OHB TECHNOLOGY

Annual Report 2005

Corporate profile

The Group

OHB Technology AG is the first german listed space technology company. Its operative business units “Space Systems + Security”, “Space Transportation + Aerospace Structures” and “Telematics + Satellite Operations” work on comprehensive solutions for international customers. Thanks to the successful combination of space technology and telematics skills backed by 25 years of experience in high-tech engineering, OHB Technology AG holds an excellent position in Europe.

The OHB Technology Group in brief ➤

Space Systems + Security

This business unit focuses on small satellites, manned spaceflight and security/ reconnaissance technologies. Among other things, OHB-System develops, builds, launches and operates low-orbiting and geostationary small satellites for scientific, communication and earth observation applications and is involved in fitting out the research facilities on board the International Space Station ISS. Reconnaissance satellites and broadband radio transmission of image data form the core of security and reconnaissance activities.

Space Transportation + Aerospace Structures

The Space Transportation + Aerospace Structures business unit is first and foremost a key supplier of subsystems and components for aerospace applications as well as a systems provider in the antenna and mechatronics area. Thus, MT Aerospace currently constructs around ten percent of the hardware (particularly structural and propulsion components) for the Ariane 5 launch vehicle, making it the largest German supplier for this project.

Telematics + Satellite Operations

The Telematics business unit develops comprehensive solutions for the efficient management of transportation activities as well as OEM solutions for commercial vehicle producers, applications for government authorities and security bodies as well as Geographic Information Systems (GIS) and web-based database solutions. OHB Technology AG offers satellite services via its share in the operator of the global ORBCOMM satellite system.

Group Structure of OHB Technology AG

Space Systems + Security

100 %
OHB-System AG, Bremen

100 %
STS Systemtechnik Schwerin GmbH, Schwerin

33.3 %
Cosmos Space Systems AG, Bremen

12 %
beos GmbH, Bremen

100 %
LUXSPACE Sàrl, Betzdorf, Luxemburg

50 %
OHB-ELectroOPtics GmbH, Bremen

34 %
ELTA S.A., Toulouse, France

Space Transportation + Aerospace Structures

70%
MT Aerospace AG, Augsburg

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

100 %
MT Aerospace Satellite Products Ltd., Wolverhampton, England

94.9 %
MT Aerospace Grundstücks GmbH & Co. KG, Munich

8.16 %
Arianespace S.A., Evry, France

Telematics + Satellite Operations

100%
OHB Teledata GmbH, Bremen

74.9%
megatel GmbH, Bremen

100%
Timtec Teldatrans GmbH, Bremen

51%
Telematic Solutions S.p.A., Milan, Italy

100%
ORBCOMM Deutschland AG, Bremen

50%
ORBCOMM Europe LLC, Wilmington (DE), USA/Bremen

11%
ORBCOMM Inc., Dulles (VA), USA

OHB Technology AG in Figures

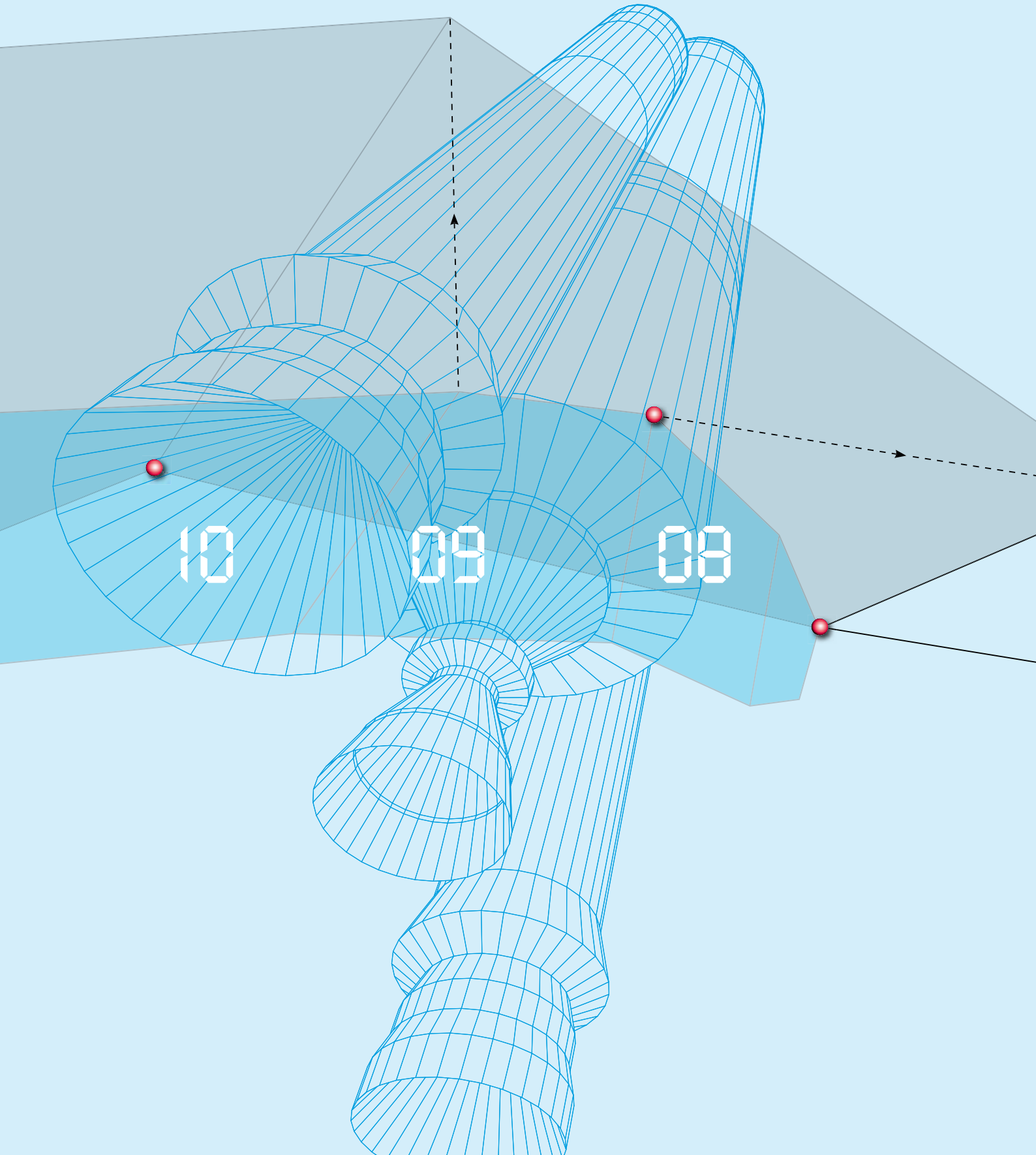
The Group	EUR 000				
	2005	2004	2003	2002	2001
Revenues	113,829	137,909	96,349	67,961	12,439
Total revenues	117,057	114,081	105,784	78,867	15,025
EBITDA	19,325	11,565	8,508	5,331	742
EBIT	14,080	8,467	6,289	3,706	452
EBT	13,745	10,331	6,992	4,019	794
Net income for the period	10,687	6,119	4,554	3,409	322
Earnings per share (EUR)	0.72	0.42	0.31	0.23	0.04
Total assets	266,269	121,342	120,450	85,981	31,615
Equity	59,214	44,441	39,381	34,622	27,965
Cashflow from operating activities	-9,638	21,398	28,228	15,152	-13,454
Equity investments	8,899	7,613	3,929	7,296	4,190
Capital spending	3,809	4,012	424	2,388	2,391
Employees on December 31	795	282	287	292	125

The Stock	EUR				
	2005	2004	2003	2002	2001
Closing price	7.70	7.30	6.82	3.15	4.29
Year high	10.60	7.45	7.90	6.20	10.20
Year low	6.50	4.92	3.00	2.70	2.33
Market capitalization at year-end	115 million	109 million	102 million	47 million	32 million
Number of shares	14,928,096	14,928,096	14,928,096	14,928,096	7,464,048

Annual Report 2005

Ariane 5 being launched.

Contents



The Management Board

Prof. Dr. h.c. Manfred Fuchs,
born in 1938, graduate engineer, Member of the Management Board since 2002, in charge of Space Technology

Ulrich Schulz,
born in 1951, graduate engineer, Member of the Management Board since 2001, In charge of Telematics

Marco R. Fuchs,
born in 1962, attorney at law, member of the Management Board since 2001, Chairman of the Management Board

Dear shareholders, customers and business associates,

The year 2005 marked a very successful chapter in the history of the OHB Technology Group. Earnings per share reached a record level of EUR 0.72 (previous year: EUR 0.42), while total revenues expanded to EUR 117 million (previous year: EUR 114 million). The Management Board and the Supervisory Board will be asking the shareholders to approve a dividend of EUR 0.20 per share for 2005 (previous year: EUR 0.12). On the strength of our current order backlog worth over EUR 400 million, we will continue to grow profitably in 2006.

The acquisition of MT Aerospace AG, Augsburg (formerly MAN Technology AG), was the most important event in 2005. This transaction called for a new group structure, which we will be outlining in this annual report for the first time.

Space Systems + Security

OHB-System AG can look back on a varied year in 2005. In addition to some disappointments, there were also major successes in the receipt of new projects. I would like to make a particular point of mentioning the decision made at the ESA council of ministers conference in December 2005 in Berlin in favor of our "LUX" Small GEO program. This decision provides for a modern European small GEO satellite platform based on our "LUX" model to be financed and developed as part of the ESA ARTES-11 program. Beyond this, the ESA council of ministers conference was very successful for other reasons as well, with key long-term budget decisions made in virtually all areas of European space travel. The stability and continuity in the area of manned space flight/ "Columbus" and "Ariane 5" augur particularly well for the OHB Technology Group. At the same time, new potential will be harnessed with the "GMES" and "Exploration/ ExoMars" projects, two key future items in the ESA program.

One important new satellite project for OHB-System AG is "ORBCOMM CDS". In March 2005, a contract with ORBCOMM Inc. for the delivery of the first new-generation satellite was signed. Talks concerning a further six satellites as part of the "ORBCOMM Quick Launcher" are currently being conducted with ORBCOMM Inc.

Following the awarding of the IT security add-on contract, the "SAR-Lupe" program continued to progress well in 2005, with the first satellite scheduled for launching this year. Negotiations on the "ESGA" and "FSLGS" contracts for the joint German/French satellite-based reconnaissance system have been completed, meaning that work on the project should commence at the middle of the year.

OHB-System AG is preparing for future involvement in lunar exploration via the hitherto company-financed "Mona Lisa" program. Meanwhile, the projects for the

International Space Station "ISS" are proceeding according to schedule, with operative tasks in connection with the research laboratories supplied by OHB for the European "Columbus" module increasingly coming to the fore.

To summarize, the new satellite projects and the improved budget situation of the space agencies ESA and DLR justify optimistic expectations of the future.

Space Transportation + Aerospace Structures

MT Aerospace AG's business performance in 2005 was satisfactory. Obviously enough, the Augsburg-based company's favorable situation is also materially due to the very successful year for our associate Arianespace S.A. The "Ariane 5" had five successful launches in 2005, four of which were executed in the second half of the year. With two successful launches for the heavy-duty "Ariane 5 ECA" (10 tons), this new launcher proved its merits for commercial deployment.

Particular mention should be made of the extraordinarily high order receipts of over EUR 300 million recorded by MT Aerospace AG in 2005. The bulk was accounted for by Ariane 5 PA contracts with Europropulsion S.A. (deliveries of booster cases) and EADS-ST (A5 structural components). Further key orders were received in the antenna/telescope segment in connection with the "ALMA" project (assembly and start-up of 25 large radio telescopes in Chile) worth over EUR 42 million as well as the "Soyuz" project (construction of parts of the ground facilities for the Russian Soyuz launch vehicle) at the Kourou launch pad for just over EUR 10 million.

The restructuring measures implemented at the Augsburg site in earlier years were continued successfully in 2005. Looking forward, further efforts will be necessary for the company to safeguard its competitiveness as a reliable partner and components supplier for large space programs. This particularly applies to the aviation and defense segment as MT Aerospace's success in these areas will hinge on further efficiency gains.

With its varied production activities, MT Aerospace is an ideal supplement to the OHB Technology Group's core space technology business. As a result, the share of long-term product business relative to the volume of non-recurring project business has widened considerably. All told, MT Aerospace's space transportation activities constitute an excellent fit with the OHB Group's previous range.

Telematics + Satellite Operations

With EBIT coming to over EUR 1 million, this business unit achieved a further substantial increase in earnings in 2005. Via their telematics developments for DAF and PACCAR, OHB Teledata GmbH and megatel GmbH are highly active in the OEM commercial vehicle market. The broad-based market rollout of these projects is scheduled for this year.

We were particularly gratified to receive the new contract from CEMEX, one of the world's largest cement transport companies, whose products are sold in Europe under the "Readymix" name. Readymix had previously been OHB Teledata's first large telematics projects back in 1997/98 and one of the first and most successful in the entire sector. We were especially proud of the renewed trust shown in us after some eight years and the privilege of being able to fit out over 2,000 vehicles with second-generation telematics solutions. This testifies to the durability of our products and confirms

the wisdom of our decision to systematically pursue a strategy aimed at achieving long-term customer satisfaction.

At the end of December 2005, ORBCOMM Inc. executed a further rights issue for a total of USD 110 million, in connection with OHB Technology AG subscribed to stock worth a good USD 4 million alongside new financial investors as well as some of the existing shareholders. As a result, we now hold a stake of around 11 %.

The proceeds from the issue will be primarily used to extend and update the satellite network and the ground infrastructure. As already stated above, OHB-System is well poised to play a key role as a supplier for this project via the current "ORBCOMM CDS" contract.

Extensions to ORBCOMM's service business made strong headway all over the world in 2005. Thus, roughly 160,000 user terminals were activated in the ORBCOMM network as of March 2006. Given the dynamic growth rates, we are very optimistic about the future outlook for ORBCOMM.

With a gain of 5.5 %, our stock's performance was not satisfactory in 2005. In the fourth quarter, we lagged well behind the DAX and the TecDAX. However, since the beginning of the year, the stock has been performing well, advancing by over 10 % in the first two months and trading above EUR 8.60 at the beginning of March 2006. Given the strength of our operative business, we are confident that the stock will continue to perform well as the year progresses.

My thanks go out to our committed and innovative staff at all of the companies within the OHB Technology Group. Following the integration of MT Aerospace, our headcount has risen sharply to roughly 800. Their dedication and ideas form the basis for our continued success. Looking forward, I am sure that they will continue to utilize their creativity and enthusiasm for the benefit of our customers and thus for our joint interest in the continued success of the entire Group.

I would like to express my gratitude to our customers, business partners and shareholders for the confidence which they again placed in us last year. We will do everything we can to ensure another successful year in 2006.

Bremen, March 2006

Marco R. Fuchs
Chairman of the Management Board

The Supervisory Board

Prof. Dr.-Ing. Hans J. Rath, born in 1947, graduate engineer, Member of the Supervisory Board since 2001, Deputy chairman of the Supervisory Board, Professor of Mechanics and Fluid Mechanics at the University of Bremen, Production Technology Faculty, Managing director of ZARM-Fallturm-Betriebsgesellschaft mbH

Christa Fuchs, born in 1938, Business woman, Member of the Supervisory Board since 2002, Chairwoman of the Supervisory Board, Managing shareholder of Volpaia Beteiligungsgesellschaft mbH

Prof. Heinz Stoewer, born in 1940, Graduate engineer, M. Sc., Member of the Supervisory Board since August 28, 2005, Professor em. of Space Systems Engineering, Delft University of Technology, Netherlands, President Space Associates GmbH

* Until June 29, 2005: Hans J. Steininger, born in 1961, graduate engineer, managing shareholder of Apollo Capital Partners GmbH

Dear shareholders,

for the purpose of performing its task of advising the Management Board and the Company's management, the Supervisory Board was briefed by the Management Board regularly, with minimum delay and on a comprehensive basis both within and outside the meetings of the Supervisory Board on all matters and activities of importance for the Company and its business activities, particularly those requiring a decision to be made by the Supervisory Board.

Between meetings, the Supervisory Board or its chairwoman were informed of current business developments and major transactions and events in writing and orally with minimum delay. This particularly took the form of detailed discussions between the chairman of the Management Board and the chairwoman of the Supervisory Board, which were held in regular intervals between the meetings of the Supervisory Board.

In addition, the Management Board reported immediately to the Supervisory Board whenever a transaction or matter of key relevance arose. The chairwoman of the Supervisory Board informed the other members of the Supervisory Board of certain matters between meetings.

In fiscal 2005, the Supervisory Board held four meetings, specifically on March 14, May 12, September 15 and December 21.

At its meeting held on June 29, 2005, the Supervisory Board of MT Aerospace AG confirmed Walter H. Köppel as a member of the Management Board and appointed Hans J. Steininger to the Management Board. At the same time, Mr. Hans J. Steininger stepped down from the Supervisory Board of OHB Technology AG. In accordance with a ruling issued by the Local Court of Bremen dated August 17, 2005, Prof. Dipl.-Ing. Heinz Stoewer was appointed to the Supervisory Board to replace Hans J. Steininger. He attended the meeting of the Supervisory Board of OHB Technology AG of September 15, 2005 for the first time.

The chairwoman of the Supervisory Board thanked Mr. Hans J. Steininger on behalf of the Company for his dedication and commitment. The Supervisory Board elected Prof. Dr.-Ing. Hans J. Rath to the position of deputy chairman of the Supervisory Board.

The Management Board submitted detailed written quarterly reports to the Supervisory Board, which were elaborated and deliberated upon at the meetings. The chairwoman of the Supervisory Board also attended the first meeting of the Supervisory Board of MT Aerospace.

One subject attracting particular attention during meetings concerned the successful acquisition of MAN Technology AG Augsburg, which has since been renamed MT Aerospace AG. This transaction gave rise to discussion concerning the need to restructure the business units. The new corporate structure was duly adopted at the beginning of February 2006.

The ESA European space travel conference at the ministerial level was very successful. The most important decision for OHB concerned the ARTES-11 program with

the LUX-Small GEO satellites. LUX is to be developed over the next four years with a budget worth EUR 100 million under the lead management of OHB-System. This will give Europe its own GEO satellite with a launch weight of around 1,500 kilograms, opening up the opportunity of offering modern small GEO satellites incorporating the latest technological developments on a long-term global basis in this segment.

The Supervisory Board regularly discussed the application and further development of the principles of corporate governance within the Company. In the year under review, we particularly deliberated on the revised version of the German Corporate Governance Code dated June 2, 2005. The Management Board and the Supervisory Board have updated the declarations of conformity in accordance with the German Corporate Governance Code.

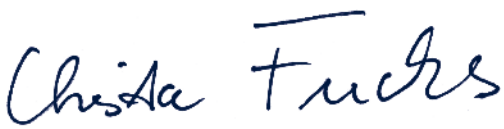
Annual and consolidated financial statements

BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft, Hamburg, audited OHB Technology AG's parent-company and consolidated financial statements for the year ending December 31, 2005 as well as the management report, granting an unqualified auditor's certificate. 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. At the meeting dated March 14, 2006, 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 as of December 31, 2005 for OHB Technology AG as well as the consolidated financial statements and the Group management report prepared by the Management Board, which are thus 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.

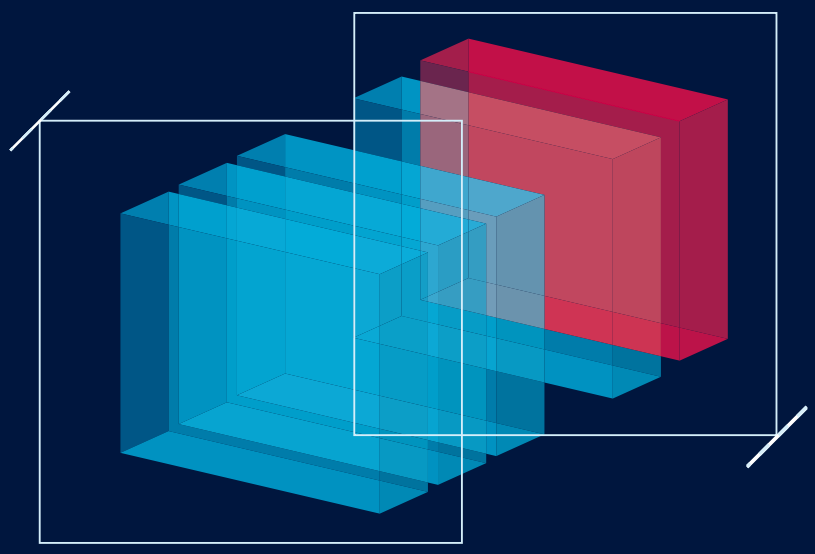
The Supervisory Board wishes to thank the Management Board as well as all employees for their dedication last year.

Bremen, March 14, 2006



Christa Fuchs
Chairwoman of the Supervisory Board

Corporate Governance



Corporate Governance at OHB Technology AG

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

Compensation of Board members

Details of the compensation paid to the members of the Management Board (total) and the Supervisory Board (personalized) for fiscal 2005 are set out in the notes to the consolidated financial statements of OHB Technology AG (see page 87/88).

Information on the compensation paid by OHB Technology AG to members of the Supervisory Board for services provided in person are set out in the notes to the annual financial statements of OHB Technology AG (see page 88).

Management Board and Supervisory Board shareholdings

Information on the shares held by members of the Management Board and the Supervisory Board as of December 31, 2005 as well details of changes can be found on Page 88 of the notes to the consolidated financial statements.

Stock options

As of December 31, 2005, members of the Management Board held options for 40,000 shares and employees of the OHB Technology Group options for 100,000 shares. None of these options had vested in 2005. All options held by employees and members of the Management Board expired at midnight on March 5, 2006.

