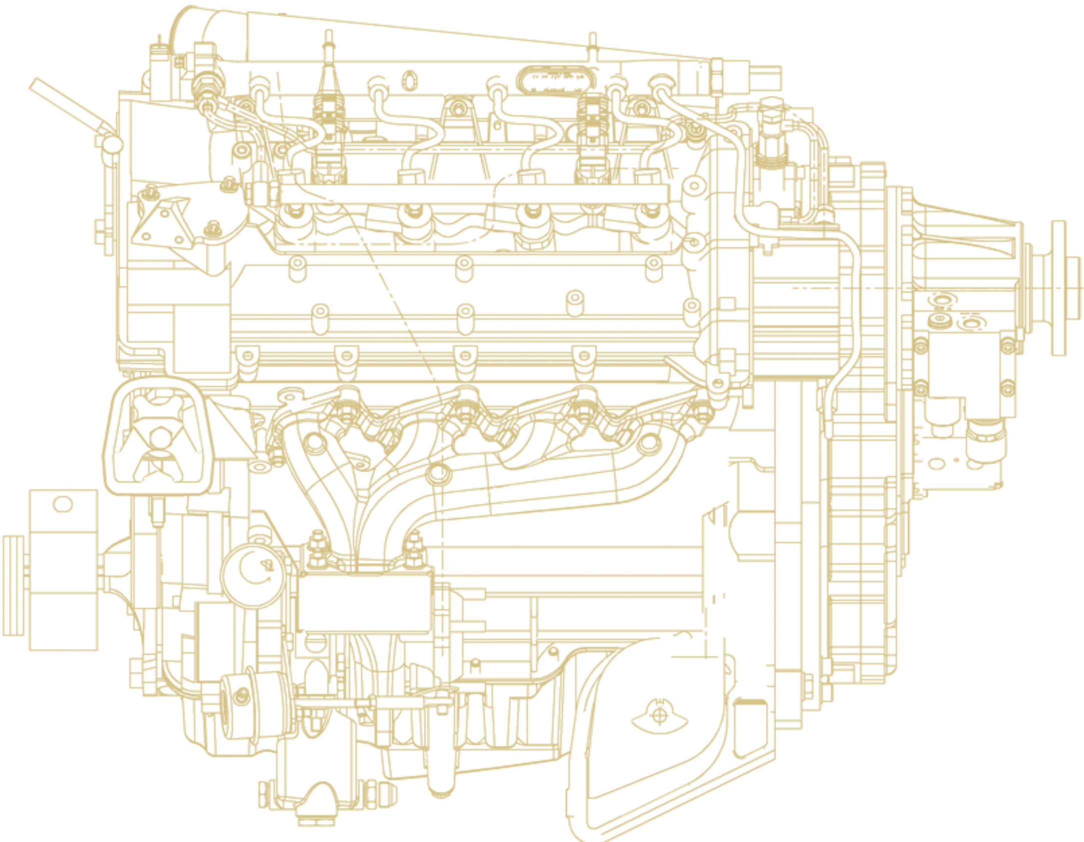
INTERIM REPORT

JANUARY 1 THROUGH MARCH 31, 2006



IMPORTANT FIGURES

ACCORDING TO IFRS

in EUR '000

	01.01.–31.03.2006	01.01.–31.03.2005
Revenues	10,041	2,180
> Germany	481	338
> Europe excluding Germany	2,946	1,003
> USA & rest of the world	6,614	839
Capital expenditures	1,444	946
Depreciation, amortization	894	615
Net debt	8,476	43,737
Net working capital	67,669	42,717
Capitalized development cost	1,000	570
EBIT, adjusted for capitalized R&D expenses	910	192
EBITDA, adjusted for capitalized R&D expenses	1,804	807
Basic earnings per share in EUR	0.05	-0.01

CONSOLIDATED BALANCE SHEET

ASSETS

in EUR '000

		31.03.2006	%	31.12.2005	%
I.	**NON-CURRENT ASSETS**	**51,195**	40	**39,420**	32
1.	Intangible assets	11,096	9	1,695	1
2.	Fixed assets	40,099	31	35,521	29
3.	Financial assets	0	0	2,204	2
II.	**CURRENT ASSETS**	**78,357**	60	**83,990**	68
1.	Inventories	31,699	24	18,623	15
2.	Receivables and other assets	46,658	36	65,367	53
TOTAL ASSETS		**129,552**	100	**123,410**	100

