Interim Report as of March 31, 2006

MTU Aero Engines Holding AG, Munich

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Selected Consolidated Financial Information and Key Figures

	2006	2005
Profit and Loss in € million		
Revenues	**564.8**	509.7
Free cash flow	**69.8**	122.5
Depreciation and amortization	**31.1**	33.3
Research and development costs	**10.3**	4.8
Earnings before financial result, taxes (EBIT)	**39.5**	29.9
Earnings before financial result, taxes and depreciation/amortization (EBITDA)	**70.6**	63.2
Profit before tax (EBT)	**33.5**	8.2
Taxes	**-14.1**	-3.2
Net profit	**19.4**	5.0
Capital expenditure	**11.3**	11.2
Balance Sheet in € million		
Equity	**556.3**	528.3
Total	**2,672.8**	2,553.3
Non-current assets	**1,513.1**	1,535.3
Non-current debt (without deferred taxes)	**767.8**	767.6
Employee Headcounts (as of March, 2006) *)		
By company		
MTU Aero Engines GmbH, Munich	**4,582**	4,649
MTU Maintenance Hannover GmbH, Langenhagen	**1,263**	1,258
MTU Maintenance Berlin-Brandenburg GmbH, Ludwigsfelde	**516**	520
ATENA Engineering GmbH, Munich **)	**0**	453
MTU Maintenance Canada Ltd., Canada	**147**	133
MTU Aero Engines North America Inc., USA	**200**	192
Vericor Power Systems L.L.C., USA	**34**	35
	6,742	7,240
By segment		
Civil and military engine business	**4,782**	5,294
Civil engine maintenance	**1,960**	1,946
	6,742	7,240
By region		
Germany	**6,361**	6,880
North America	**381**	360
	6,742	7,240
Key Figures in %		
Capital expenditures in % of revenues	**2.0**	2.2
Return on sales (before tax)	**5.9**	1.6
Equity ratio	**20.8**	20.7
Equity to non-current assets	**36.8**	34.4
Research and development costs (w / o release of provisions) in % of revenues	**2.5**	2.6
Shares *)**		
Number of shares (´ 000)	**55,000**	55,000
Earnings per share in Euro	**0.35**	0.09
Free cash flow per share in Euro	**1.27**	2.23
Equity per share in Euro	**10.11**	9.61

*) *Without Joint ventures*
**) *Sold, June 30, 2005*
***) *Prior year "as if presentation"*

For six months, the favorable market environment has barely changed. Robust and stable passenger traffic growth translated for engines with MTU participation into a growing active fleet, increasing delivery rates and a record order book. Some market indicators which were ambiguous last year are finally looking up, namely freight traffic and US airline unit revenues. With demand for airline travel remaining strong, the US revenue environment improving and US carriers beginning to address their high non-fuel costs, the aviation sector is expecting to pursue its recovery in 2006. The record aircraft and engine orders in 2005 reflect indeed an industry that is more confident than it has been for a long time.

Global passenger traffic has experienced stable growth since October 2005. According to IATA, international passenger traffic grew by 5.9% during the first three months of the year. Europe and Asia-Pacific performed better than the US, whose weak traffic showing reflects capacity cuts (-1.8% Jan. - March 2006) and a welcomed long-awaited strong recovery in domestic yields (+10.6% in March 2006). Following a pretty sluggish year 2005, freight traffic appears to be turning the corner with IATA's international traffic up 5.2% for the first three months of 2006.

Concern remains over fuel prices, an indicator remaining in the red. Jet fuel price stabilized during the first quarter, averaging $77 a barrel, but the continuing risks of geopolitical instabilities were already exerting upward pressure during the 2nd quarter. Therefore, fuel price remains a downside factor for airline revenue in the next few months, which a continuing improvement in the revenue environment may counterbalance.

The Chapter 11 reorganization by Northwest Airlines and Delta Airlines is now into its 6th month. The reduction in the airlines' active fleet of engines, which may be in part due to the seasonal storage over the winter months, is only marginally affecting MTU.

The MTU engine parked fleet fell by 3% year-on-year to 862 engine units, compared to the industry-wide 1% fall to 4,330 units. The gradual slowdown in the reduction of the parked fleet observed for several months appears to indicate that the industry has recalled most of its economically viable aircraft out of storage and will meet future capacity demand almost exclusively from new deliveries.

Financial Situation

Earnings

Period from January 1 to March 31, 2006

Compared to the same period in the prior year, **1st quarter revenue** rose by € 55.1 million (10.8%) to € 564.8 million. Civil engine maintenance in the amount of € 48.5 million (28.1%) accounts for the major part of this increase, with the civil and military engine business growing by € 6.3 million (1.8%) to € 348.3 million. In the civil engine business, sales in the amount of € 246.0 million topped the previous year's figure by € 4.6 million (1.9%), while deliveries in the military engine business reached € 102.3 million, € 1.7 million (1.7%) more than during the same period in the prior year.

The **cost of sales** increased by € 40.9 million (9.2%) to € 486.3 million. This less than proportionate increase relative to the revenue increase is due to the expanded civil maintenance business. Whereas in the civil and military serial production engine business cost of sales rose by € 8.6 million (2.9%) to € 301.4 million and thus at the same rate as revenue, cost of sales in the civil maintenance business climbed by € 31.4 million (19.9%) to € 189.5 million, less than proportionately.

