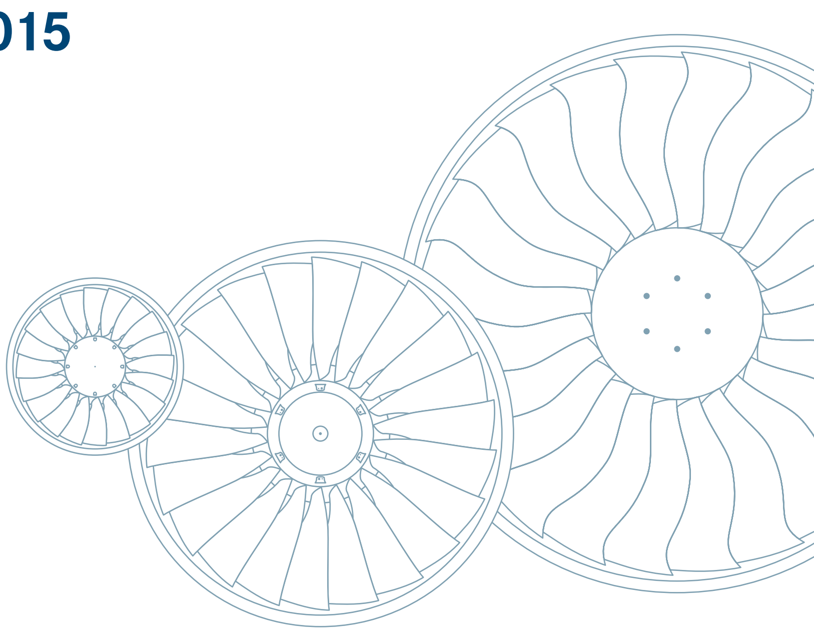
Half-Yearly Financial Report
January 1 to June 30, 2015

MTU Aero Engines AG, Munich



Contents

Key Facts and Figures for the Group

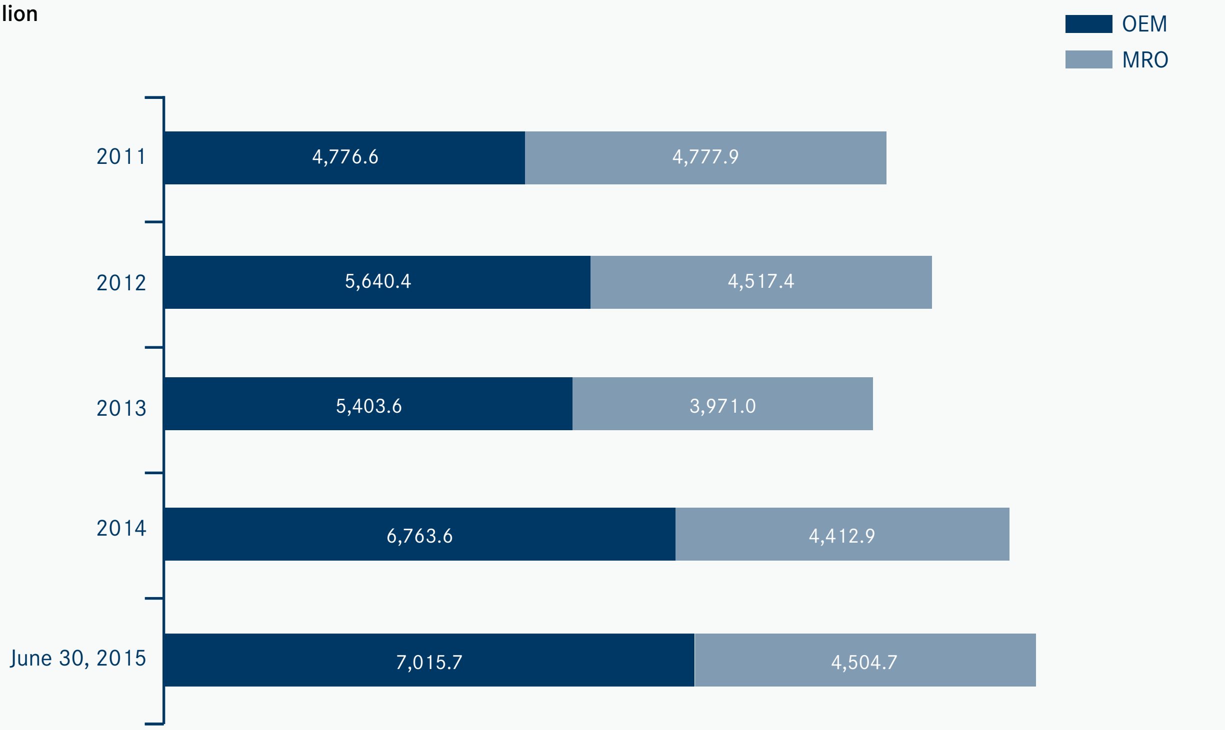
in € million (unless stated otherwise)	Jan. 1 - June 30, 2015	Jan. 1 - June 30, 2014	Change against previous year in € million	in %
Income Statement				
Revenues	2,202.0	1,815.8	386.2	21.3
Gross profit	271.3	250.1	21.2	8.5
Earnings before interest and tax (EBIT)	185.2	147.2	38.0	25.8
Adjusted earnings before interest and tax (EBIT adjusted)	212.8	170.7	42.1	24.7
Earnings before tax	140.3	131.5	8.8	6.7
Earnings after tax	104.0	83.9	20.1	24.0
Adjusted earnings after tax	147.2	111.0	36.2	32.6
Undiluted earnings per share (in €)	2.04	1.65	0.39	23.6
Diluted earnings per share (in €)	2.04	1.65	0.39	23.6
Revenue margins in %				
Earnings before interest and tax (EBIT)	8.4	8.1		
Adjusted earnings before interest and tax (EBIT adjusted)	9.7	9.4		
Earnings before tax	6.4	7.2		
Earnings after tax	4.7	4.6		
Adjusted earnings after tax	6.7	6.1		
Cash flow				
Cash flow from operating activities	170.5	81.0	89.5	>100
Cash flow from investing activities	-115.1	-95.8	-19.3	-20.1
Free cash flow	86.7	17.9	68.8	>100
Cash flow from financing activities	-51.5	-58.4	6.9	11.8
Change in cash and cash equivalents	7.2	-72.5	79.7	>100

in € million (unless stated otherwise)	June 30, 2015	Dec. 31, 2014	Change against previous year in € million	in %
Balance Sheet				
Intangible assets	2,172.0	2,100.8	71.2	3.4
Cash and cash equivalents	71.8	64.6	7.2	11.1
Pension provisions	778.6	783.6	-5.0	-0.6
Equity	1,211.7	1,188.3	23.4	2.0
Net debt	855.3	737.3	118.0	16.0
Order backlog before consolidation	**11,520.4**	**11,176.5**	**343.9**	**3.1**
Commercial and military engine business (OEM) before consolidation	7,015.7	6,763.6	252.1	3.7
Commercial maintenance business (MRO) before consolidation	4,504.7	4,412.9	91.8	2.1
Number of employees at quarter end	**8,329**	**8,333**	**-4**	
Commercial and military engine business (OEM)	5,335	5,274	61	1.2
Commercial maintenance business (MRO)	2,994	3,059	-65	-2.1

In the five-year overviews, the figures for the financial years 2011 through 2013 are adjusted and unaudited. For details of these adjustments, please see the explanatory notes to the Condensed Interim Consolidated Financial Statements ("Adjustments to the Condensed Interim Consolidated Financial Statements").

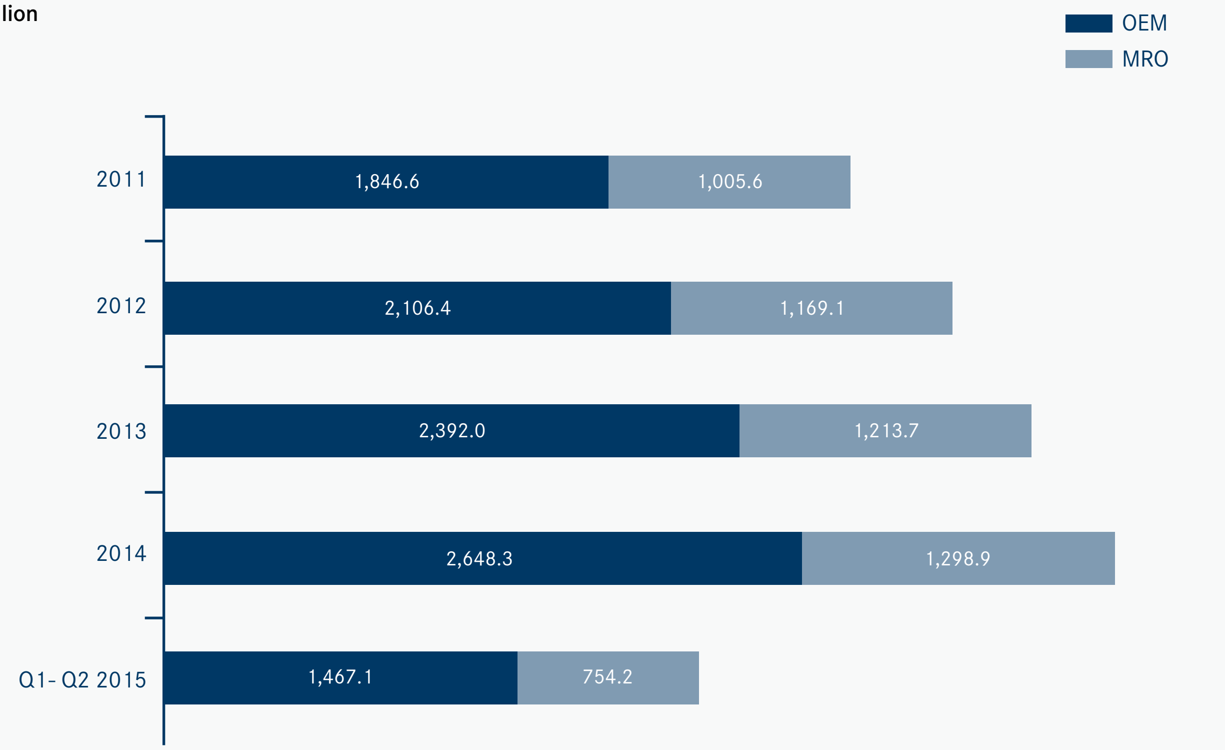
Order backlog by segment (before consolidation)

