Quarterly Financial Report
January 1 to September 30, 2013

MTU Aero Engines AG, Munich

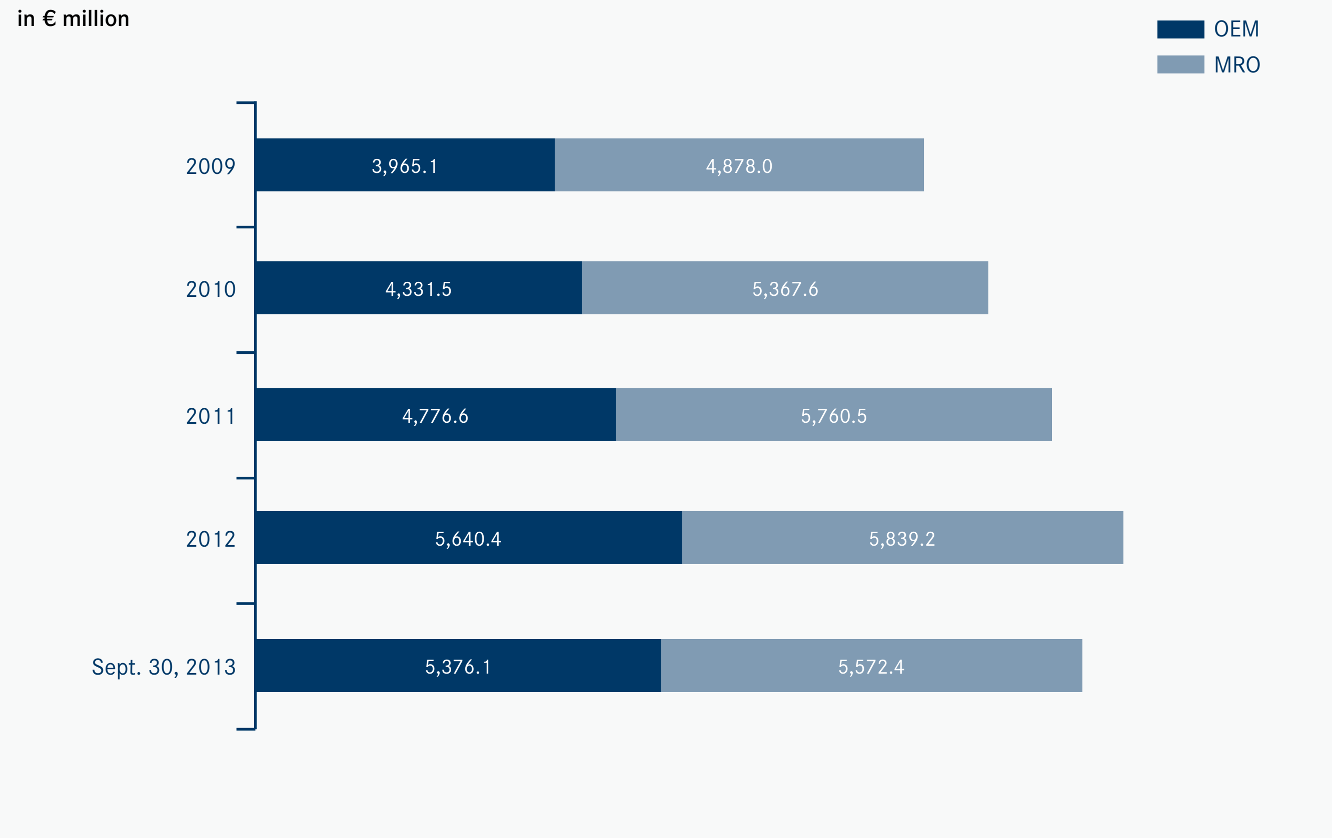
Contents

Key Facts and Figures for the Group

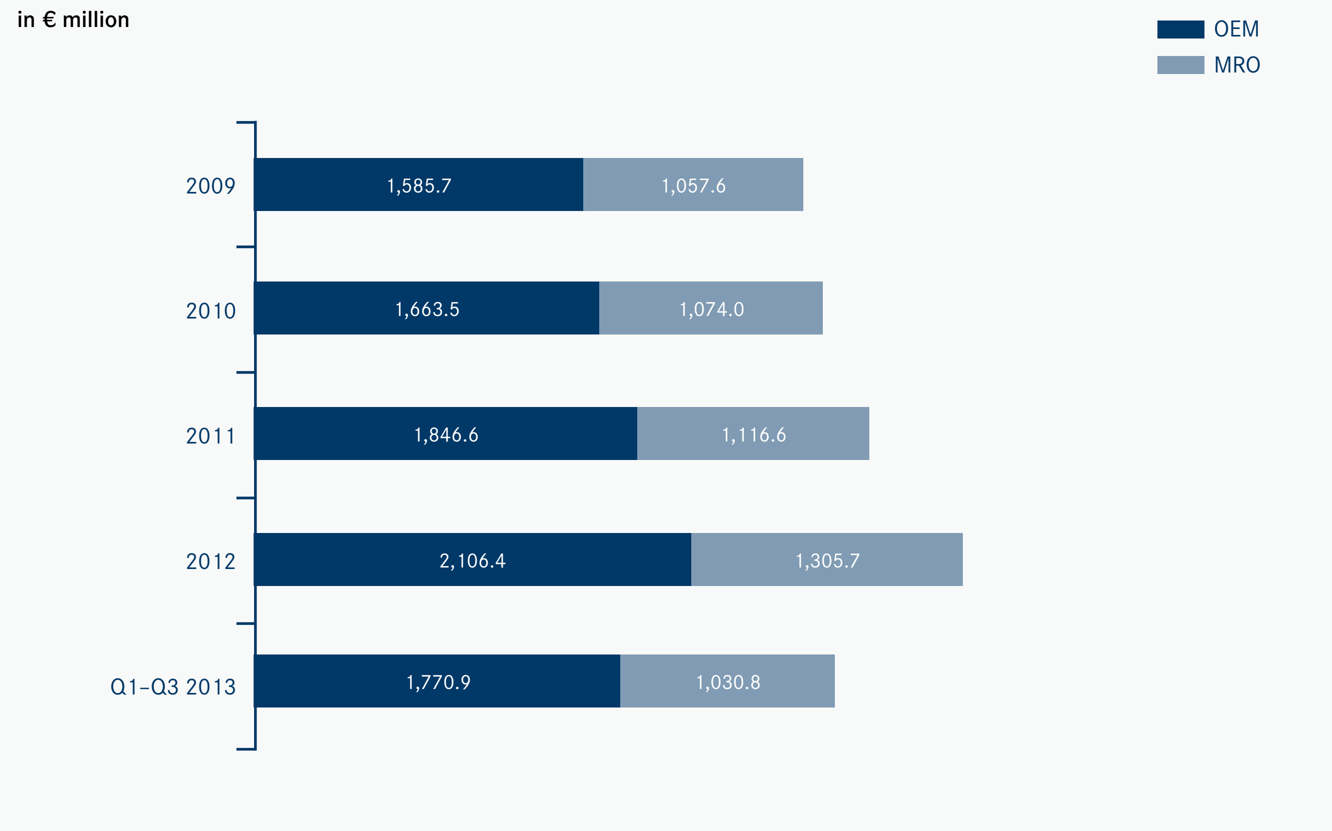
in € million (unless stated otherwise)	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Change against previous year in € million	in %
Income Statement				
Revenues	2,778.1	2,468.0	310.1	12.6
Gross profit	408.4	435.4	-27.0	-6.2
Earnings before interest and tax (EBIT)	227.4	253.6	-26.2	-10.3
Adjusted earnings before interest and tax (EBIT adjusted)	270.5	278.0	-7.5	-2.7
Earnings before tax (EBT)	195.7	228.3	-32.6	-14.3
Earnings after tax (EAT)	124.5	160.4	-35.9	-22.4
Adjusted earnings after tax (EAT adjusted)	166.3	173.1	-6.8	-3.9
Undiluted earnings per share (in €)	2.45	3.16	-0.71	-22.5
Diluted earnings per share (in €)	2.45	3.16	-0.71	-22.5
Revenue margins in %				
Earnings before interest and tax (EBIT)	8.2	10.3		
Adjusted earnings before interest and tax (EBIT adjusted)	9.7	11.3		
Earnings before tax (EBT)	7.0	9.3		
Earnings after tax (EAT)	4.5	6.5		
Adjusted earnings after tax (EAT adjusted)	6.0	7.0		
Cash flow				
Cash flow from operating activities	138.6	160.8	-22.2	-13.8
Cash flow from investing activities	-103.1	-307.0	203.9	66.4
Free cash flow	65.7	66.3	-0.6	-0.9
Cash flow from financing activities	15.8	113.9	-98.1	-86.1
Change in cash and cash equivalents	47.4	-31.3	78.7	>100

in € million (unless stated otherwise)	Sept. 30, 2013	Dec. 31, 2012	Change against previous year in € million	in %
Balance Sheet				
Intangible assets	1,838.1	1,774.4	63.7	3.6
Cash and cash equivalents	208.6	161.2	47.4	29.4
Pension provisions	615.1	616.7	-1.6	-0.3
Equity	1,156.1	1,089.3	66.8	6.1
Net debt	401.3	391.3	10.0	2.6
Order book	**10,948.5**	**11,479.6**	**-531.1**	**-4.6**
Commercial and Military Engine business (OEM) before consolidation	5,376.1	5,640.4	-264.3	-4.7
Commercial Maintenance business (MRO) before consolidation	5,572.4	5,839.2	-266.8	-4.6
Number of employees at quarter end	**8,729**	**8,541**	**188**	**2.2**
Commercial and Military Engine business (OEM)	5,258	5,160	98	1.9
Commercial Maintenance business (MRO)	3,471	3,321	150	4.5
Other entities		60	-60	-100.0

Order book by segment (before consolidation)

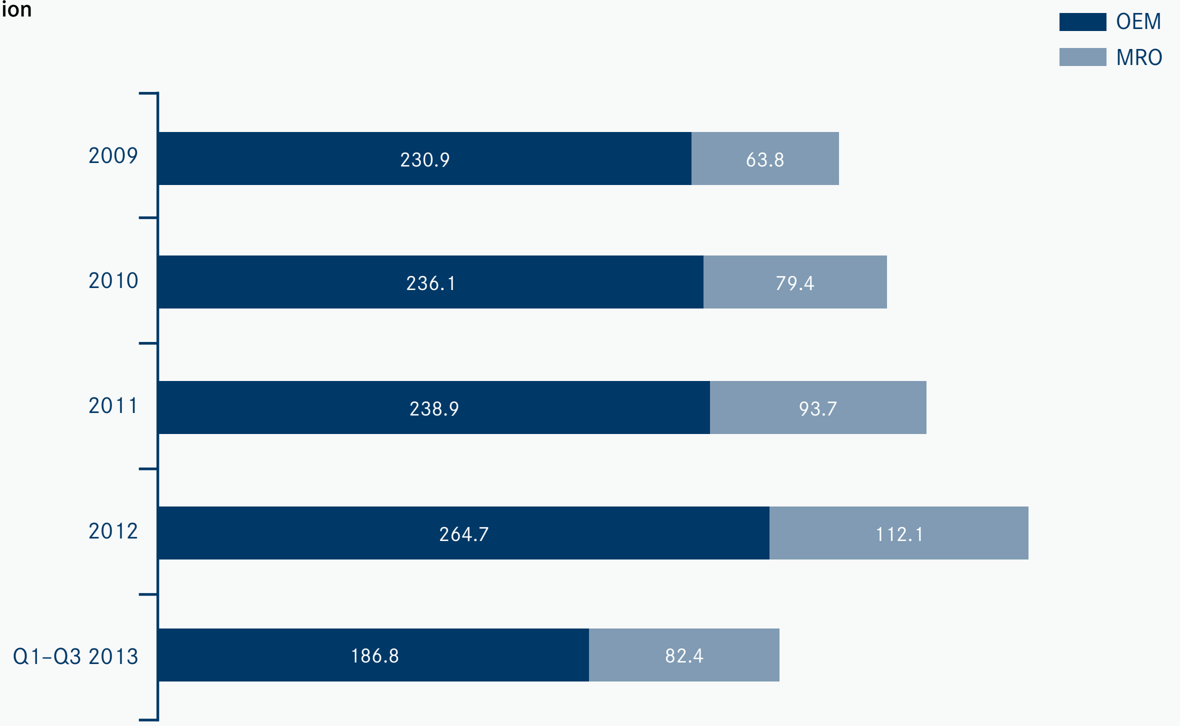


Revenues by segment (before consolidation)