Since cost of sales increased less than sales, **gross profit** improved by € 14.2 million compared with the same period in the prior year, reaching € 78.5 million (previous year: € 64.3 million). Cost of sales in the civil engine maintenance, which rose less than sales, contributed a positive effect.

Prior to the release of the development cost provision set aside on January 1, 2004, **research and development costs** were € 14.3 million, € 1.2 million more than the previous year's figure. Lower expenses on account of the imminent termination of the GP7000 and PW6000 program development processes are more than counterbalanced by slightly higher additional expenses for PW2000 due to development services not yet rendered in 2005.

Selling costs amounted to € 19.9 million, a 17.1% increase. This is largely due to higher allowances for civil engine maintenance accounts receivable in the amount of € 3.3 million during the first quarter of 2006 (previous year: € 0.5 million), which were made to account for a general expansion of the business and sales. Adjusted for this effect, selling costs would have been unchanged from the previous year. Cost savings helped lower **general administrative expenses.** Overall, general administrative expenses decreased by 30.9% to € 9.6 million. During the same period in the prior year, administrative expenses included variable compensation elements and severance payments in the total amount of € 4.0 million. Adjusted for these one-time effects during the same period in the prior year, general administrative expenses would decrease by 3.0%.

The **depreciation** included in cost of sales, research and development costs, selling costs and general administrative expenses amounted to € 31.1 million (previous year: € 33.3 million).

Adjusted for effects resulting from the purchase price allocation in connection with the Company's acquisition, the interim result based on adjusted EBITDA (earnings before interest, tax, depreciation and amortization) is as follows:

Financial Situation

Adjusted Reconciliation of EBIT to EBITDA	31.3.2006 € million	31.3.2005 € million
EBIT	**39.5**	29.9
+ Depreciation / amortization	31.1	33.3
EBITDA	**70.6**	63.2
- Consumption of R&D provisions	-4.0	-8.3
+ Restructuring costs	0.0	0.1
EBITDA adjusted	**66.6**	55.0

During the first three months, the negative total **financial result** was € -6.8 million, less than the € -21.7 million from the same period in the previous year. Since debt was paid off during the previous year, interest expenses dropped by € 8.3 million (66.9%) to € 4.1 million, compared to € 12.4 million during the same period in the prior year, with the High Yield Bond accounting for € 2.3 million.

Due to fluctuating exchange rates, exchange rate gains due to valuation of currency holdings dropped by € 4.7 million (40.5%) to € 6.9 million, whereas interest rate swap values increased by a total of € 5.0 million to € 1.5 million. During the first quarter of 2006, there were no exchange rate losses from financing. During the same period in the prior year, such losses included liabilities to banks (senior facility agreement), which were decreased during the 2005 fiscal year.

Loan Development from March 31, 2005, to March 31, 2006	At 31.3.2006 € million	At 31.3.2005 € million	Change in € million
Revolving credit facility	0.0	56.8	-56.8
High Yield Bond *)	171.8	286.3	-114.5
Blade Lux Holding Two S.a.r.l.; Shareholder loan	0.0	71.8	-71.8
DaimlerChrysler, Vendor loan *)	0.0	188.3	-188.3
*) incl. deferred interest	**171.8**	603.2	**-431.4**

Cash for early repayment was provided by revenue from the issue of shares in 2005 as well as operations (see Financial Situation and Group's Cash Flow Statement).

The result from ordinary activities increased by € 25.3 million compared to the same period in the prior year, reaching € 33.5 million.

Overall, the **net profit** generated during the period from January 1 to March 31, 2006, was € 19.4 million, while net profit during the same period in the prior year was € 5.0 million.

Earnings by Segment

Civil and Military Engine Business

Period from January 1 to March 31, 2006

During the first three months, revenue in the civil and military engine business rose by € 6.3 million (1.8%) to € 348.3 million compared to the same period in the prior year. Revenue in the civil engine business increased by € 4.6 million (1.9%) to € 246.0 million. Deliveries in the PW2000 engine program rose by € 6.7 million (17.8%) from the same period in the prior year, while the increase in the V2500 engine program was € 24.0 million (45.9%).

In the military engine business, revenue edged up € 1.7 million (1.7%) to € 102.3 million. Whereas the military EJ200, RB199 and MTR390 engine programs held equally stable compared to the same period in the prior year, additional sales generated by the TP400 engine program contributed to the positive development compared with the first quarter of 2005.

Gross profit dropped by € 2.3 million to € 46.9 million from the previous year.

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA adjusted) increased by € 2.8 million to a total of € 43.1 million (6.9%), mostly due to lower general administrative expenses.

Due to a significantly improved financial result, the result from ordinary activities amounted to € 17.3 million, up by € 13.6 million from the € 3.7 million generated during the same period in the prior year.

Civil Engine Maintenance

Period from January 1 to March 31, 2006

Civil engine maintenance volume once again jumped significantly, reaching € 48.5 million (28.1%). Thus, revenue increased from € 172.6 million to € 221.1 million. This pushed gross profit up by € 17.1 million to € 31.6 million (previous year: € 14.5 million).

Accordingly, earnings before interest, taxes, depreciation and amortization (EBITDA adjusted) jumped € 9.6 million (68.1%) to € 23.7 million, with the result from ordinary activities climbing € 11.4 million to € 18.3 million.

