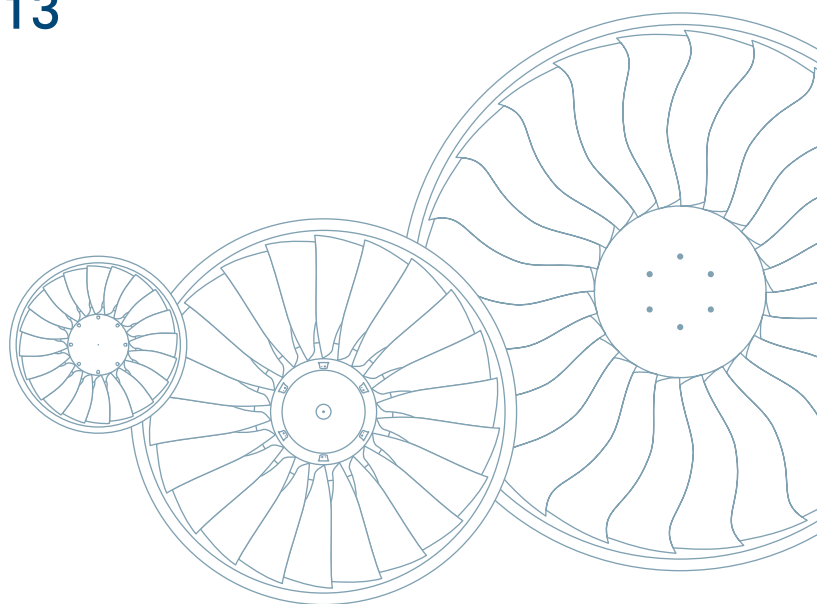




Half-Yearly Financial Report January 1 to June 30, 2013

MTU Aero Engines AG, Munich



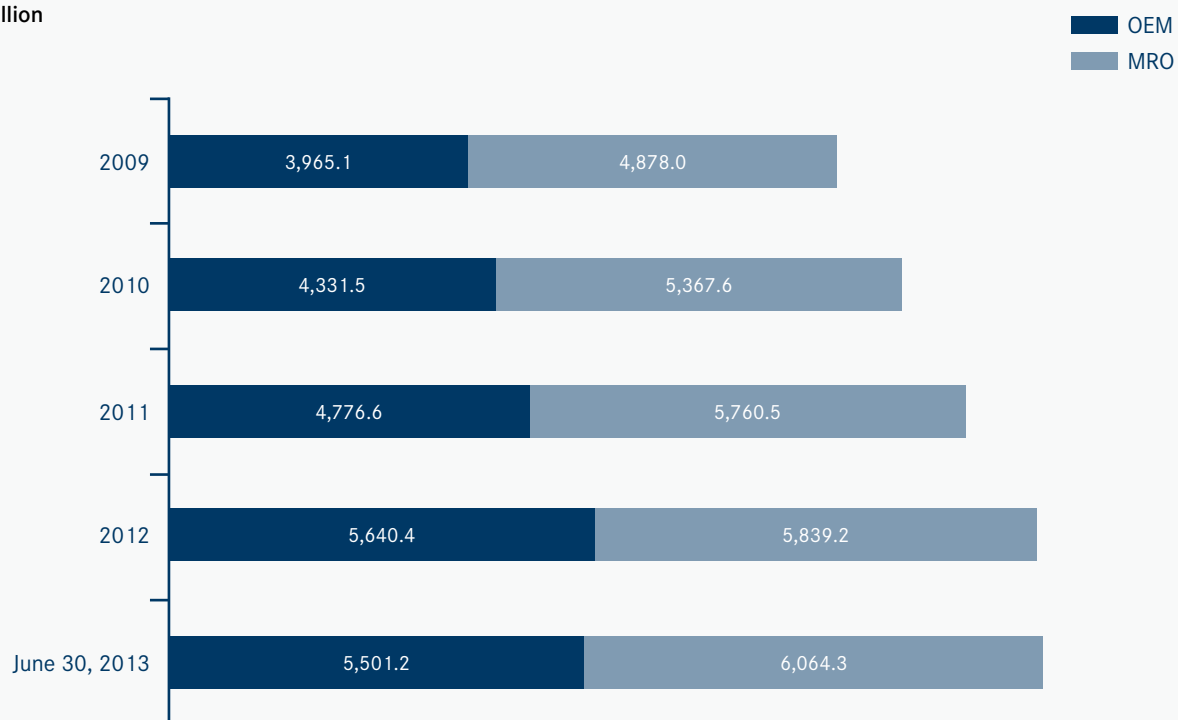
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Key Facts and Figures for the Group				
in € million (unless otherwise specified)	Jan. 1 - June 30, 2013	Jan. 1 - June 30, 2012	Change against previous year	
			in € million	in %
Income Statement				
Revenues	1,852.2	1,559.0	293.2	18.8
Gross profit	267.4	280.6	-13.2	-4.7
Earnings before interest and tax (EBIT)	142.9	166.4	-23.5	-14.1
Adjusted earnings before interest and tax (EBIT adjusted)	171.7	175.8	-4.1	-2.3
Earnings before tax (EBT)	116.3	155.7	-39.4	-25.3
Earnings after tax (EAT)	72.7	114.4	-41.7	-36.5
Adjusted earnings after tax (EAT adjusted)	105.1	109.7	-4.6	-4.2
Undiluted earnings per share (in €)	1.43	2.26	-0.83	-36.7
Diluted earnings per share (in €)	1.43	2.26	-0.83	-36.7
Revenue margins in %				
Earnings before interest and tax (EBIT)	7.7	10.7		
Adjusted earnings before interest and tax (EBIT adjusted)	9.3	11.3		
Earnings before tax (EBT)	6.3	10.0		
Earnings after tax (EAT)	3.9	7.3		
Adjusted earnings after tax (EAT adjusted)	5.7	7.0		
Cash flow				
Cash flow from operating activities	70.9	108.9	-38.0	-34.9
Cash flow from investing activities	-60.3	-263.6	203.3	77.1
Free cash flow	24.2	48.8	-24.6	-50.4
Cash flow from financing activities	36.6	117.7	-81.1	-68.9
Change in cash and cash equivalents	46.8	-34.7	81.5	>100
	June 30, 2013	Dec. 31, 2012	Change against previous year	
in € million (unless stated otherwise)			in € million	in %
Balance Sheet				
Intangible assets	1,755.2	1,774.4	-19.2	-1.1
Cash and cash equivalents	208.0	161.2	46.8	29.0
Pension provisions	610.5	616.7	-6.2	-1.0
Equity	1,067.6	1,089.3	-21.7	-2.0
Net debt	485.1	391.3	93.8	24.0
Order book	11,565.5	11,479.6	85.9	0.7
Commercial and Military Engine business (OEM) before consolidation	5,501.2	5,640.4	-139.2	-2.5
Commercial Maintenance business (MRO) before consolidation	6,064.3	5,839.2	225.1	3.9
Number of employees	8,577	8,541	36	0.4
Commercial and Military Engine business (OEM)	5,163	5,160	3	0.1
Commercial Maintenance business (MRO)	3,414	3,321	93	2.8
Other entities		60	-60	-100.0

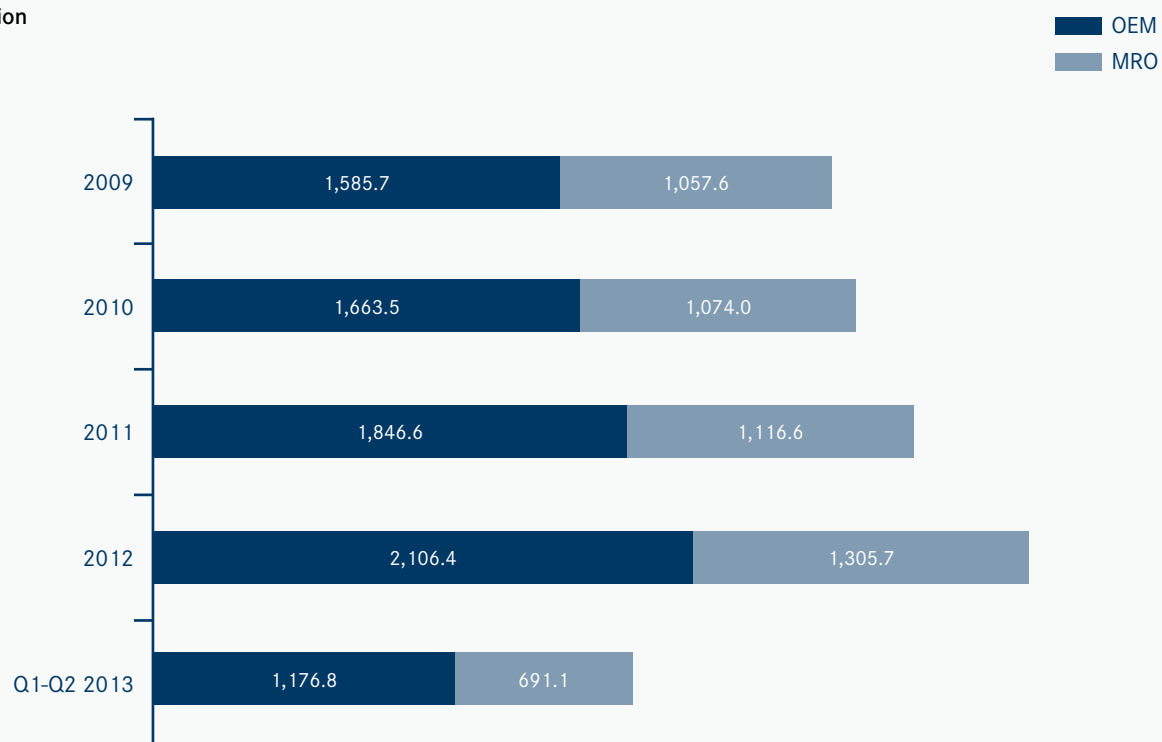
Order book by segment (before consolidation)

