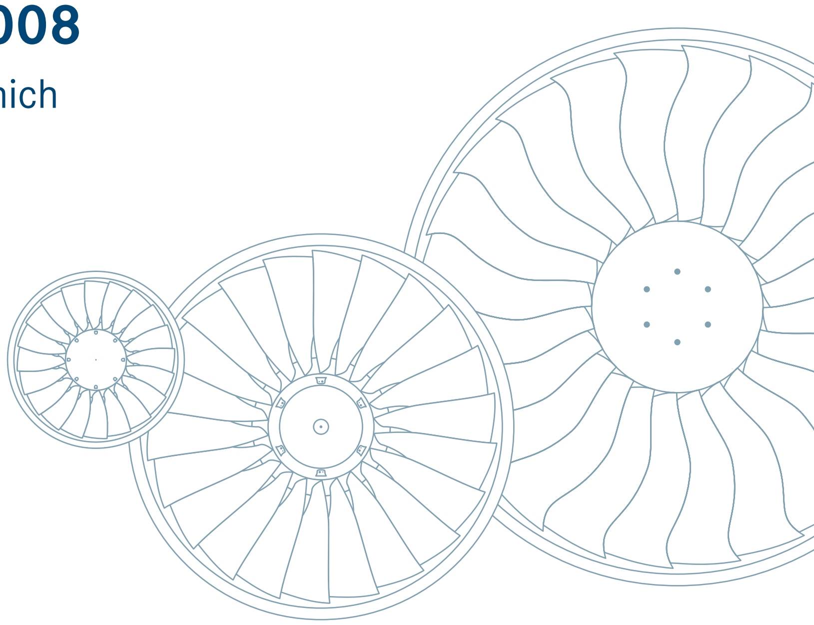
# Half-Yearly Financial Report January 1 to June 30, 2008

MTU Aero Engines Holding AG, Munich



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## Key Facts and Figures for the Group (First Half-Year)

| in € million (unless otherwise specified) | 2008 | 2007 |
|---|---|---|
| **Revenues and earnings** | | |
| Revenues | 1,256.1 | 1,260.6 |
| thereof: Commercial and Military Engines business (OEM) | 758.1 | 768.2 |
| thereof: Commercial Maintenance business (MRO) | 513.0 | 505.3 |
| | | |
| Gross profit | 219.9 | 203.6 |
| Gross profit in % | 17.5 | 16.2 |
| Earnings before interest, tax, depreciation and amortization (EBITDA) | 194.5 | 181.0 |
| EBITDA in % | 15.5 | 14.4 |
| Net profit | 80.4 | 45.0 |
| | | |
| **Balance sheet (Balance sheet date)** | | |
| Total assets | 3,141.4 | 3,085.5 |
| Equity | 552.5 | 562.0 |
| Equity ratio in % | 17.6 | 18.2 |
| Financial liabilities | 338.5 | 326.5 |
| | | |
| **Cash flow** | | |
| Cash flow from operating activities | 133.2 | 120.5 |
| Cash flow from investing activities | -56.0 | -38.9 |
| Free cash flow | 77.2 | 81.6 |
| Free cash flow as % of revenues | 6.1 | 6.5 |
| Cash flow from financing activities | -72.0 | -102.5 |
| | | |
| **Number of employees at quarter end (Balance sheet date)** | 7,196 | 7,052 |
| Commercial and Military Engines business (OEM) | 4,637 | 4,650 |
| Commercial Maintenance business (MRO) | 2,559 | 2,402 |
| | | |
| **Share data** | | |
| Earnings per share (in €) | | |
| Basic earnings per share | 1.61 | 0.85 |
| Diluted earnings per share | 1.56 | 0.82 |

## 1 The operating environment

### 1.1 Business activities and markets

MTU Aero Engines Holding AG (MTU or "the company") with its consolidated group of companies ranks among the world's largest manufacturers of aircraft engines. In revenue terms, the company is the world's largest independent provider of commercial aero engine maintenance services.

MTU operates in two principal segments: OEM business – which includes spare parts for commercial and military engines and military MRO – and Commercial MRO business.

#### OEM business (Commercial and Military Engines business)

MTU works in partnership with the world's leading engine manufacturers - General Electric, Pratt & Whitney and Rolls-Royce – on programs to develop and manufacture commercial engines. It designs and manufactures modules and components and carries out final assembly work. Major engine programs at present include the GP7000 for the Airbus A380 and the V2500 for the Airbus A320 family. MTU's work on engine modules is focused on low-pressure turbines and high-pressure compressors. The company is also active in the industrial gas turbine (IGT) sector, developing and manufacturing stationary gas turbines.

In the military domain, MTU develops and maintains engine modules and components, manufactures spare parts, supervises engine final assembly and provides maintenance services. As lead industrial partner to the German armed forces, the company provides support for virtually every type of aero engine in service with the Bundeswehr. MTU is the German partner in all major military engine programs at a European level, the most important of these being the EJ200 for the Eurofighter and the TP400-D6 for the new A400M military transporter.

#### MRO business (Commercial Engine maintenance)

All Commercial MRO activities are pooled in the MTU Maintenance Group, which repairs and overhauls aero engines and industrial gas turbines. The company is particularly active in the high-growth markets of the V2500, CF6, CFM56, CF34 and PW2000 programs and in the field of industrial gas turbines. Commercial MRO customers include airlines and IGT operators all over the world.

### 1.2 Review of business

#### 1.2.1 General economic environment

According to IATA, international passenger air traffic grew globally by 5.5% in the first half of 2008. The increase was therefore lower than the comparable growth rate of 6% to 7% recorded in the last three years. It is nevertheless very close to the long-term forecast level of 4% to 5% and also in line with the rate of approximately 5% predicted for 2008.

International freight traffic for the six-month period grew by 2.8%. This was below the 3% to 4% range registered in the past three years. All three major regions – North America, Europe and Asia-Pacific – were affected by the slowdown in growth rates in worldwide airtraffic.

The main reasons for the downturn in air traffic volumes are high fuel prices, the resulting increase in ticket prices and the after-effects of financial crisis in the USA.

The aviation sector is suffering particularly under the burden of rising oil prices. The price of kerosene climbed by 50% during the first six months of 2008 from US dollar 108 to US dollar 165 per barrel. This is US dollar 20 above the price of crude oil.

Airlines in the USA are reacting to this situation increasingly by reducing capacities (to date by approximately 2 to 3%). Older, less fuel-efficient aircraft are being "parked" in order to minimize costs. Major cuts are only likely, however, at the end of the year when the winter timetable takes effect. The capacity cuts announced to date only have a limited impact on the programs in which MTU participates.

CFM56-3 applications have taken the brunt of the cutbacks announced in the USA. However, none of the airlines affected are MTU Maintenance customers. The actual extent to which Boeing 737 aircraft powered by the CFM56-3 engine are sidelined will have to be kept under observation. It will also be interesting to see what proportion of parked aircraft is transferred to other operators. One of the consequences of a change in operator is that existing contracts are terminated, thus giving MTU Maintenance the opportunity to win new customers.

The JT8D-200, which is used to power MD-80 aircraft, could also be affected. This program, however, only constitutes a minor proportion of MTU's current and future planned sales revenue.

The aircraft manufacturers forecast that a total of between 950 and 1000 aircraft will be delivered to customers in 2008. It is therefore likely that the record year 1999 will be bettered. Order-books are also at record levels. This should mean that the volume of new engines delivered in the coming years should continue to increase. It can also be assumed that demand for spare parts and maintenance work will remain steady in 2008.

#### 1.2.2 Major events during the first half of 2008

Earnings for the six-month period ended June 30, 2008 were not influenced by any major exceptional items. Information regarding the share capital reduction by withdrawal of shares is provided in Note 21.

### 1.2.3 Significant changes to forecasts and assertions relating to the Group's development made in the preceding group management report

There are no significant changes to the forward-looking disclosures and assertions made in the group management report for the financial year 2007. Reference is therefore made to the disclosures reported in the most recent group management report.

## 2 Operating results, financial situation and net assets

### 2.1 Group operating results in the first half of 2008

#### Revenues

Compared with the first half of the previous year, revenues fell marginally by € 4.5 million (0.4%) to € 1,256.1 million. While revenues generated by OEM business were down by € 10.1 million (1.3%), revenues relating to MRO business were up by € 7.7 million (1.5%). Adjusted for the US dollar impact (i.e. using the same exchange rate as in the previous year), group revenues for the six-month period would have increased by € 153.6 million (12.2%).

#### Cost of sales and gross profit

Cost of sales for the first six months of 2008 decreased by € 20.8 million (2.0%) to € 1,036.2 million. The fact that this decrease was more pronounced than that of revenues was attributable to Commercial and Military Engine business. Cost of sales for this segment decreased by € 50.2 million (8.0%) to € 577.0 million, while those relating to Commercial MRO business increased by € 27.0 million to € 474.9 million (6.0%).

With cost of sales decreasing overall faster than revenues, the gross profit for the six-month period improved by € 16.3 million (8.0%) to € 219.9 million.

#### Research and development expenditure

Research and development expenditure before capitalization of development costs totalled € 35.9 million in the six-month period, € 0.4 million (1.1%) higher than one year earlier.

#### Selling and general administrative expenses

Selling expenses increased by € 0.7 million whereas general administrative expenses decreased by € 5.4 million compared with the corresponding period last year.

#### Amortization and depreciation

Amortization and depreciation included in expense lines by function in the first half of 2008 totalled € 62.1 million (January-June 2007: € 67.3 million). An analysis into current expense and expense resulting from the purchase price allocation is shown in the reconciliation from EBIT to EBITDA (see Operating Result (EBITDA and margin)).

#### Operating profit (EBITDA and margin)

Scheduled amortization and depreciation as well as the impact of the purchase price allocation (resulting from the acquisition of the company) are added back to earnings before financial result and taxes (EBIT). This gives rise to earnings before financial result, taxes, depreciation and amortization (EBITDA). EBITDA for the six-month period increased by € 13.5 million (7.5%) to € 194.5 million as a result of the increase in gross profit. The EBITDA margin for the period improved accordingly from 14.4% to 15.5%.

