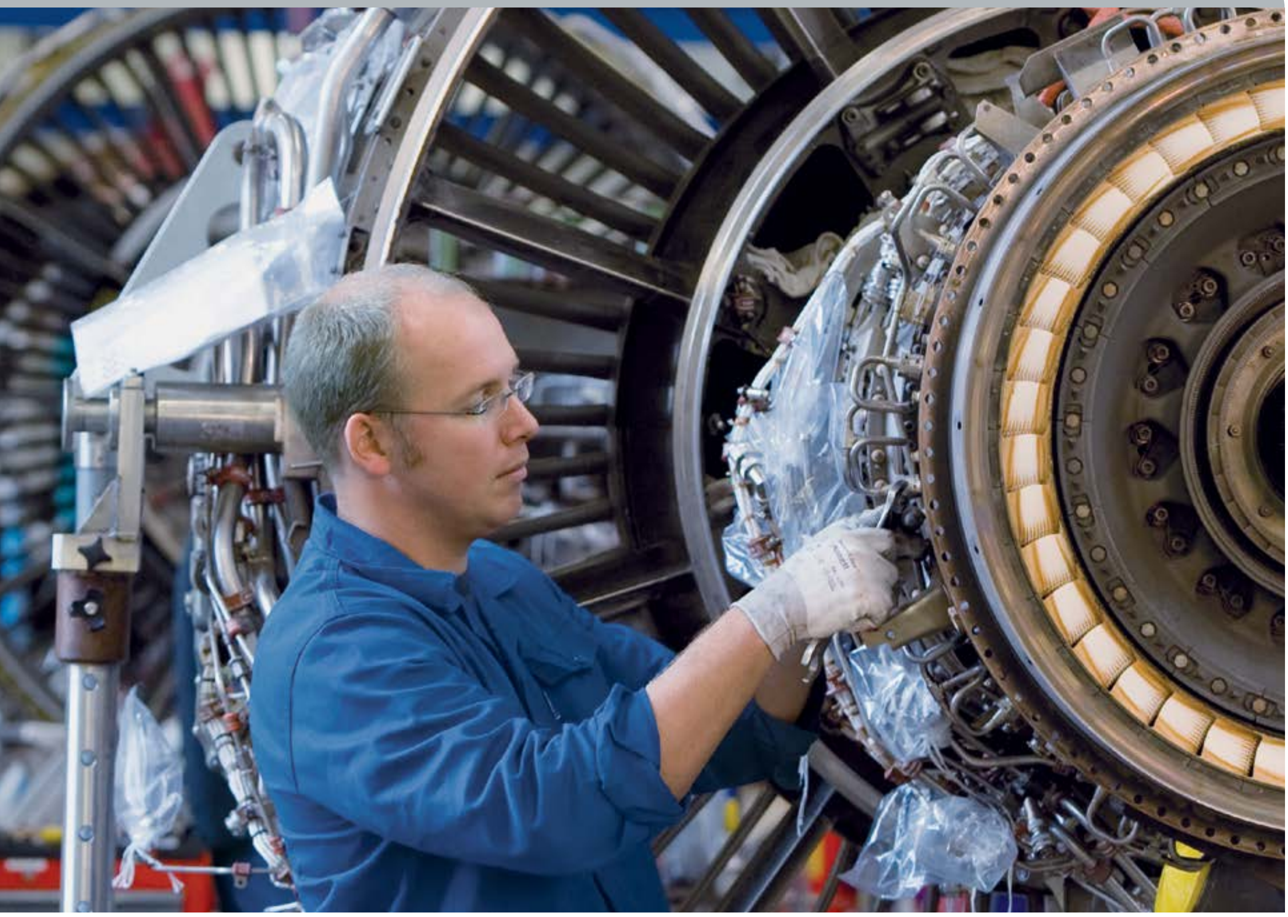
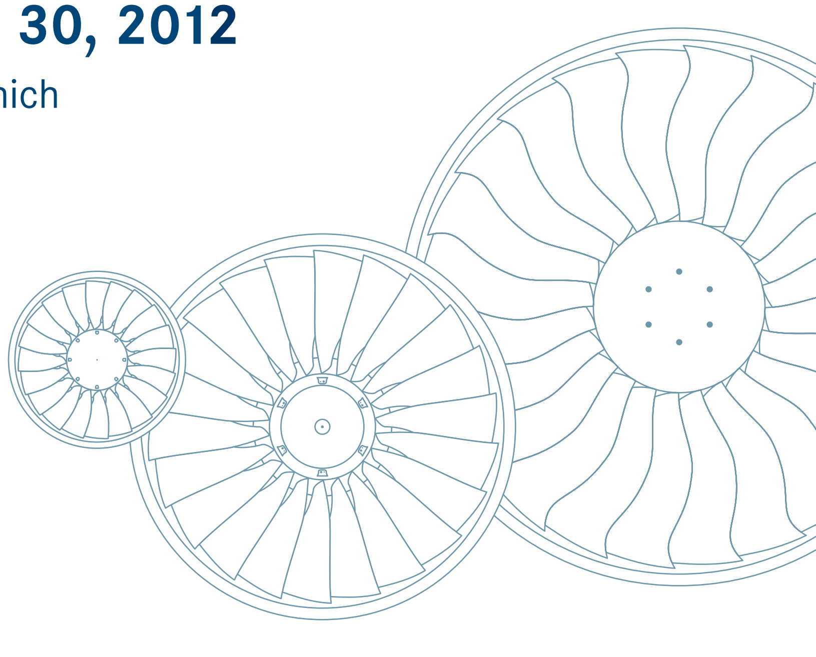


Quarterly Financial Report
January 1 to September 30, 2012

MTU Aero Engines Holding AG, Munich



Contents

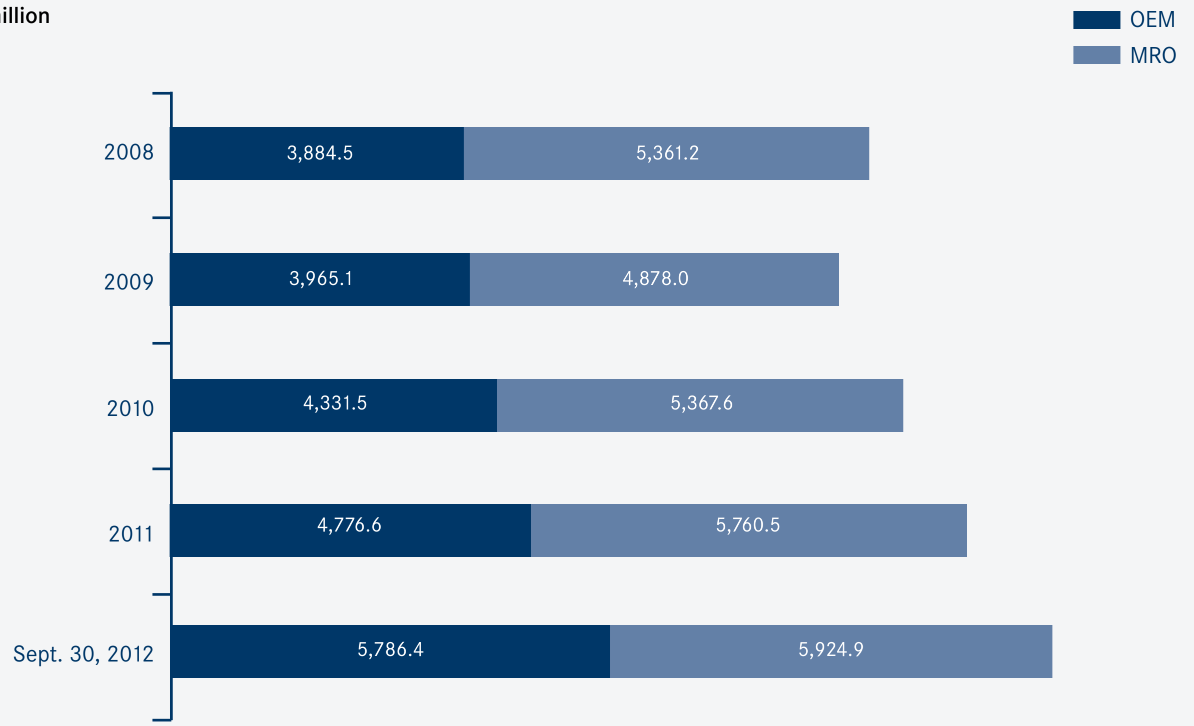
Key Facts and Figures for the Group

in € million (unless otherwise specified)	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Change against previous year in € million	in %
Income Statement				
Revenues	2,468.0	2,067.3	400.7	19.4
Gross profit	435.4	404.9	30.5	7.5
Earnings before interest and taxes (EBIT)	253.6	213.5	40.1	18.8
Adjusted earnings before interest and taxes (EBIT adjusted)	278.0	245.3	32.7	13.3
Earnings before taxes (EBT)	228.3	167.9	60.4	36.0
Earnings after taxes (EAT)	160.4	116.7	43.7	37.4
Adjusted earnings after taxes (EAT adjusted)	173.1	147.7	25.4	17.2
Undiluted earnings per share (in €)	3.16	2.39	0.77	32.2
Diluted earnings per share (in €)	3.16	2.32	0.84	36.2
Revenue margins in %				
Earnings before interest and taxes (EBIT)	10.3	10.3		
Adjusted earnings before interest and taxes (EBIT adjusted)	11.3	11.9		
Earnings before taxes (EBT)	9.3	8.1		
Earnings after taxes (EAT)	6.5	5.6		
Adjusted earnings after taxes (EAT adjusted)	7.0	7.1		
Cash flow				
Cash flow from operating activities	160.8	187.9	-27.1	-14.4
Cash flow from investing activities	-307.0	-79.4	-227.6	
Free cash flow	66.3	109.9	-43.6	-39.7
Cash flow from financing activities	113.9	-53.7	167.6	
Change in cash and cash equivalents	-31.3	52.6	-83.9	

	Sept. 30, 2012	Dec. 31, 2011	Change against previous year in € million	in %
Statement of financial position				
Intangible assets	1,832.3	1,266.3	566.0	44.7
Cash and cash equivalents	167.5	198.8	-31.3	-15.7
Pension provisions	466.0	457.0	9.0	2.0
Equity	1,144.4	906.1	238.3	26.3
Net debt	411.8	12.2	399.6	
Order book	**11,711.3**	**10,537.1**	**1,174.2**	**11.1**
Commercial and Military Engine business (OEM) before consolidation	5,786.4	4,776.6	1,009.8	21.1
Commercial Maintenance business (MRO) before consolidation	5,924.9	5,760.5	164.4	2.9
Number of employees	**8,518**	**8,202**	**316**	**3.9**
Commercial and Military Engine business (OEM)	5,156	5,092	64	1.3
Commercial Maintenance business (MRO)	3,301	3,110	191	6.1
Other entities	61		61	

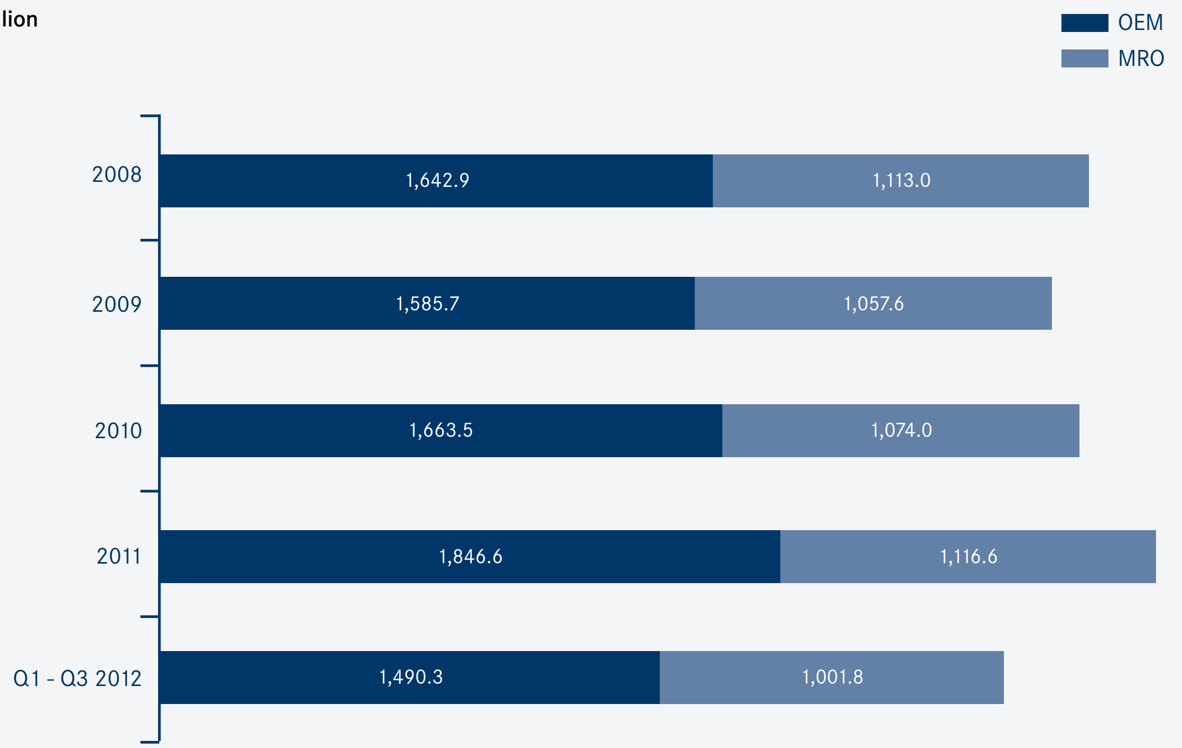
Order book by segment (before consolidation)