in € million

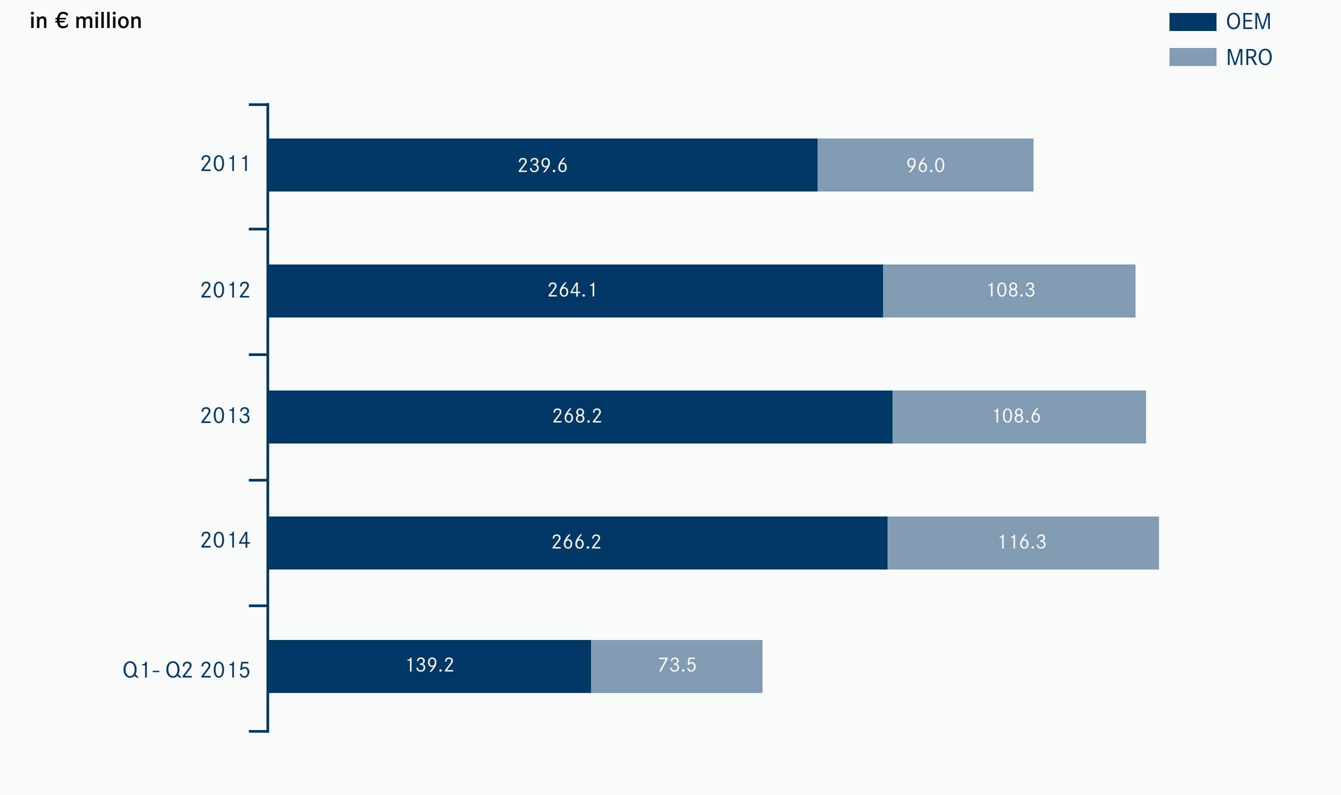


Revenues by segment (before consolidation)

in € million



EBIT adjusted by segment (before consolidation)



Earnings after tax

1 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.

Research and development

Technological changes within the aviation sector take place at an extremely rapid pace and require a continuous source of innovation. Development activities are currently dominated by work on engines relating to the PW1000G geared turbofan family, the GE9X and the PW800 engine programs.

Commercial geared turbofan programs

Engine	MTU program share	Aircraft manufacturer	Aircraft type	Number of Seats	Entry into Service (EIS)
PW1100G	18%	Airbus	A320neo	150 - 200	2015
PW1200G	15%	Mitsubishi	MRJ	70 - 90	2017
PW1400G	18%	Irkut	MS21	150 - 200	2017
PW1500G	17%	Bombardier	CSeries	110 - 150	2016
PW1700G	15%	Embraer	E-Jet E175	80 - 90	2020
PW1900G	17%	Embraer	E-Jet E190/E195	100 - 140	2018/2019

Research and development (R&D) expenditure, which is expected to remain at a high level during the financial years 2015 and 2016, developed during the six-month period under report as follows:

Research and development expenditure

	Jan. 1 - June 30, 2015 in € million	Jan. 1 - June 30, 2014 in € million	Change against previous year	
			in € million	in %
Commercial engine business	89.3	61.5	27.8	45.2
Commercial maintenance business	2.4	2.1	0.3	14.3
Military engine business	10.3	15.6	-5.3	-34.0
Research and development expenditure before capitalization	**102.0**	**79.2**	**22.8**	**28.8**

R&D expenditure is subdivided into company-funded and externally funded work. Company-funded R&D work is financed by the group, whereas externally funded R&D work is paid for by customers. Company-funded expenditure is reported in the table below and in note 3 (Research and development expenses) of the selected explanatory notes.

Total R&D expenditure of € 102.0 million (January - June 2014: € 79.2 million) included € 79.1 million (January - June 2014: € 60.0 million) relating to company-funded R&D work. Of this amount, € 76.7 million (January - June 2014: € 57.9 million) was attributable to commercial and military engine business (OEM). Development expenditure for commercial engine maintenance business in the first six months of 2015 amounted to € 2.4 million (January - June 2014: € 2.1 million) and related primarily to new repair techniques.

Company-funded research and development expenditure income statement

	Jan. 1 - June 30, 2015 in € million	Jan. 1 - June 30, 2014 in € million	Change against previous year in € million	in %
Commercial engine business	75.5	53.7	21.8	40.6
Commercial maintenance business	2.4	2.1	0.3	14.3
Military engine business	1.2	4.2	-3.0	-71.4
Company-funded R&D expenditure	**79.1**	**60.0**	**19.1**	**31.8**
Capitalized development costs				
Commercial and military engine business	-54.8	-21.6	-33.2	<-100
Research and development costs recognized as expense	**24.3**	**38.4**	**-14.1**	**-36.7**
Capitalized development costs in %	**69.3**	**36.0**		

Capitalized development costs in the period totaled € 54.8 million (January - June 2014: € 21.6 million). The increase in the capitalization ratio to 69.3 % is due to the ramp-up of activities for the GTF programs as well as the entry to the GE9X program. Development costs capitalized for the military and commercial engine lines of business relate to the GE38, GE9X and PW800 programs and to geared turbofan programs.

2 Report on economic position

2.1 Macroeconomic factors

The pace of economic growth around the world varied from region to region, with the USA and China reporting disappointing figures and Japan and the eurozone performing better than expected (source: EIU, July 2015).

Seasonally adjusted gross domestic product (GDP) for the first quarter of 2015 grew by 1.0 % compared to the corresponding quarter last year. The weak euro provided a boost for exports, while lower oil prices encouraged consumer spending. Low interest rates set by central banks and higher credit volumes also had a positive impact (source: Eurostat June 9, 2015).

The US economy continued to perform solidly despite a harsh winter, dock strike, strong dollar and flagging energy sector. Overall, GDP grew by 2.7 % in the first quarter 2015 compared to one year earlier, helped by the fact that the first quarter in the previous year had been comparatively weak (source: Eurostat June 9, 2015).

China's economy expanded by 7.0 % in the first three months of the year, the slowest growth rate recorded since the financial crisis. One quarter earlier, the economy had still been growing at 7.3 %. Although Chinese growth rate figures remain extremely high compared to Europe and the USA, the pace of growth is decelerating (National Bureau of Statistic of China).

Oil prices remained at a low level, with some upward movement evident since March. On average, Brent Crude cost US-$ 62 per barrel in June 2015. Increased shale oil production in the USA, OPEC's policy of not reducing oil production volumes as well as lower demand in the euro area and Japan resulted in excess supply of crude oil and high inventory levels.

2.2 Microeconomic factors in the aviation industry

Even as the global economy continues its sluggish recovery from the financial crisis, demand for air transport continues to show an upward trajectory. Global passenger numbers rose year-on-year by 6.9 % and air freight volumes by 2.1 % in the first five months of 2015.

The International Paris Air Show took place in June this year and was a great success for MTU Aero Engines with orders to the tune of more than € 800 million recorded, much of which related to geared turbofan engines for the PW1000G family. Indeed, the air show can be seen as ushering in a new era for the commercial aircraft industry, namely a shift away from a phase of huge expenditure on new aircraft programs (such as for the Boeing 787 and Airbus' A350 and A380 models) towards a phase where the focus will be on optimizing these platforms.

Airbus and Boeing delivered 676 aircraft to customers during the first half of 2015, an increase 5 % over in the corresponding period last year. Aircraft production rates are therefore within the forecast range announced by Airbus and Boeing.

The order backlog for aircraft in the plus 100-seat category went up from 12,057 aircraft at the end of the first quarter to 12,834 aircraft at the end of the second quarter 2015 (source: IATA, Ascend Online, July 2015).

A total of 133 business jets was delivered during the first quarter 2015, down 14 % on the first quarter of the previous year. The first quarter is, however, traditionally the weakest quarter of the year (source: GAMA, May 8, 2015).

2.3 Financial situation

Exchange rate information

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 appreciated significantly in value, finishing at U.S. $ 1.12 to the euro on June 30, 2015 (December 31, 2014: US $ 1.21 to the euro). The average rate of the US dollar to the euro during the six-month period from January to June 2015 was US $ 1.12 compared to US $ 1.37 in the corresponding period one year earlier.

2.3.1 Operating results

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

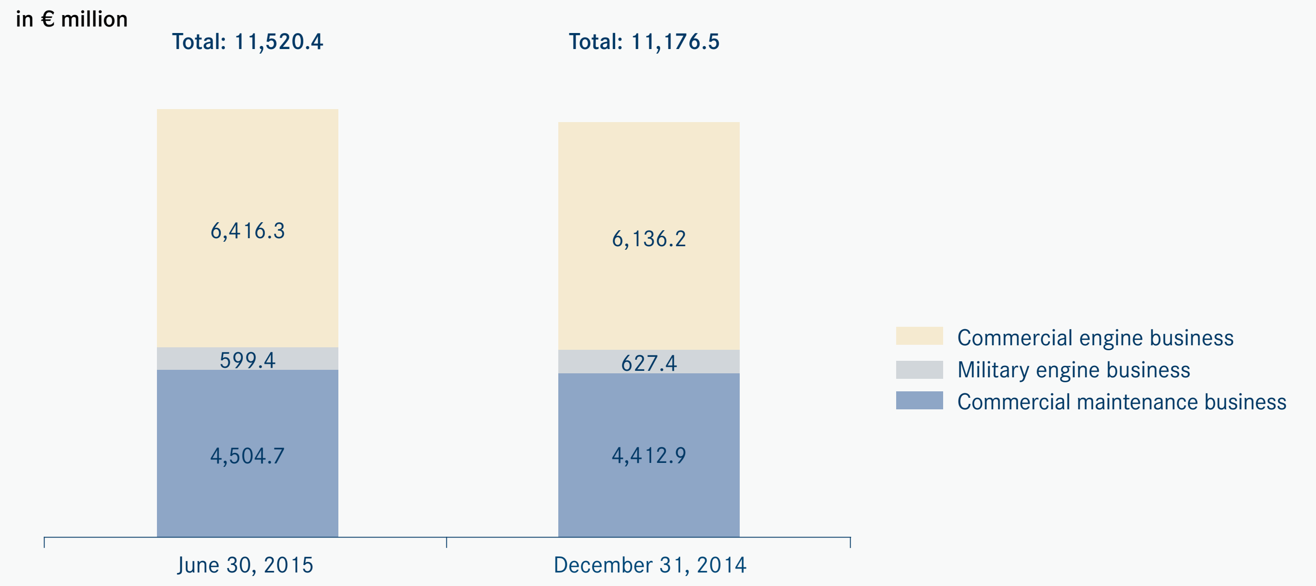
	Jan. 1 - June 30, 2015 in € million	Jan. 1 - June 30, 2014 in € million	Change against previous year in € million	in %
Earnings before interest and tax (EBIT)	**185.2**	**147.2**	**38.0**	**25.8**
Amortization and depreciation effects of purchase price allocation/V2500 stake increase	27.6	23.5	4.1	17.4
Adjusted earnings before interest and tax (EBIT adjusted)	**212.8**	**170.7**	**42.1**	**24.7**
Interest result	-1.0	-4.7	3.7	78.7
Accrued interest for pension provision	-7.1	-10.7	3.6	33.6
Adjusted earnings before tax	**204.7**	**155.3**	**49.4**	**31.8**
Income taxes	-57.5	-44.3	-13.2	-29.8
Adjusted earnings after tax	**147.2**	**111.0**	**36.2**	**32.6**

An average tax rate of 30.0 % has been calculated for 2015 (similar to the previous year's level), based on expected pre-tax earnings of the MTU Group's German and foreign entities. Since the after-tax results of investments accounted for using the equity method are taken into account in earnings before interest and tax (see above), the calculation of income taxes (30.0 %) does not include these amounts. The same method was used to calculate the income tax rate in the previous year.

