



8	DE0000000000								
9,2	DE0006205701	IWKA	28,70	40,99	41,70	142,40	38,25	30,48	30,48
10,1	DE0006204407	K+S	41,12	148,27	149,82	38,97	38,25	30,48	30,48
15,7	DE0007162000	Karstadt Quelle	147,65	38,85	38,97	38,25	30,48	30,48	30,48
18,6	DE0006275001	Klöckner & Co.	38,40	31,31	31,87	97,79	96,33	96,33	96,33
9,1	DE000KC01000	Krones	30,36	97,33	97,79	19,14	18,76	18,76	18,76
15,5	DE0006335003	Lanxess	96,35	19,00	19,14	45,70	44,30	44,30	44,30
12,4	DE0005470405	Leoni NA	18,82	44,40	45,01	24,48	23,98	23,98	23,98
13,2	DE0005408884	Merck	23,98	16,83	16,64	17,13	21,86	21,86	21,86
21,0	DE0006599905	MLP	21,57	25,97	26,21	26,77	26,77	26,77	26,77
27,1	DE0006569908	MTU Aero Engines	6,18	6,24	16,18	16,18	16,18	16,18	16,18
16,4	DE000A0D9PT0	Norddt. Affinerie	6,24	5,69	278,04	71,54	45,70	45,70	45,70
14,3	DE0006766504	Patrizia Immo. N	5,69	0,70	5,25	11,25	4,91	5,12	4,32
14,3	DE000PAT1AG3	Pfleiderer	0,70	5,25	11,25	4,91	5,12	4,32	9,5
14,3	DE0006764749	Praktiker	5,25	11,25	4,91	5,12	4,32	9,5	9,5
16,9	DE000A0F6MD5	Premiere	11,25	4,91	5,12	4,32	9,5	9,5	9,5
18,6	DE000PREM111	Pro.Sat.1 Med	4,91	5,12	4,32	9,5	9,5	9,5	9,5
13,6	DE0007771172	Puma	5,12	4,32	9,5	9,5	9,5	9,5	9,5
41,6	DE0007771172	Rheinmetall	9,5	9,5	9,5	9,5	9,5	9,5	9,5
16,1	DE0006969603	Rhön Klinikum	9,5	9,5	9,5	9,5	9,5	9,5	9,5
19,6	DE0007030009	Salzgitter	9,5	9,5	9,5	9,5	9,5	9,5	9,5
13,2	DE0007042301	SGL Carbon	9,5	9,5	9,5	9,5	9,5	9,5	9,5
13,9	DE0006202005	ta vink. N	9,5	9,5	9,5	9,5	9,5	9,5	9,5

Interim Report as at March 31, 2007

MTU Aero Engines Holding AG, Munich

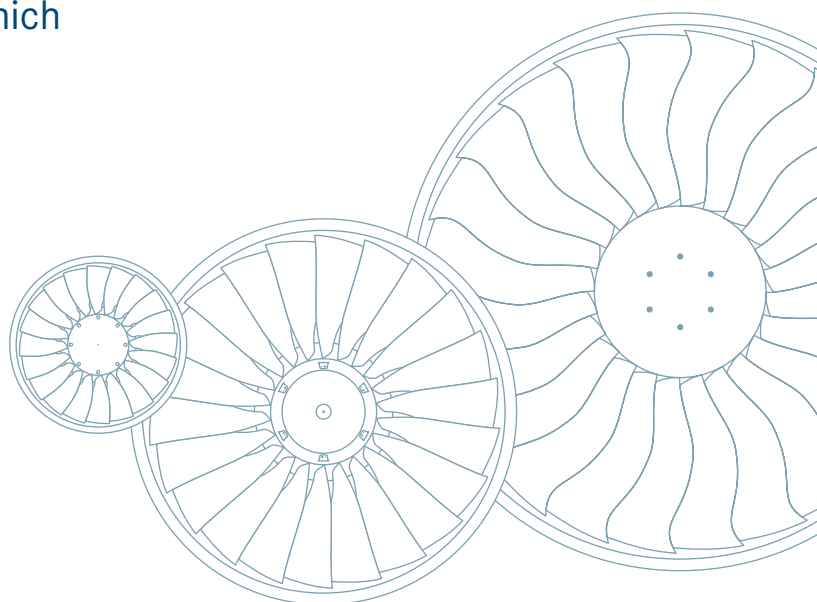


Table of Contents

3	Selected Consolidated Financial Information and Key Figures
4	Market Overview for the first Quarter 2007
4	Financial Situation
4	Earnings performance
6	Earnings performance by segment
6	Commercial and Military Engine Business
6	Commercial Maintenance Business
6	Financial position
7	Net assets position
8	Change in Assets, Equity and Liabilities
9	Consolidated Financial Statements
9	Consolidated Income Statement
10	Consolidated Balance Sheet
11	Consolidated Statement of Changes in Equity
12	Consolidated Cash Flow Statement
13	Notes to the Consolidated Financial Statements
13	Basis of preparation
15	Notes to the Consolidated Income Statement
18	Notes to the Consolidated Balance Sheet
23	Segment information by business segment
25	Financial Calendar

Selected Consolidated Financial Information and Key Figures

	2007	2006 ^{*)}
Key income statement figures in € million		
Revenues	640.6	574.5
Research and development expenses	17.0	10.3
Earnings before interest and tax (EBIT)	56.7	38.0
Earnings before interest, tax, depreciation and amortization (EBITDA)	90.6	75.5
Earnings before tax (EBT)	29.8	30.9
Income taxes	-11.8	-13.1
Net profit	18.0	17.8
Key income statement figures in € million (adjusted)		
Earnings before interest, tax, depreciation and amortization (EBITDA)	90.6	68.8
Earnings before tax (EBT)	43.9	43.3
Net profit	26.1	25.8
Key balance sheet figures in € million		
Equity	581.2	562.3
Total assets	3,226.6	3,112.2
Fixed assets	1,722.3	1,739.5
Non-current financial liabilities (excluding deferred tax liabilities)	1,185.0	1,184.9
Number of employees at quarter end (market segments)		
Commercial and Military Engine Business	4,671	4,782
Commercial Maintenance Business	2,390	2,144
	7,061	6,926
Key figures in %		
Gross margin	15.9	13.6
EBITDA margin	14.1	13.1
EBIT margin	8.9	6.6
Post-tax return on sales	2.8	3.1
Return on equity	3.1	3.3
Equity ratio	18.0	18.1
Cash flow in € million		
Cash flow from operating activities	64.1	81.2
Cash flow from investing activities	-17.8	-11.6
Free cash flow	46.3	69.6
Share values		
Average weighted number of outstanding shares (number)	53,266,684	55,000,000
Basic (undiluted) earnings per share in €	0.34	0.32
Basic (undiluted) earnings per share in € (adjusted)	0.49	0.47
Diluted earnings per share in €	0.33	0.32
Free cash flow per share in €	0.87	1.27
Equity per share in €	10.91	10.22

*) MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, adjusted for 50% proportionate consolidation

Market Overview for the first Quarter 2007

MTU Aero Engines continues to find itself in a robust market environment. Solid growth in passenger figures is resulting in an increase in the engine base and in an improved capacity utilization of engine fleets with MTU participation. Delivery volumes are accordingly on the rise. Overall, these factors have resulted in a good order-book situation for engine manufacturers. In financial terms, the airlines are expecting a return to profitability for 2007, which will enable them to finance their future capacity requirements.