EQUITY AND LIABILITIES

in EUR '000

		31.03.2006	%	31.12.2005	%
I.	**SHAREHOLDERS' EQUITY**	**100,227**	77	**99,155**	80
1.	Subscribed capital	19,892	15	19,892	16
2.	Capital reserves	64,364	50	64,364	52
3.	Revenue reserves	606	0	606	0
4.	Consolidated retained earnings	15,365	12	14,293	12
II.	**LIABILITIES**	**29,325**	23	**24,255**	20
1.	Provisions	2,672	2	1,413	1
2.	Other liabilities	19,431	15	15,909	13
	a. long-term debt	8,227	6	8,477	7
	b. short-term debt	11,204	9	7,432	6
3.	Tax liabilities	7,222	6	6,933	6
TOTAL EQUITY AND LIABILITIES		**129,552**	100	**123,410**	100

CONSOLIDATED INCOME STATEMENT

in EUR '000

	01.01.–31.03. 2006	01.01.–31.03. 2005
Revenues	10,041	2,180
Cost of sales	-3,955	-493
Gross profit	**6,086**	**1,687**
Marketing and selling expenses	-1,061	-247
General administration expenses	-1,301	-572
Other operating income [+], expenses [–] and taxes	-1,814	-106
Operating profit [EBIT]	**1,910**	**762**
Interest income	-54	-1,077
Other income and expenses	-100	202
Profit before tax [EBT]	**1,756**	**-113**
Income taxes	-684	-24
Consolidated net profit for the year	**1,072**	**-137**
Operating profit [EBIT]	1,910	762
Depreciation, amortization	894	615
Earnings before interest, taxes, depreciation and amortization [EBITDA]	**2,804**	**1,377**
Basic earnings per share in EUR	0.05	-0.01

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR

	Subscribed capital	Capital reserve	Retained earnings	Consolidated retained earnings	Total
January 1, 2005	13,006,000	750,052	606,475	6,627,264	20,989,792
Comprehensive income	0	0	0	0	0
Allocation to revenue reserves	0	0	0	0	0
Capital increase from company funds	0	0	0	0	0
Consolidated net profit for the year	0	0	0	-136,865	-136,865
Other comprehensive income	0	0	0	0	0
March 31, 2005	**13,006,000**	**750,052**	**606,475**	**6,490,399**	**20,852,927**
Comprehensive income	0	0	0	0	0
Allocation to revenue reserves	0	0	0	0	0
Increase of share capital against cash contribution	4,590,354	63,613,761	0	0	**68,204,115**
Increase of share capital against non-cash contribution	2,295,176	0	0	0	**2,295,176**
Consolidated net profit for the year	0	0	0	7,802,688	**7,802,688**
Other comprehensive income	0	0	0	0	0
December 31, 2005	**19,891,530**	**64,363,813**	**606,475**	**14,293,088**	**99,154,906**
January 1, 2006	19,891,530	64,363,813	606,475	14,293,088	99,154,906
Comprehensive income	0	0	0	0	0
Allocation to revenue reserves	0	0	0	0	0
Capital increase from company funds	0	0	0	0	0
Consolidated net profit for the year	0	0	0	1,071,816	1,071,816
Other comprehensive income	0	0	0	0	0
March 31, 2006	**19,891,530**	**64,363,813**	**606,475**	**15,364,903**	**100,226,721**

CONSOLIDATED CASH FLOW STATEMENT

in EUR '000

	01.01.–31.03.2006	01.01.–31.03.2005
Cash flow from operating activities		
Profit before tax and profit transfer	1,756	-113
Adjustments for:		
Depreciation, amortization	894	615
Profit [-]/loss [+] on disposal of fixed assets	100	0
Exchange rate losses	224	0
Interest income	-267	0
Interest expense	321	1,077
Increase in trade and other receivables	-4,703	-3,467
Change in inventories	-3,631	-3,707
Increase in trade payables	-702	557
Cash generated from operating activities	-6,008	-5,038
Interest paid	-154	-462
Income taxes paid	-44	0
Net cash from operating activities	-6,206	-5,500
Cash flow from investing activities		
Acquisition of SAP, net of cash acquired	-6,897	0
Capital expenditures	-1,444	-381
Interest received	53	0
Net cash used for investing activities	-8,288	-381
Cash flow from financing activities		
Loans taken up and silent participations	0	10,400
Repayment of loans	-250	-765
Cash inflow/outflow for investing activities	-250	9,635
Net increase in cash and cash equivalents	-14,744	3,754
Cash and cash equivalents at the beginning of the reporting period	18,213	-24,263
Cash and cash equivalents at the end of the reporting period	3,469	-20,509