Securities transactions subject to compulsory disclosure

In the year under review, the following transaction was reported to OHB Technology AG: Mrs. Christa Fuchs (chairwoman of the Supervisory Board) sold 80,000 shares in OHB Technology AG (ISIN DE0005936124) at a price of EUR 7.90 on June 29, 2005.

Declaration of compliance

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.

Revised versions of the German Corporate Governance Code were released on November 2002, on May 2003 and on June 2005. This declaration of conformity refers to the new version dated June 2, 2005.

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).

Age limits for the Supervisory Board (5.4.1)

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

Independence of Supervisory Board members (5.4.2)

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.

Compensation of the deputy chairman of the Supervisory Board (5.4.7)

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, 2005

LUX-Small GEOs; small satellites now also being placed in geostationary orbit.

OHB Technology Stock

OHB Stock 2005 (Relative Performance)

5.5 % gain in 2005 in spite of volatile year – good start to 2006 with an advance of a further 16 % as of beginning of March

The fairly muted state of the stock markets in the first five months of 2005 gave way to greater momentum in the second half of the year. The steady advances achieved by the indices culminating in a preliminary spike at the beginning of October 2005 reflected the upbeat expectations which the capital markets were pinning to the change of government in Germany. The brief phase of disappointment in the equities markets in the autumn was followed by an end-of-year rally, although technology stocks were unable to keep pace with the rapid gains posted by blue chips.

In complete contrast to the muted state of the equities markets as a whole, OHB stock entered the first quarter of 2005 on a strong note, hitting a high for the year of EUR 10.60 at the beginning of April. Its strong showing was due to market expectations that OHB would be awarded the contract for the assembly and operation of the satellite-based communications system for the German armed forces. The fact that the competing syndicate was named preferred bidder at the beginning of April 2005 caused the stock to temporarily retreat to its low for the year of EUR 6.50. As of the end of April, OHB stock outperformed the upside move in the market as a whole, hitting new highs of EUR 8.50 at the beginning of June and EUR 8.35 at the end of June. OHB stock continued to exhibit strong volatility in the second half of the year and was unable to keep up with the bench-

OHB Stock Data

ISIN	DE0005936124
Ticker	OHB
Trading segment	Prime Standard
Prime sector	Technology
Industry Group	Communications Technology
Indices	Prime All Share, Tec All Share, CDAX, GEX
Designated Sponsor	DZ BANK AG, HSBC Trinkaus & Burkhardt KGaA
Issued capital	EUR 14.928.096
Share type	No-par-value ordinary bearer shares

mark TecDAX and DAX indices in November and December. All told, it must be said that the stock's performance was not satisfactory in 2005. For the entire period under review, OHB stock achieved a gain of some 5.5 %. At the end of the year, it was trading at EUR 7.70. The stock has performed well on a sustained basis and on March 1, 2006 was trading at EUR 9.00.

In fiscal 2005, the Management Board continued to intensify contacts with shareholders, potential investors, financial analysts and business journalists in Germany and particularly in non-European countries. Compared with earlier years, far greater use was made of opportunities for providing information on the transactions and activities of the OHB Technology Group, such as the acquisition of MT Aerospace AG (formerly MAN Technologie AG) in numerous one-on-ones. In the interests of maintaining ongoing contact with our investors, we organized road shows at the main financial centers across Europe from Zurich to Amsterdam, backed up by additional sessions in Germany. In this connection, the main focus of attention was on analysts and investors who primarily cover technology stocks and small and mid-cap companies. Additional participation in several capital market conferences as well as the analyst conference held at OHB Technology AG's Bremen headquarters in the spring and a further analyst conference

OHB Stock Parameters — in EUR

	2005	2004	2003
Closing price (Xetra 30.12.)	7.70	7.30	6.82
High for the year	10.60	7.45	7.90
Low for the year	6.50	4.92	3.00
Market capitalization (Xetra 30.12.)	115 million	109 million	102 million
Average daily trading volumes (Xetra + floor)	35,615 shares	18,432 shares	16,071 shares
Price/earnings ratio (Xetra 30.12.)	10.7	17.4	22.0
Earnings per share	0.72	0.42	0.31
Proposed dividend per share	0.20*	0.12	n.a.
Dividend yield (Xetra 30.12.)	2.60 %	1.64 %	n.a.

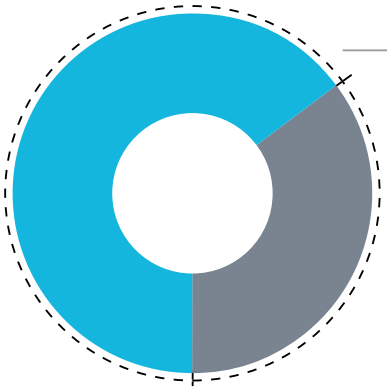
* Proposal to the Annual Meeting

during the Deutsches Eigenkapitalforum conference in November testify to the close relations maintained with the capital market and helped to reduce the stock's volatility in the second half of 2005 in particular. These active communications as well as regular conference calls with analysts and investors in connection with the announcement of quarterly figures have led to heightened demand on the part of institutional investors as well as more intensive research coverage.

Held at the Company's headquarters in Bremen and attended by numerous loyal shareholders from North West Germany interested in OHB's performance, the annual general meeting constitutes a central forum for personal dialog with our shareholders. For the first time, the annual general meeting held on May 12, 2005 was attended by somewhat more than 200 shareholders, equivalent to around 71 % of the subscribed capital. All resolutions were passed with overwhelming majorities of around 99 %. At the conclusion of the official program we traditionally invite our investors to take part in a tour of our site so that they are able to gain a direct idea of their company. In 2005, a large number of employees again made use of this offer.

OHB organized its second "Capital Market Day" at the beginning of February 2006. Attended by analysts, bankers, investors and journalists, this forum took place at the Augsburg headquarters of in 2005 acquired subsidiary MT Aerospace AG and provided a greater insight into the Group's operative space technology business, particularly the

Shareholder Structure on December 31, 2005



64.3 %
Fuchs pool

35.7 %
Freefloat
including: 0.2 % (27,394 shares) treasury stock

Issued capital: 14,928,096 shares

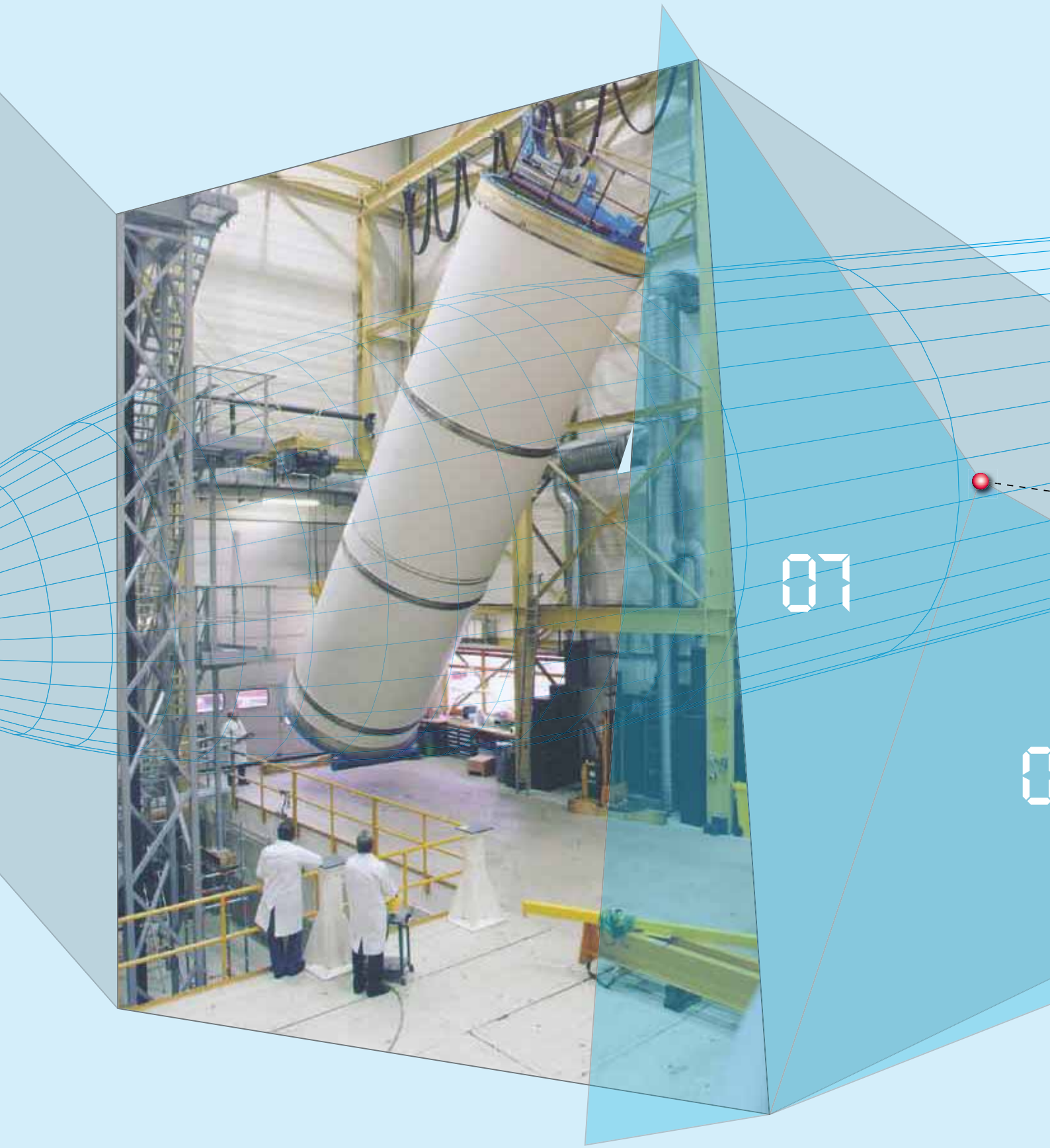
European Ariane 5 launch vehicle, as well as offering opportunities for discussions with the management of these business units. Further investor relations activities are being planned for this year to reinforce direct contact with all investors alongside the existing communications channels.

Via a separate Investor Relations section at OHB Technology's website at www.ohb-technology.de/ir/, interested parties are able to obtain detailed information on all aspects of OHB stock including annual and interim reports as well as press releases or register for inclusion in a mailing list to receive regular news on OHB in the future.

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 2005 rose by 93 %, i.e. almost double, over the previous year to a good 35,600.

Analyst Ratings

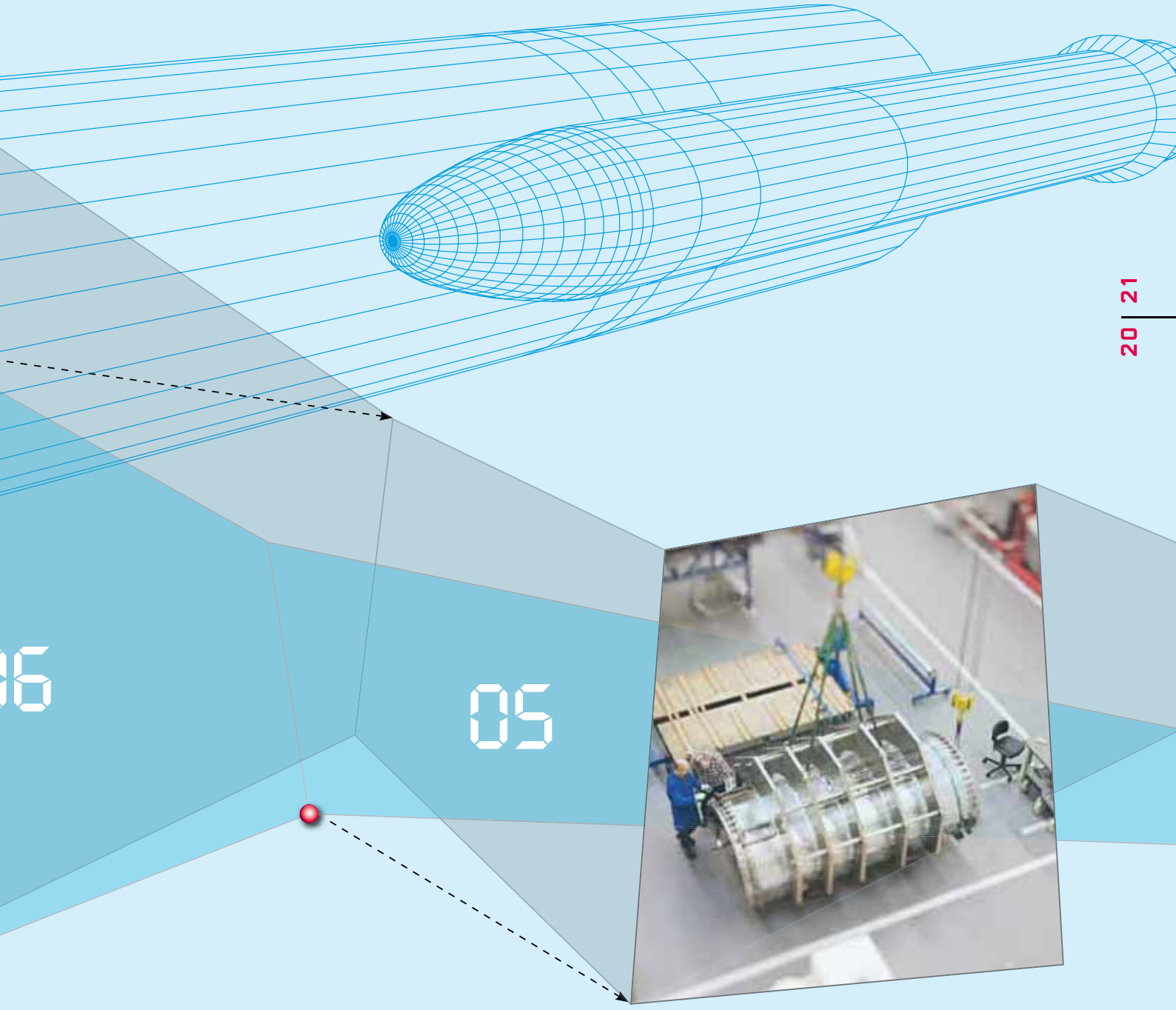
Date	Bank	Target Price in EUR	Recommendation
February 2006	HSBC Trinkaus & Burkhardt	11.60	Overweight
February 2006	DZ BANK	10.00	Buy
February 2006	SAL. Oppenheim	9.00	Buy
January 2005	Viscardi Securities	13.00	Buy
November 2005	Berenberg Bank	8.60	Buy
June 2005	Haspa	9.00	Hold



Booster case for the Ariane 5 launcher.

Entering new dimensions

Acquisition of MT Aerospace creating new perspectives for the OHB Group



Checking a structural component for the Ariane 5.

"The acquisition of the stake in MAN was an important strategic decision in advancing both OHB and MT."

Hans J. Steininger, CFO at MT Aerospace AG, Augsburg

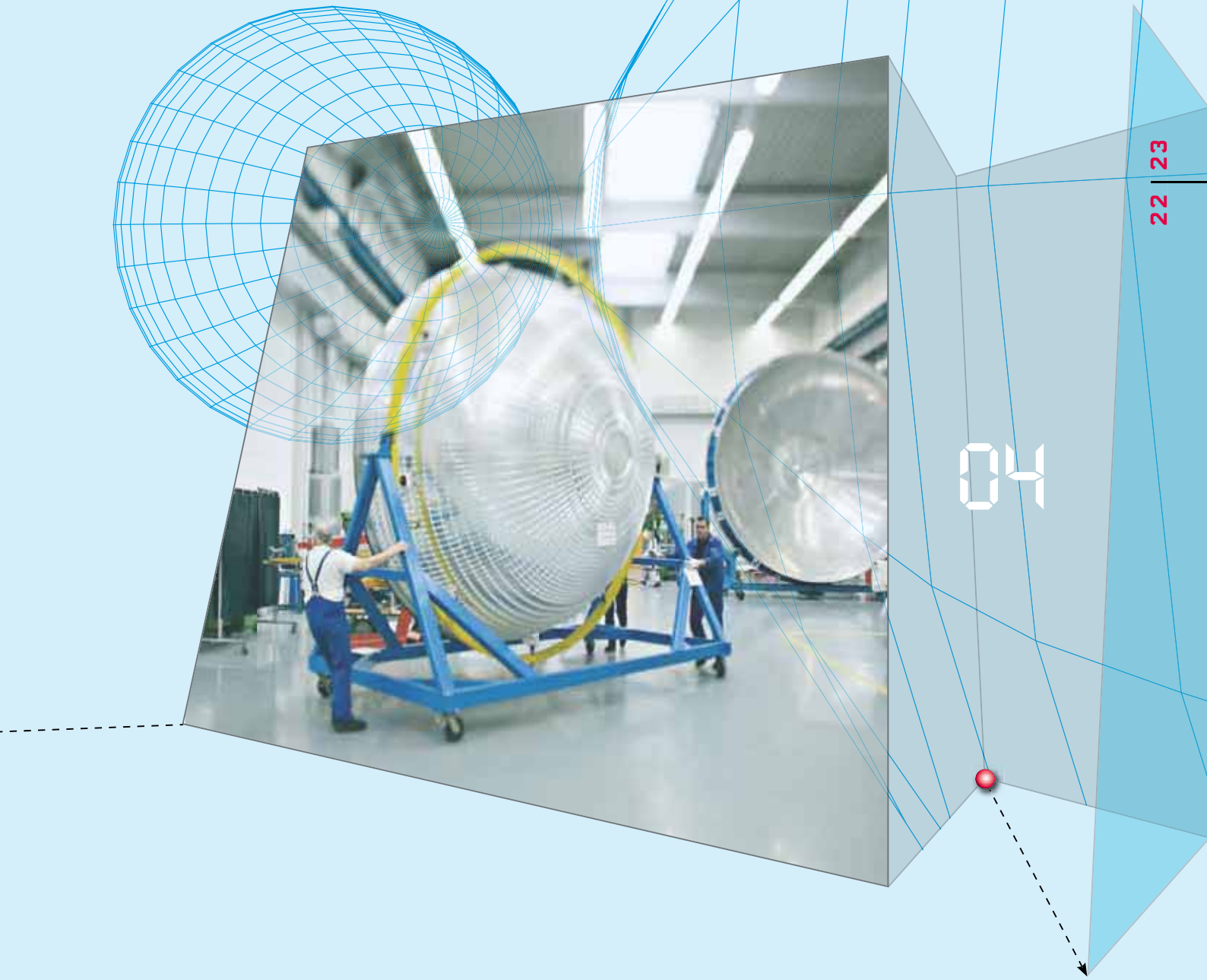
Successful forays into new spheres and dimensions form part of OHB Technology AG's mission statement and are also reflected in its day-to-day business. This is precisely what customers and markets expect of a private-sector space and technology company with an international footprint and a track record spanning 25 years. Yet, this does not only apply to the development and implementation of innovative solutions and systems. As well as this, new and far-reaching strategic decisions must also be made repeatedly. Thus, in 2005, OHB Technology AG laid further key foundations for the future with the acquisition of MT Aerospace AG (previously MAN Technologie AG). It was a logical step, which offers the Group additional interesting prospects.

MT Aerospace AG is the largest German supplier of components for the Ariane 5 program, for which it primarily produces structures and tanks as well as providing services at the Kourou space center. Together with Munich technology venture capital specialist Apollo Capital Partners GmbH, OHB Technology AG acquired all the Augsburg-based aerospace technology company's capital in June 2005. As a result, the OHB Group has grown in size to roughly 800 employees. However, at the same time it has strengthened its position in the European aerospace industry decisively.

MT Aerospace for its part has greater scope for further development as part of a group dedicated to space technology. This is already borne out by its performance in 2005, which demonstrates the wisdom of the decision to go through with the takeover. In five successful launches in 2005, the Ariane 5 launch vehicle soared to the top of the space transportation market again. Via MT Aerospace, the OHB Group is a key subcontractor for Ariane 5 and holds shares in its operating company Arianespace S.A.

"We have strengthened our position as a leading German space technology company on a sustained basis."

Prof. Dr. h.c. Manfred Fuchs, COO Space Technology at OHB Technology AG, Bremen



04

Tank structure for the Ariane 5 ECA, the strongest member of the Ariane family.