Thanks to the favourable economic climate, the impetus generated by passenger figures during the final quarter of 2006 continued to have a perceptible impact during the first two months of 2007. According to IATA, the volume of passenger traffic during this period rose by 6.5% worldwide, enabling all of the three major regions (USA, Europe and Asia-Pacific) to record a good performance. The volume of domestic air traffic within the USA during the first two months of 2007 grew only marginally (by 0.2%), but here too the figures are more encouraging than they had been during the previous summer. At that stage, price rises and capacity adjustments had caused negative growth rates to be recorded for several consecutive months. At 2.6%, growth in international freight traffic for the first two months of 2007 was also comparatively weak. According to IATA, this was attributable to a combination of high fuel costs and strong competition from other forms of transport.

High oil prices continue to be a major issue, even though kerosene prices have dropped over the last three quarters. The average price during the first quarter of 2007 was US \$ 74 per barrel (WTI crude oil price: US \$ 58), 15% below the high level of US \$ 88 per barrel (WTI crude oil price: US \$ 71) during the second quarter 2006. These developments should also have a positive impact on airline company earnings.

According to analysts' forecasts, strong demand, lower fuel prices and reduced personnel costs – the latter particularly in the USA – will help the global aircraft industry to return to profitability for the first time since 2000. Apart from a few exceptions, airlines both in the Asia-Pacific region and in Europe were able, by and large, to post solid results. In the USA, the aviation industry has been able to reverse the previous trend through a combination of cost-cutting measures and price increases. The restructuring measures introduced by the two US airlines, Northwest and Delta, both operating under creditor protection regimes, are already beginning to bear fruit. Taken together, these two airlines recorded an operating profit of \$ 800 million for the financial year 2006. This represents an improvement of US \$ 3.7 billion compared with the previous year. The two airlines plan to complete insolvency proceedings by mid-2007.

Financial Situation

Earnings performance

Period from January 1 to March 31, 2007

Compared with corresponding quarter last year, **revenues** for the first quarter of 2007 rose by € 66.1 million (11.5%) to € 640.6 million. Of this increase, € 31.3 million (13.5%) related to commercial engine maintenance (MRO) business, whilst commercial and military engine (OEM) business increased by € 35.5 million (10.2%). Revenues generated by commercial engine business rose by € 27.1 million to € 273.1 million (+11.0%), whilst revenues from military engine business increased by € 8.4 million to € 110.7 million (+8.2%).

Cost of sales went up overall by € 42.4 million (+8.5%) to € 539.0 million. The fact that this increase was less pronounced than that of revenues was attributable to commercial and military engine business. The cost of sales for series engine programs (commercial and military) edged up by € 11.8 million (3.9%) to € 315.9 million, and therefore at slower rate than the increase in revenues, whereas the cost of sales for commercial MRO business went up by € 31.1 million (15.8%) to € 228.4 million, and therefore faster than the rate of increase in revenues.

As a result of the less pronounced increase in cost of sales, the **gross profit** improved by € 23.7 million (30.4%) to € 101.6 million (first quarter 2006: € 77.9 million).

Research and development expenses, at € 17.0 million, were € 2.7 million higher than in the first quarter 2006 (excluding utilization of the R&D provision in that quarter).

Selling expenses decreased by € 18.5 million (10.2%) as a result of the lower expense for allowances on commercial MRO business receivables. **General administrative expenses** were roughly in line with the previous year's level.

Depreciation and amortization included in cost of sales, selling and general administrative expenses amounted to € 33.9 million (first quarter 2006: € 37.5 million).

The earnings before interest and tax (EBIT) for the first quarter 2007 rose by € 18.7 million (49.2%) to € 56.7 million thanks to the improved gross profit and the small decrease in selling and administrative expenses.

After adjusting the figures to eliminate the effect of the purchase price allocation (resulting from the acquisition of the Company), the adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA) was as follows:

Reconciliation of EBIT to EBITDA (adjusted)		
in € million	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2006 ^{*)}
EBIT	56.7	38.0
+ Depreciation/amortization of fixed assets	19.8	18.4
+ PPA depreciation/amortization of fixed assets	14.1	19.1
EBITDA	90.6	75.5
- Utilization of R&D provision		-4.0
- Changes in valuation of program assets		-2.7
EBITDA adjusted	90.6	68.8

*) MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, adjusted for 50% proportionate consolidation

The **financial result** for the first quarter 2007 was a net expense of € 26.2 million compared with a net expense of € 7.1 million one year earlier.

On February 1, 2007, MTU Aero Engines Holding AG issued a convertible bond totalling € 180 million (see Note 19). The present value of the obligation under the bond is being unwound using a market interest rate of 5% p.a.. The amount relating to the months February and March 2007 is included as interest expense in financial result.

During the first quarter 2007, MTU repaid the High Yield Bond using the cash proceeds from the convertible bond (see Note 19). The early repayment premium of € 19.1 million had a negative impact on first quarter earnings. After adjusting the figures for the one-time expense, the financial result, at € -7.1 million, was at the previous year's level.

Fair value losses on currency holdings increased by € 1.0 million to € 1.1 million as a result of exchange rate fluctuations. By contrast, fair value gains on interest rate swaps decreased by € 0.5 million to € 1.0 million.

Analysis of change on loans during the period from December 31, 2006 to March 31, 2007			
	Balance at March 31, 2007 € million	Balance Dec. 31, 2006 € million	Change € million
High Yield Bond		165.0	-165.0
Convertible bond	162.9		162.9
Revolving Credit Facility	10.7	75.6	-64.9
Other financial liabilities		0.1	-0.1
	173.6	240.7	-67.1

Earnings before tax (EBT), at € 29.8 million, was € 1.1 million lower than in the first quarter last year as a consequence of the penalty payment of € 19.1 million incurred in conjunction with early repayment of the High Yield Bond.

Overall, the Group reports a **net profit** of € 18.0 million for the period from January 1 to March 31, 2007, compared with a net profit of € 17.8 million in the same period last year.

