBw II, the system will improve the basis for ensuring flexible and global missions on the part of the German Federal Armed Forces. The system comprises a space segment made up of various geostationary satellites (“Little GEOs”) with communications payloads for military voice communications and data transmission. Mobile ground stations of different sizes and functions as well as a management and control segment for planning, controlling and monitoring purposes together with the related stationary ground segment in Germany are further components of this highly modern system.

Status

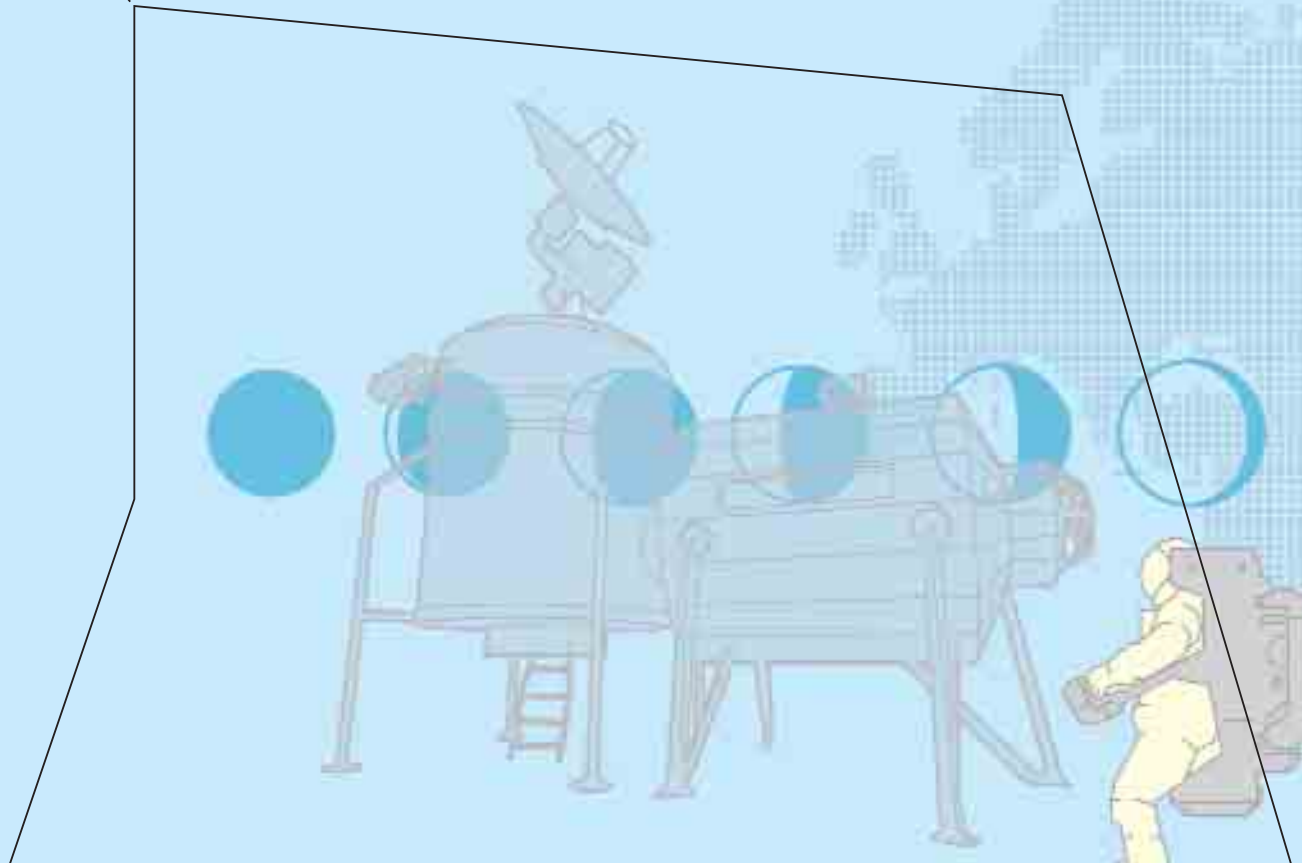
The German Federal Armed Forces’ IT office is currently evaluating two competing bids.

Partners

BMVg, IT AmtBw [customer], T-Systems, Thales

Whereas it was once normal to ensure that satellites were as large as possible to incorporate many different functions, a new trend has emerged in favor of less expensive small satellites and this is OHB-System's main area of business. A good example is the Company's largest project at the moment, the SAR-Lupe satellite reconnaissance system: With a width of only three meters and a weight of no more than 770 kg, the radar satellites achieve resolutions which have hitherto been the reserve of far larger and more expensive satellites.

This quantum leap in quality has been made possible by OHB engineers' innovative prowess and close collaboration with the world's best system suppliers and service providers.

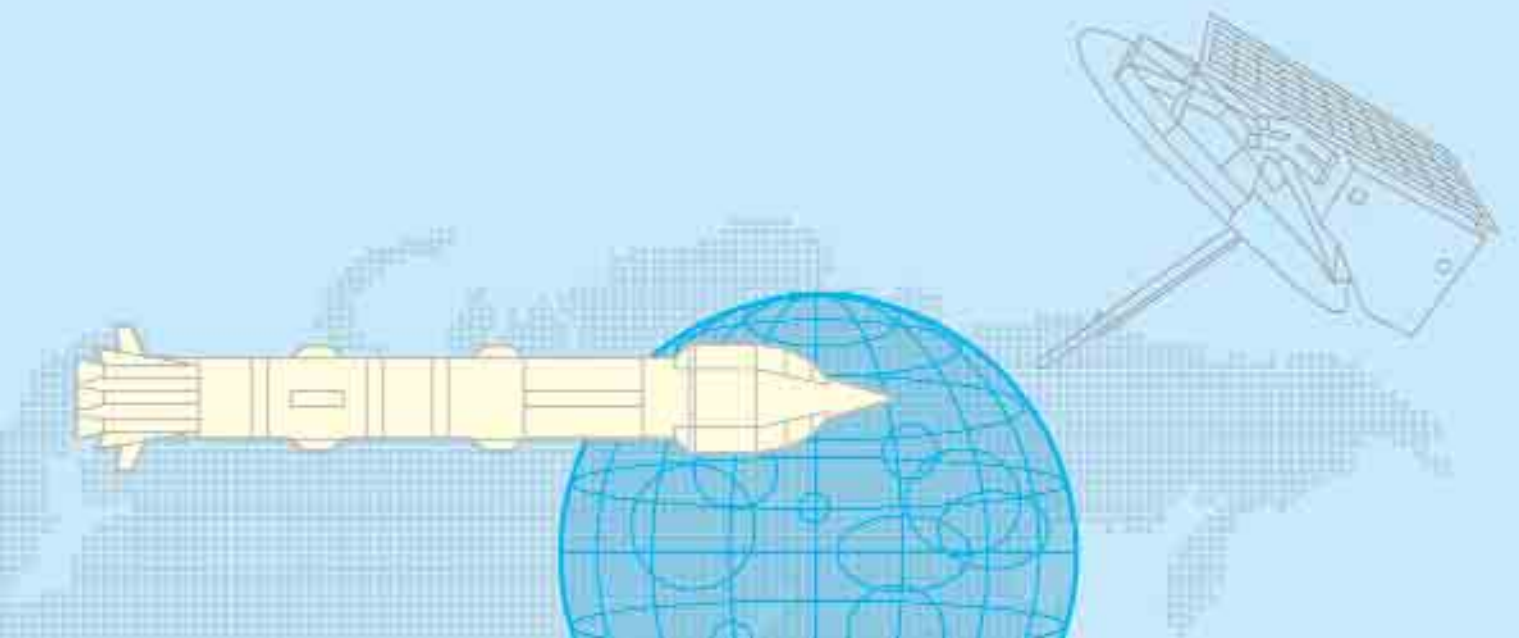


Common interests – common companies

COSMOS International GmbH is responsible for launching the SAR-Lupe satellites. The company has arisen from joint activities in connection with the use of Russian carrier rocket systems, which are deployed for launching various OHB small satellites (Safir 1 & 2, Abrixas, Bird Rubin and LLMS). Since the beginning of the nineties, OHB-System had been working very successfully with Russian engineering office POLYOT in Omsk, which developed the COSMOS carrier rocket in the sixties. Since then, the dual-phase carrier rocket system has achieved reliability of over 97 percent in more than 750 launches. The COSMOS rocket is ideal for transporting small satellites to low-orbit positions.

It was necessary to modify the tip of the rocket to accommodate the broad parabolic antenna fitted to the SAR-Lupe radar satellites. POLYOT developed and built a special payload fairing for this purpose, demonstrating its functionality during a successful trial launch in January 2005.

On the strength of the many years of good and successful collaboration, the OHB-Group has since forged closer ties with POLYOT. Thus, alongside OHB and POLYOT, Italian space technology company Carlo Gavazzi Space also holds a stake in the recently incorporated COSMOS Space Systems AG. The extended business targets still focus on the global marketing of launching services and the modernization and further development of the COSMOS rocket. As well as this, COSMOS Space Systems AG will develop, produce and launch small satellites and step up the marketing of turn-key satellite systems in Germany, Italy and Russia.





OLEG DOROFEJEV, Director General of PO POLYOT, Omsk, Russia

» Pooling resources to grow together – this is the basis and purpose of our successful German-Russian collaboration. «

Right: Prof. Dr. Indulis Kalnins, COSMOS Space Systems AG, Bremen, Germany



AVIGDOR BLASBERGER, *Director Space Systems of ELOP Electrooptics Industries Ltd., Rehovot, Israel, and Managing Director of OHB-ElectroOptics GmbH, Bremen, Germany*

» The joint venture between ELOP and OHB will allow us to open up new markets. «

Right: Dr. Fritz Merkle, CTO of OHB-System AG, Bremen, Germany



Electrooptical systems

OHB Technology AG and ELOP Electro-Optics Industries Ltd., Rehovot, Israel, have established a joint venture to develop and market electrooptical systems and infrared payloads. Known as OHB-ElectroOptics, the new company pools OHB's system and mission experience with ELOP's skills in the areas of electrooptics and infrared technology. The solutions are being marketed in Europe.

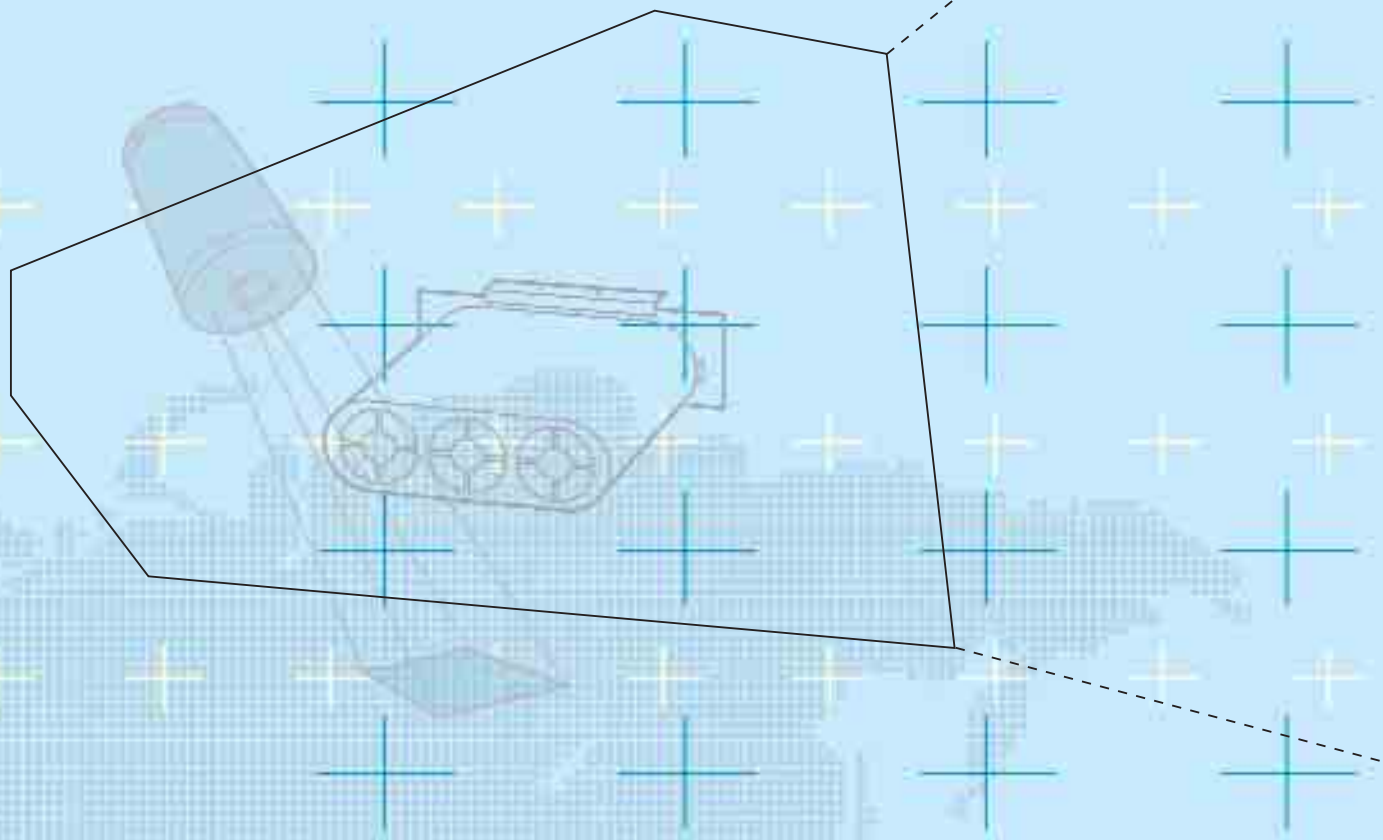
With this joint venture, OHB is extending the range for European space travel. A particular advantage is the fact that the two partners know each other well. In fact, OHB and ELOP have been working very successfully for over ten years on developing small satellites with electrooptical payloads. In this way, OHB is pursuing one of its core strategies of opening up the market for industrial earth observation.