in € million



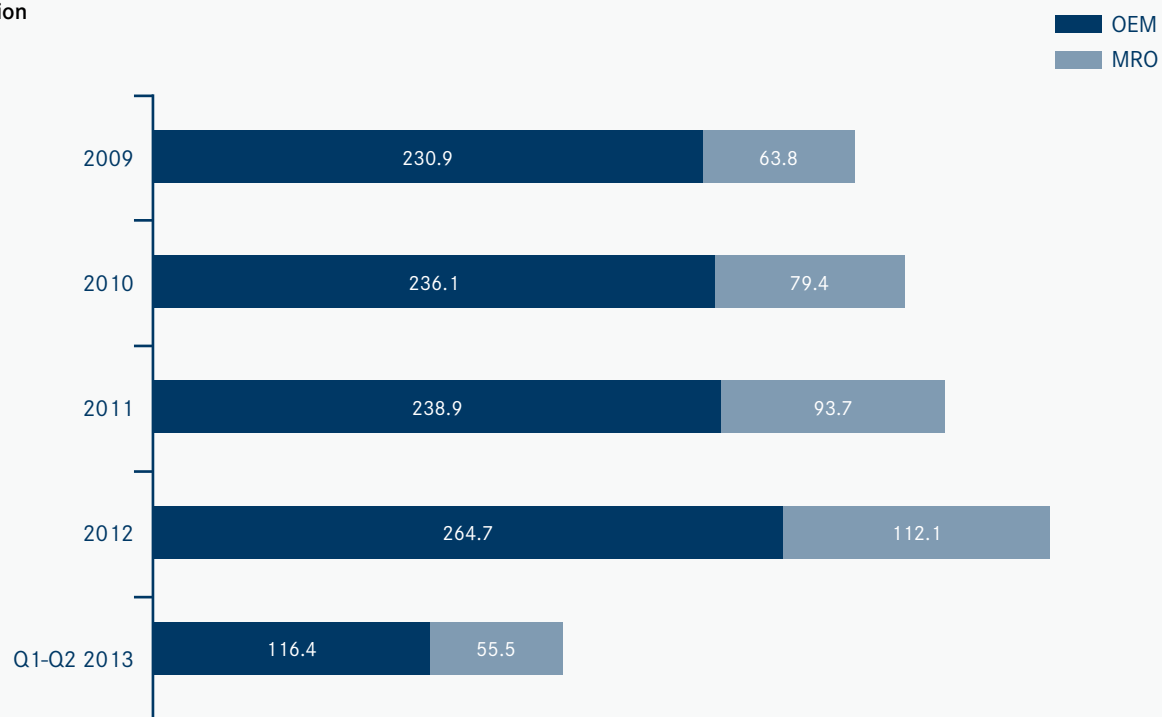
Revenues by segment (before consolidation)

in € million



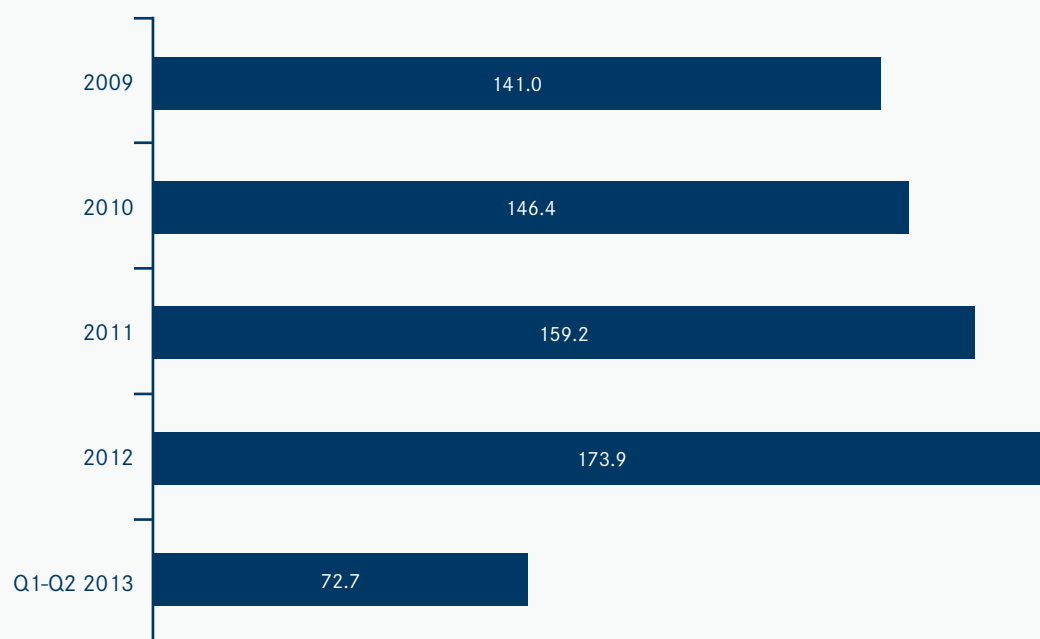
EBIT adjusted by segment (before consolidation)

in € million



Earnings after tax

in € million



1 Economic Environment

In April the Economist Intelligence Unit (EIU) predicted a growth rate of 2.2 % for 2013, which it revised down to 2.1 % in July. Economic growth in 2013 is therefore likely to be slightly slower than in the previous year's rate of 2.2 % (source: EIU July 2013).

Recession in the euro zone, slower growth in the world's emerging markets and languishing global trade volumes have all had their impact on the global economic growth rate.

Due to the recession and impact of the unresolved sovereign debt crisis in the euro zone, the economy in this region failed to make any headway, with the negative growth rate of 0.6 % in the fourth quarter of 2012 deteriorating by a further 0.2 percentage points in the first quarter of 2013. There seems to be little likelihood of any economic stabilization in the EU before the year end.

The latest figures coming out of the USA confirmed the expected upwards trend on this market. The world's largest economy grew by 2.5 % in the first quarter of 2013, compared with 0.1 % in the final quarter of the previous year. Despite a high unemployment rate and the austerity measures imposed by the US government, consumer spending increased, while at the same time the credit and property markets seemed to settle down.

Prospects for economic growth in China are more overcast as a result of the weak global economy. The Chinese economy was still expanding at a rate of 7.9 % in the fourth quarter of 2012, but could only manage a growth rate of 7.7 % in the first three months of 2013.

Changes in the value of the US dollar are particularly important for MTU's international business. Since the beginning of the year, the US dollar has slightly appreciated in value, finishing the period under report at US \$ 1.31 to the euro (December 31, 2012: US \$ 1.32 to the euro). The average rate of the US dollar to the euro during the six-month period to June 30, 2013 (US \$ 1.31) was nevertheless marginally higher than in the corresponding period one year earlier (US \$ 1.30). 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.

2 Sector environment

Air passenger numbers rose by 4.3 % in the first five months of 2013. The increase in May was as high as 5.6 %. The industry association, IATA, forecasts that airlines will generate profits in the region of US \$ 12.7 billion (€ 9.8 billion) in the current year, 20 % more than it was predicting in March. The forecast figure is also well ahead of the US \$ 7.6 billion earned by the airlines in 2012.

The price of Brent Crude oil fell from US \$ 112 in the first quarter of 2013 to US \$ 103 in the second quarter of 2013, reflecting the impact of lower consumption in OECD countries on the one hand and increased oil production worldwide on the other. The price drop has a positive impact on the earnings reported by the airlines.

The order book for aircraft in the plus 100-seat category went up from 10,065 aircraft at the end of the first quarter 2013 to 10,620 aircraft at the end of the second quarter 2013. Orders placed at the Paris Air Show exceeded expectations.

MTU itself won orders to the tune of more than US \$ 1.3 billion (roughly € 1 billion) at the Paris Air Show. Three quarters of the 1,300 engines ordered in total related to the more economical and quieter geared turbofan family, PW1000G. MTU benefits from the success of the PW1100G-JM engine (for the A320neo) as well as from orders placed for the new Embraer E-Jet E2 family, for which the geared turbofan was selected as engine in January 2013.

One highlight of the Paris Air Show was the launch of the Boeing 787-10, the stretch version of the 787 Dreamliner. The GENx engine program kicked off with orders for 102 engines.

A total of 599 aircraft were delivered during the first six months of 2013, 6 % more than in the same period last year. Aircraft production rates are therefore within the forecast range announced by Airbus and Boeing.

Airbus and Boeing plan to delivery 1,240 aircraft to their customers in 2013. If achieved, this would surpass the record number of 1,179 aircraft delivered in 2012 by 5 % (source: Ascend Online).

There are some signs that the long-awaited recovery in the business jet sector gathering momentum. Despite the availability of a large number of newish, pre-owned aircraft and the stagnation in flight movement volumes, the number of new deliveries increased in the first quarter of 2013 by approximately 5 % compared to the same period last year. The launch of new aircraft models in the coming years should accentuate this positive trend.

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. 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 six months of the year totaled € 95.7 million (January - June 2012: € 118.0 million). The research and development ratio – measured as R&D expenditure before capitalization divided by revenues – decreased by 2.4 percentage points to 5.2 % (January - June 2012: 7.6 %).

