Half-Yearly Financial Report January 1 to June 30, 2012

MTU Aero Engines Holding AG, Munich

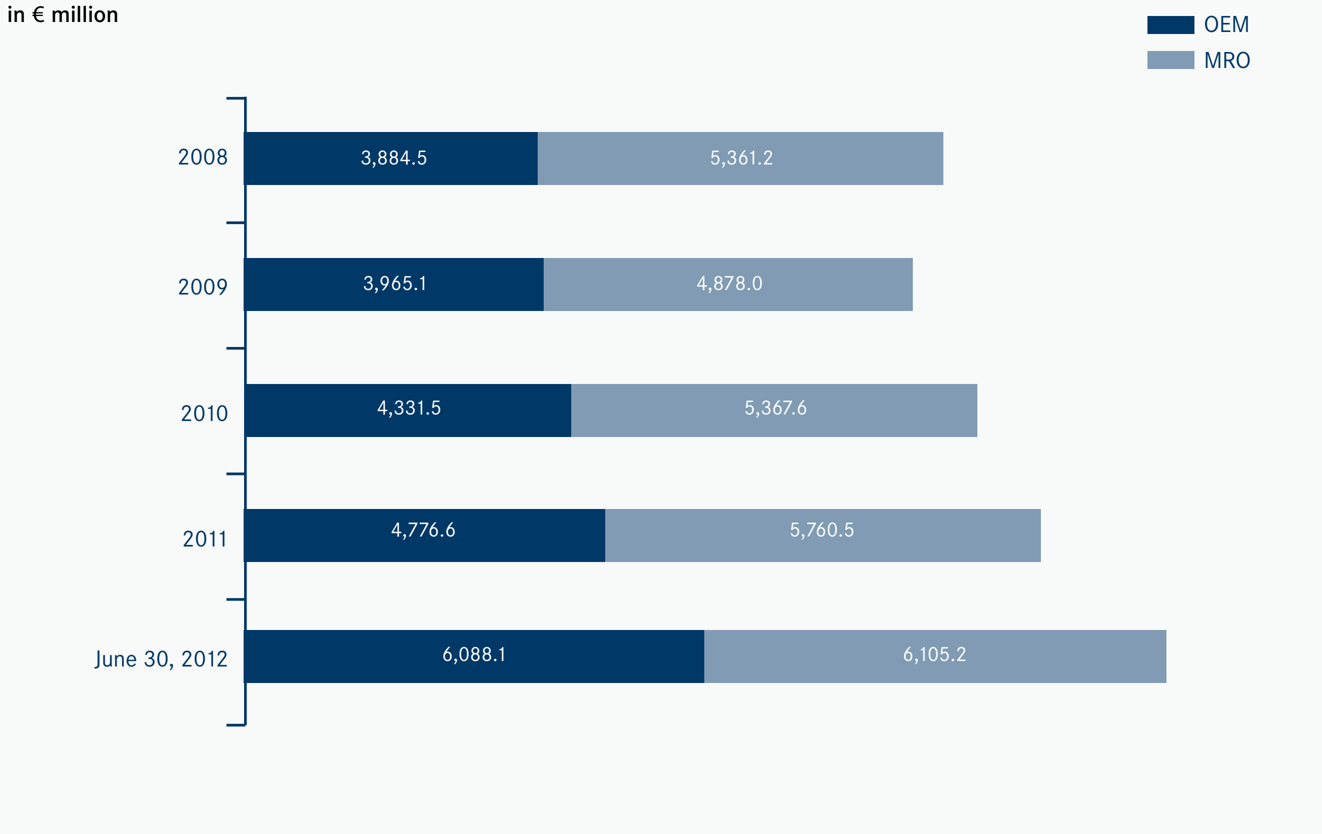
Contents

Key Facts and Figures for the Group

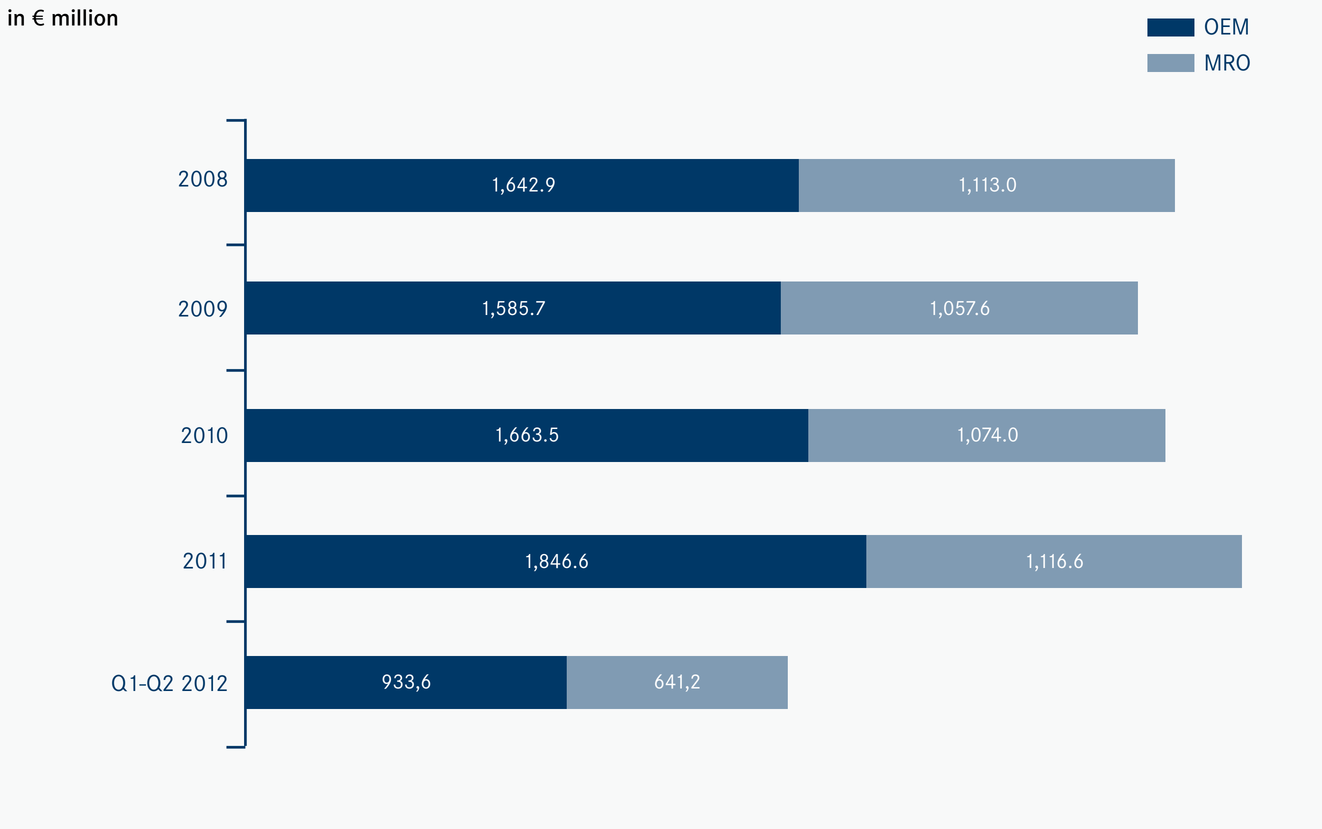
in € million (unless otherwise specified)	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011	Change against previous year in € million	in %
Income Statement				
Revenues	1,559.0	1,346.5	212.5	15.8
Gross profit	280.6	261.3	19.3	7.4
Earnings before interest and taxes (EBIT)	166.4	143.1	23.3	16.3
Adjusted earnings before interest and taxes (EBIT adjusted)	175.8	164.4	11.4	6.9
Earnings before taxes (EBT)	155.7	110.9	44.8	40.4
Earnings after taxes (EAT)	114.4	77.3	37.1	48.0
Undiluted earnings per share (in €)	2.26	1.58	0.68	43.0
Diluted earnings per share (in €)	2.26	1.54	0.72	46.8
Growth rates in %				
Revenues	15.8	-0.2		
Gross profit	7.4	6.6		
Adjusted earnings before interest and taxes (EBIT adjusted)	6.9	14.6		
Earnings before taxes (EBT)	40.4	27.6		
Earnings after taxes (EAT)	48.0	27.6		
Undiluted earnings per share (in €)	43.0	27.4		
Diluted earnings per share (in €)	46.8	27.3		
Revenue margins in %				
Earnings before interest and taxes (EBIT)	10.7	10.6		
Adjusted earnings before interest and taxes (EBIT adjusted)	11.3	12.2		
Earnings before taxes (EBT)	10.0	8.2		
Earnings after taxes (EAT)	7.3	5.7		
Statement of financial position (previous year: December 31)				
Intangible assets	1,816.8	1,266.3	550.5	43.5
Property, plant and equipment	585.6	584.6	1.0	0.2
Financial assets	27.0	60.3	-33.3	-55.2
Financial assets accounted for using the equity method	20.1		20.1	
Working capital	88.7	101.5	-12.8	-12.6
Cash and cash equivalents	164.1	198.8	-34.7	-17.5
Pension provisions	463.4	457.0	6.4	1.4
Other provisions	279.1	319.8	-40.7	-12.7
Financial liabilities	646.3	261.6	384.7	
Deferred taxes, current tax liabilities	228.9	239.6	-10.7	-4.5
Equity	1,052.4	906.1	146.3	16.1
Net debt	464.8	12.2	452.6	
Order book (previous year: December 31)	**12,193.3**	**10,537.1**	**1,656.2**	**15.7**
Commercial and Military Engine business (OEM) [1]	6,088.1	4,776.6	1,311.5	27.5
Commercial Maintenance business (MRO) [1]	6,105.2	5,760.5	344.7	6.0
Cash flow				
Cash flow from operating activities	108.9	133.4	-24.5	-18.4
Cash flow from investing activities	-263.6	-47.8	-215.8	
Free cash flow	48.8	83.6	-34.8	-41.6
Free cash flow margin (in %)	3.1	6.2		
Cash flow from financing activities	117.7	-43.5	161.2	
Change in cash and cash equivalents	-34.7	34.3	-69.0	
Number of employees at quarter end	**8,351**	**8,038**	**313**	**3.9**
Commercial and Military Engine business (OEM)	5,094	5,006	88	1.8
Commercial Maintenance business (MRO)	3,194	3,032	162	5.3
Other entities/holding companies	63		63	