**Reconciliation of EBIT to EBITDA**

| in € million | Jan. 1 to June 30, 2008 | Jan. 1 to June 30, 2007 |
|---|---|---|
| Earnings before interest and tax (EBIT) | 132.4 | 113,7 |
| + Depreciation/amortization of: | | |
| Intangible assets | | |
| - Current amortization | 4.0 | 5.1 |
| - Acquisition-related amortization expense (PPA) | 20.1 | 21.2 |
| | **24.1** | **26.3** |
| Property, plant and equipment | | |
| - Current depreciation | 33.7 | 34.2 |
| - Acquisition-related depreciation expense (PPA) | 4.3 | 6.8 |
| | **38.0** | **41.0** |
| Total depreciation/amortization | **62.1** | **67.3** |
| Earnings before interest, tax, depreciation and amortization (EBITDA) | **194.5** | **181.0** |

### Financial result
The financial result for the six-month period to June 30, 2008 was a net expense of € 11.9 million compared with a net expense of € 39.4 million in the corresponding period last year. The improvement was mainly due to the fee (€ 19.1 million) incurred in the previous year on early repayment of the High Yield Bond and to the positive impact of the fair value measurement of derivative instruments.

### Earnings before tax (EBT)
As a result of the improved EBIT and financial result figures, earnings before tax (EBT) for the six-month period rose sharply to € 46.2 million (62.2%).

### Net profit
The net profit for the six-month period rose by € 35.4 million (78.7%) to € 80.4 million (January-June 2007: € 45.0 million). Compared with the corresponding period in 2007, the net profit benefited by approximately € 10 million from the impact of the corporate tax reform in Germany.

## Earnings performance by segment

## Commercial and Military Engine business (OEM segment)

### Earnings performance for the first half of 2008

### Revenues
Revenues generated by the OEM segment in the first six month of 2008 amounted to € 758.1 million, similar to the level one year earlier. Revenues for Military Engine business increased by € 3.9 million (1.7%) to € 227.2 million, while revenues from Commercial Engine business, at € 530.9 million, were € 14.0 million (2.6%) lower than in the corresponding six-month period last year. Adjusted for the US dollar impact, revenues would have amounted to € 838.5 million and the increase would have been € 70.3 million (9.2%).

### Cost of sales and gross profit
Segment cost of sales include material and personnel expenses, scheduled depreciation and amortization, the change in inventories of work in progress and expenses charged to MTU by consortium leaders in return for marketing new engines. At € 577.0 million, cost of sales in the engine business during the first half of 2008 was well below the previous year's figure of € 627.2 million. The gross profit increased by € 40.1 million thanks to the fact that cost of sales fell more than revenues. The gross profit percentage improved to 23.9% (January-June 2007: 18.4%).

### Operating profit (EBITDA and margin)
Segment earnings before interest, taxes, depreciation and amortization (EBITDA) for the six-month period improved by € 41.0 million (32.6%) to € 166.8 million. The EBITDA margin improved from 16.4% to 22.0%.

### Earnings performance for the second quarter 2008

### Revenues
Second-quarter revenues of the OEM segment totalled € 378.7 million, and therefore remained at roughly the same level as one year earlier. Revenues of the Military Engine segment edged up by € 0.5 million (0.4%) to € 113.1 million, while revenues from Commercial Engine business, at € 265.6 million, were € 6.2 million (2.3%) down on the corresponding period last year. Adjusted for the US dollar impact, revenues would have amounted to € 421.3 million and the increase would have been € 36.9 million (9.6%).

### Cost of sales and gross profit
At € 286.2 million, second-quarter cost of sales in the engine business was well below the previous year's figure of € 311.3 million. The gross profit increased by € 19.4 million thanks to the fact that cost of sales fell more than revenues. The gross profit percentage improved to 24.4% (January-June 2007: 19.0%).

### Operating profit (EBITDA and margin)
Segment earnings before interest, taxes, depreciation and amortization (EBITDA) for the second quarter 2008 improved by € 14.4 million (21.6%) to € 81.2 million. The EBITDA margin improved from 17.4% to 21.4%.

## Commercial Maintenance (MRO segment)

### Earnings performance for the first half of 2008

### Revenues
Revenues generated by the MRO segment during the first half of 2008 totalled € 513.0 million, roughly in line with revenues recorded in the corresponding period one year earlier. Adjusted for the US dollar impact, segment revenues would have amounted to € 590.7 million and the increase would have been € 85.4 million (16.9%).

### Cost of sales and gross profit
Segment cost of sales for the six-month period increased by € 27.0 million (6.0%) to € 474.9 million. The gross profit decreased accordingly by € 19.3 million to € 38.1 million. The gross profit percentage slipped to 7.4%.

### Operating profit (EBITDA and margin)
Earnings before interest, taxes, depreciation and amortization (EBITDA) for the six-month period fell by € 25.5 million (46.4%) to € 29.5 million. The EBITDA margin fell from 10.9% to 5.8%.

### Earnings performance for the second quarter 2008

#### Revenues
Commercial Maintenance revenues, at € 254.7 million, were € 11.7 million (4.8%) up on the second quarter 2007. Adjusted for the US dollar impact, segment revenues would have amounted to € 295.6 million and the second-quarter increase would have been € 52.6 million (21.6%).

#### Cost of sales and gross profit
Cost of sales for the second quarter increased by € 18.7 million (8.5%) to € 238.2 million. The gross profit decreased accordingly by € 7.0 million to € 16.5 million and the gross profit percentage dipped to 6.5%.

#### Operating profit (EBITDA and margin)
Second-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) decreased by € 9.2 million (37.6%) to € 15.3 million. The EBITDA margin fell from 10.1% to 6.0%.

## 2.2 Financial position

The consolidated cash flow statement shows the sources and applications of cash flows for the first six-month periods of 2007 and 2008, classified into cash flows from operating, investing and financing activities.

#### Cash flow from operating activities
The cash flow from operating activities for the six-month period totalled € 133.2 million (January-June 2007: € 120.5 million). The increase was mainly due to the higher net profit recorded for the six-month period. At the same time, however, taxes paid and working capital increased.

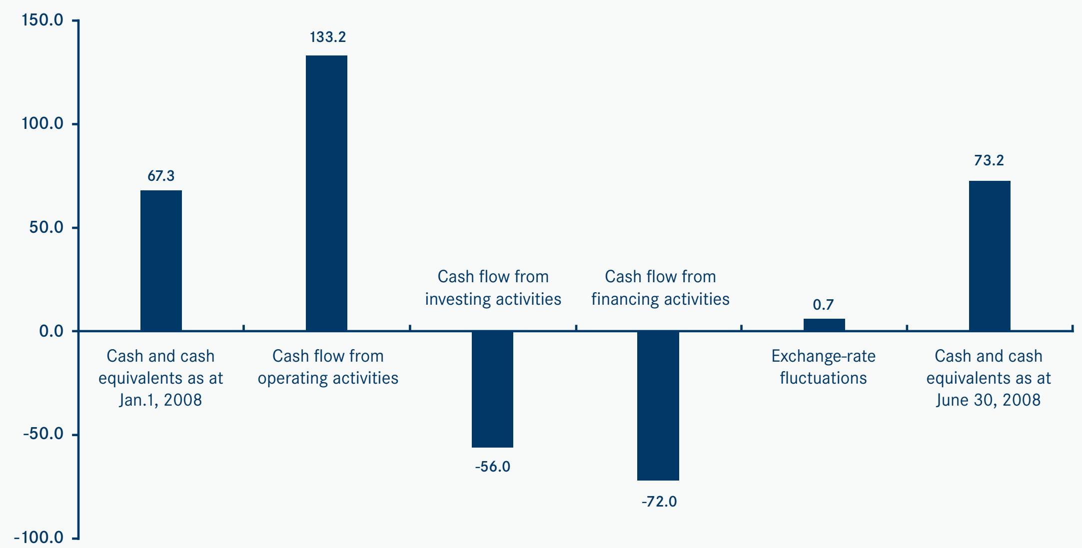
#### Cash flow from investing activities
The cash outflow from investing activities was € 56.0 million compared with € 38.9 million in the first six months of the previous year. Capital expenditure on property, plant equipment and intangible assets for the six-month period was € 3.9 million lower than one year earlier. Additions to financial assets include a capital increase at the level of the Polish subsidiary, MTU Aero Engines Polska, amounting to € 20.6 million.

#### Free cash flow
Free cash flow (the sum of the cash inflow from operating activities and the cash outflow from investing activities) totalled € 77.2 million (January-June 2007: € 81.6 million).

#### Cash flow from financing activities
The cash outflow from financing activities during the first half of 2008 was € 72.0 million compared with € 102.5 million one year earlier. Financing activities during the period under report included the buy-back of treasury shares totalling € 36.6 million (net of shares issued in conjunction with the Employee Stock Program (MAP) using its German acronym) and the dividend payment of € 46.3 million. These outflows were partially offset by the € 22.0 million increase in the RCF overdraft. The cash outflow in the previous year had increased as a result of a temporary reduction of the RCF overdraft.

#### Cash and cash equivalents
After adjustment for the effects of exchange-rate fluctuations, the various cash flows resulted in an increase in cash and cash equivalents of € 5.9 million (January-June 2007: decrease of € 21.4 million).

#### Change in Cash and cash equivalents



### Net financial liabilities

Net financial liabilities are calculated as gross financial liabilities less financial assets and represent a key figure for the Group's liquidity position. Compared with December 31, 2007, net financial liabilities increased by € 11.2 million (5.0%). Financial liabilities went up during the first half of 2008 primarily as a result of the higher level of the RCF overdraft.

**Net financial liabilities**

| in € million | June 30, 2008 | Dec. 31, 2007 | Change |
|---|---|---|---|
| Convertible bond | 166.8 | 167.3 | -0.5 |
| Financial liabilities to banks | | | |
| Revolving Credit Faciltiy (RCF) | 91.6 | 69.6 | 22.0 |
| Other bank credits | 22.0 | 26.5 | -4.5 |
| Financial liabilities to related companies | 1.4 | | 1.4 |
| Finance lease liabilities | 37.9 | 41.7 | -3.8 |
| Loan from the province of British Columbia to MTU Maintenance Canada | 11.6 | 12.5 | -0.9 |
| Derivative financial liabilities | 7.2 | 8.9 | -1.7 |
| **Gross financial debt** | **338.5** | **326.5** | **12.0** |
| Cash and cash equivalents | 73.2 | 67.3 | 5.9 |
| Derivative financial instruments | 30.7 | 35.8 | -5.1 |
| **Net financial liabilities** | **234.6** | **223.4** | **11.2** |

## 2.3 Net assets position

### Changes in balance sheet items

The balance sheet total at June 30, 2008 increased by € 55.9 million or 1.8% compared with December 31, 2007.