LUXSPACE Sàrl, Betzdorf, Luxembourg

The new subsidiary LUXSPACE Sàrl forms a further component in OHB Technology's network strategy. This company is to act as a systems integrator in the key European space technology markets. Domiciled on the campus of SES Astra in Betzdorf, LUXSPACE was incorporated at the end of 2004 in response to the growing importance which Luxembourg is playing in the European space technology industry. At the same time, OHB has intensified its joint activities with the world's leading satellite communications specialist SES GLOBAL and its European subsidiary SES ASTRA. To this end, a partnership agreement was signed by OHB Technology AG and SES ASTRA S.A. in Luxembourg at the end of 2004 with the aim of using the LUXSPACE platform to jointly develop and market projects in the communications, navigation and earth observation areas.

ELTA S.A., Toulouse, France

As part of its strategy of extending the European reach of its business activities, the OHB Group holds a 34 percent share in electronics specialist ELTA S.A. in Toulouse. ELTA has been developing and building extremely secure electronic systems for aviation and space travel since 1975. In particular, it concentrates on technologies and equipment for recording, measuring and transmitting data and for positioning and managing mobile assets. In this way, it ideally supplements the OHB Group's space technology and telematics activities.





Project: SWARM

Company: OHB-System AG

SWARM is a satellite system for observing the dynamics of the earth's magnetic field. It comprises three small low-orbit satellites. The purpose of the SWARM mission is to examine the earth's magnetic field and its development with an unprecedented precision in order to learn more about the processes going on in the earth's interior as well as in the climate and to gain a new insight into how the planet works. After OHB completed a Phase A feasibility study in 2004, ESA selected SWARM as the only one out of six missions to be implemented. Work on the project is now to be commenced.

Status

An offer to implement SWARM is currently being produced for ESA under OHB's lead management.

Partners

ESA (customer)

Project: FSL/EDR

Company: OHB-System AG

The Fluid Science Laboratory (FSL) and the European Drawer Rack (EDR) are payloads for the International Space Station ISS. FSL is to be used for conducting research into the transportation of materials and energy as well as the surface phenomena of liquids and gases in gravity-free conditions. This is of particular relevance for optimizing the use of fluid resources on the earth, e.g. combustion, lubrication and coating. EDR is a platform for supplying scientific experiments in various disciplines with electricity, data and video links as well as refrigeration.

Status

Following the successful completion of the project, OHB received a contract for further extension work. ESA is making use of the postponement in the launch of the European laboratory module COLUMBUS caused by the current interruption to flights of the US Shuttle to additionally optimize the experimental equipment.

Partners

ESA, Alenia Spazio (customer)

Project: ATV (Harness & MDPS)

Company: OHB-System AG

The automated transfer vehicle (ATV) is a versatile space transporter capable of being deployed for different tasks, such as supplying the space station with consumables (fuel, gas, water, food etc.), transporting payloads to the station and collecting refuse and items no longer required. In addition, a key task of the ATV is to periodically nudge the space station back into its intended orbit and to support positioning activities.

Status

OHB produced the harness for the drive levels and developed a meteorite and debris protection system (MDPS) for the prototype and first flight model of the ATV. This year, OHB has commenced work on producing harnesses as well as the MDPS for the other six ATVs.

Partners

ESA, EADS-ST (customer for harness), Contraves Space (customer for MDPS), APCO Technologies



Project: Condor/ARDS

Company: OHB-System AG

Condor is a modular, flexible system for extensive aerial reconnaissance. It comprises a flight segment which can be used both automatically and manually in flight as well as a ground segment. Users at the ground segment plan, control and monitor the mission and receive reconnaissance data on line. The central component of the CONDOR reconnaissance system is ARDS (Aerial Reconnaissance Data System), which achieves extremely high data transmission rates. This reduces the data volume generated by the high-resolution aerial reconnaissance images and permits efficient evaluation of the sensor data in the ground station.

Status

CONDOR is currently in the extension phase. CONDOR/ARDS is to be demonstrated in a flight campaign at the beginning of 2006. The CONDOR reconnaissance system is already attracting great attention on the part of potential customers from all around the world.

Partners

Stemme, OHB-ElectroOptics, Thales & TNO

Projekt:

Fairing modification COSMOS-3M

Company:

COSMOS International GmbH

In order ensure that the SAR-Lupe satellites currently being developed by OHB are put into orbit safely, it was necessary to modify the payload fairing of the Russian COSMOS-3M carrier. With a diameter of three meters, the parabolic antenna fitted to the SAR-Lupe satellites necessitated extensions to the tip of the rocket. Based in Omsk, Russia, PO Polyot, the producer of the rocket, developed and built the necessary fairing on behalf of Bremen company COSMOS International and proved its functionality with a successful trial launch in January 2005.

Status

The COSMOS rocket with the modified payload fairing has been qualified and is ready for deployment.

Partners

POLYOT, Rosoboronexport



34 35

Ahead of the successful qualification flight: The new COSMOS rocket tip in Plesetzki, Russia (January 2005)



LANFRANCO ZUCCONI, *President of Telematic Solutions S.p.A., Milan, Italy*

» We are benefiting from OHB Teledata's many years of experience. At the same time, our telematic security applications supplement the OHG Group. «

Left: Ulrich Schulz, Member of the OHB Technology AG Management Board responsible for Telematics, Bremen, Germany



Telematics

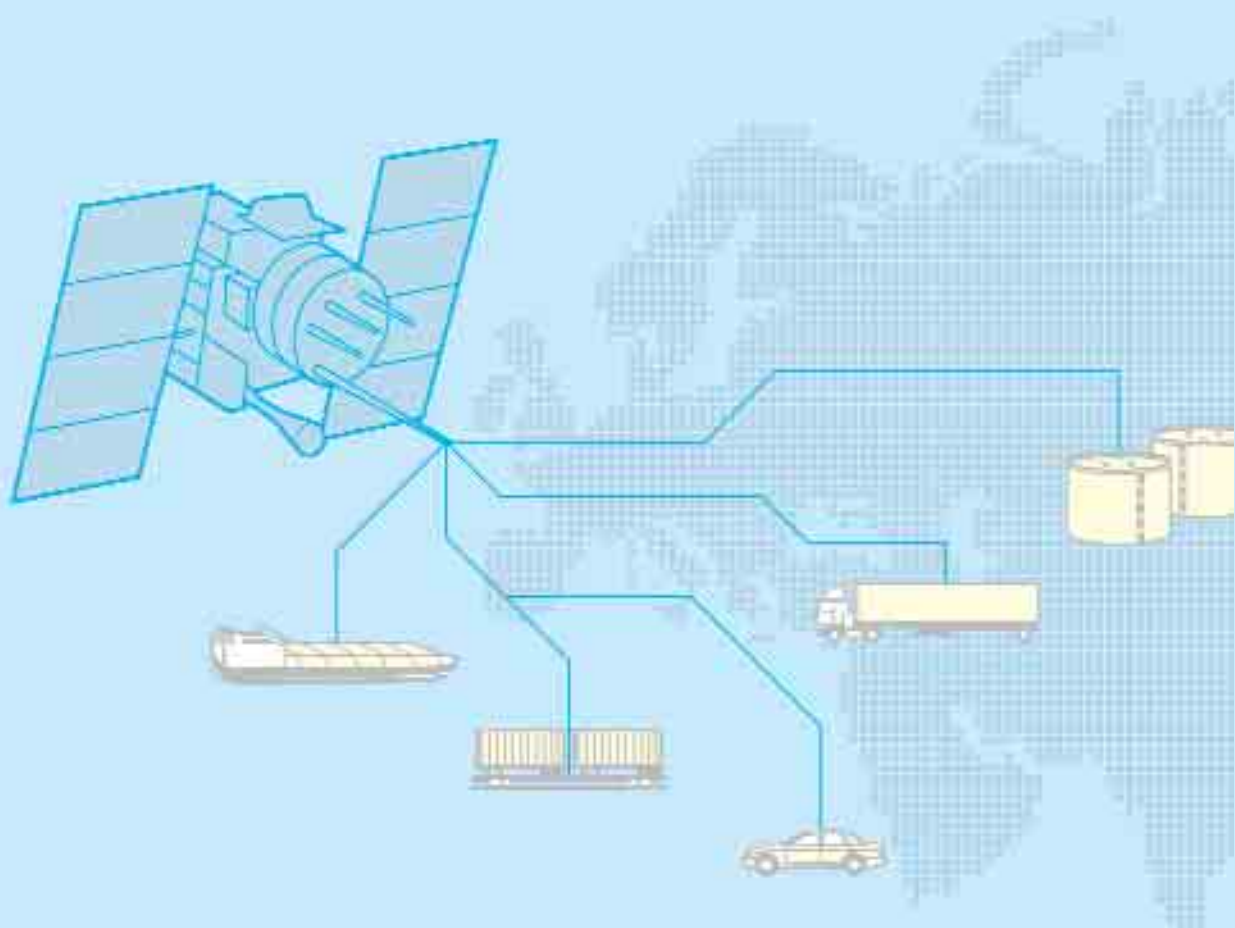
OHB's Telematics business unit develops and implements comprehensive solutions for the efficient management of commercial transportation. Global communications and data transmission and processing are available under a single roof. The business unit focuses on transport logistics, consignment tracking, construction materials logistics as well as the transportation of hazardous and refrigerated goods. Accordingly, it develops and markets end-to-end solutions for efficient fleet and freight management using (Internet-based) position, vehicle and container data.

As well as this, it is working on security applications for government bodies and agencies with security duties. Further key aspects of telematics business involve geographic information systems as well as commercial web-based database solutions.

OHB Teledata GmbH

OHB Teledata GmbH is the core company within the Telematics business unit. It was established in 1993 to serve the growing market for satellite-based tracking of mobile assets.

OHB Teledata specializes in what in economic terms is the most important segment, namely transport telematics, and offers solutions for optimizing logistic processes on a global basis. International customers from countries such as the United States and the Netherlands are successfully using OHB Teledata's systems.



In addition to customized project work, OHB's Telematics business unit is increasingly also concentrating on OEM projects and services including exclusive deliveries to producers of commercial vehicles such as MAN, DAF, Kenworth and Peterbilt.

OHB Teledata offers single-stop systems for global communications and data transmission and processing for the purpose of ensuring worldwide tracking of mobile assets.

Milan-based company Telematics Solutions S.p.A. is a joint venture between OHB Technology AG and Italian space technology company Carlo Gavazzi Space S.p.A. Today, Telematic Solutions is a leading telematics operator in Italy and supplements the OHB Group's range with products for security applications, e.g. satellite-monitored on-board computers for preventing passenger vehicle thefts as well as mobile wireless cameras to reduce criminal activity at highly frequently locations via early intervention.

megatel Informations- und Kommunikationssysteme GmbH

Based in Bremen, megatel GmbH is a software systems provider, which has been a member of the OHB Group since 2001. The integration of this company has generated advantages for both telematics and space technology. Thus, megatel is assisting OHB in the development of software for the satellite-based SAR-Lupe reconnaissance system and in the implementation of telematics portals.