Order backlog

MTU's order backlog consists of firm customer orders that commit the group to delivering products or providing services, plus the contractual value of service agreements.

Order backlog before consolidation



The order backlog for the commercial engine business totaling € 6.4 billion is based on firm orders from customers and recorded at list price. The total order backlog at June 30, 2015 amounting to approximately € 11.5 billion corresponds, arithmetically, to a production workload of approximately three years.

Revenues

Compared with corresponding period last year, revenues for the first half of 2015 rose by € 386.2 million (21.3 %) to € 2,202.0 million. Within those figures, revenues from commercial and military engine business increased by € 208.7 million (16.6 %) to € 1,467.1 million. Revenues generated with commercial engine maintenance business climbed by € 181.3 million (31.6 %) to € 754.2 million. The increase in revenue was attributable to a large extent in both segments to the development of the €/US-$ exchange rate.

Cost of sales and gross profit

Cost of sales for the first six months of 2015 increased at a more pronounced rate than revenues, rising by € 365.0 million (23.3 %) compared to the previous year to € 1,930.7 million, whereby the main factors were changes in the product mix and unrealized exchange losses on foreign currency payables. The six-month gross profit was € 21.2 million (8.5 %) up on the previous year at € 271.3 million, whereas the gross profit margin fell to 12.3 % (January - June 2014: 13.8 %).

Earnings before interest and tax (EBIT)

Earnings before interest and tax for the first six months of 2015 increased by € 38.0 million (25.8 %) to € 185.2 million (January - June 2014: € 147.2 million). Adjusted earnings before interest and tax improved to € 212.8 million (January - June 2014: € 170.7 million), resulting in an adjusted EBIT margin of 9.7 % (January - June 2014: 9.4 %).

Financial result

The financial result for the six-month reporting period was a net expense of € 44.9 million (January - June 2014: net expense of € 15.7 million). The € 29.2 million deterioration was primarily attributable to fair value losses on derivatives amounting to € 26.7 million (January - June 2014: gains of € 5.3 million) and exchange losses in conjunction with financing activities amounting to € 7.4 million (January to June 2014: gains of € 0.3 million). This contrasted with a reduced net interest expense of € 1.0 million (January - June 2014: € 4.7 million) and exchange gains on currency holdings amounting to € 4.6 million (January - June 2014: exchange losses of € 1.9 million).

Earnings before tax

Earnings before tax for the six-month period increased by € 8.8 million (6.7 %) to € 140.3 million (January - June 2014: € 131.5 million).

Earnings after tax

Earnings after tax increased to € 104.0 million (January - June 2014: € 83.9 million) and was almost entirely attributable to the owners of MTU Aero Engines AG. Adjusted earnings after tax amounted to € 147.2 million (January - June 2014: € 111.0 million), an increase of € 36.2 million (32.6 %) compared to the corresponding period last year.

Consolidated statement of comprehensive income

In the consolidated statement of comprehensive income, earnings after tax of € 104.0 million (January - June 2014: € 83.9 million) are reconciled to a comprehensive income for the period of € 88.0 million (January - June 2014: € 42.4 million).

Income and expenses recognized directly in comprehensive income during the first six months of 2015 (net of deferred taxes) include net losses of € 47.4 million (January - June 2014: net losses of € 16.2 million) arising on the fair value measurement of cash flow hedging instruments. This was partly offset by the net positive impact of € 21.0 million (January - June 2014: net positive impact of € 0.4 million) arising on the currency translation of the financial statements of foreign operations and by net actuarial gains amounting to € 10.4 million (January - June 2014: net actuarial losses of € 25.7 million) resulting from interest rate changes affecting pension obligations and plan assets.

Comprehensive income for the six-month period amounting to € 88.0 million is attributable almost entirely to the owners of MTU Aero Engines AG.

2.3.2 Financial position

The principles and objectives of financial management are described in the Annual Report 2014 (page 87 onwards) and remain unchanged.

The group's external financing comprises mainly loans, credits from banks and bonds/notes.

At June 30, 2015, the MTU Group has access to credit facilities of € 400.0 million with five banks. Of this credit line, € 53.8 million was being utilized at June 30, 2015, of which € 12.3 million for guarantees (December 31, 2014: total funds utilized € 22.5 million, of which € 12.9 million 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 are not part of the operations management of the group's core business. As in previous years, as part of the calculation of free cash flow for the first six months of 2015, adjustments were recorded for net cash inflows of € 16.7 million (January - June 2014: net cash inflows of € 16.1 million) relating to investments in financial assets as part of liquidity management activities, for cash outflows of € 29.6 million (January - June 2014: € 2.4 million) used to acquire engine program stakes and for net cash outflows of € 18.4 million (January - June 2014: € 14.2 million) relating to aircraft and engine financing.

Free cash flow for the six-month period totaled € 86.7 million (January - June 2014: € 17.9 million).

Financial position

	Jan. 1 - June 30, 2015 in € million	Jan. 1 - June 30, 2014 in € million	Change against previous year in € million	in %
Cash flow from operating activities	170.5	81.0	89.5	>100
Cash flow from investing activities	-115.1	-95.8	-19.3	-20.1
+ (-) non-operating exceptional items	31.3	32.7	-1.4	-4.3
Free cash flow	**86.7**	**17.9**	**68.8**	**>100**
+ (-) non-operating exceptional items	-31.3	-32.7	1.4	4.3
Cash flow from financing activities	-51.5	-58.4	6.9	11.8
Translation differences	3.3	0.7	2.6	>100
Change in cash and cash equivalents	**7.2**	**-72.5**	**79.7**	**>100**
Cash and cash equivalents at				
the beginning of the reporting period	64.6	159.6		
the end of the reporting period	71.8	87.1		

Cash flows from operating activities

Cash flows from operating activities for six-month period under report totaled € 170.5 million (January - June 2014: € 81.0 million). The figure reported for the previous year was negatively impacted by tax payments for prior years.

Cash flow from investing activities

Cash outflows for investing activities for the six-month period totaled € 115.1 million (January - June 2014: € 95.8 million). Cash spend on investments in intangible assets totaled € 74.3 million (January - June 2014: € 21.7 million) and related primarily to development expenditure for the geared turbofan programs of the PW1000G family and for the PW800 program as well as "entry fees" for the GE9X engine program. Investments in property, plant and equipment during the six-month period decreased by € 0.6 million to € 38.7 million compared to the corresponding period last year (January - June 2014: € 39.3 million). Cash outflows for investments in financial assets amounted to € 23.6 million (January - June 2014: € 57.5 million) and related primarily to financing provided to customers for aircraft and engines.

Proceeds from the sale of intangible assets and property, plant and equipment as well as financial assets during the first six months of 2015 totaled € 20.4 million (January - June 2014: € 21.9 million). Repayments of non-current loans receivable gave rise to a cash inflow of € 1.1 million (January - June 2014: € 0.8 million).

Cash flow from financing activities

The cash outflow from financing activities totaled € 51.5 million (January - June 2014: € 58.4 million).

Cash and cash equivalents

Including the impact of exchange rate fluctuations, the various cash flows resulted in an increase in cash and cash equivalents of € 7.2 million (January - June 2014: decrease of € 72.5 million).

Cash and cash equivalents comprise the following at June 30, 2015:

Cash and cash equivalents

	June 30, 2015 in € million	Dec. 31, 2014 in € million	Change against previous year in € million	in %
Demand deposits and cash	31.6	49.6	-18.0	-36.3
Fixed-term and overnight deposits with an original availability of three months or less	40.2	15.0	25.2	>100
Total cash and cash equivalents	**71.8**	**64.6**	**7.2**	**11.1**

Net financial debt

MTU defines net financial debt as the difference between gross financial debt and financial assets which, together, represent a key figure for the group's liquidity position. Net financial debt at June 30, 2015 amounted to € 855.3 million (December 31, 2014: € 737.3 million).

Net financial debt

	June 30, 2015 in € million	Dec. 31, 2014 in € million	Change against previous year in € million	in %
Bonds and notes	347.4	352.7	-5.3	-1.5
Financial liabilities arising from IAE-V2500 stake increase	436.9	414.6	22.3	5.4
Financial debt to banks				
Note purchase agreement	30.1	30.1		
Revolving credit facility	41.5	9.6	31.9	>100
Other bank liabilities	20.0		20.0	
Financial liabilities to related companies	0.6	0.1	0.5	>100
Finance leases	13.6	14.2	-0.6	-4.2
Derivatives without hedging relationship	35.3	12.2	23.1	>100
Derivatives with hedging relationship	110.1	71.4	38.7	54.2
Gross financial debt	**1,035.5**	**904.9**	**130.6**	**14.4**
less:				
Cash and cash equivalents				
Demand deposits and cash	31.6	49.6	-18.0	-36.3
Fixed-term and overnight deposits with an original availiability of three months or less	40.2	15.0	25.2	>100
Derivatives without hedging relationship	0.3	2.6	-2.3	-88.5
Derivatives with hedging relationship	3.5		3.5	
Sundry other financial assets	104.6	100.4	4.2	4.2
Gross financial assets	**180.2**	**167.6**	**12.6**	**7.5**
Net financial debt	**855.3**	**737.3**	**118.0**	**16.0**

A detailed description of the corporate bonds, the note purchase agreement and the financial liability arising from the IAE-V2500 stake increase is provided on page 205 et seq. of the MTU Aero Engines AG's Annual Report 2014.

Other financial assets include marketable securities amounting to € 49.0 million (December 31, 2014: € 63.0 million) and non-current loans receivable from third parties amounting to € 55.6 million (December 31, 2014: € 37.4 million). The composition of financial assets is shown in the explanatory notes to the Condensed Interim Consolidated Financial Statements (Note 16 "Financial assets").

2.3.3 Net assets position

Changes in balance sheet amounts

The consolidated balance sheet total went up by € 154.5 million from € 4,806.3 million at December 31, 2014 to € 4,960.8 million at June 30, 2015.

Compared to December 31, 2014 non-current assets were € 113.5 million higher at € 3,050.7 million and current assets € 41.0 million higher at € 1,910.1 million.

Intangible assets amounting to € 86.7 million (January - June 2014: € 45.4 million) were capitalized during the reporting period, mainly in connection with entry fees and development costs (including borrowing costs) for the GE9X, GE38, PW800 engine program participations and for the PW1000G engine family.

Increases were recorded in the first half of 2015 for inventories (up by € 52.0 million to € 793.0 million), construction contract and services business receivables (up by € 45.6 million to € 316.8 million), income tax receivables (up by € 2.1 million to € 2.4 million), other financial assets (up by € 5.2 million to € 138.9 million), cash and cash equivalents (up by € 7.2 million to € 71.8 million) and prepayments (up by € 2.6 million to € 13.7 million). By contrast, trade receivables decreased by € 31.0 million to € 648.7 million and other assets by € 21.5 million to € 2.8 million.

Group equity rose during the six-month period by € 23.4 million to stand at € 1,211.7 million at June 30, 2015.

Equity was increased by six-month earnings after tax amounting to € 104.0 million (January - June 2014: € 83.9 million). Equity also increased by € 1.8 million (January - June 2014: € 2.9 million) in connection with the Share Matching Plan and by € 7.6 million (January - June 2014: € 7.9 million) following the sale of treasury shares in conjunction with the Employee Stock Program (MAP). Other items increasing equity were the net positive impact of € 21.0 million (January - June 2014: € 0.4 million) arising on the currency translation of the financial statements of foreign operations and net actuarial gains amounting to € 10.4 million (January - June 2014: net actuarial losses amounting to € 25.7 million) resulting from interest rate changes affecting pension obligations and plan assets. Equity decreased during the period under report by € 74.0 million (January - June 2014: € 68.7 million) as a result of the payment of the dividend for the financial year 2014 and by € 47.4 million (January - June 2014: € 16.2 million) as a result of fair value measurement losses on cash flow hedges.

Overall, the equity ratio of 24.4 % was marginally lower than the 24.7 % reported as of December 31, 2014.