Despite the increase in financial assets due to the capital increase at the level of MTU Aero Engines Polska, Poland, non-current assets decreased overall by € 6.6 million mainly as a result of scheduled amortization and depreciation on intangible assets and property, plant and equipment. Current assets increased by € 62.5 million. This included a € 92.4 million increase in inventories and a € 29.0 million decrease in trade and contract production receivables. Current other assets went down by € 4.6 million to € 54.2 million compared with December 31, 2007, mainly as a result of lower other taxes receivable and the fair value measurement of derivatives.

As a result of the net positive cash flow from the various areas of activity, cash and cash equivalents increased during the first half of 2008 by € 5.9 million to € 73.2 million.

Group equity decreased from € 562.0 million to € 552.5 million. On the one hand, it was increased by the net profit of € 80.4 million recorded for the six-month period. On the other, it was reduced by further share buy-backs totalling € 36.6 million (net of shares issued in conjunction with the Employee Stock Program (MAP)), the dividend payment of € 46.3 million for the financial year 2007 and the € 4.1 million decrease in other comprehensive income. Information regarding the share capital reduction by withdrawal of shares for a nominal amount of € 3.0 million and the issue of shares in conjunction with the Employee Stock Program (MAP) is provided in Note 21.

The equity ratio fell to 17.6% (December 31, 2007: 18.2%) due to the lower level of equity and the increased balance sheet total.

Pension provisions increased by € 11.0 million in line with schedule.

Whereas other non-current provisions decreased mainly as a result of lower provisions for pending losses on onerous contracts, current other provisions increased by € 8.4 million. This was mainly due to the higher level of income tax provisions compared with December 31, 2007.

The increase in financial liabilities was primarily due to the € 22.0 million increase in the RCF overdraft (see Note 23).

Trade payables amounted to € 450.3 million at June 30, 2008, and therefore remained lower than the figure at the end of 2007 (€ 462.9 million).

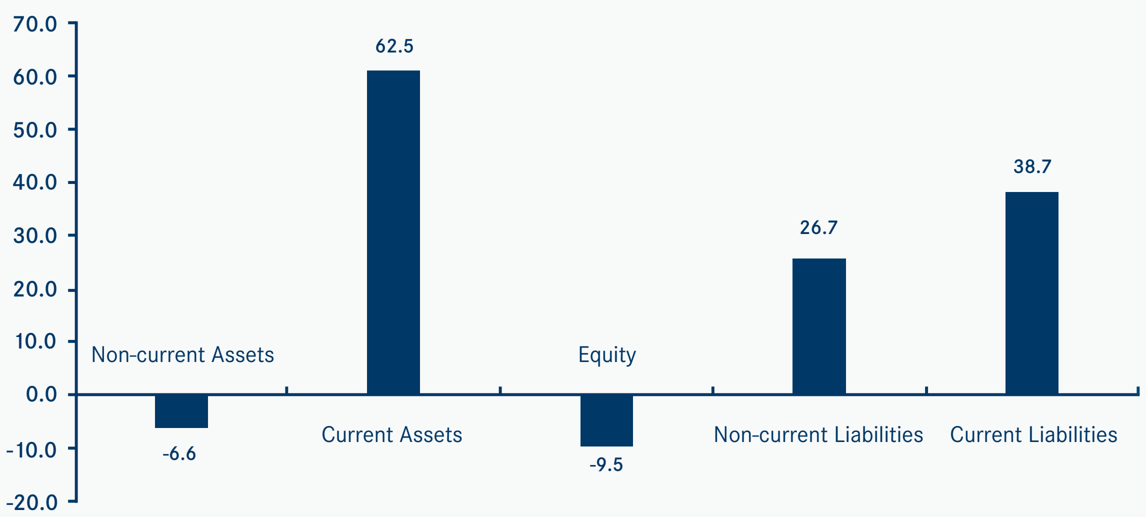
Sundry other liabilities increased by € 57.8 million to € 608.2 million mainly reflecting the higher level of advance payments from customers which, net of the corresponding receivables, were up by € 67.0 million. This increase was partly offset by a € 10.5 million decrease in personnel-related provisions.

The following table shows the changes in assets and liabilities during the period from December 31, 2007 to June 30, 2008, analyzed by current and non-current items:

## Change in Assets, Equity and Liabilities

| (Statement of changes between December 31, 2007 and June 30, 2008) | € million | € million |
|---|---|---|
| **Non-current Assets** | | |
| Intangible assets | -3.5 | |
| Property, plant and equipment | -24.8 | |
| Financial assets | 20.7 | |
| Other assets | 1.0 | |
| Deferred tax assets | 0.0 | -6.6 |
| **Current Assets** | | |
| Inventories | 92.4 | |
| Trade and contract production receivables | -29.0 | |
| Other assets | -4.6 | |
| Cash and cash equivalents | 5.9 | |
| Prepayments | -2.2 | 62.5 |
| **Change in Assets** | | **55.9** |
| | | |
| **Equity** | | -9.5 |
| **Non-current Liabilities** | | |
| Provisions | 7.8 | |
| Financial liabilities | -8.6 | |
| Other liabilities | 35.3 | |
| Deferred tax liabilities | -7.8 | 26.7 |
| **Current Liabilities** | | |
| Provisions | 8.2 | |
| Financial liabilities | 20.6 | |
| Trade payables | -12.6 | |
| Other liabilities | 22.5 | 38.7 |
| **Change in Equity and Liabilities** | | **55.9** |

## Change in Assets, Equity and Liabilities



## 3 Opportunity and risk report

In the light of the positive business and general economic situation, the Group continues to believe that the opportunities and risks described in the group management report for the year ended December 31, 2007 remain relevant. For further information on opportunities and risks, reference is also made to the forward-looking section of the group management report for the financial year 2007 (section 8 for a discussion of opportunities and section 7 for a discussion of risks). Reference is also made to the disclaimer at the end of this report.

## 4 Forecasts and outlook

MTU's prospects for the future remain positive: over the next few years its Commercial Engine and MRO business are likely to grow faster than the aviation sector in general.

### Overall statement on the Group's performance

MTU expects its operating activities to continue to progress well during the second half of 2008. MTU has achieved its targets for the first half of 2008 (as stated in the group management report for the financial year 2007) and its forecasts for the financial year (as formulated for the first time at the Annual Press Conference on March 13, 2008), and, on the basis of an assumed exchange rate of US dollar 1.50-1.55 to € 1, continues to forecast that total revenues in 2008 will be at a similar level to 2007 (€ 2,600 million). Adjusted for the impact of the forecast changes in the US dollar exchange rate, group revenues are forecast to grow by between 9% and 10% in 2008.

### Operating result and net profit

Based on the expected market situation for the various lines of business, MTU is aiming to achieve a group operating profit (EBITDA) for the full year 2008 of € 390 million, and hence an operating margin of approximately 15%. This forecast is based on the expectation that spare parts business within the Commercial Engine business will continue to grow and that stable progress will be made with Military business. It also forecasts that the earnings performance of the Group's Commercial MRO business will continue to stabilize.

Based on the assumption that the Group's operating targets are achieved, MTU continues to forecast a net profit of approximately € 180 million for the financial year 2008 (net profit 2007: € 154.1 million).

### Financial position

Free cash flow for the full year 2008 is forecast to be € 100 million (unchanged).

## 5 Report on significant transactions with related parties (entities and individuals)

MTU Group companies did not enter into any contracts with members of the Board of Management, the Supervisory Board or with other key management personnel or with companies in whose management or supervisory boards those persons are represented. The same applies to close members of the families of those persons.

Transactions with related entities are conducted on an arm's length basis.

## 6 Subsequent events report

### Events after the balance sheet date (June 30, 2008)

The Company bought back a further 225,896 treasury shares at a total acquisition cost of € 4.4 million and an average cost per share of € 19.37 during the period from July 1, 2008 to July 18, 2008 in conjunction with the authorization given at the Annual General Meeting (see Note 21.4 for further information regarding the authorization).

## Consolidated Income Statement

| in € million | (Notes) | Jan. 1 to June 30, 2008 | Jan. 1 to June 30, 2007 | Q 2 2008 | Q 2 2007 |
|---|---|---|---|---|---|
| Revenues | | 1,256.1 | 1,260.6 | 626.1 | 620.0 |
| Cost of sales | (6) | -1,036.2 | -1,057.0 | -516.4 | -518.0 |
| **Gross profit** | | **219.9** | 203.6 | **109.7** | 102.0 |
| | | | | | |
| Research and development expenses | (7) | -34.6 | -33.4 | -20.7 | -16.4 |
| Selling expenses | (8) | -34.1 | -33.4 | -16.6 | -17.4 |
| General administrative expenses | (9) | -21.3 | -26.7 | -9.5 | -14.5 |
| Other operating income and expenses | | 2.5 | 3.6 | 1.8 | 3.3 |
| **Earnings before interest and tax** | | **132.4** | 113.7 | **64.7** | 57.0 |
| | | | | | |
| Interest result | (10) | -5.1 | -25.1 | -1.5 | -2.4 |
| Interest income | | 4.3 | 3.4 | 3.0 | 1.6 |
| Interest expenses | | -9.4 | -28.5 | -4.5 | -4.0 |
| Result from equity accounted investments | (11) | 0.1 | -0.6 | -0.4 | 0.1 |
| Financial result on other items | (12) | -6.9 | -13.7 | -8.3 | -10.2 |
| **Financial result** | | **-11.9** | -39.4 | **-10.2** | -12.5 |
| **Earnings before tax** | | **120.5** | 74.3 | **54.5** | 44.5 |
| Income taxes | (13) | -40.1 | -29.3 | -18.3 | -17.5 |
| **Net profit** | | **80.4** | 45.0 | **36.2** | 27.0 |
| | | | | | |
| **Earnings per share in €** | | | | | |
| Basic | (14) | 1.61 | 0.85 | 0.73 | 0.51 |
| Diluted | (14) | 1.56 | 0.82 | 0.71 | 0.49 |

## Consolidated Balance Sheet – Assets

| in € million | (Notes) | June 30, 2008 | Dec. 31, 2007 |
|---|---|---|---|
| **Non-current Assets** | | | |
| Intangible assets | (15) | 1,131.5 | 1,135.0 |
| Property, plant and equipment | (16) | 514.9 | 539.7 |
| Equity investments in joint ventures | | 9.0 | 8.9 |
| Investments in associated companies | | 0.4 | 0.4 |
| Other investments | | 26.0 | 5.4 |
| Financial assets | (17) | 35.4 | 14.7 |
| Other assets | (20) | 7.2 | 6.2 |
| Deferred tax assets | | 0.7 | 0.7 |
| | | **1,689.7** | 1,696.3 |
| **Current Assets** | | | |
| Inventories | (18) | 680.2 | 587.8 |
| Trade and contract production receivables | (19) | 641.3 | 670.3 |
| Othes assets | (20) | 54.2 | 58.8 |
| Cash and cash equivalents | | 73.2 | 67.3 |
| Prepayments | | 2.8 | 5.0 |
| | | **1,451.7** | 1,389.2 |
| **Total assets** | | **3,141.4** | 3,085.5 |