Research and development expenses				
	Jan. 1 - June 30, 2013 in € million	Jan. 1 - June 30, 2012 in € million	Change against previous year	
			in € million	in %
Commercial Engine business	68.4	71.9	-3.5	-4.9
Commercial Maintenance business	2.2	2.2		
Military Engine business	25.1	43.9	-18.8	-42.8
Research and development (before amounts capitalized)	95.7	118.0	-22.3	-18.9
R&D ratio (as % of revenues)	5.2	7.6		

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 8 of the Selected Explanatory Notes to the Interim Consolidated Financial Statements as R&D expense. Externally funded R&D activities are accounted for as construction contract receivables or payables in accordance with IAS 11 since the work is commissioned specifically by national and international consortia. R&D expenses of € 95.7 million (January - June 2012: € 118.0 million) included € 68.8 million (January - June 2012: € 75.9 million) relating to company-funded R&D expenditure. Of this amount, € 66.6 million (January - June 2012: € 73.7 million) related to Commercial and Military Engines business (OEM).

The six-month expense for Commercial Maintenance business was € 2.2 million (January - June 2012: € 2.2 million) and related primarily to new repair techniques.

The following table includes the own-financed research and development expense reported in the income statement.

Research and development expenses reported in income statement (self-financed)				
	Jan. 1 - June 30, 2013 in € million	Jan. 1 - June 30, 2012 in € million	Change against previous year	
			in € million	in %
Commercial Engine business	57.7	60.0	-2.3	-3.8
Commercial Maintenance business	2.2	2.2		
Military Engine business	8.9	13.7	-4.8	-35.0
Own financed R&D expenditure	68.8	75.9	-7.1	-9.4
Capital expenditure on assets required to be capitalized				
Commercial and Military Engine business	-21.9	-22.0	0.1	0.5
Commercial Maintenance business	-0.4	-0.4		
Total capitalized	-22.3	-22.4	0.1	0.4
Research and development expenses per income statement	46.5	53.5	-7.0	-13.1
Capitalization ratio in %	32.4	29.5		

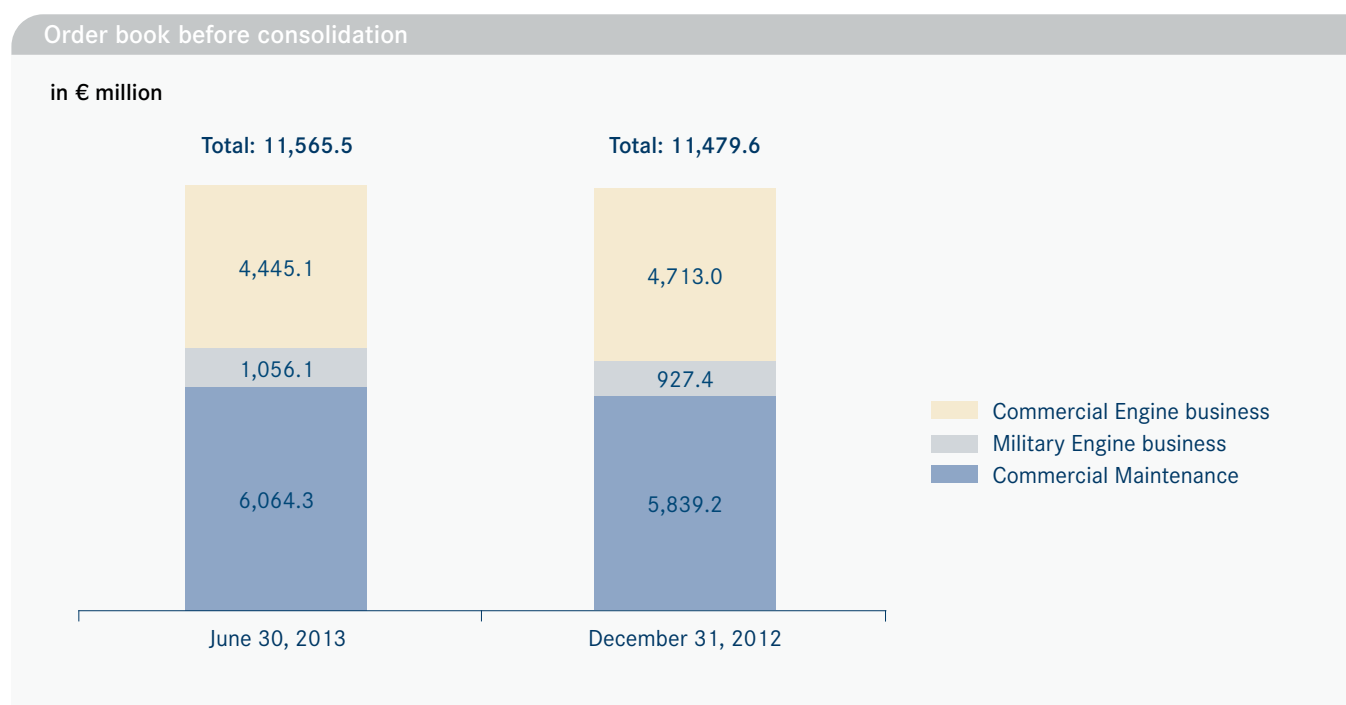
Development costs capitalized for the Military and Commercial Engine lines of business amounted to € 21.9 million (January - June 2012: € 22.0 million) and related to the GE38 and PW1100G engine programs.

Capitalized development costs in the Commercial Maintenance segment amounted to € 0.4 million (January - June 2012: € 0.4 million) and arose in connection with the rationalization of production processes and optimization of repair techniques.

5 Financial review

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.



The order book at June 30, 2013 amounting to € 11.6 billion (December 31, 2012: approximately € 11.5 billion) corresponds to a workload of over three years.

5.2 Operating results, financial situation and net assets

Earnings performance

Sales

Revenues for the six-month period under report increased by € 293.2 million (18.8 %) to € 1,852.2 million. Within those figures, revenues from Commercial and Military Engine business increased by € 243.2 million (26.0 %) to € 1,176.8 million. Revenues generated with Commercial Maintenance business increased by € 49.9 million (7.8 %) to € 691.1 million. Adjusted for the US dollar impact (i.e. using the same exchange rate as in the previous year), group revenues for the six-month period would have increased by € 314.4 million (20.2 %).

Cost of sales and gross profit

Cost of sales for the first six months of 2013 increased by € 306.4 million (24.0 %) to € 1,584.8 million. As a result, the gross profit for the six-month period decreased slightly by € 13.2 million (4.7 %) to € 267.4 million. The gross profit margin fell to 14.4 % (January - June 2012: 18.0 %).

Earnings before interest and tax (EBIT)

Earnings before interest and tax for the six-month period came in at € 142.9 million (January - June 2012: € 166.4 million). Six-month adjusted earnings before interest and tax amounted to € 171.7 million (January - June 2012: € 175.8 million), resulting in an adjusted EBIT margin of 9.3 % (January - June 2012: 11.3 %).

Financial result

The financial result for the first half of the year was a net expense of € 26.6 million (January - June 2012: net expense of € 10.7 million). This deterioration includes the effect of higher net interest expenses, mostly attributable to interest accrued for the corporate bond issued on June 20, 2012 and for the registered notes issued on June 12, 2013. The six-month financial result on other items includes various additional charges compared to the previous year. These related primarily to net fair value losses of € 1.0 million on currency and interest derivatives (January - June 2012: net fair value gains of € 4.7 million), and currency holdings gains of € 0.2 million (January - June 2012: € 3.4 million).

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 six-month period dropped by € 39.4 million (25.3 %) to € 116.3 million (January - June 2012: € 155.7 million).

Earnings after tax (EAT)

Earnings after tax fell to € 72.7 million (January - June 2012: € 114.4 million), in line with the decrease in earnings before tax. Adjusted earnings before tax amounted to € 105.1 million (January - June 2012: € 109.7 million), a decrease of € 4.6 million (4.2 %) compared to the corresponding period last year.

Consolidated Statement of Comprehensive Income

In the consolidated statement of comprehensive income, earnings after tax of € 72.7 million (January - June 2012: € 114.4 million) are reconciled to the comprehensive income for the period of € 37.9 million (January - June 2012: € 75.7 million).

Income and expenses recognized directly in comprehensive income during the first six months of 2013 (net of deferred taxes) comprise mainly net losses of € 28.7 million (January - June 2012: € 17.2 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 € 14.3 million (January - March 2012: net positive impact of € 5.4 million) on comprehensive income for the period. Actuarial gains and losses on pension obligations and plan assets increased comprehensive income by € 8.2 million (January - June 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 performance 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 - June 30, 2013 in € million	Jan. 1 - June 30, 2012 in € million	Change against previous year	
			in € million	in %
Earnings before interest and tax (EBIT)	142.9	166.4	-23.5	-14.1
Amortization/depreciation on purchase price allocation/ V2500 share increase	28.8	9.4	19.4	>100
Adjusted earnings before interest and tax (EBIT adjusted)	171.7	175.8	-4.1	-2.3
Interest result	-5.8	-0.6	-5.2	<-100
Accrued interest for pension provision	-10.0	-12.4	2.4	19.4
Adjusted earnings before tax (EBT adjusted)	155.9	162.8	-6.9	-4.2
Income taxes 32.6%	-50.8	-53.1	2.3	4.3
Adjusted earnings after tax (EAT adjusted)	105.1	109.7	-4.6	-4.2

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 issues of a corporate bond in June 2012, registered notes in June 2013 and promissory notes.

At June 30, 2013, the MTU Group has access to credit facilities of € 100.0 million with two banks. Of these credit facilities, € 13.9 million (December 31, 2012: € 13.7 million) were being utilized at June 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 six months of 2013, cash outflows of € 20.3 million for payables relating to the IAE-V2500 stake increase and net cash inflows of € 6.7 for investments in/divestitures of financial assets were allocated to non-direct operating activities. In the previous year, net cash inflows of € 30.0 million relating to investments in and divestiture of financial assets and disbursements of € 233.5 million relating to the IAE-V2500 stake increase were required to be allocated to non-direct operating activities.

