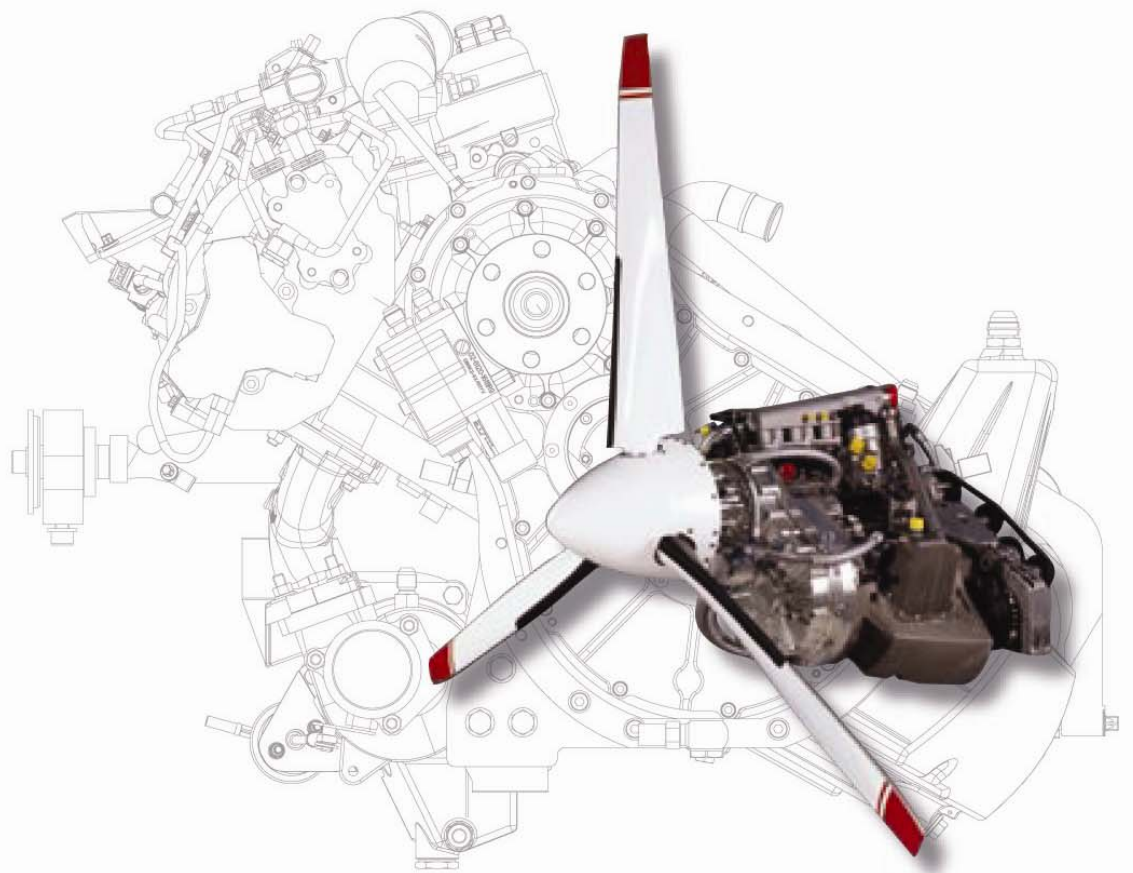


Interim Report

On the Third Quarter of 2005



Thielert AG at a glance

Results of Operations under IFRS	01.07-30.09.	01.07-30.09.	01.01.-30.09.	01.01.-30.09.
	2005	2004	2005	2004
	TEUR	TEUR	TEUR	TEUR
Revenues	13,420	6,292	23,904	15,394
Cost of sales	(6,415)	(1,371)	(9,054)	(3,165)
Gross profit on sales	7,005	4,921	14,850	12,229
Marketing and selling expenses	(516)	(211)	(1,078)	(671)
General administration expenses	(3,279)	(1,196)	(5,471)	(3,588)
Other operating income, operating expenses and taxes	(39)	(485)	(190)	(941)
Operating Profit (EBIT)	3,171	3,029	8,111	7,029
Interest income / interest expenses	(1,357)	(1,053)	(3,732)	(3,004)
Other income and expenses	141	101	505	125
Profit before tax (EBT)	1,955	2,077	4,884	4,150
Income taxes	(1,053)	(726)	(2,268)	(1,492)
Consolidated net profit	902	1,351	2,616	2,658
Operating profit (EBIT)	3,171	3,029	8,111	7,029
Depreciation and amortization	679	724	1,925	1,891
Operating profit before depreciation and amortization (EBITDA)	3,850	3,753	10,036	8,920

Other key financial indicators under IFRS	01.01.-30.09.2005	01.01.-30.09.2004
	TEUR	TEUR
Revenues	23,904	15,394
Germany	1,916	3,342
Europe excluding Germany	6,584	6,281
USA & rest of the world	15,404	5,771
Investments	5,017	5,899
Depreciation and amortization	1,925	1,891
Net financial liabilities ¹	65,722	44,299
Net working capital	59,099	33,241
Capitalized development expenses	2,670	1,060
EBIT, less capitalized development expenses	5,441	5,969
EBITDA, less capitalized development expenses	7,366	7,860

Earnings per share under IFRS	01.01.-30.09.2005	01.01.-30.09.2004
	EUR	EUR
Undiluted earnings per share (Basic EPS)	0.20	0.44
Diluted earnings per share (Diluted EPS)	0.20	0.44

¹ Financial liabilities less liquid funds.