In particular, the extensive experience in programming road maps offers great benefits for telematics services.





DR. HUBERT BISCHOFF, *Managing Director of megatel GmbH, Bremen, Germany*

» As a member of OHB Technology AG, we have been able to further extend our range of services «

Left: Jochen Harms, Managing Director of LUXSPACE Sàrl, Luxembourg





Project: TIPS Mobil

Company: OHB Teledata GmbH

By using Java-enabled standard mobile telephones, it has been possible to implement an inexpensive entry-level solution for the mass market for mobile logistics solutions. This Java solution in connection with GPRS communications is quicker, more practical, more user-friendly and less expensive than previous WAP applications. An initial order providing for more than 800 drivers to be equipped with the system will be used to optimize the deployment of passenger-vehicle transportation.

Status

The devices are now being successfully used.

Partner

Mosolf (customer)

Project: GCA

Company:

Telematic Solutions S.p.A.

With its modular structure, the telematic antitheft solution is designed to prevent the theft of passenger cars in particular. In addition to the transmission of positioning data in the event of theft, it includes further security functions such as an emergency button, tilt and crash sensors, ignition demobilization and 7/24 monitoring by a central service point. The contract entails the delivery of 14,500 systems.

Status

Delivery ongoing.

Partner

General Consulting Associated (customer)

Project: OEM product development

Company: OHB Teledata GmbH

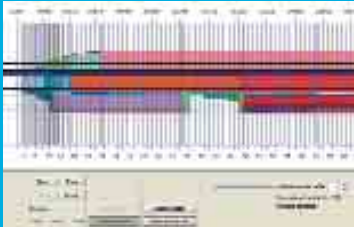
OHB is developing the future telematics systems for the PACCAR Group for integration in commercial vehicles cabins. The devices include numerous functions for which previously separate systems were required. Functions include navigation with full map material for the United States, Canada, Mexico as well as a CAN-bus link and communications via GPRS and satellite (ORBCOMM).

Status

The first field test is about to be performed.

Partner

PACCAR (customer)



Project:
Decompression File Generator
Company: megatel GmbH

The Airbus Rapid Decompression Group is examining the effects of a sudden loss of pressure in the interior of aircraft, e.g. as a result of a hole in a window or exterior skin. The impact on the individual areas and systems of the aircraft is being simulated. For this purpose, the simulator requires data on the aircraft body, volumes, systems and pressurized connections. As part of the DecoFiG project, a tool has been developed to create, visualize and edit simulation models for the Airbus A380 with discrete 3D volumes, to manage versions and to document and automatically update these.

Status
Delivered at the end of 2004.

Partner
Airbus Deutschland GmbH
(1st customer), CeBeNetwork GmbH
(2nd customer)

Project: Consignment tracking for the German armed forces
Company: OHB Teledata GmbH

An end-to-end solution has been developed for managing the supply of materials and spare parts on the German Federal Armed Forces' peace-keeping missions. The automated material tracking system is based on barcode technology. The system is currently being implemented and will be used in the first half of 2005 in connection with supplies to the German forces in Afghanistan.

Status
Delivered in December 2004.

Partner
EDS Operation Services GmbH (main supplier), IT AmtBw (customer)

Project: VEGA
Company: Telematic Solutions S.p.A.

Development and implementation of security and telecommunications equipment as well as the controlling software for monitoring the launch pads in Kourou, French-Guayana, for the ESA launcher VEGA. This new carrier rocket has been designed for transporting small to mid-size low-earth orbit satellites used for scientific and earth observation missions in particular. This contract constitutes a further key milestone in the marketing of Telematic Solutions' telematic safety applications.

Status:
After being awarded the ESA contract, the syndicate has now commenced work.

Partners
ESA, Vitrociset (customer), Contraves Italia etc. (supplier)

Jerome B. Eisenberg, CEO and President of ORBCOMM, Inc., Dulles/Virginia, USA

» As a strategic investor, OHB is not only strengthening our position in the global market but also decisively reinforcing our joint marketing activities in Europe. «

Right: Marco R. Fuchs, Chairman of the Management Board of OHB Technology, Bremen, Germany



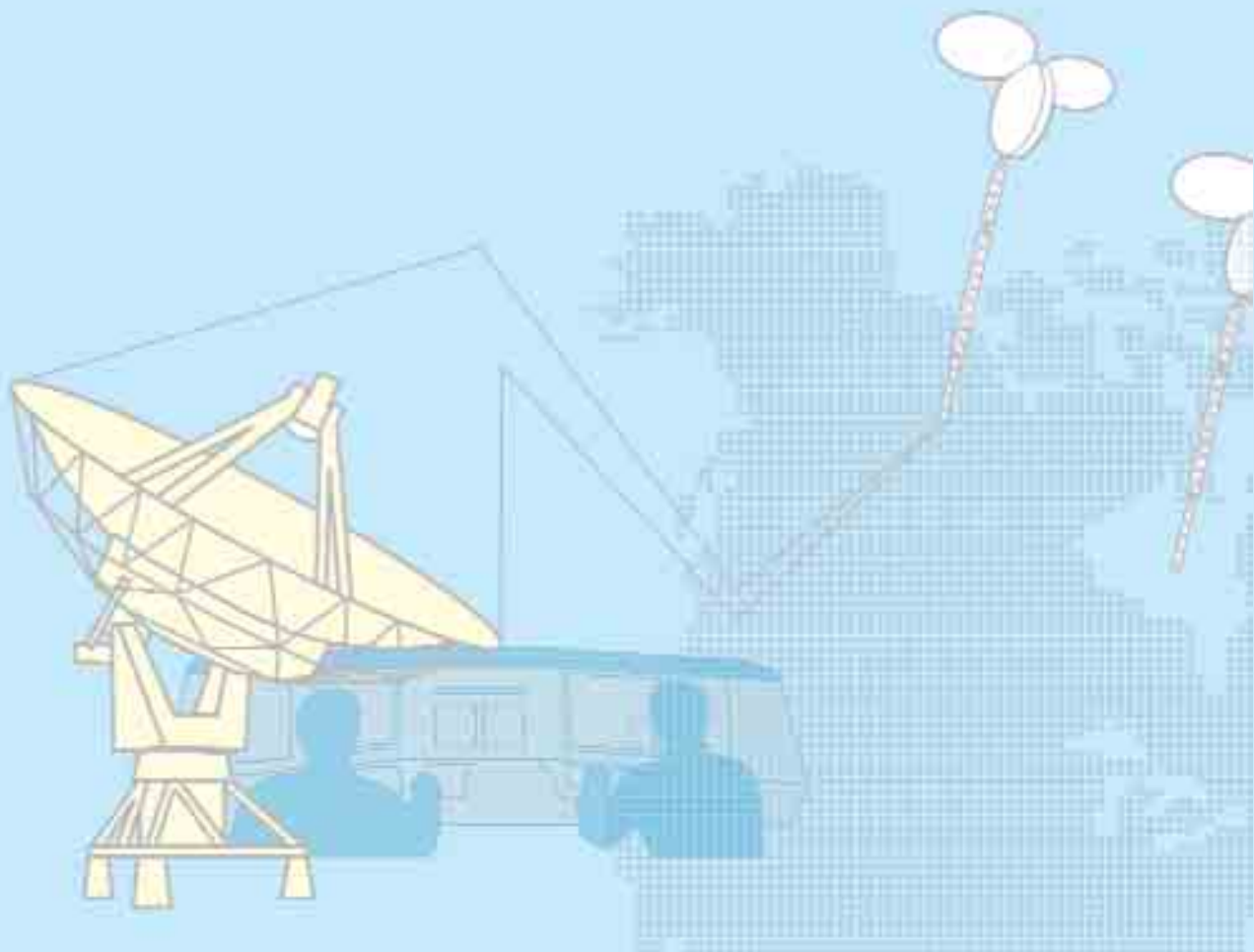
Satellite Services

Spanning the world with ORBCOMM

The Telematics and Satellite Services business units are closely linked. Telematics involves transmitting position and status data on mobile or fixed assets within minimum delay. In order to offer this service to international customers on a global basis, OHB Technology AG holds a stake in the US operator of the globe-spanning ORBCOMM satellite system. Based in Dulles, Virginia, ORBCOMM Inc. provides worldwide satellite communications for industrial, military and commercial purposes and operates a network of 30 low-orbit communications satellites, which together with ground stations provide global coverage and are used by the OHB Group's Telematics business unit.

Via ORBCOMM Europe LLC, OHB Technology is exclusively responsible for operating and marketing the system across Europe.

OHB Technology AG's stake in the parent company ORBCOMM Inc. is reinforcing the Group's Satellite Services division on a sustained basis and substantially facilitates market access for the OHB Group's telematics products and services in North America.





Project: U.S. Coast Guard

Company: ORBCOMM Inc., OHB-System AG
The U.S. Coast Guard has awarded ORBCOMM Inc. a contract for the development and construction of a satellite extending the Automatic Identification System (AIS) for monitoring shipping in U.S. coastal waters. The existing terrestrial AIS systems do not provide sufficient cover. The satellite-based system transmits positioning data using a special satellite receiver via the ORBCOMM system to the Coast Guard.

Status
ORBCOMM has asked OHB-System AG to construct the satellite. The first AIS-ready satellite is to be launched at the beginning of 2006.

Partners
U.S. Coast Guard, Orbcmm Inc. (Customer)

Project: GALILEO concession

Company: OHB Technology AG
In the bidding process for the operator concession for the GALILEO European satellite navigation system currently being established, OHB has joined the iNavSat bidding team comprising EADS Space, Thales and Inmarsat in the second round as a core partner. Among other things, OHB will be responsible for coordinating the telematics activities in the broad-based iNavSat team.

Status
At the beginning of March, the Galileo Joint Undertaking (GJU) decided to continue negotiations with the remaining two syndicates over the next three months.

Partners
Galileo Joint Undertaking (customer), EADS Space, Thales, Inmarsat and a further 40 international companies

Project: Offshore wind farm

Company: ORBCOMM Europe
In connection with plans for the world's largest offshore wind farm "Nysted Havmøllepark", various measurements were taken over several years to determine the suitability of the region for installing wind turbines. The data collected was transferred via the ORBCOMM satellite system, ensuring that it was available for evaluation with minimum delay. These results were part of the basis for the decision to go ahead with this wind farm.

Status
72 offshore wind turbines with an output of 2.3 megawatts each have been installed. Measurements are continuing.

Partner
ORBCOMM Europe/
Risø National Laboratory



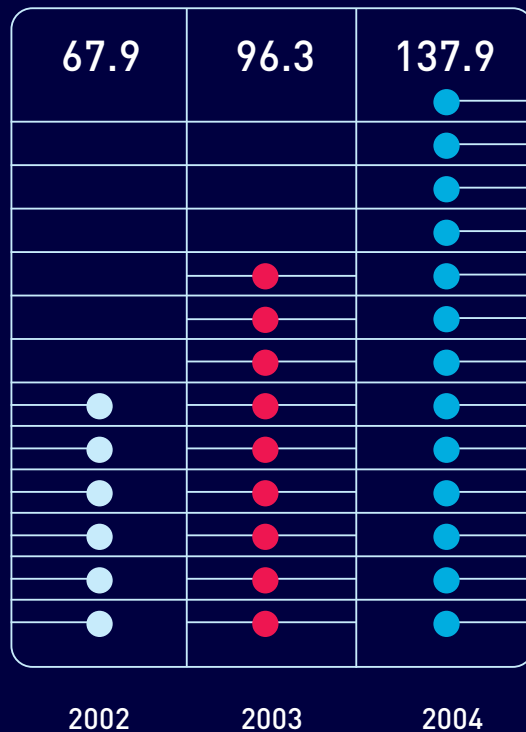
Global coverage with 30 ORBCOMM satellites

Production of the cable harnesses for the ATV space transporter in one of OHB's clean rooms



Management Report

Consolidated Sales (in EUR millions)



Management Report for the Fiscal Year commencing January 1, 2004 and ending December 31, 2004

Fiscal 2004 was the most successful year in the OHB Group's history. At EUR 0.42, earnings per share fully matched our ambitious expectations and were roughly one third up on the previous year (EUR 0.31). Sales came in at EUR 138 million (previous year: EUR 96 million), with total revenues reaching a record EUR 114 million (previous year: EUR 105.8 million). The Management Board and the Supervisory Board will be asking shareholders to approve a dividend of EUR 0.12 per share for 2004. The Satellite Services business unit is included in the figures for the Telematics business unit for the purposes of segment reporting and consolidated earnings on account of the still small contribution which it makes to total revenues.