SEGMENT REPORTING

AIRCRAFT ENGINES

in EUR '000

	01.01–31.03.2006	%	01.01.–31.03.2005	%
Revenues	6,357	100	1,310	100
Cost of sales	-2,792	44	-356	27
Gross profit	3,565	56	954	73
Marketing and selling expenses	-697	11	-152	12
General administration expenses	-824	13	-343	26
Other operating income [+], expenses [–] and taxes	-950	15	-63	5
Operating profit [EBIT]	1,094	17	396	30
Operating profit [EBIT]	1,094	17	396	30
Depreciation, amortization	566	9	370	28
Operating profit before depreciation and amortization [EBITDA]	1,660	26	766	58

TECHNOLOGY & PROTOTYPING

in EUR '000

	01.01.–31.03.2006	%	01.01.–31.03.2005	%
Revenues	3,684	100	870	100
Cost of sales	-1,163	32	-138	16
Gross profit	2,521	68	732	84
Marketing and selling expenses	-364	10	-95	11
General administration expenses	-477	13	-228	26
Other operating income [+], expenses [–] and taxes	-864	23	-42	5
Operating profit [EBIT]	816	22	367	42
Operating profit [EBIT]	816	22	367	42
Depreciation, amortization	328	9	246	28
Operating profit before depreciation and amortization [EBITDA]	1,144	31	613	70

NOTES TO THE INTERIM REPORT

BUSINESS DEVELOPMENT

Q1 2006 was marked in particular by the acquisition of Superior Air Parts Inc. (SAP), Coppel TX, completed on March 31, 2006. The company now holds 100% voting rights in SAP. The transaction volume totalled USD 10.0 million.

Of this sum, USD 8.0 million were required to repay a bank loan and the remaining USD 2.0 million for the acquisition of the voting rights.

SAP is one of the world's leading manufacturers of Federal Aviation Administration (FAA) approved replacement parts for Lycoming and Continental aircraft engines. In the USA the corporation enjoys a high reputation in this segment as a quality supplier with an excellent distribution network.

SAP's product portfolio is supplemented by retrofit engines based on the widely used Lycoming technology. The Vantage engine, for example, currently undergoing certification, is designed as a one-to-one alternative to the widespread, traditional 180 horsepower Lycoming O-360, with the advantage of using unleaded automobile gasoline.Furthermore, with SAP's XP-360 the company stands out as an engine supplier for the fast-growing experimental market.

Over the past few years SAP had become one of Thielert's main customers and distribution partners in the USA. So the takeover places an already flourishing strategic business relation on a new footing.

Both in product portfolio and existing sales channels, SAP complements the Thielert Group in an ideal form.

The takeover of SAP promises enhanced access for the company to the important American market for piston engines and the associated aftermarket for small aircrafts in the general aviation segment. In particular, the US manufacturing certification for aircraft engines (Production Organization Approval) and replacement engine components (Parts Manufacturer Approval, PMA) will boost the development of the company's core business in piston engines and aftermarket parts.

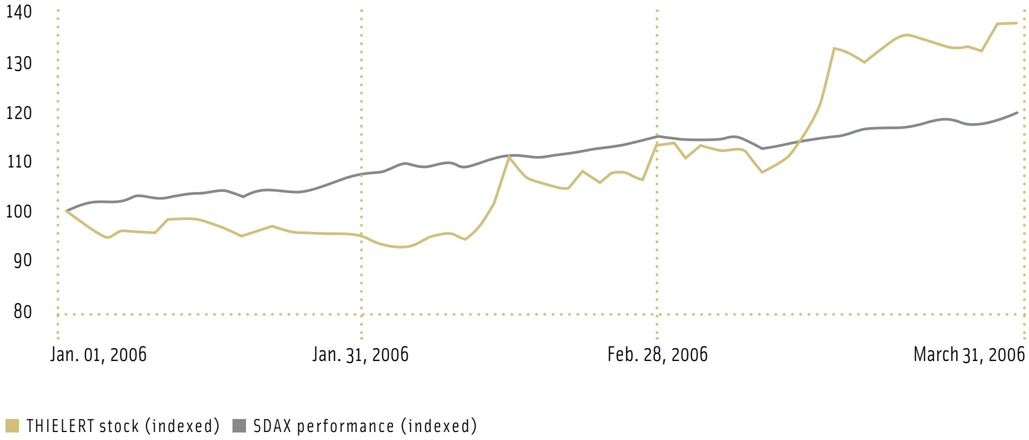
In the past, Thielert was already a major manufacturer and supplier of components for the SAP product portfolio.