Balance sheet under IFRS	30.09.2005		31.12.2004	
	TEUR	%	TEUR	%
I. Non-current assets	39,603	39	37,966	45
1. Intangible assets	1,639	2	1,684	2
2. Fixed assets	33,353	32	31,667	38
3. Financial assets	4,611	4	4,615	6
II. Current assets	63,191	61	45,541	55
1. Inventories	19,643	19	19,035	23
2. Receivables and other assets	43,548	42	26,506	32
Total assets	102,794	100	83,507	100
I. Equity	23,606	23	20,989	25
1. Subscribed capital	13,006	13	13,006	16
2. Capital reserves	750	1	750	1
3. Revenue reserves	606	1	606	1
4. Consolidated retained earnings	9,244	9	6,627	8
II. Liabilities	79,188	77	62,518	75
1. Provisions	1,058	1	293	0
2. Other liabilities	70,289	68	55,723	67
a) long-term liabilities	32,417	32	22,494	27
b) short-term liabilities	37,872	37	33,229	40
3. Tax liabilities	7,841	8	6,502	8
Total equity and liabilities	102,794	100	83,507	100

Statement of changes in equity under IFRS	Subscribed capital EUR	Capital reserves EUR	Retained revenues EUR	Group retained earnings EUR	Total EUR
Balance 1 January 2004	4,645,000	750,052	56,819	11,830,141	17,282,010
Comprehensive income					
Transfer to revenue reserves			8,910,658	(8,910,658)	
Capital increase from the company funds	8,361,000		(8,361,000)		
Group net income				2,658,201	2,658,201
Other comprehensive income					
30 September 2004	13,006,000	750,052	606,475	5,577,684	19,940,211
Balance 1 January 2005	13,006,000	750,052	606,475	6,627,264	20,989,792
Comprehensive income					
Capital increase from the company funds					
Group net income				2,616,315	2,616,315
Other comprehensive income					
30 September 2005	13,006,000	750,052	606,475	9,243,579	23,606,106

Cash flow under IFRS	01.01.-30.09. 2005 TEUR	01.01.-30.09. 2004 TEUR
Cash flow from operating activities		
Profit before tax and profit transfer	4,884	4,150
Adjustments for:		
Depreciation, amortisation, impairment losses	1,925	1,891
Foreign currency gains	(586)	0
Interest income	(105)	(110)
Interest expense	3,837	3,114
Increase in trade receivables and other receivables	(16,271)	(3,546)
Changes in inventories	(607)	(4,648)
Increases in trade payables	1,037	1,997
Funds generated from operating activities	(5,886)	2,848
Interest paid	(2,042)	(2,685)
Income taxes paid	(496)	(2,089)
Net funds from operating activities	(8,424)	(1,926)
Cash flow from investing activities		
Purchase of property, plant and equipment	(3,191)	(3,331)
Income from the sale of property, plant and equipment	875	636
Interest received	0	110
Loans granted	0	(2,137)
Repayment of loans granted	4	91
Net funds used for investing activities	(2,312)	(4,631)
Cash flow from financing activities		
Loans taken up and silent participations	17,450	0
Equity contributions	0	0
Loan repayments	(2,634)	(2,151)
Net funds used for financing activities	14,816	(2,151)
Net increase in cash and cash equivalents	4,080	(8,708)
Cash and cash equivalents at the beginning of the reporting period	(24,263)	(10,075)
Cash and cash equivalents at the end of the reporting period	(20,183)	(18,783)

Segment reporting

Aircraft Engines	01.01.- 30.09.2005		01.01.- 30.09.2004	
	TEUR	%	TEUR	%
Revenues	13,934	100	8,598	100
Cost of sales	(5,617)	40	(1,129)	13
Gross profit on sales	8,317	60	7,469	87
Marketing and selling expenses	(649)	5	(396)	5
General administration expenses	(3,189)	23	(2,004)	23
Other operating income, operating expenses and taxes	208	-1	(525)	6
Operating profit (EBIT)	4,687	34	4,544	53
Operating profit (EBIT)	4,687	34	4,544	53
Depreciation and amortization	1,123	8	1,056	12
Operating profit before depreciation and amortization (EBITDA)	5,810	42	5,600	65

Technology & Prototyping	01.01.- 30.09.2005		01.01.- 30.09.2004	
	TEUR	%	TEUR	%
Revenues	9,970	100	6,796	100
Cost of sales	(3,437)	34	(2,036)	30
Gross profit on sales	6,533	66	4,760	70
Marketing and selling expenses	(429)	4	(275)	4
General administration expenses	(2,282)	23	(1,584)	23
Other operating income, operating expenses and taxes	(398)	4	(416)	6
Operating profit (EBIT)	3,424	34	2,485	37
Operating profit (EBIT)	3,424	34	2,485	37
Depreciation and amortization	802	8	835	12
Operating profit before depreciation and amortization (EBITDA)	4,226	42	3,320	49

Management report

Business development

Thielert AG prepared its Group financial statements according to IFRS for the first time for the financial year 2004. Beginning with the third quarter 2005, the earnings and asset situation displayed in the quarterly report will also be drawn up according to IFRS.