in € million

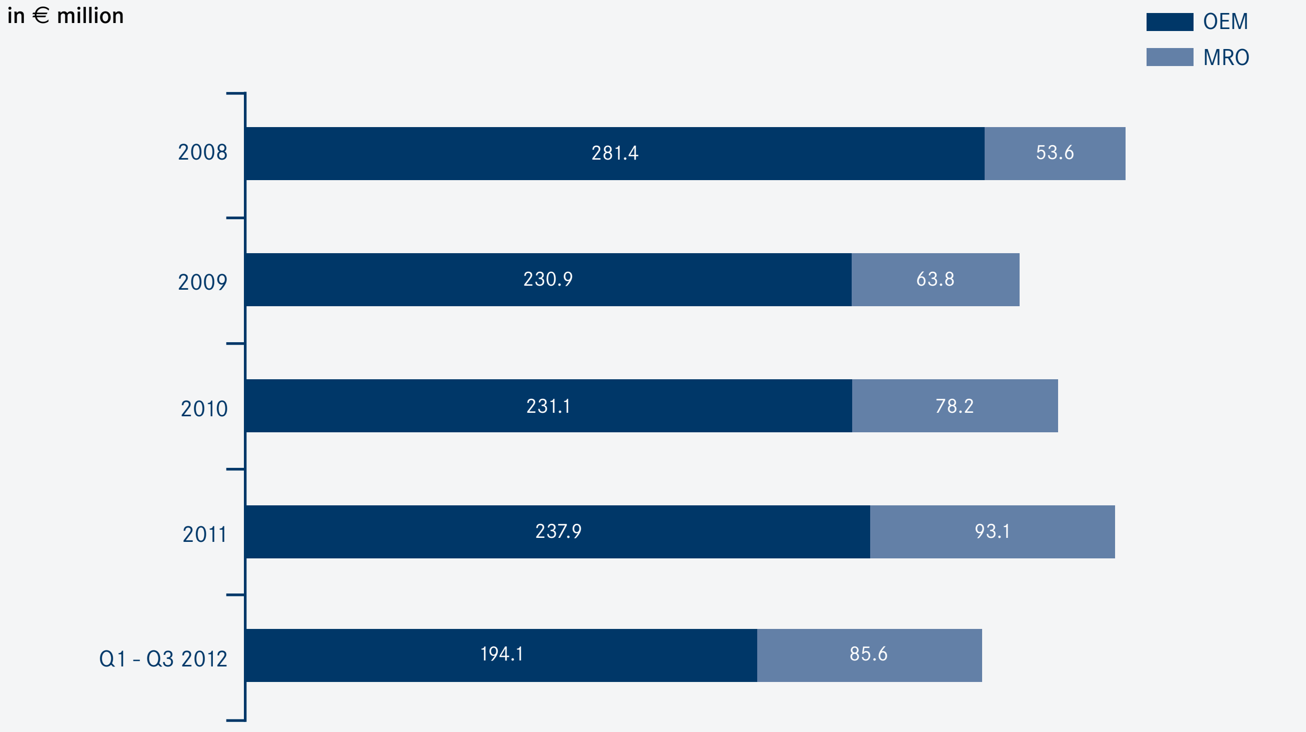


Revenues by segment (before consolidation)

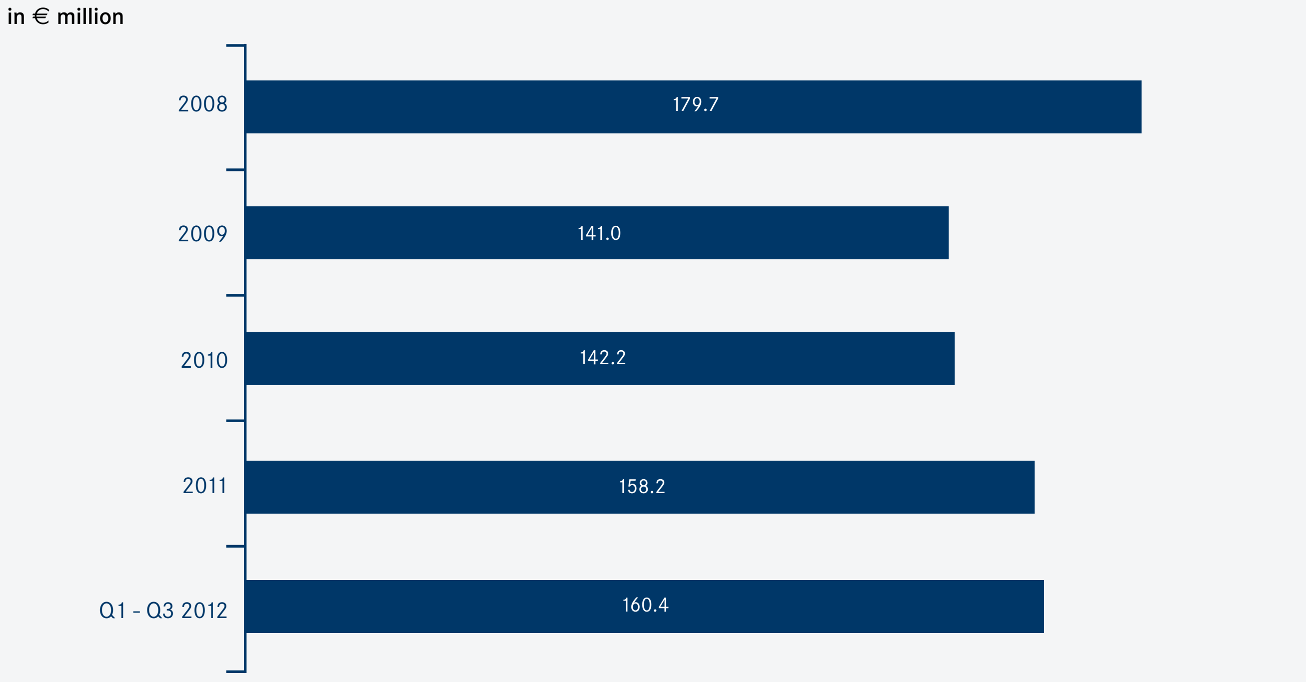
in € million



EBIT adjusted by segment (before consolidation)



Earnings after taxes



1 General Economic Environment

Economic growth has lost considerable pace worldwide and production figures have fallen over the last few months. The euro crisis and the accompanying pressure on public spending combined with the ongoing weaknesses in the banking system continue to have a dampening impact on the world's economy and serve to exacerbate the risks. These factors have also worsened the outlook for global economic growth. The emerging markets are also noticing the increasing sluggishness of the world economy.

The euro/US dollar exchange rate is particularly important for MTU's international business and stood practically unchanged at US $ 1.2930 at the end of the third quarter 2012 compared to US $ 1.2939 at the end of 2011. The average euro/US dollar rate over the nine-month period was US $ 1.2515, well below the average of US $ 1.4126 recorded the previous year. Reference is made to section 5.2 (Operating results, financial situation and net assets) of the Interim Group Management Report for comments on the impact of changes in exchange rate parities.

Outlook

The International Monetary Fund (IMF) has adjusted its growth forecasts downwards for many industrialized and emerging economies for 2012 and 2013. The IMF now expects the world economy to grow by 3.3 % in 2012 and 3.6 % in 2013, 0.2 and 0.3 percentage points respectively lower than in the July forecast. The IMF sees a possible escalation of the euro debt crisis and the fiscal policy of the USA as the greatest threats to growth.

According to the IMF, emerging markets as a whole are likely to grow by 5.3 % this year and by 5.6 % in 2013. The forecast for India has been scaled down significantly, while the outlook for China has been moderately reduced to 7.8 %.

2 Sector Environment

Passenger numbers rose by 6.5 % during the first six months of 2012 (August: 5.1 %). The most significant rise was seen in the Middle East at 18 %, followed by Latin America at 10.5 % (IATA).

The performance of the spare parts business is determined by aircraft capacity and the number of hours flown. The aircraft fleet grew overall by 4.7 % during the first half of the year. The total number of hours flown by jet-powered passenger aircraft (Boeing, Airbus, Embraer and Bombardier) rose by 2.2 % in the third quarter compared to one year earlier.

According to Ascend Online, 656 standard and wide-body aircraft were ordered during the third quarter. The order backlog climbed from 8,800 aircraft at June 30 to 8,870 aircraft at September 30. In the first three quarters of 2012 Airbus and Boeing manufactured 840 aircraft, 100 more than in the same period of 2011. The two companies are planning to deliver 385 aircraft in the last quarter, making a total of more than 1,200 deliveries for the year, 15 % up on 2011.

During the first six months of 2012, 13 % more aircraft were delivered than in the same period in 2011, effectively bucking the negative trend seen in recent years.

Outlook

IATA forecasts a 5.3 % growth in passenger numbers for 2012 and a subsequent drop to 4.5 % in the following year.

IATA has raised its earnings forecast for the airlines from US $ 3 billion to US $ 4.1 billion for 2012. Of this figure, US $ 2.3 billion are attributable to the Asia-Pacific region and US $ 1.9 billion to North America. Forecasts for Europe show a loss of US $ 1.2 billion.

IATA predicts the overall earnings of airlines at US $ 7.5 billion for 2013.

Saudi Arabia and the USA have increased oil production levels, which reduces the risk of further oil price increases. The Energy Information Administration of the US Department of Commerce is expecting an average price of US $ 112 per barrel for Brent crude oil in 2012 and an average price of US $ 103 per barrel for 2013. There is also some good news for the business jet sector. New products and better tax breaks have led to a considerable rise in orders on the North American market.

3 The Enterprise MTU

MTU Aero Engines Holding AG, Munich, along with its consolidated group of companies (hereafter referred to as “MTU”, “group”, “enterprise” or “company”) is Germany’s leading engine manufacturer and one of the world’s largest.

4 Research and Development

Technological changes within the aviation sector take place at an extremely rapid pace and require a continuous source of innovation. Research and development expenditure will remain at a high level during the financial years 2012 and 2013. Expenditure on research and development during the first nine months of the year totalled € 173.5 million (January - September 2011: € 183.4 million). The research and development ratio – measured as R&D expenditure divided by revenues – decreased by 1.9 percentage points to 7.0 % (January - September 2011: 8.9 %).

Research and development expenses

	Jan. 1 - Sept. 30, 2012 in € million	Jan. 1 - Sept. 30, 2011 in € million	Change against previous year in € million	in %
Commercial Engine business	106.6	104.3	2.3	2.2
Commercial Maintenance business	3.2	6.4	-3.2	-50.0
Military Engine business	63.7	72.7	-9.0	-12.4
Research and development (before amounts capitalized)	**173.5**	**183.4**	**-9.9**	**-5.4**
R&D ratio (as % of revenues)	7.0	8.9	-1.9	

The amounts invested are sub-divided into company-funded and externally funded R&D expenditure. Company-funded expenditure is borne by the group, whereas externally funded expenditure is paid for by customers. Company-funded expenditure is reported in the table below and in section 8 of the Selected Explanatory Notes to the Interim Consolidated Financial Statements as R&D expense. Externally funded R&D activities are accounted for as construction contract receivables or payables in accordance with IAS 11 since the work is commissioned specifically by national and international consortia. R&D expenses of € 173.5 million (January - September 2011: € 183.4 million) included € 113.3 million (January - September 2011: € 116.0 million) relating to company-funded R&D expenditure. Of this amount, € 110.1 million (January - September 2011: € 109.6 million) related to Commercial and Military Engines business (OEM).

The nine-month expense for Commercial Maintenance business was € 3.2 million (January - September 2011: € 6.4 million) and related primarily to new repair techniques.

The following table includes the self-financed research and development expense reported in the income statement (see section 8 of the Selected Explanatory Notes).

Research and development expenses reported in income statement (self-financed)

	Jan. 1 - Sept. 30, 2012 in € million	Jan. 1 - Sept. 30, 2011 in € million	Change against previous year in € million	in %
Commercial Engine business	89.6	89.2	0.4	0.4
Commercial Maintenance business	3.2	6.4	-3.2	-50.0
Military Engine business	20.5	20.4	0.1	0.5
Own financed R&D expenditure	**113.3**	**116.0**	**-2.7**	**-2.3**
Capital expenditure on assets required to be capitalized				
Commercial and Military Engine business	-33.3	-17.0	-16.3	-95.9
Commercial Maintenance business	-0.6	-2.5	1.9	76.0
Total capitalized	**-33.9**	**-19.5**	**-14.4**	**-73.8**
Research and development expenses per income statement	**79.4**	**96.5**	**-17.1**	**-17.7**
Capitalization ratio in %	**29.9**	**16.8**	**13.1**	**78.0**

Development costs capitalized for the Military and Commercial Engine lines of business amounted to € 33.3 million (January - September 2011: € 17.0 million) and related to the GE38 and PW1100G engine programs for the Airbus A320neo.

