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- Total revenues up 48% to over EUR 45 million
- OHB involved in the Galileo program
- Missile Defense: Focus-M study for German armed forces commenced, strategic alliance forged in the United States

REPORT ON THE FIRST HALF YEAR OF 2003

РЕПОРТ ОН ПЕРВУЮ ПОЛОВИНА ГОДА 2003

Covering the period January 1 - June 30, 2003



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- **OHB involved in the Galileo program**
- **Missile Defense: Focus–M study for German armed forces commenced, strategic alliance forged in the United States**

Bremen, August 14, 2003

Profit and total revenues continued to **grow encouragingly** in the second quarter of 2003. A glance at the year-ago figures (adjusted for changes to the consolidation perimeter) illustrates the surge in profits in the year to date.

The **pace of growth** is **unabated** and will continue in the second half of 2003. As planned, total revenues will **exceed EUR 100 million** in 2003, with earnings per share also well up on the previous year's figure of EUR 0.23.

In the period under review, the OHB Technology Group generated total revenues of **EUR 45.25 million** in line with forecasts, an increase of 48.1% over the same period one year earlier.

The **Space Technology + Security** business unit reported unconsolidated total revenues of EUR 39.40 million. At **EUR 6.67 million**, unconsolidated total revenues in the **Telematics** and **Satellite Ser-**

vices business units fell short of expectations, however.

In the period under review, the OHB Group delivered **EBIT of EUR 2.66 million**, while earnings after tax and minority interests equaled **EUR 2.30 million**, equivalent to earnings per share of **EUR 0.16**.

Earnings per share in the 2nd quarter of 2003 came to EUR 0.06, down from EUR 0.10 in the first quarter of the year, although it should be noted that this figure had been inflated by a higher volume of capitalized own work in the 1st quarter.

Order books were valued at **EUR 230.8 million** on June 30, 2003.

Cash and cash equivalents stood at **EUR 31.84 million** at the end of the quarter.

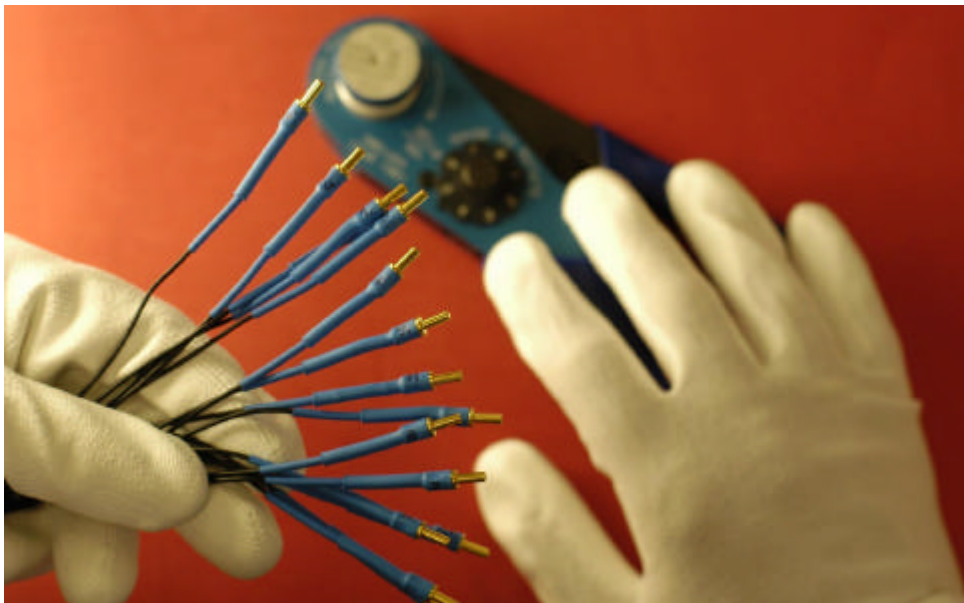
Overview	H1/2003 EUR 000	H1/2002 EUR 000
Total revenues	45,247	30,560
EBIT	2,658	104
EBT	2,907	147
Quarterly profit	2,300	90
Earnings per share (EUR)	0.16	0.01
Headcount on June 30	288	274

SPACE TECHNOLOGY + SECURITY

Once again, the Space Technology + Security business unit proved to be the OHB Group's business mainstay in the period under review. With **unconsolidated total revenues** coming to **EUR 39.40 million** (year-ago period: EUR 25.76 million), this business unit generated **EBIT of EUR 3.39 million** (year-ago period: EUR 0.55 million).