Free cash flow during the first six months of 2013 fell by € 24.6 million to € 24.2 million (January - June 2012: € 48.8 million).

Financial position				
	Jan. 1 - June 30, 2013 in € million	Jan. 1 - June 30, 2012 in € million	Change against previous year	
			in € million	in %
Cash flow from operating activities	70.9	108.9	-38.0	-34.9
Cash flow from investing activities	-60.3	-263.6	203.3	77.1
+ (-) non-operating exceptional items	13.6	203.5	-189.9	-93.3
Free cash flow	24.2	48.8	-24.6	-50.4
+ (-) non-operating exceptional items	-13.6	-203.5	189.9	93.3
Cash flow from financing activities	36.6	117.7	-81.1	-68.9
Exchange rate changes	-0.4	2.3	-2.7	<-100
Change in cash and cash equivalents	46.8	-34.7	81.5	>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	208.0	164.1	43.9	26.8

Cash flows from operating activities

The cash flow from operating activities for the first six months of 2013 decreased by € 38.0 million to € 70.9 million (January - June 2012: € 108.9 million).

Cash flow from investing activities

The cash outflow for investing activities for the six-month period was € 60.3 million compared with € 263.6 million in the previous year. Cash spend on investments in intangible assets totaled € 36.1 million (January - June 2012: € 244.0 million) and related primarily to capitalized development costs for the PW1100G and GE38 engine programs, the payment of liabilities in connection with the V2500 stake increase and disbursements for maintenance techniques. In the previous year, investments included payments for the V2500 stake increase. Investments in property, plant and equipment during the six-month period decreased to € 32.1 million (January - June 2012: € 39.6 million). Cash outflows for financial assets amounted to € 15.0 million (January - June 2012: € 20.3 million).

Proceeds from the sale of intangible assets and property, plant and equipment during the first six months of 2013 totaled € 2.9 million (January - June 2012: € 0.3 million). Proceeds of € 20.0 million (January - June 2012: € 40.0 million) were also received on the sale of financial assets.

Cash flow from financing activities

The cash inflow from financing activities during the period from January to June 2013 was € 36.6 million (January - June 2012: € 117.7 million).

Cash and cash equivalents

The various cash flows resulted in an increase in cash and cash equivalents of € 46.8 million (January - June 2012: decrease of € 34.7 million).

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

Cash and cash equivalents				
	June 30, 2013	Dec. 31, 2012	Change against previous year	
	in € million	in € million	in € million	in %
Demand deposits and cash	151.4	118.0	33.4	28.3
Fixed-term and overnight deposits with an original maturity of three months or less	56.6	43.2	13.4	31.0
Cash and cash equivalents	208.0	161.2	46.8	29.0

Net financial debt

MTU defines net financial debt as the difference between gross financial liabilities and financial assets. Net financial debt at June 30, 2013 amounted to € 485.1 million (December 31, 2012: € 391.3 million).

Net financial debt				
	June 30, 2013	Dec. 31, 2012	Change against previous year	
	in € million	in € million	in € million	in %
Bonds and notes	346.4	252.5	93.9	37.2
Financial liabilities arising from IAE V2500 share increase	288.0	299.7	-11.7	-3.9
Financial liabilities to banks				
Promissory notes	11.6	12.0	-0.4	-3.3
Other liabilities to banks	39.7	34.9	4.8	13.8
Financial liabilities to related parties	6.5		6.5	100
Finance lease liabilities	8.4	3.5	4.9	>100
Other financial liabilities	29.4	16.3	13.1	80.4
Gross financial liabilities	730.0	618.9	111.1	18.0
less:				
Cash and cash equivalents				
Demand deposits and cash	151.4	118.0	33.4	28.3
Fixed-term and overnight deposits with an original maturity of three months or less	56.6	43.2	13.4	31.0
Financial assets	36.9	66.4	-29.5	-44.4
Gross financial assets	244.9	227.6	17.3	7.6
Net financial debt	485.1	391.3	93.8	24.0

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 items in the statement of financial position

The balance sheet total at June 30, 2013 amounted to € 4,317.7 million, an increase of € 55.8 million over the end of the previous financial year (December 31, 2012: € 4,261.9 million).

Non-current assets went up by € 21.6 million to € 2,472.7 million (December 31, 2012: € 2,451.1 million), while current assets increased by € 34.2 million to € 1,845.0 million.

A total of € 49.5 million (January - June 2012: € 575.2 million) of intangible assets was capitalized in the first six months of the year.

In addition to the program stake in the PW1524G engine (for the Bombardier CSeries) amounting to € 24.7 million, a further key area of development work was for the PW1100G engine amounting to € 20.3 million (January - June 2012: € 20.0 million). Internally generated development work was also capitalized in the first six months of 2013 in the military engine business segment for the GE38 engine program amounting to € 2.5 million (January - June 2012: € 2.6 million). An amount of € 0.4 million (January - June 2012: € 0.4 million) was also capitalized in the period under report in connection with the rationalization of production processes and optimization of repair techniques in the Commercial Maintenance business segment.

During the first six months of 2013, inventories went up by € 51.0 million to € 859.8 million, while trade and construction contract receivables decreased by € 11.2 million to € 740.3 million. Current financial assets decreased by € 26.3 million to € 10.9 million and other assets by € 22.5 million to € 10.6 million. Cash and cash equivalents increased by € 46.8 million to € 208.0 million.

Group equity decreased in the first quarter by € 21.7 million to stand at € 1,067.6 million at June 30, 2013. Equity was increased during the period under report by earnings after tax amounting to € 72.7 million (January - June 2012: € 114.4 million). Equity also increased by € 0.6 million (January - June 2012: € 0.4 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 - June 2012: € 6.5 million) as a result of sales of treasury shares in conjunction with the Employee Stock Option Program (MAP) and by € 8.2 million as a result of changes in actuarial gains and losses relating to pension obligations and plan assets (January - June 2012: equity reduced by € 27.0 million).

Equity was decreased by translation differences amounting to € 14.3 million (January - June 2012: increased by € 5.4 million), by net losses of € 28.7 million arising on the fair value measurement of cash flow hedging instruments (January - June 2012: € 17.2 million) and by payment of the dividend for the financial year 2012 amounting to € 68.5 million (January - June 2012: € 60.8 million).

At 24.7 %, the equity ratio was marginally lower than its level (25.6 %) at December 31, 2012.

The pension provision decreased by € 6.2 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 € 85.1 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 six-month period by € 9.3 million.

Financial liabilities increased by € 111.1 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 € 670.9 million at June 30, 2013 and were therefore € 87.7 million higher than at the end of the previous financial year, mainly due to the GP7000 series ramp-up.

Construction contract payables decreased during the six-month period by € 29.6 million to € 574.4 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 increased compared to December 31, 2012 by € 4.4 million to € 271.6 million, mainly due 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.

Employees

At June 30, 2013 the group had a total of 8,577 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 geared turbofan (GTF) program, an ecologically efficient engine that is destined to play a major role in the future of commercial aviation. Engines from the Pratt & Whitney PW1000G series are also used in the modernized E-Jet family build by the aircraft manufacturer, Embraer. MTU is aiming to acquire a program stake for the engines used in the new E-Jet generation at a similar level to its previous stakes in the GTF programs. Contractual arrangements are currently being worked out with Pratt & Whitney.

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 - in particular in the USA - give rise to risks which could have a material impact on the group's earnings performance. Thanks to its integrated risk management system, MTU is able to identify areas of risk at an early stage and pro-actively manage such risks through appropriate action.

The areas of risk to which MTU is exposed have not changed significantly compared to the description provided in the Annual Report 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 increased by approximately 5 % and hence at a slower rate than forecast at the time of preparation of the Annual Report 2012. In addition, relatively low energy prices are negatively impacting business volumes generated with 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 43 of the Selected Explanatory Notes.

8 Events after the balance sheet date

Events after the end of the reporting period (June 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 Half-year Financial Report on July 22, 2013.

Consolidated Income Statement

Consolidated Income Statement					
in € million	(Note)	Jan. 1- June 30, 2013	Jan. 1- June 30, 2012	Q2 2013	Q2 2012
Revenues	(6)	1,852.2	1,559.0	907.5	861.0
Cost of sales	(7)	-1,584.8	-1,278.4	-782.0	-724.1
Gross profit		267.4	280.6	125.5	136.9
Research and development expenses	(8)	-46.5	-53.5	-17.8	-24.8
Selling expenses	(9)	-46.8	-39.3	-25.2	-21.3
General administrative expenses	(10)	-34.5	-34.9	-16.3	-18.2
Other operating income and expenses		3.1	3.8	1.7	2.4
Profit/loss of companies accounted for using the equity method	(12)		0.2		0.2
Profit/loss of companies accounted for at cost	(12)	0.2	9.5	0.2	9.5
Earnings before interest and tax (EBIT)		142.9	166.4	68.1	84.7
Interest income		1.3	1.4	0.1	1.0
Interest expenses		-7.1	-2.0	-2.4	-0.8
Interest result	(13)	-5.8	-0.6	-2.3	0.2
Financial result on other items	(14)	-20.8	-10.1	-5.7	-6.0
Financial result		-26.6	-10.7	-8.0	-5.8
Earnings before tax (EBT)		116.3	155.7	60.1	78.9
Income taxes	(15)	-43.6	-41.3	-23.7	-18.5
Earnings after tax (EAT)		72.7	114.4	36.4	60.4
Earnings per share in €					
Undiluted (EPS)	(16)	1.43	2.26	0.71	1.19
Diluted (DEPS)	(16)	1.43	2.26	0.71	1.19