## Consolidated Balance Sheet – Equity and Liabilities

| in € million | (Notes) | June 30, 2008 | Dec. 31, 2007 |
|---|---|---|---|
| **Equity** | (21) | | |
| Subscribed capital | | 52.0 | 55.0 |
| Capital reserves | | 355.7 | 460.0 |
| Revenue reserves | | 226.0 | 191.9 |
| Treasury shares | | -88.5 | -156.3 |
| Other comprehensive income | | 7.3 | 11.4 |
| | | **552.5** | 562.0 |
| **Non-current liabilities** | | | |
| Pension provisions | | 370.7 | 359.5 |
| Other provisions | (22) | 251.9 | 255.3 |
| Financial liabilities | (23) | 58.2 | 66.8 |
| Other liabilities | (24) | 260.1 | 224.8 |
| Deferred tax liabilities | (25) | 262.0 | 269.8 |
| | | **1,202.9** | 1,176.2 |
| **Current liabilities** | | | |
| Pension provisions | | 16.9 | 17.1 |
| Other provisions | (22) | 290.4 | 282.0 |
| Financial liabilities | (23) | 280.3 | 259.7 |
| Trade payables | | 450.3 | 462.9 |
| Other liabilities | (24) | 348.1 | 325.6 |
| | | **1,386.0** | 1,347.3 |
| **Total equity and liabilities** | | **3,141.4** | 3,085.5 |

## Consolidated Statement of Changes in Equity

| in € million | Subscribed capital | Capital reserves | Revenue reserves | Treasury shares | Other comprehensive income: Translation differences | Other comprehensive income: Derivative financial instruments | Other comprehensive income: Subtotal | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance at Jan. 1, 2007** | **55.0** | **455.7** | **81.4** | **-42.7** | **-2.6** | **15.5** | **12.9** | **562.3** |
| Financial instruments (forward foreign exchange contracts) | | | | | | -2.4 | -2.4 | **-2.4** |
| Translation differences | | | | | -0.6 | | -0.6 | **-0.6** |
| **= Income and expenses recognized directly in equity** | | | | | **-0.6** | **-2.4** | **-3.0** | **-3.0** |
| Net profit | | | 45.0 | | | | | **45.0** |
| **= Total income and expense for the period** | | | **45.0** | | **-0.6** | **-2.4** | **-3.0** | **42.0** |
| Equity portion of convertible bond | | 10.5 | | | | | | **10.5** |
| Transaction costs (net of tax) | | -2.0 | | | | | | **-2.0** |
| Dividend payment | | | -43.6 | | | | | **-43.6** |
| Purchase of treasury shares | | | | -14.8 | | | | **-14.8** |
| Matching Stock Program (MSP) | | -6.9 | | | | | | **-6.9** |
| **Balance at June 30, 2007** | **55.0** | **457.3** | **82.8** | **-57.5** | **-3.2** | **13.1** | **9.9** | **547.5** |
| | | | | | | | | |
| **Balance at Jan. 1, 2008** | **55.0** | **460.0** | **191.9** | **-156.3** | **-6.2** | **17.6** | **11.4** | **562.0** |
| Financial instruments (forward foreign exchange contracts) | | | | | | -3.5 | -3.5 | **-3.5** |
| Translation differences | | | | | -0.6 | | -0.6 | **-0.6** |
| **= Income and expenses recognized directly in equity** | | | | | **-0.6** | **-3.5** | **-4.1** | **-4.1** |
| Net profit | | | 80.4 | | | | | **80.4** |
| **= Total income and expense for the period** | | | **80.4** | | **-0.6** | **-3.5** | **-4.1** | **76.3** |
| Purchase of treasury shares | | | | -44.8 | | | | **-44.8** |
| Cancellation of shares/share capital decrease | -3.0 | -101.4 | | 104.4 | | | | |
| Employee Stock Program (MAP) | | -3.3 | | 8.2 | | | | **4.9** |
| Dividend payment | | | -46.3 | | | | | **-46.3** |
| Matching Stock Program (MSP) | | 0.4 | | | | | | **0.4** |
| **Balance at June 30, 2008** | **52.0** | **355.7** | **226.0** | **-88.5** | **-6.8** | **14.1** | **7.3** | **552.5** |

## Consolidated Cash Flow Statement

| in € million | Jan. 1 to June 30, 2008 | Jan. 1 to June 30, 2007 |
|---|---|---|
| **Net profit** | **80.4** | 45.0 |
| | | |
| Amortization of intangible assets and depreciation of property, plant and equipment | 62.1 | 67.3 |
| Profit/loss of companies accounted for using the equity method | -0.1 | 0.6 |
| Profit/loss on disposal of fixed assets | 0.3 | -0.1 |
| Increase/decrease in pension provisions | 11.0 | 10.8 |
| Increase/decrease in other provisions | -18.7 | -27.9 |
| Other non-cash items | -5.0 | -3.5 |
| Movements in working capital *) | -13.1 | -4.6 |
| Interest income and expense | 5.1 | 25.1 |
| Income tax expense/refunds | 40.1 | 29.3 |
| Income tax paid/received | -23.3 | 3.3 |
| Dividends received | | 0.3 |
| **Cash generated from operations** | **138.8** | 145.6 |
| Interest paid | -9.9 | -28.5 |
| Interest received | 4.3 | 3.4 |
| **Cash flow from operating activities** | **133.2** | 120.5 |
| Payments for investmens in | | |
| Intangible assets | -1.7 | -7.1 |
| Property, plant and equipment | -33.7 | -32.2 |
| Financial assets | -20.6 | |
| Proceeds from disposal of | | |
| Property, plant and equipment | | 0.4 |
| **Cash flow from investing activities** | **-56.0** | -38.9 |
| **Free cash flow** | **77.2** | 81.6 |
| Increase in current financial liabilities | 24.4 | |
| Proceeds from the issue of a convertible bond **) | | 176.7 |
| Other payments | -3.3 | -0.2 |
| Dividends paid | -46.3 | -43.6 |
| Repayment of non-current financial liabilities | -6.8 | -170.2 |
| Purchase of treasury shares ***) | -36.6 | -14.8 |
| Repayment of current financial liabilities | -3.4 | -50.4 |
| **Cash flow from financing activities** | **-72.0** | **-102.5** |
| Exchange rate | 0.7 | -0.5 |
| **Change in cash and cash equivalents** | **5.9** | -21.4 |
| Cash and cash equivalents at beginning of financial year | 67.3 | 102.2 |
| Cash and cash equivalents at June 30 | 73.2 | 80.8 |
| Revolving credit facility (see note 23) | -91.6 | -23.0 |
| **Net liquidity at June 30** | **-18.4** | **57.8** |

*) Sum of increase/decrease in inventories, receivables and liabilities (excl. derivatives)
**) Excluding transaction costs
***) Net of shares issued to employees in conjunction with the Employee Stock Program (MAP) in June 2008

## Selected explanatory disclosures

### 1 General disclosures

MTU Aero Engines Holding AG and its subsidiary companies (hereafter referred to as “Group” or “Group Companies“) comprise one of the world’s leading manufacturers of engine modules and components, and the world’s leading independent provider of commercial engine MRO services.

The business activities of the Group cover the entire life-cycle of an engine program, i.e. from development, construction, testing and production of new commercial and military engines and spare parts, through to maintenance, repair and overhaul of commercial and military engines. MTU’s activities focus on two segments: “Commercial and Military Engine business (OEM)”, and “Commercial Maintenance business (MRO)”.

MTU’s Commercial Engine business covers the development and production of modules, components and spare parts for commercial engine programs, including final assembly. MTU’s Military Engine business focuses on the development and production of modules and components for engines, production of spare parts and final assembly as well as maintenance services for these engines. Commercial Maintenance business covers activities in the area of maintenance and logistical support for commercial engines.

MTU Aero Engines Holding AG with its headquarters at Dachauer Str. 665, 80995 Munich, Germany, is registered under HRB 157 206 in the Commercial Registry at the District Court of Munich.

### 2 Financial reporting

In compliance with the provisions of § 37y of the German Securities Trading Act (WpHG) in conjunction with § 37w no. 2 WpHG, MTU’s Half-Yearly Financial Report comprises Consolidated Interim Financial Statements, a Group Interim Management Report and a Responsibility Statement from the Company’s legal representatives pursuant to § 297 (2) sentence 4, § 315 (1) sentence 6 of the German Commercial Code (HGB). The Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) relevant for interim financial reporting, as endorsed by the European Union (EU). The Group Interim Management Report has been drawn up in compliance with the applicable provisions of the Securities Trading Act.

### 3 Statement of compliance

The Consolidated Interim Financial Statements as at June 30, 2008 have been drawn up in compliance with IAS 34. As permitted by IAS 34, MTU has elected to provide condensed information in its Consolidated Interim Financial statements compared with the Consolidated Financial Statements as at December 31, 2007. The same accounting policies have been applied as in the consolidated financial statements for the financial year 2007.

All of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and applicable at the balance sheet date that have been applied by MTU in the Consolidated Interim Financial Statements have been endorsed by the European Commission for use in the EU. The Consolidated Interim Financial Statements therefore also comply with IFRSs issued by the IASB.

From the perspective of management, the Half-Yearly Financial Report, which has been reviewed by an independent auditor, contains all customary accounting adjustments necessary for a fair presentation of the operating results, financial situation and net assets of the MTU Group. Reference is made to the notes to the consolidated financial statements as at December 31, 2007 for further information regarding the basis of preparation and accounting policies used.

### 4 Restatement of previously reported interim periods

The line items “interest income”, “interest expenses”, “income tax income”, “income tax expense”, “income tax paid” and “income tax received” were all disclosed separately in the notes to the consolidated financial statements for the financial year 2007 as part of the operating cash flow. The line items “interest paid” and “interest received” therefore represent reconciling items between operating cash flow and cash flow from operating activities. The figures presented for the first half of 2007 have been restated for comparison purposes.

Administrative processes have been reorganized as part of the Impact 06 project, resulting in small changes in the way that costs are allocated to the selling and administrative functions. These changes did not have any impact on the result or on key figures reported. For comparability reasons, the previous year’s cost categories within the selling and administrative functions have been restated in accordance with IAS 34.43.