Capitalized development costs in the Commercial Maintenance segment amounted to € 0.6 million (January - September 2011: € 2.5 million) and arose in connection with the rationalization of production processes and cost optimization of repair techniques.

5 Financial Situation

Impact of IAE V2500 share increase (program share and shareholding)

In accordance with an agreement dated April 12, 2012 and a supplementary agreement dated June 29, 2012 with United Technologies Corporation, East Hartford, Connecticut, USA, and Rolls-Royce plc, London, England on the one hand and Pratt & Whitney Aero Engines International GmbH, Lucerne, Switzerland (PWAEI) on the other, MTU increased its overall share in the V2500 engine program with effect from June 29, 2012 by five percentage points to 16 percent.

PWAEI acquired Rolls-Royce‘s previous V2500 program share and subsequently sold five percentage points of the program share to MTU. The acquired Collaboration Right guarantees MTU an additional 5 percent share in the successful V2500 engine program in conjunction with the Risk-and-Revenue-Sharing Program and also entails an increased share in subsequent maintenance work. In return, MTU has given a commitment to supply a specifically defined range of additional parts and to take over related maintenance business.

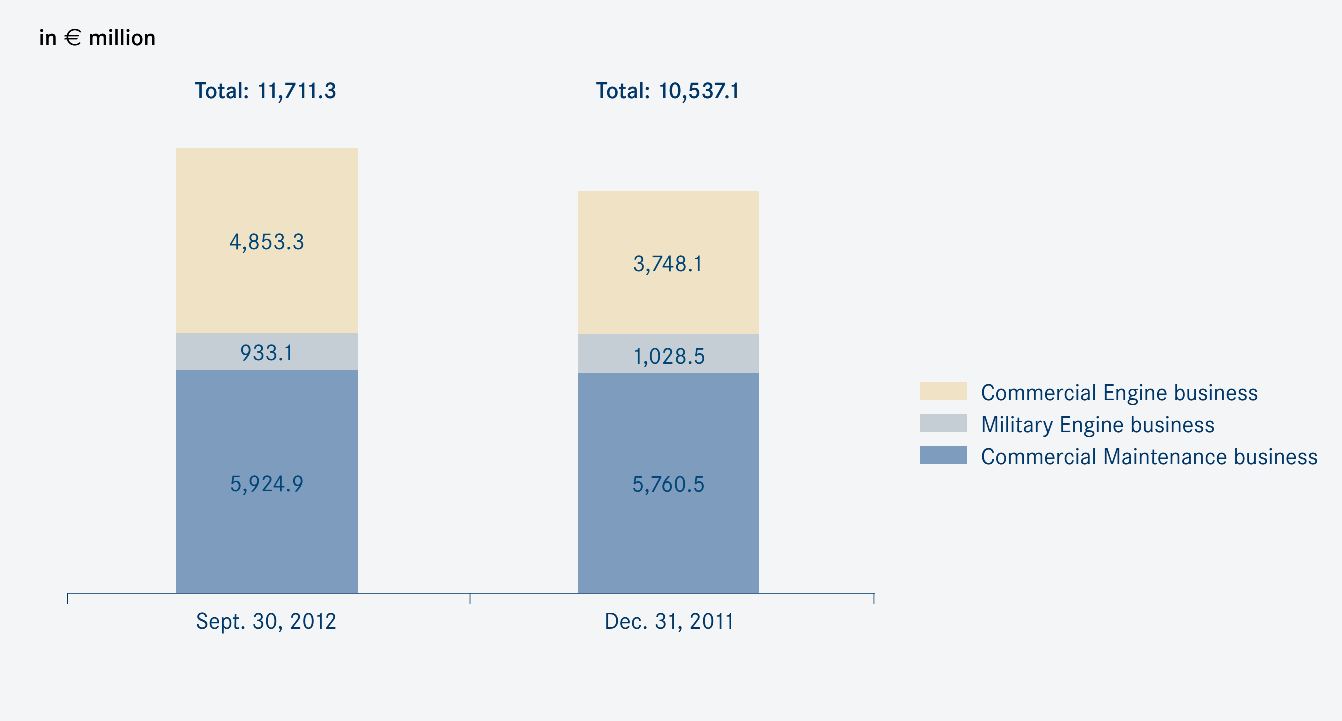
In the same agreement, MTU acquired 12.9 % of the shares of International Aero Engines AG, Zurich, Switzerland, for a consideration of € 10.3 million (US $ 12.9 million).

For further details, please see the comments in the Selected Explanatory Notes, Section 5, Consolidated companies (Impact of the IAE V2500 share increase).

5.1 Order book

MTU's order book consists of firm orders placed by customers which commit the group to delivering products or providing services plus the contractually agreed order value of maintenance, repair and overhaul (MRO) contracts.

Order book before consolidation



The order backlog at September 30, 2012 amounting to € 11.7 billion (December 31, 2011: approximately € 10.5 billion) corresponds to a workload of over three years.

5.2 Operating results, financial situation and net assets

Earnings performance

Sales revenue

Revenues for the nine-month period under report rose by € 400.7 million (19.4 %) to € 2,468.0 million. Within those figures, revenues from Commercial and Military Engine business increased by € 199.0 million (15.4 %) to € 1,490.3 million. Revenues generated with Commercial Maintenance business grew by € 203.1 million (25.4 %) to € 1,001.8 million. Adjusted for the US dollar impact (i.e. using the same exchange rate as in the previous year), group revenues for the nine-month period would have increased by € 210.8 million (10.2 %).

Cost of sales and gross profit

Cost of sales for the first nine months of 2012 increased by € 370.2 million (22.3 %) to € 2,032.6 million. As a result, the gross profit for the nine-month period increased by € 30.5 million (7.5 %) to € 435.4 million. The gross profit margin fell to 17.6 % (January - September 2011: 19.6 %).

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) for the nine-month period under report amounted to € 253.6 million (January - September 2011: € 213.5 million). Adjusted earnings before interest and taxes (EBIT adjusted) increased to € 278.0 million (January - September 2011: € 245.3 million). The adjusted EBIT margin thus stood at 11.3 % (January - September 2011: 11.9 %).

Financial result

The financial result for the nine-month period under report was a net expense of € 25.3 million (January - September 2011: € 45.6 million). There was an improvement in the net interest result, primarily attributable to the convertible bond which matured on February 1, 2012. The sharp improvement in the financial result on other items was primarily due to lower fair value losses amounting to € 0.3 million on foreign currency holdings (January - September 2011: € 7.3 million) and net gains on the fair value measurement of currency and interest derivatives amounting to € 9.7 million (January - September 2011: net losses amounting to € 3.3 million).

Earnings before taxes (EBT)

As a result of higher earnings before interest and taxes (EBIT) and the improved financial result, earnings before taxes (EBT) for the nine-month period rose by € 60.4 million (36.0 %) to € 228.3 million (January – September 2011: € 167.9 million).

Earnings after taxes (EAT)

Earnings after taxes (EAT) rose to € 160.4 million (January - September 2011: € 116.7 million), in line with the improvement in earnings before taxes (EBT). Adjusted earnings before taxes (EAT adjusted) amounted to € 173.1 million (January - September 2011: € 147.7 million), an improvement of € 25.4 million (17.2 %) over the corresponding period one year earlier.

The reconciliation from earnings before interest and taxes (EBIT) to adjusted earnings before interest and taxes (EBIT adjusted) as well as to the adjusted earnings after taxes (EAT adjusted) is shown in the following table:

Reconciliation to adjusted key performance figures

	Jan. 1 - Sept. 30, 2012 in € million	Jan. 1 - Sept. 30, 2011 in € million	Change against previous year in € million	in %
Earnings before interest and taxes (EBIT)	**253.6**	**213.5**	**40.1**	**18.8**
Amortization/depreciation on purchase price allocation	28.5	31.8	-3.3	-10.4
IAE V2500 share increase	-4.1		-4.1	
Adjusted earnings before interest and taxes (EBIT adjusted)	**278.0**	**245.3**	**32.7**	**13.3**
Interest result	-2.6	-9.7	7.1	73.2
Interest for pension provision	-18.6	-16.4	-2.2	-13.4
Adjusted earnings before taxes (EBT adjusted)	**256.8**	**219.2**	**37.6**	**17.2**
Income taxes 32.6 %	-83.7	-71.5	-12.2	-17.1
Adjusted earnings after taxes (EAT adjusted)	**173.1**	**147.7**	**25.4**	**17.2**

Consolidated Statement of Comprehensive Income

In the consolidated statement of comprehensive income, earnings after taxes (EAT) of € 160.4 million (January - September 2011: € 116.7 million) are reconciled to the comprehensive income for the period of € 195.1 million (January - September 2011: € 115.5 million).

Income and expenses recorded directly in comprehensive income primarily relate to positive market changes of derivative financial instruments amounting to € 21.6 million (January - September 2011: € 2.8 million) in the first nine months of 2012, net of deferred taxes. In addition, there was a net positive impact from the fair value of financial assets not accounted for through the income statement amounted to € 0.1 million (January - September 2011: negative impact of € 0.1 million) and a net positive from the currency translation of foreign group companies totalling € 13.0 million (January - September 2011: net negative impact of € 3.9 million).

Financial position

The principles and objectives of financial management are described in the Annual Report 2011 (page 94 onwards) and remain unchanged.

The Group's external financing comprises mainly loans, credit lines available from banks, the issue of a corporate bond in June 2012 and the issue of promissory notes.

During the first quarter 2012, the convertible bond issued in 2007 was redeemed (€ 62.6 million) and a further portion converted into shares of MTU Aero Engines Holding AG (€ 90.1 million).

During the second quarter 2012, two promissory notes due June 5, 2012 and totalling € 13.5 million were repaid.

In order to finance the purchase price components of the IAE V2500 share increase, MTU Aero Engines Holding AG, Munich, issued a corporate bond effective June 20, 2012 with a nominal amount of € 250.0 million. Net cash proceeds from the issue (net of transaction costs and bond discount) totaled € 248.5 million.

At September 30, 2012, the MTU Group had access to credit facilities of € 100.0 million with two banks. Of these credit facilities, € 16.3 million (December 31, 2011: € 12.4 million) were being utilized at September 30, 2012 for guarantees.

Free cash flow

MTU manages liquidity using the key performance indicator „Free cash flow". Free cash flow is defined by the group as the cash inflow from operating activities less cash outflow for investments in intangible assets, property, plant and equipment and financial assets. Investments in and divestitures of financial assets which are not measured at fair value through profit or loss are not taken into account in the calculation of free cash flow since such investments can be sold at any time and are held as a liquidity reserve. Similarly, exceptional cash outflows totalling € 233.5 million disbursed for the V2500 share increase and for the acquisition of 12.9 % of the shares of IAE International Aero Engines AG, Switzerland, (in conjunction with the Collaboration Right) are not included in free cash flow. Free cash flow during the first nine months of 2012 fell by € 43.6 million to € 66.3 million (January – September 2011: € 109.9 million).

Financial position

	Jan. 1 - Sept. 30, 2012 in € million	Jan. 1 - Sept. 30, 2011 in € million	Change against previous year in € million	in %
Cash flow from operating activities	160.8	187.9	-27.1	-14.4
Cash flow from investing activities	-307.0	-79.4	-227.6	
+(-) Exceptional cash flow items				
Cash flow relating to IAE V2500 share increase (investment in intangible and financial assets)	233.5		233.5	
Cash flow for investments in/divestitures of financial assets	-21.0	1.4	-22.4	
Free cash flow	**66.3**	**109.9**	**-43.6**	**-39.7**
+(-) Exceptional cash flow items				
Cash flow relating to IAE V2500 share increase (investment in intangible and financial assets)	-233.5		-233.5	
Cash flow for investments in/divestitures of financial assets	21.0	-1.4	22.4	
Cash flow from financing activities	113.9	-53.7	167.6	
Exchange rate changes	1.0	-2.2	3.2	
Change in cash and cash equivalents	**-31.3**	**52.6**	**-83.9**	
Cash and cash equivalents at				
the beginning of the reporting period	198.8	111.9	86.9	77.7
the end of the reporting period	167.5	164.5	3.0	1.8

Cash flows from operating activities

The cash flow from operating activities for the first nine months of 2012 decreased by € 27.1 million to € 160.8 million (January - September 2011: € 187.9 million).

Cash flow from investing activities

The cash outflow for investing activities for the nine-month period was € 307.0 million compared with € 79.4 million in the previous year. Cash spent on investments in intangible assets totaled € 254.1 million (January - September 2011: € 20.6 million). Alongside disbursements for the IAE V2500 share increase amounting to € 223.2 million, the cash outflow related primarily to capitalized development costs for the PW1100G and GE38 engine programs and for maintenance processes. Investment in property, plant and equipment rose to € 63.8 million for the nine-month period (January - September 2011: € 57.1 million).

Proceeds from the sale of property, plant and equipment during the first nine months of 2012 totalled € 0.4 million (January - September 2011: € 0.7 million).

Cash flow from financing activities

The cash inflow from financing activities during the period from January to September 2012 was € 113.9 million (January - September 2011: cash outflow of € 53.7 million).