Revenues and Total Sales

OHB Technology AG achieved consolidated sales of EUR 137.909 million (EUR 96.349 million) last fiscal year, an increase of over 43 % over the previous year. Consolidated total revenues came to EUR 114.081 million (previous year: EUR 105.784 million), equivalent to an increase of roughly 8 % over the previous year but less than our target of over EUR 120 million.

The Space Technology + Security business unit recorded non-consolidated revenues of EUR 127.809 million (previous year: EUR 88.040 million) and the Telematics business unit EUR 13.144 million (previous year: EUR 10.138 million). Non-consolidated total revenues came to EUR 102.497 million (previous year: EUR 94.163 million) in the Space Technology + Security business unit and EUR 14.743 million (previous year: EUR 13.310 million) in the Telematics business unit. The main growth driver in 2004 was the Space Technology + Security business unit.

TOTAL REVENUES BY BUSINESS UNIT		
EUR 000	2004	2003
Space Technology + Security	102,497	94,163
Telematics	14,743	13,310
Consolidation and holding company	- 3,159	- 1,689
Total	114,081	105,784

Earnings Situation

OHB Technology AG's earnings matched expectations in 2004. Net consolidated income for the year came to EUR 6.119 million in 2004, up from EUR 4.554 million in the previous year. As a result, earnings per share stood at EUR 0.42 in the year under review, an increase from EUR 0.31 in 2003. Earnings before interest and tax (EBIT) rose to around EUR 8.467 million in the year under review (previous year: EUR 6.289 million). Before consolidation, the Space Technology + Security business unit achieved EBIT of EUR 7.952 million (previous year: EUR 7.340 million) and thus generated the most of the net income for the year. With EBIT of EUR 0.732 million, the Telematics business unit managed to return to profitability (previous year: loss of EUR 0.263 million). Net financial income came to EUR 1.586 million in 2004 (previous year: 0.590 million). The income statement prepared according to German GAAP (HGB) carries net income of EUR 2.449 million for OHB Technology AG for 2004.

Orders

Order receipts in 2004 declined in value to EUR 110.771 million (previous year: EUR 188.200 million) on account of the scheduled progress made on the SAR-Lupe project. Turnaround times on orders generally comprise up to three years. The final contractual services for the SAR-Lupe project are scheduled to be executed in 2016.

EBIT BY BUSINESS UNIT		
EUR 000	2004	2003
Space Technology + Security	7,952	7,340
Telematics	732	-263
Consolidation and holding company	-217	-788
Total	8,467	6,289

Assets and Financial Condition

Total assets rose from EUR 120.450 million on December 31, 2003 to EUR 121.342 million on December 31, 2004. Capital spending by the OHB Technology Group came to EUR 5.775 million in the year under review, including a sum of EUR 1.215 million for intangible assets. We invested EUR 0.548 million in operating and business equipment and EUR 4.012 million in equity holdings. Orders in progress decreased in value to EUR 3.090 million (previous year: EUR 31.078 million) particularly as a result of the application of the percentage of completion method to orders for the International Space Station. This was offset on the liabilities side by advance payments of EUR 21.500 million (previous year: EUR 33.131 million) received for orders. Cash and cash equivalents rose from EUR 43.106 million in the previous year to EUR 58.727 million on December 31, 2004. The equity of EUR 44.441 million equals roughly 37 % of the total assets and covers fixed assets by a factor of 2.0. There are no sizeable exchange-rate risks. No borrowings were raised in 2004 and are currently not planned for the future.

BALANCE SHEET STRUCTURE		
EUR 000	12/31/2004	12/31/2003
Medium and long term assets	21,861	17,351
Current assets	96,793	100,560
Deferred taxes	2,633	2,480
Prepaid expenses	55	59
Assets	121,342	120,450
Shareholders' equity	44,441	39,381
Provisions	29,075	15,153
Liabilities	47,826	65,916
Deferred income	0	0
Liabilities and shareholders' equity	121,342	120,450

Space Technology + Security

Sector and Market Situation

National and international conditions for the Space Technology + Security business unit remained mixed all in all.

The national civil satellite market is continuing to stagnate in Germany. A large volume of the funds managed by DLR is tied to ongoing projects for another two or three years.

On the other hand, the market situation for ESA research satellites is characterized by stable long-term budgets. The future ESA SWARM mission involving earth observation satellites is currently in phases B, C, D and E of the tender phase, with the contract expected to be awarded at the middle of the year.

OHB is involved in a series of studies for other ESA satellite projects in a managing role in some cases or as a sub-contractor in others.

Work on implementing the planned European GALILEO satellite-based navigation system has commenced in the European satellite industry. OHB-System AG is involved in this project on the system level and with subsystems as a sub-contractor for Galileo Industries S.A. In addition, the contract for the operation of GALILEO by a concessionaire is in the tender phase. OHB is a core partner in the iNavSat syndicate, one of the two remaining competitors out of an original group of four, and is therefore very well positioned. The preferred bidder is expected to be selected in June 2005.

The decline in commercial communications satellites, from which the global satellite industry has been suffering over the past few years, has been largely overcome, with the market showing clear signs of stabilizing. There is growing global demand for small geostationary satellites (Little GEOs). OHB is responding to this by developing a platform optimized for this niche.

In the area of manned space flight, the delays caused by the crash of the Columbia Space Shuttle in February 2003 are now expected to last two or three years with respect to continued work on the International Space Station ISS. Apart from some delays and the awarding of contracts to bridge the gap, this has had no material 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.

Business Performance

Non-consolidated total revenues came to EUR 102.497 million (previous year: EUR 94.163 million) and non-consolidated sales to EUR 127.809 million (previous year: EUR 88.040 million) in the Space Technology + Security business unit. 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.

The largest single order at the moment, the SAR-Lupe project, is continuing to progress well. 38 months into the project, work on functional testing of the engineering model and the assembly of the first flight model has made substantial progress. All the milestones were achieved in 2004 again, with the customer, the German Federal Office of Defense Technology and Procurement, stating at the scheduled management reviews that it was very satisfied with the technical progress being made on the project.

In December 2004, OHB lodged a supplementary bid covering measures to enhance the technical capabilities of the satellites in response to a request received from the public-sector customer. These adjustments are currently being implemented, with the contract expected to be formally extended in spring 2005.

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. The contracts entered into with German Federal Office for Defense Technology and Procurement concerning Phases I and II of the Europeanization of the SAR-Lupe project have been signed and the offer for the implementation phase submitted. At the moment, negotiations on the contracts are being conducted. Work on implementing the European system comprising the German SAR-Lupe satellites (radar images) and the French Helios II satellites (optical images) is to commence in mid 2005.

The radar satellites being developed under the SAR-Lupe program are being marketed under the SAR-SAT name. There is strong interest in these SAR-SAT satellites in many allied and NATO countries. As a result, OHB is engaged in negotiations with a number of these interested parties.

SATCOMBw II looks set to become the OHB Group's largest and most important project in the future. Under the lead management of T-Systems, a German syndicate additionally comprising OHB-System and Thales has been established with the aim of

bidding for the project for establishing and operating a new satellite communications network for the German Armed Forces. The best and final offer was submitted in 2005. If the syndicate is awarded the project, the corresponding contract will probably be signed in the fourth quarter of 2005. The total project is worth just under EUR 1 billion.

At the beginning of March 2005, OHB-System was awarded a contract by ORBCOMM Inc. for the development and construction for the first in a new generation of communications satellites with the launch scheduled for in early 2006.

The Phase A study for the new SWARM satellite system for measuring the earth's magnetic field with an unprecedented degree of precision was successfully completed during the period under review. The offer for the realization phase of the project is to be submitted on April 4, 2005. If the contract is awarded, this project will have a potential value of around EUR 100 million for OHB over the following five years.

In the area of manned space flight, the flight model of the European Physiology Modules Facility (EPM), which is to be used for conducting medical experiments on board the ISS, was delivered to the customer in the year under review. In addition, OHB-System AG completed a further key component of the ISS International Space Station in 2004. On behalf of the European Space Agency ESA, it developed and built the European Transport Carrier ETC, a special transport rack.

Last year, a series of supplementary and additional contracts was signed with ESA to cover the project extensions necessitated by the delays in the construction of the International Space Station ISS. Among other things, ESA asked OHB to complete extensions to the EPM research laboratory in a contract currently valued at a good EUR 3 million.

In July 2004, ESA commissioned a further six Automatic Transfer Vehicles (ATVs), which will be used to supply the International Space Station ISS and correct its orbit. OHB will be developing the protective shields and producing the cable harnesses for the ATV thrust stages.

Telematics

Sector and Market Situation

The delay in the introduction of the toll system for German motorways again placed a damper on spending by logistics companies on telematics systems last year. As a direct consequence, more and more smaller operators are retreating from the market, with the concentration process in the telematics sector still unabated. Now that the toll system has been implemented, there is evidence of the market picking up. Among other things, this is being triggered by the fact that large logistic services companies are buying up specialist transport companies and attempting to establish uniform telematic solutions to manage processes in the new companies as quickly and flexibly as possible.

In the wake of rebounding commercial vehicle production figures, OHB Technology is hoping that demand for OEM telematic systems will strengthen. In any case, there is clear evidence of a trend pointing in this direction. As of 2007, factory-fitted systems will exceed project solutions. OHB Teledata plans to engage in the non-OEM telematics market with external service and solution providers, although the hardware will continue to be based on OHB Teledata technology.

Business Performance

The Telematics business unit gained momentum again in the period under review, reporting non-consolidated total revenues of EUR 14.743 million in 2004, thus exceeding the previous year (EUR 13.310 million) by 11 %. EBITDA came to EUR 1.780 million (previous year: loss of EUR 0.445 million), equivalent to a margin of 12 % relative to total revenues, thus signaling a return to profitability. This resulted in EBIT of EUR 0.732 million (previous year: loss of EUR 0.263 million).

In addition to customized project work, OHB's Telematics business unit is increasingly also concentrating on OEM projects and services including exclusive deliveries to producers of commercial vehicles such as MAN, DAF, Kenworth and Peterbilt in both the commercial and the military segment. These proven partnerships are opening up promising new business for OHB. At the middle of the year, the Company will be unveiling a telematics terminal combining a series of functions for which previously several devices were required. Among other things, navigation appliances specifically targeted at truck requirements will be installed for the first time.

OHB Teledata is developing all-in telematics systems for series truck production on behalf of PACCAR Inc., Seattle, United States and its subsidiary DAF. Separate solutions are being created for the European and North American markets to cater to individual customer requirements. The system will be available to final truck customers as of the third quarter of 2005. The necessary specific development costs are being financed by PACCAR and DAF. megatel Informations- und Kommunikationssysteme GmbH (central software) and Kontron AG (mobile hardware) are operating as subcontractors under the lead management of OHB Teledata.

Swedish commercial vehicles producer SCANIA has placed an order with OHB Teledata for the delivery of approximately 1,100 on-board telematics computers. The devices are being used as part of a sophisticated telematics system which SCANIA is fitting to its trucks in connection with a special customer order.

At the end of July, OHB Teledata GmbH completed work on fitting 18 branches of transportation and logistics company GEFCO Germany with second-generation telematics systems comprising an OHB on-board computer and scanner for optimizing consignment tracking. The new telematics systems replace the previous OHB solution, which had been used successfully for around four years by GEFCO Germany. OHB-Teledata had prevailed over strong competition in gaining this contract worth around EUR 1.5 million, a fact which testifies once more to its technological leadership. This is the first major GPRS logistics project to be implemented in Germany. As well as this, it is of key strategic importance as it opens up potential for other European countries as well.

A key order for supplying transport company Mosolf with over 800 units to optimize passenger vehicle deliveries was successfully completed in the period under review. Marketed under the name TIPS Mobil, the solution is an inexpensive entry-level solution for the mass market for mobile logistic solutions.