Financial Position

The Group's cash flow statement shows where cash originated and how it was used during the first quarters of the 2006 and 2005 fiscal years. It distinguishes cash from operating activities, investing activities, and financing activities.

During the first quarter, the Group's **operations** generated a cash inflow in the amount of € 81.1 million (previous year: € 133.1 million). Thus, cash from operating activities was down by € 52.0 million from the same period in the prior year, mostly due to a smaller decrease in working capital in the amount of € 41.0 million, compared to € 110.1 million during the first quarter of 2005. Compared to the first three months of the previous year, the most significant developments included more pronounced increases of inventories in the amount of € 21.7 million (previous year: € 9.9 million), trade receivables in the amount of € 34.3 million (previous year: € 27.8 million) as well as other assets in the amount of € 25.4 million (previous year: € -19.0 million).

Financial Situation

During the first quarter of 2006, **investment** in intangible assets as well as plant, property and equipment was up a mere € 0.1 million (0.9%) from the same period in the prior year. Thus, the cash outflow from investing activities at March 31, 2006, amounted to € 11.3 million (previous year: € 10.6 million, set off against proceeds from asset disposals).

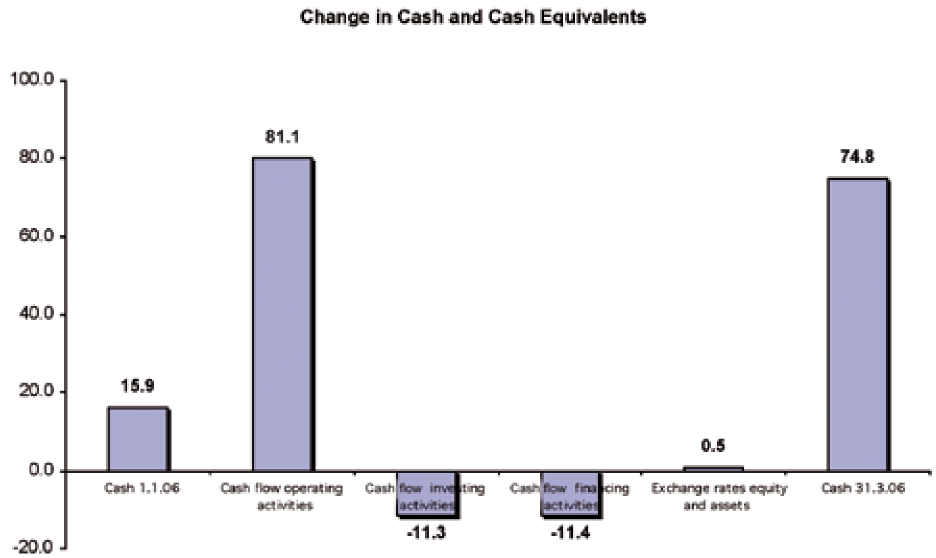
Financing activities were dominated by repayment of a RCF overdraft loan in the amount of € 17.0 million, which had been drawn down upon on short notice at the close of 2005. Hence, after minor changes related to affiliated companies have been netted out, cash outflow from financing activities during the first quarter of 2006 totaled € 11.4 million. During the same period in the prior year, cash outflow totaled € 106.4 million, resulting mostly from partial repayment of purchase price loans for acquisition of the Company in the amount of € 174.2 million and a drawdown on a RCF loan in the amount of € 56.8 million.

After exchange rate effects in equity and the fixed assets of the group of companies being consolidated have been adjusted for, the individual cash flows combine to result in an increase of cash and cash equivalents by € 58.9 million (previous year: € 15.6 million). **Free cash flow**, which nets out the cash inflow from operating activities and the cash outflow from investing activities, was € 69.8 million at March 31, 2006 (previous year: € 122.5 million).

Net Asset Position

Compared to December 31, 2005, the group balance sheet total was up by 4.7%, reaching € 119.5 million.

While non-current assets decreased by a total of € 21.1 million, mostly due to scheduled amortization of intangible assets and scheduled depreciation of plant, property and equipment, current assets increased by € 140.6 million. Inventories rose by € 21.7 million (4.2%), while receivables from construction and maintenance contracts (percentage of completion) and trade receivables were up by a combined € 34.3 million (8.2%). Other assets increased by a total of € 25.5 million (43.3%). The major part of this increase is due to receivables from related companies, which accounted for € 28.9 million. Also, this item changed mostly due to lower tax refund claims. Positive cash flow resulted in cash and cash equivalents increasing by € 58.9 million to € 74.8 million since January 1, 2006.



Mostly due to positive 2006 first quarter net profit in the amount of € 19.4 million, group equity rose from € 528.3 million to € 556.3 million. Within group equity, accumulated other equity showed an increase of € 8.6 million, from € -13.3 million to € -4.7 million. This rise is mainly due to an € 8.5 million increase in the market value of derivatives after deferred taxes have been accounted for. Accumulated other equity showed a slight increase due to a combination of a negative exchange rate impact in the amount of € 0.2 million and planned continuation of the Matching Stock Program's (MSP) existing valuation in the amount of € 0.3 million.

The equity ratio edged up from 20.7% to 20.8%.