THE THIELERT SHARE

The Thielert share developed extremely well in the period under review, receiving a substantial boost from its early listing (March 1, 2006) on the SDAX-Index of the Frankfurt Stock Exchange. It filled the slot previously held by the Vivacon share, which moved up into the MDAX to replace the Degussa share. The Thielert share performed significantly better than the overall market average. Closing at EUR 22.99 on cut-off date (March 31, 2006), the share price posted a 70% growth of EUR 9.49 since the company's IPO in November 2005. Market capitalization amounted to EUR 457.3 million by the end of the quarter.

THIELERT STOCK PERFORMANCE

(XETRA closing price)



FINANCIAL SITUATION

The company's financial situation was largely determined by the takeover of SAP. Due to the timing of this takeover, the present report only carries a preliminary purchase price allocation, with no final assessment having yet been made of intangible assets. Particularly with regard to PMA's, we anticipate to identify and allocate substantial values which will reduce or eliminate the currently posted goodwill. The following provisional breakdown of the purchase price was made on the basis of SAP book values:

PRELIMINARY PURCHASE PRICE ALLOCATION

in EUR

Breakdown of purchase price	
Payment for acquisition of shares and voting rights	1,653,576
Payment for redemption of SAP bank loan	6,709,304
Total payment for SAP takeover	8,362,880
The following assets and liabilities, valued at [preliminary] fair values, were acquired:	
Liquid funds	1,465,503
Accounts receivable	2,896,167
Other assets	67,579
Inventories	9,444,489
Property, plant and equipment	5,850,189
Financial liabilities	0
Accounts payable	-15,010,664
Other liabilities	-4,015,819
	697,443
Goodwill	7,665,436
Total purchase price	8,362,880
In the statement of cash flows the purchase price is posted as follows:	
Payment for investment [acquisition of subsidiary]	8,362,880
Less liquid funds acquired	-1,465,503
Acquisition of SAP, net of cash acquired	6,897,376

The goodwill reported in this preliminary purchase price allocation will be reduced or eliminated in the final purchase price allocation.

EARNINGS POSITION

Q1 2006 was the highest earning quarter in the history of the company. Thanks to a growth in distribution contracts and order volumes from the defense sector, Thielert AG's revenues soared 361% in comparison to Q1 2005, reaching EUR 10.0 million. Due to the takeover date immediately before the end of the quarter, SAP revenues are not reported in the consolidated statement of income for Q1 2006. SAP revenues for this quarter realized USD 7.1 million.

In the Aircraft Engines segment revenues rose in Q1 2006 from EUR 1.3 million to EUR 6.4 million. In the Technology & Prototyping segment revenues rose sharply on prior Q1 from EUR 0.9 million to EUR 3.7 million.

In step with this significant revenue expansion, group production costs rose from EUR 0.5 million to EUR 4.0 million. Gross profit on revenues amounted to EUR 6.1 million (prior year EUR 1.7 million), maintaining the level of fiscal year 2005 with a profit margin of some 61%. The 12% growth in gross profit margin achieved by the Technology & Protoyping segment reflects its high input to development.

In the wake of rapid corporate expansion, administrative and sales costs rose to EUR 2.4 million (prior year EUR 0.8 million). However, relative to revenues earnings they fell from 38% to 24% on Q1 2005.

Manufacturing, sales and administrative costs contain depreciations and amortizations amounting to EUR 0.9 million (prior year EUR 0.6 million).

Overall, this resulted in a 151% growth in operating profit (EBIT), amounting to EUR 1.9 million. EBITDA also rose significantly over the same period by 104% to EUR 2.8 million.

Interest result fell from EUR 1.1 million to EUR 0.05 million as a result of loan repayments at the end of the year.

Profit before tax amounted to EUR 1.8 million (prior year EUR –0.1 million). After taxes the group achieved a net income of EUR 1.1 million, its best ever Q1 result.

EARNINGS PER SHARE

Computation of net earnings per share is based on the following data:

	01.01.–31.03.2006	01.01.–31.03. 2005
Net income in EUR '000	1,072	-137
Weighted average number of shares	19,892	13,006
Basic earnings per share in EUR	0.05	-0.01

No dilutive effects had to be taken into account either in the period under review or in comparison with prior Q1.