A new structure for new tasks

Following the acquisition and integration of MT Aerospace, the OHB Group's business units have been restructured as follows:

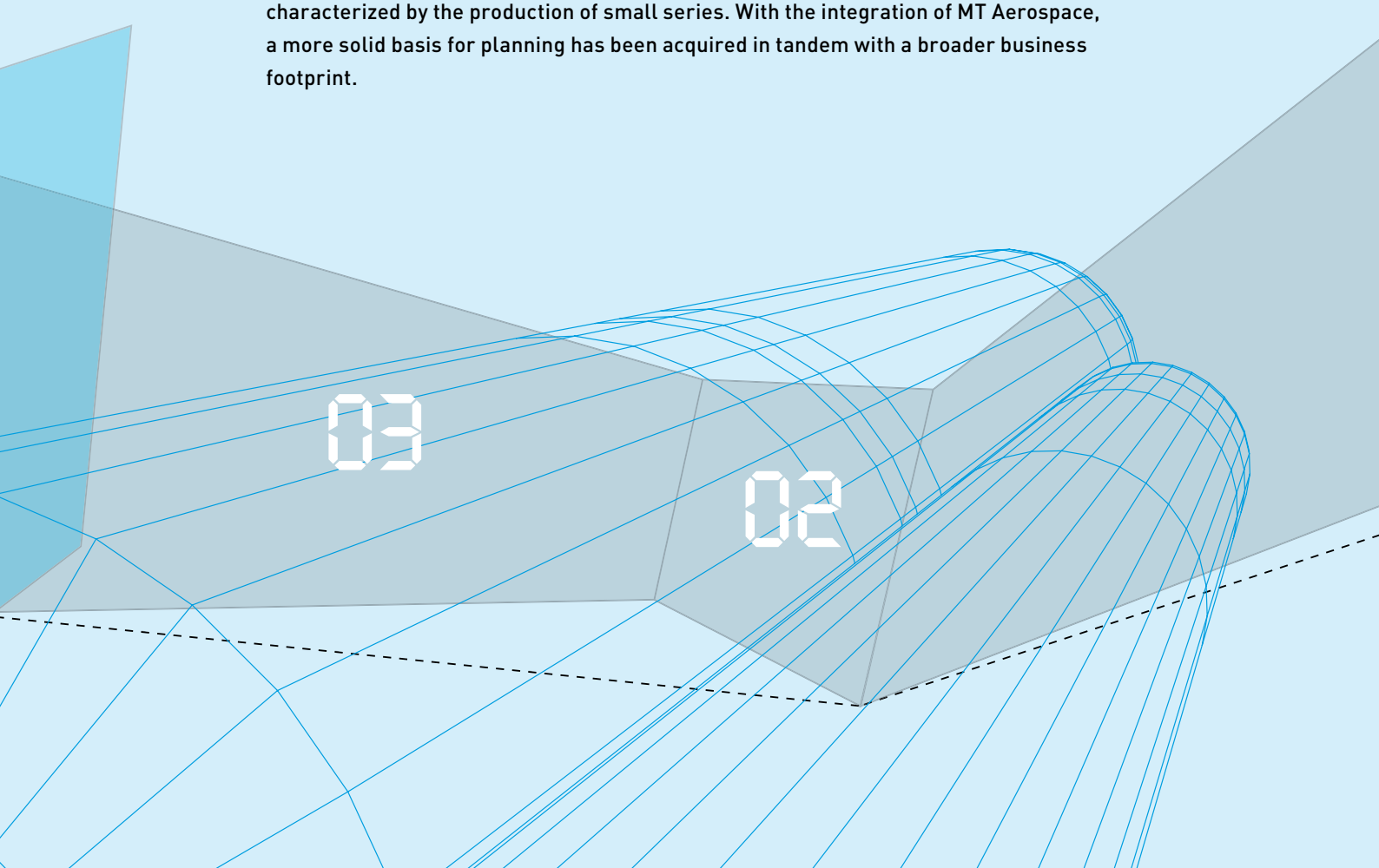
- Space Systems + Security: This business unit comprises the core activities pursued by OHB-System and its subsidiaries as well as the activities of foreign company LUXSPACE, the OHB-ELectroOPtics joint venture and the French affiliate ELTA.

- Space Transportation + Aerospace Structures: This is the second largest business unit and holds the activities of MT Aerospace and its subsidiaries and affiliates.

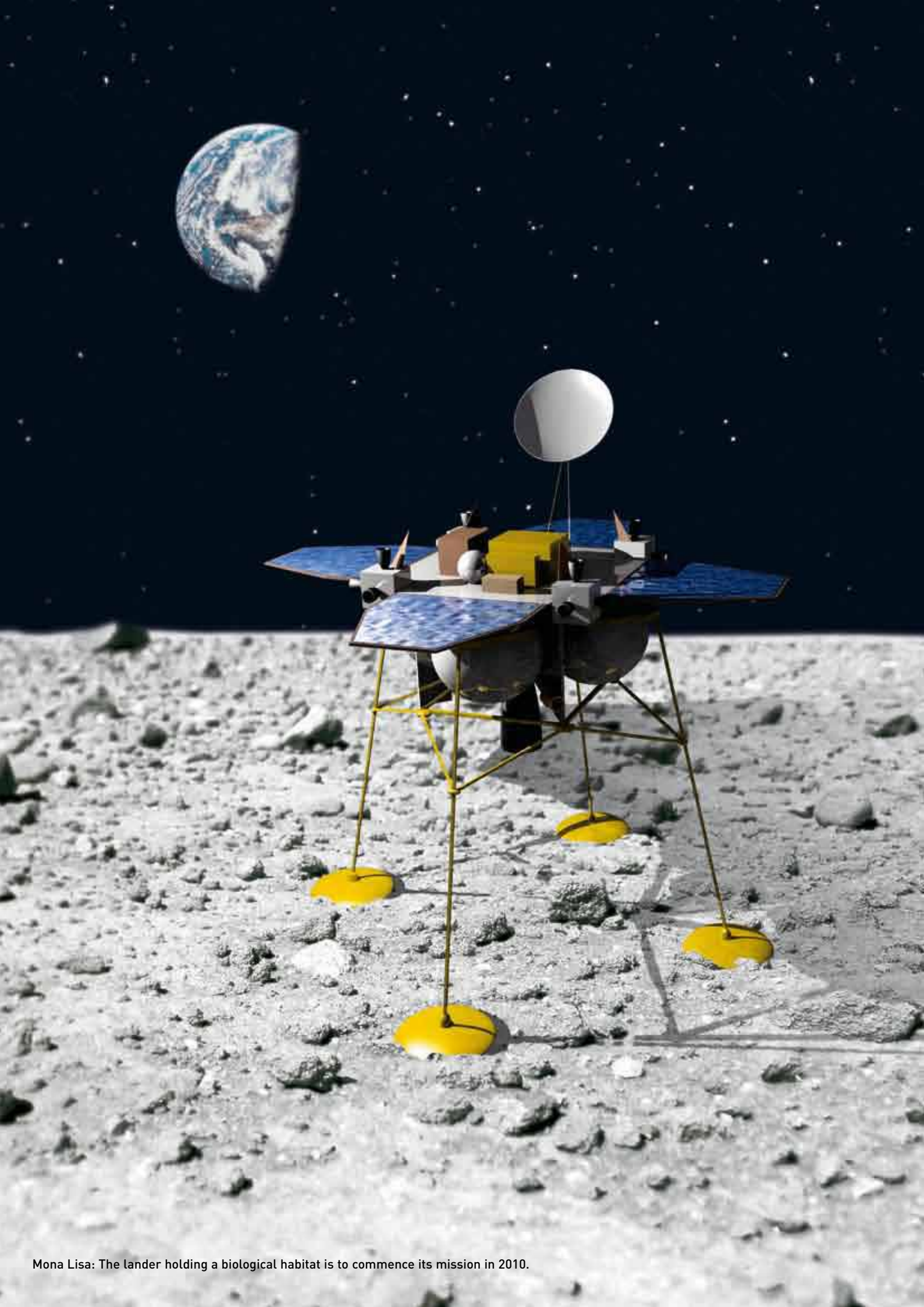
- Telematics + Satellite Operations: This is the third business mainstay and includes the telematics activities of OHB Teledata, megatel, Timtec Teldatrans and Telematic Solutions as well as the affiliate ORBCOMM, the US satellite operator.

Stability and perspectives

The new organizational structure reflects the significant extensions to the Group's orbital and transportation systems activities following the addition of MT Aerospace. In this way, OHB Technology AG is not only strengthening the position of its most important business unit – space technology – but also establishing a further linchpin in the sector with the extensions to its range of products. Core business in the Space Transportation + Aerospace Structures business unit has hitherto been primarily characterized by the production of small series. With the integration of MT Aerospace, a more solid basis for planning has been acquired in tandem with a broader business footprint.



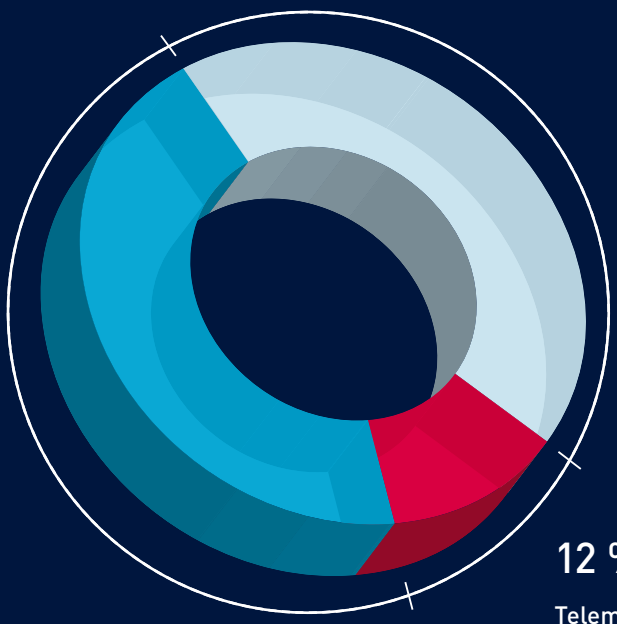
OHB Technology AG's headquarters in Bremen and Augsburg.



Mona Lisa: The lander holding a biological habitat is to commence its mission in 2010.

Business Units

Total Revenues by Business Units before Consolidation



44 %
Space Transportation + Aerospace Structures
EUR 50.55 million

44 %
Space Systems + Security
EUR 50.77 million

12 %
Telematics + Satellite Operations
EUR 13.54 million

Space Systems + Security

Space technology is OHB Technology AG's largest and most potent business unit. The Group is founded on the vision of a single man: Prof. Dr. h.c. Manfred Fuchs, who had the idea just under 25 years ago of establishing a special type of space technology company. Despite the trends prevailing at that time, he already foresaw the day when small satellites would be developed for performing special tasks. And to this day, small satellites have remained one of mainstays of the OHB Group's business, even though it has been operating on an international level for many years now.

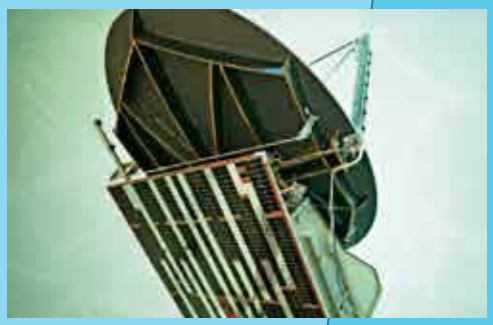
OHB leaving low-altitude orbit

Until now, OHB satellites have been moving in orbits close to the earth. Yet, this is now set to change. With one of its recent developments, OHB is pursuing the aim of producing inexpensive satellites with a small mass and volume and placing them in a geostationary orbit. Known as LUX, this project is seeking to develop a highly efficient satellite array for communications and scientific research. Although this vision was initially confined to OHB itself, the German Space Agency (DLR) is now also convinced of the merits of this project and is supporting the program with a funding contract having realized that no geostationary satellites have been developed and built in Germany for over ten years and that there is a clear risk of technological skills required for this system leaving our country.

The responsible ESA ministers also see this danger and therefore passed a resolution at their conference in December 2005 to include the development of a geostationary platform initiated by OHB as a separate project in the long-term ESA plan under the name ARTES-11. Germany will assume lead responsibility in the development of small geostationary satellites, or small GEOs for short.

With the support of ESA, OHB is setting up operations with its European partners and expects to commence work on the ARTES-11 program in mid 2006. Of the budget of EUR 100 million required for this project, a figure of EUR 61 million has already been committed by interested member states. "This is a solid basis and marks the commencement of the development and construction of small GEOs," says OHB Technology AG CEO, Marco R. Fuchs, visibly satisfied. On the basis of market analyses, OHB projects demand of up to eight satellites per year, with the first small GEO to go into operation in its orbit at an altitude of 36,000 kilometers in 2009.

Projects



Project: SAR-Lupe
Company: OHB-System AG
The SAR-Lupe project was extended in mid 2005 with an additional contract worth around EUR 18 million to boost the technical performance of the satellite system. This primarily entailed improvements to the protection of communications between the satellites and the ground station going far beyond current standards.

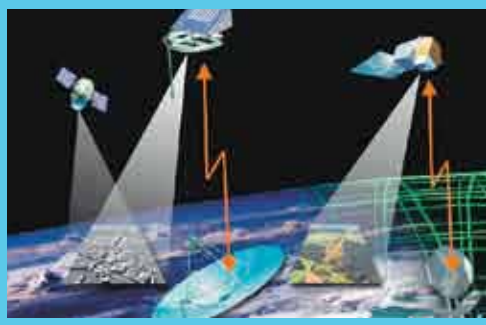
Status
The five satellites forming part of the system are under construction. Adjustments to the SAR-Lupe system are already being successfully implemented. The first satellite will be launched from the Russian cosmodrome in Plesetsk this year on board a COSMOS-3M specially designed for the satellites.

Partners
BMVg, BWB (customer) as well as Alcatel Alenia Space, Carlo Gavazzi Space, COSMOS International, Rosoboronexport, RST, RTG, Saab Ericsson Space, Tesat Spacecom, Thales as subcontractors.

Projects: ESGA & FSLGS
Company: OHB-System AG
The ESGA and FSLGS projects entail the establishment of joint European reconnaissance, initially between Germany and France. For this purpose, the SAR-Lupe ground station must be modified and a new SAR-Lupe ground station built in France for the Helios II optical reconnaissance system. OHB has already analyzed the technical modifications required and produced a schedule and budget for implementing both the German and the French contribution.

Status
OHB is in contractual negotiations with the customer BWB for the modifications to the German ground segment and for the activities required on the French side.

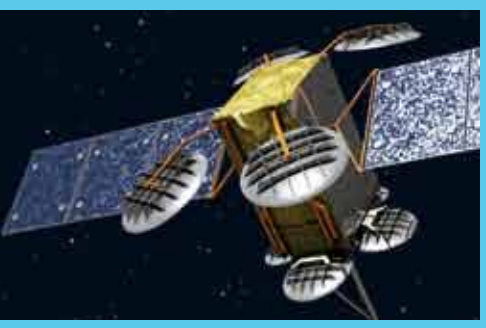
Partners
BMVg, BWB, DGA (customer), EADS Dornier subcontractor



Study: WERA
Company: OHB-System AG
The SAR-Lupe system will provide the German Federal Armed Forces with space-based reconnaissance capabilities for ten years. Thereafter, it is important for the replacement system to go into operation seamlessly. In the WERA study, OHB has outlined a system offering greater efficiency, higher resolution and shorter image transmission times, among other things. The study additionally determines whether the next generation of an orbit constellation comprising several small satellites can also supply infrared and hyperspectral data from space for armed forces reconnaissance in addition to radar information.

Status
The results of the study have been submitted to the customer BWB for evaluation. Further talks have been scheduled for spring 2006.

Partner
BWB (customer)



Project: LUX-Small GEO/ARTES-11
Company: OHB-System AG
Germany will assume lead responsibility in the development of small geostationary satellites, or small GEOs for short. The technical specifications of the new European small GEOs have their roots in the OHB-System AG proposal and are based on the national LUX project study sponsored by DLR for the development of a platform of small geostationary satellites with a launch weight of up to 1,500 kilograms.

Status
Initiated by OHB, the development of a geostationary platform has been established as a separate component of the long-range ESA schedule under the program name ARTES-11. With the support of ESA, OHB is setting up operations with its European partners and expects to commence work on the ARTES-11 program in mid 2006.

Partners
DLR (customer LUX),
ESA (customer Small GEO)

Project: ORBCOMM CDS
Company: OHB-System AG
The ORBCOMM communications network with its 30 satellites is being modernized. OHB is involved in the development and construction of the first of the new ORBCOMM satellites. In addition to performing the same communications tasks as the previous satellites particularly for the U.S. Coast Guard, the new ORBCOMM satellite will transmit the Automatic Identification System (IAS) signals for monitoring shipping in US coastal waters as part of steps to improve monitoring activities in connection with the "Homeland Security Initiative".

Status
OHB as the system integrator is building the satellite. Integration and function testing are currently taking place in Bremen. The satellite will be launched in the first half of 2006 and forms the basis for an offer covering further ORBCOMM satellites.

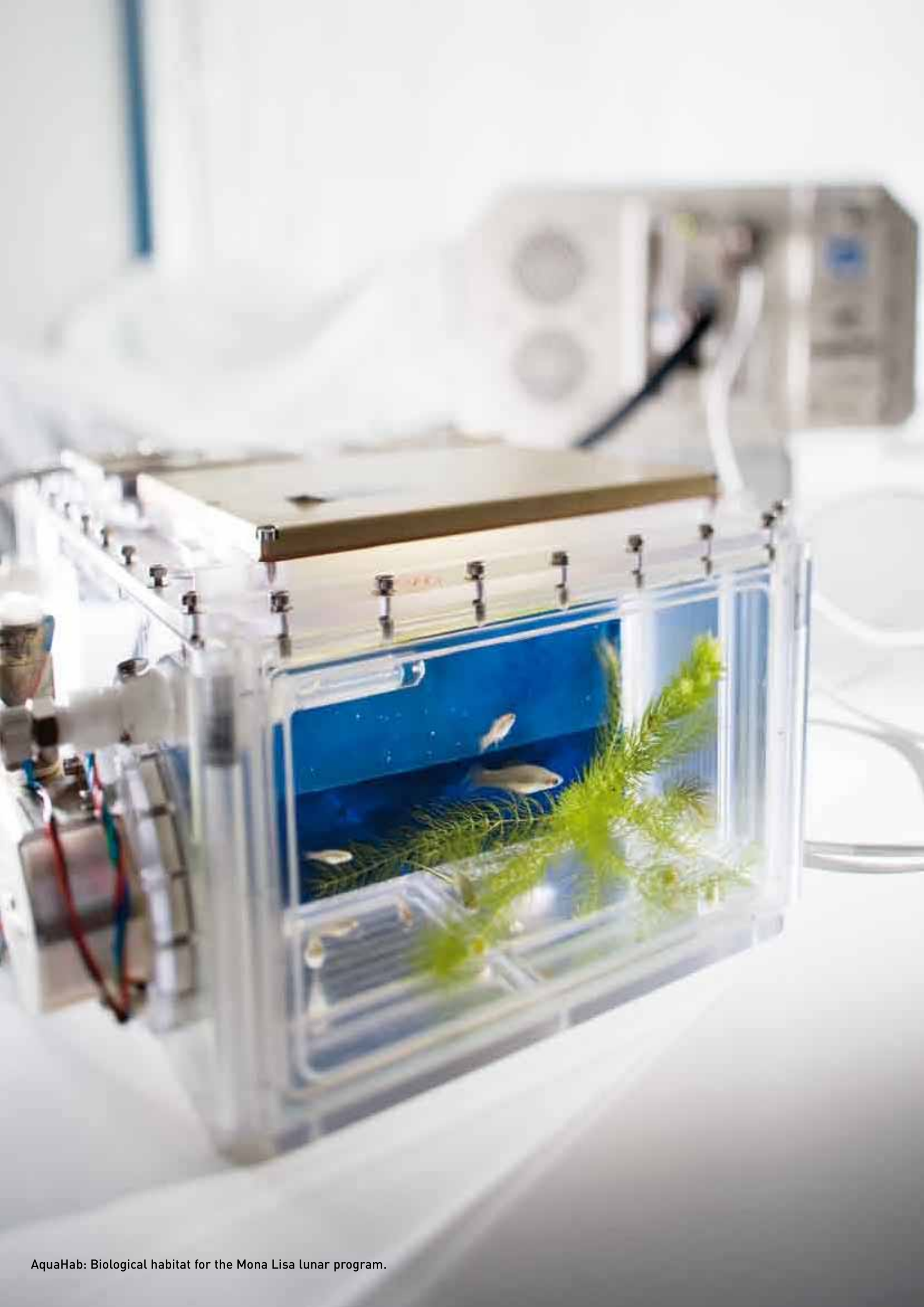
Partners
ORBCOMM (customer), COSMOS Space Systems/Polyot (satellite bus and launch), Orbital Sciences Corporation (communications payload)

To the moon and beyond at last

Yet, this distance of 36,000 kilometers does not mark the end of OHB's visions. The next goal has a mean distance of some 384,000 kilometers and is known as the moon. Our neighbor is the next logical step bridging the gap between the space station and Mars. It is absolutely vital to use the moon as a stepping stone for manned voyages to Mars. When the President of the United States announced the establishment of the "Moon, Mars and Beyond" program almost two years ago, OHB had already been considering the possibilities for a German contribution to lunar exploration. In a project called "Mona Lisa", an internal study was completed outlining the planning and execution of an inexpensive and technologically highly interesting space program for lunar exploration and, later on, voyages to Mars. True to its philosophy, OHB proposes a somewhat smaller project: The launch of a lunar lander with several possible experiments such as an Bio-Hab facilities holding small living creatures and plants to study the effects of low gravity and heightened radiation exposure. The lander is configured in such a way that it can be launched on an Ariane 5. Intensive discussion is already taking place with the German Space Agency DLR on the Mona Lisa program.

Mars may be more of a question of research, yet the moon is a practical pursuit offering many benefits for the earth. This includes exploration to find future sources of energy, e.g. helium 3, which occurs only rarely on the earth but is available in large quantities on the moon. This source of energy is not radio-active and can thus be disposed of without any problems after use. The reserves of helium 3 on the moon could solve the earth's energy problems in the long term.

A further important aspect is the incomparably better possibilities for observing the universe from the moon. With a telescope mounted on the dark side of the moon, it would be possible to capture signals previously not detected, particularly long-wave ones, going back to the birth of the universe completely free of disruption from terrestrial radio waves. In this way, we would come closer to finding answers to such elementary questions as "Where do we come from and where are we headed?".



AquaHab: Biological habitat for the Mona Lisa lunar program.

Project: Columbus IOT
Company: OHB-System AG
Further work on the International Space Station ISS is continuing. ESA expects the European laboratory Columbus to be launched in 2007, meaning that the systems developed and built by OHB will also be able to enter the operative phase. The Industrial Operator Team IOT is responsible for payload integration, maintenance and servicing as well as preparations for orbital operations.

Status
As a member of the IOT, OHB is responsible for the EPM medical research laboratory and the ETC transport rack, which it developed and built as the main contractor, as well as for the fluid science lab FSL, the European Drawer Rack EDR and the Biolab biological research laboratory, in which OHB is playing a key role as subcontractor.