Pension provisions decreased marginally (by € 5.0 million) compared to December 31, 2014, as did other provisions (by € 4.2 million).

Financial liabilities went up during the six-month period by € 146.6 million to € 1,358.9 million, mainly as a result of the € 22.3 million increase in the financial liability relating to the IAE-V2500 stake increase (due to the change in the US-$ exchange rate), the € 31.9 million higher volume of the available credit facility (excluding guarantees) utilized, an additional € 20.0 million of other bank liabilities and net fair value losses of € 61.8 million relating to US-$ derivatives.

Trade payables stood at € 693.6 million at June 30, 2015 and were therefore € 60.0 million higher than at December 31, 2014.

Construction contract and service business payables fell by € 69.6 million over the six-month period to € 416.1 million. Advance payments from customers are reported as construction contract and service business payables to the extent that they exceed the related construction contract and service business receivables.

Other liabilities increased by € 16.9 million to € 58.0 million during the six-month period, mainly in connection with personnel-related liabilities for untaken vacation and flexi-time entitlements.

Employees

MTU had a workforce of 8,329 employees at the end of the reporting period (December 31, 2014: 8,333 employees).

3 Subsequent events

Events after the reporting date (June 30, 2015)

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 20, 2015.

4 Report on forecasts, risks and opportunities

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 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 on page 115 et seq. of the Annual Report 2014.

4.1 Forecasts

Macroeconomic factors

In July, the Economist Intelligence Unit (EIU) predicted global growth of 2.4 % for 2015. Three months earlier, in April, the predicted global growth rate was 2.7 %.

According to the EIU, the eurozone is now expected to grow in the current year by 1.5 %, with the pace of growth benefiting from the European Central Bank's quantitative easing program, looser fiscal policies and a weak euro. The potential for growth in Europe has not yet been fully exhausted and is being held back by uncertainties such as the Ukraine crisis and the debt dispute with Greece.

The US economy should pick up momentum again over the course of the year, as reflected in the EIU's July prediction of a growth rate of 2.3 %.

The world's major emerging economies, in particular China, are likely to make less pronounced contributions to global growth than in recent years. The government in Beijing forecasts a growth rate of 7.0 % for 2015, compared with the EIU's prediction of 6.8 % (EIU: July 2015).

Microeconomic factors in the aviation industry

Given the low price of oil, the International Air Transport Association (IATA) paints an optimistic picture for the sector. The association has increased its profit forecast for the world's airlines in 2015 from US-$ 25.0 billion to US-$ 29.3 billion. In North America alone, they are expected to generate profits in the region of € 15.7 billion.

With passenger traffic up by 6.7 % and capacity utilization at a record level of 80 %, worldwide aviation traffic continues to grow. Flight hours of commercial aircraft with more than 100 seats were up 6.3 % in the first quarter of 2015, the fastest growth rate recorded since 2011 (source: Innovata).

A rising number of aircraft generally signifies increased demand for maintenance services and spare parts.

In its June forecast for 2015, the U.S. Energy Information Administration (EIA) predicts an average price for Brent crude oil of US-$ 61. A low oil price makes older aircraft more competitive and could result in them being used longer. It is not yet clear, however, whether this trend will turn out to be sustainable, with forecasts pointing to a renewed increase in oil prices. The EIA, for instance, forecasts a price of US-$ 70 per barrel in 2016.

The price of oil should not have a negative impact on the number of new aircraft orders or on the backlog, since the airlines expect such a rise, draw up their plans on a longterm basis and need fuel-efficient aircraft.

Outlook for MTU

MTU expects to see a strong increase in its commercial engine business in 2015, with the pace of growth higher in the area of series production than in the considerably more profitable spare parts business.

Military engine business revenues are expected to decrease by approximately 10 %.

MTU’s forecast for its commercial maintenance business in 2015 is for revenue growth in the low to mid single-digit percentage range (in US-$ terms).

Overall, MTU forecasts revenue in the region of € 4,600 million for 2015 (2014: € 3,913.9 million).

Adjusted EBIT is forecast to rise further in 2015 to approximately € 430 million (2014: € 382.7 million). This increase is largely attributable to the assumed exchange rate of US-$ 1.10 to the euro incorporated in the forecast (average exchange rate in 2014: US-$ 1.33 to the euro). In line with operating profit, adjusted earnings after tax are forecast to rise in 2015 to approximately € 295 million.

Investment levels will remain high in 2015, while the volume of military business with payments on account is likely to fall. MTU plans to compensate for these factors through its operating activities and to achieve a free cash flow at a high double-digit level.

4.2 Risks

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

The areas of risk to which MTU is exposed have not changed significantly compared to the description provided in the Annual Report 2014. Reference is made to pages 115 to 123 of the Annual Report 2014 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 at December 31, 2014. 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.

4.3 Opportunities

Thanks to its balanced engine portfolio, comprising commercial and military engines at all different stages of their lifecycle, MTU considers that it is well positioned. Selective research and development, forward-looking investments, greater stakes in risk and revenue sharing partnerships as well as maintenance business all open up new opportunities for MTU.

Particularly in view of its stake in the PW800 engine program, MTU sees good prospects of benefiting from a positive market trend in the business jet segment. The selection of geared-turbofan (GTF) engines for all major regional jets as well as for the Airbus A320neo is a clear reflection of the technological lead enjoyed by this engine concept. MTU's stakes in the GTF engine programs offer excellent opportunities to profit from growth in the short and medium-haul segment. Opportunities will arise within the long-haul segment via the Boeing 777X, which was presented in November 2013 and will be exclusively powered by GE9X engines. MTU has acquired a four percent participation in this engine. Going forward, potential opportunities will arise for MTU across all thrust classes of the commercial engine market.

Within its military business, MTU sees opportunities for building on its longstanding relationship as a MRO partner serving the German air force. Moreover, export campaigns for military engine business – especially for the Eurofighter EJ200 engine – present opportunities to participate in additional sales.

Apart from these new developments, MTU considers that the opportunities profile described in the Annual Report 2014 is unchanged. For a comprehensive description of the group’s opportunities, reference is made to the Annual Report 2014, page 123 et seq. (Opportunities report) and page 126 (SWOT analysis).

5 Significant transactions with related parties

Information regarding significant transactions with related parties is provided in note 38 of the Condensed Interim Consolidated Financial Statements ("Transactions with related parties (entities and individuals)").

Prior year figures in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement have been adjusted. For details of these adjustments, please see the explanatory notes to the Condensed Interim Consolidated Financial Statements ("Adjustments to the Condensed Interim Consolidated Financial Statements").

Consolidated Income Statement

Consolidated Income Statement (unaudited)

in € million	(Note)	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014	Q2 2015	Q2 2014
Revenues	(1)	2,202.0	1,815.8	1,102.5	902.8
Cost of sales	(2)	-1,930.7	-1,565.7	-956.7	-782.8
Gross profit		**271.3**	**250.1**	**145.8**	**120.0**
Research and development expenses	(3)	-24.3	-38.4	-8.7	-16.7
Selling expenses	(4)	-45.7	-44.2	-23.8	-22.9
General administrative expenses	(5)	-33.6	-31.8	-17.4	-15.3
Other operating income		8.0	6.1	3.5	2.3
Other operating expenses		-3.7	-2.3	-1.8	-1.3
Profit/loss of companies accounted for using the equity method	(7)	13.1	7.6	3.6	3.7
Profit / loss of companies recognised at cost		0.1	0.1	0.1	0.1
Earnings before interest and tax (EBIT)		**185.2**	**147.2**	**101.3**	**69.9**
Interest income		0.9	0.6	0.7	0.4
Interest expenses		-1.9	-5.3	-0.9	-2.6
Interest result	(8)	-1.0	-4.7	-0.2	-2.2
Financial result on other items *)	(9)	-43.9	-11.0	7.0	-5.5
Financial result		**-44.9**	**-15.7**	**6.8**	**-7.7**
Earnings before tax (EBT)		**140.3**	**131.5**	**108.1**	**62.2**
Income taxes *)	(10)	-36.3	-47.6	-25.1	-25.1
Earnings after tax (EAT)		**104.0**	**83.9**	**83.0**	**37.1**
Thereof attributable to:					
Owners of MTU Aero Engines AG		104.0	84.0	82.8	37.2
Non-controlling interests		0.0	-0.1	0.2	-0.1
Earnings per share in €					
Undiluted (EPS)	(11)	2.04	1.65	1.62	0.73
Diluted (DEPS)	(11)	2.04	1.65	1.62	0.73

*) Prior year figures for January 1 - June 30, 2014 have been adjusted (see section "Adjustments to the Condensed Interim Consolidated Financial Statements" of the Notes to the Interim Consolidated Financial Statements). Adjustments made: Financial result +€ 7.3 million, Income taxes - € 10.2 million.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income (unaudited)

in € million	(Note)	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014	Q2 2015	Q2 2014
Earnings after tax **)		**104.0**	**83.9**	**83.0**	**37.1**
Translation differences arising from the financial statements of international entities		21.0	0.4	-16.6	4.2
Financial instruments designated as cash flow hedges *)		-47.4	-16.2	48.9	-10.3
Items that may subsequently be recycled to profit or loss		**-26.4**	**-15.8**	**32.3**	**-6.1**
Actuarial gains and losses on pension obligations and plan assets		10.4	-25.7	10.9	-25.9
Items that will not be recycled to profit or loss		**10.4**	**-25.7**	**10.9**	**-25.9**
Other comprehensive income		**-16.0**	**-41.5**	**43.2**	**-32.0**
Total comprehensive income	(24.7)	**88.0**	**42.4**	**126.2**	**5.1**
Thereof attributable to:					
Owners of MTU Aero Engines AG		88.0	42.5	126.0	5.2
Non-controlling interests		0.0	-0.1	0.2	-0.1

*) Prior year figures for January 1 - June 30, 2014 have been adjusted (see section "Adjustments to the Condensed Interim Consolidated Financial Statements" of the Notes to the Interim Consolidated Financial Statements). Adjustments made: Financial instruments designated as cash flow hedges - € 0.2 million.

**) See Consolidated Income Statement.

Consolidated Balance Sheet

Assets (unaudited)

in € million	(Note)	June 30, 2015	Dec. 31, 2014	Jan. 1, 2014
Non-current assets				
Intangible assets	(14)	2,172.0	2,100.8	1,888.5
Property, plant and equipment	(15)	596.0	610.1	606.3
Financial assets accounted for using the equity method	(16)	161.4	139.9	114.0
Other financial assets	(16)	74.6	52.0	67.1
Prepayments		3.4	4.8	0.2
Deferred tax assets		43.3	29.6	11.3
Total non-current assets		**3,050.7**	**2,937.2**	**2,687.4**
Current assets				
Inventories	(17)	793.0	741.0	745.2
Trade receivables	(18)	648.7	679.7	552.1
Construction contract and service business receivables	(19)	316.8	271.2	193.4
Income tax claims		2.4	0.3	0.9
Other financial assets	(16)	64.3	81.7	102.0
Other assets	(20)	2.8	24.3	12.9
Cash and cash equivalents	(21)	71.8	64.6	159.6
Prepayments		10.3	6.3	4.3
Total current assets		**1,910.1**	**1,869.1**	**1,770.4**
Total assets		**4,960.8**	**4,806.3**	**4,457.8**

Equity and Liabilities (unaudited)

in € million	(Note)	June 30, 2015	Dec. 31, 2014	Jan. 1, 2014
Equity	(24)			
Subscribed capital		52.0	52.0	52.0
Capital reserves		404.8	397.5	390.2
Revenue reserves		1,032.0	1,002.0	875.1
Treasury shares		-30.1	-32.2	-35.3
Other comprehensive income		-246.8	-230.8	-31.0
Thereof attributable to:				
Owners of MTU Aero Engines AG		1,211.9	1,188.5	1,251.0
Non-controlling interests		-0.2	-0.2	
Total equity		**1,211.7**	**1,188.3**	**1,251.0**
Non-current liabilities				
Pension provisions		756.9	761.9	585.5
Other provisions	(27)	19.8	19.5	32.7
Financial liabilities	(28)	976.9	941.3	725.4
Deferred tax liabilities		56.3	59.9	203.9
Total non-current liabilities		**1,809.9**	**1,782.6**	**1,547.5**
Current liabilities				
Pension provisions		21.7	21.7	37.6
Income tax liabilities		20.3	30.3	38.1
Other provisions	(27)	347.5	352.0	363.7
Financial liabilities	(28)	382.0	271.0	169.2
Trade payables		693.6	633.6	467.5
Construction contract and service business payables	(30)	416.1	485.7	547.8
Other liabilities	(31)	58.0	41.1	35.4
Total current liabilities		**1,939.2**	**1,835.4**	**1,659.3**
Total equity and liabilities		**4,960.8**	**4,806.3**	**4,457.8**

Consolidated Statement of Changes in Equity

Reference is made to the disclosures on equity components provided in note 24 (Equity).