INVESTMENTS

As a result of expanding operations, Thielert intends to open a third location in Germany. Alongside Hamburg and Lichtenstein (Saxony), the company will operate from Altenburg, Thuringia, where it plans to erect a new production facility to be opened in the current year on a site next to the Altenburg-Nobitz airfield. The contract for the purchase of the land was signed last April. The new facility will provide extra capacity for testing, development and assembly of CENTURION engines. Thielert intends to invest up to EUR 6.4 million in the new location over a period of three years and, in the medium term, to employ some 50 people there.

HR DEVELOPMENT

In Q1 2006 the company employed on average 265 people at its Lichtenstein (Saxony) and Hamburg locations. Compared with the corresponding cut-off date in the previous year this represents an increase of 30% and is 15% more than at year-end 2005.

EMPLOYEES

Number

	Q1 2006	Q1 2005
AG	**23**	17
Thielert Aircraft Engines GmbH	**202**	150
Thielert Motoren GmbH	**40**	37
Group	**265**	204

DEVELOPMENT OF INDIVIDUAL SEGMENTS

AIRCRAFT ENGINES_In the first three months of the current year Thielert has received additional aircraft engine certifications. The Canadian authorities awarded type certification to the CENTURION 1.7 on March 3, 2006, enabling airplane manufacturers like Diamond Aircraft Industries to produce and license their aircraft in Canada. The same month saw supplementary type certification for the Piper PA 28-161 Cadet, Warrior II and Warrior III models extended to New Zealand. The Norwegian and Icelandic authorities also accepted the supplementary type certification granted by EASA to the Cessna 172 F, G, H, I, K, L, M, N, P, R, and S models for Europe.

Thielert has developed an important product improvement in the fuel supply system for the Cessna 172 series which has also received certification. Supplementary kits are now equipped with a valve that enables the CENTURION engine to draw fuel from both wing tanks, so that it is no longer necessary to switch between tanks during flight. At the same time, take-off weight for the Cessna 172 P has been raised from 1043 kg to 1089 kg, reaching the original maximum take-off weight (MTOW) of this model and thereby extending both payload and range.

The fleet of airplanes fitted with CENTURION engines is in continuous, intensive use, and Thielert engines have by now accumulated more than 120,000 flying hours.

The expansion of the international network of authorized service centers continued throughout Q1 with the training of additional personnel. Service engineers from airplane manufacturers as well as independent organizations were trained at the Lichtenstein engine production plant and also at the new SAP Training Center in Texas. After accreditation by Thielert, these engineers are now authorized to carry out inspection and maintenance work on CENTURION engines. The following aviation engineering companies have been contractually accepted into the global service network:

// Premier Aircraft Service, Inc., USA
// Apteryx, Inc. d/b/a Arapahoe Aero, Englewood, USA
// Phoenix Aviation PTY LTD, Darwin International Airport, Australia
// Aeromotive, Ltd., Hamilton, New Zealand
// Kingfisher Aviation (PTY) Ltd., Western Cape, South Africa
// Worldwide Aviation Ltd., Christchurch Dorset, UK
// SERAM, Forntenas, France
// AÉRAUDIT, Balma, France
// Kiener-Flug GmbH & Co KG, Neresheim, Germany
// Avtohisa Meze Matjaz Meze S.P., Radovljica, Slovenia
// Scorpion Air ltd., Sofia, Bulgaria
// Airmatec, Belp, Switzerland
// Fliegerschule Birrfeld, Lupfig, Switzerland
// Beijing Pan Am Aviation Academy, China
// Aeroklub Ceske Republiky, Aeroclub of the Czech Republic, Czech Republic

Between year-end 2005 and March 2006 the number of CENTURION service centers rose with these additions from 76 to 91. It is planned to open the hundredth service center in time for the International Aerospace Exhibition 2006 (ILA) in May.

TECHNOLOGY & PROTOTYPING_A major contribution to sales growth came from defense technology customers. General Atomics Aeronautical Systems (General Atomics), Inc. substantially increased its volume of orders for the development phase of its "Warrior" Unmanned Aerial Vehicle (UAV). Development order volumes grew more than 30% in January alone. The US Department of Defense tasked General Atomics in August 2005 with the development of this UAV in the framework of its ER/MP (Extend Range/Multi Purpose) program. As well as UAVs, Unmanned Ground Vehicles will in future be powered by CENTURION diesel and kerosene engines. The first development contract for these engines was signed in January 2006, and Thielert looks with confidence to further interest from well-known names in the defense industry.