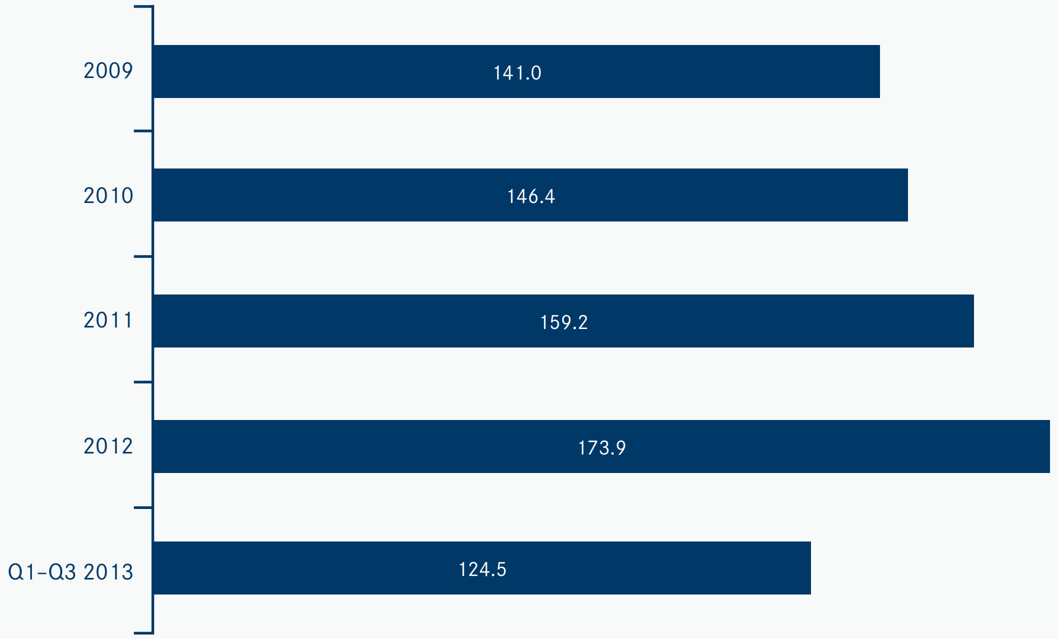
EBIT adjusted by segment (before consolidation)

in € million



Earnings after tax

in € million



1 Economic Environment

The global economy remained weak during the first half of 2013, albeit subject to new trends: growth in the world‘s emerging economies is slowing down, while economic activities in industrial countries have picked up perceptibly.

The eurozone emerged from recession during the second quarter of 2013 with a growth rate of 0.3 %. In the first quarter of the year, the eurozone economy had still been contracting (-0.2 %). The USA’s gross domestic product (GDP) grew by 0.6 % in the second quarter 2013, compared to a first-quarter growth rate of 0.3 %.

The pace of growth in emerging economies, such as China, India and Brazil, slowed down further. In China, for instance, GDP growth has fallen by 0.2 percentage points in each of the last three quarters. Despite this, China‘s GDP growth rate remains high, with 7.5 % still being recorded for the second quarter. (Sources: Eurostat, Statistical Office of the European Union)

Changes in the value of the US dollar are particularly important for MTU’s international business. The US dollar has lost in value against the euro since the beginning of the year, finishing at US-$ 1.35 to the euro on September 30, 2013 (December 31, 2012: US-$ 1.32 to the euro). Accordingly, the average exchange rate during the nine-month period to September 30, 2013 (US-$ 1.32 to the euro) was higher than in the corresponding period one year earlier (US-$ 1.28 to the euro). Reference is made to section 5.2 (Operating results, financial situation and net assets) for comments on the impact of changes in exchange rate parities.

Economic outlook

The International Monetary Fund (IMF) autumn assessment of the outlook for the global economy is somewhat skeptical, with a prediction of global economic growth of 2.3 % for 2013 and 3.0 % for 2014, in both cases 0.2 percentage points lower than the predictions made in July.

According to the IMF‘s forecast, China and other emerging economies appear to be nearing the end of their boom phases, even though the GDP rates predicted for these regions still remain significantly higher than those of the USA or Europe.

China‘s economy is set to grow by 7.6 % in 2013 and by 7.3 % in 2014, 0.2 and 0.3 percentage points respectively lower than previously predicted.

The experts from the IMF also revised down their July growth rate predictions for the USA to 1.6 % for 2013 and to 2.6 % for 2014.

The principal risks for the global economy are still considered to be the negative impact of high debt levels and austerity measures in the eurozone on the one hand and the dispute over the budget in the USA and the related government shutdown and debt-ceiling on the other.

2 Sector environment

International passenger numbers increased year-on-year by 5.1 % in the eight-month period from January to August. The fastest growth rates in the first eight months of the year were recorded for the Middle East (12.2 %) and Latin America (8.6 %). (Source: IATA, August 2013)

According to Ascend Online, orders were placed for a total of 571 standard and wide-bodied aircraft during the third quarter 2013. The order backlog climbed from 10,620 aircraft at June 30 to 10,710 aircraft at September 30. Airbus and Boeing manufactured 919 aircraft during the first three quarters of 2013, 9 % more than in the same period last year. The two companies plan to deliver a total of between 1,235 and 1,255 aircraft during the full year 2013, which would represent an increase of approximately 5 % compared to 2012.

The business jet sector is still not seeing any real sign of recovery. Sales of business jets in the first half of 2003 were down by 2 % compared to the corresponding period one year earlier, despite the fact that orders for large-sized business jets increased by 26 % to 142 aircraft. MTU is represented in this segment with the PW 307 engine which powers the Falcon 7X. (Source: GAMA, September 2013)

Conflict and unrest in some Arabian countries have caused the price of crude oil to rise. On average, one barrel of Brent Crude cost US-$ 103 during the second quarter and US-$ 110 during the third quarter. (Source: EIA)

Sector outlook

Consolidation in the US airline industry, efficiency improvements and the slightly lower price of kerosene should enable airlines to increase their total combined earnings compared to 2012 (US-$ 7.4 billion). In September IATA predicted that airlines would generate profits totaling US-$ 11.7 billion in 2013.

According to IATA, a continuation of the global economy and implementation of further efficiency improvements should result in profits of US-$ 16.4 billion for the airlines in 2014.

For 2013 as a whole, the US Energy Information Administration predicts an average price for crude oil of US-$ 108 a barrel. The average price is expected to drop to US-$ 102 a barrel in 2014, a development which would help to reduce airline operating costs.

Airbus and Boeing plan to increase production rates for the A330, 737 and 787. Including the impact of the introduction of the Airbus A350, the number of aircraft deliveries is therefore set to rise in 2014.

3 The enterprise MTU

MTU Aero Engines AG, Munich, together 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 biggest international players in the industry.

4 Research and development

Technological changes within the aviation sector take place at an extremely rapid pace and require a continuous source of innovation. Development activities are currently dominated by work on engines intended for geared turbofan programs:

Significant development programs

Engine	MTU program share	Manufacturer	Aircraft type	Seats	Entry into Service (EIS)
PW1133G	18%	Airbus	A320neo	150 - 200	2015
PW1217G	15%	Mitsubishi	MRJ	70 - 90	2017
PW1400G	18%	Irkut	MS21	150 - 200	2017
PW1524G	17%	Bombardier	CSeries	110 - 150	2014
PW1700G	open	Embraer	E-Jet E175	80 - 90	2019
PW1900G	open	Embraer	E-Jet E190/E195	100 - 140	2017/2018

Research and development expenditure will remain at a high level during the financial years 2013 and 2014. Expenditure on research and development during the first nine months of the year totaled € 148.1 million (January – September 2012: € 173.5 million).

Research and development expenses

	Jan. 1 – Sept. 30, 2013 in € million	Jan. 1 – Sept. 30, 2012 in € million	Change against previous year	
			in € million	in %
Commercial Engine business	107.0	106.6	0.4	0.4
Commercial Maintenance business	3.5	3.2	0.3	9.4
Military Engine business	37.6	63.7	-26.1	-41.0
Research and development (before amounts capitalized)	**148.1**	**173.5**	**-25.4**	**-14.6**

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 3 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 € 148.1 million (January – September 2012: € 173.5 million) included € 107.1 million (January – September 2012: € 113.3 million) relating to company-funded R&D expenditure. Of this amount, € 103.6 million (January – September 2012: € 110.1 million) related to Commercial and Military Engines business (OEM). The nine-month development expense for Commercial Maintenance business was € 3.5 million (January – September 2012: € 3.2 million) and related primarily to new repair techniques.

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

	Jan. 1 – Sept. 30, 2013 in € million	Jan. 1 – Sept. 30, 2012 in € million	Change against previous year in € million	in %
Commercial Engine business	92.2	89.6	2.6	2.9
Commercial Maintenance business	3.5	3.2	0.3	9.4
Military Engine business	11.4	20.5	-9.1	-44.4
Own financed R&D expenditure	**107.1**	**113.3**	**-6.2**	**-5.5**
Capital expenditure on assets required to be capitalized				
Commercial and Military Engine business	-37.3	-33.3	-4.0	-12.0
Commercial Maintenance business	-0.7	-0.6	-0.1	-16.7
Total capitalized	**-38.0**	**-33.9**	**-4.1**	**-12.1**
Research and development expenses per income statement	**69.1**	**79.4**	**-10.3**	**-13.0**
Capitalization ratio in %	**35.5**	**29.9**		