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income					
in € million	(Note)	Jan. 1- June 30, 2013	Jan. 1- June 30, 2012	Q2 2013	Q2 2012
Earnings after tax (EAT)		72.7	114.4	36.4	60.4
Translation differences arising from the financial statements of foreign operations		-14.3	5.4	-11.5	5.3
Hedging instruments designated as cash flow hedges		-28.7	-17.2	9.2	-36.8
Available for sale financial assets			0.1		
Items which may subsequently be reclassified to profit or loss		-43.0	-11.7	-2.3	-31.5
Actuarial gains and losses on pension obligations and plan assets		8.2	-27.0	8.2	-27.0
Items which will not subsequently be reclassified to profit or loss		8.2	-27.0	8.2	-27.0
Other comprehensive income	(29.7)	-34.8	-38.7	5.9	-58.5
Total comprehensive income		37.9	75.7	42.3	-1.9

Consolidated Balance Sheet

Assets

in € million	(Note)	June 30, 2013	Dec. 31, 2012	Jan. 1, 2012
Non-current assets				
Intangible assets	(19)	1,755.2	1,774.4	1,266.3
Property, plant and equipment	(20)	616.7	599.9	584.6
Financial assets	(21)	40.5	40.2	16.2
Financial assets accounted for using the equity method	(21)	20.9	20.9	
Other assets	(25)	20.2	0.1	0.8
Deferred tax assets		19.2	15.6	16.3
Total non-current assets		2,472.7	2,451.1	1,884.2
Current assets				
Inventories	(22)	859.8	808.8	823.8
Trade receivables	(23)	529.2	568.5	605.1
Construction contract receivables	(24)	211.1	183.0	136.8
Income tax receivables		11.2	13.8	5.8
Financial assets	(21)	10.9	37.2	44.1
Other assets	(25)	10.6	33.1	34.2
Cash and cash equivalents	(26)	208.0	161.2	198.8
Prepayments		4.2	5.2	4.1
Total current assets		1,845.0	1,810.8	1,852.7
Total assets		4,317.7	4,261.9	3,736.9

Equity and Liabilities

in € million	(Note)	June 30, 2013	Dec. 31, 2012	Jan. 1, 2012
Equity	(29)			
Subscribed capital		52.0	52.0	52.0
Capital reserves		389.5	383.2	340.9
Revenue reserves		744.7	740.5	627.4
Treasury shares		-35.3	-37.9	-100.0
Other comprehensive income		-83.3	-48.5	-63.8
Total equity		1,067.6	1,089.3	856.5
Non-current liabilities				
Pension provisions		579.3	585.3	513.2
Other provisions	(32)	13.9	72.5	119.9
Financial liabilities	(33)	633.2	539.0	53.4
Other liabilities	(36)	120.9	130.4	127.6
Deferred tax liabilities		193.3	207.4	209.3
Total non-current liabilities		1,540.6	1,534.6	1,023.4
Current liabilities				
Pension provisions		31.2	31.4	17.8
Income tax liabilities		29.1	19.8	10.0
Other provisions	(32)	156.4	182.9	199.8
Financial liabilities	(33)	96.8	79.9	208.2
Trade payables		670.9	583.2	592.7
Construction contract payables	(35)	574.4	604.0	715.0
Other liabilities	(36)	150.7	136.8	113.5
Total current liabilities		1,709.5	1,638.0	1,857.0
Total equity and liabilities		4,317.7	4,261.9	3,736.9

Consolidated Statement of Changes in Equity

Reference is made to the disclosures on equity components provided in Note 29 of the Selected Explanatory Notes.

Consolidated Statement of Changes in Equity

in € million	Sub- scribed capital	Capital reserves	Revenue reserves	Treasury shares	Translation differences	Other comprehensive income Financial assets (Afs)	Actuarial gains and losses ¹⁾	Hedging instruments	Group equity
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			114.4						114.4
Other comprehensive income					5.4	0.1	-27.0	-17.2	-38.7
Total comprehensive income			114.4		5.4	0.1	-27.0	-17.2	75.7
Dividend payment			-60.8						-60.8
Conversion of convertible bond		38.0		59.5					97.5
Employee Stock Program		3.9		2.6					6.5
Share Matching Plan		0.4							0.4
Carrying amount at June 30, 2012	52.0	383.2	681.0	-37.9	10.6	0,0	-81.8	-31.3	975.8
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			72.7						72.7
Other comprehensive income					-14.3		8.2	-28.7	-34.8
Total comprehensive income			72.7		-14.3		8.2	-28.7	37.9
Dividend payment			-68.5						-68.5
Employee Stock Program		5.7		2.6					8.3
Share Matching Plan		0.6							0.6
Carrying amount at June 30, 2013	52.0	389.5	744.7	-35.3	3.8		-92.7	5.6	1,067.6

¹⁾ Relates to pension obligations and plan assets

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement						
in € million		(Note)	Jan 1. - June 30, 2013	Jan 1. - June 30, 2012	Q2 2013	Q2 2012
Operating activities						
Earnings after tax (EAT)			72.7	114.4	36.4	60.4
+	Depreciation/amortization and impairment of non-current assets		80.2	67.0	39.8	33.5
-	Profit/loss of companies accounted for at cost		-0.2	-9.5	-0.2	-9.5
-	Profit/loss of companies accounted for using the equity method			-0.2		-0.2
-	Gains/losses on disposal of assets		-0.3	-0.2	-0.2	-0.1
+	Increase in pension provisions		6.0	6.4	2.1	4.5
-	Decrease in other provisions	(32)	-85.1	-40.7	-90.4	-50.0
+/-	Other non-cash items		9.9	-5.9	-1.1	2.4
-	Change in working capital		-8.0	-18.0	66.5	8.0
+	Interest result	(13)	5.8	0.6	2.3	-0.2
-	Interest paid		-11.9	-4.7	-8.9	-2.1
+	Interest received		1.3	1.5	0.2	1.0
+	Dividends received		0.2		0.2	
+	Income taxes	(15)	43.6	41.3	23.7	18.5
-	Income taxes paid		-43.3	-43.1	-25.1	-20.7
Cash flow from operating activities			70.9	108.9	45.3	45.5
Investing activities						
Capital expenditure on:						
-	Intangible assets	(19)	-36.1	-244.0	-17.4	-234.2
-	Property, plant and equipment	(20)	-32.1	-39.6	-15.3	-20.1
-	Financial assets	(21)	-15.0	-20.3		-10.3
Proceeds from disposal of:						
+	Intangible assets/Property, plant and equipment	(19)/(20)	2.9	0.3	2.4	0.2
+	Financial assets	(21)	20.0	40.0	20.0	10.0
Cash flow from investing activities			-60.3	-263.6	-10.3	-254.4
Financing activities						
+	Bonds and notes issues, net of transaction costs and discount	(33)	97.3	248.5	97.3	248.5
-	Repayment of promissory notes	(33)		-13.5		-13.5
+/-	Increase in/repayment of current financial liabilities		8.7	-0.4	0.8	-1.9
-	Repayment of convertible bond	(33)		-62.6		
-	Dividend payment		-68.5	-60.8	-68.5	-60.8
+	Sale of shares under the MAP employee stock program	(36)	8.3	6.5	8.3	6.5
-	Payment of purchase price for PW1100G program stake		-9.2		-8.1	
Cash flow from financing activities			36.6	117.7	29.8	178.8
Net change in cash and cash equivalents during period			47.2	-37.0	64.8	-30.1
-/+ Effect of translation differences on cash and cash equivalents			-0.4	2.3	-1.7	5.1
+ Cash and cash equivalents at beginning of period (January 1)			161.2	198.8		
Cash and cash equivalents at end of period (June 30)			208.0	164.1		

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 has changed following the merger of MTU Aero Engines Holding AG, Munich, and MTU Aero Engines GmbH, Munich. In addition, MTU Aero Engines Holding AG, Munich, 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 June 30, 2013 was as follows:

Reporting by operating segment 2013

in € million	Commercial and military engine business		Commercial maintenance business		Other entities		Consolidation/ reconciliation		Group	
	Jan. 1- June 30, 2013	Q2 2013	Jan. 1- June 30, 2013	Q2 2013	Jan. 1- June 30, 2013	Q2 2013	Jan. 1- June 30, 2013	Q2 2013	Jan. 1- June 30, 2013	Q2 2013
External revenues	1,162.7	569.0	689.5	338.5					1,852.2	907.5
Intersegment revenues	14.1	7.2	1.6	0.6			-15.7	-7.8		
Total revenues	1,176.8	576.2	691.1	339.1			-15.7	-7.8	1,852.2	907.5
Gross profit	174.4	81.3	90.2	43.1			2.8	1.1	267.4	125.5
Amortization	31.0	15.4	5.1	2.6					36.1	18.0
Depreciation	32.3	16.2	11.8	5.6					44.1	21.8
Total depreciation/amortization	63.3	31.6	16.9	8.2					80.2	39.8
Earnings before interest and tax (EBIT)	89.3	43.8	53.8	25.5			-0.2	-1.2	142.9	68.1
Depreciation/amortization effects of purchase price allocation/ V2500 stake increase	27.1	13.5	1.7	0.8					28.8	14.3
Adjusted earnings before interest and tax (EBIT adjusted)	116.4	57.3	55.5	26.3			-0.2	-1.2	171.7	82.4
Assets (June 30, 2013)	3,780.0		1,000.5				-462.8		4,317.7	
Liabilities (June 30, 2013)	2,837.3		534.1				-121.3		3,250.1	
Significant non-cash items ¹⁾	87.7	70.4								
Total capital expenditure on intangible assets and property, plant and equipment	68.6	45.6	18.1	11.3					86.7	56.9
Key segment data:										
EBIT in % of revenues	7.6	7.6	7.8	7.5					7.7	7.5
Adjusted EBIT in % of revenues	9.9	9.9	8.0	7.8					9.3	9.1