Consolidated Statement of Changes in Equity (unaudited)

in € million	Sub-scribed capital	Capital reserves	Revenue reserves	Treasury shares	Other comprehensive income			Thereof attributable to:		Total equity
					Exchange differences on translating foreign operations	Actuarial gains and losses *)	Instruments used to hedge cash flows **)	Owners of MTU Aero Engines AG	Non-controlling interests	
Carrying amount at January 1, 2014	**52.0**	**390.2**	**875.1**	**-35.3**	**3.8**	**-95.0**	**60.2**	**1,251.0**		**1,251.0**
Earnings after tax **)			84.0					84.0	-0.1	**83.9**
Other comprehensive income **)					0.4	-25.7	-16.2	-41.5		**-41.5**
Total comprehensive income			**84.0**		**0.4**	**-25.7**	**-16.2**	**42.5**	**-0.1**	**42.4**
Dividend payment			-68.7					-68.7		**-68.7**
MAP employee stock option program		5.5		2.4				7.9		**7.9**
Share Matching Plan		2.2		0.7				2.9		**2.9**
Carrying amount at June 30, 2014	**52.0**	**397.9**	**890.4**	**-32.2**	**4.2**	**-120.7**	**44.0**	**1,235.6**	**-0.1**	**1,235.5**
Carrying amount at January 1, 2015	**52.0**	**397.5**	**1,002.0**	**-32.2**	**18.0**	**-193.9**	**-54.9**	**1,188.5**	**-0.2**	**1,188.3**
Earnings after tax			104.0					104.0	0.0	**104.0**
Other comprehensive income					21.0	10.4	-47.4	-16.0		**-16.0**
Total comprehensive income			**104.0**		**21.0**	**10.4**	**-47.4**	**88.0**	**0.0**	**88.0**
Dividend payment			-74.0					-74.0		**-74.0**
MAP employee stock option program		5.9		1.7				7.6		**7.6**
Share Matching Plan		1.4		0.4				1.8		**1.8**
Carrying amount at June 30, 2015	**52.0**	**404.8**	**1,032.0**	**-30.1**	**39.0**	**-183.5**	**-102.3**	**1,211.9**	**-0.2**	**1,211.7**

*) Related to pension obligations and plan assets.

**) Prior year figures for January 1 - June 30, 2014 have been adjusted (see section "Adjustments to the Condensed Interim Consolidated Financial Statements" of the Notes to the Interim Consolidated Financial Statements). Adjustments made: Financial instruments designated as cash flow hedges - € 0.2 million. For adjustments made on earnings after tax see Consolidated Income Statement.

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (unaudited)

in € million	(Note)	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014	Q 2 2015	Q 2 2014
Operating activities					
Earnings after tax *)		104.0	83.9	83.0	37.1
Depreciation, amortization, write-downs and reversals of write-downs on non-current assets		78.1	76.3	43.4	38.4
Profit/loss of companies accounted fot cost		-0.1	-0.1	-0.1	-0.1
Profit/loss of companies accounted for using the equity method		-13.1	-7.6	-3.6	-3.7
Gains/losses on disposal of fixed assets		-0.1	0.1	-0.1	0.1
Change in pension provisions		10.5	10.9	8.7	7.2
Change in other provisions *)	(27)	-4.2	-14.8	-25.9	-10.2
Other non-cash items *)		47.8	4.3	-16.6	3.6
Change in working capital *)		-29.4	-0.3	-21.4	-27.7
Interest result	(8)	1.0	4.7	0.2	2.2
Interest paid		-12.5	-13.0	-11.6	-12.4
Interest received		0.9	0.6	0.7	0.4
Dividends received		5.0	4.9	5.0	4.9
Income taxes *)	(10)	36.3	47.6	25.1	25.1
Income taxes paid		-53.7	-116.5	-27.5	-19.7
Cash flow from operating activities		**170.5**	**81.0**	**59.3**	**45.2**
Investing activities					
Capital expenditure on:					
Intangible assets	(14)	-74.3	-21.7	-12.2	-8.0
Property, plant and equipment	(15)	-38.7	-39.3	-22.3	-16.5
Financial assets	(16)	-23.6	-57.5	-22.5	-18.2
Proceeds from disposal of:					
Intangible assets/property, plant and equipment	(14)/(15)	2.6	0.7	2.4	
Financial assets	(16)	17.8	21.2		
Repayment of non-current loans		1.1	0.8	0.4	0.8
Cash flow from investing activities		**-115.1**	**-95.8**	**-54.2**	**-41.9**
Financing activities					
Note purchase agreement	(28)		30.0		
Repayment of promissory notes	(28)		-11.5		-11.5
Borrowings/Repayment of other financial liabitities	(28)	51.8	1.6	59.0	
Dividend payment		-74.0	-68.7	-74.0	-68.7
Sale of shares under the MAP employee stock option program/ Share Matching Plan		9.3	10.3	9.3	10.3
Settlement of purchase price liabilities for acquisition of program shares		-38.6	-20.1	-22.2	-10.2
Cash flow from financing activities		**-51.5**	**-58.4**	**-27.9**	**-80.1**
Net change in cash and cash equivalents during period		**3.9**	**-73.2**	**-22.8**	**-76.8**
Effect of translation differences on cash and cash equivalents		3.3	0.7	-2.5	0.9
Cash and cash equivalents at beginning of period		64.6	159.6		
Cash and cash equivalents at end of period (June 30) *)		**71.8**	**87.1**		

*) Prior year figures January 1 - June 30, 2014 have been adjusted (see section "Adjustments to the Condensed Interim Consolidated Financial Statements" of the Notes to the Interim Consolidated Financial Statements). Adjustments made: Change in other provisions + € 3.0 million, other non-cash items - € 7.3 million, change in working capital - € 3.0 million and Income taxes € 10.2 million. See also Consolidated Income Statement.

Notes to the Interim Consolidated Financial Statements

Group Segment Reporting

Segment information

A description of the activities of the MTU Group’s operating segments is provided on page 232 of MTU Aero Engines AG's Annual Report 2014. There have been no changes to the composition of the group's segments in the first half of 2015.

Segment information for the period from January 1 to June 30, 2015 was as follows:

Reporting by operating segment 2015

in € million	Commercial and military engine business		Commercial maintenance business		Reportable segments total		Consolidation/ reconciliation		MTU-Group	
	Jan. 1- June 30, 2015	Q2 2015	Jan. 1- June 30, 2015	Q2 2015	Jan. 1- June 30, 2015	Q2 2015	Jan. 1- June 30, 2015	Q2 2015	Jan. 1- June 30, 2015	Q2 2015
External revenues	1,448.8	733.1	753.2	369.4	2,202.0	1,102.5			2,202.0	1,102.5
Intersegment revenues	18.3	7.3	1.0	0.9	19.3	8.2	-19.3	-8.2		
Total revenues	**1,467.1**	**740.4**	**754.2**	**370.3**	**2,221.3**	**1,110.7**	**-19.3**	**-8.2**	**2,202.0**	**1,102.5**
Gross profit	**176.5**	**104.0**	**94.6**	**42.7**	**271.1**	**146.7**	**0.2**	**-0.9**	**271.3**	**145.8**
Amortization	30.1	15.1	4.4	2.2	34.5	17.3			34.5	17.3
Depreciation	34.9	17.7	11.7	5.9	46.6	23.6			46.6	23.6
Total depreciation/ amortization	**65.0**	**32.8**	**16.1**	**8.1**	**81.1**	**40.9**			**81.1**	**40.9**
Earnings before interest and tax (EBIT)	**112.8**	**67.9**	**72.3**	**34.8**	**185.1**	**102.7**	**0.1**	**-1.4**	**185.2**	**101.3**
Depreciation/amortization effects of purchase price allocation	10.9	5.4	1.2	0.6	12.1	6.0			12.1	6.0
IAE-V2500 stake increase	15.5	7.8			15.5	7.8			15.5	7.8
Adjusted earnings before interest and tax (EBIT adjusted)	**139.2**	**81.1**	**73.5**	**35.4**	**212.7**	**116.5**	**0.1**	**-1.4**	**212.8**	**115.1**
Profit/loss from companies accounted for using the equity method	-2.9	-2.9	16.0	6.5	13.1	3.6			13.1	3.6
Carrying amount of companies accounted for using the equity method (June 30, 2015)	27.0		134.4		161.4				161.4	
Assets (June 30, 2015)	**4,377.3**		**1,084.5**		**5,461.8**		**-501.0**		**4,960.8**	
Liabilities (June 30, 2015)	**3,346.0**		**563.1**		**3,909.1**		**-160.0**		**3,749.1**	
Significant non-cash items	**49.2**	**-17.3**	**-1.2**	**0.9**	**48.0**	**-16.4**	**-0.2**	**-0.2**	**47.8**	**-16.6**
Capital expenditure:										
Intangible Assets	86.6	30.3	0.1	0.1	86.7	30.4			86.7	30.4
Property, plant and equipment	33.4	19.8	5.3	2.5	38.7	22.3			38.7	22.3
Total capital expenditure on intangible assets and property, plant and equipment	**120.0**	**50.1**	**5.4**	**2.6**	**125.4**	**52.7**			**125.4**	**52.7**
Key segment data:										
EBIT in % of revenues	7.7	9.2	9.6	9.4	8.3	9.2			8.4	9.2
Adjusted EBIT in % of revenues	9.5	11.0	9.7	9.6	9.6	10.5			9.7	10.4

Segment information for the period from January 1 to June 30, 2014 was as follows:

Reporting by operating segment 2014

in € million	Commercial and military engine business		Commercial maintenance business		Reportable segments total		Consolidation/ reconciliation		MTU-Group	
	Jan. 1- June 30, 2014	Q2 2014	Jan. 1- June 30, 2014	Q2 2014	Jan. 1- June 30, 2014	Q2 2014	Jan. 1- June 30, 2014	Q2 2014	Jan. 1- June 30, 2014	Q2 2014
External revenues	1,244.6	634.9	571.2	267.9	1,815.8	902.8			1,815.8	902.8
Intersegment revenues	13.8	6.4	1.7	1.4	15.5	7.8	-15.5	-7.8		
Total revenues	**1,258.4**	**641.3**	**572.9**	**269.3**	**1,831.3**	**910.6**	**-15.5**	**-7.8**	**1,815.8**	**902.8**
Gross profit	**180.1**	**86.0**	**67.2**	**32.1**	**247.3**	**118.1**	**2.8**	**1.9**	**250.1**	**120.0**
Amortization	26.2	13.1	4.8	2.5	31.0	15.6			31.0	15.6
Depreciation	35.3	17.6	10.0	5.2	45.3	22.8			45.3	22.8
Total depreciation/ amortization	**61.5**	**30.7**	**14.8**	**7.7**	**76.3**	**38.4**			**76.3**	**38.4**
Earnings before interest and tax (EBIT)	**100.3**	**50.6**	**46.7**	**20.3**	**147.0**	**70.9**	**0.2**	**-1.0**	**147.2**	**69.9**
Depreciation/amortization effects of purchase price allocation	11.2	5.6	1.3	0.7	12.5	6.3			12.5	6.3
IAE-V2500 stake increase	11.0	5.5			11.0	5.5			11.0	5.5
Adjusted earnings before interest and tax (EBIT adjusted)	**122.5**	**61.7**	**48.0**	**21.0**	**170.5**	**82.7**	**0.2**	**-1.0**	**170.7**	**81.7**
Profit/loss from companies accounted for using the equity method	-1.3	-0.7	8.9	4.4	7.6	3.7			7.6	3.7
Carrying amount of companies accounted for using the equity method (Dec. 31, 2014)	24.9		115.0		139.9				139.9	
Assets (Dec. 31, 2014)	**4,285.2**		**1,084.3**		**5,369.5**		**-563.2**		**4,806.3**	
Liabilities (Dec. 31, 2014)	**3,214.8**		**625.4**		**3,840.2**		**-222.2**		**3,618.0**	
Significant non-cash items	**3.9**	**2.8**	**0.3**	**0.7**	**4.2**	**3.5**	**0.1**	**0.1**	**4.3**	**3.6**
Capital expenditure:										
Intangible Assets	45.3	11.1	0.1	0.1	45.4	11.2			45.4	11.2
Property, plant and equipment	32.6	13.0	6.7	3.5	39.3	16.5			39.3	16.5
Total capital expenditure on intangible assets and property, plant and equipment	**77.9**	**24.1**	**6.8**	**3.6**	**84.7**	**27.7**			**84.7**	**27.7**
Key segment data:										
EBIT in % of revenues	8.0	7.9	8.2	7.5	8.0	7.8			8.1	7.7
Adjusted EBIT in % of revenues	9.7	9.6	8.4	7.8	9.3	9.1			9.4	9.0

The main non-cash items relate to gains and losses arising on foreign currency translation which do not have any impact on cash flows.

Reconciliation with MTU consolidated financial statements - earnings

in € million	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014
Consolidated earnings before interest and tax (EBIT)	**185.2**	**147.2**
Interest income	0.9	0.6
Interest expense	-1.9	-5.3
Financial result on other items	-43.9	-11.0
Earnings before tax	**140.3**	**131.5**

General information
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 lifecycle 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.

The parent company, 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 20, 2015.

Financial reporting
In compliance with the provisions of § 37w of the German Securities Trading Act (WpHG), MTU's Half-Yearly Financial Report comprises Condensed Interim Consolidated Financial Statements, an Interim Group Management Report and a Responsibility Statement from the company's legal representatives. The unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) relevant for interim financial reporting, as endorsed by the European Union (EU). The Interim Group Management Report has been drawn up in compliance with the applicable provisions of the WpHG.

Statement of compliance
The Condensed Interim Consolidated Financial Statements as of June 30, 2015 have been drawn up in compliance with IAS 34. All of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), which were applicable at the date on which the Condensed Interim Consolidated Financial Statements were approved for issue and which have been endorsed by the European Commission for use in the EU, have been applied by MTU.

The accounting policies applied in the Condensed Interim Consolidated Financial Statements correspond to those used in the Consolidated Financial Statements as of December 31, 2014 with the exception of IFRIC 21 and the Annual Improvements to IFRS (2011 – 2013 cycle). These improvements, which were mandatory for the first time for annual periods beginning on or after January 1, 2015, did not have any impact on MTU's Consolidated Financial Statements.

The Condensed Interim Consolidated Financial Statements do not contain all the information and disclosures required for year-end consolidated financial statements and should therefore be read in conjunction with the MTU Consolidated Financial Statements for the year ended December 31, 2014.

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, 2014.

There were no other changes in estimates or forecasts in the first six months of the financial year 2015 which have a significant impact on the interim reporting period.

Adjustments of the reference period figures to the Condensed Interim Consolidated Financial Statements

V2500 stake increase

The purchase price agreement concluded by MTU in the financial year 2012 in order to increase its stake in the V2500 program included deferred payments conditional upon the future number of flight hours registered by the fleet of in-service V2500 engines, in addition to the fixed component of the purchase price (for more details of this liability’s initial measurement, see page 129 et seq. of the 2012 Annual Report "Effects of increased stake in the IAE V2500 engine program as of June 29, 2012"). In the financial year 2014, MTU decided to voluntarily change its accounting policy and now accounts for the deferred payments that form part of the purchase price for the increased stake in the V2500 program by analogy with IFRIC 1 (for detailed explanatory comments, see page 151 of the 2014 Annual Report).

Tax credits

MTU Aero Engines Polska Sp. z o. o. receives government support in the context of Poland’s economic development program by virtue of its location in a special economic zone. Because its investments help to create jobs, the company has been awarded tax credits in respect of the profits it expects to achieve. MTU changed its accounting treatment for these tax credits in the financial year 2014 and now recognizes them on the basis of investments actually made by the end of the reporting period (for detailed explanatory comments, see page 152 of the 2014 Annual Report).

Presentation of provisions

In order to account for uncertainties attached to financial obligations that until now have been recognized as liabilities (in particular to customers, suppliers and employees), the relevant amounts were reclassified to provisions in the financial year 2014 (for detailed explanatory comments, see page 152 of the 2014 Annual Report).

Group reporting entity

MTU Aero Engines Finance Netherlands B.V., Amsterdam, Netherlands, was founded on April 7, 2015 and entered in the Amsterdam Commercial Register on April 8, 2015. The company's purpose is to engage in financing operations with the aim of promoting sales. This entity is allocated to the Commercial and Military Engines business segment (OEM) and is not material for the fair presentation of the group’s net assets, financial position and results of operations.

At June 30, 2015, the MTU Group comprised 30 entities, including MTU Aero Engines AG, Munich. For information relating to MTU Aero Engines Holding AG's major shareholdings (prior to the changes in the group reporting entity arising in the first half of 2015), reference is made to note 38.1 to the Consolidated Financial Statements in the Annual Report 2014 (Major shareholdings).

Notes to the Consolidated Income Statement

1 Revenues

Revenues

in € million	Jan. 1 - June 30, 2015	Jan. 1 - June 30, 2014	Q2 2015	Q2 2014
Commercial engine business	1,251.8	1,032.9	616.3	532.4
Military engine business	215.3	225.5	124.1	108.9
Commercial and military engine business (OEM)	**1,467.1**	**1,258.4**	**740.4**	**641.3**
Commercial maintenance business (MRO)	**754.2**	**572.9**	**370.3**	**269.3**
Consolidation	-19.3	-15.5	-8.2	-7.8
Total revenues	**2,202.0**	**1,815.8**	**1,102.5**	**902.8**

2 Cost of sales

Cost of sales

in € million	Jan. 1 - June 30, 2015	Jan. 1 - June 30, 2014	Q2 2015	Q2 2014
Cost of materials	-1,606.7	-1,187.7	-778.2	-579.2
Personnel expenses	-255.1	-240.5	-129.5	-120.3
Depreciation and amortization	-78.0	-68.9	-39.7	-35.9
Other cost of sales	9.1	-68.6	-9.3	-47.4
Total cost of sales	**-1,930.7**	**-1,565.7**	**-956.7**	**-782.8**

The change in cost of sales is consistent with the growth in revenues in the reporting period and continues to reflect the production ramp-up for new engine program.

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

3 Research and development expenses

Research and development expenses

in € million	Jan. 1 - June 30, 2015	Jan. 1 - June 30, 2014	Q2 2015	Q2 2014
Cost of materials	-44.1	-23.5	-20.5	-12.1
Personnel expenses	-33.8	-34.4	-15.0	-13.7
Depreciation and amortization	-1.2	-2.1	-0.3	-0.6
Research and development expense before capitalization	**-79.1**	**-60.0**	**-35.8**	**-26.4**
Capitalized development costs (OEM)	**54.8**	**21.6**	**27.1**	**9.7**
Research and development costs recognized as expense	**-24.3**	**-38.4**	**-8.7**	**-16.7**

4 Selling expenses

Selling expenses

in € million	Jan. 1 - June 30, 2015	Jan. 1 - June 30, 2014	Q2 2015	Q2 2014
Cost of materials	-8.1	-7.8	-5.7	-4.1
Personnel expenses	-33.3	-31.0	-16.7	-15.3
Depreciation and amortization	-0.8	-0.9	-0.4	-0.5
Other selling expenses	-3.5	-4.5	-1.0	-3.0
Total selling expenses	**-45.7**	**-44.2**	**-23.8**	**-22.9**

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

5 General administrative expenses

General administrative expenses

in € million	Jan. 1 - June 30, 2015	Jan. 1 - June 30, 2014	Q2 2015	Q2 2014
Cost of materials	-3.2	-2.6	-1.7	-1.4
Personnel expenses	-26.9	-22.9	-13.7	-11.0
Depreciation and amortization	-1.1	-4.4	-0.5	-1.4
Other administrative expenses	-2.4	-1.9	-1.5	-1.5
Total general administrative expenses	**-33.6**	**-31.8**	**-17.4**	**-15.3**

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

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

Profit/loss of companies accounted for using the equity method

in € million	Jan. 1 - June 30, 2015	Jan. 1 - June 30, 2014	Q2 2015	Q2 2014
Associated companies	0.1	0.0	0.0	-0.1
Joint Ventures	13.0	7.6	3.6	3.8
Profit/loss of companies accounted for using the equity method	13.1	7.6	3.6	3.7

8 Interest result

Interest result				
in € million	Jan. 1 - June 30, 2015	Jan. 1 - June 30, 2014	Q2 2015	Q2 2014
Interest income	**0.9**	**0.6**	**0.7**	**0.4**
Interest expenses				
Bonds and notes	-5.7	-5.7	-2.9	-2.9
Liabilities to banks	-0.3	-0.6	-0.1	-0.3
Finance lease arrangements	-0.2	-0.1	-0.1	
Other interest expenses	-1.0	-0.8	-0.5	-0.4
Capitalized borrowing costs for qualifying assets	5.3	1.9	2.7	1.0
Interest expenses	**-1.9**	**-5.3**	**-0.9**	**-2.6**
Interest result	**-1.0**	**-4.7**	**-0.2**	**-2.2**

The improvement in the net interest result was attributable primarily to the capitalization of borrowing costs in conjunction with the acquisition and construction of qualifying assets in conjunction with engine program stakes.

9 Financial result on other items

Financial result on other items				
in € million	Jan. 1 - June 30, 2015	Jan. 1 - June 30, 2014	Q2 2015	Q2 2014
Effects of currency translation: exchange rate gains/losses on				
Currency holdings	4.6	-1.9	2.4	-0.9
Financing transactions	-7.4	0.3	2.9	0.3
Fair value gains/losses on derivatives				
Currency and interest rate derivatives	-26.3	5.2	10.5	2.0
Forward commodity contracts	-0.4	0.1	-0.1	
Interest portion included in measurement of assets and liabilities				
Pension provision	-7.1	-10.7	-3.6	-5.4
Receivables, other provisions, plan assets, liabilities and advance payments from customers	-8.7	-4.2	-4.3	-1.7
Financial result on sundry other items	1.4	0.2	-0.8	0.2
Financial result on other items	**-43.9**	**-11.0**	**7.0**	**-5.5**

The financial result on other items for the six-month period deteriorated by € 32.9 million compared to the previous year, primarily as a result of losses of € 26.7 million arising on the fair value measurement of derivatives (January - June 2014: gains of € 5.3 million), losses of € 7.4 million (January - June 2014: gains of € 0.3 million) on the fair value measurement of financing transactions and the higher interest expense arising in conjunction with the measurement of assets and liabilities amounting to € 15.8 million (January - June 2014: interest expense of € 14.9 million). The impact of these items was partially offset by gains of € 4.6 million (January - June 2014: losses of € 1.9 million) arising on the translation of currency holdings.