In order to finance the purchase price components of the IAE V2500 share increase, MTU Aero Engines Holding AG, Munich, issued a corporate bond effective June 20, 2012 with a nominal amount of € 250.0 million. Net cash proceeds from the issue (net of transaction costs and bond discount) totalled € 248.5 million.

During the first quarter 2012, the convertible bond issued in 2007 was partially converted into MTU Aero Engines Holding AG shares (€ 90.1 million) and the remainder (€ 62.6 million) redeemed by the final due date on February 1, 2012.

Furthermore, during the second quarter 2012, two promissory notes with a final term dated June 5, 2012 were repaid (€ 13.5 million) and the dividend for the financial year 2011 paid (€ 60.8 million).

Cash and cash equivalents

The various cash flows resulted in a decrease in cash and cash equivalents of € 31.3 million (January - September 2011: increase of € 52.6 million).

Cash and cash equivalents comprised the following at September 30, 2012:

Cash and cash equivalents

	Sept. 30, 2012 in € million	Dec. 31, 2011 in € million	Change against previous year in € million	in %
Sight deposits and cash	59.7	33.1	26.6	80.4
Overnight and fixed term deposits with a remaining term of up to 3 months	107.8	165.7	-57.9	-34.9
Total cash and cash equivalents	**167.5**	**198.8**	**-31.3**	**-15.7**

Net debt

MTU defines its net financial position as gross financial liabilities less available cash funds. The resulting amount is an important indicator for the group's liquidity position. Net debt at September 30, 2012 amounted to € 411.8 million (December 31, 2011: € 12.2 million).

Net debt

	Sept. 30, 2012 in € million	Dec. 31, 2011 in € million	Change against previous year in € million	in %
Convertible bond		156.3	-156.3	-100.0
Corporate bond	250.6		250.6	
Financial liabilities to banks				
Promissory notes	11.8	25.6	-13.8	-53.9
Other bank credits	34.8	34.4	0.4	1.2
Financial liability relating to IAE V2500 share increase	280.7		280.7	
Financial liabilities to related parties	1.8		1.8	
Finance lease liabilities	3.7	3.9	-0.2	-5.1
Derivative financial liabilities	34.4	41.4	-7.0	-16.9
Gross financial liabilities	**617.8**	**261.6**	**356.2**	
less:				
Cash and cash equivalents	167.5	198.8	-31.3	-15.7
Derivative financial assets	18.5	9.7	8.8	90.7
Financial assets not measured at fair value through profit or loss	20.0	40.9	-20.9	-51.1
Net debt	**411.8**	**12.2**	**399.6**	

Financial liabilities to related companies are with VWD Versicherungsvermittlungs- und Wirtschaftsdienst GmbH, Munich, which is not consolidated on the grounds of immateriality.

During the first quarter 2012, the convertible bond issued in 2007 was redeemed (€ 62.6 million) and a further portion converted into shares of MTU Aero Engines Holding AG (€ 90.1 million).

During the second quarter 2012, two promissory notes due June 5, 2012 and totalling € 13.5 million were repaid.

In order to finance the purchase price components of the IAE V2500 share increase, MTU Aero Engines Holding AG, Munich, issued a corporate bond effective June 20, 2012 with a nominal amount of € 250.0 million.

In line with the measurement of the acquired assets (IAE V2500 share increase), the conditional consideration is accounted for as a financial liability at its fair value. Based on the number of actual flight hours, the purchase price will be paid over a contractually fixed term of 15 years. The fair value of the financial liability is required to be updated at each reporting date.

The net amount of liabilities and assets for derivative financial instruments decreased during the nine-month period to September 30, 2012 by € 15.8 million as a result of changes in the euro/US-Dollar exchange rate.

Net assets position

Changes in items in the statement of financial position

Group total assets at September 30, 2012 increased by 13.1% compared to December 31, 2011.

Non-current assets went up by € 595.7 million to € 2,481.6 million (December 31, 2011: € 1,885.9 million). Current assets decreased by € 107.7 million to € 1,745.0 million.

Intangible assets totalling € 590.0 million (January - September 2011: € 72.2 million) were recognized as assets during the first nine months of 2012, of which € 547.9 million related to the IAE V2500 share increase. The impact of the IAE V2500 share increase is discussed further in section 5 of the Selected Explanatory Notes, Consolidated companies (Impact of IAE V2500 share increase).

The focus of development expenditure was on the PW1100G engine, the new engine for the Airbus A320neo family, totalling € 30.3 million (January - September 2011: € 59.5 million including purchased program share at a cost of € 50.3 million). Internally generated development work was also capitalized in the first nine months of 2012 in the military engine business segment for the GE38 engine program amounting to € 4.1 million (January - September 2011: € 5.1 million). An amount of € 0.6 million (January - September 2011: € 2.5 million) was also capitalized during the nine-month period in connection with the rationalization of production processes and cost optimization of repair techniques in the Commercial Maintenance business segment.

During the first nine months of 2012, inventories went down by € 4.2 million to € 819.6 million and trade/contract receivables by € 42.6 million to € 699.3 million, while current financial assets decreased by € 18.3 million to € 25.8 million and other assets by € 19.3 million to € 14.9 million. Cash and cash equivalents decreased by € 31.3 million to € 167.5 million.

Group equity increased during the nine-month period by € 238.3 million to stand at € 1,144.4 million at September 30, 2012. Equity was increased during the first nine months of 2012 by earnings after taxes (EAT) amounting to € 160.4 million (January - September 2011: € 116.7 million), a positive currency translation impact of € 13.0 million (January – September 2011: negative currency translation impact of € 3.9 million), net gains on the financial assets amounting to € 0.1 million (January - September 2011: net losses of € 0.1 million), net gains on the fair value measurement of derivative financial instruments amounting to € 21.6 million (January - September 2011: € 2.8 million) and the sale of treasury shares in conjunction with the Employee Stock Program (MAP) amounting to € 5.9 million (January - September 2011: € 7.5 million). Equity also increased by € 97.5 million as a result of conversions of the convertible bond which matured on February 1, 2012. Equity was decreased during the period under report by payment of the dividend for the financial year 2011 amounting to € 60.8 million (January - September 2011: € 53.6 million) and, in the previous year, by remuneration of € 4.6 million paid in conjunction with the Matching Stock Programs (MSP).

As a result of these various factors, the equity ratio improved from 24.2 % at December 31, 2011 to 27.1 % at September 30, 2012.

Pension provisions increased by € 9.0 million in line with schedule. Compared to December 31, 2011, other provisions fell primarily as a result of payments to settle sales deductions, lower personnel-related obligations and the subsequent measurement of contingent liabilities in accordance with IFRS 3.

Income tax liabilities take account of advance payments made during the period and increased slightly by € 3.0 million during the nine-month period to September 30, 2012.

Financial liabilities increased by € 356.2 million compared to December 31, 2011. In order to finance the purchase price components of the IAE V2500 share increase, MTU Aero Engines Holding AG, Munich, issued a corporate bond with a nominal amount of € 250.0 million. The bond is subject to an interest rate of 3 % p.a. with effect from June 20, 2012 through to the date of repayment on June 20, 2017. Interest is payable in arrears on June 21 of each year, for the first time on June 21, 2013. In addition to immediate payment of a fixed amount, a conditional purchase consideration was agreed for the IAE V2500 share increase based on the number of actual flight hours. The envisaged financial liability, which takes account of market opportunities and risks, amounts to € 280.7 million. During the first quarter 2012, the convertible bond issued in 2007 was redeemed (€ 62.6 million) and a further portion converted into shares of MTU Aero Engines Holding AG (€ 90.1 million). Two tranches of the promissory notes were repaid at the end of their term on June 5, 2012.

Trade payables stood at € 555.7 million at September 30, 2012 and were therefore € 37.0 million lower than at the end of the previous financial year.

Construction contract payables decreased compared to December 31, 2011 by € 103.5 million to € 611.5 million. Within that figure, advance payments from customers are reported as construction contract payables to the extent that they exceed construction contract receivables.

Other payables increased compared to December 31, 2011 by € 43.0 million to € 289.8 million, mainly reflecting higher liabilities to employees during the year for vacation entitlements and Christmas pay.

Employees

At September 30, 2012 the group had a total of 8,518 employees (December 31, 2011: 8,202 employees).

6 Opportunity and Risk Report

To meet the expectations of shareholders, MTU must exploit opportunities, which entails a certain degree of risk. In order to identify and manage risks, the Board of Management has set up an integrated opportunity and risk management system, which is linked to the group's value-oriented performance indicators and its organizational structure. The system is based on the internationally recognized COSO II Enterprise Risk Management (ERM) Framework. It also incorporates the group's internal control system with respect to financial reporting processes pursuant to § 289 (5) and § 315 (2) no. 5 HGB. A detailed description of the main features of the system and the methods used is provided in the Annual Report 2011 (pages 115 to 117).

Opportunities

Thanks to its business model, with activities spread over the whole life cycle of commercial and military engine programs, MTU considers that it is well positioned. Purposeful and forward-looking investments give rise to opportunities to MTU, particularly in the area of risk and revenue sharing partnerships and commercial maintenance business. In this context, MTU Aero Engines increased its overall share in the IAE V2500 program by almost one half to 16 percent on the basis of a supplementary agreement reached with Pratt & Whitney effective June 29, 2012. MTU‘s higher program share opens up new market opportunities since the V2500 will continue to play an important role in the global engine market in coming decades.

Pratt & Whitney, Rolls-Royce, Japanese Aero Engine Corporation and MTU Aero Engines are planning a joint venture to develop the propulsion systems of future generations of short- and medium-range aircraft. MTU will therefore also play an important role in developing and manufacturing these families of engines.

Apart from these new developments, MTU considers that the opportunities profile described in the Annual Report 2011 is unchanged. For a comprehensive description of the group's opportunities, reference is made to the Annual Report 2011, page 108 et seq. (Forecasts) and page 123 (SWOT analysis).

Outlook

The operating result (EBIT adjusted) for the full year 2012 will only be minimally affected by the V2500 program share increase described above. In subsequent years, it is forecast that the increased program share will generate rising contributions to earnings.

For the financial year 2012, the group forecasts adjusted earnings before interest and taxes (EBIT adjusted) of approximately € 370 million and adjusted earnings after taxes (EAT adjusted) of approximately € 225 million.

Risks

MTU‘s business operations and its wide range of activities with partner and consortium entities – in particular in the USA – give rise to risks which could have a material impact on the group‘s earnings performance. Thanks to its integrated risk management system, MTU is able to identify areas of risk at an early stage and pro-actively manage such risks through appropriate action.

The areas of risk to which MTU is exposed have not changed significantly compared to the description provided in the Annual Report 2011. Reference is made to pages 118 to 123 of the Annual Report 2011 for a detailed description of risks.

Overall conclusion regarding MTU's risk situation

Overall, the risk profile of the MTU Group has not changed significantly compared to the assessment made as of December 31, 2011. The level of risks is limited and manageable and from today's perspective, the MTU Group continuing existence as a going concern is not endangered.

7 Significant Transactions with Related Parties (entities and individuals)

MTU Group companies did not enter into any material 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. Transactions with related parties are disclosed in section 30 of the Selected Explanatory Notes.

8 Subsequent Events

Events after the end of the reporting period (September 30, 2012)

There have been no significant events after the end of the interim reporting period (September 30, 2012) and prior to the date of authorization for issue of the Quarterly Financial Report on October 22, 2012.