Pension provisions were increased as planned by a total of € 6.0 million.

Whereas other non-current provisions remained unchanged, other current provisions declined by € 22.4 million (10.8%), mainly due to a decrease in personnel and social commitments compared to December 31, 2005.

Repayment of a RCF overdraft loan in the amount of € 17.0 million, which had been drawn down upon on short notice at the close of the year, mostly accounted for lower financial liabilities.

Due to deferrals, trade payables rose by € 54.1 million (18.7 %) to € 343.4 million.

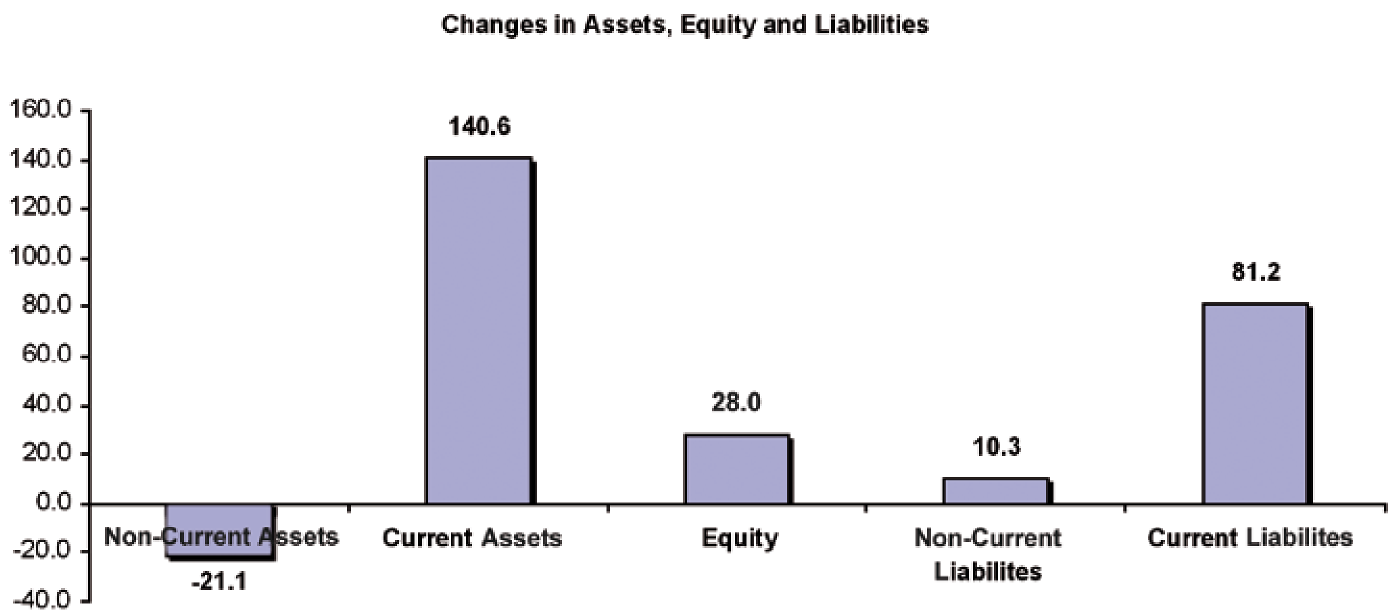
Other liabilities increased by € 55.1 million to € 670.6 million (9.0%). This increase was mostly accounted for by higher advance payments received in the amount of € 20.8 million (4.8%), higher liabilities to related companies – due to deferrals – in the amount of € 29.9 million (48.5%), and taxes in the amount of € 19.4 million. This was counteracted by decreased commitments from interest rate swaps in the amount of € 14.7 million (44.7%), due to exchange rate effects.

The table on the next page distinguishes between current and non-current items to illustrate how the asset and liability position has changed from December 31, 2005, to March 31, 2006:

Financial Situation

Statement of Changes in Assets, Equity and Liabilities
(Comparing March, 31, 2006, to December 31, 2005)

	€ million	€ million
Non-Current Assets		
Intangible assets	-7.2	
Property, plant and equipment	-13.6	
Financial assets	-1.4	
Other assets	0.8	
Deferred tax assets	0.3	-21.1
Current Assets		
Inventories	21.7	
Receivables	34.3	
Other assets	25.5	
Cash and cash equivalents	58.9	
Prepayments	0.2	140.6
Change in Assets		**119.5**
Equity		28.0
Non-Current Debt		
Provisions	6.1	
Financial liabilities	-1.6	
Other liabilities	-4.3	
Deferred tax liabilities	10.1	10.3
Current Debt		
Provisions	-22.5	
Financial liabilities	-9.8	
Trade payables	54.1	
Other liabilities	59.4	81.2
Change in Equity and Liabilities		**119.5**



Consolidated Income Statement

€ million	Notes	1.1.-31.3.2006	1.1.-31.3.2005
Revenues		564.8	509.7
Cost of sales	(6.)	-486.3	-445.4
Gross profit		**78.5**	64.3
Research and development costs	(7.)	-10.3	-4.8
Sellings costs	(8.)	-19.9	-17.0
General administrative expenses	(9.)	-9.6	-13.9
Other operating income and expenses		0.8	1.3
Result before financial result		**39.5**	29.9
Financial result	(11.)	-6.8	-21.7
Share of loss of Joint ventures accounted for using the equity method		0.8	0.0
Result from ordinary activities		**33.5**	8.2
Income taxes	(12.)	-14.1	-3.2
Net profit		**19.4**	5.0
Profit carried forward		32.8	-0.1
Accumulated profit		**52.2**	4.9
Earnings per share in Euro	(13.)	0.35	0.09