Partners
ESA, EADS Space Transportation (customer)

Project: GradFlex
Company: OHB-System AG
GradFlex is a scientific payload for the ESA mission FOTON-M3 during which an unmanned Russian space capsule will be launched into space for twelve days in autumn 2007. GradFlex (GRAdient Driven FLuctuations EXperiment) will be examining fluctuation in liquids in gravity-free conditions. As a subcontractor, OHB is developing all of the electronics and software for GradFlex including the high-precision temperature control system for the experiments. As well as this, OHB is responsible for the cooling system based on heat pipes and air coolers.

Status
End of the development phase and commencement of production scheduled for spring 2006

Partners
ESA (customer) HTS (Switzerland, main contractor), Verhaert (Belgium), University of Milan/INFM (Italy), University of California at Santa Barbara (United States)

Program: MONA LISA
Company: OHB-System AG
Mona Lisa is a study conducted by OHB into the planning and execution of a new European German-led lunar program. The preliminary results of the study provide for the deployment of a lunar lander capable of performing various technological experiments in the areas of biology, life sciences, automation and robotics on the surface of the moon.

Status
Intensive discussion is already taking place with the German Space Agency DLR on the Mona Lisa program, with a more advanced lunar study planned.

Partner
Carlo Gavazzi Space, Milan

Project: Bremen GMES Office
Company: OHB-System AG
GMES (Global Monitoring for Environment and Security) is a joint ESA/EU strategic initiative. With the support of research institutes in Bremen, the state of Bremen, OHB and EADS Space Transportation plan to establish a GMES center for the central management of the data collected by 2008. This will involve operational services on behalf of the EU. Key tasks include identifying the regional, national and European GMES services and projects, the establishment of a GMES network and the initiation of innovative GMES pilot projects.

Status
Work on the GMES office Bremen commence at the beginning of March 2006.

Partners
State of Bremen, EADS Space Transportation, Bremen research institutes

Project: ARDS/CONDOR
Company: OHB-System AG
Developed by OHB, the ARDS system holds a leading position in the European market for broadband data transmission allowing high-resolution aerial reconnaissance images to be sent from aircraft to ground stations at distances of over 200 kilometers. Under the name D-WERDAS, OHB is now extending ARDS by adding aircraft-to-aircraft transmission of image data over long distances. ARDS is the central component of the airborne CONDOR reconnaissance platform, which completed its first two successful missions at the end of 2005.

Status
ARDS was demonstrated extensively to DLR in 2005 in a test flight campaign and successfully deployed by customer EADS on TORNADO flights. At the same time, ARDS is being extended to permit data transmissions in international operations using the latest US radio equipment implementing the secret NATO standard. The capabilities of CONDOR including ARDS will be demonstrated in a flight campaign in 2006.

Partners
BWB (customer), Stemme, OHB-ELectroOPtics

Five SAR-Lupe satellites are currently being integrated in the OHB clean room.

Space Transportation + Aerospace Structures

In the services of Ariane 5, Soyuz and ALMA

Acquired in 2005, MT Aerospace AG together with its subsidiaries and affiliates constitutes the newly created Space Transportation + Aerospace Structures business unit within the OHB Group. MT Aerospace is the largest German supplier of components for the Ariane 5 program, for which it primarily produces structures and tanks as well as providing services at the Kourou space center.

The five successful Ariane launches last year have strengthened confidence in the largest European carrier and thus cemented and strengthened its commercial viability. Prior to joining OHB, MT Aerospace produced two to three carrier per year sets for the Ariane – with the success gained last year, production is to be stepped up to five to six sets annually.

Encouraging signals for Ariane's future have also come from the ESA council of ministers conference. Thus, the programs to further develop the Ariane launcher have been adopted to ensure and extend independent European space access. European endeavors to develop the launcher system of the future are reflected in the resolution approving the FLPP Future Launcher Preparatory Programme with a current volume of some EUR 280 million.

In September 2005, MT Aerospace received from Europropulsion S.A., France, a contract worth over EUR 150 million for the delivery of 54 booster cases to be fitted to a further 27 Ariane 5 launch vehicles. Delivery will commence in 2006 and is expected to continue until 2009, thus ensuring ample capacity utilization in this area over the next few years.

Yet, MT Aerospace is not relying solely on Ariane. It is also involved in the construction of the launch pad for the Soyuz launcher in Kourou. At the same time, it is participating in the large international ALMA research project via a contract received from the European Southern Observatory ESO. Short for Atacama Large Millimeter Array, ALMA is the largest and most spectacular radio telescope project to date. With this telescope, astronomers plan to observe the genesis of galaxies and planets. MT Aerospace is also working intensively on extending its operations in the aviation and defense segments.

Projects

Project: Production of the Ariane 5 series
Company: MT Aerospace AG
With the successful launch of the ECA version of the Ariane 5 in February 2005, there are now finally no obstacles in the way of production contracts being awarded to industry. In this connection, MT Aerospace has received contracts for structures and tanks for a further 30 launchers at a delivery rate of 5-6 sets per year. MT Aerospace constructs around ten percent of the flight hardware for the Ariane 5. Consequently, the Augsburg production site will achieve substantial capacity utilization over the next five years. The welded versions of the new booster cases developed by MT, which form a key aspect of these deliveries, allow weight savings of over two tons per drive and thus a roughly 150 kilogram increase in the payload weight.

Status
The contracts are in series production.

Partners
EADS Space Transportation (customer for structures, tanks and tank components), Europropulsion (customer for booster cases), CRYOSPACE (customer for LH2 tank)

Project: Ariane 5/ spin-molded cryo tank dome
Company: MT Aerospace AG
Further development activities in the Ariane 5 program are aimed at improving the efficiency of the carrier system. This includes weight reductions to increase the payload and optimization of the sourcing and production processes. In this project, a spin-mold process was used, allowing a thin-walled tank dome with a diameter of 5.4 meters to be produced in a single piece from a flat aluminum plate. This development was funded by the company's own R+D resources as well as national research budgets.

Status
The production prototype attracted considerable attention as MT's prime exhibit at the International Paris Airshow in Le Bourget.

Partner
DLR (customer)

Project: Soyuz launch pad
Company: MT Aerospace AG
As part of joint European/Russian activities, a new launching pad is being built in French Guiana for the Russian Soyuz carrier. With the use of the launch site in Kourou close to the equator, the Soyuz's payload potential can be increased substantially compared with the sites in Baikonur and Plesetsk. The Soyuz Infrastructure syndicate has been awarded the contract for the construction of the European part of the complex, with further components to be supplied by Russian companies. MT is responsible for engineering, production, delivery and assembly of the integration hall as well as the ancillary buildings and is supplying the steel structure, cladding, gateways and cranes.

Status
Work on the project commenced at the end of 2005 and is expected to be completed in time for the first Soyuz launch in Kourou at the end of 2008.

Partners
CNES (customer), VINCI (lead manager), Clemessy, Axima and subcontractors Donges and APCO

Project: ATV tanks and structures
Company: MT Aerospace 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, transporting experiment payloads to the station and collecting refuse and items no longer required. Another key task performed by the ATV is to periodically nudge the space station back into its target orbit. MT is responsible for the ATV fuel tanks, structure and components for the cargo carrier segment. Following the successful completion of the development phase and the delivery of the first prototypes and the first flight model, work is now commencing on series production.

Status
The contract was signed in February 2005.

Partners
EADS Astrium (customer for fuel tanks), Contraves (customer for structure module), Alenia (customer for components for the cargo carrier segment)

Project: ALMA
Company: MT Aerospace AG
The largest ever and most spectacular radio telescope project in the history of radio astronomy is being built in the Atacama desert of Chile. 68 individual antenna systems with a reflector diameter of 12 meters each are being assembled on a plateau at an altitude of 5,600 meters. North America, Europe and Japan are involved in the project. The European part comprises 25 antennae with an option for a further seven. MT Aerospace as part of a European industrial syndicate will be supplying the azimuth part with mechanical fixtures and the electrical system for the antenna and will be handling the complete assembly work and putting the system into operation in Chile.

Status
Following the signing of the contract in December 2005, the project is now in the preparatory stage and has a term running until 2011.

Partners
European Southern Observatory (customer), as well as Alcatel Alenia Space, EIE as syndicate partners

Project: Airbus Tanks
Company: MT Aerospace AG
Passenger aircraft require tanks for supplying passengers with fresh water and for collecting waste water. Under the terms of this project, all fresh water tanks are being supplied for the single aisle and long-range programs as well as waste water tanks for the long-range program.

Status
This is ongoing series business, with roughly 800 tanks of various different configurations supplied in 2005.

Partners
Airbus (contractor), AOA Luftfahrtgeräte Gauting

Ariane booster, lighter casing thanks to new welding technology at MT saves costs and weight.

Telematics + Satellite Operations

Real-time 7/24 global exchange of information and data is continuing to grow in importance as a competitive factor for international companies. In many cases, satellite-based communications play a crucial role. At the same time, highly specialized and sophisticated telematics systems offer numerous possibilities for managing and overseeing corporate processes and for boosting productivity. A further area of application for the collection and evaluation of real-time satellite data is, for example, environmental and catastrophe protection. For this reason, these two areas have been pooled together in the Telematics + Satellite Operations business unit as part of OHB's new structure.

Telematics: Broad and varied

The Telematics segment continued to undergo further steady development in 2005 and with its diverse customer base enjoys a solid and broad position. On the one hand, large-scale projects were obtained such as the contract with CEMEX, a major Mexican company. With this project, OHB Teledata is developing telematic systems for the management and efficient dispatching of CEMEX's European fleet comprising roughly 2,000 readymix concrete mixers. For the first time, it is also possible for the vehicles to be deployed on a cross-border basis. With globalization gaining momentum, technology of this type will continue to grow in importance.

On the other hand, OHB's telematics activities still have a strong foothold in OEM business. Thus, OHB Teledata together with its affiliate megatel is developing and supplying integrated telematics solutions for series production of commercial vehicles for US truck maker PACCAR and its Dutch subsidiary DAF. With its current projects in different sectors and its OEM partnerships with DAF and MAN, OHB Teledata has reinforced its position as a reliable partner to the logistics industry.

The links with space technology are also evident in this area of business: Milan-based Telematics Solutions has assumed a leading role in the development and implementation of the complex telecommunications network and security system for the launch pads for the VEGA carrier in Kourou. At the same time, the company has been awarded a contract for the construction of the first satellite-based earth observation service center for the Alps in Bolzano. The service center is to receive earth observation data

Projects

Project: CEMEX / Readymix – management of readymix concrete mixer fleet
Company: OHB Teledata GmbH
Contract for the development of a telematics system for managing CEMEX's roughly 2,000 readymix concrete mixers. The purpose is to monitor the transportation orders executed by the readymix concrete mixers and thus to render handling more transparent on a European-wide basis in the interests of heightening the quality of service for CEMEX customers. As part of the pilot phase, the system is currently being tested on around 50 vehicles in the UK and France.

Status
Delivery of the first batch is scheduled to commence in March 2006.

Partner
CEMEX, Mexico (customer)

Project: Service Center for Satellite-Based Earth Observation
Company: Telematic Solutions S.p.A.
Telematic Solutions is installing the first satellite-based earth observation service system for the Alps in Bolzano. The service center will be able to receive, process and distribute data from optical and radar satellites. In this way, customers such as environmental protection agencies, local governments and municipalities as well as civil defense agencies will receive real-time data and information on the environment, the region and natural disasters as a basis for improving catastrophe protection and enhancing environmental policies. The reception station will be installed on Rittner Horn near Bolzano and supply information collected from various earth observation satellites.

Status
Under construction

Partner
EURAC, European Academy of Bolzano (customer)

Project: DTS – Development of a telematics system
Company: OHB Teledata GmbH / megatel GmbH
The telematics portal for DAF Trucks entails an Internet-based fleet management system comprising vehicle positioning, messaging and the analysis/evaluation of vehicle data. Comprising telematics terminals, communications components and an Internet portal, the solution will be available as an optional extra for all DAF series. Tools are included to evaluate all operating data such as fuel consumption, mileage and engine speed to generate detailed analyses of individual trips and tours. Data is transmitted via SMS or GPRS. Geographic visualization is implemented using extraordinarily swift maps.

Status
Development phase ongoing, delivery to commence in the 2nd half of 2006.

Partner
DAF Trucks (customer)

Project: MOD UK
Company: OHB Teledata GmbH
Over the coming four years, roughly 6,000 MAN military vehicles operated by the British army will be fitted with the OHB CAN-Bus on-board computer pursuant to a master contract between OHB Teledata and MAN Nutzfahrzeuge. The system was selected on account of the extraordinary hardware quality of the TBM on-board computer. A key new system feature is the ability to transmit GPS data in a military-compatible format.

Status
The project was commenced at the end of 2005.

Partners
MAN Nutzfahrzeuge (customer), British Army (final customer)

Project: Qtool – program for supporting quality management
Company: megatel GmbH
Qtool supports quality management and optimization in the production of the tail parts of the Airbus A 380 in Stade. During production, Qtool reads Autoklav process measurements from an Oracle database and shows temperature and pressure curves in diagram form. The results are recorded in report form and archived for quality management. In addition, manual recording of components and sensor positions has been optimized with the deployment of hand-held barcode scanners. These scanners transfer the data via wireless LAN directly to the Oracle database.

Status
Completed in 2005.

Partners
Airbus Stade/
Weniger & Maschinenbau Scholz

Project: RNLA (Royal Netherlands Army)
Company: OHB Teledata GmbH/megatel GmbH
The purpose is to develop and implement web-based monitoring of selectable parameters in the vehicles deployed by the Dutch armed force around the world. The telematics solution uses OHB Teledata BC11 on-board computers in conjunction with customized satellite-based data transmission to a web portal operated by megatel. Designed for field deployment, the application integrates the trucks in the logistical processes of the RNLA and provides therewith optimum conditions for efficient usage of the vehicles. This project marks a further milestone in marketing on-board computers in conjunction with corresponding web portals on a joint basis by OHB Teledata and megatel.

Status
The contract has been assigned and work is currently proceeding.

Partner
Royal Netherlands Army (customer)

Integrated telematics solutions by OHB Teledata and megatel for series truck production.

from satellites, process it and make it available to customers. In this way, environmental protection agencies, local governments and municipalities as well as civil defense agencies will receive real-time data and information on the environment, the region and natural disasters as a basis for reinforcing catastrophe protection and enhancing environmental policies.

Satellite Operations: Global growth strategy at ORBCOMM

The Satellite Operations segment comprises the share held in US satellite operator ORBCOMM as well as ORBCOMM Europe and ORBCOMM Germany, which market communications services on an exclusive basis. The number of systems on the network has steadily risen to 160,000 in March 2006 around the world. In an effort to extend this success and sign up further customers, ORBCOMM has started modernizing the satellite system and enlarging the overall system. The proceeds from an equity issue in December 2005, to which OHB Technology AG also subscribed, is primarily being used to finance the extensions to the network and to develop the next generation of potent ORBCOMM satellites. Over the next few years, work on upgrading the network infrastructure will continue in this way.

At the beginning of 2005, ORBCOMM signed a contract with OHB Technology subsidiary OHB-System AG for the development and delivery of a satellite bus, integration with the communications payload and the launch of the first of the second-generation ORBCOMM satellites known as ORBCOMM CDS. This satellite will be launched on board a Russian COSMOS carrier in the year 2006 and forms the basis for OHB's offer for the delivery of further satellites to ORBCOMM.

Extensions to the ORBCOMM ground stations are also making headway: The Gateway Earth Station (GES) in Kazakhstan has been completed successfully, while the Malayan Gateway Control Center (GCC) has been hooked up to the Network Control Center (NCC) in Dulles, United States.

Projects

Project: New ground station in Kazakhstan
Company: ORBCOMM Inc.
As part of extensions to the ORBCOMM satellite network, a new gateway earth station has been built and put into operation in Kazakhstan close to the Southern border with China. The ground station maintains the terrestrial links with the ORBCOMM network of low-earth orbit satellites. The new ground station with a coverage of 2,400 square meters allows ORBCOMM to establish near real-time services in large parts of China, Russia and the Middle East. This constitutes a key milestone in the ongoing extensions to the ORBCOMM satellite network. Marketing of the service to transportation companies, oil and gas companies and utilities in Kazakhstan has begun.

Status
The ground station has gone into operation.

Partner
Leosat

Project: Cat Product Link
Company: ORBCOMM Inc.
Using as a basis the ORBCOMM satellite system, Caterpillar has developed a system for recording and transmitting machine data. The purpose is to enhance overall fleet efficiency. The system permits real-time fleet data to be recorded precisely and used for managing the fleet. In addition to position data, the system also collects operating information to ensure compliance with the service periods. Information on the machinery operation status and times also allows any unauthorized use – e.g. on weekends - to be detected.

Status
The product is being marketed around the world.

Partner
Caterpillar (customer)

Product: SeaKey
Company: ORBCOMM Inc.
SeaKey is a satellite-based communications system for monitoring leisure boats in the interests of ensuring operative safety and preventing theft. The system can, for example, detect the risk of the boat capsizing or a loss of power. An integrated call center offers round-the-clock assistance. In the event of a medical emergency on board the boat, the SeaKey Center can immediately arrange for the necessary rescue activities to be initiated. A personal web interface allows the owner to track the location of the boat at all times. Deployment of the system can help to cut insurance premiums significantly.

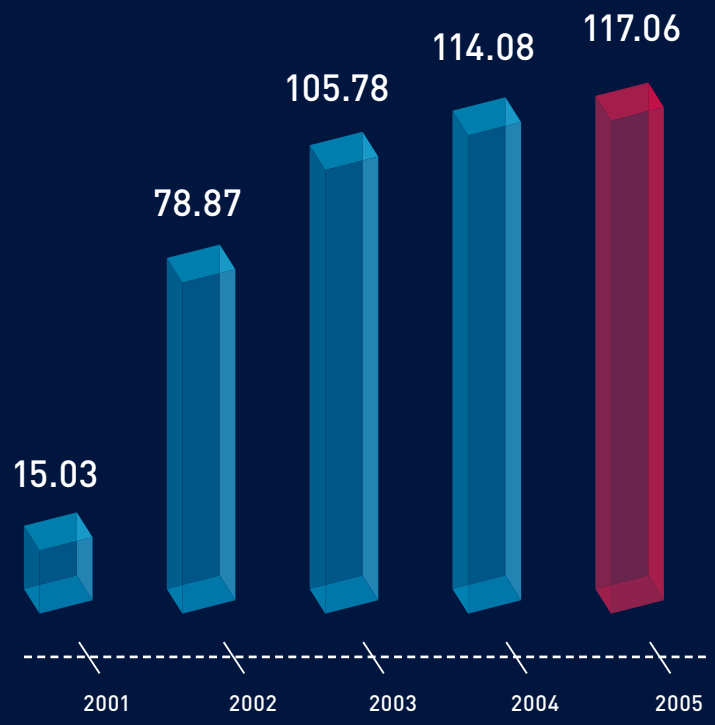
Status
The product is being marketed around the world.

Partner
Volvo Penta (customer)

Exclusive marketing of ORBCOMM communications services in Europe.

Management Report

Consolidated Total Revenues over five years in EUR million



Management report for the fiscal year commencing January 1, 2005 and ending December 31, 2005

BUSINESS PERFORMANCE AND UNDERLYING CONDITIONS

Fiscal 2005 – The Highlights

For OHB Technology AG, fiscal 2005 was a successful year, which was particularly characterized by the acquisition of MT Aerospace AG, Augsburg, (formerly MAN Technology AG). The positive effects of the acquisition as well as the diversification of the OHB Group's operations as a result of additions to its product business are also reflected in its financials. At EUR 0.72, earnings per share fully matched our ambitious expectations and were roughly two thirds up on the previous year (EUR 0.42). Total revenues came to EUR 117 million (previous year: EUR 114 million), with sales of EUR 114 million (previous year: EUR 138 million) again remaining at a high level. The Management Board and Supervisory Board will be asking the shareholders to approve a dividend of EUR 0.20 per share for 2005 at this year's annual general meeting.

Acquisition of MT Aerospace

The acquisition of MT Aerospace AG is strengthening and widening OHB Technology AG's opportunities for operative business. With facilities in Augsburg and Mainz as well as subsidiaries in Kourou, French Guiana, and Wolverhampton, England, MT Aerospace is active in space technology and aviation products as well as in the antenna/telescope segment.

Increase in order books to roughly EUR 418 million

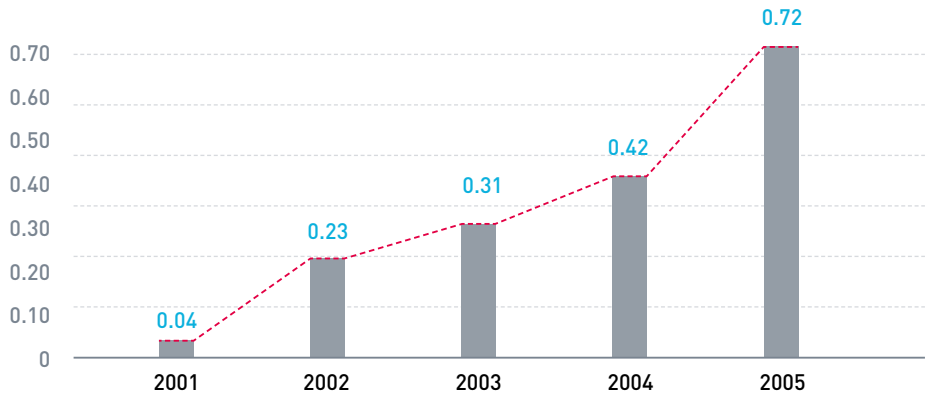
The high value of order books is particularly due to heavy order intake in the new Space Transportation + Aerospace Structures business unit. This together with expected order receipts for 2006 is giving the OHB Technology Group a very solid basis for planning as well as ensuring stable capacity utilization.