10 Income taxes

Income tax expense comprised the following:

Income taxes

in € million	Jan. 1 - June 30, 2015	Jan. 1 - June 30, 2014	Q2 2015	Q2 2014
Current tax expense	-41.6	-65.4	-34.0	-45.0
Deferred tax expense	5.3	17.8	8.9	19.9
Income tax expense	**-36.3**	**-47.6**	**-25.1**	**-25.1**

11 Earnings per share

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

Earnings after tax attributable to the owners of MTU Aero Engines AG amounted to € 104.0 million for the six-month period (January - June 2014: € 84.0 million). The weighted average number of shares in circulation during the six-month period was 51,027,928 (January - June 2014: 50,885,661). A further 14,570 shares (January - June 2014: 20,286 shares) result from the Share Matching Plan (deferred share-based remuneration for members of the Board of Management).

Undiluted earnings per share for the first half of 2015 amounted to € 2.04 (January - June 2014: € 1.65). Diluted earnings per share also amounted to € 2.04 (January - June 2014: € 1.65).

Notes to the Consolidated Balance Sheet

14 Intangible assets

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

Acquisitions and advance payments for intangible assets in the first six months of 2015 totaled € 86.7 million (January - June 2014: € 45.4 million), mainly in the form of development costs amounting to € 57.8 million (January to June 2014: € 23.3 million) and in the form of program values amounting to € 28.3 million (January to June 2014: € 21.5 million) for the geared turbofan PW1000G family programs and the GE38, GE9X and PW800 engine programs.

Capitalized intangible assets totaling € 86.7 million in the first six months of 2015 (January - June 2014: € 45.4 million) comprise € 64.2 million (January - June 2014: € 27.5 million) of purchased and € 22.5 million (January - June 2014: € 17.9 million) of internally generated intangible assets. The amortization expense for the six-month period amounted to € 34.5 million (January - June 2014: € 31.0 million).

15 Property, plant and equipment

Additions to property, plant and equipment during the six-month period totaled € 38.7 million (January - June 2014: € 39.3 million) and related mainly to plant and machinery, operational and office equipment and corresponding advance payments. The depreciation expense for the six-month period amounted to € 46.6 million (January - June 2014: € 45.3 million).

16 Financial assets

Other financial assets

in € million	Total		Non-Current		Current	
	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014
Loans, receivables, other financial assets (LaR)	**79.7**	**61.7**	**66.0**	**43.8**	**13.7**	**17.9**
Non-current loans receivable from third parties	55.6	37.4	55.6	37.4		
Non-current loans receivable from related entities	10.1	6.4	10.1	6.4		
Receivables from employees	1.2	1.1			1.2	1.1
Receivables from suppliers	1.8	8.3			1.8	8.3
Sundry other financial assets	11.0	8.5	0.3		10.7	8.5
Available-for-sale financial assets (AfS)	**55.4**	**69.4**	**6.4**	**6.4**	**49.0**	**63.0**
Other investment in related entities	6.4	6.4	6.4	6.4		
Marketable securities	49.0	63.0			49.0	63.0
Derivatives without hedging relationship (FAHFt)	**0.3**	**2.6**	**0.2**	**1.8**	**0.1**	**0.8**
Derivatives with hedging relationship (n.a.)	**3.5**		**2.0**		**1.5**	
Total other financial assets	**138.9**	**133.7**	**74.6**	**52.0**	**64.3**	**81.7**

Other financial assets rose by € 5.2 million during the first six months of 2015 to € 138.9 million (December 31, 2014: € 133.7 million), mainly due to an € 18.2 million increase in non-current loans receivable from third parties to € 55.6 million, offset by the impact of sales of marketable securities, the carrying amount of which decreased over the six-month period under report by € 14.0 million from € 63.0 million to € 49.0 million.

Financial assets accounted for using the equity method

Financial assets accounted for using the equity method amounted to € 161.4 million (December 31, 2014: € 139.9 million). Further information regarding the components of these assets is provided on page 185 et seq. of the Annual Report 2014.

17 Inventories

Inventories		
in € million	June 30, 2015	Dec. 31, 2014
Raw materials and supplies	281.5	274.6
Finished goods	177.8	138.1
Work in progress	313.6	309.2
Advance payments	20.1	19.1
Total inventories	**793.0**	**741.0**

18 Trade receivables

Trade receivables		
in € million	June 30, 2015	Dec. 31, 2014
Third parties	593.0	617.6
Associated companies, joint ventures and other equity companies	55.7	62.1
Total trade receivables	**648.7**	**679.7**

19 Construction contract and service business receivables

Construction contract and service business receivables		
in € million	June 30, 2015	Dec. 31, 2014
Construction contract receivables (based on percentage of completion)	424.8	431.1
Thereof: Advance payments received for construction contracts	-267.8	-274.4
Service business receivables (based on percentage of completion)	159.8	114.5
Total construction contract and service business receivables	**316.8**	**271.2**

20 Other assets

Other assets comprise tax receivables, in particular value added tax receivables.

21 Cash and cash equivalents

Cash and cash equivalents		
in € million	June 30, 2015	Dec. 31, 2014
Demand deposits and cash	31.6	49.6
Fixed-term and overnight deposits with an original availability of three months or less	40.2	15.0
Total cash and cash equivalents	**71.8**	**64.6**

Cash and cash equivalents include foreign currency holdings with a value of € 68.0 million (December 31, 2014: € 62.3 million).

24 Equity

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

24.1 Subscribed capital

The Company's subscribed capital amounts to € 52.0 million (December 31, 2014: € 52.0 million) and is divided into 52.0 million (December 31, 2014: 52.0 million) non-par registered shares.

24.2 Capital reserves

Capital reserves include premiums from the issue of shares and the equity component (net of proportional transaction costs) of the bond issued in 2007 and repaid/converted in the first quarter of 2012. Also included is the fair value of shares granted under the Matching Stock Program and Share Matching Plan as well as the profit arising on the sale of treasury shares in connection with those two schemes.

24.3 Revenue reserves

Revenue reserves comprise the post-tax retained earnings of consolidated group companies, and earnings after taxes for the first six months of 2015 attributable to the owners of MTU Aero Engines AG amounting to € 104.0 million (January – June 2014: € 84.0 million) less the dividend payment for the financial year 2014 amounting to € 74.0 million (January - June 2014: € 68.7 million). As a result of the positive earnings after tax for the first six months of 2015, revenue reserves increased to € 1,032.0 million at June 30, 2015 (December 31, 2014: € 1,002.0 million).

24.4 Treasury shares

During the first six months of 2015 the average weighted number of shares in circulation was 51,027,928 shares (January - June 2014: 50,885,661 shares). A total of 51,118,724 MTU Aero Engines AG shares was in issue at the end of the reporting period (June 30, 2014: 51,008,023 shares). The Company held 881,276 treasury shares at the end of the reporting period (June 30, 2014: 991,977 treasury shares).

24.7 Other comprehensive income (net of tax)

Negative accumulated other comprehensive income (OCI) increased from € 230.8 million at December 31, 2014 to € 246.8 million at June 30, 2015, corresponding to a loss for the period of € 16.0 million (January - June 2014: loss of € 41.5 million). The deterioration was attributable to fair value losses of € 64.4 million before deferred taxes ("before tax") and € 47.4 million after deferred taxes ("after tax") (January - June 2014: losses of € 22.8 million before tax and € 16.2 million after tax), which were partly offset by net actuarial gains of € 15.5 million before tax and € 10.4 million after tax (January - June 2014: net actuarial losses of € 38.2 million before tax € 25.7 million after tax) caused by interest rate changes affecting pension obligations and plan assets and by net currency gains of € 21.0 million (January - June 2014: € 0.4 million).

27 Other provisions

Other provisions decreased marginally (by € 4.2 million) to € 367.3 million during the six-month period under report.

28 Financial liabilities

Financial liabilities

in € million	Total		Non-Current		Current	
	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014
Corporate bonds	347.4	352.7	347.0	346.7	0.4	6.0
Financial liabilities arising from IAE-V2500 stake increase	436.9	414.6	386.6	367.8	50.3	46.8
Financial debt to banks						
Note purchase agreement	30.1	30.1	30.0	30.0	0.1	0.1
Revolving credit facility	41.5	9.6			41.5	9.6
Other bank liabilities	20.0				20.0	
Financial debt to related companies	0.6	0.1			0.6	0.1
Derivatives without hedging relationship	35.3	12.2	24.2	10.0	11.1	2.2
Derivatives with hedging relationship	110.1	71.4	41.1	34.1	69.0	37.3
Finance lease liabilities	13.6	14.2	12.3	12.9	1.3	1.3
Total gross financial liabilities	1,035.5	904.9	841.2	801.5	194.3	103.4
Other financial liabilities (FLAC/n.a.)						
Personnel-related financial liabilities	20.1	18.0	7.2	6.4	12.9	11.6
Repayment of grants towards development costs	42.4	46.3	33.1	36.9	9.3	9.4
Sundry other financial liabilities	260.9	243.1	95.4	96.5	165.5	146.6
Total other financial liabilities	323.4	307.4	135.7	139.8	187.7	167.6
Total financial liabilities	1,358.9	1,212.3	976.9	941.3	382.0	271.0

Gross financial debt

Corporate bonds

A full description of the corporate bond (Schuldverschreibung) for a nominal amount of € 250.0 million and the registered corporate bond (Namensschuldverschreibung) for a nominal amount of € 100.0 million is provided on page 205 et seq. of the Annual Report 2014.

Financial liabilities arising from IAE-V2500 stake increase

A condition precedent included in the purchase price agreement signed by MTU in the financial year 2012 in order to increase the stake in the V2500 engine program by five percentage points to 16 % made it necessary to recognize a financial liability contingent upon the number of flight hours over the next 15 years. After unwinding discounted interest and repayments, this liability amounted to € 436.9 million at the end of the reporting period (December 31, 2014: € 414.6 million). The increase in the liability is primarily due to currency factors.

Note purchase agreement

A full description of the note purchase agreement (Namensdarlehen) with a nominal amount of € 30.0 million is provided on page 206 of the Annual Report 2014.

Revolving credit facility

The MTU Group has access to a revolving credit facility of € 400.0 million with five banks which runs until October 30, 2019. Of this credit facility, € 53.8 million was being utilized at June 30, 2015, of which € 12.3 million for guarantees (December 31, 2014: total funds utilized € 22.5 million, of which € 12.9 million 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.

Other bank liabilities

Other bank liabilities relate to a money market facility that allows MTU to take up or invest cash funds up to an amount of € 20.0 million at money market conditions on a short-term basis.

Liabilities arising out of derivative

Derivatives (with and without hedging relationships) held at the end of the reporting period with a negative fair value of € 145.4 million (December 31, 2014: negative fair value of € 83.6 million) are intended to compensate for currency and commodity price risks.

Finance lease liabilities

Finance lease liabilities represent obligations under finance lease arrangements that are capitalized and amortized using the effective interest method. A description of the principal financing lease arrangements is provided on page 185 of the Annual Report 2014.

Other financial liabilities

Personnel-related financial liabilities

Personnel-related financial liabilities relate primarily to accruals for pension payments, Christmas bonuses and holiday pay, with the latter mainly responsible for the increase of € 2.1 million. Obligations relating to one-time capital and instalment payments for pensions totaled € 4.8 million (December 31, 2014: € 7.3 million). This item also includes liabilities to group employees under the employee stock option program (MAP) and the Share Matching Plan (SMP) totaling € 3.0 million (December 31, 2014: € 5.0 million). The total cost incurred in conjunction with the MAP and SMP in the first six months of 2015 was € 2.0 million (January - June 2014: € 2.0 million).

Repayment of grants towards development costs

In the financial years 1976 to 1991, MTU received a development cost subsidy from the German Federal Ministry of Economics and Technology for the PW2000 engine. Once the sales volumes of PW2000 production engines stipulated in the grant assessment confirmation 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 € 15.5 million were made in the financial years 2011 to 2014, and a further € 4.7 million was repaid during the first six months of 2015.