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

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

Reporting by operating segment 2012

in € million	Commercial and military engine business		Commercial maintenance business		Other entities		Consolidation/ reconciliation		Group	
	Jan. 1- June 30, 2012	Q2 2012	Jan. 1- June 30, 2012	Q2 2012	Jan. 1- June 30, 2012	Q2 2012	Jan. 1- June 30, 2012	Q2 2012	Jan. 1- June 30, 2012	Q2 2012
External revenues	920.1	514.6	638.9	346.4					1,559.0	861.0
Intersegment revenues	13.5	6.9	2.3	1.6	13.8	13.8	-29.6	-22.3		
Total revenues	933.6	521.5	641.2	348.0	13.8	13.8	-29.6	-22.3	1,559.0	861.0
Gross profit	191.8	89.8	83.9	45.0	13.8	13.8	-8.9	-11.7	280.6	136.9
Amortization	21.9	10.8	4.3	2.2					26.2	13.0
Depreciation	29.9	14.9	10.9	5.6					40.8	20.5
Total depreciation/amortization	51.8	25.7	15.2	7.8					67.0	33.5
Earnings before interest and tax (EBIT)	114.9	54.9	52.0	28.6	-0.7	2.8	0.2	-1.6	166.4	84.7
Depreciation/amortization effects of purchase price allocation/ V2500 stake increase	17.3	8.5	1.8	0.9					19.1	9.4
Income statement impact of IAE stake increase	-9.7	-9.7							-9.7	-9.7
Adjusted earnings before interest and tax (EBIT adjusted)	122.5	53.7	53.8	29.5	-0.7	2.8	0.2	-1.6	175.8	84.4
Assets (Dec. 31, 2012)	3,648.3		1,017.1		1,121.6		-1,525.1		4,261.9	
Liabilities (Dec. 31, 2012)	2,723.1		589.7		323.0		-463.2		3,172.6	
Significant non-cash items ¹⁾	21.3	7.8	4.8	2.8	0.3	0.2				
Total capital expenditure on intangible assets and property, plant and equipment	597.1	573.8	17.9	9.0					615.0	582.8
Key segment data:										
EBIT in % of revenues	12.3	10.5	8.1	8.2	-5.1	20.3			10.7	9.8
Adjusted EBIT in % of revenues	13.1	10.3	8.4	8.5	-5.1	20.3			11.3	9.8

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

The following tables reconcile group segment revenues to group revenues, the adjusted segment result to group earnings before tax and segment assets/liabilities to group assets/liabilities:

Reconciliation of revenues and earnings

in € million	Jan. 1- June 30, 2013	Jan. 1- June 30, 2012
Total revenues		
Revenues of reportable segments	1,867.9	1,588.6
Consolidation	-15.7	-29.6
Group revenues	1,852.2	1,559.0
Adjusted earnings before interest and tax (adjusted EBIT)		
Adjusted EBIT of the reportable segments	171.9	175.6
Depreciation/amortization effects of purchase price allocation/V2500 stake increase	-28.8	-19.1
Income statement impact of IAE stake increase		9.7
Consolidation	-0.2	0.2
Earnings before interest and tax (EBIT)	142.9	166.4
Interest income	1.3	1.4
Interest expense	-7.1	-2.0
Other financial result	-20.8	-10.1
Earnings before tax (EBT)	116.3	155.7

Reconciliation of assets and liabilities

in € million	June 30, 2013	Dec. 31, 2012
Assets		
Assets of the reportable segments	4,780.5	5,787.0
Consolidation	-462.8	-1,525.1
Group assets	4,317.7	4,261.9
Liabilities		
Liabilities of the reportable segments	3,371.4	3,635.8
Consolidation	-121.3	-463.2
Group liabilities	3,250.1	3,172.6

1 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 July 22, 2013.

2 Basis of preparation

In compliance with the provisions of § 37x (3) of the German Securities Trading Act (WpHG) in conjunction with § 37w and § 37y no. 2 WpHG, MTU's Half-yearly 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.

3 Statement of compliance

The condensed interim consolidated financial statements as at June 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 Half-Yearly Financial Report contains all customary accounting adjustments necessary for a fair presentation of the operating results, financial situation and net assets of the MTU Group. The basis of preparation and the accounting policies used are described in the notes to the Consolidated Financial Statements as at December 31, 2012.

4 Adjustments to the Condensed Interim Consolidated Financial Statements

There were no other changes in estimates or forecasts in the first six 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 retrograde 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 37 of this Half-Yearly Financial Report.

5 Consolidated companies

During the six-month period under report MTU Aero Engines Holding AG, Munich, was merged with MTU Aero Engines GmbH, Munich, and the name of the combined entity changed to MTU Aero Engines AG, Munich. In addition, MTU Aero Engines Finance B.V. i.L., Amsterdam, was deconsolidated. There were no further changes in the group reporting entity in the reporting period as a result of acquisitions or disinvestments.

At June 30, 2013, the MTU Group comprised 27 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

6 Revenues

Revenues				
in € million	Jan. 1 - June 30, 2013	Jan. 1 - June 30, 2012	Q2 2013	Q2 2012
Commercial Engine business	953.6	703.0	465.2	406.2
Military Engine business	223.2	230.6	111.0	115.3
Commercial and Military Engine business (OEM)	1,176.8	933.6	576.2	521.5
Commercial Maintenance business (MRO)	691.1	641.2	339.1	348.0
Other entities/consolidation	-15.7	-15.8	-7.8	-8.5
Total revenues	1,852.2	1,559.0	907.5	861.0

7 Cost of sales

Cost of sales				
in € million	Jan. 1 - June 30, 2013	Jan. 1 - June 30, 2012	Q2 2013	Q2 2012
Cost of materials	-1,295.4	-1,073.8	-634.2	-623.9
Personnel expenses	-224.8	-212.1	-111.2	-107.2
Depreciation and amortization	-72.1	-59.9	-36.0	-30.2
Other cost of sales	7.5	67.4	-0.6	37.2
Total cost of sales	-1,584.8	-1,278.4	-782.0	-724.1

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

8 Research and development expenses

Research and development expenses				
in € million	Jan. 1 - June 30, 2013	Jan. 1 - June 30, 2012	Q2 2013	Q2 2012
Cost of materials	-27.7	-30.4	-10.9	-16.2
Personnel expenses	-37.7	-41.7	-16.3	-18.3
Depreciation and amortization	-3.4	-3.8	-1.5	-1.6
Research and development expenditure	-68.8	-75.9	-28.7	-36.1
of which the following amounts were capitalized:				
Development costs (OEM)	21.9	22.0	10.7	11.0
Development costs (MRO)	0.4	0.4	0.2	0.3
Capitalized development costs	22.3	22.4	10.9	11.3
Research and development costs recognized as expense	-46.5	-53.5	-17.8	-24.8

9 Selling expenses

Selling expenses				
in € million	Jan. 1 - June 30, 2013	Jan. 1 - June 30, 2012	Q2 2013	Q2 2012
Cost of materials	-7.4	-5.3	-4.9	-3.2
Personnel expenses	-30.1	-26.9	-14.9	-13.8
Depreciation and amortization	-1.3	-1.2	-0.7	-0.6
Other selling expenses	-8.0	-5.9	-4.7	-3.7
Total selling expenses	-46.8	-39.3	-25.2	-21.3

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

10 General administrative expenses

General administrative expenses				
in € million	Jan. 1 - June 30, 2013	Jan. 1 - June 30, 2012	Q2 2013	Q2 2012
Cost of materials	-3.5	-3.3	-1.5	-1.6
Personnel expenses	-23.3	-24.1	-11.2	-13.3
Depreciation and amortization	-3.4	-2.1	-1.6	-1.1
Other administrative expenses	-4.3	-5.4	-2.0	-2.2
Total general administrative expenses	-34.5	-34.9	-16.3	-18.2

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

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

Profit/loss of companies accounted for using the equity method/at cost				
in € million	Jan. 1 - June 30, 2013	Jan. 1 - June 30, 2012	Q2 2013	Q2 2012
Profit/loss from companies accounted for using the equity method		0.2		0.2
Profit /loss from companies accounted for at cost	0.2	9.5	0.2	9.5
Profit/loss of companies accounted for using the equity method/at cost	0.2	9.7	0.2	9.7

13 Interest result

Interest result				
in € million	Jan. 1 - June 30, 2013	Jan. 1 - June 30, 2012	Q2 2013	Q2 2012
Interest income	1.3	1.4	0.1	1.0
Interest expenses				
Bonds and notes	-4.1		-2.2	
Convertible bond		-0.4		
Liabilities to banks	-1.2	-1.7	-0.6	-0.8
Finance lease arrangements	-0.2	-0.1	-0.1	
Other interest expenses	-2.6	-0.8		-0.5
Capitalized borrowing costs for qualifying assets	1.0	1.0	0.5	0.5
Interest expenses	-7.1	-2.0	-2.4	-0.8
Interest result	-5.8	-0.6	-2.3	0.2

The deterioration in the interest result for the six-month period 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.

14 Financial result on other items

Financial result on other items				
in € million	Jan. 1 - June 30, 2013	Jan. 1 - June 30, 2012	Q2 2013	Q2 2012
Effects of currency translation				
Exchange rate gains/losses on currency holdings	0.2	3.4	-0.6	6.3
Exchange rate gains/losses on financing transactions	0.7	-0.1	0.5	-0.1
Exchange rate gains/losses on finance leases		-0.1	0.1	-0.2
Fair value gains/losses on derivatives				
Currency and interest rate derivatives	-1.0	4.7	4.2	-5.0
Forward commodity contracts	-0.7	-0.8	-0.5	-0.6
Interest portion included in measurement of assets and liabilities				
Pension provision	-10.0	-12.4	-5.0	-6.2
Contingent liabilities	-2.2	-3.7	-1.5	-0.8
Receivables, other provisions, plan assets, liabilities and advance payments received	-5.2	-1.2	-2.8	0.6
Gains and losses on sundry other items	-2.6	0.1	-0.1	
Financial result on other items	-20.8	-10.1	-5.7	-6.0

The six-month financial result on other items includes various additional charges compared to the previous year. These related primarily to net fair value losses of € 1.0 million on currency and interest derivatives (January-June 2012: net fair value gains of € 4.7 million) and currency holdings gains of € 0.2 million (January-June 2012: € 3.4 million).