[1]) before consolidation

Order book by segment (before consolidation)

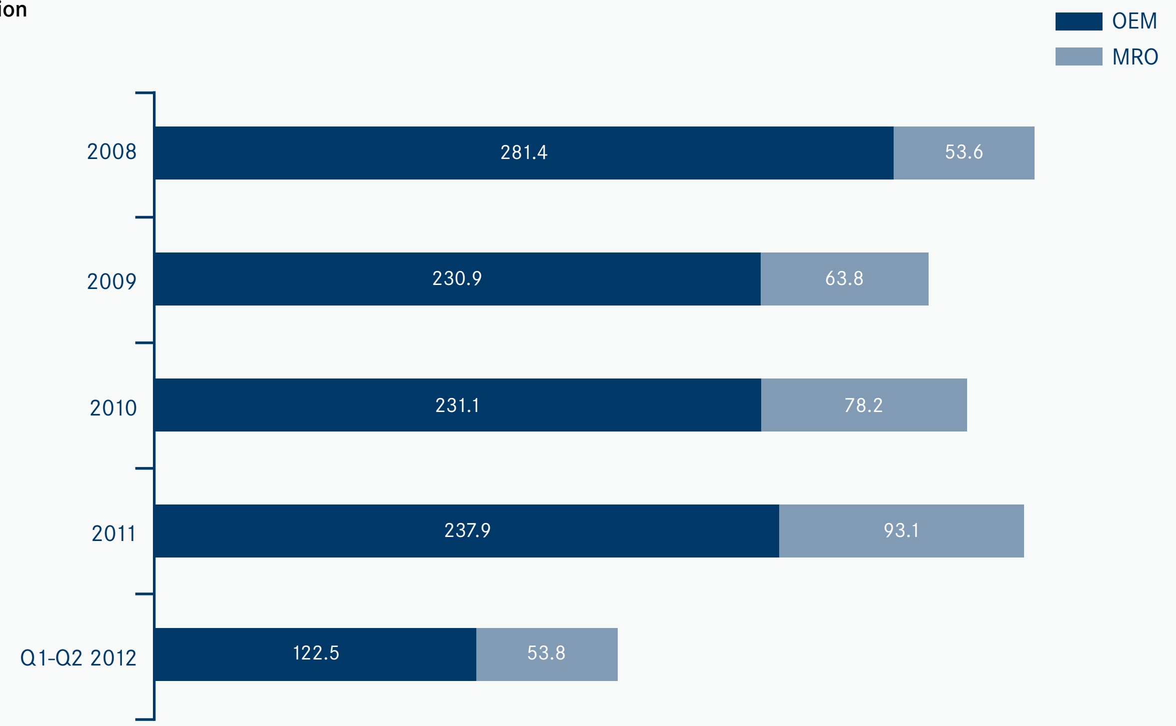


Revenues by segment (before consolidation)



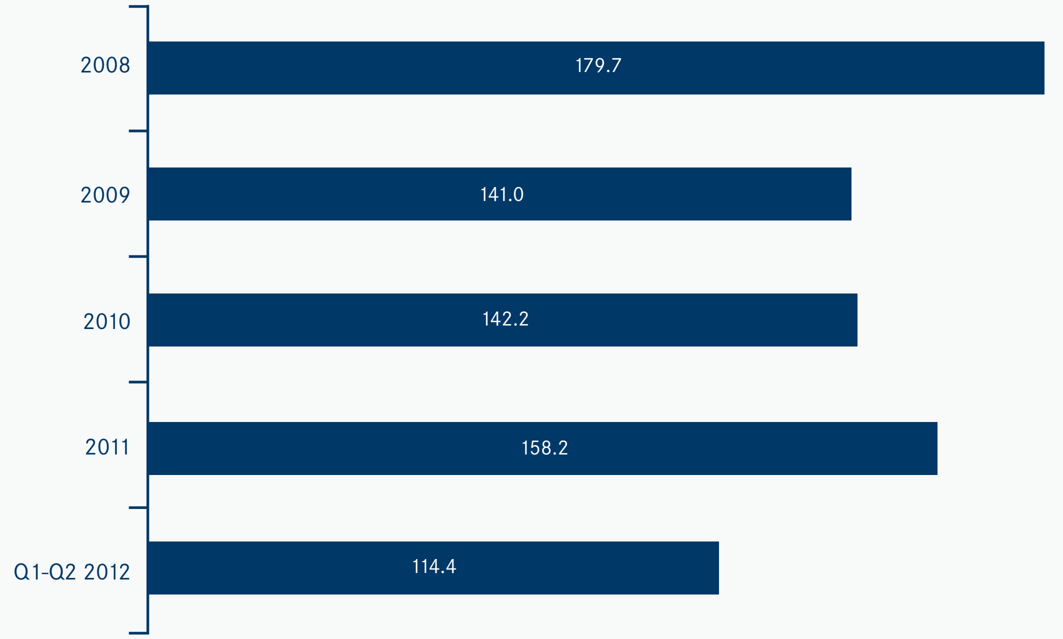
EBIT adjusted by segment (before consolidation)

in € million



Earnings after tax

in € million



General Economic Environment

The global economy is still forecast to grow by 2.1 % in 2012 (source: EIU). The pace of growth in the euro zone remained stable during the first quarter 2012 and the expected slow-down failed to materialize. The US economy continued its upward trend (+0.5 %) and China grew by 1.8 % during the quarter.

The seasonal drop in oil consumption in spring deepened in May, reflecting unsolved problems in the euro zone and increasing uncertainty with respect to Chinese growth. Increasing oil production and the resulting build-up of oil reserves helped to keep price rises down. In recent months, the US Energy Information Administration lowered its forecast for the average price of oil in 2012 to below the 2011 level.

The euro/US dollar exchange rate is particularly important for MTU's international business. The euro lost value against the US dollar during the first half of the year, finishing on June 30, 2012 at US $ 1.2590 compared to US $ 1.2939 at the end of 2011. The average euro/US dollar rate during the six-month period (US $ 1.2968) was significantly lower than in the corresponding period one year earlier (US $1.4031). Reference is made to section 3.2 (Operating results, financial situation and net assets) of the Interim Group Management Report for comments on the impact of changes in exchange rate parities.

Sector Environment

The aviation sector performed better than expected. Passenger numbers rose by 6.5 % during the first five months of the year, significantly faster than IATA‘s forecast of 4.8 % for the full year 2012. The price of kerosene fell below the US $ 110 per barrel mark in June.

IATA has left its earnings forecast for the Airlines unchanged in June. As announced in March 2012, it predicts that they will earn some US $ 3 billion overall in 2012. IATA‘s experts consider it unlikely that the sector will be able to maintain the same pace of growth in the second half of the year as in the first.

The order-book for aircraft, at almost 9,000 units, remained at the same high level as in preceding quarters. A total of 565 aircraft were delivered during the first six months of 2012, 16 % more than in the same period last year. Aircraft production rates are therefore within the forecast range announced by Airbus and Boeing. Taken together, the two manufacturers expect to deliver 1,165 aircraft in 2012, which, if achieved, would surpass previous year‘s record volume by 15 %.

The market for business jets continued to be disappointing. Aircraft movements are stagnating and the situation on the market for pre-owned aircraft is only easing slowly. Sales figures were similar to the previous year. The aircraft manufacturers have announced new developments and revisions which should generate impetus for new business in the coming years.

1 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.

2 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 six months of the year totalled € 118.0 million. The research and development ratio – measured as R&D expenditure divided by revenues – decreased by 1.2 percentage points to 7.6 % (January - June 2011: 8.8 %).

Research and development expenses

	Jan. 1 - June 30, 2012 in € million	Jan. 1 - June 30, 2011 in € million	Change against previous year in € million	in %
Commercial Engine business	71.9	66.7	5.2	7.8
Commercial Maintenance business	2.2	4.8	-2.6	-54.2
Military Engine business	43.9	46.5	-2.6	-5.6
Research and development (before amounts capitalized)	**118.0**	**118.0**		
R&D ratio (as % of revenues)	7.6	8.8	-1.2	

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 € 118.0 million (January - June 2011: € 118.0 million) included € 75.9 million (January - June 2011: € 73.8 million) relating to company-funded R&D expenditure. Of this amount, € 73.7 million (January - June 2011: € 69.0 million) related to Commercial and Military Engines business (OEM).

The six-month expense for Commercial Maintenance business was € 2.2 million (January - June 2011: € 4.8 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 - June 30, 2012 in € million	Jan. 1 - June 30, 2011 in € million	Change against previous year in € million	in %
Commercial Engine business	60.0	55.6	4.4	7.9
Commercial Maintenance business	2.2	4.8	-2.6	-54.2
Military Engine business	13.7	13.4	0.3	2.2
Own financed R&D expenditure	**75.9**	**73.8**	**2.1**	**2.8**
Capital expenditure on assets required to be capitalized				
Commercial and Military Engine business	-22.0	-11.9	-10.1	-84.9
Commercial Maintenance business	-0.4	-2.3	1.9	82.6
Total capitalized	**-22.4**	**-14.2**	**-8.2**	**-57.7**
Research and development expenses per income statement	**53.5**	**59.6**	**-6.1**	**-10.2**
Capitalization ratio in %	**29.5**	**19.2**	**10.3**	**53.6**

Development costs capitalized for the Military and Commercial Engine lines of business amounted to € 22.0 million (January - June 2011: € 11.9 million) and related to the GE38 and PW1100G engine programs for the Airbus A320neo.

Capitalized development costs in the Commercial Maintenance segment amounted to € 0.4 million (January - June 2011: € 2.3 million) and arose in connection with the rationalization of production processes and cost optimization of repair techniques.