The Group managed to increase **revenues** considerably in the period under review. Group revenues rose from EUR 15.4 million in the same period of 2004 by 55 % to EUR 23.9 million.

Both segments contributed to this increase with significantly higher revenues. Revenues of the Aircraft Engines segment expanded from EUR 8.6 million in the first three quarters of 2004 by 62 % to EUR 13.9 million in the period under review.

Sales of the Technology & Prototyping segment saw a decent 47 % increase from EUR 6.8 million to EUR 10.0 million.

The strong revenues increase also resulted in higher **cost of sales**, which climbed from some EUR 3.2 million in the first nine months of 2004 to EUR 9.1 million in the same period of the current financial year.

As a consequence, the gross profit rose by 21 % year-on-year from EUR 12.2 million to around EUR 14.9 million.

The expansive business development also led to a rise in marketing expenses by 57 % compared to the previous year's figures.

The general administrative expenses rose in the first nine months of 2005 by 53 % from EUR 3.6 million to EUR 5.5 million.

This resulted in a 16 % increase in **operating profit (EBIT)** overall. In concrete figures, EBIT rose from EUR 7.0 million in the first nine months of 2004 to EUR 8.1 million in the current financial year.

The interest result witnessed a change from EUR -3.0 million in the same period of the previous year to EUR -3.7 million in the year under review.

Other income and expenses, which primarily comprise income from the granting of investment subsidies, cost allocations and expenses for the loss from the sale of fixed assets, rose from EUR 0.1 million to EUR 0.5 million in the period under review.

The **profit before tax (EBT)** of the first nine months of 2005 amounted to EUR 4.9 million. This translates into a rise of 17 % from the level of EUR 4.2 million in the previous year.

Taking higher tax effects compared to the previous year into account, the Thielert Group's **net profit (consolidated net profit)** slightly decreased from EUR 2.7 million in the previous year to EUR 2.6 million in 2005.

Development of the business sectors

Aircraft Engines

The lifetime extension programme for the extension of time between replacement (TBR) has made successful progress in the "Aircraft Engines" business segment. The total number of flying hours attended clarifies this: More than 75,000 cumulated flying hours have meanwhile been generated.

Thielert products again received important certifications in the third quarter. The retrofit kit of the CENTURION 1.7 jet fuel piston engine has been approved for integration in additional Cessna 172 models. The corresponding supplementary installation certification issued by the European Aviation Safety Agency (EASA) on 6 September 2005 thereby spans the Cessna 172 F, G, H and I series from both French and American production. With this, Thielert now covers the largest part of the Cessna 172 fleet with enhanced supplementary installation certification.

Moreover, an additional airplane type, the Robin DR400, has henceforth been certified for operation with the CENTURION 1.7 jet fuel piston engine: Thielert received the supplementary installation certification from the EASA on 7 July 2005. Apex Aircraft, the manufacturer of the Robin has to gain more certifications for the integration of CENTURION engines in its aircraft.

In addition, Diamond Aircraft Industries (DAI) acquired US type certification for the twin engine DA42-Twin Star in July 2005.

Thielert has clearly expanded its service offering: The world-wide service network for the CENTURION engines comprised 66 service centers on 30 September 2005 with a focus in Europe.

Technology & Prototyping

In August of 2005, the U.S. Department of Defense, in connection with the ERMP project, gave General Atomics Aeronautical Systems, Inc. and its partners AAI Corporation and SPARTA, Inc. a partial order in the amount of \$214 million for the delivery of UAV. It is anticipated that Thielert will be General Atomics' sole supplier of propulsion systems for these UAV of the model "Warrior". The Company estimates that aircraft engines' share in this contract will come to approximately 6%. The Company assumes that up to the end of 2005 orders for ca. 50 engines will be received from General Atomics.

The Warrior UAV should serve the US Army with long-term observations, as a communication station and in the deployment of supplies.

Number of employees

Employees	30.09.2005	30.09.2004
AG	19	15
TAE	181	134
TM	36	45
Group	236	194

Risk report

There have been no new, significant risks since the release of the stock exchange prospectus on 4 November 2005. You can find the detailed presentation of significant risks in the stock exchange prospectus beginning on page 16.



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Financial calendar:
27 March 2006 Release of the 2005 Annual Report
Balance Sheet Press Conference
Analyst's Conference
2 May 2006 Release of the Q1 Interim Report
(January through March)
End of May 2006 2006 Annual General Meeting

Note:

This report was released in German and English on 30 November 2005. Both versions are available online as a download.