The **Galileo European satellite navigation system** is now in the throes of industrial implementation. OHB-System is part of the industrial team under the auspices of Galileo Industries.

OHB-System has landed a strategically important new contract in the **missile defense** area, under the terms of which it will



The **SAR-Lupe program** is continuing to progress well and remains on time and in budget. The fourth management review with the customer was successfully completed at the end of June.

Similarly, OHB successfully completed the first study phase of the **joint German/French SAR-Lupe/Helios II reconnaissance system**. Scheduled for commencement in the 3rd quarter of 2003, the ensuing phase will be substantially broader.

be developing a satellite-based early-detection and warning system for approaching hostile ballistic missiles. Named **Focus-M**, this study involves the use of heat-sensitive infrared technology. These activities are being backed up by a strategic partnership with the very successful US company **Spectrum Astro, Inc.**, Arizona, with the aim of forging a **Transatlantic alliance** for the purpose of this project.

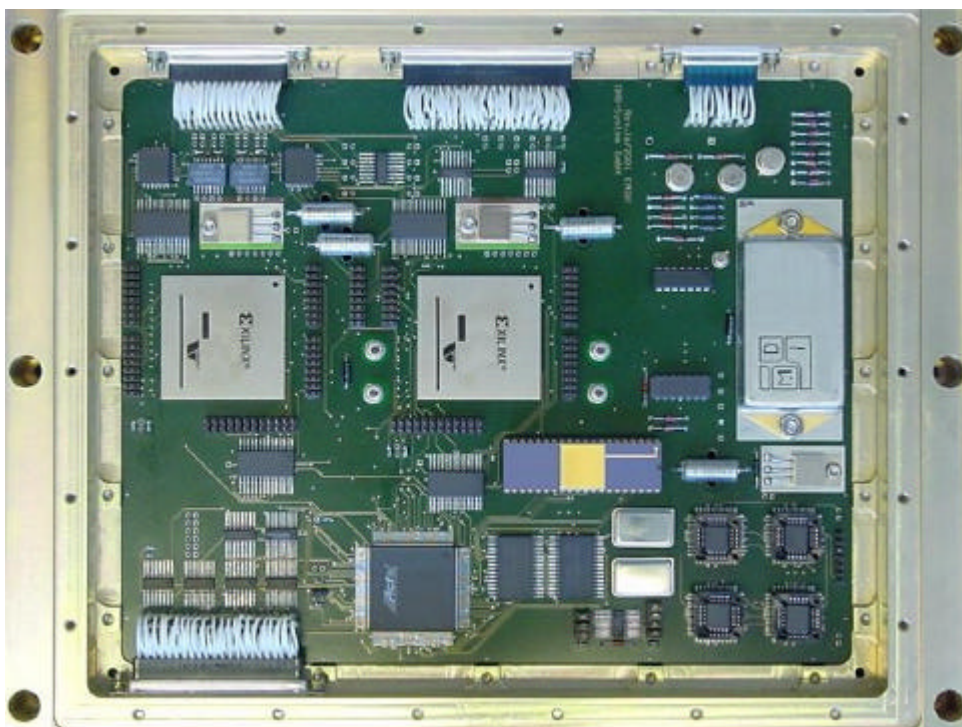
The **thermal technology** segment has been extremely successful. With a plethora of small and mid-size **orders gained from the European Space Agency ESA** and the **German Space and Aeronautics Center DLR**, OHB-System has further reinforced its technical leadership in this area. OHB's technologies are particularly being used to optimize thermal subsystems and components on board numerous future satellites and sensors.

After the successful completion of the data coding and encryption unit developed by OHB-System for use in the **MSC-Kompsat 2** project to the full satisfaction of the **Korean and Israeli customers**, the entire integration of the multispectral camera (MSC) payload is to be handled by OHB in Bremen.

Work on the **manned spaceflight** projects is proceeding according to schedule, with a particular focus last quarter placed on the **European Physiology Modules (EPM)** project, which is scheduled for completion by the end of the year.