OHB's Milan-based subsidiary, Telematics Solutions S.p.A., received an order for delivering an antitheft telematics system for passenger cars. The contract has a total value of around EUR 3 million, with the system being sold in Italy to car rental companies and dealers, insurance companies and final customers. The order entails roughly 14,500 systems. With this order, the OHB Group has managed to establish itself in Italy by adapting and enhancing already successful systems in the lucrative, low-price market for telematic applications for passenger cars.

OHB subsidiary megatel GmbH has been part of the CeBeNetwork (CBN) in Bremen since July 2004. CBN has been selected by Airbus Deutschland GmbH as its preferred supplier for software and IT solutions. As a result, the members of the network are also able to carry out orders for Airbus either on their own or jointly. megatel is currently working on two projects related to flight physics for Airbus.

Satellite Services

In February and August 2004, ORBCOMM Inc., Dulles, United States completed two capital increases to which OHB Technology subscribed alongside other strategic investors. The largest new investor is SES GLOBAL S.A., Luxembourg, one of the world's leading providers of broad-band satellite services.

In June, the U.S. Coast Guard awarded ORBCOMM Inc. a contract for the development and delivery of an automatic identification system (AIS) via the ORBCOMM satellite system. AIS is a system for transmitting ship positioning and other data and is designed to improve navigation and enhance the monitoring of shipping movements in U.S. coastal water and, thus, maritime safety. In connection with this project, ORBCOMM assigned OHB-System the task of developing a satellite-based demonstrator for the U.S. Coast Guard. As one of the leading European producers of small satellites, OHB-System expects to play a key role in the development of the entire new generation of ORBCOMM satellites.

In the bidding process for the operator concession for the GALILEO European satellite navigation system currently being established, OHB has joined the iNavSat bidding team comprising EADS, Thales and Inmarsat as core partners in the second round.

Among other things, OHB is responsible for coordinating the telematics activities in the broad-based iNavSat team. The future GALILEO concessionaire is to operate and extend the European GALILEO satellite constellation, which is currently in the process of being constructed, and provide all related services. A decision on the final award is expected to be announced in June 2005.

Staff and Staff Welfare

On December 31, 2004, the OHB Technology Group had 282 employees (previous year: 287). Last year, another staff compensation program was organized and a total of roughly 53,000 shares issued to selected staff.

Effective February 1, 2004, the Management Board was reduced to three members after Mr. Ulrich Wantia's service contract expired on January 31, 2004 as originally planned. The Chairman of the Management Board, Marco R. Fuchs, will now be additionally responsible for the Group's finances.

GROUP PERSONNEL STRUCTURE		
	12/31/2004	12/31/2003
Development, system engineering	160	158
Hardware production, mechanics, service	37	40
Distribution, project management	45	47
Administration, system administration	29	31
Quality management	11	11
Total	282	287

Environmental Management and Certification

The quality management system operated by OHB System AG, OHB Teledata GmbH and STS Sytemtechnik Schwerin GmbH has been certified pursuant to ISO 9001:2000 for distribution, system management, development and production in the areas of space, environmental, information and communications technologies. Cross-group certification including for megatel GmbH is to take place in May 2005 for the first time.

As part of the auditing activities by Germanischer Lloyd Certification, the necessity of re-certification for environmental management is reviewed annually. The certifying agency does not see any need for certification for OHB's main processes comprising offers, preliminary development/development, sourcing, production, assembly/integration and storage/dispatch/transportation.

None of these processes performed at the Bremen facility involve the use of hazardous substances and materials necessitating an audit of environmental management in compliance with the ISO 14001 standard. The consumables normally used as well as special wastes, e.g. metallic substances and electronic scrap, are disposed of in a controlled manner subject to standard contracts with certified external waste management companies or are recycled. In the case of projects in which potentially dangerous substances are used, e.g. fuel for satellites, the operators of the launching pads handle the supervision and disposal of such materials.

Research and Development

OHB spent roughly EUR 3.933 million (previous year: EUR 4.639 million) on research and development (R+D). The bulk of research and development activities are financed by means of funds received from various institutions such as the European Union, the German Federal Government or the State of Bremen. In accordance with European Union directives, subsidies account for between 35 and 75 percent of the total costs depending on the market proximity of the project.

OHB's R+D activities concentrated on satellites, particularly the future infrared sensory technology. A further area attracting growing attention entails the technology for small geostationary communication satellites (Little GEOs) such as the Skykit project. As well as this, work on the internal CONDOR development program was stepped up. OHB-System has acquired a Stemme S-10 motor glider for use as an experimentation vehicle for developing a light manned/unmanned reconnaissance drone.

R+D activities in the manned spaceflight segment focused on the development of industrial service packages for the commercial use of the International Space Station (in connection with the BEOS programs) and subsystems and components for future reusable orbital spacecraft (Phoenix).

The main focus in the Telematics business unit involved further work on the TIPS and ATIS ranges, particularly the development of the web-based fleet management system TIPSWeb as well as applications for complex truck telematics systems and special functions for passenger vehicles.

Subsidiaries and Partnerships

In September, OHB-ElectroOptics GmbH was established in Bremen as a joint venture with ELOP Electro-Optics Industries Ltd., Rehovot, Israel. The purpose of this new company is to jointly develop and market electrooptical systems for space travel such as remote piloted vehicles (RPV) and drones for civil and military customers in Europe.

In addition, OHB Technology AG incorporated LUXSPACE Sàrl in Luxembourg in November 2004 for the production and marketing of aerospace and defense systems together with allied services.

ORBCOMM Inc., Dulles, United States, in which OHB holds a stake, completed two capital increases valued at a total of USD 38 million in February and August 2004. Other investors alongside OHB Technology AG include SES GLOBAL S.A., Luxembourg. OHB subscribed to around USD 4.7 million of these equity issues and remains the largest shareholder. The funds are being used to finance further extensions to ORBCOMM's successful global growth strategy.

OHB Technology AG exercised the call option for a further 17 % stake in connection with the acquisition of the shares held by ELTA S.A. However, contractual performance has not yet been completed on account of a dispute between the parties as to compliance with the terms and conditions of the contract. We expect a settlement to be reached in 2005.

Risk Management

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

Nearly all goods and services procured are invoiced in euro. Customer payment practices are monitored on an ongoing basis to minimize financial risks. In addition to a multi-level reminder system, controlling methods include regular reports to the Management Board.

The risk management system used for cost-accounting in connection with offers and ongoing project management involves regular graduated reporting to the project managers, the directors and the Management Board of OHB Technology AG. The Space Technology + Security business unit primarily works for public-sector customers. In addition to the operative risk management system, this business unit also applies detailed cost reviews and checks in line with administrative contract law. The Product Quality and Purchasing departments particularly monitor supplies so that operating and technical risks can be assessed more reliably and suitable countermeasures taken.

Monthly and quarterly reporting forms an integral part of OHB Technology AG's risk management operations, which is primarily supported by the central Quality Management and Controlling departments.

Budgeting, regular forecasts and ongoing reporting talks supplement standardized reporting. Supported by the central departments, the Management Board observes and analyzes trends in the sector, the market and economy as a whole on an ongoing basis, with direct talks with customers and suppliers playing a particularly important role.

Nearly all sales are invoiced in euro. Foreign currencies play only a marginal role. In individual cases, the suitability of currency hedges is considered.

In fiscal 2004, the OHB Technology Group was not exposed to any material risks. In the light of current market trends and the outlook for business as well as the financial situation, the Management Board considers future risks to the Group as a going concern to be minimal.

Related Parties Report

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 Section 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 Section 312 of the Joint Stock Companies Act have been engaged in.”

Outlook

The OHB Technology Group will remain on its growth course in fiscal 2005 again, with earnings per share also set to continue climbing. On the basis of current market assessments, no major business risks are seen for the Space Technology + Security business unit.

In December 2004, OHB lodged a supplementary bid covering measures to enhance the technical capabilities of the satellites in response to a request received from the public-sector customer. The adjustments requested are currently being implemented.

As SAR-SAT marketing (based on the SAR-Lupe product) has progressed well over the past two years, we are confident of gaining preliminary foreign customers for our SAR-SAT system in 2005. OHB is currently engaged in what in some cases are intensive talks with numerous interested parties. In January, a best and final offer was lodged for SATCOMBw II under the lead management of Deutsche Telekom subsidiary T-Systems International together with strong German and international partners. OHB will be responsible for procuring the entire military space segment and handling ground control. A decision on the project is to be made in autumn 2005. Assuming that the bid is accepted, a contract will probably be signed in the fourth quarter of 2005.

In addition, OHB has set itself the target of becoming the leading European supplier of small geo satellites (working title LUX). Preliminary concepts have been successfully presented as part of various ESA studies.

OHB is a core partner for the GALILEO team in the iNavSat team under the leadership of EADS, Thales and Inmarsat. A decision on the preferred bidder with whom exclusive negotiations will be conducted is to be announced in June of this year.

OHB is working as part of the European space technology industry (Galileo Industries S.A.) on the construction of 30 GALILEO satellites and expects to receive interesting suborders accounting for a substantial part of the agreed flowbacks to German industry over the next few years.

At the middle of the year, the European Space Agency ESA will be awarding contracts for Phases B, C, D and E of the SWARM satellite project, a constellation 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 this year. Progress on 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.

As expected in 2004, the loss of the Columbia Space Shuttle has led to a substantial delay in the construction of the International Space Station ISS. The next shuttle flight is now not expected before mid 2005, resulting in a delay of almost two and a half years in progress on the ISS. Still, the Management Board is convinced that it will be able to gain a share in the bridging jobs promised by ESA for maintaining core competence within the industry.

OHB Technology AG remains well positioned in the Telematics business unit, with demand for telematics solutions expected to increase in 2005 particularly in the product area. OHB Technology assumes that as of 2007 OEM telematics products will substantially outweigh project business. There is already a rise in demand for and sales of telematics terminals via commercial vehicle dealers.

We expect continued strong business in anti-theft telematics products for passenger vehicles, which are particularly being developed and marketed in Italy.

At the same time, there are signs of heightened demand on the part of telematics customers, particularly government agencies and organizations with security tasks. OHB is currently fitting out the Dutch army's entire fleet of trucks. A further phase with satellite communications is to be commenced this year. In this connection, we expect to receive further invitations for bids for telematics services from the German Federal Armed Forces, in which OHB Teledata will be taking part together with potent German and international partners.

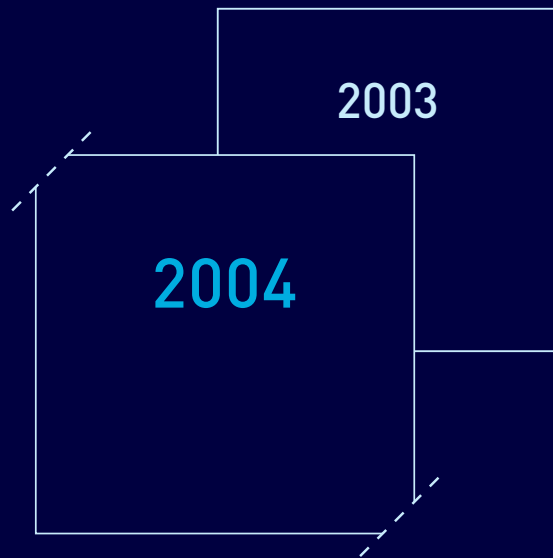
Following the two capital increases at ORBCOMM Inc. in 2004, the Satellite Services business unit has managed to create the basis for greater market penetration.

In addition, ORBCOMM Inc. plans to have OHB develop the second generation of communications satellites. Thus, OHB-System was awarded the contract for the construction of the first of the new-generation satellites in March 2005, with the launch scheduled for in early 2006. With this contract, OHB stands an extremely good chance of gaining the contract for the remaining 24 satellites as well.