15 Income taxes

Income tax expense comprise the following:

Income taxes				
in € million	Jan. 1 - June 30, 2013	Jan. 1 - June 30, 2012	Q2 2013	Q2 2012
Current tax expense	-55.8	-38.7	-36.9	-12.1
Deferred tax expense	12.2	-2.6	13.2	-6.4
Income tax expense	-43.6	-41.3	-23.7	-18.5

16 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.

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

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

Undiluted and diluted earnings per share 2013

		Jan. 1 - June 30, 2013		Jan. 1 - June 30, 2013
		Undiluted earnings per share	Reconciliation of financial instruments	Diluted earnings per share
			Share Matching Plan/number of shares	
Earnings after tax (EAT)	in € million	72.7		72.7
Weighted average number of shares	shares	50,759,129	25,643	50,784,772
Earnings per share	in €	1.43		1.43

Undiluted and diluted earnings per share 2012

		Jan. 1 - June 30, 2012		Jan. 1 - June 30, 2012
		Undiluted earnings per share	Reconciliation of financial instruments	Diluted earnings per share
			Share Matching Plan/number of shares	
Earnings after tax (EAT)	in € million	114.4		114.4
Weighted average number of shares	shares	50,650,543	20,922	50,671,465
Earnings per share	in €	2.26		2.26

The number of shares reported for the Share Matching Plan relates to deferred share-based remuneration of members of the Board of Management.

Notes to the Consolidated Balance Sheet

19 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 € 49.5 million (January - June 2012: € 575.2 million) of intangible assets was capitalized in the first six months of the year.

In addition to the program stake of € 24.7 million in the PW1524G, the new engine for the Bombardier CSeries, a further € 20.3 million of development work was invested in the PW1100G engine (January - June 2012: € 20.0 million). Internally generated development work was also capitalized in the first six months of 2013 in the military engine business segment for the GE38 engine program amounting to € 2.5 million (January - June 2012: € 2.6 million). An amount of € 0.4 million (January - June 2012: € 0.4 million) was also capitalized during the period under report in connection with the rationalization of production processes and cost optimization of repair techniques in the Commercial Maintenance business segment.

Capitalized intangible assets totaling € 49.5 million in the first six months of 2013 (January - June 2012: € 575.2 million) comprise € 34.5 million (January - June 2012: € 560.4 million) of purchased and € 15.0 million (January - June 2012: € 14.8 million) of internally generated intangible assets. The amortization expense for the six-month period amounted to € 36.1 million (January - June 2012: € 26.2 million).

20 Property, plant and equipment

Additions to property, plant and equipment during the period from January to June 2013 totaled € 66.9 million (January - June 2012: € 39.8 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 six-month period totaled € 44.1 million (January - June 2012: € 40.8 million).

21 Financial assets

Financial assets

Financial assets decreased by € 26.0 million during the first six months of 2013 to € 51.4 million (December 31, 2012: € 77.4 million), mainly as a result of the lower fair values of cash flow hedging instruments and the sale of marketable securities.

Financial assets accounted for using the equity method

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

22 Inventories

Inventories comprise the following:

Inventories		
in € million	June 30, 2013	Dec. 31, 2012
Raw materials and supplies	374.1	341.6
Work in progress	445.3	434.7
Advance payments	40.4	32.5
Total inventories	859.8	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 during the six-month period under report to € 29.3 million.

23 Trade receivables

Trade receivables comprise the following:

Trade receivables		
in € million	June 30, 2013	Dec. 31, 2012
Third parties	509.9	547.3
Associated companies, joint ventures and other equity companies	19.3	21.2
Total trade receivables	529.2	568.5

24 Construction contract receivables

Construction contract receivables comprise the following:

Construction contract receivables		
in € million	June 30, 2013	Dec. 31, 2012
Construction contract receivables	549.8	547.0
thereof: Advance payments received	-338.7	-364.0
Total construction contract receivables	211.1	183.0

25 Other assets

Other assets comprise:

Other assets						
in € million	Total		Non-Current		Current	
	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012
Other taxes	2.1	16.2			2.1	16.2
Receivables from employees	1.4	0.9			1.4	0.9
Receivables from suppliers	1.7	2.1			1.7	2.1
Sundry other assets	25.6	14.0	20.2	0.1	5.4	13.9
Total other assets	30.8	33.2	20.2	0.1	10.6	33.1

26 Cash and cash equivalents

Cash and cash equivalents comprise the following:

Cash and cash equivalents		
in € million	June 30, 2013	Dec. 31, 2012
Demand deposits and cash	151.4	118.0
Fixed-term and overnight deposits with an original maturity of three months or less	56.6	43.2
Total cash and cash equivalents	208.0	161.2

MTU cannot freely access cash and cash equivalents amounting to € 11.3 million (December 31, 2012: € 6.5 million) held by MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China.

29 Equity

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

29.1 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.

29.2 Capital reserves

Capital reserves include premiums from the issue of shares, the equity component (net of proportional transaction costs) of the bond issued in 2007 and repaid/converted in the first quarter of 2012, the fair value of shares granted under the Matching Stock Program and Share Matching Plan as well as the excess of proceeds over cost arising the sale of shares amounting to € 5.7 million (January - June 2012: € 3.9 million) in conjunction with the MAP Employee Stock Option Program. Further information with respect to the MAP Employee Stock Option Program is provided on pages 187 et seq. of the Annual Report 2012.

Share Matching Plan (SMP)

A detailed description of the SMP is provided in the Management Compensation Report section of the Corporate Governance Report in the Annual Report 2012. Members of the Board of Management are entitled to invest the amount to be disbursed under the Performance Share Plan (PSP) in shares of MTU Aero Engines AG and must hold the acquired shares for a further three years. At the end of the vesting period, these shares are "matched", whereby each Board of Management member is awarded one additional free share for every three MTU shares held. The entitlement to additional free shares is deemed to have been fulfilled once the corresponding number of such shares has been transferred to the member of the Board of Management. The total value of the matching shares available for allocation at the end of the vesting period is limited to three times the initial purchase price.

Senior Managers of MTU

With effect from January 1, 2012, MTU expanded the Share Matching Plan (SMP) it had previously introduced for members of the Board of Management to include the two top tiers of senior management (OFK and FK) at the Company and its subsidiaries.

In accordance with the conditions of the plan, tier-1 senior managers (OFK) – after expiry of a three-year vesting period – and tier-2 senior managers (FK) – after expiry of a two-year vesting period – may use the benefits payable under the Performance Share Plan (Long Term Incentive) and the Annual Performance Bonus (Short Term Incentive) to invest in shares of MTU Aero Engines AG, which must then be held for a further two years under the terms of the supplementary plan, the Share Matching Plan (SMP). At the end of this supplementary vesting period, on condition that the SMP participant is still employed by MTU, this investment is matched by a cash payment corresponding to one-third of the amount invested in MTU shares. The total investment that can be invested in the SMP is € 60,000 per eligible tier-1 manager and € 30,000 per eligible tier-2 manager.

29.3 Revenue reserves

Revenue reserves include the retained earnings of consolidated group companies as well as earnings after taxes (EAT) for the six-month period under report amounting to € 72.7 million (January - June 2012: € 114.4 million) less the dividend payment for the financial year 2012 amounting to € 68.5 million (January - June 2012: € 60.8 million).

As a result of the positive earnings after taxes for the six-month period, revenue reserves increased to € 744.7 million (June 30, 2012: € 681.0 million).

29.4 Treasury shares

During the first six months of 2013 the average weighted number of shares in circulation was 50,759,129 shares (January - June 2012: 50,650,543 shares). At June 30, 2013, a total of 50,855,626 MTU Aero Engines AG shares was in issue (June 30, 2012: 50,739,830 shares). The Company held 1,144,374 treasury shares at June 30, 2013 (June 30, 2012: 1,260,170 treasury shares).

29.7 Consolidated statement of comprehensive income

In the consolidated statement of comprehensive income, earnings after tax of € 72.7 million (January - June 2012: € 114.4 million) are reconciled to the comprehensive income for the period of € 37.9 million (January - June 2012: € 75.7 million).

Income and expenses recognized directly in comprehensive income during the first six months of 2013 (net of deferred taxes) comprise mainly net losses of € 28.7 million (January - June 2012: € 17.2 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 € 14.3 million (January - June 2012: net positive impact of € 5.4 million) on comprehensive income for the period. Actuarial gains and losses on pension obligations and plan assets increased comprehensive income by € 8.2 million (January - June 2012: decreased by € 27.0 million). An interest rate of 3.4 % (December 31, 2012: 3.2 %; June 30, 2012: 3.75 %; December 31, 2011: 4.5 %) was used to measure pension obligations. In the previous year, fair value measurement of financial assets gave rise to net gains of € 0.1 million recognized directly in equity.

32 Other provisions

Other provisions decreased during the six-month period by € 85.1 million to € 170.3 million. The principal items included in other provisions were warranty obligations, pending losses on onerous contracts, personnel-related obligations and retrograde costs. The decrease compared to the beginning of the year was 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.