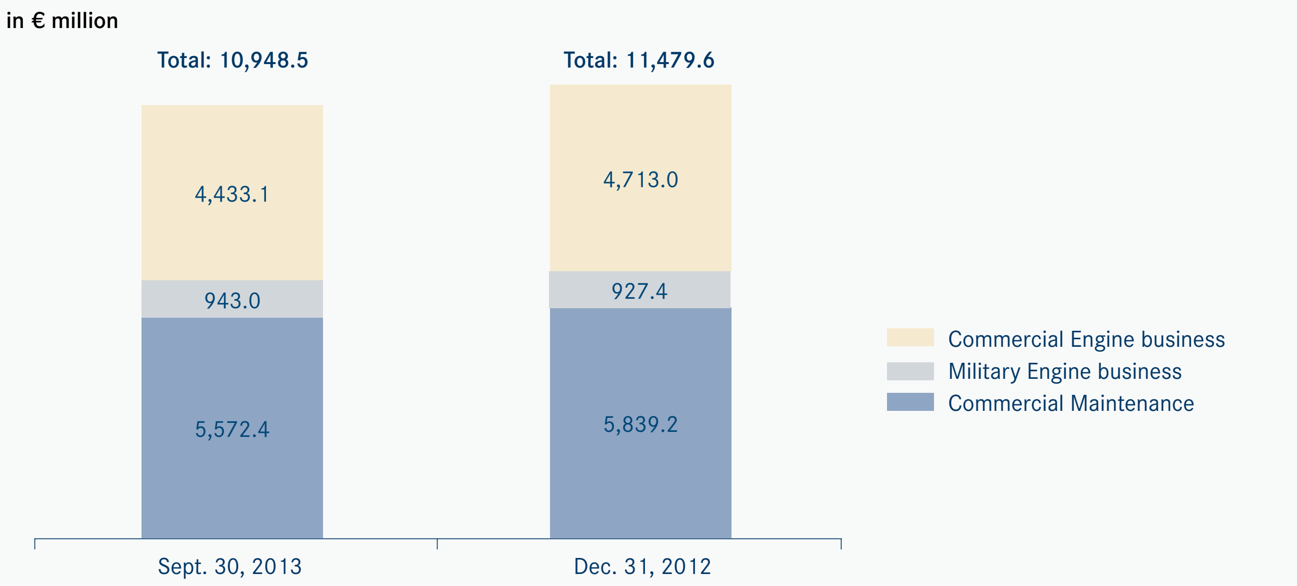
Capitalized development costs in the nine-month period totaled € 38.0 million (January – September 2012: € 33.9 million), resulting in a capitalization ratio of 35.5 %. Development costs capitalized for the Military and Commercial Engine lines of business related to the GE38, PW1133G and PW1524G programs, while development costs capitalized in the Commercial Maintenance segment arose in connection with optimization of repair techniques.

5 Financial situation

5.1 Order book

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

Order book before consolidation



The order book for the Commercial Engine line of business totaling € 4.4 billion is based on firm orders from customers and recorded at list price. The total order book at September 30, 2013 amounting to approximately € 11 billion corresponds, arithmetically, to a production workload of roughly three years.

5.2 Operating results, financial situation and net assets

Earnings performance

Sales

Revenues for the first nine months of 2013 increased by € 310.1 million (12.6 %) to € 2,778.1 million, with revenues from Commercial and Military Engine business up by € 280.6 million (18.8 %) to € 1,770.9 million and revenues from Commercial Maintenance business up by € 29.0 million (2.9 %) to € 1,030.8 million. Adjusted for the US dollar impact (i.e. using the same exchange rate as in the previous year), group revenues for the nine-month period would have increased by € 377.6 million (15.3 %).

Cost of sales and gross profit

Cost of sales for the first nine months of 2013 increased by € 337.1 million (16.6 %) to € 2,369.7 million. As a result, the gross profit for the nine-month period decreased slightly by € 27.0 million (6.2 %) to € 408.4 million. The gross profit margin fell to 14.7 % (January – September 2012: 17.6 %).

Earnings before interest and tax (EBIT)

Earnings before interest and tax for the nine-month period under report came in at € 227.4 million (January – September 2012: € 253.6 million). Adjusted earnings before interest and tax amounted to € 270.5 million (January – September 2012: € 278.0 million), resulting in an adjusted EBIT margin of 9.7 % (January – September 2012: 11.3 %).

Financial result

The financial result for the nine-month period was a net expense of € 31.7 million (January – September 2012: € 25.3 million). This deterioration includes the effect of higher net interest expenses, mostly attributable to interest for the corporate bond issued on June 20, 2012 and for the registered notes issued on June 12, 2013. The nine-month financial result on other items includes various additional charges compared to the previous year. These related primarily to net fair value gains of € 8.5 million on currency and interest derivatives (January – September 2012: € 9.7 million), currency holdings losses of € 2.8 million (January – September 2012: € 0.3 million) and an interest expense of € 28.5 million (January – September 2012: € 31.9 million) arising in conjunction with the measurement of assets and liabilities.

Earnings before tax (EBT)

As a result of lower earnings before interest and tax and the deterioration of the financial result, earnings before tax for the nine-month period fell by € 32.6 million (14.3 %) to € 195.7 million (January – September 2012: € 228.3 million).

Earnings after tax (EAT)

Earnings after tax fell to € 124.5 million (January – September 2012: € 160.4 million), in line with the decrease in earnings before tax. Adjusted earnings before tax amounted to € 166.3 million (January – September 2012: € 173.1 million), a decrease of € 6.8 million (3.9 %) compared to the corresponding period last year.

Consolidated Statement of Comprehensive Income

In the consolidated statement of comprehensive income, earnings after tax of € 124.5 million (January – September 2012: € 160.4 million) are reconciled to the comprehensive income for the period of € 126.2 million (January – September 2012: € 168.1 million).

Income and expenses recognized directly in comprehensive income during the first nine months of 2013 (net of deferred taxes) comprise mainly net gains of € 5.5 million (January – September 2012: € 21.6 million) arising on the fair value measurement of cash flow hedging instruments. In addition, the currency translation of the financial statements of foreign operations had a net negative impact of € 12.2 million (January – September 2012: net positive impact of € 13.0 million) on comprehensive income for the period. Actuarial gains and losses on pension obligations and plan assets increased comprehensive income by € 8.4 million (January – September 2012: reduced by € 27.0 million). In the previous year, fair value measurement of financial assets gave rise to net gains of € 0.1 million recognized directly in equity.

Reconciliation to adjusted key figures

Earnings before interest and tax can be reconciled to adjusted earnings before interest and tax and to adjusted earnings after interest and tax as follows:

Reconciliation to adjusted key performance figures

	Jan. 1 – Sept. 30, 2013 in € million	Jan. 1 – Sept. 30, 2012 in € million	Change against previous year in € million	in %
Earnings before interest and tax (EBIT)	227.4	253.6	-26.2	-10.3
Amortization/depreciation on purchase price allocation/ V2500 stake increase	43.1	24.4	18.7	76.6
Adjusted earnings before interest and tax (EBIT adjusted)	**270.5**	**278.0**	**-7.5**	**-2.7**
Interest result	-8.7	-2.6	-6.1	<-100
Accrued interest for pension provision	-15.0	-18.6	3.6	19.4
Adjusted earnings before tax (EBT adjusted)	**246.8**	**256.8**	**-10.0**	**-3.9**
Income taxes 32.6%	-80.5	-83.7	3.2	3.8
Adjusted earnings after tax (EAT adjusted)	**166.3**	**173.1**	**-6.8**	**-3.9**

Financial position

The principles and objectives of financial management are described in the Annual Report 2012 (page 73 onwards) and remain unchanged.

The Group's external financing comprises mainly loans, credit lines available from banks, as well as the issue of a corporate bond in June 2012, registered notes in June 2013 and promissory notes.

At September 30, 2013, the MTU Group has access to credit facilities of € 100.0 million with two banks. Of these credit facilities, € 15.5 million (December 31, 2012: € 13.7 million) were being utilized at September 30, 2013 for guarantees.

Free cash flow

MTU determines free cash flow by combining cash flows from operating activities and cash flows from investing activities and deducting the components that lie outside the control of operations management. In the first nine months of 2013, cash outflows of € 20.3 million for payables relating to the V2500 stake increase and net cash inflows of € 20.0 for investments in/divestitures of financial assets were allocated to non-direct operating activities. In addition, cash outflows of € 29.9 million relating directly to the new engine programs were also allocated to non-direct operating activities. In the previous year, net cash inflows of € 21.0 million relating to investments in and divestiture of financial assets and disbursements of € 233.5 million relating to the IAE-V2500 stake increase were allocated to non-direct operating activities.

Free cash flow during the first nine months of 2013 fell by € 0.6 million to € 65.7 million (January – September 2012: € 66.3 million).

Financial position

	Jan. 1 – Sept. 30, 2013 in € million	Jan. 1 – Sept. 30, 2012 in € million	Change against previous year in € million	in %
Cash flow from operating activities	138.6	160.8	-22.2	-13.8
Cash flow from investing activities	-103.1	-307.0	203.9	66.4
+ (-) non-operating exceptional items	30.2	212.5	-182.3	-85.8
Free cash flow	**65.7**	**66.3**	**-0.6**	**-0.9**
+ (-) non-operating exceptional items	-30.2	-212.5	182.3	85.8
Cash flow from financing activities	15.8	113.9	-98.1	-86.1
Exchange rate changes	-3.9	1.0	-4.9	<-100
Change in cash and cash equivalents	**47.4**	**-31.3**	**78.7**	**>100**
Cash and cash equivalents at				
the beginning of the reporting period	161.2	198.8	-37.6	-18.9
the end of the reporting period	208.6	167.5	41.1	24.5

Cash flows from operating activities

The cash flow from operating activities for the first nine months of 2013 decreased by € 22.2 million to € 138.6 million (January – September 2012: € 160.8 million).

Cash flow from investing activities

The cash outflow for investing activities for the nine-month period was € 103.1 million compared with € 307.0 million in the previous year. Cash spent on investments in intangible assets totaled € 60.8 million (January – September 2012: € 254.1 million) and related primarily to capitalized development costs, in particular for the geared turbofan programs of the PW1000G family as well as to the payment of liabilities in connection with the V2500 stake increase. In the previous year, investments also included payments for the V2500 stake increase. Investments in property, plant and equipment during the nine-month period decreased to € 50.1 million (January – September 2012: € 63.8 million). Cash outflows for financial assets amounted to € 17.8 million (January – September 2012: € 40.5 million).

Proceeds from the sale of intangible assets and property, plant and equipment during the first nine months of 2013 totaled € 5.6 million (January – September 2012: € 0.4 million). Proceeds of € 20.0 million (January – September 2012: € 51.0 million) were also received on the sale of financial assets.

Cash flow from financing activities

The cash inflow for financing activities during the period from January to September 2012 was € 15.8 million (January – September 2012: € 113.9 million).

Cash and cash equivalents

The various cash flows resulted in an increase in cash and cash equivalents of € 47.4 million (January – September 2012: decrease of € 31.3 million).

Cash and cash equivalents comprise the following at September 30, 2013:

Cash and cash equivalents

	Sep. 30, 2013 in € million	Dec. 31, 2012 in € million	Change against previous year in € million	in %
Demand deposits and cash	83.4	118.0	-34.6	-29.3
Fixed-term and overnight deposits with an original maturity of three months or less	125.2	43.2	82.0	>100
Cash and cash equivalents	**208.6**	**161.2**	**47.4**	**29.4**

Net financial debt

MTU defines net financial debt as the difference between gross financial liabilities and financial assets which, together, represent a key figure for the group's liquidity position. Net financial debt at September 30, 2013 amounted to € 401.3 million (December 31, 2012: € 391.3 million).