Adjusted for the effect of the purchase price allocation, the underlying net profit was € 26.1 million. If the early repayment penalty of € 19.1 million incurred to settle the High Yield Bond were also excluded, the net profit would have been € 37.5 million (earnings per share: € 0.70).

Earnings performance by segment

Commercial and Military Engine Business

Period from January 1 to March 31, 2007

Revenues generated by commercial and military engine business in the first three months of 2007 amounted to € 383.8 million, an increase of € 35.5 million (10.2%) compared with the same quarter last year. Within those figures, revenues from commercial engine business rose by € 27.1 million (11.0%) to € 273.1 million.

Revenues from military engine business went up by € 8.4 million (8.2%) to € 110.7 million. Whereas the EJ200, RB199 and TP400 military engines programs remained stable in value terms compared with the previous year, the increased level of revenues generated by the MTR390 engine program made a good contribution to the first quarter of 2006 performance.

Compared with the first quarter last year, the gross profit improved by € 23.7 million (53.6%) to € 67.9 million.

Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA) improved accordingly by € 15.9 million (36.9%) to € 59.0 million.

Overall, segment earnings before tax for the first quarter 2007 rose by € 12.1 million to € 26.7 million (first quarter 2006: € 14.6 million).

Commercial Maintenance Business

Period from January 1 to March 31, 2007

Revenues generated by commercial MRO business grew by € 31.3 million, rising to € 262.3 million (first quarter 2006: € 231.0 million). The gross profit edged up by € 0.2 million to € 33.9 million.

Thanks to cost-cutting measures benefiting selling and administrative functions, adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA) also improved, rising by € 4.6 million to € 30.5 million. Segment earnings before tax improved by € 3.4 million to € 21.8 million.

Financial position

The consolidated cash flow statement shows the sources and applications of cash flows for the first quarters of 2007 and 2006, classified into cash flows from operating, investing and financing activities.

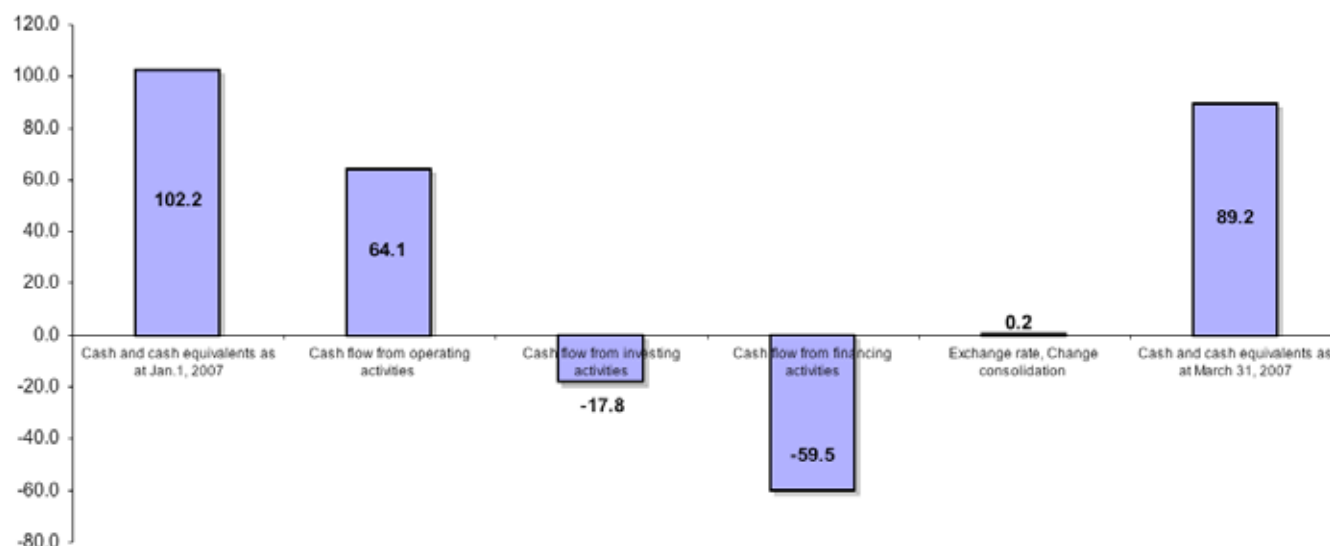
The cash inflow from **operating activities** in the first quarter was € 64.1 million (first quarter 2006: € 81.2 million). This represented a € 17.1 million reduction compared with the same quarter last year and was primarily attributable to the fact that the decrease in working capital was € 15.2 million lower than the one recorded in the first quarter 2006. This decrease, in turn, reflects the net effect of a € 38.8 million increase in inventories (first quarter 2006: € 22.6 million) and a € 107.5 million increase in receivables and other assets (first quarter 2006: € 64.9 million), which was partially offset by a € 169.9 million increase in liabilities (first quarter 2006: € 126.3 million).

Capital expenditure on intangible assets and property, plant equipment (mainly relating to program investments) in the first quarter 2007 was € 6.3 million higher than one year earlier. The cash outflow for **investing activities** therefore amounted to € 17.8 million (first quarter 2006: € 11.6 million).

As far as **financing activities** were concerned, the main factor was the repayment of the short-term RCF overdraft which was reduced from € 75.6 million at December 31, 2006 to € 10.7 million at March 31, 2007. Net of some minor changes for assets and liabilities in balances with related companies, the cash outflow for financing activities in the first quarter 2007 was € 59.5 million. The equivalent figure for the previous year was € 11.8 million.

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the Group, the various cash flows resulted in a decrease in cash and cash equivalents of € 13.0 million (first quarter 2006: increase of € 58.3 million). **Free cash flow** (the sum of the cash inflow from operating activities and the cash outflow for investing activities) totalled € 46.3 million for the period ended March 31, 2007 (first quarter 2006: € 69.6 million).

Change in Cash and Cash Equivalents



Net assets position

The balance sheet total increased by € 114.4 million or 3.7% compared to December 31, 2006.

While fixed assets decreased by € 20.1 million mainly as a result of scheduled amortization and depreciation on intangible assets and property, plant and equipment, current assets increased overall by € 134.5 million. This includes a € 38.8 million increase in inventories and a € 145.7 million increase in receivables (including POC maintenance receivables and trade receivables). By contrast, other current assets and receivables decreased in total by € 34.7 million. This related primarily to receivables from related companies which went down by € 14.4 million compared with the end of the previous financial year. The other main change affecting this line item was the reduction in taxes receivable. As a result of the decrease in the cash inflows from operating and financing activities, and the higher cash outflow for investing activities, cash and cash equivalents decreased during the first quarter by € 13.0 million to € 89.2 million.