3 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, Luzern, Switzerland (PWAEI), on the other, MTU increased its overall share in the IAE-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 debt	286.9
Other current payables and provisions	30.8
Total liabilities	**317.7**

The addition to intangible assets relates to the Collaboration Right. The purchase consideration for the Collaboration Right comprises a fixed payment as well as 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 totalling € 286.9 million, measured at its fair value, was recognized as an asset. In line with the measurement of the acquired asset, the conditional consideration is accounted for as a financial liability at its fair value. The purchase price will be paid over a contractually fixed term of 15 years, based on the number of actual flight hours. The fair value takes account of future market opportunities and risks relating to the relevant V2500 engine program share acquired.

This fair value will be 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 now 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, is 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 is 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

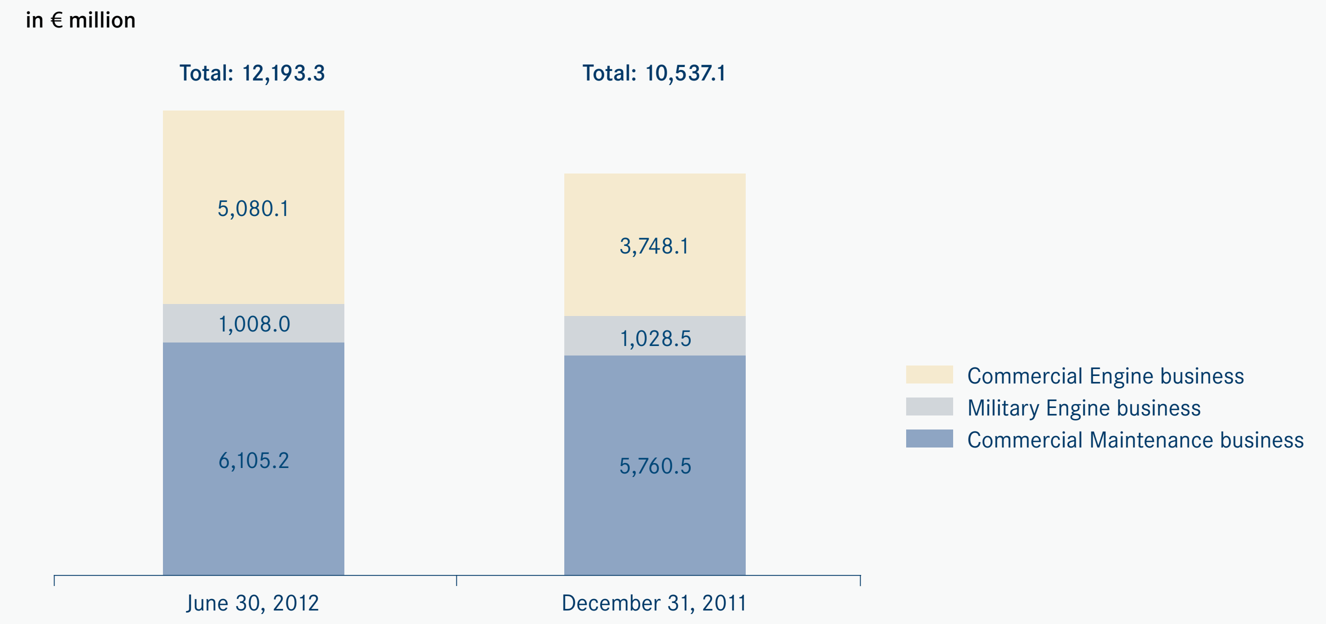
in € million	June 29, 2012
Purchase price for 12.9 % of voting rights	10.3
Fair value for 12.1 % of voting rights	9.6
Investment in associated company	**19.9**
MTU Group‘s share of fair value of identified assets and liabilities acquired	
Net assets	13.2
Customer relationships	11.2
Deferred tax liabilities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

3.1 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.

The order book at June 30, 2012 amounting to approximately € 12.2 billion (December 31, 2011: approximately € 10.5 billion) corresponds to a workload of more than three years.

Order book before consolidation



3.2 Operating results, financial situation and net assets

Sales revenue

Compared with corresponding period last year, revenues for the first half of 2012 rose by € 212.5 million (15.8 %) to € 1,559.0 million. Within those figures, revenues from Commercial and Military Engine business increased by € 89.6 million (10.6 %) to € 933.6 million. Revenues generated with Commercial Maintenance business rose by € 122.5 million (23.6 %) to € 641.2 million. Adjusted for the US dollar impact (i.e. using the same exchange rate as in the previous year), group revenues for the six-month period would have increased by € 110.7 million (8.2 %).

Cost of sales and gross profit

Cost of sales for the first six months of 2012 increased by € 193.2 million (17.8 %) to € 1,278.4 million. The six-month gross profit improved accordingly by € 19.3 million (7.4 %) to € 280.6 million. The gross profit margin fell to 18.0 % (January - June 2011: 19.4 %).

Financial result

The financial result for the first half of the year was a net expense of € 10.7 million (January-June 2011: net expense of € 32.2 million). 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 six-month period compared to the previous year. The sharp improvement in the financial result on other items was primarily due to net fair value gains of € 3.4 million on foreign currency holdings (January - June 2011: net fair value losses of € 10.3 million). Amounts arising on other earnings components more or less offset other.

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 six-month period rose by € 44.8 million (40.4 %) to € 155.7 million (January – June 2011: € 110.9 million).

Earnings after taxes (EAT)

Earnings after taxes (EAT) rose to € 114.4 million (January – June 2011: € 77.3 million), in line with the improvement in earnings before taxes (EBT). Adjusted earnings before taxes (EAT adjusted) amounted to € 109.7 million (January – June 2011: € 98.4 million), an improvement of € 11.3 million (11.5 %) over the first half of 2011.

Consolidated Statement of Comprehensive Income

In the Consolidated Statement of Comprehensive Income, earnings after taxes (EAT) of € 114.4 million (January - June 2011: € 77.3 million) are reconciled to the comprehensive income for the period of € 102.7 million (January - June 2011: € 113.6 million). Income and expenses recognized directly in comprehensive income during the first half of 2012 (net of deferred taxes) comprise mainly net losses of € 17.2 million (January – June 2011: net gains of € 42.0 million) arising on the fair value measurement of derivative financial instruments as well as a net gains amounting to € 5.4 million (January – June 2011: net losses amounting to € 5.7 million) relating to the currency translation of the financial statements of foreign subsidiaries.

Financial position

The principles and objectives of financial management, as described in the Annual Report 2011 (page 94 onwards), 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 totalling € 152.7 million was partially (€ 90.1 million) converted into shares of MTU Aero Engines Holding AG and the remainder (€ 62.6 million) redeemed.

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 share increase, MTU Aero Engines Holding AG, Munich, issued a corporate bond effective June 20, 2012 with a nominal amount of € 250.0 million, generating proceeds of € 248.5 million net of transaction costs and discount.

At June 30, 2012, the MTU Group has access to credit facilities amounting to € 100.0 million with two banks. Of these credit facilities, € 13.7 million (December 31, 2011: € 12.4 million) were being utilized at June 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 fixed purchase price payments 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 half of 2012 fell by € 34.8 million to € 48.8 million (January – June 2011: € 83.6 million).

Financial position

	Jan. 1 - June 30, 2012 in € million	Jan. 1 - June 30, 2011 in € million	Change against previous year in € million	in %
Cash flow from operating activities	108.9	133.4	-24.5	-18.4
Cash flow from investing activities	-263.6	-47.8	-215.8	
+(-) Exceptional cash flow items				
Cash flow relating to IAE V2500 share increase (investments in intangible and financial assets)	233.5		233.5	
Cash flow for investments in/divestitures of financial assets	-30.0	-2.0	-28.0	
Free cash flow	**48.8**	**83.6**	**-34.8**	**-41.6**
+(-) Exceptional cash flow items				
Cash flow relating to IAE V2500 share increase (investments in intangible and financial assets)	-233.5		-233.5	
Cash flow for investments in/divestitures of financial assets	30.0	2.0	28.0	
Cash flow from financing activities	117.7	-43.5	161.2	
Exchange rate changes	2.3	-7.8	10.1	
Change in cash and cash equivalents	**-34.7**	**34.3**	**-69.0**	
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	164.1	146.2	17.9	12.2

Cash flows from operating activities

The cash flow from operating activities for the first six months of 2012 decreased by € 24.5 million to € 108.9 million (January - June 2011: € 133.4 million).

Cash flow from investing activities

The cash outflow for investing activities for the six-month period, including exceptional factors (disbursements for intangible and financial assets) was € 263.6 million compared with € 47.8 million one year earlier. The cash outflow for intangible assets amounted to € 244.0 million (January - June 2011: € 12.9 million) and related – in addition to disbursements for the IAE share increase – primarily to capitalized development costs for the PW1100G and GE38 engine programs and for maintenance techniques. Disbursements in property, plant and equipment in the six-month period increased to € 39.6 million (January - June 2011: € 36.7 million).

Proceeds from the sale of property, plant and equipment during the first six months of 2012 totalled € 0.3 million (January - June 2011: € 0.6 million).

Cash flow from financing activities

The cash inflow from financing activities during the period from January to June 2012 was € 117.7 million (January - June 2011: cash outflow of € 43.5 million).

In order to finance the purchase price components of the IAE 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.

The convertible bond, totalling € 152.7 million at December 31, 2011, was partially converted into the Company's shares (€ 90.1 million) during the first quarter 2012 and the remainder (€ 62.6 million) redeemed at its due date on February 1, 2012.

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 € 34.7 million (January - June 2011: increase of € 34.3 million).

Cash and cash equivalents comprise the following at June 30, 2012:

Cash and cash equivalents

	June 30, 2012 in € million	Dec. 31, 2011 in € million	Change against previous year in € million	in %
Sight deposits and cash	76.9	33.1	43.8	
Overnight and fixed term deposits [1])	87.2	165.7	-78.5	-47.4
Total cash and cash equivalents	**164.1**	**198.8**	**-34.7**	**-17.5**

[1]) with a remaining term of up to 3 months

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 June 30, 2012 amounted to € 464.8 million (December 31, 2011: € 12.2 million).