Increase in liquidity to EUR 95 million

The Group's ample liquidity is providing plenty of scope for shaping future activities, particularly for capital spending and possibly even acquisitions.

Earnings per Share

Over five years in EUR



Rise in earnings per share to EUR 0.72
Post-tax earnings came to EUR 10.69 million, translating into earnings per share of EUR 0.72 (basic and diluted) for fiscal 2005, up from EUR 0.42 in the previous year. This surge is due to a non-recurring factor accounting for EUR 0.36 per share, namely the first-time consolidation of MT Aerospace.

Organizational and Legal Structure of the Group

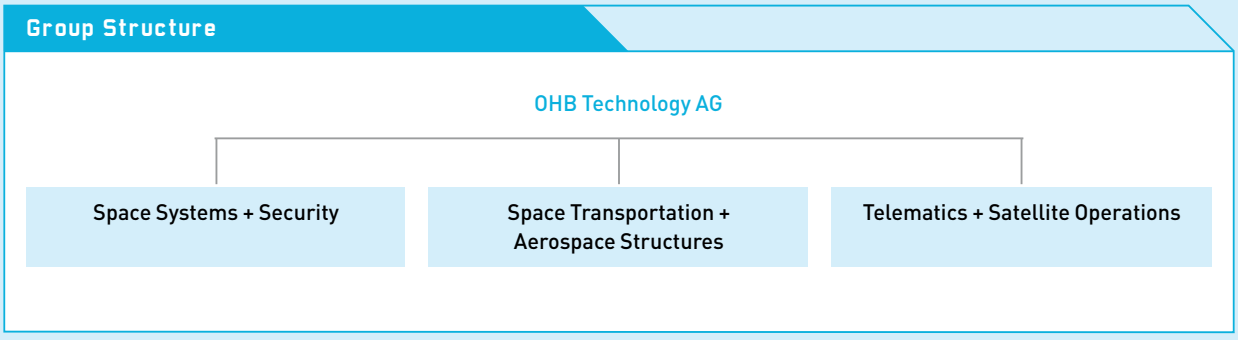
OHB Technology AG is Germany's first listed space technology company. At the beginning of 2006, it restructured its business activities, establishing the new business units "Space Systems + Security", "Space Transportation + Aerospace Structures" and "Telematics + Satellite Operations". Thanks to the successful combination of space technology and telematics skills backed by roughly 25 years of experience in high-tech engineering, OHB Technology AG holds a strong market position in Germany and Europe.

Space Systems + Security
This area focuses on satellites, manned spaceflight and security/reconnaissance technologies. Among other things, OHB-System develops, builds, launches and operates low-orbiting and geostationary small satellites for scientific applications, communications and terrestrial observation and is involved in fitting out the research facilities on board the International Space Station ISS. Reconnaissance satellites and broadband radio transmission of image data form the core of security and reconnaissance activities.

Space Transportation + Aerospace Structures
The Space Transportation + Aerospace Structures business unit is first and foremost a key supplier of subsystems and components for aerospace applications as well as a systems provider in the antenna and mechatronics area. MT Aerospace currently contributes around ten percent of the hardware (particularly structural and drive components) to the Ariane 5 launch vehicle, making it the largest German supplier for this project.

Telematics + Satellite Operations
The Telematics business unit develops comprehensive solutions for the efficient management of transportation activities as well as OEM solutions for commercial vehicle producers, applications for government authorities and security bodies as well as Geographic Information Systems (GIS) and web-based database solutions. OHB Technology AG offers satellite services via its share in the operator of the global ORBCOMM satellite system.

Group Structure



Business Performance

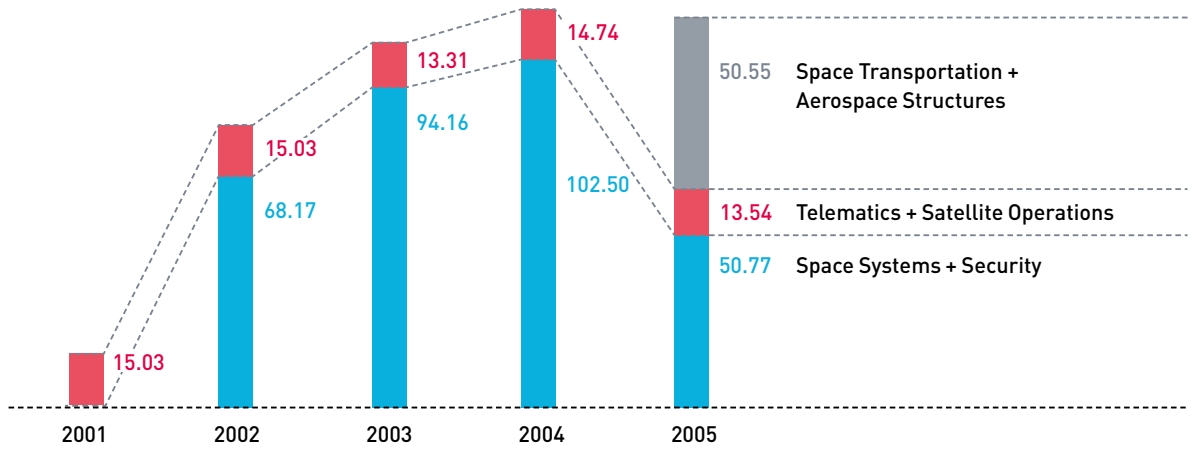
Space Systems + Security

Non-consolidated total revenues in the Space Systems + Security business unit came to EUR 50.77 million (previous year: EUR 102.50 million) and non-consolidated sales to EUR 47.21 million (previous year: EUR 127.81 million). The decline in sales and total revenues was primarily due to scheduled advances made on the SAR-Lupe project. 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. Fifty months into the project, functional testing of the engineering model has been completed, while assembly and testing of the preliminary flight models are in their final phase. All the milestones defined were achieved in 2005 again, with the customer, the German Federal Office of Defense Technology and Procurement, stating at the scheduled management reviews that it was satisfied with the technical progress being made on the project. 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 (radar images) and French Helios II (optical images) programs. The contracts entered into with German Federal Office of Defense Technology and Procurement concerning Phases I and II of the Europeanization of the SAR-Lupe project have been completed, the offer for the implementation phase submitted and negotiations on these finalized. However, work on implementing the joint European system will not commence until mid 2006 on account of a delay in the approval of the funding as a result of the early federal elections in Germany and the formation of a new government.

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 promising negotiations with a number of these interested parties.

Total Revenues by Business Unit before Consolidation

Over five years in EUR million



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

In the manned space flight area, ESA awarded OHB-System a contract involving extensions to the EPM research laboratory in the year under review.

Space Transportation + Aerospace Structures

Non-consolidated total revenues in the new Space Transportation + Aerospace Structures business unit, which was not consolidated until the second half of 2005, came to EUR 50.55 million, while non-consolidated sales stood at EUR 57.10 million.

The year under review saw stabilization in the European space technology industry. For the first time, five Ariane 5 launches in a single year – four of which were scheduled in the second half of the year – were successfully completed. With two successful launches of the heavy-duty "Ariane 5 ECA" with a payload carrying capability of ten tons, this new launcher also proved its merits for commercial deployment. MT Aerospace signed important contracts in the space transportation area, including one for the delivery of 30 booster casings. A further contract for the delivery of tanks is in the final negotiation phase.

With respect to ground stations for space travel, a large contract worth roughly EUR 9.5 million for the integration building for the Soyuz launcher in Kourou was received. Acting as part of a European syndicate, MT Aerospace is responsible for coordinating the engineering, production, delivery and assembly of the integration hall as well as the ancillary facilities.

Following the sale of Airbus water system business by the former MAN Technology AG on October 1, 2004, aviation business was essentially confined to developing and producing fresh and used water tanks and, on this basis, proceeded according to expectations.

Antenna/telescope business performed well in 2005, with a major contract gained in connection with the construction of 25 radio telescope systems in Chile (ALMA project) worth approx. EUR 42 million.

The restructuring and capacity adjustment activities implemented by the former MAN Technology AG in the last few years are progressing well and helped MT Aerospace AG in its current form to achieve an improvement in earnings over earlier years.

Telematics + Satellite Operations

The Telematics + Satellite Operations business unit achieved non-consolidated total revenues of EUR 13.54 million for 2005, down on the previous year's figure of EUR 14.74 million. Non-consolidated sales in the business unit came to EUR 12.56 million (previous year: EUR 13.14 million).

Telematics

In addition to concentrating on OEM projects and services for the large-scale DAF and PACCAR projects in the United States, OHB Teledata GmbH extended its business in special telematics services for major customers in the year under review. The most important project for which a contract was signed involved CEMEX, one of the world's largest cement transportation and processing companies, which sells its products in Europe under the "Readymix" name among other things. OHB Teledata has signed a contract on the exclusive delivery of telematics solutions for Europe. Based on GPRS communications, the system reports the real-time status of the cement transporters to the logistic bases, which then coordinate and optimize vehicle deployment. The roll-out of the first 2,300 terminals for Germany, the UK and France is scheduled for March 2006.

The scope of the OEM projects for commercial vehicle producers MAN, DAF, Kenworth and Peterbilt has been further extended. Over the next few years, OHB Teledata will be fitting at least 6,000 telematic systems to UK army vehicles specially for MAN. As a result, the delivery contract with MAN has been extended by a further three years.

The OEM products for the PACCAR Group targeted at the European and North American markets underwent further development in 2005 and will be submitted to customers for preliminary testing at the beginning of 2006. The market launch is still scheduled for the 3rd quarter of 2006. The equipment being readied for the European market in particular represents the optimum of what is possible in telematics today. For the first time, these devices will allow third-party logistic solutions to be integrated as well. The possibility of deploying these terminals in heterogeneous fleets will substantially widen the market for the utilization of such telematics solutions.

Container security and tracking continued to gain importance in 2005. After many years of development, more sophisticated and attractively priced products are now entering the market. As part of the GMES program, OHB Teledata has established a container tracking center in conjunction with EADS and other Bremen-based companies with funding provided by the Bremen state government.

OHB subsidiary megatel GmbH has been successfully integrated in telematics business. In addition to sub-contracts for the PACCAR Group, it has further extended the telematics portal for OEM customers and achieved a substantial increase in connection numbers. The DAF telematics portal entails an Internet-based fleet management system comprising vehicle positioning, messaging and the analysis/evaluation of vehicle data. Tools are included to evaluate all operating data such as fuel consumption, mileage and engine speed to generate detailed analyses of individual trips and tours. Data is transmitted via SMS or GPRS. Geographic visualization is implemented using extraordinarily swift maps. This successful telematics system heightens the transparency of fleet management and makes a direct contribution to lowering vehicle operation and communications costs, while simultaneously ensuring efficient day-to-day activities. Thanks to its modular structure, the system can be extended with the addition of customized logistic functions if required. Thus, in a further step, consignment data can be transferred to dispatching systems.

Satellite Operations

The establishment and utilization of the ORBCOMM satellite network is continuing to progress steadily. Extensions to the ORBCOMM ground stations are making headway: The Gateway Earth Station (GES) in Kazakhstan has been completed successfully, while the Malayan Gateway Control Center (GCC) has been hooked up to the Network Control Center (NCC) in Dulles, United States. Integration of the two stations in the overall satellite system was completed in 2005.

In December 2005, ORBCOMM Inc., Dulles, United States, executed a further rights issue. The proceeds of USD 110 million contributed by new and existing shareholders will help ORBCOMM to fund its global growth strategy. In this round, OHB Technology AG invested a further USD 4 million and thus took a slightly larger share of the equity issue than the previous investors. As a result, OHB currently holds a roughly 11 % stake in ORBCOMM. The inflows will be particularly used to finance ORBCOMM's next generation of satellites, which will back up the existing 30 satellites deployed in a low-earth orbit constellation and enhance the network infrastructure over the next few years. The next-generation satellites will offer additional resources.

Trends in the industry and the economy as a whole

Space technology

National and international conditions for the Space Systems + Security and Space Transportation + Aerospace Structures business units are improving despite a continuation of disparate trends.

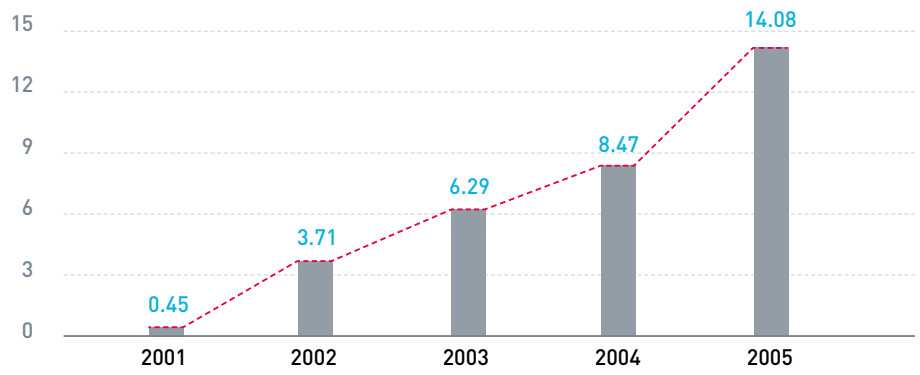
Going by the latest information released by the government, the innovation and technology offensive being launched by the new German federal government and the increase of an annual 6.35 % in the research and technology budget provided for in the coalition agreement point to a rise in the national space technology budget by a cumulative EUR 130 million or more from a current figure of EUR 155 million (2005) to around EUR 210 million in 2009. The German Space Agency DLR intends to execute two national satellite missions for earth observation purposes over the next few years. Extraterrestrial activities, research under space conditions and lunar and Mars exploration will be performed with the aim of strengthening the competitive position of the German industry on a European level.

The future of European space travel activities under the aegis of the ESA was defined to a key extent at the ESA council of ministers conference held in Berlin in December 2005. This included decisions on ESA's long-term plan, funding for the compulsory programs, a program for the international space station, further development of the European launch vehicle segment and extensions to funding for the European launch facility in Kourou.

Seen at the national level and thus in terms of the budgets accessible by our Group, the commitment to the International Space Station, the compromise reached in the launch vehicle segment, which very largely preserves German interests, the lead management role in scientific earth observation (EOEP), the lead management role with GMES, the binding commitment to Phase II of GMES by the BMVBS, the substantial participation in ExoMars in the AURORA program and the lead management role in the development of a satellite bus for small geostationary satellites ("Small GEOs") are of

EBIT

Over five years in EUR million



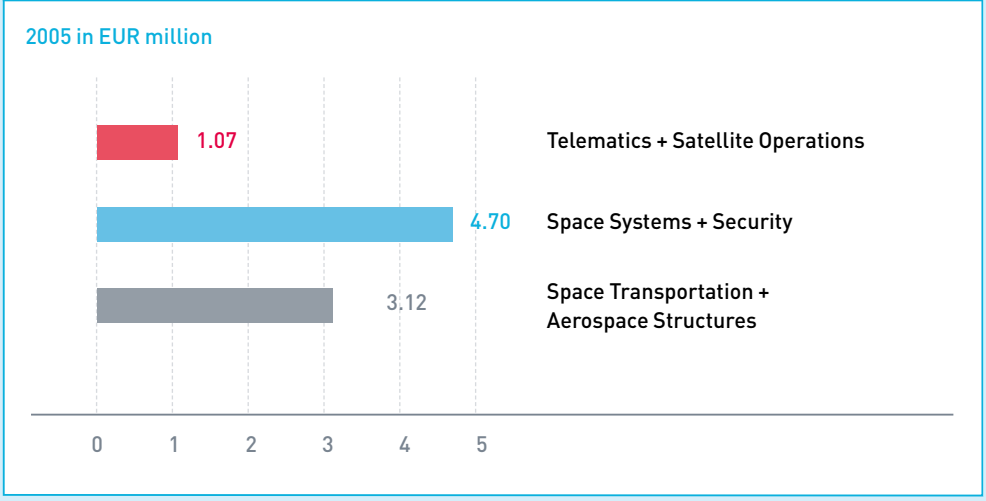
particular importance. In this connection, the German federal government plans to increase the contributions to ESA from a current EUR 541 million to around EUR 590 million in 2009.

The decline in commercial communications satellites, from which the global satellite industry has been suffering for a number of years, has been largely overcome, with the market showing clear signs of further stabilization. There is growing global demand for small geostationary satellites, the "Small GEOs". OHB has responded to this by developing a platform optimized for this niche. At the ESA council of ministers conference, a decision was made to go ahead with the ARTES-11 program for the development of a European Small GEO platform, which is based on an OHB proposal and is to be executed under OHB's supervision. In this way, OHB will be ideally positioned for future market trends.

Work on implementing the planned European GALILEO satellite-based navigation system has commenced in the European satellite industry, with the concession for the operation of GALILEO to be awarded in the near future. As the remaining syndicates iNavSat and Eurely have joined forces to form a merged consortium, German industry's involvement has been pooled under the roof of TeleOp GmbH. Agreement has been reached with the other shareholders for OHB to take a stake in TeleOp GmbH and this transaction is currently in the planning phase. In this way, the telematics companies within the OHB Technology Group will have easier access to the relevant value-added telematics services.

In the area of manned space flight, the delays in continued work on the International Space Station ISS caused by the crash of the Colombia Space Shuttle in February 2003 are now expected to last for more than three years. 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. Following the decisions made by ESA, the operation of the module with all its industrial support services is safeguarded in the medium term once US Shuttle operations are resumed and the European Columbus module can be transported to the ISS. As a

EBIT by Business Unit before Consolidation and Holding



result, MT Aerospace AG will also be assured of participation in the ATV project hardware and a corresponding contribution to deliveries of components for the Ariane 5 launcher. In addition, the planned launch scenario for Ariane 5 provides a solid basis for production capacity utilization.

With the "Mona Lisa" project proposal, OHB has exerted considerable influence on the German Space Agency's space exploration plans involving a mission to the moon and a second, partially parallel phase involving a Mars landing. Preliminary national studies are currently being prepared and the German Space Agency is endeavoring to ensure that Germany plays an appropriate role in the ESA ExoMars program.

Telematics + Satellite Operations

The telematics industry is still experiencing strong market consolidation. With more and more small operators withdrawing from the market over the past few years, the phase of acquisitions and mergers has now commenced.

In the wake of rising production numbers in the commercial vehicle segment particularly on the part of OHB's customers last year, the Group is confident of seeing a further boost in demand for OEM telematics systems. There is a clear trend in this direction which will continue to gain momentum. OHB Technology additionally assumes that OEM systems will outnumber project solutions. OHB Teledata is planning forays into the non-OEM telematics market with external service and solution providers, although the hardware will continue to be based on the company's proprietary technology.

Demand in the market for straight message-based satellite services has strengthened particularly for remote meter evaluation, construction equipment monitoring and global fleet management applications.

SALES AND ORDERS

The OHB Technology Group's total revenues came to EUR 117.06 million (previous year: EUR 114.08 million) and sales to EUR 113.83 million (previous year: EUR 137.91 million).

MT Aerospace AG (formerly MAN Technology AG) was consolidated for the first time as of July 1, 2005. MAN Technology AG was spun off the MAN Group in fiscal 2005 and joined the OHB Technology Group on June 28, 2005. It was renamed MT Aerospace AG in August 2005.

Total revenues of the OHB Technology Group break down by business unit (new structure) as follows: Non-consolidated total revenues came to EUR 50.77 million (previous year: EUR 102.50 million) in the Space Systems + Security business unit. The newly created Space Transportation + Aerospace Structures business unit generated non-consolidated total revenues of EUR 50.55 million, while the Telematics + Satellite Operations business unit posted total revenues of EUR 13.54 million in the year under review, thus falling slightly short of the previous year (EUR 14.74 million).

Order books at the Group level almost quadrupled in value from EUR 110.77 million in the previous year to EUR 417.50 million. This growth was primarily due to the consolidation of MT Aerospace AG. Order books in the Space Transportation + Aerospace Structures business unit were valued at EUR 302.35 million, those in the Space Systems + Security business unit EUR 95.29 million and those in the Telematics + Satellite Operations business unit at EUR 19.86 million as of the balance sheet date.

EARNINGS

In 2005, the OHB Technology Group's earnings were materially affected by the first-time consolidation of MT Aerospace AG. This first-time consolidation resulted in negative goodwill of EUR 5.34 million, which was taken to the income statement. This non-recurring effect accounted for EUR 0.36 in earnings per share.

Consolidated net income came to EUR 10.69 million in 2005, up from EUR 6.12 million in the previous year. As a result, earnings per share stood at EUR 0.72 in the year under review, an increase from EUR 0.42 in 2004. Earnings Before Interest and Taxes (EBIT) equaled EUR 14.08 million (previous year: EUR 8.47 million).

Before consolidation, the Space Systems + Security business unit generated EBIT of EUR 4.70 million (previous year: EUR 7.95 million), with the EBIT margin in this business unit widening from 7.8 % in the previous year to 9.3 %.

EBIT before consolidation in the Space Transportation + Aerospace Structures business unit came to EUR 3.12 million and translated into an EBIT margin of 6 % for the period of consolidation.