Group equity rose from € 562.3 million to € 581.2 million, mainly as a result of the net profit for first quarter 2007, amounting to € 18.0 million, and the direct equity impact of the convertible bond (net of transaction costs and taxes), amounting to € 8.5 million. Within group equity, accumulated other equity decreased by € 1.2 million during the first quarter from € 12.9 million to € 11.7 million. This reduction was due to a € 1.0 million decrease in the fair values of derivative financial instruments (net of deferred taxes) and negative exchange differences of € 0.2 million.

The equity ratio decreased marginally to 18.0% (December 31, 2006: 18.1%) as a result of the increase in the balance sheet total.

Pension provisions increased by € 6.3 million in line with schedule.

Other non-current provisions remained unchanged, while other current provisions decreased by € 26.3 million, mainly as a result of the reduction in personnel-related provisions against December 31, 2006.

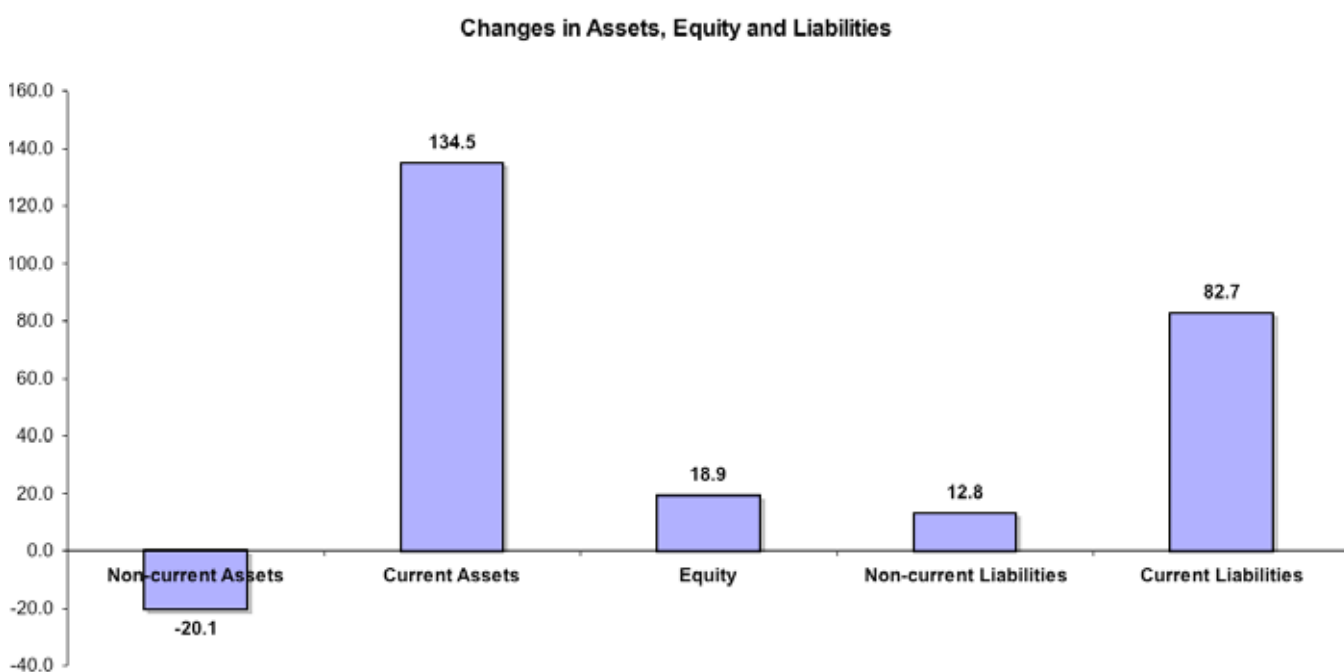
Financial liabilities decreased mainly as a result of partial repayment (€ 64.9 million) of the RCF overdraft which had been drawn down on a short-term basis at the end of the previous financial year (see Note 19).

Trade payables increased by € 81.9 million to € 398.7 million due to timing factors.

Other liabilities were up by € 88.0 million to € 796.0 million. The main factors here were a € 41.7 million increase in advance payments from customers, a € 35.8 million increase in liabilities to related companies (mainly due to timing factors) and a € 8.8 million increase in taxes payable.

The following table shows the changes in assets and liabilities during the period from December 31, 2006 to March 31, 2007, analyzed by current and non-current items:

Change in Assets, Equity and Liabilities		
(Statement of changes between December 31, 2006 and March 31, 2007)	in € million	in € million
Non-current Assets		
Intangible assets	-8.2	
Property, plant and equipment	-8.2	
Financial assets	-0.8	
Other assets	-2.8	
Deferred tax assets	-0.1	-20.1
Current Assets		
Inventories	38.8	
Receivables	145.7	
Other assets	-34.7	
Cash and cash equivalents	-13.0	
Prepayments	-2.3	134.5
Change in Assets		114.4
Equity		18.9
Non-current Liabilities		
Provisions	6.4	
Financial liabilities	-7.1	
Other liabilities	0.8	
Deferred tax liabilities	12.7	12.8
Current Liabilities		
Provisions	-26.4	
Financial liabilities	-60.0	
Trade payables	81.9	
Other liabilities	87.2	82.7
Change in Equity and Liabilities		114.4



Consolidated Income Statement		
in € million	(Notes)	Group
		Jan. 1 to March 31, 2007 Jan. 1 to March 31, 2006^{*)}
Revenues		640.6
Cost of sales	(6.)	-539.0
Gross profit		101.6
Research and development expenses	(7.)	-17.0
Selling expenses	(8.)	-18.5
General administrative expenses	(9.)	-9.7
Other operating income and expenses		0.3
Earnings before interest and tax		56.7
Financial result	(10.)	-26.2
Share of profit / loss of joint ventures accounted for using the equity method		-0.7
Earnings before tax		29.8
Income taxes	(11.)	-11.8
Net profit		18.0
Basic (undiluted) earnings per share in €	(12.)	0.34
Diluted earnings per share in €	(12.)	0.33

*) MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, adjusted for 50% proportionate consolidation

Consolidated Balance Sheet: Assets

in € million	(Notes)	Group	
		March 31, 2007	December 31, 2006
Non-current Assets			
Intangible assets	(13.)	1,181.3	1,189.5
Property, plant and equipment	(14.)	529.6	537.8
Financial assets		11.4	12.2
Other assets	(16.)	9.0	11.8
Deferred tax assets		1.3	1.4
		1,732.6	1,752.7
Current Assets			
Inventories	(15.)	567.8	529.0
Receivables	(16.)	756.8	611.1
Other assets	(16.)	73.3	108.0
Cash and cash equivalents		89.2	102.2
Prepayments		6.9	9.2
		1,494.0	1,359.5
Total Assets		3,226.6	3,112.2