Consolidated Income Statement

Consolidated Income Statement in € million	(Note)	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Revenues	(6)	2,468.0	2,067.3	909.0	720.8
Cost of sales	(7)	-2,032.6	-1,662.4	-754.2	-577.2
Gross profit		**435.4**	**404.9**	**154.8**	**143.6**
Research and development expenses	(8)	-79.4	-96.5	-25.9	-36.9
Selling expenses	(9)	-63.0	-59.5	-23.7	-21.2
General administrative expenses	(10)	-52.7	-40.6	-17.8	-14.3
Other operating income and expenses		3.1	4.2	-0.7	-1.4
Profit/loss of companies accounted for using the equity method	(11)	0.2			
Profit/loss of companies accounted for at cost	(11)	10.0	1.0	0.5	0.6
Earnings before interest and taxes (EBIT)		**253.6**	**213.5**	**87.2**	**70.4**
Interest income		1.7	3.0	0.3	1.3
Interest expenses		-4.3	-12.7	-2.3	-3.6
Interest result	(12)	-2.6	-9.7	-2.0	-2.3
Financial result on other items	(13)	-22.7	-35.9	-12.6	-11.1
Financial result		**-25.3**	**-45.6**	**-14.6**	**-13.4**
Earnings before taxes (EBT)		**228.3**	**167.9**	**72.6**	**57.0**
Income taxes	(14)	-67.9	-51.2	-26.6	-17.6
Earnings after taxes (EAT)		**160.4**	**116.7**	**46.0**	**39.4**
Earnings per share in €					
Undiluted (EPS)	(15)	3.16	2.39	0.90	0.81
Diluted (DEPS)	(15)	3.16	2.32	0.90	0.78

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income in € million	(Note)	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Earnings after taxes (EAT)		**160.4**	**116.7**	**46.0**	**39.4**
Translation differences arising from the financial statements of international subsidiaries		13.0	-3.9	7.6	1.8
Net gains/losses on cash flow hedges		21.6	2.8	38.8	-39.2
Net gains/losses on available-for-sale financial assets		0.1	-0.1		-0.1
Other comprehensive income after taxes		**34.7**	**-1.2**	**46.4**	**-37.5**
Comprehensive income for the period	(16)	**195.1**	**115.5**	**92.4**	**1.9**

Consolidated Statement of Financial Position

Assets

in € million	(Note)	Sept. 30, 2012	Dec. 31, 2011
Non-current assets			
Intangible assets	(17)	1,832.3	1,266.3
Property, plant and equipment	(18)	590.4	584.6
Financial assets	(19)	22.5	16.2
Financial assets accounted for using the equity method	(19)	20.1	
Other assets	(23)	4.7	5.1
Deferred tax assets		11.6	13.7
Total non-current assets		**2,481.6**	**1,885.9**
Current assets			
Inventories	(20)	819.6	823.8
Trade receivables	(21)	538.0	605.1
Contract production receivables	(22)	161.3	136.8
Income tax receivables		11.5	5.8
Financial assets	(19)	25.8	44.1
Other assets	(23)	14.9	34.2
Cash and cash equivalents	(24)	167.5	198.8
Prepayments		6.4	4.1
Total current assets		**1,745.0**	**1,852.7**
Total assets		**4,226.6**	**3,738.6**

Equity and Liabilities

in € million	(Note)	Sept. 30, 2012	Dec. 31, 2011
Equity	(25)		
Subscribed capital		52.0	52.0
Capital reserves		382.8	340.9
Revenue reserves		721.8	622.2
Treasury shares		-37.9	-100.0
Other comprehensive income		25.7	-9.0
Total equity		**1,144.4**	**906.1**
Non-current liabilities			
Pension provisions		437.5	428.5
Other provisions	(26)	114.5	119.9
Financial liabilities	(27)	558.1	53.4
Other liabilities	(29)	135.7	133.0
Deferred tax liabilities		231.8	229.6
Total non-current liabilities		**1,477.6**	**964.4**
Current liabilities			
Pension provisions		28.5	28.5
Income tax liabilities		13.0	10.0
Other provisions	(26)	182.1	199.9
Financial liabilities	(27)	59.7	208.2
Trade payables		555.7	592.7
Contract production liabilities	(28)	611.5	715.0
Other liabilities	(29)	154.1	113.8
Total current liabilities		**1,604.6**	**1,868.1**
Total equity and liabilities		**4,226.6**	**3,738.6**

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

in € million	Subscribed capital	Capital reserves	Revenue reserves	Treasury shares	Other comprehensive income			Group equity
					Translation differences	Financial assets (Afs)	Derivative financial instruments	
Balance at January 1, 2011	**52.0**	**348.2**	**517.6**	**-101.2**	**4.0**	**-0.1**	**-1.2**	**819.3**
Earnings after taxes (EAT)			116.7					**116.7**
Other income and expenses recognized directly in equity					-3.9	-0.1	2.8	**-1.2**
Comprehensive income for the period			**116.7**		**-3.9**	**-0.1**	**2.8**	**115.5**
Purchase of treasury shares				-9.4				**-9.4**
Dividend payment			-53.6					**-53.6**
Employee Stock Program (MAP)		1.0		6.5				**7.5**
Share Matching Plan (SMP)/ Matching Stock Program (MSP)		-8.7		4.1				**-4.6**
Balance at Sept. 30, 2011	**52.0**	**340.5**	**580.7**	**-100.0**	**0.1**	**-0.2**	**1.6**	**874.7**
Balance at January 1, 2012	**52.0**	**340.9**	**622.2**	**-100.0**	**5.2**	**-0.1**	**-14.1**	**906.1**
Earnings after taxes (EAT)			160.4					**160.4**
Other income and expenses recognized directly in equity					13.0	0.1	21.6	**34.7**
Comprehensive income for the period			**160.4**		**13.0**	**0.1**	**21.6**	**195.1**
Dividend payment			-60.8					**-60.8**
Conversion of convertible bond		38.0		59.5				**97.5**
Employee Stock Program (MAP)		3.3		2.6				**5.9**
Share Matching Plan (SMP)		0.6						**0.6**
Balance at Sept. 30, 2012	**52.0**	**382.8**	**721.8**	**-37.9**	**18.2**		**7.5**	**1,144.4**

Reference is made to the disclosures on equity components provided in Note 25 of the Selected Explanatory Notes.

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows

in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Earnings after taxes (EAT)	**160.4**	**116.7**	**46.0**	**39.4**
Amortization and depreciation on intangible assets and property, plant and equipment	106.3	97.5	39.3	33.3
Profit/loss of companies accounted for at cost	-10.0	-1.0	-0.5	-0.6
Profit/loss of companies accounted for using the equity method	-0.2			
Gain/loss on disposal of assets	-0.3	1.2	-0.1	0.7
Change in pension provisions	9.0	9.1	2.6	2.6
Change in other provisions	-23.2	-15.0	17.5	-58.6
Other non-cash items	-8.1	6.3	-2.2	5.6
Movements in working capital				
Changes in inventories	4.2	-41.7	34.0	-23.8
Changes in trade receivables	67.1	-49.1	58.4	-84.7
Changes in contract production receivables and liabilities	-128.0	25.9	-84.6	29.7
Changes in other assets	17.4	17.1	-3.4	14.6
Changes in trade payables	-66.4	29.0	-57.1	98.1
Changes in other liabilities	31.7	55.7	-3.3	31.7
Net interest result	2.6	9.7	2.0	2.3
Interest paid	-5.5	-10.7	-0.8	-1.1
Interest received	1.8	3.2	0.3	1.2
Profit distributions received	0.5	1.0	0.5	0.6
Income taxes	67.9	51.2	26.6	17.6
Income taxes paid and received	-66.4	-118.2	-23.3	-54.1
Cash flow from operating activities	**160.8**	**187.9**	**51.9**	**54.5**
Disbursements for investments in:				
Intangible assets	-254.1	-20.6	-10.1	-7.7
Property, plant and equipment	-63.8	-57.1	-24.2	-20.4
Financial assets	-40.5	-102.7	-20.2	-42.4
Proceeds from disposals and disinvestiture of:				
Property, plant and equipment	0.4	0.7	0.1	0.1
Financial assets	51.0	100.3	11.0	38.8
Cash flow from investing activities	**-307.0**	**-79.4**	**-43.4**	**-31.6**
Dividend payment	-60.8	-53.6		
Issue of corporate bond net of transaction costs and discount	248.5			
Partial repayment of promissory notes	-13.5			
Redemption of convertible bond	-62.6			
Purchase of treasury shares		-9.4		-9.4
Sale of treasury shares for Employee Stock Program	5.9	7.5	-0.6	
Proceeds (+)/repayments (-) other financial liabilities	-3.6	1.8	-3.2	-0.8
Cash flow from financing activities	**113.9**	**-53.7**	**-3.8**	**-10.2**
Effect of changes in exchanges rates on cash funds	1.0	-2.2	-1.3	5.6
Other changes in cash and cash equivalents	**1.0**	**-2.2**	**-1.3**	**5.6**
Change in cash and cash equivalents	**-31.3**	**52.6**	**3.4**	**18.3**
Cash and cash equivalents at January 1	**198.8**	**111.9**		
Cash and cash equivalents at September 30	**167.5**	**164.5**		

During the first quarter 2012, the convertible bond issued in 2007 was redeemed (€ 62.6 million) and a further portion converted into shares of MTU Aero Engines Holding AG (€ 90.1 million).

Impact of IAE V2500 share increase (program share and shareholding)

Reference is made to the comments made in section 5, Consolidated companies (Impact of IAE V2500 share increase) with regard to disbursements for intangible assets and for the acquisition of 12.9 % of the shares of IAE International Aero Engines AG, Switzerland totalling € 233.5 million.

Selected Explanatory Notes

Group Segment Information

Segment information

The activities of the MTU Group's operating segments are described in the Annual Report 2011 of MTU Aero Engines Holding AG. There have been no changes in the identification of reportable segments.

Segment information for the period from January 1 to September 30, 2012 was as follows:

Segment information 2012

in € million	Commercial and Military Engine business		Commercial Maintenance business		Other Group Entities		Consolidation/ reconciliation		Group	
	Jan. 1 - Sept. 30, 2012	Q3 2012	Jan. 1 - Sept. 30, 2012	Q3 2012	Jan. 1 - Sept. 30, 2012	Q3 2012	Jan. 1 - Sept. 30, 2012	Q3 2012	Jan. 1 - Sept. 30, 2012	Q3 2012
External revenues	1,468.9	548.8	999.1	360.2					2,468.0	909.0
Inter-segment revenues	21.4	7.9	2.7	0.4	13.8		-37.9	-8.3		
Total revenues	**1,490.3**	**556.7**	**1,001.8**	**360.6**	**13.8**		**-37.9**	**-8.3**	**2,468.0**	**909.0**
Gross profit	**293.7**	**101.9**	**134.8**	**50.9**	**13.8**		**-6.9**	**2.0**	**435.4**	**154.8**
Amortization	38.0	16.1	6.5	2.2					44.5	18.3
Depreciation	45.5	15.6	16.3	5.4					61.8	21.0
Total amortization/depreciation	**83.5**	**31.7**	**22.8**	**7.6**					**106.3**	**39.3**
Earnings before interest and taxes (EBIT)	**172.4**	**57.5**	**82.9**	**30.9**	**-3.2**	**-2.5**	**1.5**	**1.3**	**253.6**	**87.2**
Amortization/depreciation resulting from purchase price allocation	**25.8**	**8.5**	**2.7**	**0.9**					**28.5**	**9.4**
IAE 2500 share increase	**-4.1**	**5.6**							**-4.1**	**5.6**
Adjusted earnings before interest and taxes (EBIT adjusted)	**194.1**	**71.6**	**85.6**	**31.8**	**-3.2**	**-2.5**	**1.5**	**1.3**	**278.0**	**102.2**
Assets (Sept. 30, 2012)	**3,718.3**		**1,001.5**		**1,117.9**		**-1,611.1**		**4,226.6**	
Liabilities (Sept. 30, 2012)	**2,696.5**		**519.6**		**416.0**		**-549.9**		**3,082.2**	
Significant non-cash items [1]	**33.9**	**12.6**	**7.5**	**2.7**	**0.4**	**0.1**				
Total capital expenditure on intangible assets and property, plant and equipment	**626.3**	**29.2**	**27.9**	**10.0**					**654.2**	**39.2**
Key segment data:										
EBIT in % of revenues	11.6	10.3	8.3	8.6	-23.2				10.3	9.6
EBIT adjusted in % of revenues	13.0	12.9	8.5	8.8	-23.2				11.3	11.2

[1]) Significant non-cash items mainly comprise changes to other provisions.

Segment information for the period from January 1 to September 30, 2011 was as follows:

Segment information 2011

in € million	Commercial and Military Engine business		Commercial Maintenance business		Other Group Entities		Consolidation/ reconciliation		Group	
	Jan. 1 - Sept. 30, 2011	Q3 2011	Jan. 1 - Sept. 30, 2011	Q3 2011	Jan. 1 - Sept. 30, 2011	Q3 2011	Jan. 1 - Sept. 30, 2011	Q3 2011	Jan. 1 - Sept. 30, 2011	Q3 2011
External revenues	1,270.3	441.0	797.0	279.8					2,067.3	720.8
Inter-segment revenues	21.0	6.3	1.7	0.2	5.4	1.4	-28.1	-7.9		
Total revenues	**1,291.3**	**447.3**	**798.7**	**280.0**	**5.4**	**1.4**	**-28.1**	**-7.9**	**2,067.3**	**720.8**
Gross profit	**291.4**	**102.1**	**109.9**	**40.3**	**5.4**	**1.4**	**-1.8**	**-0.2**	**404.9**	**143.6**
Amortization	32.2	11.0	6.2	2.1					38.4	13.1
Depreciation	43.1	14.9	16.0	5.3					59.1	20.2
Total amortization/depreciation	**75.3**	**25.9**	**22.2**	**7.4**					**97.5**	**33.3**
Earnings before interest and taxes (EBIT)	**153.1**	**49.9**	**63.1**	**22.9**	**-1.6**	**-0.8**	**-1.1**	**-1.6**	**213.5**	**70.4**
Amortization/depreciation resulting from purchase price allocation	**29.0**	**9.6**	**2.8**	**0.9**					**31.8**	**10.5**
IAE 2500 share increase										
Adjusted earnings before interest and taxes (EBIT adjusted)	**182.1**	**59.5**	**65.9**	**23.8**	**-1.6**	**-0.8**	**-1.1**	**-1.6**	**245.3**	**80.9**
Assets (Dec. 31, 2011)	**3,258.3**		**967.9**		**873.1**		**-1,360.7**		**3,738.6**	
Liabilities (Dec. 31, 2011)	**2,381.4**		**538.0**		**211.5**		**-298.4**		**2,832.5**	
Significant non-cash items [1])	**94.4**	**11.7**	**8.0**	**3.3**	**0.4**	**0.2**				
Total capital expenditure on intangible assets and property, plant and equipment	**107.8**	**30.6**	**21.5**	**5.3**					**129.3**	**35.9**
Key segment data:										
EBIT in % of revenues	11.9	11.2	7.9	8.2	-29.6	-57.1			10.3	9.8
EBIT adjusted in % of revenues	14.1	13.3	8.3	8.5	-29.6	-57.1			11.9	11.2

[1]) Significant non-cash items mainly comprise changes to other provisions.