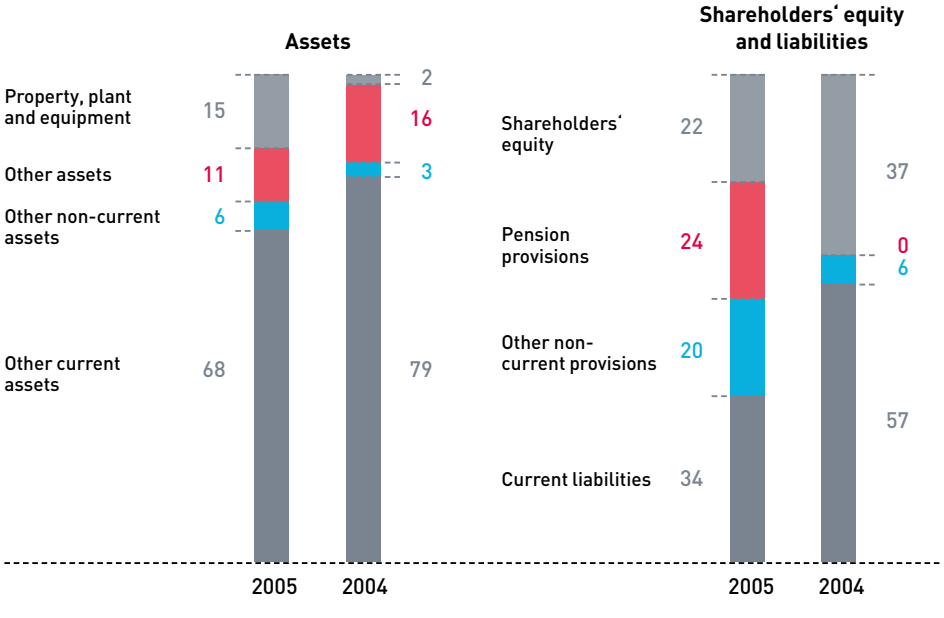
With EBIT of EUR 1.07 million, the Telematics + Satellite Operations business unit achieved a further improvement in earnings (previous year: EUR 0.73 million).

The OHB Technology Group sustained a negative net financial result of EUR 0.34 million in 2005, reversing the previous year's positive figure of EUR 1.86 million. This marked change compared with the previous year is materially due to interest expenditure in connection with pension provisions at MT Aerospace AG.

The single-entity financial statements prepared according to German GAAP (HGB) for OHB Technology AG carry an unappropriated surplus of EUR 3.21 million for 2005.

Asset Structure

As a percentage of total assets



ASSETS AND FINANCIAL CONDITION

Total assets almost doubled as a result of the first-time consolidation of MT Aerospace AG, rising from EUR 121.34 million on December 31, 2004 to EUR 266.27 million on December 31, 2005. This increase was primarily due to the following factors:

1. Increase in non-current assets from EUR 21.86 million to EUR 68.81 million as a result of the integration of the property and buildings held by MT Aerospace in Augsburg, among other things.
2. Increase in inventories from EUR 7.22 million to EUR 41.65 million, of which the Space Transportation + Aerospace Structures business unit accounts for EUR 34.66 million. The inventories held by the other business units were essentially unchanged.
3. Cash and cash equivalents for the Group as a whole came to EUR 95.08 million, up from EUR 58.73 million one year earlier, again primarily due to the consolidation of MT Aerospace AG.
4. The pension provisions of EUR 63.26 million held by MT Aerospace AG were recognized for the first time.
5. The increase to EUR 52.36 million (previous year: EUR 21.50 million) in payments on account received was also primarily related to the consolidation of MT Aerospace AG.
6. Trade payables widened from EUR 24.59 million to EUR 33.73 million.

Capital spending by the OHB Technology Group came to EUR 8.90 million in the year under review, including a sum of EUR 3.78 million for intangible assets. An amount of EUR 0.79 million was invested in operating and business equipment and EUR 3.81 million in equity holdings.

Shareholders' equity excluding minority interests stands at EUR 53.40 million and equals 20 % of total assets. No borrowings were raised in 2005 and are currently not planned for the future.

QUALITY MANAGEMENT AND CERTIFICATION

OHB Technology's Bremen-based subsidiaries are covered by uniform certification pursuant to DIN EN ISO 9001:2000 (Group certification). Certification of quality management is valid and verifiable on both the Group level and on the level of the following individual companies:

- OHB-System AG with STS Systemtechnik Schwerin
- OHB Teledata GmbH
- megatel GmbH

Certification encompasses distribution, systems management, development, production and maintenance of products for space and environmental technology, information and communications technology as well as software products and services.

In February 2006, OHB-System AG additionally received certification pursuant to EN ISO 9100:2003 as a developer and supplier of aviation technology. This certification involves inclusion as a supplier in the global OASI database. In the same month, conformance with the NATO quality requirements in accordance with AQAP 2110 and AQAP 150 was confirmed by the German Federal Office of Defense Technology and Procurement (BWB).

Quality management at OHB Teledata GmbH is additionally certified in accordance with the requirements of international road traffic law (ECE rules), European road traffic law (EU directives) and German road traffic law.

It is seeking certification pursuant to ISO/TS 16949 for quality management systems for series and replacement parts production in the automobile industry for 2007.

Certification for MT Aerospace at its Augsburg site comprises certification pursuant to DIN EN ISO 9001:2000 and EN ISO 9100:2003 for the distribution, development and production of aviation technology as well as certification pursuant to EASA Part 21 G as a manufacturing site for aircraft equipment and Part 145 as a maintenance provider. MT Aerospace's Mainz facility is certified in accordance with DIN EN ISO 9001:200 for the distribution and development of antenna mechatronics.

Certification of environmental management in accordance with ISO 14001 for hazmat and materials handling is not necessary. Consumables as well as special wastes, e.g. metallic substances and electronic scrap, at the Bremen facility are disposed of in a controlled manner under standard contracts with certified external waste management companies or are recycled.

In the case of projects in which potentially hazardous substances are used, e.g. fuel for satellites, the operators of the launching pads handle the supervision and disposal of such materials.

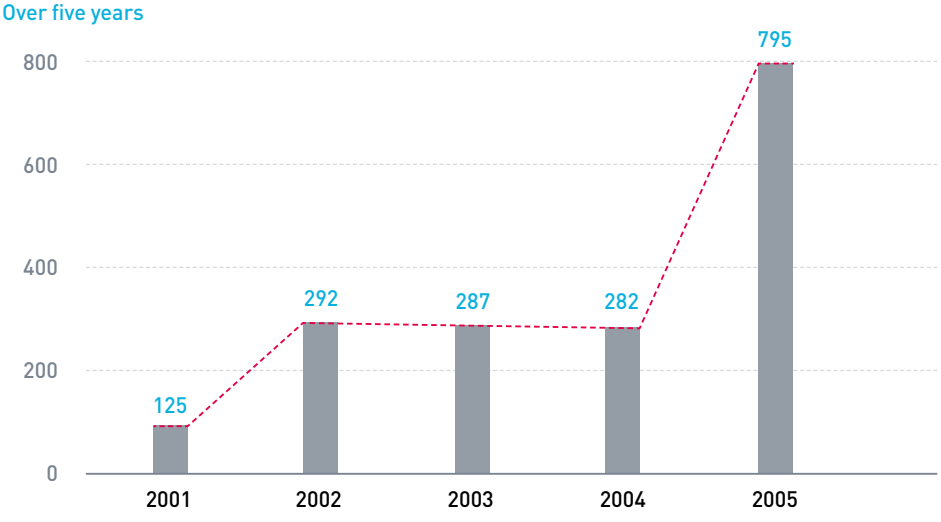
STAFF

OHB Technology AG's headcount rose substantially in 2005 primarily as a result of the acquisition of MT Aerospace AG. This acquisition has resulted in a considerable shift in the structure of the Group's activities. Whereas most of the Group's employees had been involved in development/system engineering prior to the acquisition, at the end of 2005 the majority worked in the HW production, mechanical engineering and service segments.

All told, the OHB Technology Group had 795 (previous year: 282) employees as of December 31, 2005, including 211 in the development/system engineering area, 321 in the HW production, mechanical engineering, service area, 121 in the sales/project management area, 114 in the management and system administration area and 28 in quality management.
Over 50 % of the OHB Group's employees have a university or tertiary-education degree, while 45 % are employee as foremen, technicians or skilled laborers.

Staff

Over five years



On June 29, 2005, Mr. Hans J. Steininger stepped down from the Supervisory Board of OHB Technology AG in order to join the Management Board of MT Aerospace AG. Professor Heinz Stoewer was elected to replace him and took up his office on August 23, 2005.

RESEARCH AND DEVELOPMENT

In the year under review, OHB spent roughly EUR 5.66 million (previous year: EUR 3.93 million) on research and development (R+D). A part of the R+D activities are funded by 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 25 and 75 % of the total costs depending on the market proximity of the project.

OHB's satellite R+D activities particularly focused on small geostationary satellites (Small GEOs) as well as new radar technologies.

In the Space Transportation + Aerospace Structures business unit, R+D is particularly targeted at designing and testing CFRP (Carbon Fiber Reinforced Plastic) composite materials to improve the efficiency and cut the costs of production of the Ariane 5 as well as further work on the tank welding method for the EPS tank dome and the Ariane 5 launcher.

A further research project involves the development of a new standardized generation of tanks for aviation water systems. This particularly encompasses the design, construction and testing of a new generation of drinking water tanks with an integrated sensory and heating system as well as the optimization of the quality of the adhesives used between the liner and the composite covering of waste water tanks in series.

In the satellite tank area, examinations are currently being conducted with a view to harmonizing future fuel tank configurations.

R+D work on the CONDOR/ARDS (Aerial Reconnaissance Data System) is particularly focusing on the development of a light manned/unmanned reconnaissance drone using a Stemme S-10 motor glider as an experimentation vehicle for a planned flight campaign at the beginning of 2006.

In the area of manned space flight, OHB-System's R+D activities are continuing to concentrate on studies and the development of subsystems for future orbital spacecraft. OHB-System is working actively on concepts paving the way for future German and European participation in missions to the moon and Mars. The "Mona Lisa" program in particular is defining scenarios and options for participating in future lunar exploration, with the main aspect initially entailing the definition of a program architecture for a robotic system for landing on and exploring the moon. The knowledge gained from this project is to be used as a basis for preparing future manned missions to the moon and Mars.

R+D activities in the Telematics + Satellite Operations business unit are particularly devoted to RFID (Radio Frequency Identification) as well as technologies for mobile patient monitoring. In addition, further development work on the BC 11 CAN-bus-enabled on-board computer is ongoing.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR UNDER REVIEW

There have been no significant events occurring after the end of fiscal 2005 exerting any material influence on the Group's earnings situation, financial position and net assets.

RISK REPORT

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

The risk management system used by the OHB Group is primarily supported by the central Quality Management and Controlling departments. Assisted by the central departments, the Management Board observes and analyzes trends in the sector, market and economy as a whole on an ongoing basis.

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

Sector risks, risks in underlying conditions

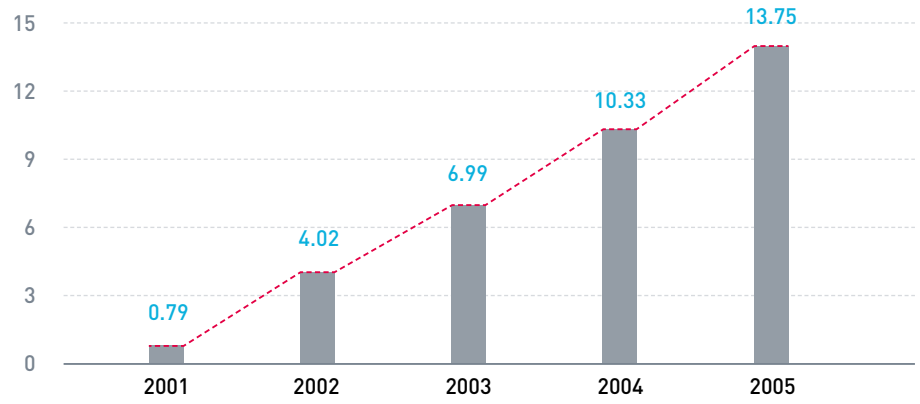
The Space Systems + Security business unit primarily works for public-sector customers. Accordingly, order receipts depend on public-sector budgets. This area has been experiencing market consolidation over the past few years, although this is not necessarily a disadvantage for OHB Technology AG.

The Space Transportation + Aerospace Structures business unit is particularly exposed to risks in connection with the delivery of components for the Ariane 5 launch vehicle. Business success hinges directly on the success of the Ariane program. Allowance has been made in part for these risks.

The telematics sector is also in the throes of extreme market consolidation, as a result of which the number of commercial vehicle producers has dropped to a handful in the past few years. This has caused the number of potential OEM customers to shrink. There has also been considerable consolidation on the part of our competitors. All told, however, we expect demand for telematics products to grow.

EBT

Over five years in EUR million



Strategic risks
The OHB Group's business success hinges on the Ariane program and, in the Space Systems + Security business unit, additionally on the success of the SAR-Lupe program as well as the continued intake of new orders particularly in the satellite segment.

Project risks
The risk management system used for offer costing and ongoing project management involves regular graduated reporting to the project managers, the divisional directors, the management of the subsidiaries and the Management Board of OHB Technology AG.

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

Personnel risks
The OHB Group employs a large number of highly qualified people. Its success hinges on the motivation and dedication of these employees. However, Group expertise is spread over many people, meaning that there is only very limited dependence on individual specialists. Staff fluctuation is low at the OHB Group. Given the situation prevailing in the labor market, the OHB Group is generally able to find suitable replacements.

Financial risks
The operative risk management system ensures detailed cost checks and monitoring in the light of public-sector pricing 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.

Budgeting, regular forecasts and ongoing reporting discussions supplement standardized reporting.

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.

Most goods and services procured are invoiced in Euro. Where appropriate, foreign-currency transactions are hedged by means of suitable transactions designed to minimize risk exposure.

Summary
In fiscal 2005, 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

The OHB Technology Group is effectively controlled by the Fuchs family via its direct and indirect equity interests. For this reason, the Management Board has prepared a related parties report pursuant to Section 312 of the German Stock Corporations Act, which was audited and certified as part of the audit procedures for the annual financial statements. In this related parties report, the Management Board makes the following declaration: "OHB Technology AG has received reasonable consideration with respect to all legal transactions in the light of the circumstances aware to us on the date on which the legal transaction was executed or acts were taken or omitted and was not impaired as a result of any acts taken or omitted."

OUTLOOK

The OHB Technology Group will remain on its growth course in fiscal 2006 again.
With the SAR-Lupe project making good progress in 2005, the launch of the first FM1 satellite is planned for this year.

In response to a request received from the public-sector customer, OHB submitted a revised offer for the technical implementation of SAR-Lupe/Helios II interoperability in 2005. The planned activities are to be commenced in mid 2006.

As SAR-SAT marketing (based on the SAR-Lupe product) has progressed well over the past three years, we are confident of gaining preliminary foreign customers for our SAR-SAT system in the near future. OHB is currently engaged in what in some cases are intensive talks with numerous interested parties. At the same time, an alternative version comprising a payload for high-resolution optical earth observation has been presented.

In addition, OHB has set itself the target of becoming the leading European supplier of small geo satellites (program name LUX). For this purpose, OHB will be developing and assembling a demonstrator (Small GEO/ARTES-11) for ESA.

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 with the successful system tests.

As previously already 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. Following the delayed attempt to resume US Shuttle operations in summer 2005, the next flight is now expected to be launched in May 2005, resulting in a delay of at least three-and-a-half years in the assembly of the ISS. Still, the Management Board is convinced that OHB will continue to take part in the bridging jobs assigned and promised by ESA for maintaining core competence within the industry.

Turning to the Space Transportation + Aerospace Structures business unit, the existing ample order books for space transportation constitute a solid basis for the continued production and delivery of Ariane 5 components in 2006. That said, this assumes that the Ariane 5 launches planned for the future will continue to be executed successfully. Service and maintenance business in Kourou is expected to remain steady.

In aviation business, the OHB Group projects rising business volumes, albeit in tandem with contracting margins, particularly in the production of fresh and used water tanks for Airbus aircraft.

Utilization of the engineering and handling capacity at the Mainz facility is guaranteed for years on account of ongoing antenna/telescope projects.

OHB Technology AG remains well positioned in the Telematics + Satellite Operations business unit, with the integration of megatel in OHB Teledata's telematics activities coming on well. Demand for telematics solutions will continue to grow in 2006.

OHB Technology assumes that as of 2007 OEM telematics products will substantially outweigh project business in both Europe and the United States. 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

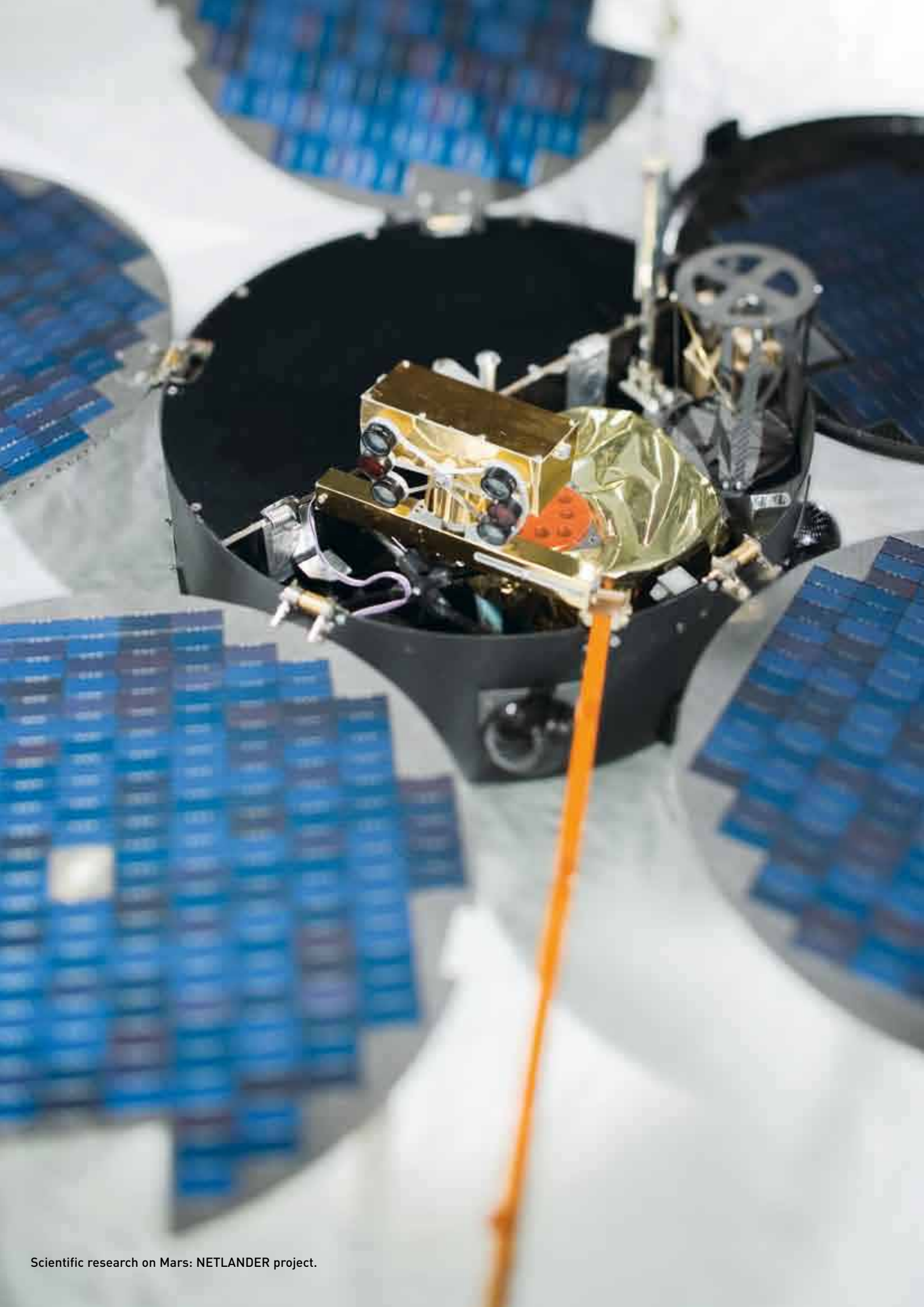
products for passenger vehicles, which are particularly being developed and marketed in Italy. Extensions to solutions for the German armed forces in the transportation and supply areas will be commenced in 2006.

Key account business has continued to grow in importance, with OHB Teledata planning to further extend this area. A further future area of activity will be telemedicine. Working in conjunction with Siemens, it has already successfully tested preliminary mobile telemedicine products.

The container tracking center in Bremen is still under construction and scheduled to go into operation in 2006. This will open up new possibilities in the service area as well as in the sale of telematics hardware and software products.

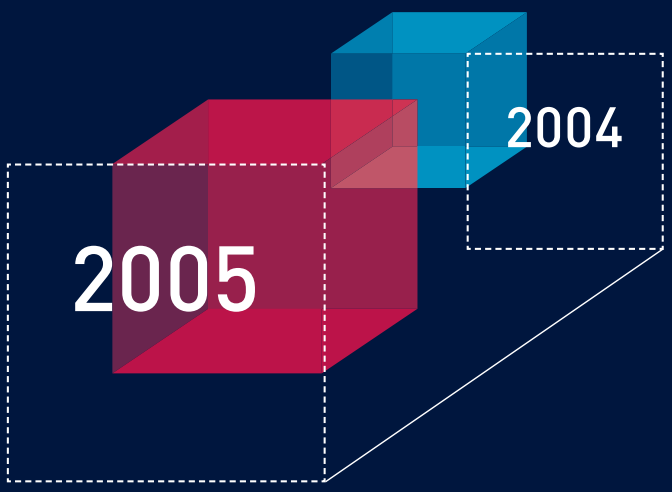
OHB Technology projects a further increase in user numbers in the Satellite Operations segment, with international groups continuing to fit their global fleets with satellite communications.

All told, the Management Board expects a good year in 2006. Underlying conditions have improved appreciably over the past few months.



Scientific research on Mars: NETLANDER project.