In order to improve the overall value of the information in the financial statements – in particular in view of the rules contained in IFRS 7 which are applicable from 2007 onwards – the financial result has been sub-divided from the financial year 2007 onwards into the net interest result, the result from investments accounted for using the equity method and other financial result. The previous year’s figures have been restated for comparability reasons, applying the same accounting policies as in the consolidated financial statements for the financial year 2007 and without any impact on results.

### 5 Consolidated companies

In total, six German and five foreign subsidiaries are included in the Consolidated Interim Financial Statements of MTU Aero Engines Holding AG. Pratt & Whitney Canada Customer Service Centre Europe GmbH, Ludwigsfelde, is consolidated at equity, and MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, is consolidated proportionately. Two subsidiaries are not consolidated on the grounds of immateriality.

## Notes to the Consolidated Income Statement

### 6 Cost of sales

| Cost of sales | | | | |
|---|---|---|---|---|
| **in € million** | **Jan. 1 to June 30, 2008** | Jan. 1 to June 30, 2007 | **Q 2 2008** | Q 2 2007 |
| Cost of materials | -805.6 | -797.2 | -408.3 | -379.9 |
| Personnel expenses | -187.2 | -189.4 | -93.7 | -99.4 |
| Depreciation and amortization | -56.8 | -62.1 | -28.9 | -30.9 |
| Other cost of sales *) | 13.4 | -8.3 | 14.5 | -7.8 |
| | **-1,036.2** | -1,057.0 | **-516.4** | -518.0 |

*) Relates mainly to the change in inventories of work in progress

### 7 Research and development expenses

| Research and development expenses | | | | |
|---|---|---|---|---|
| **in € million** | **Jan. 1 to June 30, 2008** | Jan. 1 to June 30, 2007 | **Q 2 2008** | Q 2 2007 |
| Cost of materials | -6.0 | -8.7 | -5.1 | -5.9 |
| Personnel expenses | -26.9 | -24.0 | -14.9 | -11.3 |
| Depreciation and amortization | -3.0 | -2.8 | -1.4 | -1.3 |
| | **-35.9** | -35.5 | **-21.4** | -18.5 |
| Capitalized development costs | 1.3 | 2.1 | 0.7 | 2.1 |
| | **-34.6** | -33.4 | **-20.7** | -16.4 |

### 8 Selling expenses

| Selling expenses | | | | |
|---|---|---|---|---|
| **in € million** | **Jan. 1 to June 30, 2008** | Jan. 1 to June 30, 2007 | **Q 2 2008** | Q 2 2007 |
| Cost of materials | -4.8 | -5.0 | -2.6 | -2.8 |
| Personnel expenses | -22.6 | -21.7 | -12.2 | -11.7 |
| Depreciation and amortization | -1.2 | -1.3 | -0.6 | -0.7 |
| Other selling expenses | -5.5 | -5.4 | -1.2 | -2.2 |
| | **-34.1** | -33.4 | **-16.6** | -17.4 |

Selling expenses mainly comprise expenses for marketing, advertising and sales personnel, valuation allowances and write-downs on trade accounts receivable.

### 9 General administrative expenses

| General administrative expenses | | | | |
|---|---|---|---|---|
| **in € million** | **Jan. 1 to June 30, 2008** | Jan. 1 to June 30, 2007 | **Q 2 2008** | Q 2 2007 |
| Cost of materials | -2.3 | -4.7 | -1.1 | -3.0 |
| Personnel expenses | -13.2 | -14.8 | -5.6 | -7.3 |
| Depreciation and amortization | -1.1 | -1.1 | -0.6 | -0.5 |
| Other administrative expenses | -4.7 | -6.1 | -2.2 | -3.7 |
| | **-21.3** | -26.7 | **-9.5** | -14.5 |

General administrative expenses relate to expenditure for administrative functions that are not allocated to development, production or selling.

## 10 Interest result

| Interest result | | | | |
|---|---|---|---|---|
| in € million | **Jan. 1 to June 30, 2008** | Jan. 1 to June 30, 2007 | **Q 2 2008** | Q 2 2007 |
| **Interest income** | **4.3** | 3.4 | **3.0** | 1.6 |
| **Interest expenses** | | | | |
| Bank interest | -2.7 | -1.7 | -1.3 | -0.9 |
| Loan interest | | -2.1 | | |
| Convertible bond | -4.4 | -3.4 | -2.2 | -2.0 |
| Expense resulting from early repayment of high yield bond | | -19.1 | | |
| Finance lease interest expense | -1.1 | -1.3 | -0.5 | -0.7 |
| Interest expense attributable to non-consolidated companies | -0.3 | -0.2 | -0.1 | -0.1 |
| Other interest expenses | -0.9 | -0.7 | -0.4 | -0.3 |
| | **-9.4** | -28.5 | **-4.5** | -4.0 |
| | **-5.1** | -25.1 | **-1.5** | -2.4 |

The improvement in the interest result for the six-month period is attributable to the fee (€ 19.1 million) incurred in the previous year on early repayment of the High Yield Bond.

## 11 Result from equity accounted investments

| Result from equity accounted investments | | | | |
|---|---|---|---|---|
| in € million | **Jan. 1 to June 30, 2008** | Jan. 1 to June 30, 2007 | **Q 2 2008** | Q 2 2007 |
| Result from equity accounted investments | **0.1** | -0.6 | **-0.4** | 0.1 |
| | **0.1** | -0.6 | **-0.4** | 0.1 |

The result from equity accounted investments includes the profit resulting from the joint arrangement Pratt & Whitney Canada Customer Centre Europe GmbH, Ludwigsfelde, amounting to € 0.1 million (January-June 2007: loss of € 0.6 million).

## 12 Financial result on other items

| Financial result on other items | | | | |
|---|---|---|---|---|
| in € million | **Jan. 1 to June 30, 2008** | Jan. 1 to June 30, 2007 | **Q 2 2008** | Q 2 2007 |
| Effects of changes of foreign exchange rates | | | | |
| Exchange rate gains/losses on currency holdings | -4.5 | -3.2 | -0.3 | -2.1 |
| Exchange rate gains/losses on financing transactions | 1.7 | 0.7 | 0.5 | 0.4 |
| Exchange rate gains/losses on finance leases | 1.1 | 0.5 | | 0.3 |
| Fair value gains/losses on derivatives | | | | |
| Gains/losses on currency derivatives and interest rate derivatives | 8.2 | 0.5 | 1.3 | -0.1 |
| Losses on forward commodity sales contracts | -2.4 | -3.0 | -4.8 | -4.0 |
| Results from other financial instruments | -0.5 | 0.4 | 0.2 | |
| Interest portion included in measurement of receivables, provisions, liabilities and advance payments from customers | -10.5 | -9.6 | -5.2 | -4.7 |
| | **-6.9** | -13.7 | **-8.3** | -10.2 |

The improvement compared with the first six months of the previous year was primarily due to the fair value measurement of derivatives which are influenced by the US dollar exchange rate.

### 13 Income taxes

Taxes on income comprise the following:

**Income taxes**

| in € million | Jan. 1 to June 30, 2008 | Jan. 1 to June 30, 2007 | Q 2 2008 | Q 2 2007 |
|---|---|---|---|---|
| Current tax expense | -46.3 | -30.2 | -24.6 | -24.8 |
| Deferred tax expense | 6.2 | 0.9 | 6.3 | 7.3 |
| | **-40.1** | -29.3 | **-18.3** | -17.5 |

### 14 Earnings per share

Potential ordinary shares that can be issued in conjunction with the convertible bond issued on February 1, 2007 had a diluting effect on earnings per share for the first half of 2008. By contrast, the Matching Stock Program (MSP) for employees set up on June 6, 2005, did not have any diluting effect on earnings per share for the first half of 2008, since the tranches still to be exercised were not "in the money" at the balance sheet date. For the purposes of determining diluted earnings per share, the maximum number of shares that could be exercised in conjunction with conversion rights is added to the weighted average number of ordinary shares in circulation. All shares issued during the period under report are included on a weighted basis. In parallel, group earnings are adjusted by the amount of post-tax interest expense relating to the convertible bond.

The following table shows earnings per share as well as the dilutive impact of shares that could be issued in conjunction with the convertible bond and the Matching Stock Program.

**Basic and diluted earnings per share**

| | | Jan. 1 to June 30, 2008 | Financial instruments reconciliation | | | Jan. 1 to June 30, 2008 |
|---|---|---|---|---|---|---|
| | | Basic earnings per share | | | | Diluted earnings per share |
| | | | Interest expense convertible bond/ shares | Current and deferred taxes | Matching Stock Program/ shares | |
| Net profit | in € million | 80.4 | 4.4 | -1.4 | | 83.4 |
| Weighted average number of outstanding shares | shares | 49,822,498 | 3,636,364 | | 0 | 53,458,862 |
| **Earnings per share** | in € | **1.61** | | | | **1.56** |

| Basic and diluted earnings per share | | | | | | |
|---|---|---|---|---|---|---|
| | | Jan. 1 to June 30, 2007 | | | | Jan. 1 to June 30, 2007 |
| | | Basic earnings per share | Financial instruments reconciliation | | | Diluted earnings per share |
| | | | Interest expense convertible bond/ shares | Current and deferred taxes | Matching Stock Program/ shares | |
| Net profit | in € million | 45.0 | 3.4 | -1.4 | | 47.0 |
| Weighted average number of outstanding shares | shares | 53,177,451 | 3,636,364 | | 160,557 *) | 56,974,372 |
| **Earnings per share** | in € | **0.85** | | | | **0.82** |

*) After repricing (for comments on repricing please refer to the Notes to the Consolidated Financial Statements 2007)

## Notes to the consolidated balance sheet

### 15 Intangible assets

As at the end of the previous year, intangible assets comprise program/product values and program-independent technologies recognized in conjunction with the purchase price allocation, software (mainly technical) and purchased goodwill.

During the first half of 2008, costs requiring to be capitalized as intangible assets amounted to € 1.7 million (January-June 2007: € 7.1 million).

The amortization expense for the six-month period was € 24.1 million (January-June 2007: € 26.3 million).

### 16 Property, plant and equipment

Capital expenditure for property, plant and equipment during the first half of 2008 was € 33.7 million (January-June 2007: € 32.2 million). The depreciation expense for the same period amounted to € 38.0 million (January-June 2007: € 41.0 million).