RISK REPORT

The expansion in US business in the wake of the SAP purchase entails a higher level of foreign currency risk. The company is, therefore, revising its existing strategy for hedging foreign currency transactions, in view of the possibilities offered by hedge accounting in line with IAS 39 as well as so-called "natural hedges". SAP activities are subject to additional product liability risk under American law, but this is limited by existing product liability insurance.

The recent negative earnings history of SAP brings with it a risk that the planned turnaround of the corporation may not occur within the projected time-frame or may not occur at all. This would create risks for the financial and earnings situation of the entire group and could impact earnings as well as liquidity.

No further material risks have arisen since the publication of the Annual Accounts on March 27, 2006. A detailed presentation of major risks can be found from page 41 onward of the current Annual Report.

ACCOUNTING AND VALUATION METHODS

This Interim Report applies the valuation principles of the International Financial Reporting Standards (IFRS). Accounting and valuation methods are identical with those used in the Consolidated Financial Statements as of December 31, 2005.

For accounting purposes the acquisition of SAP was treated as a business combination in line with IFRS 3, taking account of IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets".

Preliminary first time consolidation was completed on March 31, 2006 on the basis of book values. Due to the late acquisition date, the required fair market values could only be determined provisionally. In the course of the final purchase price allocation, goodwill as provisionally reported will be reduced or altogether eliminated.

In particular, as a result of the new valuation methods, the PMAs that have already been identified will be evaluated and reported as intangible assets.

In view of the acquisition date it was not possible to provide a pro forma statement of revenues and results for the Thielert Group including those of SAP for the period January 1 through March 31, 2006.

TRANSACTIONS WITH RELATED PARTIES

In the period under review, no material transactions with related parties have taken place over and above the extent of such activities reported in the Consolidated Financial Statements as of December 31, 2005.

CORPORATE GOVERNANCE

The declaration of compliance with the recommendations of the German Corporate Governance Code, in line with the German Stock Corporation Act, was made by the Supervisory and Management Boards in the context of their reports on the Financial Statements for 2005, and can be found on the company's homepage at www.thielert.com

SIGNIFICANT CHANGES TO SHAREHOLDINGS

In accordance with § 21 section 1 of the German Securities Trading Act (WpHG), notice was given to the company in February 2006 as follows:

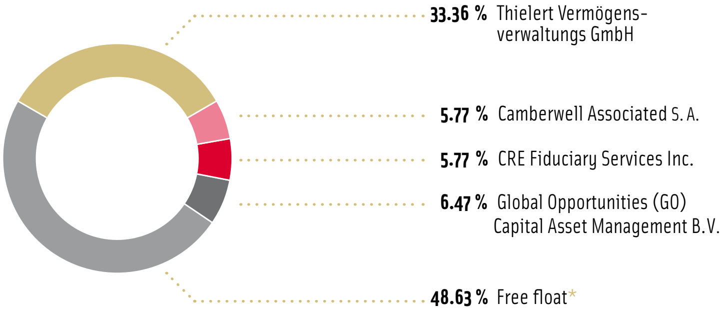
1_As of January 20, 2006, Global Opportunities (GO Capital) Asset Management B.V., Amsterdam, The Netherlands, were entitled to more than 5% of voting rights in Thielert AG. In line with WpHG § 22 section 1 p. 1 no. 6 their entitlement is 6.47%.

2_As of January 20, 2006, Global Opportunities Fund, Amsterdam, The Netherlands, were entitled to more than 5% of voting rights in Thielert AG, namely 6.47%.

3_As of January 20, 2006, Global Opportunities (GO Capital) Asset Management B.V., Amsterdam, The Netherlands, were entitled to more than 5% of voting rights in Thielert AG. In line with WpHG § 22 section 1 p. 2 their entitlement is 6.47%.

SHAREHOLDER STRUCTURE

(as of March 31, 2006)



* Including all shareholders with a stake of less than five percent: Thielert Mitarbeiter Beteiligungs GmbH 1.41%, Claus Christensen 0.74%.

Frank Thielert
Chief Executive Officer

Roswitha Grosser
Chief Financial Officer

FINANCIAL CALENDAR

// **May 24:** Annual Shareholders' Meeting 2006
// **August 14:** Publication of Interim Report for First Half-Year 2006
// **November 13:** Publication of Interim Report for Q3 2006

This report was published in German and English on May 2, 2006.
Both versions are available as Internet downloads.