Net debt

	June 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	248.7		248.7	
Financial liabilities to banks				
Promissory notes	11.5	25.6	-14.1	-55.1
Other bank credits	32.8	34.4	-1.6	-4.7
Financial liability relating to IAE V2500 share increase	286.9		286.9	
Financial liabilities to related parties [1])	1.2		1.2	
Finance lease liabilities	3.9	3.9		
Derivative financial liabilities	61.3	41.4	19.9	48.1
Gross financial liabilities	**646.3**	**261.6**	**384.7**	
less:				
Cash and cash equivalents	164.1	198.8	-34.7	-17.5
Derivative financial assets	6.4	9.7	-3.3	-34.0
Financial assets not measured at fair value through profit or loss	11.0	40.9	-29.9	-73.1
Net debt	**464.8**	**12.2**	**452.6**	

[1]) MTU Versicherungsvermittlungs- und Wirtschaftsdienst GmbH, Munich, which is not consolidated on the grounds of materiality

During the first quarter 2012, the convertible bond totalling € 152.7 million was partially (€ 90.1 million) converted into shares of MTU Aero Engines Holding AG and the remainder (€ 62.6 million) redeemed.

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 share increase, MTU Aero Engines Holding AG, Munich, issued a corporate bond effective June 20, 2012 for 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, based on the full nominal amount of € 250.0 million. Interest is payable in arrears on June 21 of each year, for the first time on June 21, 2013.

The conditional purchase price for the IAE share increase totalling € 286.9 million was measured at its fair value. In line with the measurement of the acquired asset, the conditional consideration is accounted for as a financial liability at its fair value. The purchase price will be paid over a contractually fixed term of 15 years, based on the number of actual flight hours. The fair value takes account of future market opportunities and risks relating to the relevant V2500 engine program share acquired. This fair value will be required to be updated at each reporting date.

The net amount of liabilities and assets for derivative financial instruments increased during the six-month period to June 30, 2012 by € 23.2 million as a result of changes in the US-$/€ exchange rate.

Net assets position

Changes in items in the statement of financial position

Group total assets at June 30, 2012 increased by 14.2 % compared to December 31, 2011.

Non-current assets increased by € 567.7 million to € 2,453.6 million (December 31, 2011: € 1,885.9 million). Current assets decreased by € 37.1 million to € 1,815.6 million.

A total of € 575.2 million (January - June 2011: € 56.7 million) of intangible assets were capitalized in the first half of the year, of which € 547.9 million related to the IAE V2500 share increase. A description of the impact of the IAE V2500 share increase is provided in Section 3 "Financial Situation (Impact of IAE V2500 share increase)".

The focus of development expenditure was on the PW1100G engine, the new engine for the Airbus A320 family, totalling € 20.0 million (January - June 2011: € 48.0 million including purchased program share at a cost of € 42.2 million). In addition, internally generated development work was also capitalized in the first half of 2012 in the Military Engine business segment for the GE38 engine program amounting to € 2.6 million (January - June 2011: € 3.3 million). Expenditure of € 0.4 million (January - June 2011: € 2.3 million) was also capitalized for the six-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 six months of 2012, inventories went up by € 29.8 million to € 853.6 million and trade/contract receivables by € 13.0 million to € 754.9 million, while current financial assets went down by € 30.4 million to € 13.7 million and other assets by € 20.4 million to € 13.8 million. Cash and cash equivalents decreased by € 34.7 million to € 164.1 million.

Group equity rose by € 146.3 million to stand at € 1,052.4 at June 30, 2012 (December 31, 2011: € 906.1 million). Equity was increased during the first six months of 2012 by earnings after taxes (EAT) amounting to € 114.4 million (January - June 2011: € 77.3 million), a positive currency translation impact of € 5.4 million (January – June 2011: negative currency translation impact of € 5.7 million), net gains on the fair value measurement of available-for-sale assets amounting to € 0.1 million (January - June 2011: € 0.0 million) as well as the sale of treasury shares in conjunction with the Employee Stock Program (MAP) amounting to € 6.5 million (January - June 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 - June 2011: € 53.6 million), net fair value losses on derivative financial instruments totalling € 17.2 million (January - June 2011: net fair value gains totalling € 42.0 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 24.7 % at June 30, 2012.

Pension provisions increased by € 6.4 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 € 1.0 million during the six-month period to June 30, 2012.

Financial liabilities increased by € 384.7 million compared to December 31, 2011. In order to finance the purchase price of the IAE V2500 share increase in conjunction with the acquisition of the Collaboration Right, MTU Aero Engines Holding AG, Munich issued a corporate bond, effective June 20, 2012, 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, based on the full nominal amount of € 250.0 million. 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 € 286.9 million. During the first quarter 2012, the convertible bond totalling € 152.7 million was partially (€ 90.1 million) converted into shares of MTU Aero Engines Holding AG and the remainder (€ 62.6 million) redeemed. The repurchase of the convertible bond on February 1, 2012 reduced financial liabilities by € 152.7 million compared to December 31, 2011. Two tranches of the promissory notes were repaid at the end of their term on June 5, 2012.

Trade payables stood at € 614.2 million at June 30, 2012 and were therefore € 21.5 million higher than at the end of the previous financial year.

Construction contract payables decreased compared to December 31, 2011 by € 21.7 million to € 693.3 million. Within that figure, advance payments from customers are reported as construction contract payables to the extent that they exceed construction contract receivables.

Other liabilities went up by € 44.8 million to € 291.6 million (December 31, 2011: € 246.8 million), mainly reflecting higher liabilities to employees during the year for vacation entitlements and holiday/Christmas pay.

Employees

At June 30, 2012 the group had a total of 8,351 employees (June 30, 2011: 8,038 employees).

4 Opportunity and risk report

To meet the expectations of shareholders, MTU must exploit opportunities, which entails a certain degree of risk. In order to recognize 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.

In a further step to secure MTU's technological lead and hence its competitiveness in the long term, the four IAE partners (Pratt & Whitney, Rolls-Royce, Japanese Aero Engine Corporation and MTU Aero Engines) are planning to establish a joint venture which will develop engines for future aircraft generations in the short and medium haul range.

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, however, 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 as 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.

6 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 32 of the Selected Explanatory Notes.

7 Subsequent Events

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

There have been no significant events after the end of the interim reporting period (June 30, 2012) and prior to the date of authorization for issue of the Half-Yearly Financial Report on July 20, 2012.

Consolidated Income Statement

January - June (Q1 - Q2)

	(Note)	Jan. 1 - June 30, 2012 in € million	in %	Jan. 1 - June 30, 2011 in € million	in %	Change against previous year in € million	in %
Revenues	(6)	1,559.0	100.0	1,346.5	100.0	212.5	15.8
Cost of sales	(7)	-1,278.4	-82.0	-1,085.2	-80.6	-193.2	-17.8
Gross profit		**280.6**	**18.0**	**261.3**	**19.4**	**19.3**	**7.4**
Research and development expenses	(8)	-53.5	-3.4	-59.6	-4.4	6.1	10.2
Selling expenses	(9)	-39.3	-2.5	-38.3	-2.8	-1.0	-2.6
General administrative expenses	(10)	-34.9	-2.2	-26.3	-2.0	-8.6	-32.7
Other operating income and expenses		3.8	0.2	5.6	0.4	-1.8	-32.1
Profit/loss of companies accounted for using the equity method	(13)	0.2				0.2	
Profit/loss of companies accounted for at cost	(13)	9.5	0.6	0.4		9.1	
Earning before interest and taxes (EBIT)		**166.4**	**10.7**	**143.1**	**10.6**	**23.3**	**16.3**
Interest income		1.4	0.1	1.7	0.1	-0.3	-17.6
Interest expenses		-2.0	-0.1	-9.1	-0.7	7.1	78.0
Interest result	(12)	-0.6		-7.4	-0.6	6.8	91.9
Financial result on other items	(14)	-10.1	-0.7	-24.8	-1.8	14.7	59.3
Financial result		**-10.7**	**-0.7**	**-32.2**	**-2.4**	**21.5**	**66.8**
Earnings before taxes (EBT)		**155.7**	**10.0**	**110.9**	**8.2**	**44.8**	**40.4**
Income taxes	(15)	-41.3	-2.7	-33.6	-2.5	-7.7	-22.9
Earnings after taxes (EAT)		**114.4**	**7.3**	**77.3**	**5.7**	**37.1**	**48.0**
Earnings per share in €							
Undiluted (EPS)	(16)	2.26		1.58		0.68	
Diluted (DEPS)	(16)	2.26		1.54		0.72	

Consolidated Statement of Comprehensive Income

January - June (Q1 - Q2)

	(Note)	Jan. 1 - June 30, 2012 in € million	in %	Jan. 1 - June 30, 2011 in € million	in %	Change against previous year in € million	in %
Earnings after taxes (EAT)		**114.4**	**7.3**	**77.3**	**5.7**	**37.1**	**48.0**
Translation differences arising from the financial statements of international subsidiaries		5.4	0.4	-5.7	-0.4	11.1	
Net gains/losses on cash flow hedges		-17.2	-1.1	42.0	3.1	-59.2	
Net gains/losses on available-for-sale financial assets		0.1				0.1	
Other comprehensive income after tax		**-11.7**	**-0.7**	**36.3**	**2.7**	**-48.0**	
Comprehensive income for the period	(17)	**102.7**	**6.6**	**113.6**	**8.4**	**-10.9**	**-9.6**