Net financial debt

	Sept. 30, 2013 in € million	Dec. 31, 2012 in € million	Change against previous year in € million	in %
Bonds and notes	349.3	252.5	96.8	38.3
Financial liabilities arising from IAE V2500 stake increase	270.6	299.7	-29.1	-9.7
Financial liabilities to banks				
Promissory notes	11.8	12.0	-0.2	-1.7
Revolving Credit Facility				
Other liabilities to banks	33.3	34.9	-1.6	-4.6
Financial liabilities to related parties	6.6		6.6	
Finance lease liabilities	8.2	3.5	4.7	>100
Other financial liabilities	6.4	16.3	-9.9	-60.7
Gross financial liabilities	**686.2**	**618.9**	**67.3**	**10.9**
less:				
Cash and cash equivalents				
Demand deposits and cash	83.4	118.0	-34.6	-29.3
Fixed-term and overnight deposits with an original maturity of three months or less	125.2	43.2	82.0	>100
Financial assets	76.3	66.4	9.9	14.9
Gross financial assets	**284.9**	**227.6**	**57.3**	**25.2**
Net financial debt	**401.3**	**391.3**	**10.0**	**2.6**

MTU Aero Engines AG issued registered notes on June 12, 2013 with a total nominal amount of € 100.0 million. The registered notes are repayable on June 12, 2028 and are subject to interest of 3.55 % p.a.. Interest is payable in arrears on June 12 of each year, for the first time on June 12, 2014. The registered notes, net of transaction costs and a discount of € 2.7 million, are measured at amortized cost and reported within financial liabilities.

Financial liabilities to related companies comprise amounts due to MTU Versicherungsvermittlungs- und Wirtschaftsdienst GmbH, Munich (not consolidated on grounds of immateriality) and to MTU Aero Engines Finance B.V. i.L., Amsterdam (in liquidation).

Net assets position

Changes in balance sheet amounts

The balance sheet total at September 30, 2013 amounted to € 4,393.6 million, an increase of € 131.7 million over the end of the previous financial year (December 31, 2012: € 4,261.9 million).

Non-current assets went up by € 103.3 million to € 2,554.4 million (December 31, 2012: € 2,451.1 million), while current assets went up by € 28.4 million to € 1,839.2 million.

A total of € 138.0 million (January – September 2012: € 590.0 million) of intangible assets was capitalized in the first nine months of the year.

In addition to the program participation relating to the Bombardier CSeries amounting to € 25.7 million and the program stake in the PW1700G/PW1900G engine for the Embraer E-Jet E175/E190/E195 amounting to € 70.8 million, intangible asset additions included capitalized development costs of € 39.4 million (January – September 2012: € 35.0 million), relating in particular to the geared turbofan programs for the PW1000G family.

During the first nine months of 2013, inventories went up by € 36.4 million to € 845.2 million, while trade and construction contract receivables decreased by € 13.7 million to € 737.8 million. Current financial assets decreased by € 12.4 million to € 24.8 million and other assets by € 22.3 million to € 10.8 million.

Cash and cash equivalents increased by € 47.4 million to € 208.6 million.

Group equity rose during nine-month period by € 66.8 million to stand at € 1,156.1 million at September 30, 2013. Equity increased during the period under report by earnings after tax amounting to € 124.5 million (January – September 2012: € 160.4 million). Equity was also increased by € 0.8 million (January – September 2012: € 0.6 million) due to the measurement of treasury shares in conjunction with the company's share-based remuneration model (Share Matching Plan), by € 8.3 million (January – September 2012: € 5.9 million) as a result of sales of treasury shares in conjunction with the Employee Stock Program (MAP), by € 8.4 million (January – September 2012: decreased by € 27.0 million) due to changes in actuarial gains and losses on pension obligations and plan assets and by € 5.5 million (January – September 2012: € 21.6 million) in connection with the fair value measurement of cash flow hedging instruments.

Equity was decreased by translation differences amounting to € 12.2 million (January – September 2012: increased by € 13.0 million) and by the payment of the dividend for the financial year 2012 amounting to € 68.5 million (January – September 2012: € 60.8 million).

At 26.3 %, the equity ratio was marginally higher than its level (25.6 %) at December 31, 2012.

The pension provision decreased by € 1.6 million compared to December 31, 2012 as a result of the application of a higher discount rate by the group's German entities (up from 3.2 % to 3.4 %).

Other provisions went down by € 84.0 million compared to the end of the previous financial year, mainly due to the payment of variable remuneration for the financial year 2012, the lower provision for sales deductions and the full utilization of provisions for contingent liabilities relating to business combinations.

Income tax liabilities take account of advance payments made during the period and increased over the nine-month period by € 24.4 million.

Financial liabilities increased by € 67.3 million compared to December 31, 2012, mainly as a result of the issue of registered notes on June 12, 2013 with a total nominal amount of € 100.0 million.

Trade payables stood at € 693.8 million at September 30, 2013 and were therefore € 110.6 million higher than at the end of the previous financial year, mainly due to the GP7000 series ramp-up.

Construction contract payables decreased compared to December 31, 2012 by € 99.5 million to € 504.5 million. Within that figure, advance payments from customers are reported as construction contract payables to the extent that they exceed construction contract receivables.

Other liabilities went up by € 59.3 million to € 326.5 million during the nine-month period. The increase was due on the one hand to personnel-related liabilities for holiday and Christmas pay entitlements, tax liabilities (including payroll and church taxes, employees' solidarity surcharge) and German and foreign sales taxes. Other factors contributing to the increase in other liabilities were obligations in connection with the PW1700G/PW1900G program participation (for the Embraer E175/E190/E195). The remainder of other liabilities covers a multitude of minor individual obligations.

Employees

At September 30, 2013 the group had a total of 8,729 employees (December 31, 2012: 8,541 employees).

6 Opportunity and risk report

In order to take best advantage of market opportunities and to recognize and manage related risks, the Board of Management has set up an integrated opportunity and risk management system, which is integrated in the group's value-oriented performance indicators and embedded in 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 2012 (pages 90 to 100).

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 2012, MTU Aero Engines increased its overall share in the IAE-V2500 program by almost one half under the terms of a supplementary agreement reached with Pratt & Whitney. 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.

A further important milestone in MTU‘s endeavors to generate sustainable growth is its participation in the PW1000G geared turbofan family of Pratt & Whitney (GTF). This ecologically efficient family of engines is destined to play a major role in the future of commercial aviation. In addition to powering the Airbus A320neo, the Irkut MS-21, the Bombardier CSeries and Mitsubishi Regional Jet, the GTF has also been selected for the new generation of Embraer E-jets. Contractual arrangements for an MTU program stake in work on engines for the E-Jets are currently under negotiation with Pratt & Whitney. MTU is looking to obtain a stake at a similar level to the existing programs.

Apart from these new developments, MTU considers that the opportunities profile described in the Annual Report 2012 is unchanged. For a comprehensive description of the group’s opportunities, reference is made to the Annual Report 2012, page 86 et seq. (Forecasts) and page 99 (SWOT analysis).

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

The areas of risk to which MTU is exposed have not changed significantly compared to the description provided in the Annual Report 2012. Reference is made to pages 94 to 98 of the Annual Report 2012 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, 2012. The level of risks is limited and manageable and from today’s perspective, the MTU Group‘s continuing existence as a going concern is not endangered.

Outlook
For the financial year 2013, the group forecasts adjusted earnings before interest and tax (EBIT adjusted) of approximately € 375 million and adjusted earnings after tax (EAT adjusted) of approximately € 235 million. Earnings in 2013 are therefore expected to be at a similar level to the previous year. Revenues from commercial spare part sales have turned out to be lower than forecasted at the time of preparation of the Annual Report 2012. In addition, relatively low energy prices are having a negative impact on demand for spare parts and maintenance work for industrial gas turbines.

7 Significant transactions with related parties (entities and individuals)

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

Transactions with related entities are conducted on an arm’s length basis. Transactions with related parties are disclosed in Note 38 of the Selected Explanatory Notes.

8 Subsequent events

Events after the end of the reporting period (September 30, 2013)

There have been no significant events after the end of the interim reporting period and prior to the date of authorization for issue of the quarterly financial report on October 21, 2013.

Consolidated Income Statement

Consolidated Income Statement in € million	(Note)	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Revenues	(1)	2,778.1	2,468.0	925.9	909.0
Cost of sales	(2)	-2,369.7	-2,032.6	-784.9	-754.2
Gross profit		**408.4**	**435.4**	**141.0**	**154.8**
Research and development expenses	(3)	-69.1	-79.4	-22.6	-25.9
Selling expenses	(4)	-67.5	-63.0	-20.7	-23.7
General administrative expenses	(5)	-51.0	-52.7	-16.5	-17.8
Other operating income and expenses		5.7	3.1	2.6	-0.7
Profit/loss of companies accounted for using the equity method	(7)	0.2	0.2	0.2	
Profit/loss of companies accounted for at cost	(7)	0.7	10.0	0.5	0.5
Earnings before interest and tax (EBIT)		**227.4**	**253.6**	**84.5**	**87.2**
Interest income		2.8	1.7	1.5	0.3
Interest expenses		-11.5	-4.3	-4.4	-2.3
Interest result	(8)	-8.7	-2.6	-2.9	-2.0
Financial result on other items	(9)	-23.0	-22.7	-2.2	-12.6
Financial result		**-31.7**	**-25.3**	**-5.1**	**-14.6**
Earnings before tax (EBT)		**195.7**	**228.3**	**79.4**	**72.6**
Income taxes	(10)	-71.2	-67.9	-27.6	-26.6
Earnings after tax (EAT)		**124.5**	**160.4**	**51.8**	**46.0**
Earnings per share in €					
Undiluted (EPS)	(11)	2.45	3.16	1.02	0.90
Diluted (DEPS)	(11)	2.45	3.16	1.02	0.90

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income in € million	(Note)	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Earnings after tax (EAT)		**124.5**	**160.4**	**51.8**	**46.0**
Translation differences arising from the financial statements of foreign operations		-12.2	13.0	2.1	7.6
Hedging instruments designated as cash flow hedges		5.5	21.6	34.2	38.8
Available for sale financial assets			0.1		
Items which may subsequently be reclassified to profit or loss		**-6.7**	**34.7**	**36.3**	**46.4**
Actuarial gains and losses on pension obligations and plan assets		8.4	-27.0	0.2	
Items which will not subsequently be reclassified to profit or loss		**8.4**	**-27.0**	**0.2**	
Other comprehensive income	(24.7)	**1.7**	**7.7**	**36.5**	**46.4**
Total comprehensive income		**126.2**	**168.1**	**88.3**	**92.4**

Consolidated Balance Sheet

Assets

in € million	(Note)	Sept. 30, 2013	Dec. 31, 2012	Jan. 1, 2012
Non-current assets				
Intangible assets	(14)	1,838.1	1,774.4	1,266.3
Property, plant and equipment	(15)	611.2	599.9	584.6
Financial assets	(16)	68.5	40.2	16.2
Financial assets accounted for using the equity method	(16)	21.1	20.9	
Other assets	(20)	0.4	0.1	0.8
Deferred tax assets		15.1	15.6	16.3
Total non-current assets		**2,554.4**	**2,451.1**	**1,884.2**
Current assets				
Inventories	(17)	845.2	808.8	823.8
Trade receivables	(18)	536.8	568.5	605.1
Construction contract receivables	(19)	201.0	183.0	136.8
Income tax receivables		5.5	13.8	5.8
Financial assets	(16)	24.8	37.2	44.1
Other assets	(20)	10.8	33.1	34.2
Cash and cash equivalents	(21)	208.6	161.2	198.8
Prepayments		6.5	5.2	4.1
Total current assets		**1,839.2**	**1,810.8**	**1,852.7**
Total assets		**4,393.6**	**4,261.9**	**3,736.9**

Equity and Liabilities

in € million	(Note)	Sept. 30, 2013	Dec. 31, 2012	Jan. 1, 2012
Equity	(24)			
Subscribed capital		52.0	52.0	52.0
Capital reserves		389.7	383.2	340.9
Revenue reserves		796.5	740.5	627.4
Treasury shares		-35.3	-37.9	-100.0
Other comprehensive income		-46.8	-48.5	-63.8
Total equity		**1,156.1**	**1,089.3**	**856.5**
Non-current liabilities				
Pension provisions		583.9	585.3	513.2
Other provisions	(27)	14.4	72.5	119.9
Financial liabilities	(28)	600.3	539.0	53.4
Other liabilities	(31)	152.3	130.4	127.6
Deferred tax liabilities		195.8	207.4	209.3
Total non-current liabilities		**1,546.7**	**1,534.6**	**1,023.4**
Current liabilities				
Pension provisions		31.2	31.4	17.8
Income tax liabilities		44.2	19.8	10.0
Other provisions	(27)	157.0	182.9	199.8
Financial liabilities	(28)	85.9	79.9	208.2
Trade payables		693.8	583.2	592.7
Contruction contract payables	(30)	504.5	604.0	715.0
Other liabilities	(31)	174.2	136.8	113.5
Total current liabilities		**1,690.8**	**1,638.0**	**1,857.0**
Total equity and liabilities		**4,393.6**	**4,261.9**	**3,736.9**

Consolidated Statement of Changes in Equity

Reference is made to the disclosures on equity components provided in Note 24 of the Selected Explanatory Notes.