Sundry other financial liabilities

Sundry other financial liabilities amounting to € 260.9 million (December 31, 2014: € 243.1 million) relate to obligations in connection with program stakes and development work for the PW1000G engine family program and the PW800 program amounting to € 220.9 million (December 31, 2014: € 206.2 million). The remainder of sundry other financial liabilities covers a multitude of minor individual obligations.

30 Construction contract and service business payables

Construction contract and service business payables		
in € million	June 30, 2015	Dec. 31, 2014
Advance payments received for construction contracts	547.8	594.3
Amount of above offset against construction contract receivables	-267.8	-274.4
Advance payments received for service business	136.1	165.8
Total construction contract and service business payables	**416.1**	**485.7**

Construction contract and service business payables represent the excess amount after advance payments received have been offset against the corresponding receivables, measured using the percentage-of-completion method (see also note 19 "Construction contract and service business receivables").

31 Other liabilities

Other liabilities, all of which have a remaining term of less than one year, comprise the following items:

Other liabilities		
in € million	June 30, 2015	Dec. 31, 2014
Personnel-related liabilities		
Social security	2.1	2.0
Other personnel-related liabilities	39.8	27.6
Other taxes	16.1	11.3
Sundry other liabilities		0.2
Total other liabilities	58.0	41.1

Other personnel-related liabilities

Social security liabilities relate mainly to outstanding contributions to employees' accident insurance associations amounting to € 0.4 million (December 31, 2014: € 0.2 million) and liabilities to health insurance agencies amounting to € 1.7 million (December 31, 2014: € 1.8 million). Other personnel-related liabilities relate mainly to vacation entitlements and flexi-time credits.

Other taxes

Other taxes amounting to € 16.1 million (December 31, 2014: € 11.3 million) relate to payroll and church taxes, solidarity surcharge as well as German and foreign sales taxes.

32 Additional disclosures relating to financial instruments

Carrying amounts, measurement/recognition methods and fair values aggregated by category

In the following tables, the carrying amounts of financial instruments are aggregated by category, irrespective of whether or not the instruments fall within the scope of IFRS 7 or IAS 39. The information presented also includes separate amounts for each category as a function of the measurement/recognition method applied. The carrying amounts of each measurement category are also compared with fair values.

Disclosures relating to financial instruments - carrying amounts and fair values aggregated by category at June 30, 2015

in € million	Category as defined in IAS 39/ Other category	Carrying amount June 30, 2015	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, 2015
			Measured at amortized cost	Measured at cost	Fair value recognized in equity	Fair value recognized in income statement				
ASSETS										
Other financial assets										
Loans, receivables, other financial assets	LaR	79.7	79.5					0.2	79.7	79.7
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	55.4		6.4	49.0				55.4	55.4
Financial assets held for trading	FAHfT									
Trade receivables	LaR	648.7	648.7						648.7	648.7
Construction contract and service business receivables	LaR	316.8	316.8						316.8	316.8
Derivative other financial assets										
Derivatives without hedging relationship	FAHfT	0.3				0.3			0.3	0.3
Derivatives with hedging relationship	n.a	3.5			3.5				3.5	3.5
Cash and cash equivalents	LaR	71.8	71.8						71.8	71.8
EQUITY AND LIABILITIES										
Trade payables	FLAC	693.6	693.6						693.6	693.6
Financial liabilities										
Corporate bonds	FLAC	347.4	347.4						347.4	359.3
Financial liabilities arising from IAE-V2500 stake increase	FLAC	436.9	436.9						436.9	430.6
Other gross financial liabilities	FLAC	92.2	92.2						92.2	92.2
Derivative financial liabilities										
Derivatives without hedging relationship	FLHfT	35.3				35.3			35.3	35.3
Derivatives with hedging relationship	n.a.	110.1			110.1				110.1	110.1
Finance lease liabilities	n.a.	13.6					13.6		13.6	13.6
Other financial liabilities	FLAC/n.a.	323.4	303.3					20.1	323.4	327.2
Thereof aggregated by category as defined in IAS 39										
Loans and receivables	LaR	1,117.0	1,116.8					0.2	1,117.0	1,117.0
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	55.4		6.4	49.0				55.4	55.4
Financial assets held for trading	FAHfT	0.3				0.3			0.3	0.3
Financial liabilities measured at amortized cost	FLAC/n.a.	1,893.5	1,873.4					20.1	1,893.5	1,902.9
Financial liabilities held for trading	FLHfT	35.3				35.3			35.3	35.3

Disclosures relating to financial instruments - carrying amounts and fair values aggregated by category at December 31, 2014

in € million	Category as defined in IAS 39/ Other category	Carrying amount Dec. 31, 2014	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, 2014
			Measured at amortized cost	Measured at cost	Fair value recognized in equity	Fair value recognized in income statement				
ASSETS										
Other financial assets										
Loans, receivables, other financial assets	LaR	61.7	61.7						61.7	61.7
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	69.4		6.4	63.0				69.4	69.4
Financial assets held for trading	FAHfT									
Trade receivables	LaR	679.7	679.7						679.7	679.7
Construction contract and service business receivables	LaR	271.2	271.2						271.2	271.2
Derivative other financial assets										
Derivatives without hedging relationship	FAHfT	2.6				2.6			2.6	2.6
Derivatives with hedging relationship	n.a.									
Cash and cash equivalents	LaR	64.6	64.6						64.6	64.6
EQUITY AND LIABILITIES										
Trade payables	FLAC	633.6	633.6						633.6	633.6
Financial liabilities										
Corporate bonds	FLAC	352.7	352.7						352.7	365.0
Financial liabilities arising from IAE-V2500 stake increase	FLAC	414.6	414.6						414.6	415.4
Other gross financial liabilities	FLAC	39.8	39.8						39.8	39.8
Derivative financial liabilities										
Derivatives without hedging relationship	FLHfT	12.2				12.2			12.2	12.2
Derivatives with hedging relationship	n.a.	71.4			71.4				71.4	71.4
Finance lease liabilities	n.a.	14.2					14.2		14.2	14.2
Other financial liabilities	FLAC/n.a.	307.4	286.8				2.6	18.0	307.4	312.9
Thereof aggregated by category as defined in IAS 39										
Loans and receivables	LaR	1,077.2	1,077.2						1,077.2	1,077.2
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	69.4		6.4	63.0				69.4	69.4
Financial assets held for trading	FAHfT	2.6				2.6			2.6	2.6
Financial liabilities measured at amortized cost	FLAC/n.a.	1,748.1	1,727.5				2.6	18.0	1,748.1	1,766.7
Financial liabilities held for trading	FLHfT	12.2				12.2			12.2	12.2

Abbreviations:

LaR = Loans and receivables

HtM = Held-to-maturity securities

AfS = Available-for-sale financial assets

FAHfT = Financial assets held for trading

FLAC = Financial liabilities measured at amortized cost

FLHfT = Financial liabilities held for trading

FLtPL = Financial liabilities measured at fair value through profit and loss

Financial instruments not within the scope of IFRS 7 or IAS 39 mainly comprise liabilities arising from employee benefits and the corresponding plan assets accounted for in accordance with IAS 19, and income tax liabilities and claims accounted for in accordance with IAS 12.

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 generally have short remaining terms so that their carrying amounts correspond approximately to their fair value at the end of the reporting period.

Within the scope of its partnerships in engine programs, MTU is a party to aircraft financing agreements for the purpose of promoting sales. These agreements are offered in two basic forms: pre-delivery payments and backstop commitments. In both cases, any disbursements made in favor of the purchaser would always be made directly to the aircraft manufacturer.

As of June 30, 2015, offers of financing made by MTU corresponded to a nominal amount of € 456.3 million (December 31, 2014: € 413.5 million). However, based on experience and given the structure of the contracts, it is considered very unlikely that these commitments will be called on in full. With respect to the impact on MTU's liquidity of the notional loan amounts relating to the proposed financing agreements, the company's existing lines of credit (see Note 28. (Financial liabilities)) do, however, provide adequate liquidity reserves, even in the unlikely case that all offers of financing agreements were to be taken up at the same time. Further information, in particular with respect to the nature and structure of the financing offers, is provided on page 216 et seq. of the Annual Report 2014.

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

Financial assets and liabilities measured at their fair value were allocated to the following three levels of a fair value hierarchy in accordance with IFRS 13:

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

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

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

The following tables show the allocation of financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy for 2015 and 2014:

Allocation of financial assets and liabilities to the fair value hierarchy at June 30, 2015

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments		3.8		3.8
Available-for-sale financial assets		49.0		49.0
Total financial assets		**52.8**		**52.8**
Financial liabilities measured at fair value				
Derivative financial instruments		145.4		145.4
Total financial liabilities		**145.4**		**145.4**

Allocation of financial assets and liabilities to the fair value hierarchy at December 31, 2014

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments		2.6		2.6
Available-for-sale financial assets		63.0		63.0
Total financial assets		**65.6**		**65.6**
Financial liabilities measured at fair value				
Derivative financial instruments		83.6		83.6
Total financial liabilities		**83.6**		**83.6**

The fair values of derivative financial instruments and marketable securities assigned to level 2 are each measured using the discounted cash flow method.

37 Contingent liabilities and other financial obligations

Contingent liabilities and other financial obligations at June 30, 2015 amounted to € 64.9 million (December 31, 2014: € 68.0 million). Contingent liabilities and other financial obligations are not material to the financial position of 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 2015. 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 2014 (page 226).

Purchase commitments for intangible assets and property, plant and equipment amounted to € 49.1 million at the end of the reporting period (December 31, 2014: € 28.8 million).

38 Transactions with related companies and persons

Related companies
Transactions between group companies and joint ventures or associated companies were, without exception, conducted in the context of their normal business activities and made on terms equivalent to those that prevail in arm's-length transaction.

Business transactions between companies included in the consolidated financial statements were eliminated in the course of consolidation and are therefore not subject to any further separate disclosure.

Transactions with related companies
During the course of the reporting period, intra-group transactions involving the supply of goods and services were conducted by group companies as part of their normal operating activities (e.g. development, repairs, assembly and IT support).

Trade receivables from these entities at June 30, 2015 amounted to € 55.7 million (December 31, 2014: € 62.1 million), while trade payables totaled € 75.2 million (December 31, 2014: € 61.2 million). Income recognized during the first six months of 2015 totaled € 632.4 million (January - June 2014: € 547.2 million), with expenses totaling € 460.3 million (January - June 2014: € 271.5 million).

Related persons
No group company has conducted any significant transactions with members of the group's Executive Board or Supervisory Board or with any other individuals holding key management positions, or with companies in which these persons hold a seat on the managing or supervisory board. The same applies to close members of the families of those persons.

Events after the reporting date (June 30, 2015)
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 20, 2015.

Publication of the Half-Yearly Financial Report
The Half-Yearly Financial Report of MTU Aero Engines AG, Munich, for the period from January 1 to June 30, 2015 will be published on the Internet on July 23, 2015.

Responsibility Statement

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

Munich, July 20, 2015

Reiner Winkler

Chairman of the Board of Management Chief Executive Officer

Dr. Rainer Martens

Member of the Board of Management Chief Operating Officer

Michael Schreyögg

Member of the Board of Management Chief Program Officer

Review Report

To MTU Aero Engines Holding AG

We have reviewed the condensed interim consolidated financial statements, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and selected explanatory notes, and the interim group management report of MTU Aero Engines AG, Munich, for the period from January 1, 2015 to June 30, 2015 which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, July 22, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Keller	Westermeier
German Public Auditor	**German Public Auditor**

Financial Calendar

Teleconference on first six-month 2015 earnings	**July 23, 2015**
Teleconference on third quarter 2015 earnings	**October 26, 2015**
MTU analysts and investors conference 2015	**November 25, 2015**

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Translation
The German version takes precedence.

MTU Aero Engines AG on the Internet

- Further information about MTU Aero Engines AG can be obtained via the Internet at: **www.mtu.de**
- Investor Relations information is available directly at **www.mtu.de/investor-relations**.
- Information about the products of MTU Aero Engines AG can be obtained at: **www.mtu.de/engines**

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