Consolidated Income Statement

Q2	(Note)	Q2 2012 in € million	Q2 2012 in %	Q2 2011 in € million	Q2 2011 in %	Change against previous year in € million	Change against previous year in %
Revenues	(6)	861.0	100.0	681.7	100.0	179.3	26.3
Cost of sales	(7)	-724.1	-84.1	-555.1	-81.4	-169.0	-30.4
Gross profit		**136.9**	**15.9**	**126.6**	**18.6**	**10.3**	**8.1**
Research and development expenses	(8)	-24.8	-2.9	-25.4	-3.7	0.6	2.4
Selling expenses	(9)	-21.3	-2.5	-21.3	-3.1		
General administrative expenses	(10)	-18.2	-2.1	-11.3	-1.7	-6.9	-61.1
Other operating income and expenses		2.4	0.3	4.2	0.6	-1.8	-42.9
Profit/loss of companies accounted for using the equity method	(13)	0.2				0.2	
Profit/loss of companies accounted for at cost	(13)	9.5	1.1	0.4		9.1	
Earnings before interest and taxes (EBIT)		**84.7**	**9.8**	**73.2**	**10.7**	**11.5**	**15.7**
Interest income		1.0	0.1	0.9	0.1	0.1	11.1
Interest expenses		-0.8	-0.1	-3.8	-0.6	3.0	78.9
Interest result	(12)	0.2		-2.9	-0.5	3.1	
Financial result on other items	(14)	-6.0	-0.7	-8.7	-1.2	2.7	31.0
Financial result		**-5.8**	**-0.7**	**-11.6**	**-1.7**	**5.8**	**50.0**
Earnings before taxes (EBT)		**78.9**	**9.1**	**61.6**	**9.0**	**17.3**	**28.1**
Income taxes	(15)	-18.5	-2.1	-17.8	-2.6	-0.7	-3.9
Earnings after taxes (EAT)		**60.4**	**7.0**	**43.8**	**6.4**	**16.6**	**37.9**
Earnings per share in €							
Undiluted (EPS)	(16)	1.19		0.89		0.30	
Diluted (DEPS)	(16)	1.19		0.87		0.32	

Consolidated Statement of Comprehensive Income

Q2	(Note)	Q2 2012 in € million	Q2 2012 in %	Q2 2011 in € million	Q2 2011 in %	Change against previous year in € million	Change against previous year in %
Earnings after taxes (EAT)		**60.4**	**7.0**	**43.8**	**6.4**	**16.6**	**37.9**
Translation differences arising from the financial statements of international subsidiaries		5.3	0.6	-0.4	-0.1	5.7	
Net gains/losses on cash flow hedges		-36.8	-4.2	8.5	1.3	-45.3	
Net gains/losses on available-for-sale financial assets				0.1		-0.1	-100.0
Other comprehensive income after taxes		**-31.5**	**-3.6**	**8.2**	**1.2**	**-39.7**	
Comprehensive income for the period	(17)	**28.9**	**3.4**	**52.0**	**7.6**	**-23.1**	**-44.4**

Consolidated Statement of Financial Position

Assets

in € million	(Note)	June 30, 2012	Dec. 31, 2011
Non-current assets			
Intangible assets	(18)	1,816.8	1,266.3
Property, plant and equipment	(19)	585.6	584.6
Financial assets	(20)	13.3	16.2
Financial assets accounted for using the equity method	(20)	20.1	
Other assets	(24)	4.5	5.1
Deferred tax assets		13.3	13.7
Total non-current assets		**2,453.6**	**1,885.9**
Current assets			
Inventories	(21)	853.6	823.8
Trade receivables	(22)	596.4	605.1
Contract production receivables	(23)	158.5	136.8
Income tax receivables		11.2	5.8
Financial assets	(20)	13.7	44.1
Other assets	(24)	13.8	34.2
Cash and cash equivalents	(25)	164.1	198.8
Prepayments		4.3	4.1
Total current assets		**1,815.6**	**1,852.7**
Total assets		**4,269.2**	**3,738.6**

Equity and Liabilities

in € million	(Note)	June 30, 2012	Dec. 31, 2011
Equity	(26)		
Subscribed capital		52.0	52.0
Capital reserves		383.2	340.9
Revenue reserves		675.8	622.2
Treasury shares		-37.9	-100.0
Other comprehensive income		-20.7	-9.0
Total equity		**1,052.4**	**906.1**
Non-current liabilities			
Pension provisions		434.9	428.5
Other provisions	(27)	108.1	119.9
Financial liabilities	(28)	602.9	53.4
Other liabilities	(30)	126.6	133.0
Deferred tax liabilities		217.9	229.6
Total non-current liabilities		**1,490.4**	**964.4**
Current liabilities			
Pension provisions		28.5	28.5
Income tax liabilities		11.0	10.0
Other provisions	(27)	171.0	199.9
Financial liabilities	(28)	43.4	208.2
Trade payables		614.2	592.7
Contract production liabilities	(29)	693.3	715.0
Other liabilities	(30)	165.0	113.8
Total current liabilities		**1,726.4**	**1,868.1**
Total equity and liabilities		**4,269.2**	**3,738.6**

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

in € million	Sub-scribed 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)			77.3					**77.3**
Other income and expenses recognized directly in equity					-5.7		42.0	**36.3**
Comprehensive income for the period			**77.3**		**-5.7**		**42.0**	**113.6**
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 June 30, 2011	**52.0**	**340.5**	**541.3**	**-90.6**	**-1.7**	**-0.1**	**40.8**	**882.2**
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)			114.4					**114.4**
Other income and expenses recognized directly in equity					5.4	0.1	-17.2	**-11.7**
Comprehensive income for the period			**114.4**		**5.4**	**0.1**	**-17.2**	**102.7**
Dividend payment			-60.8					**-60.8**
Conversion of convertible bond		38.0		59.5				**97.5**
Employee Stock Program (MAP)		3.9		2.6				**6.5**
Share Matching Plan (SMP)		0.4						**0.4**
Balance at June 30, 2012	**52.0**	**383.2**	**675.8**	**-37.9**	**10.6**		**-31.3**	**1,052.4**

Reference is made to the disclosures on equity components provided in Note 26 of the Selected Explanatory Notes.

Consolidated Statement of Cash Flows

Consolidated Cash Flow Statement

in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011	Q2 2012	Q2 2011
Earnings after taxes (EAT)	**114.4**	**77.3**	**60.4**	**43.8**
Amortization and depreciation on intangible assets and property, plant and equipment	67.0	64.2	33.5	32.4
Profit/loss of companies accounted for at cost	-9.5	-0.4	-9.5	-0.4
Profit/loss of companies accounted for using the equity method	-0.2		-0.2	
Gain/loss on disposal of assets	-0.2	0.5	-0.1	0.7
Change in pension provisions	6.4	6.5	4.5	4.6
Change in other provisions	-40.7	43.6	-50.0	-9.5
Other non-cash items	-5.9	0.7	2.4	-1.6
Movements in working capital				
Changes in inventories	-29.8	-17.9	-2.8	-1.6
Changes in trade receivables	8.7	35.6	-18.5	-48.7
Changes in contract production receivables and liabilities	-43.4	-3.8	-38.9	22.0
Changes in other assets	20.8	2.5	-0.5	-7.1
Changes in trade payables	-9.3	-69.1	59.3	16.2
Changes in other liabilities	35.0	24.0	9.4	3.5
Net interest result	0.6	7.4	-0.2	2.9
Interest paid	-4.7	-9.6	-2.1	-2.7
Interest received	1.5	2.0	1.0	1.4
Profit distributions received		0.4		0.4
Income taxes	41.3	33.6	18.5	17.8
Income taxes paid and received	-43.1	-64.1	-20.7	-34.7
Cash flow from operating activities	**108.9**	**133.4**	**45.5**	**39.4**
Disbursements for investments in:				
Intangible assets	-244.0	-12.9	-234.2	-6.6
Property, plant and equipment	-39.6	-36.7	-20.1	-20.5
Financial assets	-20.3	-60.3	-10.3	-15.2
Proceeds from disposals and disinvestiture of:				
Property, plant and equipment	0.3	0.6	0.2	0.3
Financial assets	40.0	61.5	10.0	46.0
Cash flow from investing activities	**-263.6**	**-47.8**	**-254.4**	**4.0**
Dividend payment	-60.8	-53.6	-60.8	-53.6
Issue of corporate bond [1])	248.5		248.5	
Partial repayment of promissory notes	-13.5		-13.5	
Redemption of convertible bond [2])	-62.6			
Sale of treasury shares for Employee Stock Program	6.5	7.5	6.5	7.5
Proceeds (+)/repayments (-) other financial liabilities	-0.4	2.6	-1.9	0.6
Cash flow from financing activities	**117.7**	**-43.5**	**178.8**	**-45.5**
Effect of changes in exchanges rates on cash funds	2.3	-7.8	5.1	-1.9
Other changes in cash an cash equivalents	**2.3**	**-7.8**	**5.1**	**-1.9**
Change in cash and cash equivalents	**-34.7**	**34.3**	**-25.0**	**-4.0**
Cash and cash equivalents at January 1	**198.8**	**111.9**		
Cash and cash equivalents at June 30	**164.1**	**146.2**		

[1]) Net of transaction costs and discount

[2]) During the first quarter 2012, the convertible bond totalling € 152.7 million was partially (€ 90.1 million) converted into shares of MTU Aero Engines Holding AG and the remainder (€ 62.6 million) redeemed.