Consolidated Balance Sheet

Assets

€ million	Notes	31.3.2006	31.12.2005
Non-Current Assets			
Intangible assets	(16.)	934.5	941.7
Property, plant and equipment	(17.)	532.4	546.0
Financial assets		46.2	47.6
Other assets	(20.)	2.3	1.5
Deferred tax assets		0.3	0.0
		1,515.7	1,536.8
Current Assets			
Inventories	(19.)	539.9	518.2
Receivables	(20.)	452.7	418.4
Other assets	(20.)	84.3	58.8
Cash and cash equivalents		74.8	15.9
Prepayments		5.4	5.2
		1,157.1	1,016.5
Total		**2,672.8**	2,553.3

Equity and Liabilities

€ million	Notes	31.3.2006	31.12.2005
Equity	(24.)		
Subscribed capital		55.0	55.0
Capital reserves		453.8	453.8
Accumulated other equity		-4.7	-13.3
Accumulated profit		52.2	32.8
		556.3	528.3
Non-Current Debt			
Pension provisions		368.6	362.5
Other provisions	(26.)	31.3	31.3
Financial liabilities	(27.)	228.2	229.8
Other liabilities	(28.)	139.7	144.0
Deferred tax liabilities	(29.)	260.9	250.8
		1,028.7	1,018.4
Current Debt			
Pension provisions		15.2	15.3
Other provisions	(26.)	184.8	207.2
Financial liabilities	(27.)	13.5	23.3
Trade payables		343.4	289.3
Other liabilities	(28.)	530.9	471.5
		1,087.8	1,006.6
Total		**2,672.8**	2,553.3

Consolidated Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Accumulated profit/loss (-)	Accumulated other equity				Total
				Translation differences	Matching Stock Program	Derivative financial instruments	Subtotal	
January 1, 2005	**2.2**	**203.7**	**-0.1**	**-1.0**	**0.0**	**12.2**	**11.2**	**217.0**
Financial instruments (available for sale)						-10.9	-10.9	**-10.9**
Translation differences				0.7			0.7	**0.7**
= Profit not stated in income statement	**0.0**	**0.0**	**0.0**	**0.7**	**0.0**	**-10.9**	**-10.2**	**-10.2**
Net profit			5.0					**5.0**
= Total income	**0.0**	**0.0**	**5.0**	**0.7**	**0.0**	**-10.9**	**-10.2**	**-5.2**
March 31, 2005	**2.2**	**203.7**	**4.9**	**-0.3**	**0.0**	**1.3**	**1.0**	**211.8**
January 1, 2006	**55.0**	**453.8**	**32.8**	**1.0**	**0.7**	**-15.0**	**-13.3**	**528.3**
Financial instruments (available for sale)						8.5	8.5	**8.5**
Translation differences				-0.2			-0.2	**-0.2**
= Profit not stated in income statement	**0.0**	**0.0**	**0.0**	**-0.2**	**0.0**	**8.5**	**8.3**	**8.3**
Net profit			19.4					**19.4**
= Total income	**0.0**	**0.0**	**19.4**	**-0.2**	**0.0**	**8.5**	**8.3**	**27.7**
Matching Stock Program (MSP)					0.3		0.3	**0.3**
March 31, 2006	**55.0**	**453.8**	**52.2**	**0.8**	**1.0**	**-6.5**	**-4.7**	**556.3**

Consolidated Cash Flow Statement

€ million	1.1.-31.3.2006	1.1.-31.3.2005
Net profit	**19.4**	5.0
+ Depreciation and amortization	31.1	33.3
+/- Profit / loss of associated companies	1.5	
+/- Profit / loss on disposal of assets	0.2	-0.1
+/- Increase / decrease in pension provisions	6.0	6.2
+/- Increase / decrease in other provisions	-22.4	-18.8
+/- Change in non-cash taxes	4.0	-2.6
+/- Matching Stock Program	0.3	
+/- Increase / decrease in inventories	-21.7	-9.9
+/- Increase / decrease in receivables (excl. derivatives)	-59.7	-8.8
+/- Increase / decrease in liabilities (excl. derivatives)	122.4	128.8
Cash flow from operating activities	**81.1**	133.1
- Investments in intangible assets and property, plant and equipment	-11.3	-11.2
+ Proceeds from asset disposals		0.6
Cash flow from investing activities	**-11.3**	-10.6
Free cash flow	**69.8**	122.5
+/- Increase / decrease in financial liabilities	-11.4	-197.9
+/- Changes in market values of derivatives		91.5
Cash flow from financing activities	**-11.4**	-106.4
Exchange rate movements in equity	-0.2	0.7
Exchange rate movements in fixed assets	0.7	-1.2
	0.5	-0.5
Change in cash and cash equivalents	**58.9**	15.6
Cash and cash equivalents at January 1	15.9	28.5
Cash and cash equivalents at March 31	**74.8**	44.1

Notes to the Consolidated Financial Statements

I. Principles

1. General Information

MTU Aero Engines Holding AG and its group companies (hereafter Group or Group companies) rank among the world's largest manufacturers of engine modules and components and are the leading independent provider of maintenance services for civil aircraft engines.