The following tables reconcile group segment revenues to group revenues, the adjusted segment result (EBIT adjusted) to group earnings before taxes (EBT) and segment assets/liabilities to group assets/liabilities:

Reconciliation of revenues and earnings

in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011
Total revenues		
Revenues of reportable segments	2,505.9	2,095.4
Consolidation	-37.9	-28.1
Group revenues	**2,468.0**	**2,067.3**
Adjusted earnings before interest and taxes (EBIT adjusted)		
Adjusted EBIT of reportable segments	276.5	246.4
Write-down on assets resulting from purchase price allocation	-28.5	-31.8
IAE 2500 share increase	4.1	
Consolidation	1.5	-1.1
Earnings before interest and taxes (EBIT)	**253.6**	**213.5**
Interest income	1.7	3.0
Interest expense	-4.3	-12.7
Other financial result	-22.7	-35.9
Earnings before taxes (EBT)	**228.3**	**167.9**

Reconciliation of assets and liabilities

in € million	Sept. 30, 2012	Dec. 31, 2011
Assets		
Assets of reportable segments	5,837.7	5,099.3
Consolidation	-1,611.1	-1,360.7
Group assets	**4,226.6**	**3,738.6**
Liabilities		
Liabilities of reportable segments	3,632.1	3,130.9
Consolidation	-549.9	-298.4
Group liabilities	**3,082.2**	**2,832.5**

1 General disclosures

MTU Aero Engines Holding AG and its subsidiary companies comprise one of the world's leading manufacturers of engine modules and components and is the world's leading independent provider of commercial engine MRO services.

The business activities of the group encompass 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 and Military Engine business covers the development and production of modules, components and spare parts for engine programs, including final assembly. MTU also provides maintenance services for military engines. Commercial Maintenance business covers activities in the area of maintenance and logistical support for commercial engines.

MTU Aero Engines Holding AG has its headquarters at Dachauer Str. 665, 80995 Munich, Germany, and is registered under HRB 157206 in the Commercial Registry at the District Court of Munich.

The Condensed Interim Consolidated Financial Statements were authorized for publication by the Board of Management of MTU Aero Engines Holding AG on October 22, 2012.

2 Basis of preparation

In compliance with the provisions of § 37x (3) of the German Securities Trading Act (WpHG) in conjunction with § 37w and § 37y no. 2 WpHG, MTU's Quarterly Financial Report comprises Condensed Interim Consolidated Financial Statements and an Interim Group Management Report. The Condensed Interim Consolidated 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 Interim Group Management Report has been drawn up in compliance with the applicable provisions of the WpHG.

Unlike in the previous year, the Group reports the result from investments in companies accounted for at cost as part of the operating result (EBIT) in order to reflect the activity of the entities concerned. For the nine-month period a profit of € 10.0 million (January - September 2011: € 1.0 million) is so reported. In the previous year, the profit of € 1.0 million was reported as part of the financial result. Reclassification of the previous year's figures increased prior year nine-month earnings before interest and taxes (EBIT) and adjusted earnings before interest and taxes (EBIT adjusted) by € 1.0 million to € 213.5 million and € 245.3 million respectively.

3 Statement of compliance

The Condensed Interim Consolidated Financial Statements as at September 30, 2012 have been drawn up in compliance with IAS 34.

The accounting policies applied in the Condensed Interim Consolidated Financial Statements correspond to those used in the Consolidated Financial Statements at December 31, 2011 and also comply with IAS 34 Interim Financial Reporting. Amendments to IFRS 7 and IAS 12 which have been required to be applied since January 1, 2012, have not had any material impact on MTU's consolidated financial statements.

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

From the perspective of management, the quarterly financial report contains all customary accounting adjustments necessary for a fair presentation of the operating results, financial situation and net assets of the group. The basis of preparation and the accounting policies used are described in the notes to the Consolidated Financial Statements as at December 31, 2011.

4 Adjustments to the Condensed Interim Consolidated Financial Statements

With the exception of contingent liabilities, there were no other changes in estimates or forecasts in the first nine months of the financial year 2012 which had a significant impact on the interim reporting period. No incidences of erroneous assessments made in earlier periods were identified during the interim reporting period which would require to be disclosed.

5 Consolidated companies

During the third quarter 2012 MTU founded MTU Maintenance IGT Service do Brasil Ltda, which is based in Sao Paulo, Brazil. The company was formed for the purpose of maintaining industry gas turbines. This entity, which will be allocated to the Commercial Maintenance business segment (MRO), is not material for the fair presentation of the group's net assets, financial position and results of operations. It has therefore not been consolidated.

Also during the third quarter 2012, MTU signed an agreement with Sagem, a Safran Group company, to establish AES Aerospace Embedded Solutions GmbH, Munich, as a joint venture. The purpose of the company is developing security-critical software and hardware for both military and civil aviation applications. This entity, which will be allocated to the Commercial and Military Engines business (OEM), is not material for the fair presentation of the group's net assets, financial position and results of operations.

There were no further changes in the group reporting entity in the reporting period as a result of acquisitions or disinvestments. With the exception of the impact of the IAE V2500 share increase, which is described below, there were no changes in shareholdings or similar corporate transactions or events.

At September 30, 2012, the MTU Group comprised 28 companies including MTU Aero Engines Holding AG, Munich (See list of major shareholdings provided in the notes to the Consolidated Financial Statements in the Annual Report 2011, note 43.1.2).

Impact of IAE V2500 share increase (program share and shareholding)

In accordance with an agreement dated April 12, 2012 and a supplementary agreement dated June 29, 2012 with United Technologies Corporation, East Hartford, Connecticut, USA, and Rolls-Royce plc, London, England on the one hand and Pratt & Whitney Aero Engines International GmbH, Lucerne, Switzerland (PWAEI) on the other, MTU increased its overall share in the V2500 engine program with effect from June 29, 2012 by five percentage points to 16 percent.

PWAEI acquired Rolls-Royce‘s previous V2500 program share and subsequently sold five percentage points of the program share to MTU. The acquired Collaboration Right guarantees MTU an additional 5 percent share in the successful V2500 engine program in conjunction with the Risk-and-Revenue-Sharing Program and also entails an increased share in subsequent maintenance work. In return, MTU has given a commitment to supply a specifically defined range of additional parts and to take over related maintenance business.

In the same agreement, MTU acquired 12.9 % of the shares of International Aero Engines AG, Zurich, Switzerland, for a consideration of € 10.3 million (US $ 12.9 million).

The following table shows the allocation of the purchase price to assets and liabilities.

Fair value at acquisition date

in € million	June 29, 2012
Intangible assets	547.9
Financial assets accounted for using the equity method	10.3
Total assets	**558.2**
Long-term financial debt	286.9
Other current payables and provisions	30.8
Total liabilities	**317.7**

The addition to intangible assets relates to the 5 % share increase in the V2500 program. The components of the purchase price include both fixed and other payments subject to conditions precedent. A portion of the fixed purchase price (€ 223.2 million) was paid on June 29, 2012.

The conditional purchase price totaling € 286.9 million was measured at its fair value and recognized as a financial liability. Based on the number of actual flight hours, the purchase price will be paid over a contractually fixed term of 15 years. The fair value takes account of future market opportunities and risks relating to the V2500 engine program share acquired. The fair value of the financial liability is required to be updated at each reporting date. Other current provisions will be reduced as amounts are utilized and other current liabilities will be repaid as settled.

The addition to financial assets accounted for using the equity method relates to the acquisition of 12.9 % of the shares of IAE International Aero Engines AG, Zurich, Switzerland. The purchase consideration for the shares amounting to € 10.3 million (US $ 12.9 million) was paid on June 29, 2012.

Prior to June 28, 2012 MTU held 12.1 % of the capital and voting rights of IAE International Aero Engines AG, Zurich, Switzerland. As a result of the acquisition of a further 12.9 % of the shares, MTU holds 25 % of the capital and voting rights of IAE International Aero Engines AG, Zurich, Switzerland and therefore has a significant influence over it. The 25 % investment satisfies the criteria of an associated company pursuant to IAS 28 and, with effect from June 29, 2012, has been accounted for using the equity method.

The previous shareholding in IAE (12.1 %) was accounted for at an acquisition cost of € 0.1 million in accordance with IAS 39. As a result of the increase in the investment to 25 % and the resulting change in status of the investment, a gain of € 9.5 million was recognized on the necessary derecogition of the previous shareholding based on the fair value of the shares and reported in the result from companies accounted for at cost. Together with the payment of € 10.3 million for the new shares in IAE, the fair value of the old shares represents the purchase consideration for the investment in the associated company, IAE. In conjunction with the comparison of this purchase consideration with the fair value of the group‘s share of identifiable assets acquired and liabilities assumed, a further gain of € 0.2 million was recognized in accordance with IAS 28. This gain has been reported as part of the result from companies accounted for using the equity method and was calculated as follows:

Gain on remeasurement of IAE shares

in € million	June 29, 2012
Purchase price for 12.9 % of voting rights	10.3
Fair value for 12.1 % of voting rights	9.6
Investment in associated company	**19.9**
MTU Group‘s share of fair value of identified assets and liabilities acquired	
Net assets	13.2
Customer relationships	11.2
Deferred tax liabilities	-4.3
Assets transferred	**20.1**
Result of companies accounted for using the equity method	**0.2**

Notes to the Consolidated Income Statement

6 Revenues

Revenues

in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Commercial Engine business	1,141.9	970.0	438.9	336.5
Military Engine business	348.4	321.3	117.8	110.8
Commercial and Military Engine business (OEM)	**1,490.3**	**1,291.3**	**556.7**	**447.3**
Commercial Maintenance (MRO)	**1,001.8**	**798.7**	**360.6**	**280.0**
Other group entities/consolidation	-24.1	-22.7	-8.3	-6.5
Total revenues	**2,468.0**	**2,067.3**	**909.0**	**720.8**

7 Cost of sales

Cost of sales

in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Cost of materials	-1,655.2	-1,333.2	-581.4	-475.9
Personnel expenses	-315.7	-306.2	-103.6	-100.8
Depreciation and amortization	-94.9	-86.8	-35.0	-29.6
Other cost of sales	33.2	63.8	-34.2	29.1
Total cost of sales	**-2,032.6**	**-1,662.4**	**-754.2**	**-577.2**

Other cost of sales primarily relate to inventory differences in work in progress, exchange rate factors and changes in provisions.

8 Research and development expenses

Research and development expenses

in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Cost of materials	-47.5	-56.9	-17.1	-21.7
Personnel expenses	-60.1	-53.3	-18.4	-18.5
Depreciation and amortization	-5.7	-5.8	-1.9	-2.0
Research and development expenses	**-113.3**	**-116.0**	**-37.4**	**-42.2**
Thereof capitalized:				
Development costs (OEM)	33.3	17.0	11.3	5.1
Development costs (MRO)	0.6	2.5	0.2	0.2
Capitalized development costs	**33.9**	**19.5**	**11.5**	**5.3**
Research and development costs recognized as expense	**-79.4**	**-96.5**	**-25.9**	**-36.9**

9 Selling expenses

Selling expenses in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Cost of materials	-8.9	-8.6	-3.6	-3.0
Personnel expenses	-40.2	-37.7	-13.3	-12.7
Depreciation and amortization	-1.8	-1.8	-0.6	-0.6
Other selling expenses	-12.1	-11.4	-6.2	-4.9
Total selling expenses	**-63.0**	**-59.5**	**-23.7**	**-21.2**

Selling expenses comprise mainly marketing, advertising and sales personnel costs as well as the expense for allowances on and write-offs of customer receivables.

10 General administrative expenses

General administrative expenses in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Cost of materials	-4.8	-4.6	-1.5	-1.7
Personnel expenses	-37.0	-28.5	-12.9	-10.5
Depreciation and amortization	-3.9	-3.1	-1.8	-1.1
Other administrative expenses	-7.0	-4.4	-1.6	-1.0
Total general administrative expenses	**-52.7**	**-40.6**	**-17.8**	**-14.3**

General and administrative expenses comprise expenses for administration which are not attributable to development, production or sales functions.

11 Profit/loss from companies accounted for using the equity method and at cost

Profit/loss from companies accounted for using the equity method and at cost in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Profit/loss from companies accounted for using the equity method	0.2			
Profit/loss from companies accounted for at cost	10.0	1.0	0.5	0.6
Profit/loss from companies accounted for using the equity method and at cost	**10.2**	**1.0**	**0.5**	**0.6**

In conjunction with the IAE V2500 share increase, the previous shareholding in IAE shares – which corresponded to a holding of 12.1 % and which are accounted for in accordance with IAS 39 at a cost of € 0.1 million – was increased to 25 %. As a result of the ensuing change in status of the investment, a gain of € 9.5 million was recognized in connection with the necessary derecognition of the investment based on the fair value of the shares and reported in the result from companies accounted for at cost. In conjunction with the comparison of this purchase consideration with the fair value of the group‘s share of identifiable assets acquired and liabilities assumed, a further gain of € 0.2 million was recognized in accordance with IAS 28. This gain has been reported as part of the result from entities accounted for using the equity method.