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 June 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 - June 30, 2012	Q2 2012	Jan. 1 - June 30, 2012	Q2 2012	Jan. 1 - June 30, 2012	Q2 2012	Jan. 1 - June 30, 2012	Q2 2012	Jan. 1 - June 30, 2012	Q2 2012
External revenues	920.1	514.6	638.9	346.4					1,559.0	861.0
Inter-segment revenues	13.5	6.9	2.3	1.6	13.8	13.8	-29.6	-22.3		
Total revenues	**933.6**	**521.5**	**641.2**	**348.0**	**13.8**	**13.8**	**-29.6**	**-22.3**	**1,559.0**	**861.0**
Gross profit	**191.8**	**89.8**	**83.9**	**45.0**	**13.8**	**13.8**	**-8.9**	**-11.7**	**280.6**	**136.9**
Amortization	21.9	10.8	4.3	2.2					26.2	13.0
Depreciation	29.9	14.9	10.9	5.6					40.8	20.5
Total amortization/depreciation	**51.8**	**25.7**	**15.2**	**7.8**					**67.0**	**33.5**
Earnings before interest and taxes (EBIT)	**114.9**	**54.9**	**52.0**	**28.6**	**-0.7**	**2.8**	**0.2**	**-1.6**	**166.4**	**84.7**
Amortization/depreciation resulting from purchase price allocation	**17.3**	**8.5**	**1.8**	**0.9**					**19.1**	**9.4**
Gain recognized on increase in shareholding in IAE	**-9.7**	**-9.7**							**-9.7**	**-9.7**
Adjusted earnings before interest and taxes (EBIT adjusted)	**122.5**	**53.7**	**53.8**	**29.5**	**-0.7**	**2.8**	**0.2**	**-1.6**	**175.8**	**84.4**
Assets (June 30, 2012)	**3,740.1**		**1,015.8**		**1,035.2**		**-1,521.9**		**4,269.2**	
Liabilities (June 30, 2012)	**2,800.4**		**549.5**		**326.7**		**-459.8**		**3,216.8**	
Significant non-cash items [1])	**21.3**	**7.8**	**4.8**	**2.8**	**0.3**	**0.2**				
Total capital expenditure on intangible assets and property, plant and equipment	**597.1**	**573.8**	**17.9**	**9.0**					**615.0**	**582.8**
Key segment data:										
EBIT in % of revenues	12.3	10.5	8.1	8.2	-5.1	20.3			10.7	9.8
EBIT adjusted in % of revenues	13.1	10.3	8.4	8.5	-5.1	20.3			11.3	9.8

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

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

Segment information 2011

in € million	Commercial and Military Engine business Jan. 1 - June 30, 2011	Commercial and Military Engine business Q2 2011	Commercial Maintenance business Jan. 1 - June 30, 2011	Commercial Maintenance business Q2 2011	Other Group Entities Jan. 1 - June 30, 2011	Other Group Entities Q2 2011	Consolidation/ reconciliation Jan. 1 - June 30, 2011	Consolidation/ reconciliation Q2 2011	Group Jan. 1 - June 30, 2011	Group Q2 2011
External revenues	829.3	415.2	517.2	266.5					1,346.5	681.7
Inter-segment revenues	14.7	7.8	1.5	0.6	4.0	2.2	-20.2	-10.6		
Total revenues	**844.0**	**423.0**	**518.7**	**267.1**	**4.0**	**2.2**	**-20.2**	**-10.6**	**1,346.5**	**681.7**
Gross profit	**189.3**	**90.2**	**69.6**	**35.0**	**4.0**	**2.2**	**-1.6**	**-0.8**	**261.3**	**126.6**
Amortization	21.2	10.6	4.1	2.1					25.3	12.7
Depreciation	28.2	14.3	10.7	5.4					38.9	19.7
Total amortization/depreciation	**49.4**	**24.9**	**14.8**	**7.5**					**64.2**	**32.4**
Earnings before interest and taxes (EBIT)	**103.2**	**52.4**	**40.2**	**20.6**	**-0.8**		**0.5**	**0.2**	**143.1**	**73.2**
Amortization/depreciation resulting from purchase price allocation	**19.4**	**9.7**	**1.9**	**1.0**					**21.3**	**10.7**
Gain recognized on increase in shareholding in IAE										
Adjusted earnings before interest and taxes (EBIT adjusted)	**122.6**	**62.1**	**42.1**	**21.6**	**-0.8**		**0.5**	**0.2**	**164.4**	**83.9**
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])	**82.7**	**29.8**	**4.7**	**3.2**	**0.2**	**0.1**				
Total capital expenditure on intangible assets and property, plant and equipment	**77.2**	**8.6**	**16.2**	**10.6**					**93.4**	**19.2**
Key segment data:										
EBIT in % of revenues	12.2	12.4	7.8	7.7	-20.0				10.6	10.7
EBIT adjusted in % of revenues	14.5	14.7	8.1	8.1	-20.0				12.2	12.3

[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 tax (EBT) and segment assets/liabilities to group assets/liabilities:

Reconciliation of revenues and earnings

in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011
Total revenues		
Revenues of reportable segments	1,588.6	1,366.7
Consolidation	-29.6	-20.2
Group revenues	**1,559.0**	**1,346.5**
Adjusted earnings before interest and taxes (EBIT adjusted)		
Adjusted EBIT of reportable segments	175.6	163.9
Write-down on assets resulting from purchase price allocation	-19.1	-21.3
Gain arising on increase in IAE shareholding	9.7	
Consolidation	0.2	0.5
Earnings before interest and taxes (EBIT)	**166.4**	**143.1**
Interest income	1.4	1.7
Interest expense	-2.0	-9.1
Other financial result	-10.1	-24.8
Earnings before taxes (EBT)	**155.7**	**110.9**

Reconciliation of assets and liabilities

in € million	June 30, 2012	Dec. 31, 2011
Assets		
Assets of reportable segments	5,791.1	5,099.3
Consolidation	-1,521.9	-1,360.7
Group assets	**4,269.2**	**3,738.6**
Liabilities		
Liabilities of reportable segments	3,676.6	3,130.9
Consolidation	-459.8	-298.4
Group liabilities	**3,216.8**	**2,832.5**

Information on geographical regions

The following tables show figures for the group by geographical region:

Revenues by seat of customer in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011
Germany	222.1	210.4
Europe	134.8	142.8
North America	1,011.1	847.3
South America	57.0	43.2
Africa	8.1	4.0
Asia	117.1	93.4
Australia/Oceania	8.8	5.4
	1,559.0	**1,346.5**

Capital expenditure on intangible assets and property, plant and equipment in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011
Germany	60.7	89.9
Europe	550.7	2.3
North America	2.1	1.0
South America		
Africa		
Asia	1.5	0.2
Australia/Oceania		
	615.0	**93.4**

Non-current assets in € million	June 30, 2012	Dec. 31, 2011
Germany	1,780.2	1,764.3
Europe	602.3	51.0
North America	28.7	28.4
South America		
Africa		
Asia	42.4	42.2
Australia/Oceania		
	2,453.6	**1,885.9**

Non-current assets comprise intangible assets, property, plant and equipment, financial assets, other assets and deferred tax assets.

1 General disclosures

MTU Aero Engines Holding AG and its subsidiary companies (hereafter referred to as „MTU“ or „group“) 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 July 20, 2012.

2 Basis of preparation

In compliance with the provisions of § 37w of the German Securities Trading Act (WpHG) in conjunction with § 37y (2) WpHG, MTU’s Half-Yearly Financial Report comprises Condensed Interim Consolidated Financial Statements, an Interim Group Management Report and a Responsibility Statement from the company’s legal representatives. 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. A profit of € 9.5 million (January - June 2011: € 0.4 million) is reported for the six-month period to June 30, 2012. In the previous year, the profit of € 0.4 million was reported as part of the financial result. Reclassification of the previous year‘s figures increased prior year six-month earnings before interest and taxes (EBIT) and adjusted earnings before interest and taxes (EBIT adjusted) by € 0.4 million to € 143.1 million and € 164.4 respectively.

3 Statement of compliance

The Condensed Interim Consolidated Financial Statements as at June 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, did not have any material impact on the Interim 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 Half-Yearly Financial Report contains all customary accounting adjustments necessary for a fair presentation of the operating results, financial situation and net assets of the MTU Group. Reference is made to the notes to the Consolidated Financial Statements as at December 31, 2011 for further information regarding the basis of preparation and accounting policies used.

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 six 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

There were no 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 described below, there were no changes in shareholdings or any similar corporate transactions/events during the period under report. The number of entities (subsidiaries, associated companies, joint ventures and other participations) included in the Condensed Interim Consolidated Financial Statements has therefore not changed by comparison to December 31, 2011.

At June 30, 2012, the MTU Group comprised 26 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, Luzern, Switzerland (PWAEI), on the other, MTU increased its overall share in the IAE 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 debt	286.9
Other current payables and provisions	30.8
Total liabilities	**317.7**

The addition to intangible assets relates to the Collaboration Right. The purchase price for the Collaboration Right comprises a fixed payment as well as 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 totalling € 286.9 million, measured at its fair value, was recognized as an asset. In line with the measurement of the acquired asset, 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 takes account of future market opportunities and risks relating to the relevant V2500 engine program share acquired.

This fair value will be 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 now 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, is 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 is 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 - June 30, 2012	Jan. 1 - June 30, 2011	Q2 2012	Q2 2011
Commercial Engine business	703.0	633.5	406.2	323.9
Military Engine business	230.6	210.5	115.3	99.1
Commercial and Military Engine business (OEM)	**933.6**	**844.0**	**521.5**	**423.0**
Commercial Maintenance (MRO)	**641.2**	**518.7**	**348.0**	**267.1**
Other group entities/consolidation	-15.8	-16.2	-8.5	-8.4
Total revenues	**1,559.0**	**1,346.5**	**861.0**	**681.7**

7 Cost of sales

Cost of sales

in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011	Q2 2012	Q2 2011
Cost of materials	-1,073.8	-857.3	-623.9	-432.2
Personnel expenses	-212.1	-205.4	-107.2	-103.5
Depreciation and amortization	-59.9	-57.2	-30.2	-28.9
Other cost of sales [1])	67.4	34.7	37.2	9.5
Total cost of sales	**-1,278.4**	**-1,085.2**	**-724.1**	**-555.1**

[1]) relates mainly to change in inventories of work in progress, exchange rate factors and changes in provisions

8 Research and development expenses

Research and development expenditure

in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011	Q2 2012	Q2 2011
Cost of materials	-30.4	-35.2	-16.2	-15.2
Personnel expenses	-41.7	-34.8	-18.3	-16.4
Depreciation and amortization	-3.8	-3.8	-1.6	-1.8
Research and development expenditure	**-75.9**	**-73.8**	**-36.1**	**-33.4**
Thereof capitalized:				
Development costs (OEM)	22.0	11.9	11.0	6.6
Development costs (MRO)	0.4	2.3	0.3	1.4
Capitalized development costs	**22.4**	**14.2**	**11.3**	**8.0**
Research and development costs recognized as expense	**-53.5**	**-59.6**	**-24.8**	**-25.4**