The Group's business covers an engine program's entire lifecycle – from development and construction to testing and manufacturing of new civil and military engines and spare parts to maintenance services for civil and military engines. MTU's activities comprise two segments: the civil and military engine business as well as civil engine maintenance.

In the civil engine business, the Group develops and manufactures modules and components as well as spare parts for civil engine programs and also performs final assembly. In the case of military engines, MTU focuses on developing and manufacturing engine modules and components, manufacturing spare parts, performing final assembly and providing maintenance services for these engines. The civil maintenance segment includes maintenance and logistics service activities for civil engines.

MTU Aero Engines Holding AG (the parent company) with its headquarters at Dachauer Str. 665, 80995 Munich, Germany, is registered under HRB 157 206 in the registration court´s commercial register at the local court of Munich.

2. IFRS Accounting Standards

The consolidated financial statements of MTU Aero Engines Holding AG as of December 31, 2005 has been prepared in line with International Financial Reporting Standards (IFRS) and their applicable interpretations. The consolidated interim financial statements („interim financial statements") of MTU Aero Engines Holding AG as of March 31, 2006 has been prepared based on International Accounting Standard (IAS 34) „Interim Financial Reporting", and mostly uses the same accounting methods as in the consolidated financial statements for fiscal 2005.

Any required adaptations resulting from new or revised standards or increased transparency are explained under „Item 4" in the notes. The consolidated financial statements is based on all those interpretations by the International Financial Reporting Interpretations Committee (IFRIC) that were binding as of March 31, 2006.

In addition, this interim report complies with German Accounting Standard No. 6 (DRS 6) – Interim Financial Statements – by the Deutsche Rechnungslegungsstandards Committee e.V. (DRSC). The interim financial statements is not audited.

For further information on the accounting and valuation methods applied, please refer to the consolidated financial statements of MTU Aero Engines Holding AG as of December 31, 2005. The consolidated financial statements has been prepared in euros. All amounts are stated in millions of Euro (in € million) if not otherwise indicated.

3. Newly Issued Accounting Standards

During the 2005 fiscal year, the standards adopted by the IASB or IFRIC and taken over by the European Commission included the following:

- Amendments to IAS 39 („Financial Instruments: Recognition and Measurement")
- IFRIC 4 („Determining whether an arrangement contains a lease")
- IFRS 7 („Financial Instruments: Disclosures"), including requirements for the IAS 1 notes

The Group will apply the amended IAS 39 and IFRIC 4 from 2006. Overall, the effects on fiscal 2006 will be insignificant.

IFRS 7 and the amendments to IAS 1 will be binding from January 1, 2007. It is impossible to assess these standards' significance for MTU Group at the present point in time.

4. Adjustments to the 2005 First Quarter Report

In the previous year, research and development costs were shown under the cost of sales item. To improve comparability, these expenses have been moved to a separate item (Number 7) from fiscal 2005.

5. Group of Consolidated Companies

MTU Aero Engines Holding AG's Group financial statements for the first quarter of 2006 includes 6 domestic and 3 foreign subsidiaries. Three subsidiaries are too insignificant to be included. Also, MTU München Unterstützungskasse GmbH, Munich, is not consolidated because the obligations are recognized in the Group financial statements.

II. Notes to the Income Statement

6. Cost of Sales

€ million	1.1.-31.3.2006	1.1.-31.3.2005
Cost of materials	-392.3	-309.2
Personnel expenses	-90.7	-93.5
Depreciation and amortization	-28.5	-31.9
Other cost of sales	25.2	-10.8
	-486.3	-445.4

7. Research and Development Costs

€ million	1.1.-31.3.2006	1.1.-31.3.2005
Cost of materials	1.2	-0.8
Personnel expenses	-13.9	-11.9
Depreciation and amortization	-1.6	-0.4
	-14.3	-13.1
Consumption of R&D provisions	4.0	8.3
Expenses	**-10.3**	-4.8

8. Selling Costs

€ million	1.1.-31.3.2006	1.1.-31.3.2005
Cost of materials	-2.7	-2.4
Personnel expenses	-10.9	-11.1
Depreciation and amortization	-0.6	-0.6
Other selling costs	-5.7	-2.9
	-19.9	-17.0

Selling costs contain mainly expenses for marketing, advertising and sales personnel as well as write-downs on trade accounts receivable.