Following the successful **ESA council of ministers conference** at the end of May, the financial framework and program for **European space technology** has been defined for the next few years. At the conference, five projects (including the launch of Galileo and restructuring of Ariane 5) were approved, thus providing a solid basis for future planning. The **entire European space technology industry** – and hence also **OHB** – stand to benefit from this.



TELEMATICS

Unconsolidated total revenues in the Telematics business unit came to **EUR 6.67 million** in the first half of 2003 (year-ago period: EUR 6.95 million) in tandem with an **unconsolidated loss at the EBIT level** of EUR 0.44 million (year-ago period: loss of EUR 0.39 million). These figures also include the contribution to total revenues and EBIT made by the Satellite Services business unit.

In the period under review, equipment was shipped to **BASF AG** and **Brenntag AG** to the satisfaction of these two customers.

A **master agreement** was signed with **GEFCO Germany** providing for the delivery of around 500 telematic consignment-tracking terminals, with shipments to commence in autumn 2003. In this way, the OHB telematics system in use at GEFCO will be modernized and extended.

The state government of Bremen has assigned OHB Teledata with the task of developing a telematics system to be used for the **mobile collection of health data**. In this way, information on the condition and location of patients can be transferred to the doctors treating them as well as other specialized medical staff.

In spite of these marketing successes, business remains muted. Although OHB's Telematics business unit is not directly involved in the establishment of the German road-toll system, discussion relating to the new system coincided with difficult business conditions to exert pressure on order receipts. However, judging by the heightened interest of visitors to the international transport logistic trade fair, which took place in May of this year in Munich, the immediate future looks brighter. Among

other things, OHB presented its **TIPSweb** product at transport logistic. This is a newly developed Internet portal for international automotive applications (particularly Europe and North America). Using the **FMS standard**, it transfers and evaluates vehicle data such as current fuel consumption or the state of the brake system. This data can then be collected using any computer connected to the Internet. The system employs both GSM and satellite-based communications for transferring data.



SATELLITE SERVICES

ORBCOMM LLC, in which OHB holds an equity interest and which offers satellite data transmission services all over the world, has received a contract from GE TIP providing for it to furnish data transmission services for the latter company's **GE Veri-Wise™** asset-tracking system for trailers. A subsidiary of General Electric, **GE TIP** is a leading trailer services company with more than 40 years of experience in renting, leasing and selling trailers. GE TIP has a global fleet encompassing more than **125,000 vehicles**. With the assistance of ORBCOMM satellites, GE customers will be able to locate attached and non-attached trailers all over North America in the future.

This large-scale order will also generate new customers in Europe and Germany.

EMPLOYEES AND CAPITAL SPENDING

On June 30, 2003, the Group had **288 employees** (June 30, 2002: 274 employees).

Group capital spending came to **EUR 0.69 million** in the first half of 2003.

Since March 2003, it has been setting up testing and integration capacity for parallel work on the SAR-Lupe project schedule for completion in autumn 2003.

RESEARCH AND DEVELOPMENT

Research and development work in the Space Technology + Security business unit remains focused on new radar technologies and **future infrared sensor systems**. A further area attracting growing attention concerns the technology for **small geostationary communication satellites** (Little Geos).

Research and development in the manned spaceflight segment is still concentrating on the development of industrial service

packages for the commercial use of the International Space Station (**BEOS programs**) and subsystems and components for future orbital spacecraft (**Phoenix project**)

The Telematics business unit has recently been devoting considerable attention to **radio tag solutions**, a special system for **tracking and managing trailers and pods** in truck/trailer fleets. Using this technology, it is also possible to monitor transshipment terminals, construction sites and industrial facilities and to automatically identify loads with containers, trailers or trucks and wagons.

One new area entails product add-ons for verifying, calculating and optimizing **truck road tolls**.

Spending on free **research and development activities** came to **EUR 2.13 million** in the first half of 2003.

Group personnel structure	06/30/2003
Development, system engineering	161
Hardware production, mechanics, service	40
Distribution, project management	46
Administration and system administration	30
Quality management	11
Total	288

ANNUAL GENERAL MEETING

OHB's 3rd annual general meeting was held on May 14, 2003. All the motions set out on the agenda were approved with very large majorities. After being re-elected, the Supervisory Board reinstated Mrs. Christa Fuch as its chairwoman.