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)	Actuarial gains and losses [1]	Hedging instruments	
Carrying amount at January 1, 2012	**52.0**	**340.9**	**627.4**	**-100.0**	**5.2**	**-0.1**	**-54.8**	**-14.1**	**856.5**
Earnings after tax			160.4						**160.4**
Other comprehensive income					13.0	0.1	-27.0	21.6	**7.7**
Total comprehensive income			**160.4**		**13.0**	**0.1**	**-27.0**	**21.6**	**168.1**
Dividend payment			-60.8						**-60.8**
Conversion of convertible bond		38.0		59.5					**97.5**
Employee Stock Program		3.3		2.6					**5.9**
Share Matching Plan		0.6							**0.6**
Carrying amount at September 30, 2012	**52.0**	**382.8**	**727.0**	**-37.9**	**18.2**	**0.0**	**-81.8**	**7.5**	**1,067.8**
Carrying amount at January 1, 2013	**52.0**	**383.2**	**740.5**	**-37.9**	**18.1**		**-100.9**	**34.3**	**1,089.3**
Earnings after tax			124.5						**124.5**
Other comprehensive income					-12.2		8.4	5.5	**1.7**
Total comprehensive income			**124.5**		**-12.2**		**8.4**	**5.5**	**126.2**
Dividend payment			-68.5						**-68.5**
Employee Stock Program		5.7		2.6					**8.3**
Share Matching Plan		0.8							**0.8**
Carrying amount at September 30, 2013	**52.0**	**389.7**	**796.5**	**-35.3**	**5.9**		**-92.5**	**39.8**	**1,156.1**

[1] Relates to pension obligations and plan assets

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement in € million	(Note)	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Operating activities					
Earnings after tax (EAT)		124.5	160.4	51.8	46.0
Depreciation/amortization and impairment of non-current assets		121.8	106.3	41.6	39.3
Profit/loss of companies accounted for at cost		-0.7	-10.0	-0.5	-0.5
Profit/loss of companies accounted for using the equity method		-0.2	-0.2	-0.2	
Gains/losses on disposal of assets		-0.6	-0.3	-0.3	-0.1
Increase in pension provisions		10.8	9.0	4.8	2.6
Decrease in other provisions	(27)	-84.0	-23.2	1.1	17.5
Other non-cash items		1.1	-8.1	-8.8	-2.2
Change in working capital		-46.7	-74.0	-38.7	-56.0
Interest result	(8)	8.7	2.6	2.9	2.0
Interest paid		-13.7	-5.5	-1.8	-0.8
Interest received		2.8	1.8	1.5	0.3
Dividends received		0.7	0.5	0.5	0.5
Income taxes	(10)	71.2	67.9	27.6	26.6
Income taxes paid		-57.1	-66.4	-13.8	-23.3
Cash flow from operating activities		**138.6**	**160.8**	**67.7**	**51.9**
Investing activities					
Capital expenditure on:					
Intangible assets	(14)	-60.8	-254.1	-24.7	-10.1
Property, plant and equipment	(15)	-50.1	-63.8	-18.0	-24.2
Financial assets	(16)	-17.8	-40.5	-2.8	-20.2
Proceeds from disposal of:					
Intangible assets/Property, plant and equipment	(14)/(15)	5.6	0.4	2.7	0.1
Financial assets	(16)	20.0	51.0		11.0
Cash flow from investing activities		**-103.1**	**-307.0**	**-42.8**	**-43.4**
Financing activities					
Bond and notes issues, net of transaction cost and discount	(28)	97.3	248.5		
Repayment of promissory notes	(28)		-13.5		
Repayment of convertible bond	(28)		-62.6		
Dividend payment		-68.5	-60.8		
Sale of shares under the MAP employee stock program	(31)	8.3	5.9		-0.6
Payment of purchase price for PW1133G program participation/IAE-V2500 stake increase		-21.0		-11.8	
Increase/repayment of other financial liabilties		-0.3	-3.6	-9.0	-3.2
Cash flow from financing activities		**15.8**	**113.9**	**-20.8**	**-3.8**
Net change in cash and cash equivalents during period		**51.3**	**-32.3**	**4.1**	**4.7**
Effect of translation differences on cash and cash equivalents		-3.9	1.0	-3.5	-1.3
Cash and cash equivalents at beginning of period (January 1)		161.2	198.8		
Cash and cash equivalents at end of period (Sept. 30)		**208.6**	**167.5**		

Selected Explanatory Notes

Group Segment Information

Segment information

The activities of the MTU Group's operating segments are described in the Annual Report 2012 of MTU Aero Engines Holding AG. The composition of segments have been changed in that MTU Aero Engines Holding AG, Munich, and MTU Aero Engines GmbH, Munich, have been merged and the resulting combined entity has changed its name to MTU Aero Engines AG, Munich. In order to present the financial situation of the segments on a more appropriate basis, the former MTU Aero Engines Holding AG (which was reported until 2012 within the „Other Entities" segment) has been allocated to the OEM segment with effect from the beginning of the first quarter 2013. In addition, MTU Aero Engines Finance B.V. i.L., Amsterdam, Netherlands, is in the process of being wound up and is no longer consolidated (previously allocated to „Other Entities").

Segment information for the period from January 1 to September 30, 2013 was as follows:

Reporting by operating segment 2013

	Commercial and military engine business		Commercial maintenance business		Other entities		Reportable segments total		Consolidation/ reconciliation		Group	
in € million	Jan. 1- Sept. 30, 2013	Q3 2013	Jan. 1- Sept. 30, 2013	Q3 2013	Jan. 1- Sept. 30, 2013	Q3 2013	Jan. 1- Sept. 30, 2013	Q3 2013	Jan. 1- Sept. 30, 2013	Q3 2013	Jan. 1- Sept. 30, 2013	Q3 2013
External revenues	1,749.6	586.9	1,028.5	339.0			2,778.1	925.9			2,778.1	925.9
Intersegment revenues	21.3	7.2	2.3	0.7			23.6	7.9	-23.6	-7.9		
Total revenues	**1,770.9**	**594.1**	**1,030.8**	**339.7**			**2,801.7**	**933.8**	**-23.6**	**-7.9**	**2,778.1**	**925.9**
Gross profit	**269.7**	**95.3**	**134.7**	**44.5**			**404.4**	**139.8**	**4.0**	**1.2**	**408.4**	**141.0**
Amortization	46.5	15.5	7.6	2.5			54.1	18.0			54.1	18.0
Depreciation	50.1	17.8	17.6	5.8			67.7	23.6			67.7	23.6
Total depreciation/amortization	**96.6**	**33.3**	**25.2**	**8.3**			**121.8**	**41.6**			**121.8**	**41.6**
Earnings before interest and tax (EBIT)	**146.3**	**57.0**	**79.8**	**26.0**			**226.1**	**83.0**	**1.3**	**1.5**	**227.4**	**84.5**
Depreciation/amortization effects of purchase price allocation/ V2500 stake increase	40.5	13.4	2.6	0.9			43.1	14.3			43.1	14.3
Adjusted earnings before interest and tax (EBIT adjusted)	**186.8**	**70.4**	**82.4**	**26.9**			**269.2**	**97.3**	**1.3**	**1.5**	**270.5**	**98.8**
Assets (Sept. 30, 2013)	**3,863.7**		**981.1**				**4,844.8**		**-451.2**		**4,393.6**	
Liabilities (Sept. 30, 2013)	**2,847.6**		**503.1**				**3,350.7**		**-113.2**		**3,237.5**	
Significant non-cash items [1])	**87.5**	**-0.2**										
Total capital expenditure on intangible assets and property, plant and equipment	**169.2**	**100.6**	**24.0**	**5.9**			**193.2**	**106.5**			**193.2**	**106.5**
Key segment data:												
EBIT in % of revenues	8.3	9.6	7.7	7.7			8.1	8.9			8.2	9.1
Adjusted EBIT in % of revenues	10.5	11.8	8.0	7.9			9.6	10.4			9.7	10.7

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

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

Reporting by operating segment 2012

in € million	Commercial and military engine business		Commercial maintenance business		Other entities		Reportable segments total		Consolidation/ reconciliation		Group	
	Jan. 1- Sept. 30, 2012	Q3 2012	Jan. 1- Sept. 30, 2012	Q3 2012	Jan. 1- Sept. 30, 2012	Q3 2012	Jan. 1- Sept. 30, 2012	Q3 2012	Jan. 1- Sept. 30, 2012	Q3 2012	Jan. 1- Sept. 30, 2012	Q3 2012
External revenues	1,468.9	548.8	999.1	360.2			2,468.0	909.0			2,468.0	909.0
Intersegment revenues	21.4	7.9	2.7	0.4	13.8		37.9	8.3	-37.9	-8.3		
Total revenues	**1,490.3**	**556.7**	**1,001.8**	**360.6**	**13.8**		**2,505.9**	**917.3**	**-37.9**	**-8.3**	**2,468.0**	**909.0**
Gross profit	**293.7**	**101.9**	**134.8**	**50.9**	**13.8**		**442.3**	**152.8**	**-6.9**	**2.0**	**435.4**	**154.8**
Amortization	38.0	16.1	6.5	2.2			44.5	18.3			44.5	18.3
Depreciation	45.5	15.6	16.3	5.4			61.8	21.0			61.8	21.0
Total depreciation/ amortization	**83.5**	**31.7**	**22.8**	**7.6**			**106.3**	**39.3**			**106.3**	**39.3**
Earnings before interest and tax (EBIT)	**172.4**	**57.5**	**82.9**	**30.9**	**-3.2**	**-2.5**	**252.1**	**85.9**	**1.5**	**1.3**	**253.6**	**87.2**
Depreciation/amortization effects of purchase price allocation	25.8	8.5	2.7	0.9			28.5	9.4			28.5	9.4
IAE-V2500 stake increase	-4.1	5.6					-4.1	5.6			-4.1	5.6
Adjusted earnings before interest and tax (EBIT adjusted)	**194.1**	**71.6**	**85.6**	**31.8**	**-3.2**	**-2.5**	**276.5**	**100.9**	**1.5**	**1.3**	**278.0**	**102.2**
Assets (Dec. 31, 2012)	**3,648.3**		**1,017.1**		**1,121.6**		**5,787.0**		**-1,525.1**		**4,261.9**	
Liabilities (Dec. 31, 2012)	**2,723.1**		**589.7**		**323.0**		**3,635.8**		**-463.2**		**3,172.6**	
Significant non-cash items [1])	**33.9**	**12.6**	**7.5**	**2.7**	**0.4**	**0.1**						
Total capital expenditure intangible assets and property, plant and equipment	**626.3**	**29.2**	**27.9**	**10.0**			**654.2**	**39.2**			**654.2**	**39.2**
Key segment data:												
EBIT in % of revenues	11.6	10.3	8.3	8.6	-23.2		10.1	9.4			10.3	9.6
Adjusted EBIT in % of revenues	13.0	12.9	8.5	8.8	-23.2		11.0	11.0			11.2	11.2

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

Reconciliation to MTU consolidated financial statements - earnings

in € million	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012
Earnings before interest and tax (EBIT)	**227.4**	**253.6**
Interest income	2.8	1.7
Interest expense	-11.5	-4.3
Other financial result	-23.0	-22.7
Earnings before tax (EBT)	**195.7**	**228.3**

The merger of MTU Aero Engines GmbH, Munich, and MTU Aero Engines AG, Munich, and the start of liquidation proceedings for MTU Aero Engines Finance B.V. i.L., Amsterdam, Netherlands, resulted in the dissolution of the „Other Entities“ segment, and hence a reduction in the volume of eliminations on consolidation.