Consolidated Balance Sheet: Equity and Liabilities

in € million	(Notes)	Group	
		March 31, 2007	December 31, 2006
Equity	(17.)		
Subscribed capital		55.0	55.0
Capital reserves		464.5	455.7
Revenue reserves		99.4	81.4
Treasury shares		-49.4	-42.7
Accumulated other equity		11.7	12.9
		581.2	562.3
Non-current Liabilities			
Pension provisions		383.5	377.1
Other provisions	(18.)	261.0	261.0
Financial liabilities	(19.)	242.5	249.6
Other liabilities	(20.)	298.0	297.2
Deferred tax liabilities	(21.)	319.9	307.2
		1,504.9	1,492.1
Current Liabilities			
Pension provisions		17.7	17.8
Other provisions	(18.)	196.9	223.2
Financial liabilities	(19.)	29.2	89.2
Trade payables		398.7	316.8
Other liabilities	(20.)	498.0	410.8
		1,140.5	1,057.8
Total Equity and Liabilities		3,226.6	3,112.2

Consolidated Statement of Changes in Equity

	Sub- scribed capital	Capital re- serves ^{*)}	Revenue re- serves ^{*)}	Treasury shares	Accumulated other equity			Total
					Trans- lation differences	Derivative financial instru- ments	Subtotal	
in € million								
Balance as at January 1, 2006	55.0	454.5	32.5		1.0	-15.0	-14.0	528.0
Financial instruments (forward foreign exchange contracts)						8.5	8.5	8.5
Translation differences					-0.2		-0.2	-0.2
= Income and expense not recognized in the income statement					-0.2	8.5	8.3	8.3
Net profit for the period			17.8					17.8
= Total income and expense for the period			17.8		-0.2	8.5	8.3	26.1
Matching Stock Program (MSP)		0.3						0.3
Balance as at March 31, 2006	55.0	454.8	50.3		0.8	-6.5	-5.7	554.4
Balance as at January 1, 2007	55.0	455.7	81.4	-42.7	-2.6	15.5	12.9	562.3
Financial instruments (forward foreign exchange contracts)						-1.0	-1.0	-1.0
Translation differences					-0.2		-0.2	-0.2
= Income and expense not recognized in the income statement					-0.2	-1.0	-1.2	-1.2
Net profit for the period			18.0					18.0
= Total income and expense for the period			18.0		-0.2	-1.0	-1.2	16.8
Equity component of convertible bond		10.5						10.5
Transaction cost (after tax)		-2.0						-2.0
Purchase of treasury shares				-6.7				-6.7
Matching Stock Program (MSP)		0.3						0.3
Balance as at March 31, 2007	55.0	464.5	99.4	-49.4	-2.8	14.5	11.7	581.2

*) Same period last year: The fair value of the equity instruments under the Matching Stock Program has been reclassified to capital reserves (see also Note 4).

**) Same period last year: Retained earnings (see also Note 4).

Reference should be made to Note 4 for all other adjustments.

Consolidated Cash Flow Statement		
in € million	Group	
	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2006 ^{**)}
Net profit	18.0	17.8
+ Depreciation and amortization	33.9	37.5
+/- Profit/loss of associated companies	0.7	2.3
+/- Profit/loss on disposal of fixed assets		0.2
+/- Change in pension provisions	6.3	6.0
+/- Change in other provisions	-26.3	-24.7
+/- Change in non-cash taxes	7.6	3.0
+/- Change in Matching Stock Program	0.3	0.3
+/- Change in inventories	-38.8	-22.6
+/- Change in receivables (excl. derivatives)	-107.5	-64.9
+/- Change in liabilities (excl. derivatives)	169.9	126.3
Cash flow from operating activities	64.1	81.2
- Investments in intangible assets and property, plant and equipment	-17.9	-11.6
+ Proceeds from fixed asset disposals	0.1	
Cash flow from investing activities	-17.8	-11.6
Free cash flow	46.3	69.6
+/- Change in financial liabilities	-67.1	-11.8
- Purchase of treasury shares	-6.7	
+ Change in capital in connection with convertible bond ^{*)}	14.3	
Cash flow from financing activities	-59.5	-11.8
+/- Exchange rate movements in equity	-0.2	-0.2
+/- Exchange rate movements in fixed assets	0.4	0.7
	0.2	0.5
Change in cash and cash equivalents	-13.0	58.3
Cash and cash equivalents as at January 1	102.2	22.0
Cash and cash equivalents as at March 31	89.2	80.3
Change in cash and cash equivalents	-13.0	58.3
Cash and cash equivalents as at March 31	89.2	80.3
- Revolving Credit Facility (see Note 19)	-10.7	
Net liquidity as at March 31	78.5	80.3

^{*)} net of transaction costs

^{**)} MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, adjusted for 50% proportionate consolidation

Basis of preparation

1. General information

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

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

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

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

2. IFRS financial reporting

The consolidated financial statements of MTU Aero Engines Holding AG as at December 31, 2006, were drawn up in accordance with International Financial Reporting Standards (IFRS), such as these apply in the EU, and the guidelines of the International Accounting Standards Board (IASB), based in London. The interim consolidated financial statements (“Interim Report”) as at March 31, 2007, which have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting), have been drawn up using, in all material respects, the same accounting policies as in the 2006 consolidated financial statements. Necessary changes resulting from the application of new or revised Standards or for reasons of greater transparency are explained in Note 4. All Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at March 31, 2007 have also been applied. The Interim Report also complies with German Accounting Standard No. 6 (GAS 6) – Interim Financial Reporting – issued by the German Accounting Standards Committee e. V. (GASC). The Interim Report has not been audited by the Group Auditor.

Further information about the Group’s accounting principles and policies is contained in the MTU Aero Engines Holding AG consolidated financial statements as at December 31, 2006. The reporting currency for the consolidated financial statements is the Euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

3. New financial reporting rules

The IASB and IFRIC have issued the following Standards and Interpretations which have been endorsed by the European Commission:

- Amendment to IAS 39 (Financial Instruments: Recognition and Measurement)
- IFRIC 4 (Determining whether an Arrangement contains a Lease)
- IFRS 7 (Financial instruments: Disclosures) together with the corresponding disclosure requirements in IAS 1

The changes have been applied by the Group from the beginning of 2007.

4. Adjustments to the Group Interim Report

MTU Maintenance Zhuhai Co. Ltd., China, has been consolidated proportionately (at 50%) since the beginning of 2006 (see Note 5).