### 17 Financial assets

In accordance with the shareholders' resolution taken on May 9, 2008, the subscribed capital and capital reserves of the subsidiary MTU Aero Engines Polska, Poland, were increased by € 14,811.32 and € 20.6 million respectively. The relevant payments were made on May 14, 2008.

## 18 Inventories

Inventories comprise the following:

| Inventories in € million | June 30, 2008 | Dec. 31, 2007 |
|---|---|---|
| Raw materials and supplies | 308.7 | 263.9 |
| Work in progress | 358.4 | 314.5 |
| Advance payments | 13.1 | 9.4 |
| | **680.2** | 587.8 |

The increase in inventories was due mainly to work in progress which had not been billed by the balance sheet date.

## 19 Trade receivables

Trade and contract production receivables comprised the following:

| Trade and contract production receivables in € million | June 30, 2008 | Dec. 31, 2007 |
|---|---|---|
| **Trade receivables** | | |
| Third parties | 407.7 | 440.8 |
| Associated companies | 48.6 | 54.5 |
| Joint ventures | 0.5 | 3.9 |
| **Contract production receivables** | | |
| Accounts receivable for production contracts | 407.4 | 367.5 |
| Advance payments received for production contracts | -222.9 | -196.4 |
| | **641.3** | 670.3 |

## 20 Other assets

Other assets comprise:

**Other assets**

| in € million | June 30, 2008 | | | Dec. 31, 2007 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| **Tax refund claims** | | | | | | |
| Income taxes | 3.4 | | 3.4 | 2.7 | | 2.7 |
| Other taxes | 10.1 | | 10.1 | 14.3 | | 14.3 |
| **Receivables from employees** | 6.2 | | 6.2 | 1.1 | | 1.1 |
| **Receivables from suppliers** | 2.4 | | 2.4 | 3.2 | | 3.2 |
| **Fair values of derivatives** | | | | | | |
| Currency derivatives | 19.9 | 3.3 | 23.2 | 24.3 | 2.1 | 26.4 |
| Interest rate derivatives | | 0.2 | 0.2 | | 0.2 | 0.2 |
| Option derivatives | 7.3 | | 7.3 | 9.2 | | 9.2 |
| **Sundry other assets** | 4.9 | 3.7 | 8.6 | 4.0 | 3.9 | 7.9 |
| | **54.2** | **7.2** | **61.4** | 58.8 | 6.2 | 65.0 |

## 21 Equity

Changes in shareholders' equity are shown on page 13.

### 21.1 Subscribed capital

#### Share capital reduction by cancellation of shares

The shareholders passed a resolution at the Annual General Meeting on April 27, 2007, authorizing the Board of Management to cancel – with the approval of the Supervisory Board and without any requirement for a further resolution to be taken at the Annual General Meeting – the bought-back shares either in full or in part. The shares can also be cancelled in a simplified procedure – without a share capital reduction – by reducing the amount of share capital allocated to the remaining shares of the company. The cancellation may be limited to a part of the bought-back shares. If the cancellation is carried out using the simplified procedure, the Board of Management is authorized to amend the number of shares in the Company's Articles of Incorporation. In conjunction with their authorization, the Board of Management and the Supervisory Board resolved with effect from March 18, 2008 to cancel 3,000,000 shares and to reduce the company's share capital by € 3 million from € 55.0 million to € 52.0 million.

### 21.2 Capital reserves

Capital reserves include premiums arising on the issue of shares, the equity component (and proportionate transaction costs) of the convertible bond and the fair values recorded for the Matching Stock Program. The average acquisition cost for the 3,000,000 cancelled treasury shares was € 104.4 million. Capital reserves were therefore reduced by the relevant premium of € 101.4 million.

#### Matching Stock Program (MSP)

In order to strengthen its ability to achieve business targets, the Group created the Matching Stock Program (MSP) as a long-term remuneration instrument – with both incentive and risk characteristics – to involve management in the ownership of the company. The MSP entitles qualifying individuals to subscribe to so-called "Phantom Stocks". Participants in MSP must be in a non-terminated service or employment relationship with MTU Aero Engines Holding AG or one of its German subsidiaries at the date of subscription to such shares. The fair value of the Phantom Stocks is recognized on a time-apportioned basis as personnel expense and, at the same time, within equity (capital reserves) until the exercise date (vesting date). The total expense, recognized over the period until the Phantom Stocks are exercised, is determined on the basis of the fair value of the Phantom Stocks granted. The expense for the first half of 2008 was € 0.4 million.

#### Employee Stock Program (MAP)

During the second quarter of 2008, the Board of Management of MTU Aero Engines Holding AG (MTU) set up a new Employee Stock Program (MAP) for group employees which is to run for two years until June 2010. All tariff and non-tariff group employees working, paid and employed in Germany are entitled to join the scheme. The purchase price for registered shares of MTU Aero Engines Holding AG is based on the lowest price quoted on April 18, 2008 (acquisition date) and was thus € 25.19 per share. Under the terms of the Employee Stock Program, MTU grants a so-called "match" to each participant at the end of a two year vesting period. In other words, at the end of the program term, each participant receives a cash amount equivalent to 50% of the amount invested in MTU shares at the beginning of the program. The amount received for the match constitutes remuneration which is subject to income tax and social security deductions. Instead of taking the net payment, the MAP participant can also opt to convert the net match amount into MTU shares. In this case, the purchase price is based on the share price of MTU stock as determined by the final auction of the XETRA trading system on the first stock market day after expiry of the vesting period.

Employees acquired 192,959 MTU shares at a price of € 25.19 per share in conjunction with the MAP. The shares issued to employees were measured using the FIFO (first-in-first-out) method. The total cost of the shares was € 8.2 million, with an average cost of € 42.28 per share. Proceeds from the sale of shares to employees totalled € 4.9 million. Capital reserves were accordingly reduced by the difference of € 3.3 million (January – June 2007: € 0.0 million).

### 21.3 Revenue reserves

Revenue reserves comprise non-distributed earnings of consolidated group companies, the net profit for the first half of 2008 amounting to € 80.4 million (January – June 2007: € 45.0 million) less the dividend payment for the financial year 2007 amounting to € 46.3 million (January – June 2007: € 43.6 million. Revenue reserves increased by € 34.1 million (January – June 2007: € 1.4 million) during the six-month period under report, primarily as a result of the net profit for the period.

### 21.4 Treasury shares

#### Acquisition of treasury shares based on authorizations given at Annual General Meetings

#### Shares bought back on the basis of the authorization dated April 27, 2007

At the Annual General Meeting of MTU on April 27, 2007, the shareholders authorized the Board of Management to acquire treasury shares via the stock exchange, up to a maximum of 10% of the share capital in place at the date of the resolution and to cancel these shares without any further resolution by the Annual General Meeting. The authorization is valid until October 27, 2008. Based on this authorization, by March 18, 2008, the company has acquired a total of 5,369,663 shares (i.e. 9.8% of the share capital prior to the capital reduction on March 18, 2008).

#### Shares bought back on the basis of the authorization dated April 30, 2008

At the Annual General Meeting of MTU on April 30, 2008, the Board of Management was authorized, during the period from May 2, 2008 through to October 30, 2009 and pursuant to § 71 (1) no. 8 of the German Stock Corporation Act (AktG), to acquire treasury shares up to a maximum of 10% of the company's share capital in place at the date of the resolution. Based on this authorization dated April 30, 2008, the company acquired a further 549,514 treasury shares (1.1% of the share capital prior to the capital reduction on March 18, 2008) during the period from May 2 to June 30, 2008.

#### Shares bought back in the first half of 2008

During the first half of 2008, the company bought back 1,536,155 treasury shares for use in accordance with § 71 (1) no. 8 AktG at a total acquisition cost of € 44.8 million and an average cost per share of € 29.12 via the stock exchange in conjunction with the authorizations dated April 27, 2007 and April 30, 2008.

These shares were acquired in order to enable the company to issue shares in connection with its contractual conversion commitments arising from the convertible bond and the Matching Stock Program.

#### Shares issued in conjunction with employee stock programs

Of the shares bought back by the end of June 2008, 112,612 shares have been issued in the year 2007 to the Board of Management and senior management in conjunction with the Matching Stock Program (MSP). A further 192,659 shares were sold to employees in May 2008 in conjunction with the Employee Stock Program (MAP) at a price of € 25.19 (see Note 21.2 Capital reserves).

#### Share capital reduction by cancellation of shares

On the basis of the resolution taken by the Board of Management and the Supervisory Board on March 18, 2008, to reduce the company's share capital by cancellation of 3,000,000 shares, the number of treasury shares held was decreased to 2,613,606 treasury shares as at June 30, 2008. This corresponds to 5.0% of the company's share capital. Equity is reduced by the amount of the purchase price attributable to the treasury shares held. Transaction costs incurred in conjunction with the buy-back were recognized directly in equity (net of income taxes). The total acquisition cost attributable to the cancelled treasury shares reduced the carrying amount of treasury shares within equity by € 104.4 million (December 31, 2007: € 0.0 million).

For information regarding the measurement of treasury shares issued to group employees in conjunction with the Employee Stock Program (MAP) totalling € 8,2 million (December 31, 2007: € 0.0 million), see Note 21.2.

The following summary shows share buy-backs, shares issued to employees in conjunction with employee participation models, the number of treasury shares on hand and changes in subscribed capital.

**Analysis of changes in shares and subscribed capital**

| in numbers of shares | Number of shares bought back | Shares issued to employees | Number of treasury shares held | Change in subscribed capital |
|---|---|---|---|---|
| **Share capital (balance at January 1, 2008)** | | | | **55,000,000** |
| **Changes:** | | | | |
| Financial year 2006 | -1,650,883 | | -1,650,883 | |
| Financial year 2007 | | | | |
| - Share buy-back | -2,732,139 | | -2,732,139 | |
| - Matching Stock Program (MSP)/June 2007 | | 112,612 | 112,612 | |
| Financial year 2008 (Jan. 1, 2008 to March 18, 2008) | -986,641 | | -986,641 | |
| | -5,369,663 | 112,612 | -5,257,051 | |
| Capital reduction by cancellation of shares (on March 18, 2008) | | | -3,000,000 | -3,000,000 |
| Balance at March 18, 2008 | **-5,369,663** | **112,612** | **-2,257,051** | **52,000,000** |
| Financial year 2008 (March 19, 2008 to June 30, 2008) | | | | |
| - Share buy-back (May 2, 2008 to June 30, 2008) | -549,514 | | -549,514 | |
| - Employee Stock Program (MAP)/June 2008 | | 192,959 | 192,959 | |
| **Share buy-back/shares issued to employees** | | | | |
| **Treasury shares and subscribed capital** | **-5,919,177** | **305,571** | **-2,613,606** | **52,000,000** |

### Reconciliation of weighted average number of shares with the actual number of shares in circulation

As a result of the bought-back treasury shares, the issue of shares to group employees in conjunction with the exercise of the first tranche of the Matching Stock Program (MSP) and the Employee Stock Program (MAP) as well as the share capital reduction carried out on March 18, 2008 by cancellation of shares, the weighted average number of shares in circulation during the period to June 30, 2008 was 49,822,498 shares (January-June 2007: 53,177,451). At June 30, 2008, a total of 49,386,394 MTU Aero Engines Holding AG shares, each with a par value of € 1, was in issue (December 31, 2007: 52,992,974 shares).