General disclosures

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

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

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

MTU Aero Engines 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 AG on October 21, 2013.

Financial reporting

In compliance with the provisions of § 37x (3) of the German Securities Trading Act (WpHG) in conjunction with § 37w and § 37y no. 2 WpHG, MTU's quarterly financial report comprises Condensed Interim Consolidated Financial Statements and an Interim Group Management Report. The Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) relevant for interim financial reporting, as endorsed by the European Union (EU). The Interim Group Management Report has been drawn up in compliance with the applicable provisions of the WpHG.

Statement of compliance

The Condensed Interim Consolidated Financial statements as at September 30, 2013 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, 2012 and also comply with IAS 34 Interim Financial Reporting.

All of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), which were applicable at the date of preparation of the Condensed Interim Consolidated Financial Statements and which have been endorsed by the European Commission for use in the EU, have been applied by MTU.

From the perspective of management, the Quarterly Financial Report contains all customary accounting adjustments necessary for a fair presentation of the operating results, financial situation and net assets of the group. The basis of preparation and the accounting policies used are described in the notes to the Consolidated Financial Statements as at December 31, 2012.

Adjustments to the condensed interim consolidated financial statements

There were no other changes in estimates or forecasts in the first nine months of the financial year 2013 which have a significant impact on the interim reporting period.

The Amendments to IFRS 7 and the Annual Improvements 2009 - 2011, which have been endorsed by the European Commission for use in the EU and which became mandatory on January 1, 2013, have not had any material impact on MTU's Interim Consolidated Financial Statements.

MTU applied IAS 19 „Employee Benefits" (revised 2011) in its consolidated financial statements for the year ended December 31, 2012 prior to the mandatory application date. The revised Standard became mandatory for annual periods beginning on or after January 1, 2013. A detailed description of the impact of IAS 19 (revised 2011) is provided on pages 122 et seq. of the Annual Report 2012.

IFRS 13 "Fair Value Measurement", which is mandatory with retrospective application for annual periods beginning on or after January 1, 2013, was published in May 2011. Application of the Standard did not have any significant impact on the measurement of assets and liabilities, but has resulted in significant changes in disclosure requirements in the notes for both interim and year-end reporting purposes. Reference is made to Note 32 of this Quarterly Financial Report.

Group reporting entity

MTU Aero Engines Holding AG, Munich, was merged into MTU Aero Engines GmbH, Munich, during the period under report and the ensuing entity changed its name to MTU Aero Engines AG, Munich. In addition, MTU Aero Engines Finance B.V. i.L., Amsterdam, Netherlands, was deconsolidated after fulfilling its stated business object and is currently in the process of being wound up.

On September 13, MTU and the Japanese company, Sumitomo Corporation – one of the world‘s largest trading houses – founded two new joint venture entities to pursue the joint task of expanding leasing business with commercial aircraft engines. MTU Maintenance Lease Services B.V., an 80:20 joint venture between MTU Maintenance and Sumitomo Corporation, is based in Amsterdam, Netherlands and will offer short- and medium-term leasing options to airlines, MRO entities and lessors. Sumisho Aero Engine Lease B.V., a 90:10 joint venture between Sumitomo Corporation and MTU Aero Engines AG, will focus on long-term leasing arrangements for its customers. The two joint ventures still need to obtain approval from the relevant anti-trust agencies. As part of the cooperation arrangements to be put in place, MTU Maintenance will support Sumitomo by providing access its wealth of technological know-how, particularly for engine types within MTU‘s existing portfolio. In return, Sumitomo‘s participation as a risk and revenue partner will enable MTU Maintenance to optimize its leasing business and expand its worldwide sales channels.

At September 30, 2013, the MTU Group comprised 29 companies including MTU Aero Engines AG, Munich. (See list of major shareholdings provided in the notes to the Consolidated Financial Statements in the Annual Report 2012, note 43.1.2).

Explanatory notes to the consolidated income statement

1 Revenues

Revenues

in € million	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Commercial Engine business	1,402.9	1,141.9	449.3	438.9
Military Engine business	368.0	348.4	144.8	117.8
Commercial and Military Engine business (OEM)	**1,770.9**	**1,490.3**	**594.1**	**556.7**
Commercial Maintenance business (MRO)	**1,030.8**	**1,001.8**	**339.7**	**360.6**
Other entities/consolidation	-23.6	-24.1	-7.9	-8.3
Total revenues	**2,778.1**	**2,468.0**	**925.9**	**909.0**

2 Cost of sales

Cost of sales

in € million	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Cost of materials	-1,939.3	-1,655.2	-643.9	-581.4
Personnel expenses	-329.0	-315.7	-104.2	-103.6
Depreciation and amortization	-109.8	-94.9	-37.7	-35.0
Other cost of sales	8.4	33.2	0.9	-34.2
Total cost of sales	**-2,369.7**	**-2,032.6**	**-784.9**	**-754.2**

Other cost of sales comprises mainly the effect of changes in inventories of work in progress, currency factors and changes in provisions.

3 Research and development expenses

Research and development expenses

in € million	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Cost of materials	-48.3	-47.5	-20.6	-17.1
Personnel expenses	-53.8	-60.1	-16.1	-18.4
Depreciation and amortization	-5.0	-5.7	-1.6	-1.9
Research and development expenditure	**-107.1**	**-113.3**	**-38.3**	**-37.4**
of which the following amounts were capitalized:				
Development costs (OEM)	37.3	33.3	15.4	11.3
Development costs (MRO)	0.7	0.6	0.3	0.2
Capitalized development costs	**38.0**	**33.9**	**15.7**	**11.5**
Research and development costs recognized as expense	**-69.1**	**-79.4**	**-22.6**	**-25.9**

4 Selling expenses

Selling expenses				
in € million	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Cost of materials	-10.9	-8.9	-3.5	-3.6
Personnel expenses	-43.2	-40.2	-13.1	-13.3
Depreciation and amortization	-1.9	-1.8	-0.6	-0.6
Other selling expenses	-11.5	-12.1	-3.5	-6.2
Total selling expenses	**-67.5**	**-63.0**	**-20.7**	**-23.7**

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

5 General and administrative expenses

General and administrative expenses				
in € million	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Cost of materials	-5.3	-4.8	-1.8	-1.5
Personnel expenses	-34.2	-37.0	-10.9	-12.9
Depreciation and amortization	-5.1	-3.9	-1.7	-1.8
Other administrative expenses	-6.4	-7.0	-2.1	-1.6
Total general administrative expenses	**-51.0**	**-52.7**	**-16.5**	**-17.8**

General and administrative expenses comprise expenses incurred in connection with administrative activities unrelated to development, production or sales activities.

7 Profit/loss of companies accounted for using the equity method and at cost

Profit/loss of companies accounted for using the equity method and at cost				
in € million	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Profit/loss from companies accounted for using the equity method	0.2	0.2	0.2	
Profit /loss from companies accounted for at cost	0.7	10.0	0.5	0.5
Profit/loss of companies accounted for using the equity method/at cost	**0.9**	**10.2**	**0.7**	**0.5**

8 Interest result

Interest result in € million	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Interest income	**2.8**	**1.7**	**1.5**	**0.3**
Interest expenses				
Bonds and notes	-7.0	-2.1	-2.9	-2.1
Convertible bond		-0.4		
Liabilities to banks	-1.8	-2.4	-0.6	-0.7
Finance lease arrangements	-0.3	-0.2	-0.1	-0.1
Other interest expenses	-3.9	-0.9	-1.3	-0.1
Capitalized borrowing costs for qualifying assets	1.5	1.7	0.5	0.7
Interest expenses	**-11.5**	**-4.3**	**-4.4**	**-2.3**
Interest result	**-8.7**	**-2.6**	**-2.9**	**-2.0**

The deterioration in the interest result was primarily attributable to interest expense accrued for the corporate bond issued on June 20, 2012 and for the registered notes issued on June 12, 2013

9 Financial result on other items

Financial result on other items in € million	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Effects of currency translation: exchange rate gains/losses on				
Currency holdings	-2.8	-0.3	-3.0	-3.7
Financing transactions	0.4	-0.2	-0.3	-0.1
Finance leases	0.1		0.1	0.1
Fair value gains/losses on derivatives				
Currency and interest rate derivatives	8.5	9.7	9.5	5.0
Forward commodity contracts	-0.7	-0.2		0.6
Interest portion included in measurement of assets and liabilities				
Pension provision	-15.0	-18.6	-5.0	-6.2
Contingent liabilities	-2.2	-6.6		-2.9
Receivables, other provisions, plan assets, liabilities and advance payments received	-11.3	-6.7	-6.1	-5.5
Gains and losses on sundry other items		0.2	2.6	0.1
Financial result on other items	**-23.0**	**-22.7**	**-2.2**	**-12.6**

The nine-month financial result on other items includes various additional charges compared to the previous year. These related primarily to net fair value gains of € 8.5 million on currency and interest derivatives (January – September 2012: € 9.7 million), currency holdings losses of € 2.8 million (January – September 2012: € 0.3 million) and an interest expense of € 28.5 million (January – September 2012: € 31.9 million) arising in conjunction with the measurement of assets and liabilities.

10 Income taxes

Income tax expense comprise the following:

Income taxes in € million	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Q3 2013	Q3 2012
Current tax expense	-90.4	-63.7	-34.6	-25.0
Deferred tax expense	19.2	-4.2	7.0	-1.6
Income tax expense	**-71.2**	**-67.9**	**-27.6**	**-26.6**

11 Earnings per share

For the purposes of determining diluted earnings per share, the number of shares that could be issued in conjunction with the grant of equity capital instruments is added to the weighted average number of ordinary shares in circulation.

Earnings after tax for the nine-month period totaled € 124.5 million (January – September 2012: € 160.4 million). The potential dilutative effect of the Share Matching Plan is not material.

The weighted average number of shares in circulation during the nine-month period was 50,759,129 (January – September 2012: 50,680,305). A further 25,643 shares (January – September 2012: 20,922 shares) result from the Share Matching Plan (deferred share-based remuneration of members of the Board of Management).