The following restatements were made within equity in the previous financial year i.e. all effects were taken into taken in the consolidated financial statements for the year ended December 31, 2006:

The profit for the period under report is transferred to revenue reserves with the effect that the balance sheet line “Retained earnings” is no longer required. In addition, the acquisition of treasury shares was recognized on the line “Treasury shares” as a separate sub-item within equity. The fair value of Phantom Stocks, relating to the Matching Stock Program (MSP) and measured using the Black-Scholes method, has been reclassified from “Accumulated other equity” to “Capital reserves” within the Consolidated Statement of Changes in Equity.

Utilization of the Group’s RCF overdraft facility has an impact on liquidity. In order to improve transparency, the Group’s net liquidity status is now disclosed in the Consolidated Cash Flow Statement (after the line “Change in cash and cash equivalents”). For this purpose, the current account overdraft is netted against cash and cash equivalents.

The Financial Reporting Enforcement Panel (FREP), which has the remit to examine the financial statements of the majority of companies taking up a listing on the Stock Exchange, has examined MTU Aero Engines Holding AG’s consolidated financial statements

for the financial year 2005 pursuant to § 342b (2) sentence 3 no. 3 HGB (random sample examinations). MTU decided to concur with the result of the examination. This relevant announcement was made on January 19, 2007. The result of the FREP examination included an interpretation of the accounting treatment of the purchase price allocation relating to three commercial engine programs in conjunction with the purchase of the business by KKR in 2004. For the purposes of purchase accounting for the relevant program assets, the FREP is of the opinion that the obligations directly attributable to these programs as at December 31, 2005 are required to be reported on the liabilities side of the balance sheet (contingent liabilities) and hence, separately from assets. The impact of the restatement was included in full in the 2006 consolidated financial statements. Since the examination findings were not made until the beginning of 2007, the comparative figures for the quarter ended March 31, 2006 have been restated.

5. Consolidated companies

MTU Aero Engines Finance B.V., Amsterdam, Netherlands, was incorporated on January 19, 2007 with share capital of € 18,000. This entity is wholly owned by MTU Aero Engines Holding AG and is included in the consolidated financial statements as at March 31, 2007 for the first-time.

As a consequence of the current and forecast growth (and hence increasing significance for the Group) of MTU Maintenance Zhuhai Co. Ltd., this entity has been consolidated proportionately (at 50%) since January 1, 2006. The corresponding prior year figures have been adjusted for comparison purposes. Regardless of the method applied to consolidate this entity, there is no impact on group earnings per share in the previous year.

In total, seven German and six foreign subsidiaries are included in the consolidated financial statements of MTU Aero Engines Holding AG. Pratt & Whitney Canada Customer Service Centre Europe GmbH, Ludwigsfelde, is consolidated at equity, and MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, is consolidated proportionately. Three subsidiaries are not consolidated on the grounds of immateriality. MTU München Unterstützungskasse GmbH, Munich is also not consolidated, since that entity's obligations are recognized in the consolidated balance sheet.

Notes to the Consolidated Income Statement

6. Cost of sales

Cost of sales		
in € million	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2006
Cost of materials	-417.3	-399.7
Personnel expenses	-90.0	-91.1
Depreciation and amortization	-31.2	-34.9
Other cost of sales	-0.5	29.1
	-539.0	-496.6

7. Research and development expenses

Research and development expenses		
in € million	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2006
Cost of materials	-2.8	1.2
Personnel expenses	-12.7	-13.9
Depreciation and amortization	-1.5	-1.6
	-17.0	-14.3
Utilization of R&D provision		4.0
	-17.0	-10.3

8. Selling expenses

Selling expenses		
in € million	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2006
Cost of materials	-2.7	-2.7
Personnel expenses	-11.0	-10.9
Depreciation and amortization	-0.6	-0.6
Other selling expenses	-4.2	-6.4
	-18.5	-20.6

Selling expenses comprise mainly expenditure for marketing, advertising and sales personnel as well as write-downs on trade receivables.

9. General and administrative expenses

General and administrative expenses		
in € million	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2006
Cost of materials	-1.2	-0.8
Personnel expenses	-6.5	-6.5
Depreciation and amortization	-0.6	-0.4
Other administrative expenses	-1.4	-2.1
	-9.7	-9.8

10. Financial result

Financial result		
in € million	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2006
Net interest expense		
Other interest and similar income	2.2	0.7
Interest expenses		
Bank interest	-0.8	-0.7
Loan interest	-2.1	-3.4
Convertible bond	-1.4	
Penalty for early payment of High Yield Bond ^{*)}	-19.1	
Finance leases	-0.6	-0.7
Non-consolidated companies	-0.1	-0.1
Other interest expenses	-0.4	-0.5
	-24.5	-5.4
	-22.3	-4.7
Financial result on other items		
Exchange rate gains/losses on currency holdings	-1.1	-0.1
Exchange rate gains/losses on financing transactions	0.3	0.3
Exchange rate gains/losses on finance leases	0.2	0.6
Exchange rate gains/losses on interest rate swaps	1.0	1.5
Expenses/income from forward foreign exchange transactions	0.6	
Interest expense attributable to pension provisions	-4.8	-4.6
Interest expense attributable to the R&D provision		-0.1
Interest expense attributable to other personnel provisions	-0.1	
	-3.9	-2.4
	-26.2	-7.1

*) see Note 19

11. Income taxes

Income taxes		
in € million	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2006
Current tax expense	-5.4	-10.0
Deferred tax expense	-6.4	-3.1
Income taxes reported in the income statement	-11.8	-13.1

12. Earnings per share

For the purposes of determining diluted earnings per share, the average number of shares in circulation is added to the maximum number of shares that could be exercised in conjunction with conversion rights issued under the Matching Stock Program on June 6, 2005 and to the maximum number of shares that could

be exercised in conjunction with the MTU Aero Engines Holding AG convertible bond issued on February 1, 2007. In parallel, group earnings are increased by the amount of expenditure incurred to issue the convertible bond.

Basic (undiluted) and diluted earnings per share						
		Jan. 1 to March 31, 2007				Jan. 1 to March 31, 2007
		Basic (undiluted) earnings per share				Financial instruments Reconciliation
			Interest expenses convertible bond/ Number of shares	current and deferred taxes	Matching Stock Program/ Number of shares	
Net profit	in € million	18.0	1.4	-0.6		18.8
Average weighted number of outstanding shares	Number	53,266,684	3,636,364		282,603	57,185,651
Earnings per share	Euro	0.34				0.33

Basic (undiluted) and diluted earnings per share						
		Jan. 1 to March 31, 2006				Jan. 1 to March 31, 2006
		Basic (undiluted) earnings per share	Financial instruments Reconciliation			Diluted earnings per share
			Interest expenses convertible bond/ Number of shares	current and deferred taxes	Matching Stock Program/ Number of shares	
Net profit	in € million	17.8				17.8
Average weighted number of outstanding shares	Number	55,000,000			69,288	55,069,288
Earnings per share	Euro	0.32				0.32

Notes to the Consolidated Balance Sheet

13. Intangible assets

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

Additions to intangible assets during the first quarter 2007 amounted to € 5.0 million (first quarter 2006: € 0.1 million) and related primarily to program-related investments.