33 Financial liabilities

Financial liabilities comprise the following:

Financial liabilities						
in € million	Total		Non-current		Current	
	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012
Bonds and notes	346.4	252.5	346.0	248.5	0.4	4.0
Financial liabilities arising from IAE-2500 stake increase	288.0	299.7	246.7	271.3	41.3	28.4
Liabilities to banks						
Promissory notes	11.6	12.0		11.5	11.6	0.5
Other liabilities to banks	39.7	34.9	16.9	2.3	22.8	32.6
Liabilities to related companies	6.5				6.5	
Finance lease liabilities	8.4	3.5	5.0	0.1	3.4	3.4
Other financial liabilities	29.4	16.3	18.6	5.3	10.8	11.0
Total financial liabilities	730.0	618.9	633.2	539.0	96.8	79.9

Financial liabilities to related entities 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) issued to finance components of the purchase price for the IAE-V2500 stake increase 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 issued to finance components of the purchase price for the IAE-V2500 stake increase (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. After repayment of the amounts shown in the following table, the total amount outstanding at June 30, 2013 was € 11.5 million.

Promissory notes					
		Original note amount	Repurchased 2010	Repaid on maturity June 5, 2012	Remaining note amount
Maturity date	Type of interest	in € million	in € million	in € million	in € million
June 5, 2012	fixed	1.5		1.5	
June 5, 2014	fixed	11.5			11.5
June 5, 2012	variable	27.0	15.0	12.0	
June 5, 2014	variable	25.0	25.0		
		65.0	40.0	13.5	11.5

Promissory notes are measured at their amortized cost.

Revolving credit facility

At June 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, € 13.9 million (December 31, 2012: € 13.7 million) were being utilized at June 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.

35 Construction contract payables

Construction contract payables comprise the following:

Construction contract payables		
in € million	June 30, 2013	Dec. 31, 2012
Advance payments received for construction contracts	913.1	968.0
offset against:		
Construction contract receivables	-338.7	-364.0
Total construction contract receivables	574.4	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.

36 Other liabilities

Other liabilities comprise the following items:

Other liabilities						
in € million	Total		Non-current		Current	
	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012	June 30, 2013	Dec. 31, 2012
Personnel-related liabilities						
Social security	2.4	2.2			2.4	2.2
Part-time pre-retirement working arrangements	16.1	17.2	12.1	13.2	4.0	4.0
Other personnel-related liabilities	50.8	45.2	3.4	3.9	47.4	41.3
Accrued interest expense	13.3	14.0	13.3	14.0		
Outstanding maintenance work on engines	4.0	3.4	4.0	3.4		
Repayment of grants towards development costs	55.7	58.0	49.7	53.3	6.1	4.7
Sundry other liabilities	112.8	120.3	38.4	42.6	74.3	77.7
Other taxes	16.5	6.9			16.5	6.9
Total other liabilities	271.6	267.2	120.9	130.4	150.7	136.8

Personnel-related obligations

Social security liabilities relate mainly to contributions to employees' accident insurance associations amounting to € 0.6 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 June 30, 2013, the liabilities associated with these obligations amounted to € 16.1 million (December 31, 2012: € 17.2 million).

Other liabilities to employees comprise vacation entitlements, flexi-time credits and obligations arising from efficiency improvement programs in prior periods. This item also includes liabilities to group employees under the MAP employee stock option program amounting to € 2.3 million (December 31, 2012: € 4.3 million). The total cost incurred in conjunction with the MAP in the first six months of 2013 was € 1.8 million (January - June 2012: € 1.4 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 € 13.3 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. Repayments totaling € 3.4 million were made in the financial years 2011 and 2012, and a further € 2.3 million in the first quarter of 2013.

Sundry other liabilities

Sundry other liabilities amounted to € 112.8 million (December 31, 2012: € 120.3 million) and comprise mainly obligations relating to the stake in the PW1100G program for the A320neo (€ 52.0 million; December 31, 2012: € 52.7 million), development work on the PW1217G for the MRJ (€ 15.3 million; December 31, 2012: € 15.2 million) as well as obligations in connection with the program stake and purchased development work for the PW1524G engine to power the CSeries (€ 27.2 million; December 31, 2012: € 21.4 million). The remainder of other liabilities covers a multitude of minor individual obligations.

Other taxes

Other taxes amounting to € 16.5 million (December 31, 2012: € 6.9 million) relate to payroll (including employees' solidarity surcharge and church taxes) and to German and foreign sales taxes.

37 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 at June 30, 2013

	Category as defined in IAS 39/ Other category	Carrying amount June 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 June 30, 2013
in € million			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	17.5		17.5						17.5	17.5
Held-to-maturity	HtM										
Available-for-Sale financial assets	AfS	17.8			12.8	5.0				17.8	17.8
Financial assets held for trading	FAHFT										
Trade receivables	LaR	529.2		529.2						529.2	529.2
Construction contract receivables	LaR	549.8		549.8						549.8	549.8
Derivative financial assets											
Derivates without hedging relationship	FAHFT	12.7					12.7			12.7	12.7
Derivates with hedging relationship	n.a.	11.9				11.9				11.9	11.9
Cash and cash equivalents	Cash reserve	208.0	208.0							208.0	208.0
EQUITY AND LIABILITIES											
Trade payables	FLAC	670.9		670.9						670.9	670.9
Bonds and notes	FLAC	346.4		346.4						346.4	356.8
Liabilities to banks	FLAC	51.3		51.3						51.3	51.3
Financial liabilities arising from IAE-V2500 stake increase	FLAC	288.0		288.0						288.0	288.0
Other interest-bearing liabilities	FLAC	128.2		128.2						128.2	128.2
Other interest-free liabilities	FLAC/n.a.	104.3		100.3				4.0		104.3	104.3
Derivative financial liabilities											
Derivates without hedging relationship	FLHFT	4.1					4.1			4.1	4.1
Derivates with hedging relationship	n.a.	11.6				11.6				11.6	11.6
OTHER DISCLOSURES											
Contingent liabilities under risk and revenue-sharing partnerships	Financial guarantees	55.1								55.1	55.1
Guarantees	Financial guarantees	58.5								58.5	58.5
Thereof aggregated by category as defined in IAS 39											
Loans and receivables	LaR	1,096.5		1,096.5						1,096.5	1,096.5
Held-to-maturity investments	HtM										
Available-for-sale financial assets	AfS	17.8			12.8	5.0				17.8	17.8
Financial assets held for trading	FAHFT	12.7					12.7			12.7	12.7
Financial liabilities measured at amortized cost	FLAC	1,589.1		1,585.1				4.0		1,589.1	1,599.5
Financial liabilities held for trading	FLHFT	4.1					4.1			4.1	4.1
Finance lease liabilities	n.a.	8.4						8.4		8.4	8.4
Financial instruments not within the scope of either IFRS 7 (IFRS 7 B2b) or IAS 39:											
		730.5							730.5	730.5	730.5

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

	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
in € million			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 assets											
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											
	Cash 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

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 Directly observable market inputs other than Level 1 inputs, i.e. input factors that can be related directly (price) or indirectly (derived from price) to the financial assets or liabilities;
- Level 3 Input factors used to measure assets and liabilities that are not based on observable market data (unobservable input factors)

Classification of fair value measurements of financial assets and liabilities according to the fair value hierarchy at June 30, 2013

in € million	June 30, 2013			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments		24.6		24.6
Available-for-Sale financial assets	5.0			5.0
Total financial assets	5.0	24.6		29.6
Financial liabilities measured at fair value				
Derivative financial instruments		15.7		15.7
Total financial liabilities		15.7		15.7

Classification of fair value measurements of financial assets and liabilities according to the fair value hierarchy at Dec. 31, 2012

in € million	Dec. 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments		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

42 Contingent liabilities and other financial commitments

Contingent liabilities and other financial obligations at June 30, 2013 amounted to € 113.6 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 € 23.4 million at June 30, 2013 (December 31, 2012: € 28.3 million).

43 Related party transactions

Transactions with related entities

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

Proportionately consolidated entity (MTU Maintenance Zhuhai)

There were no trade receivables due from MTU Maintenance Zhuhai at either June 30, 2013 or December 31, 2012. Trade payables with this entity at June 30, 2013 totaled € 1.0 million (December 31, 2012: € 8.9 million). Income recognized during the first six months of 2013 totaled € 1.9 million (January - June 2012: € 0.9 million), with expenses totaling € 16.2 million (January - June 2012: € 6.0 million).

Entities accounted for at equity and at cost

Entities accounted for at equity and at cost are disclosed in note 43.1.2. (List of major shareholdings) of the Annual Report 2012.

Trade receivables from these entities at June 30, 2013 amounted to € 19.3 million (December 31, 2012: € 21.2 million). Trade payables totaled € 75.9 million (December 31, 2012: € 98.2 million). Income recognized during the six-month period under report amounted to € 613.1 million (January - June 2012: € 423.2 million), with expenses totaling € 305.8 million (January - June 2012: € 206.7 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.

44 Events after the end of the reporting period (June 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 Half-year Financial Report on July 22, 2013.






45 Publication of Half-Yearly Financial Report

The Half-Yearly Financial Report of MTU Aero Engines AG, Munich, for the period from January 1 to June 30, 2013 was published on the Internet on July 24, 2013.

Responsibility Statement

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

Munich, July 22, 2013

				
Egon Behle	Dr. Rainer Martens	Dr. Stefan Weingartner	Reiner Winkler	Michael Schreyögg
Chief Executive Officer	Chief Operating Officer	President Commercial Maintenance	Chief Financial Officer	President Programs

Review Report

To MTU Aero Engines AG, Munich

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

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

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

Munich, July 22, 2013

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

(Prosig)

(Pinckernelle)



Wirtschaftsprüfer



Wirtschaftsprüfer

Financial Calendar

Telephone conference on first half-year 2013 earnings	July 24, 2013
Telephone conference on 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.

Die 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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