12 Interest result

Interest result

in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Interest income	**1.7**	**3.0**	**0.3**	**1.3**
Interest expenses				
Bank interest	-2.4	-2.7	-0.7	-0.9
Interest expense for bonds	-0.4	-6.0		-2.0
Interest expense for finance leases	-0.2	-0.9	-0.1	-0.3
Interest expense attributable to non-consolidated companies		-0.1		
Other interest expenses	-3.0	-3.0	-2.2	-0.4
Capitalized borrowing costs for qualifying assets	1.7		0.7	
Interest expenses	**-4.3**	**-12.7**	**-2.3**	**-3.6**
Net interest expense	**-2.6**	**-9.7**	**-2.0**	**-2.3**

The improvement in the net interest result was primarily attributable to the convertible bond which matured on February 1, 2012, thus reducing the interest expense for the nine-month period compared to the previous year.

13 Financial result on other items

Financial result on other items

in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Effects of changes of foreign exchange rates				
Exchange rate gains/losses on currency holdings	-0.3	-7.3	-3.7	3.0
Exchange rate gains/losses on financing transactions	-0.2	1.2	-0.1	0.5
Exchange rate gains/losses on finance leases			0.1	-0.3
Fair value gains/losses on derivatives				
Gains/losses on currency derivatives and interest rate derivatives	9.7	-3.3	5.0	-8.2
Gains/losses on commodity contracts	-0.2	-2.9	0.6	-2.5
Interest portion included in measurement of assets and liabilities				
Pension provision	-18.6	-16.4	-6.2	-5.4
Contingent liabilities	-6.6	-7.7	-2.9	-2.6
Receivables, other provisions, plan assets, liabilities and advance payments received	-6.7	-0.9	-5.5	0.4
Result from other financial instruments	0.2	1.4	0.1	4.0
Financial result on other items	**-22.7**	**-35.9**	**-12.6**	**-11.1**

Other financial result for the nine-month period improved significantly compared to the previous year, primarily due to lower fair value losses amounting to € 0.3 million on foreign currency holdings (January - September 2011: € 7.3 million) and net gains on the fair value measurement of currency and interest derivatives amounting to € 9.7 million (January - September 2011: net losses amounting to € 3.3 million).

14 Income taxes

Income tax expense comprise the following:

Income taxes

in € million	Jan. 1 - Sept. 30, 2012	Jan. 1 - Sept. 30, 2011	Q3 2012	Q3 2011
Current income tax expense	-63.7	-49.9	-25.0	-11.8
Deferred tax expense	-4.2	-1.3	-1.6	-5.8
Total income taxes	**-67.9**	**-51.2**	**-26.6**	**-17.6**

15 Earnings per share

During the period from January 1 to September 30, 2012 there was no longer any dilutative effect on earnings per share from potential ordinary shares in conjunction with the convertible bond originally issued on February 1, 2007 and which matured on February 1, 2012.

The potential dilutative effect of the Share Matching Plan set up with effect from the financial year 2010 is not material.

For the purposes of determining diluted earnings per share for the previous year, the number of shares that could have been exercised during the corresponding nine-month period in 2011 in conjunction with conversion rights and the grant of equity capital instruments was 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 for the first nine months of 2011 were adjusted by the amount of post-tax interest expense relating to the convertible bond.

The following tables show earnings per share as well as the dilutative effect of potentially issuable shares.

Undiluted and diluted earnings per share 2012

		Jan. 1 - Sept. 30, 2012				Jan. 1 - Sept. 30, 2012
		Undiluted earnings per share	Financial instruments reconciliation			Diluted earnings per share
			Interest expense convertible bond/shares	Current and deferred taxes	Share Matching Plan/number of shares	
Earnings after taxes (EAT)	in € million	160.4	0.0	0.0		160.4
Weighted average number of shares	shares	50,680,305	0		20,922	50,701,227
Earnings per share	**in €**	**3.16**				**3.16**

Undiluted and diluted earnings per share 2011

		Jan. 1 - Sept. 30, 2011				Jan. 1 - Sept. 30, 2011
		Undiluted earnings per share	Financial instruments reconciliation			Diluted earnings per share
			Interest expense convertible bond/shares	Current and deferred taxes	Share Matching Plan/number of shares	
Earnings after taxes (EAT)	in € million	116.7	6.0	-2.0		120.7
Weighted average number of shares	shares	48,823,554	3,084,849		13,083	51,921,486
Earnings per share	**in €**	**2.39**				**2.32**

The number of shares from the Share Matching Plan relates to deferred share-based management board compensation.

16 Consolidated statement of comprehensive income

In the consolidated statement of comprehensive income, earnings after taxes (EAT) of € 160.4 million (January - September 2011: € 116.7 million) are reconciled to the comprehensive income for the period of € 195.1 million (January - September 2011: € 115.5 million).

Income and expenses directly recognized in other comprehensive income in the first nine months of 2012, net of deferred taxes, primarily relate to positive market changes in derivative financial instruments totalling € 21.6 million (January - September 2011: € 2.8 million). These are accompanied by positive effects from the valuation of financial assets totaling € 0.1 million which are not recognized through profit or loss (January - September 2011: a negative amount of € 0.1 million) as well as net currency gains from foreign group entities totaling € 13.0 million (January - September 2011: net currency losses of € 3.9 million).

Notes to the Consolidated Statement of Financial Position

17 Intangible assets

Intangible assets comprise capitalized program values and non-specific program technologies, participations in development programs, technical software and purchased goodwill.

In the first nine months of 2012, € 590.0 million of intangible assets were capitalized (January - September 2011: € 72.2 million), of which € 547.9 million related to the IAE V2500 share increase.

The impact of the IAE V2500 share increase is explained in section 5, Consolidated companies (Impact of IAE V2500 share increase).

Development investments were also made during the nine-month period totalling € 30.3 million (January - September 2011: € 59.5 million, including a program value of € 50.3 million) for the PW1100G engine, the new propulsion unit for the Airbus A320 family. In addition, internally generated development work was also capitalized in the first nine months of 2012 in the Military Engine business segment for the GE38 engine program amounting to € 4.1 million (January - September 2011: € 5.1 million). An amount of € 0.6 million (January - September 2011: € 2.5 million) was also capitalized for the nine-month period in connection with the rationalization of production processes and cost optimization of repair techniques in the Commercial Maintenance business segment.

Capitalized intangible assets totaling € 590.0 million in the first nine months of 2012 (January - September 2011: € 72.2 million) comprise € 567.5 million (January - September 2011: € 54.0 million) of purchased and € 22.5 million (January - September 2011: € 18.2 million) of internally generated intangible assets. The amortization expense for the nine-month period amounted to € 44.5 million (January - September 2011: € 38.4 million).

18 Property, plant and equipment

Capital expenditure on property, plant and equipment during the nine-month period totalled € 64.2 million (January - September 2011: € 57.1 million). Additions related primarily to other equipment, operational and office equipment as well as to advance payments and construction in progress. The depreciation expense for the nine-month period amounted to € 61.8 million (January - September 2011 € 59.1 million).

19 Financial assets

Financial assets
Financial assets decreased by € 12.0 million during the first nine months of 2012 to € 48.3 million (December 31, 2011: € 60.3 million), mainly reflecting the sale of marketable securities.

Financial assets accounted for using the equity method
Financial assets accounted for using the equity method totaled € 20.1 million at the end of the period under report (December 31, 2011: € 0.0 million) and include the group's shares in International Aero Engines AG, Zurich, following the shareholding increase and change in classification of the investment after the IAE share increase.

The impact of the purchase of 12.9 % of IAE's shares and the remeasurement of the previous 12.1 % shareholding is described in Section 5, Consolidated companies (Impact of IAE V2500 share increase).

20 Inventories

Inventories comprise the following:

Inventories

in € million	Sept. 30, 2012	Dec. 31, 2011
Raw materials and supplies	336.9	349.6
Work in progress	449.2	422.7
Advance payments	33.5	51.5
Total inventories	**819.6**	**823.8**

21 Trade receivables

Trade receivables comprise the following:

Trade receivables

in € million	Sept. 30, 2012	Dec. 31, 2011
Third parties	510.4	577.4
Associated companies, joint ventures and other investee companies	27.6	27.7
Total trade receivables	**538.0**	**605.1**

22 Contract production receivables

Contract production receivables comprise the following:

Contract production receivables

in € million	Sept. 30, 2012	Dec. 31, 2011
Contract production receivables	550.3	469.5
of which related to:		
Advance payments from customers	-389.0	-332.7
Net contract production receivables	**161.3**	**136.8**

23 Other assets

Other assets comprise the following:

Other assets

	Total		Non-Current		Current	
in € million	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2012	Dec. 31, 2011
Other taxes	4.2	15.8			4.2	15.8
Receivables from employees	1.2	1.3			1.2	1.3
Receivables from suppliers	1.1	2.7			1.1	2.7
Sundry other assets	13.1	19.5	4.7	5.1	8.4	14.4
Total other assets	**19.6**	**39.3**	**4.7**	**5.1**	**14.9**	**34.2**

Other taxes relate primarily to value added taxes.

24 Cash and cash equivalents

Cash and cash equivalents comprise the following:

Cash and cash equivalents

in € million	Sept. 30, 2012	Dec. 31, 2011
Sight deposits and cash	59.7	33.1
Overnight and fixed term deposits with a remaining term of up to 3 months	107.8	165.7
Total cash and cash equivalents	**167.5**	**198.8**

MTU cannot freely access cash and cash equivalents amounting to € 11.7 million (December 31, 2011: € 11.6 million) held by MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China.

25 Equity

Changes in equity are presented in the Consolidated Statement of Changes in Equity.

25.1 Subscribed capital

The Company's share capital amounts to € 52.0 million (December 31, 2011: € 52.0 million) and is divided in 52.0 million non par-value shares (December 31, 2011: 52.0 million shares).

25.2 Capital reserves

Capital reserves includes premiums arising on the issue of shares, the equity component (reduced by proportionate transaction costs) of the convertible bond issued in 2007 and converted/redeemed during the first quarter 2012, the fair values recorded for the Matching Stock Program and Share Matching Plan as well as the difference arising without income statement effect on transferring treasury shares to employees in conjunction with the Employee Stock Program.

Share Matching Plan (SMP)

A detailed description of the SMP is provided in the Management Compensation Report section of the Corporate Governance Report in the Annual Report 2011. Members of the Board of Management are entitled to invest the amount to be disbursed under the Performance Share Plan (PSP) in shares of MTU Aero Engines Holding AG and must hold the acquired shares for a further three years. At the end of the vesting period, these shares are "matched", whereby each Board of Management member is awarded one additional free share for every three MTU shares held. The entitlement to additional free shares is deemed to have been fulfilled once the corresponding number of such shares has been transferred to the member of the Board of Management. The total value of the matching shares available for allocation at the end of the vesting period is limited to three times the initial purchase price.

Senior Managers of MTU

With effect from January 1, 2011, MTU expanded the Share Matching Plan (SMP) it had introduced in the previous year for members of the Board of Management to include the two top tiers of senior managers at the company and its subsidiaries.

In accordance with the conditions of the plan, tier-1 senior managers may, after expiry of each three-year and tier-2 manager after expiry of each two-year Performance Share Plan (PSP) vesting period, use the benefits payable under the PSP (Long Term Incentive) and the Annual Performance Bonus (Short Term Incentive) to invest in shares of MTU Aero Engines Holding AG, which must then be held for a further two years under the terms of the supplementary plan, the Share Matching Plan (SMP). At the end of this supplementary vesting period, on condition that the SMP participant is still employed by MTU, this investment is matched by a cash payment corresponding to one third of the amount invested in MTU shares. The total investment under the SMP is limited to a maximum of € 60.000 for tier-1 senior manager and € 30.000 for tier-2 manager per eligible manager.

Employee Stock Program (MAP)

In the second quarter 2012 (previous year: second quarter 2011), the Board of Management of MTU Aero Engines Holding AG allocated shares to group employees under an Employee Stock Program ("MAP"). The plan set up in 2012 runs for two years to May 2014 (plan set up in 2011: to May 2013). The purchase price for registered shares of MTU Aero Engines Holding AG amounted to € 55.33 per share (previous year: € 48.10 per share). Under the terms of the MAP Employee Stock Program, MTU has given a commitment to make a matching payment to each MAP participant at the end of a two-year vesting period. In other words, at the end of the program term, each MAP participant receives a taxable money amount equivalent to 50 % of the amount invested in MTU shares at the beginning of the program. The total cost incurred in the first nine months of 2012 for the match in conjunction with the MAP was € 2.3 million (January - September 2011: € 1.5 million) and was recognized as an expense on a time-apportioned basis over the term of the program. The liability at September 30, 2012 amounted to € 3.4 million (December 31, 2011: € 2.4 million).

25.3 Revenue reserves

Revenue reserves comprise the post-tax earnings and non-distributed earnings of consolidated companies. They also include earnings after taxes (EAT) for the first nine months of 2012 amounting to € 160.4 million (January - September 2011: € 116.7 million) less the dividend payment for the financial year 2011 totaling € 60.8 million (January - September 2011: € 53.6 million). Revenue reserves increased by € 99.6 million during the nine-month period under report (January - September 2011: € 63.1 million) as a result of the positive earnings after taxes (EAT) for the period.