9 Selling expenses

Selling expenses

in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011	Q2 2012	Q2 2011
Cost of materials	-5.3	-5.6	-3.2	-3.6
Personnel expenses	-26.9	-25.0	-13.8	-12.8
Depreciation and amortization	-1.2	-1.2	-0.6	-0.7
Other selling expenses	-5.9	-6.5	-3.7	-4.2
Total selling expenses	**-39.3**	**-38.3**	**-21.3**	**-21.3**

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

10 General administrative expenses

General administrative expenses

in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011	Q2 2012	Q2 2011
Cost of materials	-3.3	-2.9	-1.6	-1.5
Personnel expenses	-24.1	-18.0	-13.3	-7.3
Depreciation and amortization	-2.1	-2.0	-1.1	-1.0
Other administrative expenses	-5.4	-3.4	-2.2	-1.5
Total general administrative expenses	**-34.9**	**-26.3**	**-18.2**	**-11.3**

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

12 Interest result

Interest result

in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011	Q2 2012	Q2 2011
Interest income	**1.4**	**1.7**	**1.0**	**0.9**
Interest expenses				
Bank interest	-1.7	-1.8	-0.8	-1.0
Interest expense for bonds	-0.4	-4.0		-2.0
Interest expense for finance leases	-0.1	-0.6		-0.3
Interest expense attributable to non-consolidated companies		-0.1		-0.1
Other interest expenses	-0.8	-2.6	-0.5	-0.4
Capitalized borrowing costs for qualifying assets	1.0		0.5	
Interest expenses	**-2.0**	**-9.1**	**-0.8**	**-3.8**
Net interest expense	**-0.6**	**-7.4**	**0.2**	**-2.9**

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 six-month period compared to the previous year.

13 Profit/loss of 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 - June 30, 2012	Jan. 1 - June 30, 2011	Q2 2012	Q2 2011
Profit/loss from companies accounted for using the equity method	0.2		0.2	
Profit/loss from companies accounted for at cost	9.5	0.4	9.5	0.4
Profit/loss from companies accounted for using the equity method and at cost	**9.7**	**0.4**	**9.7**	**0.4**

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. 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 is reported as part of the result from companies accounted for using the equity method.

14 Financial result on other items

Financial result on other items

in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011	Q2 2012	Q2 2011
Effects of changes of foreign exchange rates				
Exchange rate gains/losses on currency holdings	3.4	-10.3	6.3	-1.8
Exchange rate gains/losses on financing transactions	-0.1	0.7	-0.1	0.4
Exchange rate gains/losses on finance leases	-0.1	0.3	-0.2	0.1
Fair value gains/losses on derivatives				
Gains/losses on currency derivatives and interest rate derivatives	4.7	4.9	-5.0	2.2
Gains/losses on commodity contracts	-0.8	-0.4	-0.6	-0.9
Interest portion included in measurement of assets and liabilities				
Pension provision	-12.4	-11.0	-6.2	-5.5
Contingent liabilities	-3.7	-5.1	-0.8	-2.5
Receivables, other provisions, plan assets, liabilities and advance payments received	-1.2	-1.3	0.6	0.5
Result from other financial instruments	0.1	-2.6		-1.2
Financial result on other items	**-10.1**	**-24.8**	**-6.0**	**-8.7**

The € 14.7 million improvement in the financial result on other items was attributable mainly to net fair value gains of € 3.4 million on foreign currency holdings (January - June 2011: net fair value losses of € 10.3 million). Amounts arising on other earnings components more or less offset other.

15 Income taxes

Income tax expense comprise the following:

Income taxes

in € million	Jan. 1 - June 30, 2012	Jan. 1 - June 30, 2011	Q2 2012	Q2 2011
Current income tax expense	-38.7	-38.1	-12.1	-17.7
Deferred tax expense	-2.6	4.5	-6.4	-0.1
Total income taxes	**-41.3**	**-33.6**	**-18.5**	**-17.8**

16 Earnings per share

During the period from January 1 to June 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 for the first time during 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 six-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 six 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 for the six-month periods ended June 30, 2012 and 2011 were as follows:

Undiluted and diluted earnings per share 2012

		Jan. 1 - June 30, 2012				Jan. 1 - June 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 [1])/number of shares	
Earnings after taxes (EAT)	in € million	114.4	0.0	0.0		114.4
Weighted average number of shares	shares	50,650,543	0		20,922	50,671,465
Earnings per share	**in €**	**2.26**				**2.26**

[1]) Deferred share-based compensation for members of the Board of Management

Undiluted and diluted earnings per share 2011

		Jan. 1 - June 30, 2011				Jan. 1 - June 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 [1])/number of shares	
Earnings after taxes (EAT)	in € million	77.3	4.0	-1.3		80.0
Weighted average number of shares	shares	48,795,754	3,084,849		12,081	51,892,684
Earnings per share	**in €**	**1.58**				**1.54**

[1]) Deferred share-based compensation for members of the Board of Management

17 Consolidated Statement of Comprehensive Income

In the Consolidated Statement of Comprehensive Income, earnings after taxes (EAT) of € 114.4 million (January - June 2011: € 77.3 million) are reconciled to the comprehensive income for the period of € 102.7 million (January - June 2011: € 113.6 million). Income and expenses recognized directly in comprehensive income during the six-month period under report (net of deferred taxes) comprise mainly net losses of € 17.2 million (January - June 2011: net gains of € 42.0 million) arising on the fair value measurement of derivative financial instruments as well as a positive impact of € 5.4 million (January – June 2011: negative impact of € 5.7 million) relating to the currency translation of the financial statements of foreign subsidiaries.

Notes to the Consolidated Statement of Financial Position

18 Intangible assets

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

A total of € 575.2 million of intangible assets was capitalized in the first half of the year (January - June 2011: € 56.7 million), of which € 547.9 million related to the IAE V2500 share increase.

A description of the impact of the IAE V2500 share increase in conjunction with the acquisition of the Collaboration Right is provided in Section 5 “Consolidated companies (Impact of IAE V2500 share increase)”.

In addition, development expenditure was incurred for the PW1100G engine – the new engine for the Airbus A320 family – totalling € 20.0 million (January - June 2011: € 48.0 million including purchased program share of € 42.2 million). In addition, internally generated development work was also capitalized in the first half of 2012 in the Military Engine business segment for the GE38 engine program amounting to € 2.6 million (January - June 2011: € 3.3 million). An amount of € 0.4 million (January - June 2011: € 2.3 million) was also capitalized for the six-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 totalling € 575.2 million in the first six months of 2012 (January - June 2011: € 56.7 million) comprise € 560.4 million (January - June 2011: € 44.1 million) of purchased and € 14.8 million (January - June 2011: € 12.6 million) of internally generated intangible assets. The amortization expense for the six-month period amounted to € 26.2 million (January - June 2011: € 25.3 million).

19 Property, plant and equipment

Capital expenditure for property, plant and equipment during the first six months of the year was € 39.8 million (January - June 2011: € 36.7 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 six-month period totalled € 40.8 million (January - June 2011: € 38.9 million).

20 Financial assets

Financial assets

Financial assets decreased by € 33.3 million during the first six months of 2012 to € 27.0 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 amounted to € 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 the change in classification of the investment after the IAE share increase.

A description of the impact of the purchase of 12.9 % of IAE‘s shares in in conjunction with the acquisition of the Collaboration Right and of the remeasurement of the previous 12.1 % shareholding is provided in Section 5 “Consolidated companies (Impact of IAE V2500 share increase)”.

21 Inventories

Inventories comprise the following:

Inventories

in € million	June 30, 2012	Dec. 31, 2011
Raw materials and supplies	343.9	349.6
Work in progress	466.5	422.7
Advance payments	43.2	51.5
Total inventories	**853.6**	**823.8**

22 Trade receivables

Trade receivables comprise the following:

Trade receivables

in € million	June 30, 2012	Dec. 31, 2011
Third parties	555.9	577.4
Associated companies, joint ventures and other investee companies	40.5	27.7
Total trade receivables	**596.4**	**605.1**

23 Contract production receivables

Contract production receivables comprise the following:

Contract production receivables

in € million	June 30, 2012	Dec. 31, 2011
Contract production receivables	524.8	469.5
of which related to:		
Advance payments from customers	-366.3	-332.7
Net contract production receivables	**158.5**	**136.8**

24 Other assets

Other assets comprise:

Other assets

	Total		Non-Current		Current	
in € million	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
Other taxes	4.6	15.8			4.6	15.8
Receivables from employees	1.4	1.3			1.4	1.3
Receivables from suppliers	0.8	2.7			0.8	2.7
Sundry other assets	11.5	19.5	4.5	5.1	7.0	14.4
Total other assets	**18.3**	**39.3**	**4.5**	**5.1**	**13.8**	**34.2**

Other taxes relate primarily to value added tax receivables.

25 Cash and cash equivalents

Cash and cash equivalents comprise the following:

Cash and cash equivalents

in € million	June 30, 2012	Dec. 31, 2011
Sight deposits and cash	76.9	33.1
Overnight and fixed term deposits [1])	87.2	165.7
Total cash and cash equivalents	**164.1**	**198.8**

[1]) with a remaining term of up to 3 months

MTU cannot freely access cash and cash equivalents amounting to € 13.9 million (December 31, 2011: € 11.6 million) held by MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China.

26 Equity

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

26.1 Subscribed capital

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

26.2 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 (OFK and FK) at the company and its subsidiaries.

Tier-1 Senior managers (OFK)

In accordance with the conditions of the plan, tier-1 senior managers may, after expiry of each three-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 qualifying tier-1 senior managers to receive a matching payment under the SMP is limited to a maximum of € 60,000 per eligible manager.

Tier-2 Senior managers (FK)

In accordance with the conditions of the plan, tier-2 senior managers (FK) may, after expiry of each two year 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 qualifying tier-2 senior managers to receive a matching payments under the SMP is limited to a maximum of € 30,000 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 is based on the lowest price quoted on April 20, 2012 and was thus € 60.37 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 half of 2012 for the match in conjunction with the MAP was € 1.4 million (January - June 2011: € 0.9 million) which is being recognized as an expense on a time-apportioned basis over the term of the program. The liability at June 30, 2012 amounted to € 2.5 million (December 31, 2011: € 2.4 million).