The amortization expense for the first quarter 2007 was € 13.1 million (first quarter 2006: € 13.6 million).

14. Property, plant and equipment

Capital expenditure for property, plant and equipment during the first three months of 2007 was € 12.9 million (first quarter 2006: € 11.5 million). The depreciation expense for the same period amounted to € 20.8 million (first quarter 2006: € 23.9 million).

15. Inventories

Inventories		
in € million	March 31, 2007	Dec. 31, 2006
Raw materials and supplies	242.8	230.2
Work in process	301.2	295.3
Advance payments	23.8	3.5
	567.8	529.0

16. Receivables and other assets

Receivables						
in € million	March 31, 2007			Dec. 31, 2006		
	Current Due within one year	Non-current Due in more than one year	Total	Current Due within one year	Non-current Due in more than one year	Total
Trade receivables	425.2		425.2	345.1		345.1
Accounts receivable attributable to production and maintenance orders (PoC)	331.6		331.6	266.0		266.0
	756.8		756.8	611.1		611.1

Other Assets

in € million	March 31, 2007			Dec. 31, 2006		
	Current Due within one year	Non-current Due in more than one year	Total	Current Due within one year	Non-current Due in more than one year	Total
Accounts receivable from related companies						
Associated companies	39.4		39.4	51.1		51.1
Joint ventures	1.1		1.1	3.8		3.8
Tax refund claims						
Income taxes	2.2		2.2	12.5		12.5
Other taxes	2.6		2.6	12.0		12.0
Receivable from suppliers	3.0		3.0	4.6		4.6
Receivable from employees	1.6		1.6	1.3		1.3
Market value of derivatives						
Forward foreign exchange	20.1	4.4	24.5	18.7	7.5	26.2
Interest rate swaps		0.2	0.2		0.2	0.2
Forward purchased of material	0.7	0.3	1.0			
Other assets	2.6	4.1	6.7	4.0	4.1	8.1
	73.3	9.0	82.3	108.0	11.8	119.8

17. Equity

Capital reserves

Capital reserves include premiums arising from the issue of shares and the fair values recorded for the Matching Stock Program. The equity portion of the convertible bond (after tax) issued on February 1, 2007 is also recognized on this line (Note 19).

Revenue reserves

Revenue reserves comprise the post-acquisition and non-distributed earnings of consolidated group companies. Revenue reserves stood at € 99.4 million at the end of the quarter. Revenue reserves increased during the first quarter 2007 by the amount of the net profit (€ 18.0 million).

Treasury shares

Share buy-back

At the Annual General Meeting of MTU Aero Engines Holding AG on May 12, 2006, the shareholders authorized the Board of Management to acquire treasury shares via the stock exchange, up to a maximum of 10% of the Company's share capital in place at the date of the resolution and to withdraw these shares for circulation without any further resolution by the Annual General Meeting. The buy-back authorization remains valid until November 11, 2007.

In conjunction with the authorization resolved at the Annual General Meeting held on May 12, 2006, MTU Aero Engines Holding AG's Board of Management decided to buy back shares via the stock exchange. By March 31, 2007, a total of 1,825,161 shares (i.e. 3.3% of the Company's share capital) had been acquired at an average price of € 27.04 per share. The total cost of the buy-back (€ 49.4 million) has been recognized directly in equity on the line "Treasury shares". Transaction costs incurred in conjunction with the buy-back were recognized directly in equity (net of income taxes).

As a result of the share buy-back transactions, the weighted average number of shares at March 31, 2007 was 53,266,684 shares. At March 31, 2007, a total of 53,174,839 MTU Aero Engines Holding AG shares, each with a par-value of € 1, were in issue.

Determination of the average number of shares in issue during the first quarter 2007 and the number of outstanding shares at March 31, 2007

Determination of the average number of shares in issue during the first quarter 2007						
in number	2007			2006		
	Balance at beginning of month	Purchased 2007	Balance at end of month	Balance at beginning of month	Purchased 2006	Balance at end of month
Purchased/weighted average as at January 1	55,000,000	-1,650,883	53,349,117	55,000,000		55,000,000
January	53,349,117		53,349,117	55,000,000		55,000,000
February	53,349,117	-73,020	53,276,097	55,000,000		55,000,000
March	53,276,097	-101,258	53,174,839	55,000,000		55,000,000
Purchased/weighted average as at March 31		-1,825,161	53,266,684	55,000,000		55,000,000

Accumulated other equity

Accumulated other equity contains adjustments arising from the foreign currency translation of the financial statements of foreign subsidiaries and fair value gains and losses arising on financial instruments recognized directly in equity.

18. Other provisions

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

19. Financial liabilities

Financial liabilities								
in € million	Current		Non-current				Total	
	Due within one year		Due in more than one and less than five years		Due in more than five years		Total	
	March 31, 2007	Dec. 31, 2006	March 31, 2007	Dec. 31, 2006	March 31, 2007	Dec. 31, 2006	March 31, 2007	Dec. 31, 2006
Bonds								
Convertible bond			162.9				162.9	
Interest liability	0.8						0.8	
High Yield Bond						165.0		165.0
Interest liability on High Yield Bond		3.4						3.4
Liabilities to banks								
Revolving Credit Facility	10.7	75.6					10.7	75.6
Other liabilities to banks	11.4	7.6	21.8	25.8			33.2	33.4
Liabilities to related companies								
Non consolidated subsidiaries	3.6						3.6	
Other companies	0.1	0.1					0.1	0.1
Other financial liabilities								
Finance lease liabilities	2.6	2.5	22.7	23.3	22.4	22.7	47.7	48.5
Loan from the province of British Columbia to MTU Maintenance Canada			12.7	12.8			12.7	12.8
	29.2	98.2	220.1	61.9	22.4	187.7	271.7	338.8

The currency used to finance the Group is the Euro. This relates mainly to loans, a convertible bond issue and bank overdrafts (Revolving Credit Facility).

The Group has access to overdraft facilities amounting to € 250 million, based on agreements that run until March 24, 2010. These include a line of credit for € 130 million with a banking consortium. Bilateral credit arrangements (ancillary facilities) have been agreed with three banks for the remaining € 120 million. At March 31, 2007, an amount of € 10.7 million (March 31, 2006: € 0.0 million) of € 250 million was being utilized in the form of current account overdrafts. A further € 18.8 million (March 31, 2006: € 24.1 million) was drawn as bank guarantees to the benefit of third parties. The effective take-up of credit under the Revolving Credit Facility is subject to interest charged at a variable rate tied to market interest rates.