Consolidated Financial Statements



Consolidated Balance Sheet		EUR 000	
		12/31/2005	12/31/2004
Assets	Notes		
Goodwill	(1)	3,313	2,793
Other intangible assets	(2)	10,809	8,934
Property, plant and equipment	(3)	40,228	2,566
Shares carried at equity	(4)	1,531	1,250
Other financial assets	(4)	12,930	6,318
Non-current assets		68,811	21,861
Other receivables and assets	(5)	6,377	405
Deferred taxes	(6)	9,285	2,633
Other non-current assets		15,662	3,038
Property, plant and equipment/non-current assets		**84,473**	**24,899**
Inventories	(7)	41,654	7,217
Trade receivables	(8)	39,533	28,660
Other receivables and assets	(9)	5,420	1,784
Cash and cash equivalents	(10)	95,084	58,727
Other current assets	(11)	105	55
Current assets		**181,796**	**96,443**
Total assets		**266,269**	**121,342**
Shareholders' equity and liabilities	Notes		
Subscribed capital	(12)	14,928	14,928
Additional paid in capital	(13)	15,125	15,125
Retained earnings	(14)	520	0
Treasury stock	(15)	-167	-1,139
Consolidated profit after minority interests		22,993	14,094
Shareholders' equity excluding minority interests		**53,399**	**43,008**
Minority interests	(16)	5,815	1,433
Shareholders' equity		**59,214**	**44,441**
Provisions for pensions and similar obligations	(17)	63,757	527
Other non-current provisions	(18)	4,402	0
Non-current financial liabilities	(19)	1,225	250
Non-current advance payments received on orders	(20)	35,306	0
Deferred tax liabilities	(21)	12,654	7,019
Non-current liabilities and provisions		**117,344**	**7,796**
Current provisions	(22)	22,360	21,529
Current financial obligations	(23)	2,165	420
Trade payables	(24)	33,726	24,588
Current advance payments received on orders	(25)	17,051	21,500
Other current liabilities	(26)	14,400	1,068
Other current liabilities		9	0
Current liabilities		**89,711**	**69,105**
Total equity and liabilities		**266,269**	**121,342**

Consolidated Income Statement

EUR 000

	Notes	2005	2004
1. Sales	(27)	113,829	137,909
2. Changes in inventories of finished goods and work in progress	(28)	-8,247	-26,715
3. Other own work capitalized	(29)	3,584	1,837
4. Other operating income	(30)	7,891	1,050
5. Total revenues	(31)	**117,057**	**114,081**
6. Cost of materials	(32)	52,999	80,314
7. Staff costs	(33)	33,804	15,940
8. Depreciation and amortization	(34)	5,245	3,098
9. Other operating expenses	(35)	10,929	6,262
10. Operating profit		**14,080**	**8,467**
11. Other interest and similar income		1,266	1,731
12. Interest expense and similar charges		1,786	145
13. Exchange-rate gains/losses		-277	0
14. Net profit/loss from shares carried at equity	(36)	281	278
15. Investment income	(36)	181	0
16. Earnings on ordinary activities		**13,745**	**10,331**
17. Exceptional expenses		0	223
18. Income tax	(37)	2,613	3,942
19. Consolidated net income for the year		**11,132**	**6,166**
20. Minority interests	(38)	-445	-47
21. Consolidated net income for the year after minority interests		**10,687**	**6,119**
22. Consolidated profit carried forward		12,306	8,093
23. Additions to retained earnings		0	118
24. Consolidated profit		**22,993**	**14,094**
25. Number of shares		14,900,702	14,735,702
26. Earnings per share (basic, EUR)		0.72	0.42
27. Earnings per share (diluted, EUR)		0.72	0.42

Consolidated Cash Flow Statement	EUR 000	
	2005	2004
Operating EBIT	14,080	8,467
Income from first-time consolidated taken to equity	-5,337	0
Operating profit	8,743	8,467
Income taxes paid	-2,831	-3,942
Depreciation/amortization	5,245	3,098
Changes in pension provisions	19	0
Gross cash flow	11,176	7,623
Increase (-)/decrease (+) in own work capitalized	-3,584	-1,837
Increase (-)/decrease (+) in inventories	8,520	26,880
Increase (-)/decrease (+) in receivables and other assets including prepaid expenses	370	-7,641
Increase (+)/decrease (-) in liabilities and current provisions	-2,420	8,227
Increase (+)/decrease (-) in advance payments received	-23,651	-11,631
Profit (-)/loss (+) from the disposal of non-current assets	-49	0
Payments received (+)/made (-) from exceptionals	0	-223
Cash inflow/outflow from operating activities	**-9,638**	**21,398**
Payments made for investments in non-current assets incl. goodwill	-5,316	-5,771
Changes in consolidation perimeter	49,054	0
Payments received from disposal of non-current assets	337	0
Interest and other investment income	1,577	2,009
Cash inflow/outflow from investing activities	**45,652**	**-3,762**
Dividend payout	-1,788	0
Changes in reserves	1,507	-1,060
Cost of equity transactions	0	0
Decrease (-)/increase (+) in financial liabilities	2,662	-763
Minority interests	-127	-47
Interest and other financial expenses	-1,911	-145
Cash inflow/outflow from financing activities	**343**	**-2,015**
Cash equivalents	**36,357**	**15,621**
Cash and cash equivalents at the beginning of the period	58,727	43,106
Cash and cash equivalents at the end of the period	**95,084**	**58,727**

Statement of Changes in Equity	EUR 000
Shareholders' equity on January 1, 2004	39,381
Treasury stock	-1,106
Consolidated net income after transfers to reserves	6,001
Additions to retained earnings	118
Change in minority interests	47
Shareholders' equity on December 31, 2004	**44,441**
Shareholders' equity on January 1, 2005	44,441
Treasury stock	972
Consolidated net income for the year	10,687
Transfer to retained earnings not charged to profit/loss (IFRS 3.81)	520
Change in minority interests	4,382
Dividends	-1,788
Shareholders' equity on December 31, 2005	**59,214**

Asset Movement

for the period January 1 to December 31, 2005	Production and acquisition costs				
	Balance 01/01/2005	Additions First-time consolidation	Additions	Disposals	Balance 01/01/2005
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
I. Goodwill	3,434	0	520	0	3,954
II. Intangible assets					
Concessions and industrial property rights	479	8	0	0	487
Software acquired	2,466	3,512	252	106	6,124
Software produced	10,763	0	3,526	0	14,289
III. Property, plant and equipment					
Other assets, Operating and business equipment	8,243	90,780	792	3,617	96,198
IV. Financial assets					
Investments in related companies	63	0	0	0	63
Investments in associated companies	1,250	0	281	0	1,531
Other investments	6,255	21,235	3,528	40	30,978
Total	**32,953**	**115,535**	**8,899**	**3,763**	**153,624**

Accumulated depreciation					Book values	
Balance 01/01/2005	Additions First-time consolidation	Additions	Disposals	Balance 01/01/2005	Balance 12/31/2005	Balance 12/31/2004
EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
641	0	0	0	641	3,313	2,793
128	4	39	0	171	316	351
959	2,884	424	119	4,148	1,976	1,507
3,687	0	2,085	0	5,772	8,517	7,076
5,677	50,954	2,697	3,358	55,970	40,228	2,566
0	0	0	0	0	63	63
0	0	0	0	0	1,531	1,250
0	18,111	0	0	18,111	12,867	6,255
11,092	**71,953**	**5,245**	**3,477**	**84,813**	**68,811**	**21,861**

GROUP NOTES AND EXPLANATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2005

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

In accordance with Regulation (EC) 1606/2002 issued by the European Parliament and the Council on July 19, 2002, OHB Technology AG is required to prepare consolidated annual statements in accordance with international accounting standards (IFRS/IAS).The consolidated financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS/IAS) applicable in the EU in the light of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) as well as the supplementary provisions contained in Section 315 a of the German Commercial Code. The necessary adjustments to reported figures and maturities were also made with respect to the previous year's figures (except exceptional expenses).

As the Company is subject to extensive confidentiality obligations towards its public-sector customers, it is not able to provide any additional details on long-term projects (IAS 11). 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 German Stock Corporation Act relating to compliance with the German Corporate Governance Code are also included in the notes. The income statement has been compiled using the total-cost method.

Since the date of the last annual financial statements, there has been a change in the

Consolidation Perimeter 12/31/2005

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
MT Aerospace Holding GmbH, Bremen (D)	70.0	fully consolidated
MT Aerospace AG, Augsburg (D)*	100.0	fully consolidated
MT Aerospace Grundstücks GmbH & Co. KG, München (D)**	94.9	fully consolidated
ELTA S.A., Toulouse (F)	34.0	at equity

* held by MT Aerospace Holding GmbH
** held by MT Aerospace AG

companies consolidated due to the first-time inclusion of the MT Aerospace subgroup. There have been no changes in the recognition or measurement principles. At their meeting of December 21, 2005, the shareholders of OHB-System AG passed a resolution to adopt the exemption provisions in Section 264 (3) of the German Commercial Code with respect to disclosure of the annual financial statements.

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 remaining positive difference between the cost of acquiring the shareholdings and the net assets calculated at their market values is recognized as goodwill pursuant to IFRS 3.51. The negative goodwill recognized as of the end of the previous year has been dissolved and retained earnings adjusted accordingly pursuant to IFRS 3.81. The negative goodwill arising from the first-time consolidation of the MT Aerospace subgroup as of July 1, 2005 was taken to the income statement in accordance with IFRS 3.56. The MT Aerospace subgroup was consolidated for the first time on the basis of an interim balance sheet as of June 30, 2005. The main assets assumed were property, plant and equipment (EUR 43.194 million), inventories (EUR 43.557 million) and cash and cash equivalents (EUR 50.041 million). Liabilities primarily comprise pension provisions (EUR 63.241 million), advanced payments received (EUR 54.508 million) and other current provisions (EUR 16.016 million).

Further Equity Interests and Financial Assets 12/31/2005

Name of company	Share held %	Pro rata value of shares EUR 000
Telemondo International GmbH, Bremen (D)*	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)	11.0	9,292
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)*	33.3	13
Cosmos Space Systems AG, Bremen (D)*	33.3	20
MT Aerospace Guyane S.A.S., Kourou, (GUF)*	100.0	152
MT Aerospace Satellite Products Ltd., Wolverhampton (GB)*	100.0	161
Arianespace S.A., Evry (F)	8.2	1,789
MAN Dezentrale Energiesysteme GmbH, München (D)*	100.0	1,022

* not consolidated in the year under review for materiality reasons

Consolidation perimeter

OHB Technology AG's consolidated annual financial statements include OHB Technology AG together with eleven 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 Financial Assets" on page 73). In accordance with the principle of materiality pursuant to the IFRS/IAS framework, the companies stated in the table, which are fundamentally subject to compulsory consolidation (OHB share› 20 %), are not included in the consolidation perimeter.

Related parties disclosures

Related parties as defined in IAS 24 comprise Christa Fuchs, Prof. Dr. h.c. Manfred Fuchs, Marco R. Fuchs, Ulrich Schulz, Dr. Fritz Merkle, Hans J. Steininger and Walter H. Köppel. The following companies are related parties:

- OHB Grundstücksgesellschaft Achterstraße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft Kitzbühler Straße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft Universitätsallee GmbH & Co. KG, Bremen
- Carlo Gavazzi Space SpA, Milan
- Volpaia Beteiligungsgesellschaft mbH, Bremen
- Apollo Capital Partners GmbH, Munich

Business transactions with related parties were conducted on arm's length terms. In the year under review, sales and other income of EUR 0.430 million (previous year: EUR 6.872 million) arose from transactions with related parties, while expenditure on goods and services purchased and rentals came to around EUR 5.650 million (previous year: EUR 4.328 million). Outstanding receivables as of the balance sheet date were valued at EUR 0.850 million (previous year: EUR 8.055 million). Outstanding liabilities on the same date stood at EUR 0.128 million (previous year: EUR 0.825 million).

Currency translation

Most outgoing invoices are denominated in euro. Incoming and outgoing 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, 2005 includes goodwill of EUR 3.313 million (see table entitled "Goodwill"). In accordance with IFRS 3.79, there was no goodwill

Goodwill 12/31/2005	EUR 000
Goodwill from the transfer of Telemondo International 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
Total	**3,313**

amortization in the year under review. The negative goodwill recognized in the previous year has been derecognized in accordance with IFRS 3.81.

(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 three and six years. Contrary to German GAAP (HGB), development expenditure is recognized as an asset pursuant to IAS 38.57 if a newly developed product or process can be clearly delineated, is technically feasible and is intended either for the Company's own use or for sale. A further condition is that it must be sufficiently likely for the development expenditure to be recouped from future cash flows. This expenditure is recognized on the basis of the production costs incurred, primarily development hours in fiscal 2005 multiplied by the applicable hourly rate and written down on a straight-line basis over the expected useful life of either four or five years. Depreciation/amortization charges on tangible and intangible assets are carried under "Depreciation and Amortization" (see page 85). Unrestricted ownership rights are held for intangible assets. No liens have been granted as collateral for liabilities. Research and development costs totaled EUR 5.657 million. Of this, an amount of EUR 3.526 million is capitalized as assets.

(3) Property, plant and equipment

Additions in the fiscal year under review primarily entailed technical/electronic laboratory equipment, technical equipment and machinery, hardware, operating and business equipment 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 additions and improvements are recognized as assets. Disposals are reflected in historical acquisition costs as well as accumulative depreciation. Profit and loss from the disposal of assets are recognized as other operating income/expenses. Property, plant and equipment are written down over periods of between three and 33 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 and Amortization" (see page 85).

Scheduled Depreciation/Amortization Periods for Medium- and Long-Term Assets

	Years
Concessions and commercial property rights	4–10
Software	3–6
Buildings	10–33
Improvements to buildings and external fixtures	8–14
Machinery and technical equipment	5–15
Operating and office equipment	3–15
Motor vehicles	3–4

(4) Shares carried at equity/Other financial assets

Shares in property, plant and equipment are carried at cost and – in the case of companies consolidated at equity – less prorated net profit/income for the year. Assets are for the most part shown at their fair values. Accordingly, as a precautionary measure, no writeups are included.

(5) Other non-current receivables and other non-current assets

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 recoverable value. This primarily relates to claims under reinsurance contracts. This item also includes non-current loan receivables.

(6) 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 IFRS/IAS give rise to deferred taxes. The OHB Group applies a tax rate of 38 % for the purposes of calculating deferred taxes. By contrast, the MT Aerospace subgroup uses a tax rate of 40 % on account of different assessment rates for trade tax. The deferred tax assets primarily arise from the difference of EUR 15.102 million in provisions for pension commitments in accordance with German GAAP on the one hand and IFRS on the other. In addition, deferred tax assets relate to tax credits arising from the expected use of existing loss carryforwards in future years whose realization is sufficiently assured. Deferred tax of EUR 1.681 million has been recognized on the basis of realized profits and corporate planning for the period from 2006 until 2008 for OHB Teledata GmbH and Timtec Teldatrans GmbH.

(7) Inventories

Inventories are recognized at their cost of acquisition/production or at the lower applicable net sales value prevailing on the balance-sheet date. In the case of consolidated companies with construction contracts as defined in IAS 11 on their books, the percentage-of-completion method is applied allowing for reasonable discounts on the basis of a true and fair view to allow for unexpected future risks as far as it is possible to calculate the partial profit with adequate precision on the basis of the percentage of completion. Long-term construction projects in progress on the balance-sheet date (durations of 1-15 years) are recognized as assets on the basis of production costs plus administrative overhead costs provided that a partial profit can be estimated with a reasonable degree of reliability. Partial profits are recognized in other projects using generally accepted principles. Projects for which partial profits have been recognized are carried under revenues pursuant to IAS 11.22. The corresponding contract costs are recognized as cost of materials/services in the fiscal year in question. The projects under construction rose in value to EUR 30.506 million (previous year: EUR 3.090 million) particularly as a result of the first-time consolidation of the MT Aerospace subgroup. Advance payments are not netted with inventories.

Inventories	EUR 000	
	12/31/2005	12/31/2004
Work in progress	30,506	3,090
Finished goods	11,148	4,127
Total	**41,654**	**7,217**

(8) Trade receivables
Trade receivables 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 recoverable value.

(9) Other current receivables and assets
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 recoverable value. As of the balance sheet date, currency forwards worth USD 13 million had been transacted to cover the exports of a consolidated company. These have a fair value of EUR 2.370 million.

(10) Cash and cash equivalents
Cash and cash equivalents increased by EUR 36.357 million to a total of EUR 95.084 million. In addition to cash at hand and in banks, this item also includes shares in money-market investment funds. These money-market investment funds can be readily converted into liquidity and are not exposed to any risk.

(11) Other current assets
This includes receivables held by the Company which will be settled in the coming fiscal year.

Shareholders' equity
Subscribed capital as well as additional paid-in capital relate to OHB Technology AG.

(12) Subscribed 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.

(a) Contingent capital
At their annual general meeting held on January 23, 2001, the Company's shareholders increased the Company's share capital by approving the issue of a total of EUR 516,404.00 in the form of up to 516,404 bearer shares on a contingent basis. The contingent capital increase is to be used for granting options to entitled persons under the staff compensation system. The contingent capital increase may only be implemented if the holders of such options exercise these. The new shares are dividend-entitled for the first time in the fiscal year in the course of which they are issued. The Management Board is authorized with the Supervisory Board's approval to determine the specific conditions for such contingent capital increase. In the event that options are granted to members of the Company's Management Board, the Supervisory Board is authorized to determine the specific conditions for such contingent capital increase.

(b) Authorized capital
At their annual general meeting held on May 22, 2002, the shareholders passed a resolution authorizing the Company's Management Board – with the Supervisory Board's approval – to raise the share capital once or repeated times until May 22, 2007 by a total of up to 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 – with the Supervisory Board's approval – to exclude the shareholders' pre-emptive 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.

(c) Authorization to acquire and sell treasury stock

a) At their annual general meeting held on May 12, 2005, the shareholders passed a resolution authorizing the Company to buy back a total of up to 10 % of its own share capital in the amount existing as of the date on which the resolution was passed. At no time may the shares acquired by the Company together with other treasury stock already acquired or still held by it or attributable to it in accordance with Sections 71 d, 71 e of the German Stock Corporation Act exceed more than ten percent (10 %) of its share capital. The authorization may be exercised by the Company in full or in part, once or repeatedly or for different purposes and may also be exercised by dependent companies or companies in which OHB Technology AG holds a majority stake for their account or for third-party account. This authorization expires on November 11, 2006. The authorization granted by the shareholders in their resolution passed on May 18, 2004 was cancelled upon this new authorization taking effect.

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

1) Acting with the approval of the Supervisory Board it may use the treasury stock to have the Company's stock traded on foreign stock exchanges to which it has hitherto not been admitted.
2) Acting with the approval of the Supervisory Board, it may offer or transfer the treasury stock to third parties for the purpose of acquiring companies, parts of companies or equity interests including but not limited to additions to existing equity interests.
3) It may offer the treasury stock to the employees of the Company or other entities related to it in accordance with the definition in Sections 15 et seq. of the German Stock Corporation Act as employee shares.
4) Acting with the approval of the Supervisory Board, it may redeem the treasury stock without any need for a resolution of the shareholders approving such redemption or related activities.

c) The Management Board was authorized – with the approval of the Supervisory Board and without any obligation for a further resolution to be passed by the shareholders – to sell the treasury stock acquired in accordance with the above authorization or in any other manner either publicly or in the form of an offer to the shareholders provided that the sale is for cash and the price offered is not materially less than the price at which equivalent stock issued by the Company is trading on the stock market on the date of the sale. For the purposes of the above rule, the stock market price is defined as the arithmetic mean of the price fixed for the Company's stock in the closing auctions in Xetra trading (or an equivalent replacement system) on the Frankfurt/Main stock exchange on the last five trading days before the date of the sale. This authorization is limited to a total of 10 % of the Company's share capital. The maximum of 10 % is reduced by the prorated share in the share capital accounted for by shares which are issued during the term of this authorization as part of an equity issue in which pre-emptive shareholder rights are excluded in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act. The volume covered by the authorization is also reduced by an amount equaling the prorated share in the share capital accounted for by conversion and/or option rights under bonds issued since the date on which this authorization takes effect in connection with which pre-emptive shareholder rights are excluded in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act.

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

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

Stock options

As of the balance-sheet date, options for 100,000 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 the 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 7.70. All options held by employees and members of the Management Board expired at midnight on March 5, 2006.

(13) 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 AG, among other things, was recognized in equity.

(14) Retained earnings

Retained earnings include the proceeds from the derecognition of the negative goodwill from first-time consolidation in 2002, which is not taken to the income statement, in accordance with IFRS 3.81.

(15) Treasury stock

On the balance sheet date, treasury stock comprised 27,394 shares (previous year: 192,394), meaning that a total of 14,900,702 shares were outstanding as of December 31, 2005. The treasury stock was carried at an average price of EUR 6.106 per share and shown separately from the Company's share capital on the face of the balance sheet.

(16) Minority interests

The minority interests are valued at EUR 5.815 million (previous year: EUR 1.433 million) and refer to the co-shareholders in the MT Aerospace subgroup, megatel GmbH and Telematic Solutions S.p.A.

Provisions

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

(17) Provisions for pensions and similar obligations.

Pension provisions have been set aside for one member of the Management Board in the amount applicable by law within the OHB Group (excluding MT Aerospace). They are valued using the fractional-value method. The fractional values are computed using actuarial principles on the basis of the 2005 mortality tables compiled by Prof. Dr. Klaus Heubeck and an interest rate of 6 %. With respect to these provisions, 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.

OHB Group has made arrangements for post-retirement benefits for entitled employees in the Space Transportation + Aerospace Structures business unit.

The amount of the future benefits are generally based on the length of service, amount of remuneration and position held within the Company. The direct and indirect obligations encompass those under existing pensions and entitlement to future pensions and post-retirement benefits.