The heart of any telematics systems: On-board computers ready for delivery

Consolidated Financial Statements



CONSOLIDATED BALANCE SHEET OF OHB TECHNOLOGY AG		EUR 000	12/31/2004	12/31/2003
Assets	see Notes			
A. Medium and long-term assets				
I. Goodwill	(1)	2,793	3,005	
II. Intangible assets	(2)	8,934	8,045	
III. Property, plant and equipment	(3)	2,566	2,741	
IV. Financial Investments	(4)	7,568	3,560	
		21,861	17,351	
B. Current assets				
I. Inventories	(5)	7,217	34,096	
II. Trade receivables	(6)	30,849	23,358	
III. Cash and cash equivalents	(7)	58,727	43,106	
		96,793	100,560	
C. Deferred tax assets	(8)	2,633	2,480	
D. Prepaid expenses		55	59	
Total assets		121,342	120,450	
Equity and liabilities				
see Notes				
A. Shareholders' equity				
I. Subscribed capital	(10)	14,928	14,928	
II. Share premium	(11)	15,125	15,007	
III. Treasury stock	(12)	-1,139	-33	
IV. Accumulated profit/loss		14,094	8,093	
		43,008	37,995	
V. Minority interests	(13)	1,433	1,386	
		44,441	39,381	
B. Provisions	(14)	29,075	15,153	
C. Liabilities	(15)	47,826	65,916	
D. Deferred income	(16)	0	0	
Total equity and liabilities		121,342	120,450	

CONSOLIDATED INCOME STATEMENT OF OHB TECHNOLOGY AG		2004	2003
EUR 000	see Notes		
1. Sales	(17)	137,909	96,349
2. Changes in inventories of finished goods and work in progress	(18)	-26,715	4,170
3. Other own work capitalized	(19)	1,837	2,587
4. Other operating income	(20)	1,050	2,678
Total revenues	(21)	114,081	105,784
5. Cost of purchased materials and services	(22)	80,314	75,048
6. Personnel expenses	(23)	15,940	16,140
7. Depreciation and amortization	(24)	3,098	2,219
8. Other operating expenses	(25)	6,262	6,088
9. Operating earnings/EBIT		8,467	6,289
10. Net financial income	(26)	1,731	717
11. Interest expenditure		145	127
12. Investment income	(27)	278	113
13. Earnings before income taxes (and minority interests) EBT		10,331	6,992
14. Extraordinary expenses	(28)	223	385
15. Income tax	(29)	3,942	1,955
16. Other tax		0	0
17. Net income/loss		6,166	4,652
18. Minority interests	(30)	-47	-98
19. Consolidated net income after minority interests		6,119	4,554
20. Profit/loss carry forward		8,093	3,780
21. Allocations to additional paid-in capital		118	241
22. Accumulated profit/loss		14,094	8,093
Earnings per share (basic in EUR)	(31)	0.42	0.31
Earnings per share (diluted in EUR)		0.42	0.31

CONSOLIDATED CASH FLOW STATEMENT OF OHB TECHNOLOGY AG		2004	2003
EUR 000			
Operating earning		8,467	6,289
Income taxes paid		-3,942	-1,955
Depreciation/amortization		3,098	2,219
Gross cash flow		7,623	6,553
Increase (-)/decrease (+) in own work capitalized		-1,837	-2,587
Increase (-)/decrease (+) in inventories		26,880	-3,957
Increase (-)/decrease (+) in receivables and other assets including deferred items		-7,641	-1,415
Increase (+)/decrease (-) in liabilities and short-term provisions		8,227	20,098
Increase (+)/decrease (-) in down payments received		-11,631	9,853
Profit (-)/loss (+) from the disposal of medium and long-term assets		0	68
Payments received (+)/made (-) from extraordinary items		-223	-385
Net cash from operating activities		21,398	28,228
Acquisition of medium and long-term assets and goodwill		-5,771	-1,342
Proceeds from the sale of medium and long-term assets		0	93
Interest and other investment income		2,009	830
Net cash from investing activities		-3,762	-419
Payments from shareholder		0	0
Changes in reserves		-1,060	205
Payment of IPO costs		0	0
Increase in financial liabilities		-763	-241
Minority interests		-47	-98
Interest and other investment payments		-145	-127
Net cash from financing activities		-2,015	-261
Decrease/increase in cash and cash equivalents		15,621	27,548
Currency translation		43,106	15,558
Cash and cash equivalents at end of period		58,727	43,106

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF OHB TECHNOLOGY AG	
EUR 000	
Shareholders' equity January 1, 2003	34,622
Treasury stock	160
Consolidated net income for the year after allocation to additional paid-in capital	4,313
Allocation to additional paid-in capital	241
Change in minority interests	50
Other changes to additional paid-in capital	-5
Shareholders' equity December 31, 2003	39,381
Shareholders' equity January 1, 2003	39,381
Treasury stock	-1,106
Consolidated net income for the year after allocation to additional paid-in capital	6,001
Allocation to additional paid-in capital	118
Change in minority interests	47
Shareholders' equity December 31, 2004	44,441

CONSOLIDATED STATEMENT OF ASSET MOVEMENTS

Cost of production/acquisition

for the period

January 1 to December 31, 2004

	1/1/2004	Additions	Disposals	12/31/2004
	EUR 000	EUR 000	EUR 000	EUR 000
I. Goodwill	3,434	0	0	3,434
II. Intangible assets				
Concessions and industrial rights	479	0	0	479
Software acquired	1,300	1,215	49	2,466
Software generated	8,926	1,837	0	10,763
III. Property, plant and equipment				
Other plant and operating and business equipment	7,935	548	240	8,243
IV. Investments				
Equity interests in associated companies	63	0	0	63
Equity investments	972	278	0	1,250
Other investments	2,525	3,735	5	6,255
Total	25,634	7,613	294	32,953

Cumulative depreciation				Book values	
1/1/2004	Additions	Disposals	12/31/2004	12/31/2004	12/31/2003
EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
429	212	0	641	2,793	3,005
90	38	0	128	351	389
655	353	49	959	1,507	645
1,915	1,772	0	3,687	7,076	7,011
5,194	723	240	5,677	2,566	2,741
0	0	0	0	63	63
0	0	0	0	1,250	972
0	0	0	0	6,255	2,525
8,283	3,098	289	11,092	21,861	17,351

GROUP NOTES AND EXPLANATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2004

The Company has its head office at Karl-Ferdinand-Braun-Str. 8 in 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 space and aeronautic technology, telematics and satellite services.

Accounting principles and methods

The conditions contained in Section 292 a of the German Commercial Code providing for exemption from the duty to compile consolidated financial statements pursuant to German commercial law have been met. The consolidated annual financial statements correctly depict the economic condition of the Company and the Group. They have been compiled in accordance with the International Financial Reporting Standards (IAS/IFRS) 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/IFRS in a number of material aspects. Any deviations between German GAAP and IAS/IFRS are explained under the individual items of the consolidated balance sheet and the income statement. In addition to the balance sheet and income statement,

the consolidated annual financial statements include a cash flow statement, a statement of changes in equity and a statement of changes in assets. Segment reporting as well as the declaration pursuant to Section 161 of the Joint Stock Companies Act (Corporate Governance Code) are also included in the notes. Various items of the consolidated 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. There have been no changes to accounting and valuation methods since the last annual financial statements.

Consolidation methods

All material subsidiaries under the legal or effective control of OHB Technology AG have been consolidated. In the case of financial assets, the respective shares are recognized at their cost of acquisition plus any applicable writeups. The carrying values of companies consolidated at equity are adjusted to allow for prorated profit/loss attributable to such companies. Any excess of the cost of acquisition over the fair value of the net assets is recognized as an asset pursuant to IAS 22.41, while any negative differences are deducted from goodwill.

CONSOLIDATION PERIMETER 12/31/2004		
Name of company	Share held %	Consolidation
Telematic Solutions S.p.A., Milan (I)	51.0	fully consolidated
OHB Teledata GmbH, Bremen (D)	100.0	fully consolidated
megatel Informations- und Kommunikationssysteme GmbH, Bremen (D)	74.9	fully consolidated
Timtec Teldatrans GmbH, Lünen (D)	100.0	fully consolidated
OHB-System AG, Bremen (D)	100.0	fully consolidated
STS Systemtechnik Schwerin GmbH, Schwerin (D)	100.0	fully consolidated
ORBCOMM Deutschland AG, Bremen (D)	100.0	fully consolidated
ELTA S.A., Toulouse (F)	34.0	at equity

Consolidation perimeter

OHB Technology AG's consolidated annual financial statements include OHB Technology AG as well as six domestic and one foreign subsidiary as well as a further foreign equity interest carried at equity. The table entitled "Consolidation perimeter" sets out the subsidiaries and equity interests together with the relative size of the share held. In addition, shares were held in other companies (see table entitled "Further equity interests and investments" on the following page). In accordance with the principle of materiality pursuant to the IAS/IFRS framework, the companies stated in the table, which are fundamentally subject to compulsory consolidation (> 20 %), are not included in the consolidation perimeter.

FURTHER EQUITY INTERESTS AND INVESTMENTS 12/31/2004

Name of company	Share held %	Pro rata value of shares EUR 000
Telemondo International GmbH, Bremen (D) (formerly: Diana Burlak International Satellitenstart GmbH)	100.0	26
OHB Marine Technologies GmbH, Bremen (D)	100.0	25
COSMOS International Satellitenstart GmbH, Bremen (D)	49.9	13
Technikom Polska Inc., Wilmington (USA)	33.3	161
ORBCOMM Inc., Dulles (USA)	14.0	5,954
BEOS GmbH, Bremen (D)	12.0	60
ATB GmbH, Bremen (D)	5.0	26
Deutsche SATCOMBw GmbH, Bremen (D)	100.0	25
LUXSPACE Sàrl, Betzdorf (Lux)	100.0	13
OHB-ElectroOptics GmbH, Bremen (D)	50.0	13

Related parties disclosures

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 S.p.A., Milan

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 Section 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 Section 312 of the Joint Stock Companies Act have been engaged in."

Currency translation

Virtually 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.

EXPLANATIONS ON THE CONSOLIDATED BALANCE SHEET

(1) Goodwill

The balance sheet for the year ending December 31, 2004 includes goodwill of EUR 2.793 million (see table entitled "Goodwill").

(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. Contrary to German GAAP (HGB), 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. This expenditure is recognized on the basis of the production costs incurred, primarily development hours in fiscal 2004

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. Research and development costs totaled EUR 3.933 million. Of this, an amount of EUR 1.837 million is capitalized as assets.

(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 straight-line depreciation over their expected useful lives. Subsequent expenditure on assets which does not increase their value or materially extend their useful lives is expensed. Material ad-

GOODWILL 12/31/2004	EUR 000
Goodwill from the transfer of Telemondo GmbH's business operations from the single-entity accounts for OHB-System AG	629
Goodwill from capital consolidation of:	
STS Systemtechnik Schwerin GmbH	566
Timtec Teldatrans GmbH	115
ORBCOMM Deutschland AG	556
Telematic Solutions S.p.A.	801
megatel GmbH	646
Negative goodwill from the capital consolidation of OHB Teledata GmbH, recognized as an asset pursuant to IAS 22	-520
Total	2,793

ditions and improvements are recognized as assets. Disposals are reflected in historical acquisition costs as well as accumulative depreciation. Profit and loss from the disposal of assets are recognized as other operating income/expenses. Property, plant and equipment are written down over periods of between 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. Depreciation/amortization charges on tangible and intangible assets are carried under depreciation/amortization.

(4) Financial investments

Investments held as non-current assets are recognized at their cost of acquisition. They are assumed to have a specific value.

(5) Inventories

Inventories are recognized at their cost of acquisition/production or at the lower applicable net sales value prevailing 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 – 12 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. Projects subject to the percentage of completion method are carried under revenues pursuant to IAS 11. The corresponding contract costs are

SCHEDULED 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	12/31/2004	12/31/2003
Work in progress	3,090	31,078
Finished goods	4,127	3,018
Total	7,217	34,096

RECEIVABLES AND OTHER ASSETS		
EUR 000	12/31/2004	12/31/2003
Trade receivables	27,008	17,983
Receivables from related parties	25	70
Receivables from affiliated companies	0	0
Receivables from associated companies	1,628	2,079
Other assets	2,188	3,226
Total	30,849	23,358

recognized as cost of materials/services in the fiscal year in question. Orders in progress decreased in value to EUR 3.090 million (previous year: EUR 31.078 million) particularly as a result of the application of the percentage of completion method to orders for the International Space Station ISS. At the same time, this exerted not inconsiderable strain on earnings. Advance payments are not netted with inventories.

(6) Receivables and other assets

Of these, receivables worth EUR 30.849 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.

(7) Cash and cash equivalents

Cash and cash equivalents increased by EUR 15.621 million to a total of EUR 58.727 million. In addition to cash holdings and bank balances, this includes deposits in a money market fund (EUR 5.402 million) which is highly liquid and not exposed to any risks.

(8) 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/IFRS give rise to deferred taxes. This refers to tax credits arising from the expected use of existing loss carryforwards in future years and whose realization is sufficiently assured. Deferred tax assets of EUR 1.680 million were recognized subject to a tax rate of 38 % on account of the plans of OHB Teledata GmbH and Timtec Teldatrans GmbH.