STOCK CONTINUING TO POST GAINS

There has been growing interest in the company's stock over the past few months. Since March of this year, OHB stock has been rising, exceeding the highs hit in 2002 and thus impressively **outperforming benchmark indices** such as the DAX or the TecDAX. In the 2nd quarter of 2003, OHB stock gained 53.75%, outstripping the TecDAX and the DAX, which were up by only 33.72% and 37.31% respectively. XETRA trading volumes (in terms of the number of shares) widened by 91.4% over the first quarter of 2003, thus reflecting heightened investor interest.

GENERAL INFORMATION ON THE FIRST-HALF REPORT

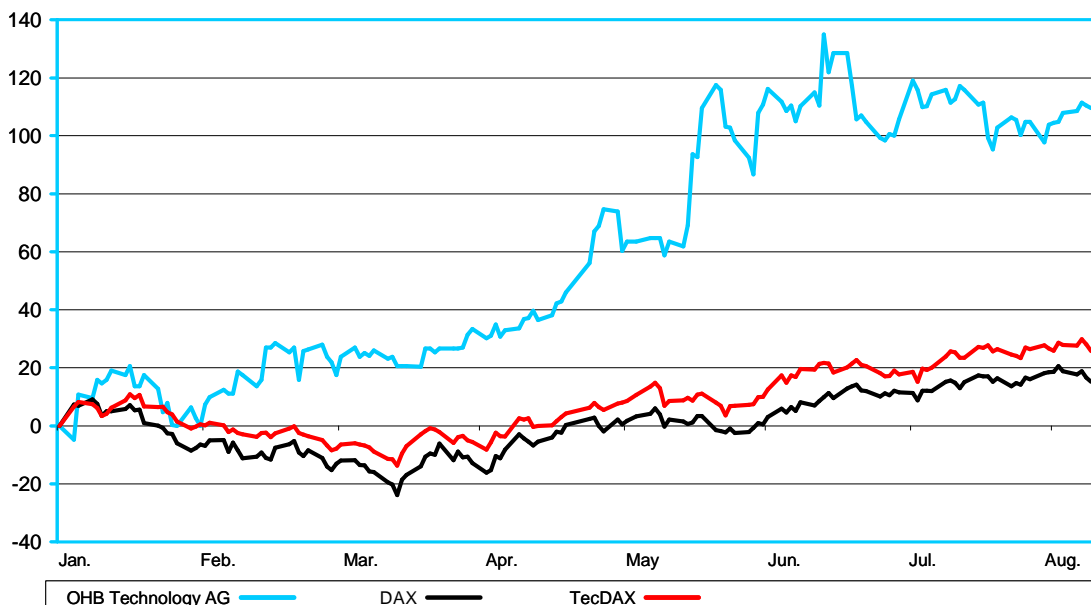
The report on the first half of 2003 was compiled using the International Accounting Standards (IAS).

OHB Teledata AG's consolidated financial statements include

- OHB Technology AG, Bremen
- OHB-System AG, Bremen
- STS Systemtechnik Schwerin GmbH
- OHB Teledata GmbH, Bremen
- megatel Informations- und Kommunikationssysteme GmbH, Bremen
- Timtec Teldatrans GmbH, Lünen
- Telematic Solutions SpA, Milan
- Orbcomm Deutschland AG, Bremen

The results of the non-consolidated affiliated companies are not included in the quarterly and half-year reports.

Comparative performance of OHB Technology stock between January 1, 2003 and August 7, 2003



OUTLOOK

The growth forecasts for the first half of 2003 were achieved, a fact which underscores the high reliability of the OHB Group's guidance.

The forecast of total revenues of over EUR 100 million for this year has been confirmed, with **earnings per share** set to rise **substantially** over with the previous year (EUR 0.23).

Space Technology + Security

OHB-System is currently working intensively on a series of **key projects** aimed at generating new business in the satellite area.

As demonstrated in the past, examples being SAR-Lupe, Galileo, Swarm and Focus-M, OHB will be attempting to combine the greatest possible customer benefits with innovative ideas. In the area of reconnaissance satellites in particular, OHB is confident of being able to extend its current lead and to gain further business.