26.3 Revenue reserves

Revenue reserves include the retained earnings of consolidated group companies as well as earnings after taxes (EAT) for the six-month period under report amounting to € 114.4 million (January - June 2011: € 77.3 million) less the dividend payment for the financial year 2011 amounting to € 60.8 million (January - June 2011: € 53.6 million). Revenue reserves went up by € 53.6 million during the six-month period under report (January - June 2011: € 23.7 million) as a result of the positive earnings after taxes (EAT) for the period.

26.4 Treasury shares

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

As a result of the shares issued to group employees by June 30, 2012 in conjunction with the Employee Stock Program and the exercise of conversion rights attached to the convertible bond, the weighted average number of shares in circulation during the first six months of 2012 was 50,650,543 shares (January - June 2011: 48,795,754 shares). At the end of the reporting period, a total of 50,739,830 MTU Aero Engines Holding AG shares was in issue (June 30, 2011: 49,012,488 shares).

The following table shows month-end balances and the weighted average number of shares in circulation during the period under report.

Reconcilation to weighted, average number of shares in circulation

	2012			2011		
Number of shares	in circulation	Treasury shares	in circulation	in circulation	Treasury shares	in circulation
Balance at January 1	**48,812,488**	**3,187,512**		**48,752,407**	**3,247,593**	
Buyback and issue of shares						
January	48,812,488	-1,820,197	50,632,685	48,752,407		48,752,407
February	50,632,685		50,632,685	48,752,407		48,752,407
March	50,632,685		50,632,685	48,752,407		48,752,407
April	50,632,685		50,632,685	48,752,407		48,752,407
May	50,632,685		50,632,685	48,752,407		48,752,407
June (MSP/MAP issue, MAP match)	50,632,685	-107,145	50,739,830	48,752,407	-260,081	49,012,488
Treasury shares (June 30)		**1,260,170**			**2,987,512**	
Weighted average at June 30			**50,650,543**			**48,795,754**

27 Other provisions

Other provisions decreased during the six-month period by € 40.7 million to € 279.1 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 June 30, 2012 contingent liabilities relating to business combinations decreased to € 93.0 million (December 31, 2011: € 102.8 million) as a result of amounts settled.

28 Financial liabilities

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

Financial liabilities

in € million	Total		Non-Current		Current	
	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 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	0.2				0.2	
Liabilities to banks						
Promissory notes	11.5	25.6	11.5	11.5		14.1
Other liabilities to banks	32.8	34.4	20.9	20.4	11.9	14.0
Liabilities to related companies [1])	1.2				1.2	
Other financial liabilities						
Finance lease liabilities	3.9	3.9	0.1	0.1	3.8	3.8
Financial liability relating to IAE V2500 share increase	286.9		286.9			
Derivative financial liabilities	61.3	41.4	35.0	21.4	26.3	20.0
Total financial liabilities	**646.3**	**261.6**	**602.9**	**53.4**	**43.4**	**208.2**

[1]) MTU Versicherungsvermittlungs- und Wirtschaftsdienst GmbH, Munich, which is not consolidated on the grounds of materiality

Corporate bond

In order to finance the purchase price of the IAE share increase, MTU Aero Engines Holding AG, Munich issued a corporate bond, effective June 20, 2012, 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, based on the full nominal amount of € 250.0 million. 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 amounting in total to € 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 a change in control takes place and this results in a downgrade of the company‘s rating. The rating is deemed to have been downgraded if (1) 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 bond 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 remaining convertible bond totalling € 152.7 million was partially (€ 90.1 million) converted into shares of MTU Aero Engines Holding AG and the remainder (€ 62.6 million) redeemed. 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 June 30, 2012, the MTU Group has access to a credit line of € 100.0 million with two banks. Of these credit facilities, € 13.7 million (December 31, 2011: € 12.4 million) were being utilized at June 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 one note outstanding at June 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 June 7, 2010 in € million	Buy-back December 6, 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[1])	27.0	15.0		12.0	
June 5, 2014	variable[1])	25.0	15.0	10.0		
		65.0	**30.0**	**10.0**	**13.5**	**11.5**

[1]) 6-month Euribor plus margin

The promissory notes are measured at their amortized cost.

Financial liability for the IAE V2500 share increase

A description of the financial liability arising in conjunction with the financing of the purchase consideration for the Collaboration Right amounting to € 286.9 million is provided in Section 5 „Consolidated companies (Impact of IAE V2500 share increase)“.

29 Contract production liabilities

Contract production liabilities comprise the following:

Contract production liabilities

in € million	June 30, 2012	Dec. 31, 2011
Advance payments received for contract production	1,059.6	1,047.7
of which relating to:		
Contract production receivables	-366.3	-332.7
Total contract production liabilities	**693.3**	**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.

30 Other liabilities

Other liabilities comprise the following items:

Other liabilities

in € million	Total		Non-Current		Current	
	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
Liabilities relating to employees						
Social security	3.2	2.6			3.2	2.6
Part-time pre-retirement working arrangements	22.0	23.0	17.9	18.9	4.1	4.1
Other	51.7	38.2	2.8	3.6	48.9	34.6
Accrued interest expense	16.5	16.6	16.5	16.6		
Maintenance work still to be performed on engines	4.7	4.3	4.7	4.3		
Repayment of grants towards development costs	56.6	58.0	55.3	55.3	1.3	2.7
Sundry other liabilities	123.7	97.6	29.4	34.3	94.3	63.3
Other taxes	13.2	6.5			13.2	6.5
Total other liabilities	**291.6**	**246.8**	**126.6**	**133.0**	**165.0**	**113.8**

Personnel-related obligations

Social security liabilities relate mainly to contributions to employees‘ accident insurance associations amounting to € 1.6 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 June 30, 2012, the liabilities associated with these obligations amounted to € 22.0 million (December 31, 2011: € 23.0 million).

Other liabilities to employees comprise vacation entitlements, flexitime 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 € 2.5 million (December 31, 2011: € 2.4 million). Additional information concerning the MAP employee stock option program is provided in Note 26.2 (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 € 16.5 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 (government subsidy of development costs) within a timeframe of ten years. Owing to strong demand for engines in the C-17 military application, the threshold was reached and a liability was recognized for the expense for the first time in the financial year 2010. The first installment of the repayment amounting to € 0.7 million was made in the financial year 2011. The second installment of € 1.4 million was paid during the first quarter 2012.

Sundry other liabilities

Sundry other liabilities amounted to € 123.7 million and comprise mainly obligations relating to purchased development work for the PW1524G engine program for the CSeries amounting to € 19.9 million (December 31, 2011: € 19.3 million), the PW1217G engine for the MRJ amounting to € 15.9 million (December 31, 2011: € 15.5 million), and liabilities arising from the stake in the PW1100G program for the A320neo amounting to € 56.3 million (December 31, 2011: € 46.5 million), plus a multitude of minor individual obligations.

Other taxes

Other taxes amounting to € 13.2 million (December 31, 2011: € 6.5 million) relate primarily to payroll and church taxes and solidarity surcharges.

32 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)

There were no trade receivables due from MTU Maintenance Zhuhai at either June 30, 2012 or December 31, 2011. Trade payables with this entity totalled € 2.5 million (December 31, 2011: € 3.6 million). Income recognized during the first six months of 2012 totalled € 0.9 million (January - June 2011: € 0.8 million) with expenses totalling € 6.0 million (January - June 2011: € 14.5 million).

Entities accounted for at equity and at cost

Entities accounted for at equity and at cost are disclosed in note 43.1.2 (Major shareholdings) of the Annual Report for the year ended December 31, 2011. A description of the impact of the IAE share increase is provided in Section 5 „Consolidated companies (Impact of IAE V2500 share increase)".

Trade receivables from these entities at June 30, 2012 amounted to € 40.5 million (December 31, 2011: € 27.7 million). Trade payables with these entities totalled € 124.6 million (December 31, 2011: € 95.5 million). Income arising during the six-month period amounted to € 423.2 million (January - June 2011: € 339.3 million) with expenses totalling € 206.7 million (January - June 2011: € 188.1 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.

33 Contingent liabilities and other financial commitments

Contingent liabilities and other financial obligations at June 30, 2012 amounted to € 127.9 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).

At June 30, 2012 purchase commitments for intangible assets and property, plant and equipment amounted to € 29.7 million (December 31, 2011: € 33.4 million).

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

There have been no significant events after the end of the interim reporting period (June 30, 2012) and prior to the date of authorization for issue of the Half-Yearly Financial Report on July 20, 2012.

35 Publication of Half-Yearly Financial Report

The Half-Yearly Financial Report of MTU Aero Engines Holding AG, Munich, for the period from January 1 to June 30, 2012 was published on the Internet on July 25, 2012.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Condensed Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit of the group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Munich, July 20, 2012

Egon Behle

Chairman of the Board of Management

Dr. Rainer Martens

Member of the Board of Management, Chief Operating Officer

Dr. Stefan Weingartner

Member of the Board of Management President and CEO Commercial Maintenance

Reiner Winkler

Member of the Board of Management, Chief Financial Officer

Review Report

To MTU Aero Engines Holding AG, Munich

We have reviewed the condensed interim consolidated financial statements of MTU Aero Engines Holding AG, Munich, comprising consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected explanatory notes, together with the interim group management report of MTU Aero Engines Holding AG, Munich, for the period from January 1 to June 30, 2012, that are part of the semi annual financial report pursuant to § 37w (2) WpHG (Wertpapierhandelsgesetz: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS (International Financial Reporting Standards) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the company's Board of Management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Munich, July 23, 2012

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Prosig)	(Pinckernelle)
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial Calendar

Telephone conference on first half-year 2012 earnings	**July 25, 2012**
Telephone conference on third quarter 2012 earnings	**October 23, 2012**
MTU analysts and investors conference 2012	**November 27, 2012**

Contacts

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Translation

The German version takes precedence.

MTU Aero Engines Holding AG on the Internet

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

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

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