(9) Shareholders' equity

Share capital as well as additional paid-in capital relate to OHB Technology AG. Similarly, statutory reserves of EUR 0.118 million have been set aside at the level of OHB-System AG.

(10) Share capital

The Company's share capital of EUR 14,928,096.00 is divided into 14,928,096 no-par-value ordinary bearer shares equivalent to a notional share of EUR 1.00 in the Company's share capital. There is one vote for each share held.

– Contingent capital

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

– 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 until May 22, 2007 by a maximum of EUR 7,464,048.00 on a cash or non-cash basis (authorized capital). The new shares may also be issued to the Company's employees. In addition, the Company's Management Board was authorized – subject to the Supervisory Board's approval – to exclude the shareholders' subscription rights for part of the authorized capital up to a maximum of EUR 1,492,809.00 provided that the new shares are issued in return for cash capital contributions at a price not materially less than the stock-market price; for a part of the authorized capital up to a maximum of EUR 7,464,048.00 if the shares are issued as consideration for the acquisition of all or part of other companies and such acquisition is in the interests of the Company; or as consideration for cash capital contributions to have the Company's stock listed in a foreign market in which it has previously not been admitted to trading.

– Authorization to acquire and sell treasury stock

In a resolution passed at their annual general meeting on May 18, 2004, the shareholders authorized the Company pursuant to Section 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 Section 71 (2) of the Joint Stock Companies Act up to and including November 17, 2005 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,
- offer stock to employees as part of stock option programs.

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 being limited to a maximum of ten percent of the Company's share capital including the authorization granted pursuant to the new Article 5 a (1) a of the

Company's articles of association, or to issue stock to third parties in return for a non-cash capital increase provided that this is in the interests of the Company, or to issue stock to third parties in return for a cash capital increase to list the Company's stock in a foreign stock exchange in which it was previously not admitted to trading; or to offer it to employees as part of an employee stock-option program. 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 Section 71 (1) No. 1 – 6 of the Joint Stock Companies Act.

– Stock options

As of the balance-sheet date, options for 106,000 shares had been granted to employees and options for 40,000 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”). 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 7.30.

(11) Additional paid-in capital

The additional paid-in capital primarily comprises the cash proceeds 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 arising from the non-cash capital increase were also issued on the stock exchange. In addition, the goodwill of EUR 2.257 million arising from the consolidation of OHB-System, among other things, was

recognized in equity (IAS 22.7). In fiscal 2004, a sum of EUR 0.118 million was allocated to additional paid-in capital resulting from the statutory reserve formed for subsidiary OHB-System AG pursuant to Section 300 of the Joint-Stock Companies Act (AktG).

(12) Treasury stock

On the balance sheet date, treasury stock comprised 192,394 shares (previous year: 8,326), meaning that a total of 14,735,702 shares were outstanding as December 31, 2004. The treasury stock was carried at an annual price of EUR 5.922 per share and shown separately from the Company’s share capital on the face of the balance sheet. Following the completion of the staff compensation program, 180,000 shares were sold on January 11, 2005. As at March 9, 2005, treasury stock comprised 12,394 shares.

(13) Minority interests

The minority interests are valued at EUR 1.433 million and comprise the co-shareholders in megatel GmbH and Telematic Solutions S.p.A.

PROVISIONS		
EUR 000	12/31/2004	12/31/2003
Pension provisions	526	543
Tax provisions	1,143	35
Deferred taxes	7,020	4,511
Other provisions	20,386	10,064
Total	29,075	15,153

(14) Provisions

The provisions have been reliably assessed for matters resulting in an outflow of enterprise resources to settle present obligations (see table entitled "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 the projected unit credit method provided for in IAS 19 will not result in any major differences in this item. Special local assumptions apply for foreign staff.

Tax provisions/deferred taxes

Tax provisions of EUR 1.143 million have been set aside to cover actual tax expense at the Group level. 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/IFRS give rise to deferred taxes. Provisions for deferred taxes stand at EUR 2.509 million. This is primarily for deferred taxes on the valuation differences between IAS/IFRS and German GAAP for capitalized development costs (EUR 0.220 million) as well as the application of the percentage-of-completion method (EUR 1.989 million). These calculations are based on a tax rate of 38 %.

Other provisions

Provisions of EUR 20.048 million were set aside for the cost of materials and services purchased for which deliveries have already been received but for which the invoice is still outstanding. Other provisions concern the cost of the annual report, the annual general meeting and the cost of preparing the annual financial statements and having them audited.

STATEMENT OF MOVEMENTS IN PROVISIONS

EUR 000	January 1, 2004	Additions	Reversals	Changes to consolidation perimeter	December 31, 2004
Pension provisions	543	42	59	0	526
Tax provisions	35	1,463	355	0	1,143
Deferred taxes	4,511	2,509	0	0	7,020
Other provisions	10,064	20,359	10,037	0	20,386
Total	15,153	24,373	10,451	0	29,075

LIABILITIES		
EUR 000	12/31/2004	12/31/2003
Liabilities to banks	670	1,433
Liabilities to companies in which an equity interest is held	13,184	6,057
Advance payments received on orders	21,500	33,131
Trade payables	11,404	24,155
Other liabilities	1,068	1,140
Total	47,826	65,916

(15) Liabilities

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

(16) Deferred income

In the year under review, there was no deferred income comparable.

Other financial obligations

Financial obligations under leases are valued at EUR 4.734 million; of this, EUR 4.714 million is for terms of 1 – 5 years and EUR 0.020 million for terms of more than five years. Operating leases entail financial obligations of EUR 0.064 million with 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 towards third-party debtors with respect to its own receivables for an amount of EUR 2.095 million. The Company has not issued any guarantees for liabilities held by ELTA SA. One consolidated company issued a guarantee of EUR 0.171 million in favor of a related company effective December 31, 2003.

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 – 12 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.

(17) Sales

Sales break down by business unit as follows:

SALES		
EUR 000	2004	2003
Space Technology + Security	127,809	88,040
Telematics and Satellite Services	13,144	10,140
Consolidation	-3,044	-1,831
Total	137,909	96,349

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

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
EUR 000	2004	2003
Space Technology + Security	-27,774	2,838
Telematics and Satellite Services	1,059	1,332
Total	-26,715	4,170

(19) 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 multiplied by the applicable hourly rate.

(20) Other operating income

This includes income from the reversal of accruals as well as purchases in kind resulting from the grant of shares to staff.

(21) 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	2004	2003
Space Technology + Security	102,497	94,163
Telematics and Satellite Services	14,743	13,310
Consolidation	- 3,159	- 1,689
Total	114,081	105,784

(22) Cost of purchased materials and services

COST OF PURCHASED MATERIALS AND SERVICES		
EUR 000	2004	2003
Expenditure on raw materials and consumables	77,446	70,443
Expenditure on services purchased	2,868	4,605
Total	80,314	75,048

(23) Personnel expenses

PERSONNEL EXPENSES		
EUR 000	2004	2003
Wages and salaries	13,181	13,408
Social security charges and expenditure on old age pensions and support	2,759	2,732
Total	15,940	16,140

(24) Depreciation and amortization

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

DEPRECIATION AND AMORTIZATION		
EUR 000	2004	2003
Goodwill	212	212
Intangible assets	2,163	1,293
Property, plant and equipment	723	714
Total	3,098	2,219

(25) Other operating expenses

Other operating expenses include rental payments of EUR 1.685 million.

(26) Net financial income

Net financial income is not operative in nature (see table entitled "Net financial income").

(27) Investment income

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

(28) Extraordinary expenses

This includes expenditure on restructuring a subsidiary. Included in this amount are pro-rated deferred tax assets of EUR 0.082 million (38%).

NET FINANCIAL INCOME		
EUR 000	2004	2003
Other interest and similar income	1,731	717
Interest and similar expenses	145	127
Net financial income	1,586	590

RECONCILIATION OF TAX EXPENSES		
Tax at the applicable rate of 40 %	4,043	
Deviations with no impact on tax arising from IAS adjustments (40 % x 5,835)	-2,334	
Consolidated loss carryforwards used (40 % x 380)	-152	
Additional foreign tax	29	
Effective tax expense	1,586	

(29) Income tax

Income tax of EUR 1.586 million arose on account of the tax loss carryforwards held by the consolidated German companies; income tax of EUR 0.114 million arose outside Germany. The domestic German deferred tax is calculated on the basis of a tax rate of 38.0 %. Deferred tax assets are allowed for pursuant to IAS 12. Reconciliation with effective tax expense (excluding deferred tax) for fiscal 2004: see table entitled "Basis for tax expense". Deferred tax assets were increased by EUR 0.153 million, while deferred tax liabilities of EUR 2.509 million were formed.

(30) Minority interests

Minority interests are valued at EUR 47 thousand and relate to Telematic Solutions S.p.A. and megatel GmbH.

(31) IAS/IFRS 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 2004 pursuant to the terms of the options were issued. Accordingly, there is no difference between basic and diluted earnings per share. Calculations are based on 14,735,702 shares as the Company has treasury stock comprising 192,394 shares. The consolidated net income of EUR 6.119 million was used for calculation purposes. Earnings per share for 2004 came to EUR 0.42 (previous year EUR 0.31).

SEGMENT REPORTING		EUR 000		
	Space Technology + Security		Telematics	
	2004	2003	2004	2003
Sales	127,809	88,040	13,144	10,140
of which internal revenues	94	246	2,392	801
Total revenues	102,497	94,163	14,743	13,310
Cost of materials and services purchased	76,188	69,969	7,111	6,443
Depreciation/amortization	1,886	1,348	1,048	708
EBIT	7,952	7,340	732	-263
Medium and long-term assets	9,696	9,494	4,407	3,914
Current assets	76,859	81,290	14,789	12,570
Total assets	86,555	90,784	19,196	16,484
Equity	12,902	10,385	8,162	7,791
Liabilities	73,653	80,399	11,034	8,693
Total equity and liabilities	86,555	90,784	19,196	16,484

Segment reporting

For the purpose of segment reporting, the Group is divided into Space Technology + Security, Telematics and Satellite Services. These business units form the basis of segment reporting. The Satellite Services business unit has been combined with the Telematics business unit. In contrast to the previous year, the effects of the consolidation of the Hansestarportal are assigned to the Telematics business unit for the purposes of segment reporting in accordance with the principle of causation. The previous year's figures have been adjusted accordingly. 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 from such

additional reporting. Segment income, expenses and earnings also entail business relations between the business units. These transfers were netted in full. The compensation paid to the members of the Management Board Marco R. Fuchs, Ulrich Schulz and Ulrich Wantia (until January 31, 2004) were distributed across the subsidiaries including prorated administrative costs for the first time in fiscal 2004. The compensation paid to Management Board member Prof. Manfred Fuchs was allocated solely to OHB-System AG. The holding company is shown separately as most of the equity interests are held on this level. The holding company is not engaged in any operative business activities.

Holding		Consolidation		Total	
2004	2003	2004	2003	2004	2003
0	0	-3,044	-1,831	137,909	96,349
0	0	-2,486	-1,047	0	0
857	253	-4,016	-1,942	114,081	105,784
0	0	-2,985	-1,364	80,314	75,048
3	2	161	161	3,098	2,219
-56	-627	-161	-161	8,467	6,289
24,521	20,546	-16,763	-16,603	21,861	17,351
17,356	17,307	-9,521	-8,068	99,481	103,099
41,877	37,853	-26,284	-24,671	121,342	120,450
39,971	37,339	-16,594	-16,133	44,441	39,382
1,906	514	-9,690	-8,538	76,901	81,068
41,877	37,853	-26,284	-24,671	121,342	120,450

MANAGEMENT BOARD AND SUPERVISORY BOARD

The Company's Management Board comprises:

- Mr. Marco Fuchs, Lilienthal, Chairman
- Professor Manfred Fuchs, Bremen
- Mr. Ulrich Schulz, Bremen
- Mr. Ulrich Wantia (until January 31, 2004)

In the year under review, the Management Board received fixed compensation of EUR 0.697 million including advances towards health and pension insurance (previous year: EUR 0.677 million). This includes payments of a total of EUR 0.065 million for Ulrich Wantia, who left the Management Board on January 31, 2004. Of this, EUR 0.054 million was for settlement payments. The above-mentioned amounts include payments for Prof. Manfred Fuchs of a total of EUR 0.055 million (including EUR 0.018 million as a backpayment covering claims arising in 2003) pursuant to a pension commitment granted by OHB-System AG. The salaries of the Management Board members Marco R. Fuchs, Ulrich Schulz and Ulrich Wantia were carried on the accounts of OHB Technology and that of Prof. Manfred Fuchs on the accounts of OHB-System AG. All members of the Management Board also worked for subsidiaries. However, no additional compensation was paid for this. 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:

- Mrs. Christa Fuchs, Bremen, Managing Shareholder of Volpaia Beteiligungs-GmbH, Bremen; Chairwoman
- Mr. Hans J. Steininger, Munich, Managing Shareholder 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, 2004 for remuneration for the Supervisory Board in fiscal 2004. Offices held by members of the Company's corporate-governance bodies in other supervisory boards and corporate-governance bodies as defined in Section 125 (1) 3 of the Joint Stock Companies Act in fiscal 2004:

- 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
- Prof. Dr. Ing. Hans J. Rath, BEOS GmbH, Bremen; Member of the Supervisory Board

Mrs. Christa Fuchs received compensation of EUR 0.107 million for her advisory services for OHB-System in the year under review.