OHB-System has set itself the strategic goal of gaining a leading role in **small geostationary communications satellites** ("Little Geos"), an area which is increasingly growing in importance. Here, the company sees ideal conditions for assuming system leadership in the same way as with small LEO satellites. Preliminary bids for studies have been lodged, with the Company's R+D efforts in this area set to intensify substantially.

In the defense area, our team will be stepping up activities in the data **compression and transmission area** and widening its responsibility in the drone segment.

Turning to **manned space flight**, the Management Board particularly expects the **Automatic Transfer Vehicle (ATV)** program for supplying the International Space Station to generate production orders for complex cable harnesses.

Telematics and Satellite Services

As expected, the heightened interest registered at the Transport logistic fair has led to a substantial **increase** in specific **inquiries**.

Invitations for tenders for interesting national and international projects are expected to be forthcoming in the second half of the year. This applies to telematics applications in the forwarding sector as well as for government authorities and agencies entrusted with security tasks.

Development capacity at the two subsidiaries **megatel** and **Timtec Teldatrans** has been pooled at OHB Teledata's Bremen facility to ensure **greater capacity utilization** in tandem with **heightened efficiency** via the exchange of skills and expertise.

ORBCOMM has gained in **GE TIP** a customer which is considered to be one of the best references there is, thus supporting ORBCOMM's sales endeavors in both North America and Europe.

Group Balance Sheet - IAS/IFRS based -	06/30/2003 EUR 000	12/31/2002 EUR 000
Assets		
A. Current Assets		
I. Cash and Cash Equivalents	31,837	15,558
II. Short-term Investments / Marketable securities	0	0
III. Trade accounts receivable		
1. Trade receivables	36,870	18,263
2. Receivables to shareholders	292	545
3. Receivables to affiliated shareholders	0	311
4. Receivables to associated companies	997	856
B. SHORT-TERM ASSETS		
I. Inventories		
1. Work in progress	32,042	27,948
2. Finished and unfinished goods	3,033	2,192
C. Prepaid expenses and other current assets		
I. Prepaid expenses	278	284
II. Other assets	1,951	1,646
Total current assets	107,300	67,603
D. Medium and long-term assets		
I. Property, plant and equipment	2,930	3,063
II. Intangible assets	6,977	6,594
III. Investments		
Equity interests in associated companies	25	25
Other investments	3,218	3,215
E. Goodwill	3,111	2,905
F. Deferred taxes	2,527	2,576
G. Others	0	0
Total Assets	126,088	85,981
	06/30/2003 EUR 000	12/31/2002 EUR 000
Liabilities and Shareholder's Equity		
A. Current liabilities		
1. Short term debt and current portion of long-term debt	1,446	1,139
2. Trade accounts payable	16,157	20,844
3. Liabilities to associated companies	0	0
4. Advance payments received	65,526	23,278
B. ACCRUALS		
1. Tax accruals	76	128
2. Other accruals	517	723
3. Deferred tax liability	3,227	2,827
C. Other current liabilities	1,431	1,139
D. Others	44	270
Total current liabilities	88,424	50,348
E. Long-term debt, less current portion	483	535
F. Pension accrual	484	475
G. Shareholders' equity		
I. Share capital	14,928	14,928
II. Additional paid-in capital	14,757	14,771
III. Treasury Stock	-448	-193
IV. Statutory Reserves	8	0
V. Profit / loss carry forward	3,780	371
VI. Net income / loss	2,385	3,577
VII. Third Party net income	-85	-167
VIII. Accumulated profit / loss	6,080	3,781
IX. Third Party accumulated profits	1,372	1,336
Total Shareholders' equity	36,697	34,623
Total liabilities and Shareholders' equity	126,088	85,981