Undiluted earnings per share amounted to € 2.45 (January – September 2012: € 3.16). Diluted earnings per share also amounted to € 2.45 (January – September 2012: € 3.16).

Notes to the Consolidated Balance Sheet

14 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 € 138.0 million (January – September 2012: € 590.0 million) of intangible assets was capitalized in the first nine months of the year.

In addition to the program participation relating to the Bombardier CSeries amounting to € 25.7 million and the program stake in the PW1700G/PW1900G for the Embraer E-Jet E175/E190/E195 amounting to € 70.8 million, intangible asset additions included capitalized development costs of € 39.4 million (January – September 2012: € 35.0 million), relating in particular to the geared turbofan programs for the PW1000G family.

Capitalized intangible assets totaling € 138.0 million in the first nine months of 2013 (January – September 2012: € 590.0 million) comprise € 112.2 million (January – September 2012: € 567.5 million) of purchased and € 25.8 million (January – September 2012: € 22.5 million) of internally generated intangible assets. The amortization expense for the nine-month period amounted to € 54.1 million (January – September 2012: € 44.5 million).

15 Property, plant and equipment

Additions to property, plant and equipment during the period from January to September 2013 totaled € 87.1 million (January – September 2012: € 64.2 million) and related primarily to other equipment, operational and office equipment as well as to advance payments and construction in progress. The depreciation expense for the nine-month period amounted to € 67.7 million (January – September 2012: € 61.8 million).

16 Financial assets

Financial assets

Financial assets increased overall by € 15.9 million during the first nine months of 2013 to € 93.3 million (December 31, 2012: € 77.4 million). This rise was primarily attributable to fair values of derivative financial instruments, the sale of marketable securities and an increase in non-current loans receivable.

Financial assets accounted for using the equity method

Financial assets accounted for using the equity method amounted to € 21.1 million (December 31, 2012: € 20.9 million) and include MTU‘s shares in International Aero Engines AG, Zurich.

17 Inventories

Inventories comprise the following:

Inventories		
in € million	Sept. 30, 2013	Dec. 31, 2012
Raw materials and supplies	362.2	341.6
Work in progress	442.1	434.7
Advance payments	40.9	32.5
Total inventories	**845.2**	**808.8**

MTU launched the WoC@MTU-Project during the first half of the year, aimed at optimizing inventory levels. This entailed an initial item-by-item analysis of the acquisition and manufacturing cost of inventories at an engine program level from the point of view of recoverability. Write-downs on inventories decreased to € 41,1 million compared to the previous year.

18 Trade receivables

Trade receivables comprise the following:

Trade receivables		
in € million	Sept. 30, 2013	Dec. 31, 2012
Third parties	516.0	547.3
Associated companies, joint ventures and other equity companies	20.8	21.2
Total trade receivables	**536.8**	**568.5**

19 Construction contract receivables

Construction contract receivables comprise the following:

Construction contract receivables		
in € million	Sept. 30, 2013	Dec. 31, 2012
Construction contract receivables	532.1	547.0
thereof: Advance payments received	-331.1	-364.0
Total construction contract receivables	**201.0**	**183.0**

20 Other assets

Other assets comprise the following:

Other assets	Total		Non-Current		Current	
in € million	Sept. 30, 2013	Dec. 31, 2012	Sept. 30, 2013	Dec. 31, 2012	Sept. 30, 2013	Dec. 31, 2012
Other taxes	1.9	16.2			1.9	16.2
Receivables from employees	1.6	0.9			1.6	0.9
Receivables from suppliers	1.6	2.1			1.6	2.1
Sundry other assets	6.1	14.0	0.4	0.1	5.7	13.9
Total other assets	**11.2**	**33.2**	**0.4**	**0.1**	**10.8**	**33.1**

21 Cash and cash equivalents

Cash and cash equivalents comprise the following:

Cash and cash equivalents		
in € million	Sept. 30, 2013	Dec. 31, 2012
Demand deposits and cash	83.4	118.0
Fixed-term and overnight deposits with an original maturity of three months or less	125.2	43.2
Total cash and cash equivalents	**208.6**	**161.2**

MTU cannot freely access cash and cash equivalents amounting to € 5.6 million (December 31, 2012: € 6.5 million) held by MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China.

24 Equity

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

24.1 Subscribed capital

The Company's subscribed capital amounts to € 52.0 million (December 31, 2012: € 52.0 million) and is divided into 52.0 million registered non-par shares.

24.2 Capital reserves

Capital reserves include premiums from the issue of shares and the equity component (net of proportional transaction costs) of the bond issued in 2007 and repaid/converted in the first quarter of 2012. Also included are the fair values of shares granted under the Matching Stock Program and Share Matching Plan as well as the excess of proceeds over cost amounting to € 5.7 million (January – September 2012: € 3.3 million) arising the sale of shares in conjunction with the MAP Employee Stock Option Program. Further information with respect to the MAP Employee Stock Option Program and the Share Matching Plan (SMP) for members of the Board of Management and senior managers is provided on pages 187 et seq. of the Annual Report 2012.

24.3 Revenue reserves

Revenue reserves comprise the post-tax earnings and non-distributed earnings of consolidated companies. They also include the profit after tax for the first nine months of 2013 amounting to € 124.5 million (January – September 2012: € 160.4 million) less the dividend payment for the financial year 2012 amounting to € 68.5 million (January – September 2012: € 60.8 million). As a result of the positive earnings after taxes for the nine-month period, revenue reserves increased to € 796.5 million (September 30, 2012: € 727.0 million).

24.4 Treasury shares

During the first nine months of 2013 the average weighted number of shares in circulation was 50,791,295 shares (January – September 2012: 50,680,305 shares). At September 30, 2013, a total of 50,855,626 MTU Aero Engines AG shares was in issue (September 30, 2012: 50,739,830 shares). The Company held 1,144,374 treasury shares at the end of the reporting period (September 30, 2012: 1,260,170 treasury shares).

24.7 Other comprehensive income

Other comprehensive income (OCI) improved during the nine-month period by a net amount of € 1.7 million from a negative amount of € 48.5 million at December 31, 2012 to a negative amount of € 46.8 million at September 30, 2013. The improvement was attributable primarily to changes in differences arising on the translation of the financial statements of foreign subsidiaries, actuarial gains and losses on pension obligations and plan assets and changes in the fair value measurement of hedging instruments.

27 Other provisions

Other provisions decreased during the nine-month period by € 84.0 million to € 171.4 million. The principal items included in other provisions were warranty obligations, pending losses on onerous contracts, personnel-related obligations and retrospective costs. The decrease compared to the beginning of the year was mainly due to the payment of variable remuneration to employees for the financial year 2012, the lower provision for sales deductions and the full utilization of provisions for contingent liabilities relating to business combinations.

28 Financial liabilities

Financial liabilities comprise the following:

Financial liabilities

in € million	Total		Non-current		Current	
	Sept. 30, 2013	Dec. 31, 2012	Sept. 30, 2013	Dec. 31, 2012	Sept. 30, 2013	Dec. 31, 2012
Bonds and notes	**349.3**	**252.5**	**346.2**	**248.5**	**3.1**	**4.0**
Financial liabilities arising from IAE-V2500 stake increase	**270.6**	**299.7**	**230.7**	**271.3**	**39.9**	**28.4**
Liabilties to banks						
Promissory notes	11.8	12.0		11.5	11.8	0.5
Revolving credit facility						
Other liabilities to banks	33.3	34.9	15.9	2.3	17.4	32.6
Liabilities to related companies	**6.6**				**6.6**	
Finance lease liabilitiese	**8.2**	**3.5**	**5.0**	**0.1**	**3.2**	**3.4**
Other financial liabilities	**6.4**	**16.3**	**2.5**	**5.3**	**3.9**	**11.0**
Total financial liabilities	**686.2**	**618.9**	**600.3**	**539.0**	**85.9**	**79.9**

Financial liabilities to related companies comprise amounts due to MTU Versicherungsvermittlungs- und Wirtschaftsdienst GmbH, Munich (not consolidated on grounds of immateriality) and to MTU Aero Engines Finance B.V. i.L., Amsterdam (in liquidation).

Bonds and notes

A full description of the corporate bond (Schuldverschreibung) with a nominal amount of € 250.0 million is provided on page 184 of the Annual Report 2012.

In addition, MTU Aero Engines AG issued registered notes (Namensschuldverschreibungen) on June 12, 2013 with a total nominal amount of € 100.0 million. The registered notes are repayable on June 12, 2028 and are subject to interest of 3.55 % p.a.. Interest is payable in arrears on June 12 of each year, for the first time on June 12, 2014. The registered notes, net of transaction costs and a discount of € 2.7 million, are measured at amortized cost and reported within financial liabilities.

The potential effects of a change-of-control event are explained in the description of the corporate bond on page 184 of the Annual Report 2012. The same potential effects of a change-of-control event also apply to the registered notes.

Financial liability for the IAE-V2500 stake increase

A full description of the IAE-V2500 stake increase is provided on pages 129 et seq. of the Annual Report 2012.

Promissory notes

MTU placed four promissory notes (Schuldscheindarlehen) with a nominal amount of € 65.0 million (less transaction costs of € 0.4 million) on June 3, 2009. Of this amount, promissory notes with a nominal amount of € 40.0 million were repurchased in 2010 and a further € 13.5 million repaid on maturity on June 5, 2012. One promissory note with a nominal amount of € 11.5 million remains outstanding at September 30, 2013. This note falls due for payment on June 5, 2014 and is measured at amortized cost.

Revolving credit facility

At September 30, 2013, the MTU Group has access to a revolving credit facility of € 100.0 million with two banks which runs until December 1, 2015. Of these credit facilities, € 15.5 million (December 31, 2012: € 13.7 million) were being utilized at September 30, 2013 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.

30 Construction contract payables

Construction contract payables comprise the following:

Construction contract payables

in € million	Sept. 30, 2013	Dec. 31, 2012
Advance payments received for construction contracts	835.6	968.0
offset against:		
Construction contract receivables	-331.1	-364.0
Total construction contract receivables	**504.5**	**604.0**

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

31 Other liabilities

Other liabilities comprise the following items:

Other liabilities

	Total		Non-current		Non-current	
in € million	Sept. 30, 2013	Dec. 31, 2012	Sept. 30, 2013	Dec. 31, 2012	Sept. 30, 2013	Dec. 31, 2012
Personnel-related liabilities						
Social security	2.3	2.2			2.3	2.2
Part-time pre-retirement working arrangements	15.8	17.2	11.8	13.2	4.0	4.0
Other personnel-related liabilities	57.3	45.2	3.9	3.9	53.4	41.3
Accrued interest expense	11.2	14.0	11.2	14.0		
Outstanding maintenance work on engines	4.2	3.4	4.2	3.4		
Repayment of grants towards development costs	57.3	58.0	49.9	53.3	7.4	4.7
Sundry other liabilities	170.1	120.3	71.3	42.6	98.8	77.7
Other taxes	8.3	6.9			8.3	6.9
Total other liabilities	326.5	267.2	152.3	130.4	174.2	136.8

Personnel-related obligations

Social security liabilities relate mainly to contributions to employees‘ accident insurance associations amounting to € 0.5 million (December 31, 2012: € 0.6 million) and liabilities to health insurance agencies amounting to € 1.8 million (December 31, 2012: € 1.6 million).