On January 23, 2007, and taking effect on February 1, 2007, MTU Aero Engines Holding AG issued a convertible bond with a total volume of € 180 million (divided into 1,800 partial bonds). The security has a par value of € 100,000 per bond and a term to maturity of five years. The bonds can be converted into registered non-par value common shares of the company corresponding to a proportionate amount (€ 1 per share) of the company's total share capital. The bonds are entitled to receive profits from the beginning of the financial year in which they are issued and the subscription rights of existing shareholders are excluded.

At a conversion price of € 49.50, the conversion ratio at issue date was 2,020.20. The coupon rate is fixed at 2.75%, payable yearly on February 1. The bonds are expected to be admitted for trading on the Luxembourg Stock Exchange by April 30, 2007 at the latest. The issuing company is Amsterdam-based MTU Aero Engines Finance B.V., incorporated on January 19, 2007, and wholly owned by MTU Aero Engines Holding AG.

The present value of the future contractually agreed cash flows under the Convertible Bonds Underwriting Agreement dated January 23, 2007 has been discounted with a market interest rate of 5% (the rate the Company would have had to pay if it had issued a non-convertible bond). The interest expense that will be recognized over the term of the convertible loan results from unwinding the obligation using the market interest used to determine its present value.

MTU has used the cash inflow generated by the convertible loan to pay back the fixed-interest High Yield Bond of € 165.0 million plus early repayment premium and accumulated interest. The total amount so used was € 189.6 million. The early repayment premium of € 19.1 million and the time-apportioned interest expense for 2007 of € 2.1 million reduced Group earnings for the first quarter 2007.

20. Other liabilities

Other liabilities								
in € million	Current		Non-current				Total	Total
	Due within one year		Due in more than one and less than five years		Due in more than five years			
	March 31, 2007	Dec. 31, 2006	March 31, 2007	Dec. 31, 2006	March 31, 2007	Dec. 31, 2006	March 31, 2007	Dec. 31, 2006
Advance payments from customers	297.6	255.9	281.8	281.8			579.4	537.7
Liabilities to related companies								
Non consolidated subsidiaries	3.9	3.9					3.9	3.9
Joint ventures		0.1						0.1
Other companies	93.6	57.7					93.6	57.7
Taxes payable	25.3	16.5					25.3	16.5
Social security	3.2	2.6					3.2	2.6
Employees	60.6	57.9	4.5	4.5			65.1	62.4
Sundry other liabilities	13.8	16.2	9.3	8.5	2.4	2.4	25.5	27.1
	498.0	410.8	295.6	294.8	2.4	2.4	796.0	708.0

21. Income tax liabilities

Income tax liabilities 2007		
in € million	Due in more than one year	Total March 31, 2007
Deferred tax liabilities	319.9	319.9
	319.9	319.9

Income tax liabilities 2006		
in € million	Due in more than one year	Total Dec. 31, 2006
Deferred tax liabilities	307.2	307.2
	307.2	307.2

22. Related party relationships

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

23. Segment information by business segment

The activities of the various segments are described in the consolidated financial statements of MTU Aero Engines Holding AG at December 31, 2006. Segment information for the first three months of 2007 is as follows:

Primary segment information 2007				
	Commercial and Military Engine Business	Commercial Maintenance Business	Consolidation/ reconciliation	Group
	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2007	Jan. 1 to March 31, 2007
in € million				
Revenues with third parties	380.4	260.2		640.6
Commercial	269.7	260.2		529.9
Military	110.7			110.7
Revenues with other segments	3.4	2.1	-5.5	
Commercial	3.4	2.1	-5.5	
Military				
Total revenues	383.8	262.3	-5.5	640.6
Commercial	273.1	262.3	-5.5	529.9
Military	110.7			110.7
Cost of sales	-315.9	-228.4	5.3	-539.0
Gross profit	67.9	33.9	-0.2	101.6
Earnings before interest and tax (EBIT)	33.5	22.1	1.1	56.7
Depreciation and amortization	25.5	8.4		33.9
Earnings before interest, tax, depreciation and amortization (EBITDA)	59.0	30.5	1.1	90.6
Earnings before interest, tax, depreciation and amortization (EBITDA adjusted)	59.0	30.5	1.1	90.6
Financial result	-5.7	-0.7	-19.8	-26.2
Share of profit/loss of joint ventures accounted for using the equity method		-0.7		-0.7
Internal allocation	-1.1	1.1		
Earnings before tax (EBT)	26.7	21.8	-18.7	29.8
Pre-tax return on sales %	7.0	8.3		4.7

Primary segment information 2006

	Commercial and Military Engine Business	Commercial Maintenance Business	Consolidation/ reconciliation	Group
	Jan. 1 to March 31, 2006	Jan. 1 to March 31, 2006	Jan. 1 to March 31, 2006	Jan. 1 to March 31, 2006
in € million				
Revenues with third parties	345.6	228.9		574.5
Commercial	243.3	228.9		472.2
Military	102.3			102.3
Revenues with other segments	2.7	2.1	-4.8	
Commercial	2.7	2.1	-4.8	
Military				
Total revenues	348.3	231.0	-4.8	574.5
Commercial	246.0	231.0	-4.8	472.2
Military	102.3			102.3
Cost of sales	-304.1	-197.3	4.8	-496.6
Gross profit	44.2	33.7		77.9
Earnings before interest and tax (EBIT)	21.0	17.2	-0.2	38.0
Depreciation and amortization	28.8	8.7		37.5
Earnings before interest, tax, depreciation and amortization (EBITDA)	49.8	25.9	-0.2	75.5
Earnings before interest, tax, depreciation and amortization (EBITDA adjusted)	43.1	25.9	-0.2	68.8
Financial result	-4.1	-1.1	-1.9	-7.1
Share of profit/loss of joint ventures accounted for using the equity method				
Internal allocation	-2.3	2.3		
Earnings before tax (EBT)	14.6	18.4	-2.1	30.9
Pre-tax return on sales %	4.2	8.0		5.4

Financial Calendar

Teleconference on first quarter 2007 earnings	April 23, 2007
Annual General Meeting for the financial year 2006	April 27, 2007
Teleconference first quarter 2007/six months earnings	July 25, 2007
2007 conference with analysts and investors	September 21, 2007
Teleconference on third quarter 2007 earnings	October 25, 2007

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MTU Aero Engines Holding AG on the Internet

- Further information about MTU Aero Engines Holding AG can be obtained via the Internet at: www.mtu.de.
- Investor Relations information is available directly at <http://www.mtu.de/de/investorrelations/index.html>.
- Information about MTU Aero Engines Holding AG's can be obtained at: www.mtu.de/de/programme/index.html

The German version of the report is prevail.

The English translation is for convenience only.



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