The following table shows how the number of bought back shares, the month-end number of treasury shares and the weighted average number of shares in circulation have changed:

**Reconciliation of weighted average number of shares with the actual number of shares in circulation**

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| Number of shares | Balance at beginning of month | Buyback Exercise MSP Cancellation/MAP | Balance at end of month | Balance at beginning of month | Buyback Exercise MSP | Balance at end of month |
| **Balance at January 1** | **50,729,590** | **-4,270,410** | | 53,349,117 | -1,650,883 | |
| January | 50,729,590 | -337,168 | 50,392,422 | 53,349,117 | | 53,349,117 |
| February | 50,392,422 | -237,796 | 50,154,626 | 53,349,117 | -73,020 | 53,276,097 |
| March | 50,154,626 | -411,677 | 49,742,949 | 53,276,097 | -101,258 | 53,174,839 |
| April | 49,742,949 | | 49,742,949 | 53,174,839 | | 53,174,839 |
| May | 49,742,949 | -227,303 | 49,515,646 | 53,174,839 | -78,000 | 53,096,839 |
| June | 49,515,646 | -322,211 | 49,193,435 | 53,096,839 | -216,477 | 52,880,362 |
| June (exercise of MSP/MAP) | 49,193,435 | 192,959 | 49,386,394 | 52,880,362 | 112,612 | 52,992,974 |
| **Share buyback/ exercise of MSP*) MAP *)** | | **-5,613,606** | | | -2,007,026 | |
| **Shares cancelled** | | **3,000,000** | | | | |
| **Treasury shares (June 30)** | | **-2,613,606** | | | -2,007,026 | |
| **Weighted average June 30** | | | **49,822,498** | | | 53,177,451 |

*) Including 112,612 shares issued to employees in June 2007 in conjunction with the Matching Stock Program (MSP) (see notes to the consolidated financial statements for 2007) and 192,959 shares issued to group employees in conjunction with the Employee Stock Program (MAP) (see note 21.2)

### 21.5 Other comprehensive income

Other comprehensive income consists of all amounts recognized directly in equity resulting from the translation of the financial statements of foreign subsidiaries, the effects of recognizing changes in the fair value of financial instruments directly in equity (where the conditions for hedge accounting are met), net of related deferred income taxes recognized directly in equity.

### 22 Other provisions

Other provisions comprise primarily personnel-related obligations, pending losses on onerous contracts, warranties and tax obligations. Contingent liabilities are measured in accordance with IFRS 3.48 (b). As in the past, obligations arising from contingent liabilities are measured on the basis of periods of between nine and fifteen years. Provisions for pending losses on onerous contracts relate to risks concerning the order backlog for Military Engine business and Commercial MRO business.

### 23 Financial liabilities

Obligations of group entities that are subject to interest are reported as financial liabilities. These comprise the following at the relevant reporting dates:

**Financial liabilities**

| | Current | | Non-Current | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Due within one year | | Due in more than one and less than 5 years | | Due in more than 5 years | | Total | Total |
| in € million | **June 30, 2008** | Dec. 31, 2007 | **June 30, 2008** | Dec. 31, 2007 | **June 30, 2008** | Dec. 31, 2007 | **June 30, 2008** | Dec. 31, 2007 |
| **Bonds** | | | | | | | | |
| Convertible bond | 164.7 | 162.8 | | | | | 164.7 | 162.8 |
| Interest liability on convertible bond | 2.1 | 4.5 | | | | | 2.1 | 4.5 |
| **Liabilities to banks** | | | | | | | | |
| Revolving Credit Facility (RCF) | 91.6 | 69.6 | | | | | 91.6 | 69.6 |
| Other liabilities to banks | 6.1 | 9.5 | 15.9 | 17.0 | | | 22.0 | 26.5 |
| **Liabilities to related companies** | 1.4 | | | | | | 1.4 | |
| **Other financial liabilities** | | | | | | | | |
| Finance lease liabilities | 9.3 | 8.3 | 13.9 | 15.6 | 14.7 | 17.8 | 37.9 | 41.7 |
| Loan from the province of British Columbia to MTU Maintenance Canada | | | 11.6 | 12.5 | | | 11.6 | 12.5 |
| **Derivative financial liabilities** | 5.1 | 5.0 | 2.1 | 3.9 | | | 7.2 | 8.9 |
| | **280.3** | 259.7 | **43.5** | 49.0 | **14.7** | 17.8 | **338.5** | 326.5 |

The currency used to finance the Group is the Euro. This relates mainly to loans, a convertible bond issue and bank overdrafts (Revolving Credit Facility). As part of this facility, an overdraft facility of € 250.0 million is in place with a consortium of banks. As part of this credit facility, direct credit agreements for € 40.0 million (ancillary facilities) have been agreed directly with three banks.

As at June 30, 2008, the Group has drawn down an amount of € 91.6 million (December 31, 2007: € 69.6 million) out of these bilateral credit facilities totalling € 120.0 million. Of the remaining credit facilities totalling € 158.4 million, a further € 17.7 million (December 31, 2007: € 16.5 million) are being utilized for guarantees. Interest on credit lines actually drawn down is charged on the basis of customary interest reference rates plus a margin. A small commitment fee is paid on credit facilities which are not being utilized.

MTU Aero Engines Finance B.V., Amsterdam, Netherlands, has issued a convertible bond during the financial year 2007 with a total volume of € 180.0 million (divided into 1,800 partial bonds). The security has a par value of € 100,000 per bond and a term to maturity of five years. The bonds can be converted into registered common shares of the company corresponding to a proportionate amount (€ 1 per share) of the company's total share capital. The bonds are entitled to receive profits from the beginning of the financial year in which they are issued and the subscription rights of existing shareholders are excluded.

At a conversion price of € 49.50, the conversion ratio at issue date was 2,020.20. The coupon rate is fixed at 2.75%, payable yearly on February 1. The issuing company is Amsterdam-based MTU Aero Engines Finance B.V. which is wholly owned by MTU Aero Engines Holding AG.

The present value of the future contractually agreed cash flows under the Convertible Bonds Underwriting Agreement dated January 23, 2007 has been discounted using a market interest rate i.e. the rate the company would have had to pay if it had issued a non-convertible bond. The interest expense that will be recognized over the term of the convertible loan results from unwinding the obligation using the market interest (5.425%) used to determine its present value.

## 24 Other liabilities

Other liabilities comprise the following items:

**Other liabilities**

| in € million | Current: Due within one year June 30, 2008 | Current: Due within one year Dec. 31, 2007 | Non-Current: Due in more than one and less than 5 years June 30, 2008 | Non-Current: Due in more than one and less than 5 years Dec. 31, 2007 | Non-Current: Due in more than 5 years June 30, 2008 | Non-Current: Due in more than 5 years Dec. 31, 2007 | Total June 30, 2008 | Total Dec. 31, 2007 |
|---|---|---|---|---|---|---|---|---|
| **Contract production** | | | | | | | | |
| Advance payments received for contract production | 373.6 | 333.7 | 356.0 | 302.4 | | | 729.6 | 636.1 |
| Accounts receivable for contract production | -102.2 | -94.6 | -120.7 | -101.8 | | | -222.9 | -196.4 |
| **Taxes payable** | 18.5 | 11.2 | | | | | 18.5 | 11.2 |
| **Social security** | 1.3 | 2.1 | | | | | 1.3 | 2.1 |
| **Employees** | 42.0 | 52.6 | 1.4 | 1.3 | | | 43.4 | 53.9 |
| **Accrued interest expense** | | | 10.1 | 10.1 | | | 10.1 | 10.1 |
| **Sundry other liabilities** | 14.9 | 20.6 | 11.0 | 10.3 | 2.3 | 2.5 | 28.2 | 33.4 |
| | **348.1** | 325.6 | **257.8** | 222.3 | **2.3** | 2.5 | **608.2** | 550.4 |

The increase in advance payments received for contract production relates primarily to the EJ200 engine program for Saudi Arabia.

## 25 Deferred taxes

**Income tax liabilities**

| in € million | June 30, 2008 | Dec. 31, 2007 |
|---|---|---|
| Deferred tax liabilities | 262.0 | 269.8 |
| | **262.0** | 269.8 |

## 26 Segment information by business segment

The activities of the various segments are described in the consolidated financial statements of MTU Aero Engines Holding AG at December 31, 2007. Segment information for the first half of 2008 is as follows:

### Primary segment information 2008

| in € million | Commercial and military engine business (OEM) Jan. 1 to June 30, 2008 | Commercial and military engine business (OEM) Q 2 2008 | Commercial Maintenance (MRO) Jan. 1 to June 30, 2008 | Commercial Maintenance (MRO) Q 2 2008 | Consolidation/ reconciliation Jan. 1 to June 30, 2008 | Consolidation/ reconciliation Q 2 2008 | Group Jan. 1 to June 30, 2008 | Group Q 2 2008 |
|---|---|---|---|---|---|---|---|---|
| **Revenues with third parties** | **750.1** | **374.6** | **506.0** | **251.5** | | | **1,256.1** | **626.1** |
| Commercial | 522.9 | 261.5 | 506.0 | 251.5 | | | 1,028.9 | 513.0 |
| Military | 227.2 | 113.1 | | | | | 227.2 | 113.1 |
| **Revenues with other segments** | **8.0** | **4.1** | **7.0** | **3.2** | **-15.0** | **-7.3** | | |
| Commercial | 8.0 | 4.1 | 7.0 | 3.2 | -15.0 | -7.3 | | |
| Military | | | | | | | | |
| **Total revenues** | **758.1** | **378.7** | **513.0** | **254.7** | **-15.0** | **-7.3** | **1,256.1** | **626.1** |
| Commercial | 530.9 | 265.6 | 513.0 | 254.7 | -15.0 | -7.3 | 1,028.9 | 513.0 |
| Military | 227.2 | 113.1 | | | | | 227.2 | 113.1 |
| **Cost of sales** | **-577.0** | **-286.2** | **-474.9** | **-238.2** | **15.7** | **8.0** | **-1,036.2** | **-516.4** |
| **Gross Profit** | **181.1** | **92.5** | **38.1** | **16.5** | **0.7** | **0.7** | **219.9** | **109.7** |
| **Earnings before interest and tax (EBIT)** | **118.7** | **56.9** | **15.5** | **8.1** | **-1.8** | **-0.3** | **132.4** | **64.7** |
| **Depreciation and amortization** | **48.1** | **24.3** | **14.0** | **7.2** | | | **62.1** | **31.5** |
| **Earnings before interest, tax, depreciation and amortization (EBITDA)** | **166.8** | **81.2** | **29.5** | **15.3** | **-1.8** | **-0.3** | **194.5** | **96.2** |
| **Interest and other financial result** | **-2.6** | **-7.6** | **-3.6** | | **-5.8** | **-2.2** | **-12.0** | **-9.8** |
| **Result from equity accounted investments** | | | **0.1** | **-0.4** | | | **0.1** | **-0.4** |
| Internal allocation | -2.9 | -1.4 | 2.9 | 1.4 | | | | |
| **Earnings before tax (EBT)** | **113.2** | **47.9** | **14.9** | **9.1** | **-7.6** | **-2.5** | **120.5** | **54.5** |
| **Investments in intangible assets and property, plant and equipment** | **17.3** | **10.2** | **18.1** | **6.3** | | | **35.4** | **16.5** |
| **Segment assets** | **2,863.0** | | **883.7** | | **-605.3** | | **3,141.4** | |
| - thereof: Goodwill | **296.3** | | **94.9** | | | | 391.2 | |
| - thereof: equity accounted investments | | | **4.7** | | | | 4.7 | |
| **Segment liabilities** | **2,016.8** | | **500.6** | | **-71.5** | | **2,588.9** | |
| **Significant non-cash expenses** | **27.0** | **12.7** | **3.3** | **1.2** | | | | |
| **Employees, quarter average** | **4,631** | | **2,545** | | | | **7,176** | |
| **Key segment data:** | | | | | | | | |
| Gross profit in % | 23.9 | 24.4 | 7.4 | 6.5 | | | 17.5 | 17.5 |
| EBIT in % | 15.7 | 15.0 | 3.0 | 3.2 | | | 10.5 | 10.3 |
| EBITDA in % | 22.0 | 21.4 | 5.8 | 6.0 | | | 15.5 | 15.4 |

## Primary segment information 2007

| in € million | Commercial and military engine business (OEM) Jan. 1 to June 30, 2007 | Commercial and military engine business (OEM) Q 2 2007 | Commercial Maintenance (MRO) Jan. 1 to June 30, 2007 | Commercial Maintenance (MRO) Q 2 2007 | Consolidation/ reconciliation Jan. 1 to June 30, 2007 | Consolidation/ reconciliation Q 2 2007 | Group Jan. 1 to June 30, 2007 | Group Q 2 2007 |
|---|---|---|---|---|---|---|---|---|
| **Revenues with third parties** | **759.9** | **379.5** | **500.7** | **240.5** | | | **1,260.6** | **620.0** |
| Commercial | 536.6 | 266.9 | 500.7 | 240.5 | | | 1,037.3 | 507.4 |
| Military | 223.3 | 112.6 | | | | | 223.3 | 112.6 |
| **Revenues with other segments** | **8.3** | **4.9** | **4.6** | **2.5** | **-12.9** | **-7.4** | | |
| Commercial | 8.3 | 4.9 | 4.6 | 2.5 | -12.9 | -7.4 | | |
| Military | | | | | | | | |
| **Total revenues** | **768.2** | **384.4** | **505.3** | **243.0** | **-12.9** | **-7.4** | **1,260.6** | **620.0** |
| Commercial | 544.9 | 271.8 | 505.3 | 243.0 | -12.9 | -7.4 | 1,037.3 | 507.4 |
| Military | 223.3 | 112.6 | | | | | 223.3 | 112.6 |
| **Cost of sales** | **-627.2** | **-311.3** | **-447.9** | **-219.5** | **18.1** | **12.8** | **-1,057.0** | **-518.0** |
| **Gross Profit** | **141.0** | **73.1** | **57.4** | **23.5** | **5.2** | **5.4** | **203.6** | **102.0** |
| **Earnings before interest and tax (EBIT)** | **75.2** | **41.7** | **38.3** | **16.2** | **0.2** | **-0.9** | **113.7** | **57.0** |
| **Depreciation and amortization** | **50.6** | **25.1** | **16.7** | **8.3** | | | **67.3** | **33.4** |
| **Earnings before interest, tax, depreciation and amortization (EBITDA)** | **125.8** | **66.8** | **55.0** | **24.5** | **0.2** | **-0.9** | **181.0** | **90.4** |
| **Interest and other financial result** | **-31.8** | **-26.1** | **-2.4** | **-1.7** | **-4.6** | **15.2** | **-38.8** | **-12.6** |
| **Result from equity accounted investments** | | | **-0.6** | **0.1** | | | **-0.6** | **0.1** |
| Internal allocation | -3.2 | -2.1 | 3.2 | 2.1 | | | | |
| **Earnings before tax (EBT)** | **40.2** | **13.5** | **38.5** | **16.7** | **-4.4** | **14.3** | **74.3** | **44.5** |
| **Investments in intangible assets and property, plant and equipment** | **22.5** | **8.9** | **16.8** | **12.5** | | | **39.3** | **21.4** |
| **Segment assets** | **2,801.5** | | **885.6** | | **-630.4** | | **3,056.7** | |
| - thereof: Goodwill | 296.3 | | 96.1 | | | | 392.4 | |
| - thereof: equity accounted investments | | | 6.2 | | | | 6.2 | |
| **Segment liabilities** | **2,067.6** | | **512.0** | | **-70.4** | | **2,509.2** | |
| **Significant non-cash expenses** | **21.3** | **15.8** | **1.7** | **0.6** | | | | |
| **Employees, quarter average** | **4,661** | | **2,395** | | | | **7,056** | |
| **Key segment data:** | | | | | | | | |
| Gross profit in % | 18.4 | 19.0 | 11.4 | 9.7 | | | 16.2 | 16.5 |
| EBIT in % | 9.8 | 10.8 | 7.6 | 6.7 | | | 9.0 | 9.2 |
| EBITDA in % | 16.4 | 17.4 | 10.9 | 10.1 | | | 14.4 | 14.6 |

### 27 Contingent liabilities and other financial obligations

Contingent liabilities and other financial obligations at June 30 have not changed compared with the situation at the end of 2007. Information regarding the composition and nature of contingent liabilities and other financial obligations is provided in Note 38 of the 2007 consolidated financial statements.

### 28 Events after the balance sheet date

Information regarding events after the balance sheet date is provided in the section ”Subsequent events report” (see Note 6).

### 29 Responsibility statement

To the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, the Consolidated Interim Financial statements give a true and fair view of the net assets, financial position and results of operation of the MTU Group, and the Group Interim Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Munich, July 20, 2008

Egon Behle

**Chairman of the Management Board**

Dr. Rainer Martens

**Member of the Management Board Technology**

Dr. Stefan Weingartner

**Member of the Management Board Commercial Maintenance**

Reiner Winkler

**Member of the Management Board Finance and Human Resources**

## Review Report

### To MTU Aero Engines Holding AG

We have reviewed the interim consolidated financial statements of the MTU Aero Engines Holding AG, Munich, comprising the balance sheet, the income statement, cash flow statement, condensed statement of changes in equity and selected condensed explanatory notes, together with the interim group management report of the MTU Aero Engines Holding AG, Munich, for the period from January, 1 to June, 30, 2008, that are part of the semi annual financial report pursuant to Article 37w WpHG (Wertpapierhandelsgesetz: German Securities Trade Act). The preparation of the interim consolidated financial statements in accordance with those IFRS (International Financial Reporting Standards) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the interim consolidated financial statements and of the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG (German Securities Trading Act) applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor´s report.

Based on our review, no matters have come to our attention that cause us to presume that the interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG (German Securities Trading Act) applicable to interim group management reports.

Munich, July 21, 2008

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Dr. Plendl | Dr. Reitmayr |
| German Public Auditor | German Public Auditor |

## Financial calendar

| | |
|---|---|
| 2008 conference with analysts and investors | **September 26, 2008** |
| Quarterly Financial Report to September 30, 2008 | **October 23, 2008** |
| Teleconferences on results to September 30, 2008 | **October 23, 2008** |

## Contacts

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## Translation

The German version takes precedence.

## MTU Aero Engines Holding AG on the Internet

- Further information about MTU Aero Engines Holding AG can be obtained via the Internet at: www.mtu.de

- Investor Relations information is available directly at http://www.mtu.de/de/investorrelations/index.html

- Information about MTU Aero Engines Holding AG's can be obtained at: www.mtu.de/de/programme/index.html

## Disclaimer

This report (in particular the section “Forecasts and Outlook“ contains forward-looking assertions which reflect the current view of the management of MTU with regard to future events. Those disclosures are characterized by terms such as “expect“, “is likely that“, “assume“, “intend“, “estimate“, “aim“, “set as target“, “forecast”, “outlook“ and similar phrases and generally include information relating to expectations or targets for revenues, (adjusted) EBITDA or other performance measures. Forward-looking assertions are based on the latest forecasts, assessments and expectations. Such information should therefore be carefully considered. Assertions of this kind are subject to risk factors and uncertainties which are often difficult to assess and which are generally not within the control of MTU. Such factors may unfavorably affect revenues and expenses. If these or other risk factors and uncertainties do in fact materialize, or if the assumption on which assertions are based turn out to incorrect, MTU’s actual earnings may vary from those contained in, or implied by, these assertions. MTU cannot guarantee that expectations or targets will be met. MTU does not accept any responsibility for up-dating future-looking assertions by taking account of any new information or future events or other matters.

In addition to IFRS-based key figures, MTU also disclosures some non-GAAP key performance indicators (e. g. EBITDA, EBITDA margin, (adjusted) EBITDA, (adjusted) EBITDA margin, (adjusted) net profit, free cash flow, gross and net financial liabilities) which are not covered by financial reporting standards. These key performance indicators should be seen as supplementary information and not a replacement for disclosures made in accordance with IFRS. Non-GAAP key performance indicators are not covered by IFRS or any other generally accepted set of financial reporting rules. Other entities may, under circumstances, use different definitions for these items.

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