9. General Administrative Expenses

€ million	1.1.-31.3.2006	1.1.-31.3.2005
Cost of materials	-0.8	-0.7
Personnel expenses	-6.4	-10.2
Depreciation and amortization	-0.4	-0.4
Other administrative costs	-2.0	-2.6
	-9.6	-13.9

11. Financial Result

Composition € million	1.1.-31.3.2006	1.1.-31.3.2005
Income		
Exchange rate gains due to valuation of currency holdings	6.9	11.6
Interest rate swaps	1.5	2.8
Interest and similiar income	0.7	4.3
Exchange rate gains from financing transactions		2.6
Other financial income	0.6	0.1
	9.7	**21.4**
Expenses		
Exchange rate losses due to valuation of currency holdings	-7.0	-6.9
Interest expenses attributable to pension provisions	-4.6	-4.6
Interest and similiar expenses	-4.1	-12.4
Interest expenses due to finance leasing contracts	-0.7	-0.7
Interest expenses for developing provisions	-0.1	-0.4
Exchange rate losses due to valuation of finance lease		-1.1
Exchange rate losses due to valuation of interest rate swaps		-6.3
Exchange rate losses due to financing transactions		-10.7
	-16.5	-43.1
	-6.8	-21.7

12. Income Taxes

€ million	1.1.-31.3.2006	1.1.-31.3.2005
Current tax expenses	-10.0	-5.8
Deferred tax expenses	-4.1	2.6
Income taxes due to income statement	**-14.1**	-3.2

13. Earnings per Share

	1.1.-31.3.2006	1.1.-31.3.2005
Net profit in € million	**19.4**	5.0
Number of shares (´ 000)	**55,000,000**	55,000,000
Earnings per share in Euro *)	**0.35**	0.09

*) Earnings per share were diluted neither during the reporting period nor during the corresponding period in the prior year. The figure given for the prior year is „as if presentation“.

III. Notes to the Balance Sheet

16. Intangible Assets

The intangible assets item continues to show program values and program-independent technologies as capitalized as a result of purchase price allocation, as well as – largely technical – software and goodwill.

Additions to intangible assets during the first quarter of 2006 amounted to € 0.1 million.

Amortization totaled € 8.1 million (1st quarter of 2005: € 7.7 million).

17. Property, Plant and Equipment

During the first three months of 2006, € 11.2 million were invested in property, plant and equipment. Depreciation during the same period totaled € 23.0 million (1st quarter of 2005: € 25.6 million).

19. Inventories

€ million	31.3.2006	31.12.2005
Raw materials and supplies	218.2	233.3
Work in process	312.4	277.4
Advance payments	9.3	7.5
	539.9	518.2

20. Receivables and Other Assets

Receivables € million	31.3.2006 Current Due within one year	Non-Current Due in more than one year	Total	31.12.2005 Current Due within one year	Non-Current Due in more than one year	Total
Trade receivables	271.6		271.6	269.9		269.9
Receivables from construction and maintenance contracts (POC)	181.1		181.1	148.5		148.5
	452.7		**452.7**	418.4		418.4

Other Assets € million	31.3.2006 Current Due within one year	Non-Current Due in more than one year	Total	31.12.2005 Current Due within one year	Non-Current Due in more than one year	Total
Receivables from related companies						
- Associates	43.4		43.4	26.3		26.3
- Joint ventures	12.2		12.2	0.4		0.4
Tax refund claims						
- Income taxes	5.5		5.5	5.4		5.4
- Other taxes	7.1		7.1	11.6		11.6
Accounts due from employees	1.2		1.2	1.0		1.0
Accounts from suppliers	11.6		11.6	11.8		11.8
Market value of derivatives						
- Forward foreign exchange transactions	0.7		0.7			
- Interest rate swaps						
Other Assets	2.6	2.3	4.9	2.3	1.5	3.8
	84.3	**2.3**	**86.6**	58.8	1.5	60.3

24. Equity

Capital Reserves

The change in equity from January 1, 2006 to March 31, 2006 is given in the consolidated statement of changes in equity on page 10.

Accumulated Other Equity

Accumulated other equity shows any differences from currency conversion related to the financial statements of foreign subsidiaries, any stock appreciation rights resulting from the Matching Stock Program (MSP) as well as any effects from the valuation of financial instruments, which did not affect income.

26. Other Provisions

Other provisions mostly relate to personnel and social commitments, to threatened losses in the maintenance, repair and overhaul business (MRO), warranties and tax liabilities.

27. Financial Liabilities

	Current		Non-Current					
	Due within one year		Due between one and five years		Due after more than five years		Total	Total
€ million	31.3.2006	31.12.2005	31.3.2006	31.12.2005	31.3.2006	31.12.2005	31.3.2006	31.12.2005
Bonds								
High Yield Bond (HY)					165.0	165.0	165.0	165.0
Interest liabilities High Yield Bond	6.8	3.4					6.8	3.4
Liabilities to banks								
Revolving credit facility		17.0						17.0
Liabilities to related companies								
Subsidiaries	4.0						4.0	
Other companies	0.1	0.3					0.1	0.3
Other financial liabilities								
Finance leasing liabilities	2.6	2.6	21.0	22.2	28.4	28.4	52.0	53.2
Loan from the province of British Columbia to MTU Maintenance Canada			13.8	14.2			13.8	14.2
	13.5	23.3	**34.8**	36.4	**193.4**	193.4	**241.7**	253.1

In addition to the financial liabilities, an additional overdraft credit of € 250.0 million has been granted to the Company, of which a credit line of more than € 130.0 million has been agreed with the consortium of banks. Bilateral credit agreements (ancillary facilities) for the remaining € 120.0 million have been concluded with three banks.

Of the € 250.0 million overdraft credit, € 24.1 million are bank guarantees drawn for the benefit of a third party.