TV FlexÜ, a collective agreement on flexible transition into retirement, came into effect in the German collective bargaining regions in 2010. In addition, each of the MTU group companies in Germany entered into a supplementary agreement with the Works Council, effective until December 31, 2016, which supersedes the collective bargaining agreement. Within the scope of the agreed terms for pre-retirement part-time working arrangements, agreements on top-up and severance payments were concluded with employees at the level of the group's German companies. At September 30, 2013, the liabilities associated with these obligations amounted to € 15.8 million (December 31, 2012: € 17.2 million).

Other personnel-related liabilities comprise mainly vacation entitlements and flexi-time credits. This item also includes liabilities to group employees under the MAP employee stock option program amounting to € 3.3 million (December 31, 2012: € 4.3 million). The total cost incurred in conjunction with the MAP in the first nine months of 2013 was € 2.7 million (January – September 2012: € 2.3 million). Further information with respect to the MAP Employee Stock Option Program is provided on pages 187 et seq. of the Annual Report 2012.

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 € 11.2 million (December 31, 2012: € 14.0 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 cost 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, the grants are required to be repaid within a time frame of ten years. € 3.4 million was repaid in total in the financial years 2011 and 2012, and € 4.7 million was repaid in the first and third quarters of 2013.

Sundry other liabilities
Sundry other liabilities amounted to € 170.1 million (December 31, 2012: € 120.3 million) and comprise mainly obligations relating to the stake in the PW1133G program for the A320neo (€ 53.2 million; December 31, 2012: € 52.7 million), development work on the PW1217G for the MRJ (€ 14.8 million; December 31, 2012: € 15.2 million), obligations in connection with the program stake and purchased development work for the PW1524G engine to power the CSeries (€ 15.5 million; December 31, 2012: € 21.4 million) as well as obligations relating to the PW1700G/PW1900G program participation (for the Embraer E175/E190/E195) amounting to € 69.4 million (December 31, 2012: € 0.0 million). The remainder of other liabilities covers a multitude of minor individual obligations.

Other taxes
Other taxes amounting to € 8.3 million (December 31, 2012: € 6.9 million) relate to payroll (including employees' solidarity surcharge and church taxes) and to German and foreign sales taxes.

32 Additional disclosures relating to financial instruments

Carrying amounts, measurement/recognition methods and fair values aggregated by category
In the following tables, the carrying amounts of financial instruments are aggregated by category and compared with fair values.

Cash and cash equivalents, trade and other receivables mostly have short remaining terms. The carrying amounts of these assets therefore correspond approximately to their fair value at the end of the reporting period. Trade payables and other liabilities also generally have short remaining terms so that their carrying amounts correspond approximately to their fair value at the end of the reporting period.

Disclosures concerning financial instruments - carrying amounts and fair values aggregated by category Sept. 30, 2013

in € million	Category as defined in IAS 39/ Other category	Carrying amount Sept. 30, 2013	Cash reserve	Amount carried in balance sheet in accordance with IAS 39				Amount carried in balance sheet IAS 17	Financial instruments not within the scope of IAS 39 or IFRS 7	Total	Fair value Sept. 30, 2013
			Nominal value	Measured at amortized cost	Measured at cost	Fair value recognized in equity	Fair value recognized in income statement				
ASSETS											
Other assets											
Loans and receivables	LaR	26.0		26.0						26.0	26.0
Held-to-maturity	HtM										
Available-for-Sale financial assets	AfS	20.3			15.3	5.0				20.3	20.3
Financial assets held for trading	FAHfT										
Trade receivables	LaR	536.8		536.8						536.8	536.8
Construction contract receivables	LaR	532.1		532.1						532.1	532.1
Derivative financial assets											
Derivates without hedging relationship	FAHfT	21.9					21.9			21.9	21.9
Derivates with hedging relationship	n.a.	33.9				33.9				33.9	33.9
Cash and cash equivalents	Cash reserve	208.6	208.6							208.6	208.6
EQUITY AND LIABILITIES											
Trade payables	FLAC	693.8		693.8						693.8	693.8
Bonds and notes	FLAC	349.3		349.3						349.3	362.2
Liabilities to banks	FLAC	45.1		45.1						45.1	45.1
Financial liabilities arising from IAE-V2500 stake increase	FLAC	270.6		270.6						270.6	270.6
Other interest-bearing liabilities	FLAC	146.1		146.1						146.1	146.1
Other interest-free liabilities	FLAC/n.a.	131.4		127.2				4.2		131.4	131.4
Derivative financial liabilities											
Derivates without hedging relationship	FLHfT	3.7					3.7			3.7	3.7
Derivates with hedging relationship	n.a.	2.7				2.7				2.7	2.7
OTHER DISCLOSURES											
Contingent liabilities under risk and revenue-sharing partnerships	Financial guarantees	49.7								49.7	49.7
Guarantees	Financial guarantees	56.4								56.4	56.4
Thereof aggregated by category as defined in IAS 39											
Loans and receivables	LaR	1,094.9		1,094.9						1,094.9	1,094.9
Held-to-maturity investments	HtM										
Available-for-sale financial assets	AfS	20.3			15.3	5.0				20.3	20.3
Financial assets held for trading	FAHfT	21.9					21.9			21.9	21.9
Financial liabilities measured at amortized cost	FLAC	1,636.3		1,632.1				4.2		1,636.3	1,649.2
Financial liabilities held for trading	FLHfT	3.7					3.7			3.7	3.7
Finance lease liabilities	n.a.	8.2						8.2		8.2	8.2
Financial instruments not within the scope of either IFRS 7 (IFRS 7 B2b) or IAS 39:		743.9							743.9	743.9	743.9

Disclosures concerning financial instruments – carrying amounts and fair values aggregated by category at Dec. 31, 2012

in € million	Category as defined in IAS 39/ Other category	Carrying amount Dec. 31, 2012	Cash reserve	Amount carried in balance sheet in accordance with IAS 39				Amount carried in balance sheet IAS 17	Financial instruments not within the scope of IAS 39 or IFRS 7	Total	Fair value Dec. 31, 2012
			Nominal value	Measured at amortized cost	Measured at cost	Fair value recognized in equity	Fair value recognized in income statement				
ASSETS											
Other assets											
Loans and receivables	LaR	16.9		16.9						16.9	16.9
Held-to-maturity	HtM										
Available-for-Sale financial assets	AfS	36.0			11.0	25.0				36.0	36.0
Financial assets held for trading	FAHfT										
Trade receivables	LaR	568.5		568.5						568.5	568.5
Construction contract receivables	LaR	547.0		547.0						547.0	547.0
Derivative financial assetse											
Derivates without hedging relationship	FAHfT	14.8					14.8			14.8	14.8
Derivates with hedging relationship	n.a.	26.6				26.6				26.6	26.6
Cash and cash equivalents	Bar-reserve	161.2	161.2							161.2	161.2
EQUITY AND LIABILITIES											
Trade payables	FLAC	583.2		583.2						583.2	583.2
Bonds and notes	FLAC	252.5		252.5						252.5	261.5
Liabilities to banks	FLAC	46.9		46.9						46.9	46.9
Financial liabilities arising from IAE-V2500 stake increase	FLAC	299.7		299.7						299.7	299.7
Other interest-bearing liabilities	FLAC	118.9		118.9						118.9	118.9
Other interest-free liabilities	FLAC/n.a.	96.0		92.6				3.4		96.0	96.0
Derivative financial liabilities											
Derivates without hedging relationship	FLHfT	5.4					5.4			5.4	5.4
Derivates with hedging relationship	n.a.	10.9				10.9				10.9	10.9
OTHER DISCLOSURES											
Contingent liabilities under risk and revenue-sharing partnerships	Financial guarantees	58.9								58.9	58.9
Guarantees	Financial guarantees	63.1								63.1	63.1
Thereof aggregated by category as defined in IAS 39											
Loans and receivables	LaR	1,132.4		1,132.4						1,132.4	1,132.4
Held-to-maturity investments	HtM										
Available-for-sale financial assets	AfS	36.0			11.0	25.0				36.0	36.0
Financial assets held for trading	FAHfT	14.8					14.8			14.8	14.8
Financial liabilities measured at amortized cost	FLAC	1,397.2		1,393.8				3.4		1,397.2	1,406.2
Financial liabilities held for trading	FLHfT	5.4					5.4			5.4	5.4
Finance lease liabilities	n.a.	3.5						3.5		3.5	3.5
Financial instruments not within the scope of either IFRS 7 (IFRS 7 B2b) or IAS 39:		752.3							752.3	752.3	752.3

Classification of fair value measurements of financial assets and liabilities according to a fair value hierarchy

In order to evaluate the significance of the factors used as input when measuring financial assets and liabilities at their fair value, MTU assigns these assets and liabilities to three levels of a fair value hierarchy.

The three levels of the fair value hierarchy are described below, together with their utilization when measuring financial assets and liabilities:

Level 1 Quoted prices in active markets for identical assets or liabilities (unadjusted input);

Level 2 Prices of assets and liabilities that can be observed directly or indirectly (derived);

Level 3 Unobservable inputs used to measure prices of assets or liabilities.

Hierarchical classification at September 30, 2013

in € million	Sept. 30, 2013 Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments		55.8		55.8
Available-for-Sale financial assets	5.0			5.0
Total financial assets	**5.0**	**55.8**		**60.8**
Financial liabilities measured at fair value				
Derivative financial instruments		6.4		6.4
Total financial liabilities		**6.4**		**6.4**

Hierarchical classification at December 31, 2012

in € million	Dec. 31, 2012 Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instrumentse		41.4		41.4
Available-for-Sale financial assets	25.0			25.0
Total financial assets	**25.0**	**41.4**		**66.4**
Financial liabilities measured at fair value				
Derivative financial instruments		16.3		16.3
Total financial liabilities		**16.3**		**16.3**

37 Contingent liabilities and other financial commitments

Contingent liabilities and other financial obligations at September 30, 2013 amounted to € 106.1 million (December 31, 2012: € 122.0 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 during the rest of the financial year 2013. 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 2012 (Note 42).

Purchase commitments for intangible assets and property, plant and equipment amounted to € 30.9 million at September 30, 2013 (December 31, 2012: € 28.3 million).

38 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.

There were no trade receivables due from MTU Maintenance Zhuhai at either September 30, 2013 or December 31, 2012. Trade payables with this entity at September 30, 2013 totaled € 0.7 million (December 31, 2012: € 8.9 million). Income recognized during the first nine months of 2013 totaled € 3.1 million (January – September 2012: € 1.3 million), with expenses totaling € 25.5 million (January – September 2012: € 11.2 million).

Entities accounted for at equity and at cost are disclosed in note 43.1.2. (List of major shareholdings) of the Annual Report 2012. Trade receivables from these entities at September 30, 2013 amounted to € 20.8 million (December 31, 2012: € 21.2 million). Trade payables with these entities totaled € 57.3 million (December 31, 2012: € 98.2 million). Revenues recognized during the first nine months of 2013 totaled € 886.3 million (January – September 2012: € 666.4 million), with expenses totaling € 445.4 million (January – September 2012: € 399.8 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.

39 Events after the end of the reporting period (September 30, 2013)

There have been no significant events after the end of the interim reporting period and prior to the date of authorization for issue of the Quarterly Financial Report on October 21, 2013.

40 Publication of the Quarterly Financial Report

The Quarterly Financial Report of MTU Aero Engines AG, Munich, for the period from January 1 to September 30, 2013 was published on the Internet on October 23, 2013.

Financial Calendar

Telephone conference on the third quarter 2013 earnings	**October 23, 2013**
MTU analysts and investors conference 2013	**November 26, 2013**

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Translation

The German version takes precedence.

MTU Aero Engines AG on the Internet

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

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