Obligations under defined-benefit plans are calculated using the projected unit credit method in accordance with IAS 19 (Employee Benefits). The expected benefits are deferred over the entire period of service of the employees. There were no extraordinary expenses or income as a result of the termination of any plans or on account of the curtailment or transfer of benefits in the year under review. The calculation of post-retirement benefit obligations takes account of market interest rates as well as trends in wages and salaries, pensions and fluctuations on the basis of the following actuarial assumptions:

- Discount rate: 4.25 %
- Estimated future salary/wage increase: 2.00 %
- Wage drift: 0.50 %
- Estimated future pension increase: 1.50 %

These parameters are also applied in the following year to the calculation of the cost of the entitlement acquired. The total cost of defined benefit pension commitments breaks down as follows:

Statement of Changes in Provisions — EUR 000

	Balance January 1, 2005	Additions	Reversals	Changes Consolidation perimeter	Balance December 31, 2005
Pension provisions	**527**	**0**	**30**	**63,260**	**63,757**
of which non-current	527	0	30	63,260	63,757
Tax provisions	**1,143**	**1,518**	**1,529**	**707**	**1,839**
of which non-current	0	0	0	0	0
Deferred taxes	**7,019**	**879**	**0**	**4,756**	**12,654**
of which non-current	7,019	879	0	4,756	12,654
Other provisions	**20,386**	**9,198**	**25,443**	**20,782**	**24,923**
of which non-current	0	0	0	4,402	4,402
Total	**29,075**	**11,595**	**27,002**	**89,505**	**103,173**

- Cost of entitlement acquired in the year under review: EUR 0.643 million
- Interest expenditure on entitlement already acquired: EUR 1.546 million accordingly

The defined benefit obligations not covered by external funds are valued at EUR 72.895 million. The actuarial losses accruing in the year under review came to EUR 9.635 million, the pension provisions stand at EUR 63.260 million.

In accordance with the corridor method (IAS 19), actuarial gains and losses which do not exceed 10 % of the present value of the obligations and the fair value of the fund assets are as a matter of principle not recognized. The 10 % corridor will be exceeded for the first time in the current fiscal year. The resultant amount of EUR 2.346 million will be written off over the following ten years (as of 2006). The obligations are reviewed in regular intervals.

(18) Other non-current provisions

This primarily relates to provisions for obligations under pre-retirement part-time working commitments within the MT Aerospace subgroup.

(19) Non-current financial obligations

This entails long-term liabilities towards the banks of the Italian subsidiary Telematic Solutions S.p.A.

(20) Non-current advance payments received on orders

This entails advance payments made by customers for contracts under construction with a residual term of more than 12 months.

(21) Deferred tax liabilities

Tax provisions of EUR 1.952 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 IFRS/IAS give rise to deferred taxes. The provisions for deferred taxes were raised by EUR 5.634 million primarily due to the first-time consolidation of the MT Aerospace subgroup. This essentially entails deferred taxes arising from valuation differences between IFRS/IAS and German GAAP in the measurement of currency hedges and differences in the valuation of properties in the commercial and the tax balance sheet prepared in accordance with German law. Deferred taxes of EUR 1.340 million were set aside for capitalized development costs based on tax rates of 38 % and 40 %.

Pro Forma Income Statement for 2005 — EUR 000

	Group structure (old) 2005	Space Transportation + Aerospace Structures 2005	Holding company 2005	Group structure (new) 2005
Sales	56,727	86,239	0	142,966
Total revenues	60,306	87,359	6,197	153,862
Cost of purchased materials and services	30,814	41,073	0	71,887
Depreciation	3,212	4,253	4	7,469
EBIT	5,761	-2,273	5,150	8,638

(22) Current provisions

Provisions of EUR 9.432 million were set aside for the cost of purchased materials and services for which deliveries had already been received but for which the invoice was still outstanding. Other provisions relate to obligations towards employees and restructuring costs (EUR 7.047 million), the cost of the annual report and the annual general meeting as well as accounting and auditing expenses.

(23) Current financial obligations

This entails current liabilities towards the banks of the Italian subsidiary Telematic Solutions S.p.A.

(24) Trade payables

Liabilities are reported at their redemption value. All liabilities are due within one year.

(25) Advance payments received on orders

This item comprises advance payments made by customers for contracts under construction with a residual term of less than 12 months.

(26) Other current liabilities

This item relates to liabilities in connection with social security and tax as well as the bulk of the liabilities arising in connection with the restructuring of the MT subgroup.

Other financial obligations

Financial obligations under leases are valued at EUR 8.700 million; of this, EUR 5.700 million relates to leases with terms of 1-5 years and EUR 3.000 million terms of more than five years. Operating leases entail financial obligations of EUR 1.216 million with a term of 1-5 years. There are no operating leases with a term of more than five 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 S.A. OHB Technology AG has issued a letter of comfort in favor of MT Aerospace Holding GmbH.

EXPLANATIONS ON THE CONSOLIDATED INCOME STATEMENT

Recognition of revenues and expenses

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

(27) Sales

Sales break down by business unit as follows:

Sales	EUR 000	
	2005	2004
Space Systems + Security	47,206	127,809
Space Transportation + Aerospace Structures	57,102	0
Telematics + Satellite Operations	12,555	13,144
Consolidation	-3,034	-3,044
Total	**113,829**	**137,909**

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

Changes in Inventories of Finished Goods and Work in Progress		
EUR 000	2005	2004
Space Systems + Security	-128	-27,774
Space Transportation + Aerospace Structures	-8,499	0
Telematics + Satellite Operations	380	1,059
Total	**-8,247**	**-26,715**

(29) Other own work capitalized

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

(30) Other operating income

This includes income from the reversal of provisions as well as income from grants. The main item stems from the dissolution of the negative goodwill from the first-time consolidation of MT Aerospace (EUR 5.338 million), which was taken to the income statement.

(31) 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	
	2005	2004
Space Systems + Security	50,767	102,497
Space Transportation + Aerospace Structures	50,554	0
Telematics + Satellite Operations	13,540	14,743
Consolidation	-4,001	-4,016
Holding	6,197	857
Total	**117,057**	**114,081**

(32) Cost of purchased materials and services

Cost of Purchased Materials and Services	EUR 000	
	2005	2004
Expenditure on raw materials and consumables	44,561	77,446
Expenditure on services purchased	8,438	2,868
Total	**52,999**	**80,314**

(33) Personnel expenses

Personnel Expenses	EUR 000	
	2005	2004
Wages and salaries	28,130	13,181
Social security charges and expenditure on old age pensions and support	5,674	2,759
Total	**33,804**	**15,940**

(34) Depreciation and amortization
No non-scheduled depreciation/amortization was required in the year under review.

(35) Other operating expenses
Other operating expenses include rental payments as well as distribution and administration expenses.

(36) Investment income
Investment income comprises the earnings contributions of ELTA S.A. (EUR 0.281 million) in the year under review, which is carried at equity, as well as the dividend received on the share in Orbcomm Inc.

(37) Income tax
Actual income tax of EUR 1.986 million arose with respect to the consolidated German companies; income tax of EUR 0.040 million arose outside Germany. The domestic deferred tax is calculated on the basis of tax rates of 38.0 % and 40.0 %. Deferred tax assets are allowed for

Depreciation and Amortization

EUR 000	2005	2004
Goodwill	0	212
Intangible assets	2,548	2,163
Property, plant and equipment	2,697	723
Total	**5,245**	**3,098**

Reconciliation of Tax Expenses	EUR 000
Tax at the applicable rate of 40%	5,498
Deviations with no impact on tax arising from IAS adjustments (40 % x 5,570)	-3,378
Consolidated loss carryforwards used (40 % x 289)	-89
Additional foreign tax	-4
Effective tax expense	**2,026**

pursuant to IAS 12. Reconciliation with effective tax expense (excluding deferred tax) for fiscal 2005: see table entitled "Reconciliation of Tax Expenses".

Deferred tax assets were adjusted by EUR 6.652 million due almost solely to the first-time consolidation of MT Aerospace. Deferred tax liabilities are valued at EUR 5.635 million, including EUR 4.756 million attributable to the MT Aerospace subgroup.

(38) Minority interests

Minority interests are valued at EUR 0.445 million and relate to Telematic Solutions S.p.A, MT Aerospace Holding GmbH and megatel GmbH.

IFRS/IAS earnings per share

Basic earnings per share are calculated by dividing the post-tax earnings attributable to the shares in question by the total number of shares with dividend entitlement. This indicator may be diluted by so-called potential shares – particularly options and subscription rights. Under the terms of a staff compensation program, stock options not eligible for exercise in 2005 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 14,900,702 shares as the Company has treasury stock comprising 27,394 shares. The consolidated net income of EUR 10.687 million was used for calculation purposes. Earnings per share for 2005 came to EUR 0.72 (previous year EUR 0.42).

Segment reporting

The OHB Group's structure was modified following the acquisition of MT Aerospace. Segment reporting is for the first time based on this new structure, which comprises the following business units

- Space System + Security
- Space Transportation + Aerospace Structures
- Telematics + Satellite Operations

Contrary to the report on the first nine months of 2005, the non-recurring effect arising from the first-time consolidation of MT Aerospace was assigned to the holding company. A report

Segment Reporting — Income Statement in EUR 000

	Space Systems + Security		Space Transportation Aerospace Structures	
	2005	2004	2005	2004
Sales	47,206	127,809	57,102	0
of which internal sales	248	94	0	0
Total revenues	50,767	102,497	50,554	0
Cost of purchased materials and services	28,333	76,188	22,185	0
Depreciation	1,954	1,886	2,080	0
EBIT	**4,696**	**7,952**	**3,118**	**0**
Non-current assets	10,676	9,696	42,601	0
Current assets	43,493	76,859	133,349	0
Total assets	**54,169**	**86,555**	**175,950**	**0**
Shareholders' equity	14,832	12,902	10,489	0
Liabilities	39,337	73,653	165,461	0
Total assets	**54,169**	**86,555**	**175,950**	**0**

by secondary segment, e.g. geographic breakdown, has been dispensed with as the Management Board is currently unable to see any material advantages 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 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.

MANAGEMENT BOARD AND SUPERVISORY BOARD

The Company's Management Board comprises:

- Mr. Marco Fuchs, Lilienthal, chairman
- Professor Dr. h.c. Manfred Fuchs, Bremen
- Mr. Ulrich Schulz, Bremen

In the year under review, the Management Board received fixed compensation of EUR 0.599 million including advances towards health and pension insurance and an endowment insurance policy. This also includes payments of EUR 36,000 to Prof. Dr. h.c. Manfred Fuchs pursuant to a pension commitment assumed in 1988 under which he is to receive EUR 3,000 a month upon turning 65. Provisions were additionally set aside for outstanding bonus payments of EUR 0.142 million.

The remuneration paid to Management Board members Marco R. Fuchs and Ulrich Schmidt was allocated to OHB Technology AG and that payable to Prof. Dr. h.c. Manfred Fuchs to OHB-System AG.

All members of the Management Board also worked for subsidiaries. However, no additional compensation was paid for this.

The Company's Supervisory Board comprises:

- Mrs. Christa Fuchs, Bremen, Managing shareholder of Volpaia Beteiligungs-GmbH, Bremen; Chairwoman
- Prof. Dr.-Ing. Hans J. Rath, Wilstedt, Professor at the University of Bremen; Deputy chairman since September 15, 2005

Telematics + Satellite Operations		Holding		Consolidation		Total	
2005	2004	2005	2004	2005	2004	2005	2004
12,555	13,144	0	0	-3,034	-3,044	113,829	137,909
2,148	2,392	0	0	-2,396	-2,486	0	0
13,540	14,743	6,197	857	-4,001	-4,016	117,057	114,081
5,356	7,111	0	0	-2,875	-2,985	52,999	80,314
1,258	1,048	4	3	-51	161	5,245	3,098
1,065	**732**	**5,150**	**-56**	**51**	**-161**	**14,080**	**8,467**
3,785	4,407	28,268	24,521	-16,519	-16,763	68,811	21,861
15,169	14,789	14,893	17,356	-9,446	-9,523	197,458	99,481
18,954	**19,196**	**43,161**	**41,877**	**-25,965**	**-26,286**	**266,269**	**121,342**
8,837	8,162	41,489	39,971	-16,433	-16,594	59,214	44,441
10,117	11,034	1,672	1,906	-9,532	-9,692	207,055	76,901
18,954	**19,196**	**43,161**	**41,877**	**-25,965**	**-26,286**	**266,269**	**121,342**

- Until June 29, 2005: Mr. Hans J. Steininger, Munich, Managing shareholder of Apollo Capital Partners GmbH, Munich; Deputy chairman
- As of August 23, 2005: Prof. Heinz Stoewer, St. Augustin, Professor em. Space Systems Engineering, Technical University of Delft, Netherlands, Managing director of Space Associates GmbH, St. Augustin

The total compensation paid to members of the Supervisory Board for fiscal 2005 came to EUR 40,000 (previous year: EUR 40,000). Of this, the chairwoman of the Supervisory Board received EUR 20,000 and the other two members of the Supervisory Board EUR 10,000 each. Variable compensation components were dispensed with.

Offices held by members of the Company's Management Board and Supervisory Board in other supervisory boards and management bodies as defined in Section 125 (1) 3 of the German Stock Corporation Act in fiscal 2005:

- Mr. Marco R. Fuchs, beos GmbH, Bremen, Member of the Supervisory Board; ZARM Technik AG, Bremen, Member of the Supervisory Board
- Prof. Dr. h.c. Manfred Fuchs, ATB GmbH, Bremen, Member of the Supervisory Board; beos GmbH, Bremen, Member of the Supervisory Board
- Mr. Hans J. Steininger, Rauch Möbelwerke GmbH, Freudenberg, Member of the Advisory Board
- Prof. Dr.-Ing. Hans J. Rath, beos GmbH, Bremen, Member of the Supervisory Board

Mrs. Christa Fuchs received compensation of EUR 109,000 for her advisory services for members of the OHB Technology Group in the year under review. Prof. Stoewer received a consulting fee totaling EUR 16,575 in the period under review, of which a sum of EUR 4,550 was paid after his appointment to the Supervisory Board on August 17, 2005.

DECLARATION OF CONFORMITY WITH THE CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

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

ADDITIONAL DISCLOSURES

In the period under review, the OHB Group paid the following fees to BDO Deutsche Warentreuhand AG, Hamburg, the auditors of its financial statements:
Auditing of the annual financial statements: EUR 80,000
Auditing-related services: EUR 19,000
Tax consulting services: EUR 10,000

Securities held by Member's of the Company's Corporate Governance Bodies

12/31/2005	Stocks	+/- 2005/04
Christa Fuchs, Chairwoman of the Supervisory Board	2,000,690	-80,000
Prof. Heinz Stoewer, Member of the Supervisory Board	1,000	-
Marco R. Fuchs, Chairman of the Management Board*	414,796	-
Prof. Dr. h.c. Manfred Fuchs, Member of the Management Board	3,461,064	-
Ulrich Schulz, Member of the Management Board*	2,904	-

* Options on December 31, 2005: 20,000 options

ALLOCATION OF EARNINGS

The single-entity financial statements prepared for OHB Technology AG pursuant to German GAAP (HGB) for the year ending December 31, 2005 carry net income for the year of EUR 3,205,425.65. 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 26.749 million on the balance-sheet date. OHB Technology AG's equity stood at EUR 40.151 million on December 31, 2005. The Company's single-entity financial statements include cash and cash equivalents and short-term negotiable securities of a total of EUR 4.455 million. Income of EUR 4.034 million under profit transfer agreements made a particular contribution to net income for fiscal 2005.

The Management Board will be asking for the Company's unappropriated surplus of EUR 3,205,425.65 for fiscal 2005 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 71 b of the Joint Stock Companies Act, the treasury stock currently held by the Company (27,394 shares) is not dividendentitled. 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.

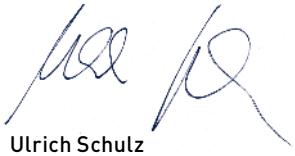
The publication of the consolidated financial statements is planned for March 10, 2006.

Bremen, March 9, 2006

Earnings Allocation Proposal in EUR	2005
Distribution of a dividend of EUR 0.20 per dividend-entitled share (14,900,702 shares)	2,980,140.40
Amount to be carried forward	225,285.25
Unappropriated surplus	**3,205,425.65**

Marco R. Fuchs

Prof. Dr. h.c. Manfred Fuchs



Ulrich Schulz

Auditor's Certificate

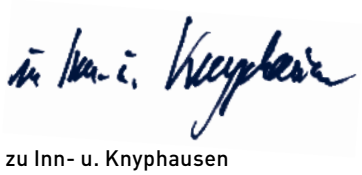
"We have audited the consolidated annual financial statements prepared by OHB Technology AG comprising the balance sheet, income statement, cash flow statement, statement of equity movements and notes, as well as the Group management report for the fiscal year commencing on January 1, 2005 and ending on December 31, 2005. The preparation of the consolidated annual financial statements and the Group management report in accordance with the IFRSs, as they are to be applied in the EU, the supplementary provisions of German commercial law in accordance with Section 315 a (1) HGB are the responsibility of the Company's statutory representatives. Our responsibility is to express an opinion on the consolidated annual financial statements and the Group management report on the basis of our audit.

We conducted our audit of the consolidated annual financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated annual financial statements in accordance with the applicable principles of proper accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Group annual financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes an assessment of the financial statements of the companies included in the Group, the definition of the consolidation perimeter, the accounting and consolidation principles applied and the significant estimates made by the statutory representatives as well as an appraisal of the overall situation presented by the consolidated annual financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the results of our audit, the consolidated annual financial statements comply with the IFRSs as they are to be applied in the EU, the supplementary provisions of German commercial law in accordance with Section 315 a (1) and in the light of these provisions give a true and fair view of the net assets, financial position and results of operations of the Group. The Group management report is consistent with the consolidated annual financial statements and on the whole provides a suitable understanding of the Group's position and suitably presents the risks to future development."

Hamburg, March 10, 2006
BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



zu Inn- u. Knyphausen
Wirtschaftsprüfer

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Wirtschaftsprüfer

Contacts/Calendar of Events

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Calendar of Events in 2006

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 10**
Annual general meeting, Bremen	**May 10**
6 month report/analyst conference call	**August 10**
9 month report/analyst conference call	**November 14**
Analyst presentation at Deutsches Eigenkapitalforum, Frankfurt/Main	**November 27-29**

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Glossary

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

ARTES-11 ESA long-term plan for the development of small geostationary telecommunications satellites

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

DBO Defined Benefit Obligation

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

DLR German Aerospace Center

EAN European Article Number; world standard for barcodes

EASA European Aviation Safety Agency

EBIT Earnings Before Interest and Taxes

EBITDA Earnings Before Interests, Taxes, Depreciation and Amortisation

EBT Earnings Before Taxes

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

ESA European Space Agency

ESGA German acronym for Europeanization of satellite-based reconnaissance

EPS Earnings Per Share

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

FM Flight model

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

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

GALILEO European global satellite-based navigation system

GIS Geographic Information System

GMES European initiative for the Global Monitoring for Environment and Security

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

IAS International Accounting Standards

IFRS International Financial Reporting Standards

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

ISS International Space Station

LEO Low Earth Orbit

LUX-Small GEOs Small geostationary satellites for telecommunications and multimedia applications

NASA National Aeronautics and Space Administration

OEM Original Equipment Manufacturer

ORBCOMM CDS ORBCOMM Concept Demonstration Satellite; first second-generation ORBCOMM satellite

R+D Research and Development

RFID Radio Frequency Identification

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

TIPSweb The open Internet telematics platform for all transportation types

UMTS Universal Mobile Telecommunications System; third-generation mobile communications

WERA Global space-based reconnaissance, study on the successor to the SAR-Lupe system

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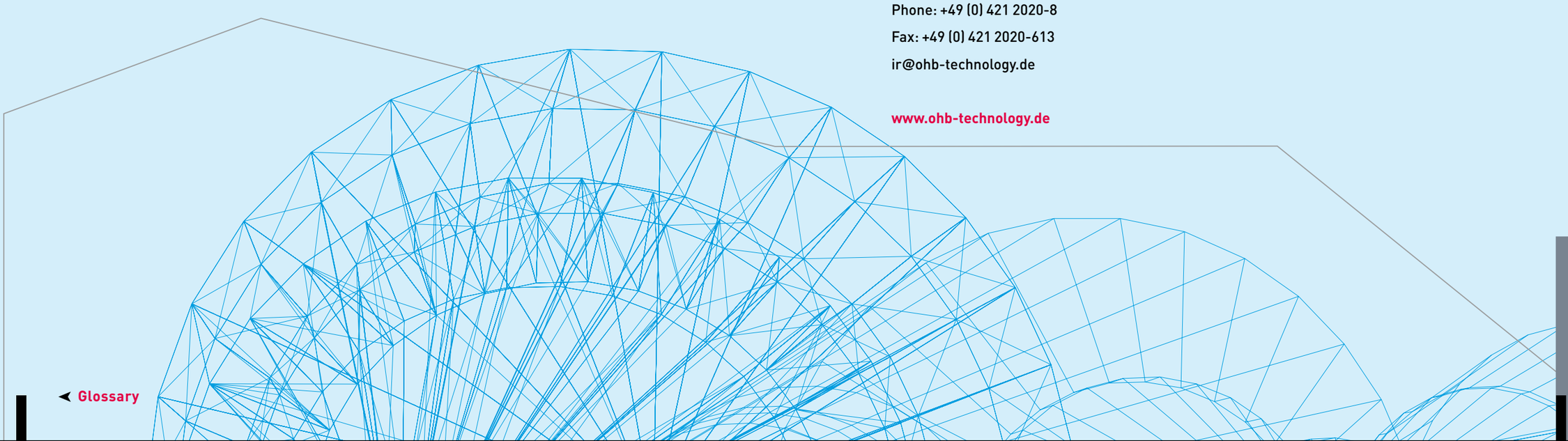

◀ Glossary