Group Income Statement - IAS/IFRS based	Q2/2003 EUR 000	Q2/2002* EUR 000	H1/2003 EUR 000	H1/2002 EUR 000
1. Revenues	24,089	25,068	38,635	27,918
2. Other operating income	790	905	1,138	918
3. Changes in inventories of finished goods and work in progress	2,206	-30	4,493	462
4. Production for own fixed assets capitalized	775	1,051	981	1,262
Total revenues	27,860	26,994	45,247	30,560
5. Cost of purchased materials and services				
a) Cost of purchased materials	19,416	16,338	28,933	17,633
b) Cost of purchased services	880	1,496	2,070	1,663
6. Personnel expenses				
a) Wages and salaries	3,570	5,181	6,670	6,433
b) Social security levies and cost of old-age pensions	744	915	1,317	1,184
7. Depreciation and amortization	447	620	868	712
8. Other operating expenses	1,719	2,260	2,731	2,831
9. Operating income / loss EBIT	1,084	139	2,658	104
10. Interest income	195	8	307	201
11. Interest expenditure	25	137	58	158
12. Income from investments and equity interests	0	0	0	0
13. Result before income taxes (and minority interest) EBT	1,254	10	2,907	147
14. Income tax	377	2	522	26
15. Extraordinary income / expenses	0	-1	0	0
16. Result before minority interests	877	9	2,385	121
17. Minority interests	-42	-7	-85	-31
18. Consolidated net income / loss	835	2	2,300	90
19. Profit / Loss carry forward	5,245	459	3,780	371
20. Accumulated profit / loss	6,080	461	6,080	461

The earning per share in H1 2003 is 0.16 EUR.

For the calculation 14.778.070 shares have been taken as basis, because the company held a stock of 150.026 shares per 06/30/2003

*This also includes the Q1/2002 figures on account of the first-time consolidation of OHB-System AG and other companies in Q2/2002.

Report per business unit in H1 2003 in EUR 000	Space + Se- curity	Telematics	Holding	Consoli- dation	Total
Total revenues	39,397	6,669	8	-827	45,247
of this, internal turnover	101	456	0	-557	0
Purchased materials and services	28,613	3,066	0	-676	31,003
Depreciation and amorti- zation	506	536	0	-174	868
EBIT	3,386	-443	-443	158	2,658

Group Cash Flow Statement - IAS/IFRS based -	H1/2003 EUR 000	H1/2002 EUR 000
Operating earnings	2,658	104
Operating earnings	-122	-26
Depreciation / amortization	868	712
Gross cash flow	3,404	790
Increase (-)/decrease (+) in own work capitalized	-981	-1,262
Increase (-)/decrease (+) in inventories	-4,935	-6,333
Increase (-)/decrease (+) in receivables and other assets including deferred items	-18,483	-7,815
Increase (-)/decrease (+) in liabilities and short-term accruals	-4,245	-14,410
Increase(-)/decrease(+) in advance payments received	42,247	9,570
Net cash from operating activities	13,603	8,570
Acquisition of medium and long-term assets	-728	-6,600
Increase Goodwill	-206	-2,078
Proceeds from sale of medium and long-term assets	0	0
Interest and other investment income	307	201
Net cash from investing activities	-627	-8,477
Payments from shareholder	0	5,767
Changes in Reserves	-261	0
Payment of equity transaction costs	0	-611
Increase in financial liabilities	255	708
Minority interests	-37	-205
Interest and other investment payments	-58	-158
Net cash from financing activities	-101	5,501
Decrease / increase in cash & cash equivalents	16,279	6,384
Currency translation	0	0
Cash & cash equivalents at beginning of period	15,558	9,081
Cash & cash equivalents at end of period	31,837	15,465

Group statement of change in equity - IAS/IFRS based -	H1/2003 TEUR
Shareholders' equity January 1st, 2003	34,623
Treasury Stock	-256
Setup of statutory reserves	8
Effects from the purchase of additional shares from an associated company	-14
Consolidated net income	2,300
Minority interests	36
Shareholders' equity June 30th, 2003	36,697

Securities held by management and board members on 06/30/2003

	Shares	Options
Christa Fuchs – Chairwoman of the Supervisory Board	2,080,690	-
Marco. R. Fuchs – CEO	404,796	20,000
Prof. Manfred Fuchs – Member of the Management Board	3,431,118	-
Ulrich Schulz – Member of the Management Board	84,900	20,000
Ulrich Wantia - Member of the Management Board	-	20,000

KEY EVENTS IN 2003:

November 14

3rd quarter report

MORE INFORMATION AVAILABLE FROM:

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This report on the first half as well as further information are available on the Internet at www.ohb-technolgy.de.