25.4 Treasury shares

As a result of the treasury shares issued to group employees in conjunction with the exercise of the Employee Stock Program by September 30, 2012, and the exercise of conversion rights attached to the convertible bond, the weighted average number of shares in circulation during the first nine months of 2012 was 50,680,305 shares (January - September 2011: 48,823,554 shares). At September 30, 2012, a total of 50,739,830 MTU Aero Engines Holding AG shares was in issue (September 30, 2011: 48,812,488 shares). At September 30, 2012 the number of treasury shares held by MTU amounted to 1,260,170 (September 30, 2011: 3,187,512 shares).

26 Other provisions

Other provisions decreased during the nine-month period by € 23.2 million to € 296.6 million. The principal items included in other provisions were warranty obligations, pending losses on onerous contracts, personnel-related obligations and retrospective as well as probable development compensation payments for commercial engine programs still to be made in connection with risk revenue-sharing arrangements with Pratt & Whitney. At September 30, 2012 contingent liabilities relating to business combinations decreased to € 99.5 million (December 31, 2011: € 102.8 million) as a result of amounts settled.

27 Financial liabilities

All non-derivative and derivative financial obligations at the relevant balance sheet are reported as financial liabilities. They can be analyzed as follows:

Financial liabilities

in € million	Total		Non-Current		Current	
	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2012	Dec. 31, 2011
Convertible bond		152.5				152.5
Interest payable on convertible bond		3.8				3.8
Corporate bond	248.5		248.5			
Interest payable on corporate bond	2.1				2.1	
Liabilities to banks						
Promissory notes	11.8	25.6	11.5	11.5	0.3	14.1
Other liabilities to banks	34.8	34.4	2.3	20.4	32.5	14.0
Liabilities to related companies	1.8				1.8	
Other financial liabilities						
Finance lease liabilities	3.7	3.9	0.1	0.1	3.6	3.8
Financial liability relating to IAE V2500 share increase	280.7		280.7			
Derivative financial liabilities	34.4	41.4	15.0	21.4	19.4	20.0
Total financial liabilities	**617.8**	**261.6**	**558.1**	**53.4**	**59.7**	**208.2**

Financial liabilities to related companies relate to VWD Versicherungsvermittlungs- und Wirtschaftsdienst GmbH, Munich, which is not consolidated of the grounds of immateriality.

Corporate bond

In order to finance the purchase price of the IAE share increase, MTU Aero Engines Holding AG, Munich issued a corporate bond amounting to € 250.0 million, sub-divided into partial bonds each with a nominal amount of € 1,000. The bond is subject to an interest rate of 3 % p.a. with effect from June 20, 2012 through to the date of repayment on June 20, 2017. Interest is payable in arrears on June 21 of each year, for the first time on June 21, 2013.

The bond, net of transaction costs and a discount of € 1.5 million, is measured at amortized cost and reported within financial liabilities.

If a change in control occurs, each bondholder is entitled – unless the issuer has not already given notice to buy back the bond before the declaration of exercise described below has been made – to call for immediate repayment of all or specified bonds at their nominal amount (including accumulated interest).

A change in control event arises if the company‘s rating is downgraded following the change in control. The rating is deemed to have been downgraded (1) if, during the period of the change in control, a rating previously issued for MTU or a rating for outstanding long-term liabilities of MTU by a rating agency is withdrawn or is changed from an investment grade rating (Baa3 in the case of Moody´s, BBB- in the case of Fitch and BBB- in the case of S&P, or better) or (2) if at the time of the change in control no investment grade rating has been issued by a rating agency for the bonds or for MTU and if a rating agency does not issue an investment grade rating for the bond during the period of the change in control.

Convertible bond

MTU Aero Engines Finance B.V., Amsterdam, Netherlands, issued a convertible bond during the financial year 2007 with a total nominal volume of € 180.0 million (divided into 1,800 partial bonds). In September and October 2008, MTU bought back partial convertible bonds (before maturity date) with a nominal volume of € 27.2 million. During the first quarter 2012, the convertible bond issued in 2007 was redeemed (€ 62.6 million) and a further portion converted into shares of MTU Aero Engines Holding AG (€ 90.1 million). Further information is provided in the notes to the consolidated financial statements in the Annual Report 2011 (Note 33, Financial liabilities).

Revolving Credit Facility (RCF)

At September 30, 2012, the MTU Group has access to a credit line of € 100.0 million with two banks. Of these credit facilities, € 16.3 million (December 31, 2011: € 12.4 million) were being utilized at September 30, 2012 for guarantees. Interest on credit lines actually drawn down is charged on the basis of customary interest reference rates plus a margin. A commitment fee is paid on credit facilities which are not being utilized.

Promissory notes

Of the four promissory notes placed on June 3, 2009 with a nominal amount of € 65.0 million (less transaction costs of € 0.4 million), MTU bought back € 30.0 million on June 7, 2010 and € 10.0 million on December 6, 2010. Two notes were repaid on their due date on June 5, 2012, leaving notes outstanding at September 30, 2012 with a nominal value of € 11.5 million. The promissory notes comprised the following tranches which fall due for payment at their maturity date:

Promissory notes

Maturity	Interest rate type	Original note amount (nominal) in € million	Buy-back 2010 in € million	Maturity June 5, 2012 in € million	Remaining note amount (nominal) in € million
June 5, 2012	fixed	1.5		1.5	
June 5, 2014	fixed	11.5			11.5
June 5, 2012	variable	27.0	15.0	12.0	
June 5, 2014	variable	25.0	25.0		
		65.0	**40.0**	**13.5**	**11.5**

The promissory notes are measured at their amortized cost.

Financial liability for the IAE V2500 share increase

Financial liabilities relating to financing the purchase price for the IAE V2500 share increase are described in Section 5, Consolidated companies (Impact of IAE V2500 share increase).

28 Contract production liabilities

Contract production liabilities comprise the following:

Contract production liabilities

in € million	Sept. 30, 2012	Dec. 31, 2011
Advance payments received for contract production	1,000.5	1,047.7
of which relating to:		
Contract production receivables	-389.0	-332.7
Total contract production liabilities	**611.5**	**715.0**

Advance payments received relate mainly to military engine program participations. Any surplus of advance payments received over contract production receivables with a remaining term of more than 12 months are discounted to their present value.

29 Other liabilities

Other liabilities comprise the following items:

Other liabilities

in € million	Total		Non-Current		Current	
	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2012	Dec. 31, 2011
Liabilities relating to employees						
Social security	3.4	2.6			3.4	2.6
Part-time pre-retirement working arrangements	21.9	23.0	17.8	18.9	4.1	4.1
Other	62.7	38.2	3.2	3.6	59.5	34.6
Accrued interest expense	15.9	16.6	15.9	16.6		
Maintenance work still to be performed on engines	5.0	4.3	5.0	4.3		
Repayment of grants towards development costs	58.0	58.0	53.3	55.3	4.7	2.7
Sundry other liabilities	115.6	97.6	40.5	34.3	75.1	63.3
Other taxes	7.3	6.5			7.3	6.5
Total other liabilities	**289.8**	**246.8**	**135.7**	**133.0**	**154.1**	**113.8**

Personnel-related obligations

Social security liabilities relate mainly to contributions to employees‘ accident insurance associations amounting to € 1.8 million (December 31, 2011: € 1.9 million) and liabilities to health insurance agencies amounting to € 1.6 million (December 31, 2011: € 0.7 million).

TV FlexÜ, a collective agreement on flexible transition into retirement, came into effect in the German collective bargaining regions in 2010. In addition, each of the MTU group companies in Germany entered into a supplementary agreement with the Works Council, effective until December 31, 2016, which supersedes the collective bargaining agreement. Within the scope of the agreed terms for pre-retirement part-time working arrangements, agreements on top-up and severance payments were concluded with employees at the level of the group’s German companies. At September 30, 2012, the liabilities associated with these obligations amounted to € 21.9 million (December 31, 2011: € 23.0 million).

Other liabilities to employees comprise vacation entitlements, flexi-time credits, obligations arising from pre-retirement part-time working arrangements and obligations arising from efficiency improvement programs in prior periods. This item also includes liabilities to group employees under the MAP employee stock option program amounting to € 3.4 million (December 31, 2011: € 2.4 million). Additional information concerning the MAP employee stock option program is provided in Note 25.2 (Capital reserves).

Accrued interest expense

Non-current payments received on account from customers for contract production are discounted over the term of the advance payments using appropriate market interest rates and the deferred interest recognized as a liability within other liabilities until the engine is delivered. Accrued interest expense of € 15.9 million (December 31, 2011: € 16.6 million) relates to advance payments received for long-term military construction contracts.

Outstanding maintenance work on engines

This line item relates mainly to obligations for the maintenance of leased engines made available to airlines on a temporary basis (as part of commercial MRO activities) while the airlines’ own engines are being maintained or repaired.

Repayment of grants towards development costs

In the financial years 1976 to 1991, MTU received grants towards the internally generated costs of developing the PW2000 engine from the German Federal Ministry of Economics and Technology which were recognized in the income statement. Once the contractually agreed sales figures of PW2000 production engines have been reached for the Boeing 757 and C-17, MTU is obliged to pay back the grants within a timeframe of ten years. The first installment of the repayment amounting to € 0.7 million was made in the financial year 2011. Repayments in the first and third quarter 2012 totalled € 2.7 million.

Sundry other liabilities

Sundry other liabilities amounted to € 115.6 million and comprise mainly obligations relating to purchased development work for the PW1524G engine program for the CSeries amounting to € 19.3 million (December 31, 2011: € 19.3 million), the PW1217G engine for the MRJ amounting to € 15.5 million (December 31, 2011: € 15.5 million), and liabilities arising from the stake in the PW1100G program for the A320neo amounting to € 57.8 million (December 31, 2011: € 46.5 million), plus a multitude of minor individual obligations.

Other taxes

Other taxes amounting to € 7.3 million (December 31, 2011: € 6.5 million) relate primarily to payroll and church taxes and solidarity surcharges.

30 Related party transactions

Transactions with related entities

Transactions with related entities are undertaken as part of the group’s ordinary operating activities, buying and selling various products and services on an arm’s length basis.

Proportionately consolidated entity (MTU Maintenance Zhuhai)

Trade receivables from MTU Maintenance Zhuhai at September 30, 2012 amounted to € 0.6 million (December 31, 2011: € 0.0 million). There were no trade payables to this entity at the period end (December 31, 2011: € 3.6 million). Income during the nine-month period under report amounted to € 1.3 million (January - September 2011: € 1.2 million) with expenses totalling € 11.2 million (January - September 2011: € 23.1 million).

Entities accounted for at equity and at cost

Entities accounted for at equity and at cost are disclosed in note 43.1.2 (List of major shareholdings) of the Annual Report 2011. The impact of the IAE share increase is described in Section 5, Consolidated companies (Impact of IAE V2500 share increase).

Trade receivables from these entities at September 30, 2012 amounted to € 27.1 million (December 31, 2011: € 27.7 million). Trade payables with this entity totalled € 70.8 million (December 31, 2011: € 95.5 million). Income arising during the nine-month period amounted to € 666.4 million (January - September 2011: € 597.3 million), with expenses totalling € 399.8 million (January - September 2011: € 285.9 million).

Transactions with related individuals

MTU Group companies did not enter into any material 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.

31 Contingent liabilities and other financial commitments

Contingent liabilities and other financial obligations at September 30, 2012 amounted to € 124.9 million (December 31, 2011: € 110.7 million). Contingent liabilities and other financial obligations are not material to the MTU Group. As in previous periods, with the exception of lease payments, no amounts fell due for payment during the period under report. Similarly, no amounts are expected to be paid for the financial year 2012. Information regarding the composition and nature of contingent liabilities and other financial obligations is provided in the notes to the consolidated financial statements in the Annual Report 2011 (Note 42).

Purchase commitments for intangible assets and property, plant and equipment amounted to € 25.8 million at September 30, 2012 (December 31, 2011: € 33.4 million).

32 Events after the end of the reporting period (September 30, 2012)

There have been no significant events after the end of the interim reporting period (September 30, 2012) and prior to the date of authorization for issue of the Quarterly Financial Report on October 22, 2012.

33 Publication of the Quarterly Financial Report

The Quarterly Financial Report of MTU Aero Engines Holding AG, Munich, for the period from January 1 to September 30, 2012 was published on the Internet on October 23, 2012.

Financial Calendar

Telephone conference on third quarter 2012 earnings	**October 23, 2012**
MTU analysts and investors conference 2012	**November 27, 2012**

Contacts

Investor Relations
Telephone +49 (0) 89-1489-5714
Telephone +49 (0) 89-1489-3911
Telephone +49 (0) 89-1489-2153
Telefax +49 (0) 89-1489-95139
E-Mail **Peter.Kameritsch@mtu.de**
Claudia.Heinle@mtu.de
Alexander.Gedler@mtu.de

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/latest_news/index.html**

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

MTU Aero Engines Holding AG
Dachauer Straße 665
80995 Munich • Germany
Tel. +49 89 1489-0
Fax +49 89 1489-5500
www.mtu.de