28. Other Liabilities

	Current		Non-Current					
	Due within one year		Due between one and five years		Due after more than five years		Total	Total
€ million	31.3.2006	31.12.2005	31.3.2006	31.12.2005	31.3.2006	31.12.2005	31.3.2006	31.12.2005
Advance payments received	338.1	317.3	113.7	113.7			451.8	431.0
Liabilities to related companies								
Non-consolidated subsidiaries	4.9	4.9					4.9	4.9
Joint ventures		5.0						5.0
Other companies	86.6	51.7					86.6	51.7
Other taxes	24.3	4.9					24.3	4.9
Social security	3.2	10.8					3.2	10.8
Employees	47.2	43.1	8.1	7.1			55.3	50.2
Market price of derivative	10.5	19.5	7.7	13.4			18.2	32.9
Other liabilities	16.1	14.3	7.6	7.2	2.6	2.6	26.3	24.1
	530.9	471.5	**137.1**	141.4	**2.6**	2.6	**670.6**	615.5

29. Deferred Tax Liabilities

Deferred Tax Liabilities 2006 **€ million**	**Due after more than one year**	**Total March 31, 2006**
Deferred taxes	260.9	260.9
	260.9	**260.9**

Deferred Tax Liabilities 2005 **€ million**	Due after more than one year	Total Dec. 31, 2005
Deferred taxes	250.8	250.8
	250.8	250.8

Please refer to MTU Aero Engines Holding AG's Group financial statements for more information on each business segment's activities.

Segment information for the first quarter of 2006 is as follows:

36. Explanatory Comments on Segment Information

Primary Business Segment 2006	**Civil and military engine business**	**Civil engine maintenance**	**Consolidation / reconciliation**	**Group**
€ million	1.1.- 31.3.2006	1.1.- 31.3.2006	1.1.- 31.3.2006	1.1.- 31.3.2006
Revenues with third parties	**345.8**	**219.0**		**564.8**
- Commercial	243.5	219.0		462.5
- Military	102.3			102.3
Revenues with other segments	**2.5**	**2.1**	**-4.6**	**0.0**
- Commercial	2,5	2.1	-4.6	0.0
- Military				
Total revenues	**348.3**	**221.1**	**-4.6**	**564.8**
- Commercial	246.0	221.1	-4.6	462.5
- Military	102.3			102.3
Cost of sales	**-301.4**	**-189.5**	**4.6**	**-486.3**
Gross profit	**46.9**	**31.6**	**0.0**	**78.5**
Result before financial result (EBIT)	**23.7**	**16.0**	**-0.2**	**39.5**
Depreciation and amortization	**23.4**	**7.7**		**31.1**
Result before financial result after depreciation and amortization (EBITDA)	**47.1**	**23.7**	**-0.2**	**70.6**
Adjusted result before financial result after depreciation and amortization (EBITDA adjusted)	**43.1**	**23.7**	**-0.2**	**66.6**
Financial result	**-4.1**	**-0.8**	**-1.9**	**-6.8**
Result from equity valuation		**0.8**		**0.8**
Internal allocation	-2.3	2.3		0,0
Earnings before tax (EBT)	**17.3**	**18.3**	**-2.1**	**33.5**
Profit margin before tax %	**5.0**	**8.3**		**5.9**

37. Explanatory Comments on Segment Information

Primary Business Segment 2005 € million	Civil and military engine business 1.1.- 31.3.2005	Civil engine maintenance 1.1.- 31.3.2005	Consolidation / reconciliation 1.1.- 31.3.2005	Group 1.1.- 31.3.2005
Revenues with third parties	**338.4**	**171.3**		**509.7**
- Commercial	237.8	171.3		409.1
- Military	100.6			100.6
Revenues with other segments	**3.6**	**1.3**	**-4.9**	**0.0**
- Commercial	3.6	1.3	-4.9	0.0
- Military				
Total revenues	**342.0**	**172.6**	**-4.9**	**509.7**
- Commercial	241.4	172.6	-4.9	409.1
- Military	100.6	0.0	0.0	100.6
Cost of sales	**-292.8**	**-158.1**	**5.5**	**-445.4**
Gross profit	**49.2**	**14.5**	**0.6**	**64.3**
Result before financial result (EBIT)	**23.2**	**6.1**	**0.6**	**29.9**
Depreciation and amortization	**25.3**	**8.0**		**33.3**
Result before financial result after depreciation and amortization (EBITDA)	**48.5**	**14.1**	**0.6**	**63.2**
Adjusted result before financial result after depreciation and amortization (EBITDA adjusted)	**40.3**	**14.1**	**0.6**	**55.0**
Financial result	**-18.4**	**-0.3**	**-3.0**	**-21.7**
Result from equity valuation		**0.0**		**0.0**
Internal allocation	-1.1	1.1		0.0
Earnings before tax (EBT)	**3.7**	**6.9**	**-2.4**	**8.2**
Profit margin before tax %	**1.1**	**4.0**		**1.6**

Financial Calendar

Financial Calendar

Conference call to discuss the 2006 first-quarter result	**May 2, 2006**
1st general meeting on fiscal 2005	**May 12, 2006**
Conference call to discuss the 2006 first-six-months result	**July 27, 2006**
2006 Investor and Analyst Conference	**Sept. 28, 2006**
Conference call to discuss the 2006 third-quarter result	**Nov. 14, 2006**

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- You can reach the Investor Relations section directly at: **http://www.mtu.de/de/investorrelations/index.html**

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