SHARES HELD BY MEMBERS OF THE COMPANY'S CORPORATE-GOVERNANCE BODIES

	Stocks	+/- 2004/03
Christa Fuchs, Chairwoman of the Supervisory Board	2,080,690	-
Marco R. Fuchs, Chairman of the Management Board*	414,796	+ 10,000
Prof. Manfred Fuchs, Member of the Management Board	3,461,064	+ 29,946
Ulrich Schulz, Member of the Management Board*	10,604	- 74,296

* Options on December 31, 2004: 20,000

DECLARATION OF CONFORMITY WITH PURSUANT TO SECTION 161 OF THE JOINT STOCK COMPANIES ACT

The Management Board and the Supervisory Board have lodged the declaration required pursuant to Section 161 of the Joint Stock Companies Act confirming that save for a few small exceptions (see Corporate Governance on pages 11–13) they already conform to the German Corporate Governance Code and will continue to do so in the future.

ALLOCATION OF EARNINGS

The single-entity financial statements prepared for OHB Technology pursuant to German GAAP (HGB) for the year ending reveal net income for the year of EUR 2,448,570.85. OHB Technology AG does not engage in any business of its own. Its main assets comprise investments which were carried at a value of EUR 23.281 million on the balance sheet date. OHB Technology AG's equity stood at EUR 38.805 million on December 31, 2004. The Company's single-entity financial statements carry cash and cash equivalents of EUR 7.813 million. Income of EUR 3.207 million under profit transfer agreements made a particular contribution to net income for fiscal 2004.

The Management Board will be asking the shareholders to pass a resolution providing for the Company's unappropriated surplus of EUR 1,969,699.17 for fiscal 2004 to be allocated as follows:


The figures stated for the total dividend and the amount to be carried forward are based on the number of dividend-entitled shares as of the date of the Management Board's allocation proposal. Pursuant to Section 71b of the Joint Stock Companies Act, the treasury stock currently held by the Company (12,394 shares) is not dividend-entitled.

If the number of shares held as treasury stock on the date on which the shareholders pass a resolution adopting the proposal for the allocation of the Company's unappropriated surplus is greater or smaller than on the date of the Management Board's proposal, the amount payable to the shareholders will be increased or, as the case may be, decreased by the amount attributable to the difference in the number of shares. The amount to be carried forwards will be adjusted accordingly. However, the dividend to be distributed per dividend-entitled shares will not be changed. If necessary, the shareholders will be presented with a correspondingly modified proposal for the allocation of the Company's unappropriated surplus.

The consolidated financial statements are to be authorized for publication by the Supervisory Board on March 22, 2005.

Bremen, March 9, 2005

EARNINGS ALLOCATION PROPOSAL	in EUR	2004
Distribution of a dividend of EUR 0.12 per dividend-entitled share (14,915,702 shares)		1,789,884.24
Amount to be carried forward		179,814.93
Unappropriated surplus		1,969,699.17


Marco R. Fuchs


Prof. Manfred Fuchs


Ulrich Schulz

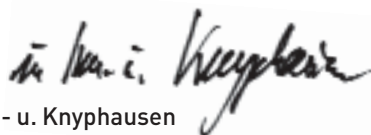
Auditor's Certificate

"We have audited the consolidated financial statements compiled by OHB Technology AG comprising the balance sheet, income statement, cash flow statement, statement of equity movements and notes, as well as the Group management report for the fiscal year commencing on January 1, 2004 and ending on December 31, 2004. The Company's Management Board is responsible for compiling the consolidated financial statements and for their contents as well as the Group management report. Our duty is to assess on the basis of the audit which we conduct whether the consolidated financial statements comply with the International Financial Reporting Standards (IFRS). We conducted our audit of the annual financial statements in accordance with German auditing rules and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) in the light of the International Standards on Auditing (ISA). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of any material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also assesses the accounting principles used and significant estimates made by the company's statutory representatives, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, earnings and payment flows the Group in the year under review in accordance with IFRS. Our audit, which also includes the Group management report compiled by the Management Board for the fiscal year commencing on January 1, 2004 and ending on December 31, 2004, did not give rise to any objections. All in all, we are satisfied that the Group management report provides a correct depiction of the Group's condition and appropriately describes the risks to its future development. In addition, we confirm that the consolidated financial statements and the Group management report for the financial year commencing on January 1, 2004 and ending on December 31, 2004 comply with the conditions for exemption from the duty to compile consolidated financial statements pursuant to German law.

Hamburg, March 11, 2005

BDO Deutsche Warentreuhand Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft



zu Inn- u. Knyphausen
Wirtschaftsprüfer



ppa. Kerber
Wirtschaftsprüfer

Contacts/Calendar of Events

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CALENDAR OF EVENTS IN 2005	
Annual press conference and Release of annual report for 2004, Bremen	March 22
Analyst conference, Frankfurt/Main	March 22
3 month report/analyst conference call	May 12
Annual general meeting, Bremen	May 12
6 month report/analyst conference call	August 11
9 month report/analyst conference call	November 10
Analyst presentation at Deutsches Eigenkapitalforum, Frankfurt/Main	November 21-23

Imprint

Concept, text:

OHB Technology AG, Bremen

Design:

moskito Kommunikation und Design, Bremen

Photos:

Gunnar Britse

ESA, A. van der Geest, Paris

ESA, J. Huart, Paris

fotoetage (M. Jungblut/N. Wolff), Bremen

NASA Johnson Space Center – Earth Sciences
and Image Analysis (NASA-JSC-ES&IA), Houston

OHB Technology AG, Bremen

POLYOT, Omsk

Bernd Ratsch, Bremen

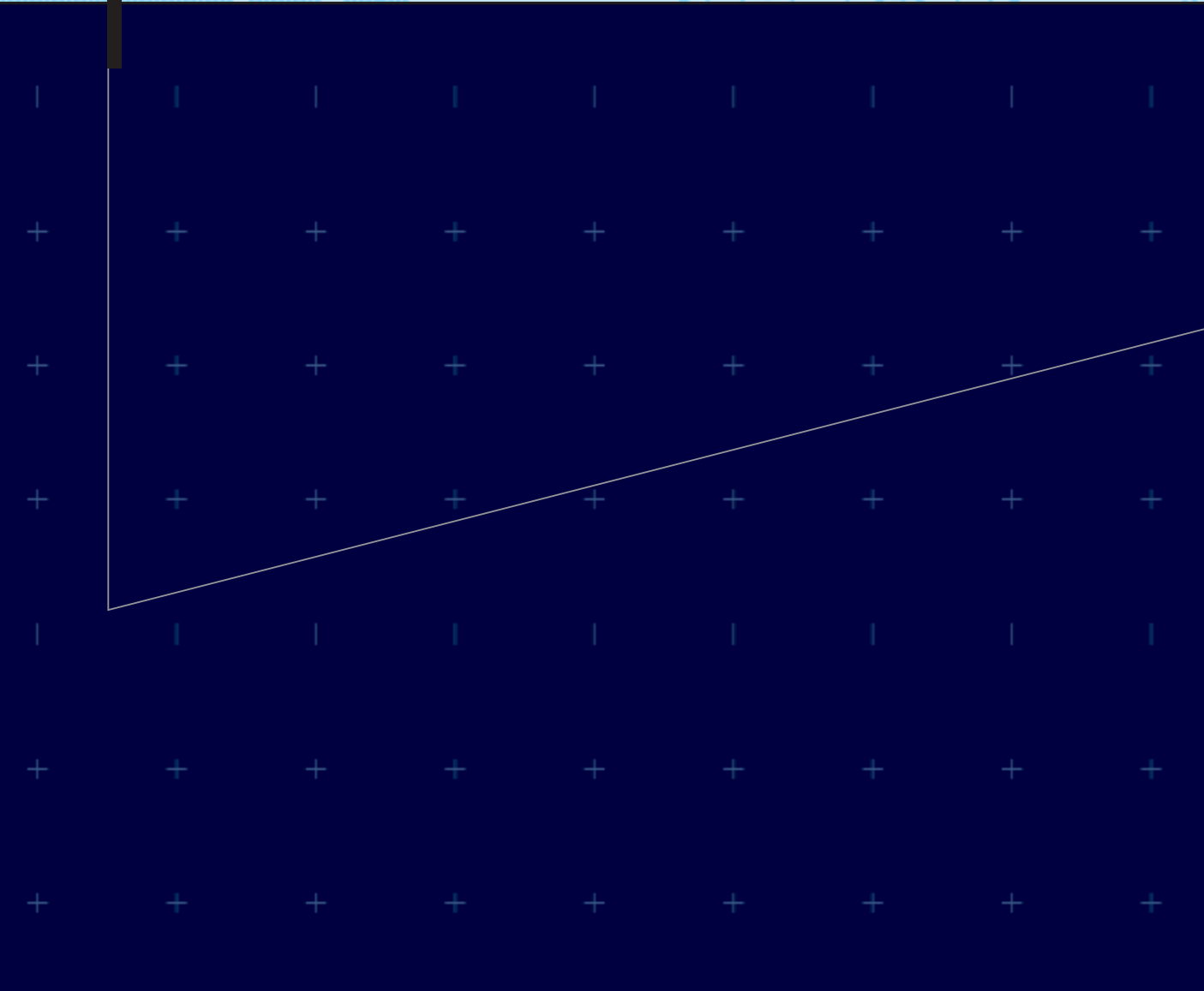
Hans Winterberg

Printed by:

BerlinDruck, Achim/Bremen



◀ Glossary



Glossary

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

ATIS Autarkic Telematics Information System; Timtec Teldatrans' standard software

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

BMVg German Federal Ministry of Defense

BWB German Federal Office of Defense Technology and Procurement

CAN-Bus Controlled Area Network Bus

Columbus Name of the European module of the International Space Station

CRM Customer Relationship Management

DGA Délégation Générale pour l'Armement; French military procurement agency

EAN European Article Number; world standard for barcodes

EBIT Earnings before interest and taxes

EBITDA Earnings before interest, taxes, depreciation and amortisation

EBT Earnings before taxes

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

EPS Earnings per share

ERP Enterprise Resource Planning

ESA European Space Agency

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

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

FMS-Standard Fleet Management System Standard; interface for the various commercial vehicle producers' different CAN-Bus systems

FSLGS French SAR-Lupe Ground Segment; version of the French Helios ground segment for receiving SAR-Lupe reconnaissance images

GALILEO European global satellite-based navigation system

GIS Geographic Information System

GPRS General Packet Radio Services; transmission standard for the GSM network, also known as G2.5

GPS Global Positioning System

GSM Global System for Mobile Communications

GSTBv2 GALILEO System Test Bed v2; test satellite for the GALILEO satellite system

ISS International Space Station

LEO Low Earth Orbit

Little GEOs Small geostationary satellites for telecommunications and multimedia applications

MDPS Meteorite and Debris Protection System

NASA National Aeronautics and Space Administration; US space agency

OEM Original Equipment Manufacturer

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

SMS Short Message Service; standard for the GSM network

Telematics Connection of telecommunications and IT

TIPS Tracking Identification Positioning Security; OHB Teledata standard software

TIPWeb The open Internet telematics platform for all transportation types

UMTS Universal Mobile Telecommunications System; third-generation mobile communications

visor Powerful geo-information system by megatel

WAP Wireless Application Protocol; used for displaying IP data on mobile telephones

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