

O N D J F M A M J J A S



Interim Report 2nd Quarter 2005_2006
January 01 – March 31, 2006

ThyssenKrupp



Interim Report 2nd quarter 2005/2006
January 01 – March 31, 2006

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The financial statements of the ThyssenKrupp Group are prepared in accordance with International Financial Reporting Standards (IFRS). This interim report was published on May 12, 2006.

THE GROUP IN FIGURES*

GROUP

		2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	1st half ended March 31, 2005	1st half ended March 31, 2006
Order intake	million €	11,180	12,776	22,036	24,331
Sales	million €	10,610	11,786	20,698	22,728
EBITDA	million €	963	1,278	1,963	2,176
Income**	million €	448	773	978	1,198
Net income	million €	1,069	441	1,400	696
Basic earnings per share	€	2.13	0.84	2.75	1.33
Earnings per share from continuing operations	€	0.50	0.84	1.10	1.33
Employees (March 31)		186,930	187,997	186,930	187,997

		Sept. 30, 2005	March 31, 2006
Net financial liabilities	million €	177	191
Total equity	million €	7,878	8,394

SEGMENTS

	Order intake million €		Sales million €		Income** million €		Employees		
	2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	March 31, 2005	Sept. 30, 2005	March 31, 2006
Steel	2,372	2,945	2,359	2,711	258	416	31,390	31,634	30,294
Stainless	1,388	2,096	1,385	1,626	97	52	12,328	12,201	12,143
Special Materials	258	—	209	—	(54)	—	2,553	—	—
Automotive	1,927	2,064	1,964	2,165	67	(10)	44,221	43,537	42,610
Technologies	1,732	1,503	1,466	1,456	15	85	29,015	28,042	27,469
Elevator	1,071	1,203	863	1,054	71	94	32,943	34,151	35,109
Services	3,136	3,752	3,077	3,383	78	91	33,234	35,067	39,016
Corporate	33	35	33	35	(79)	49	1,246	1,300	1,356
Consolidation	(737)	(822)	(746)	(644)	(5)	(4)	—	—	—
Group	11,180	12,776	10,610	11,786	448	773	186,930	185,932	187,997

* With the exception of net income, earnings per share, net financial liabilities and total equity, all figures relate to continuing operations.

** before taxes

THYSSENKRUPP – PROFITABLE GROWTH

ThyssenKrupp remained on growth track in the 2nd quarter 2005/2006. We strengthened our position in a generally favorable economic situation. Sales improved by 11% from the prior-year quarter to €11.8 billion. The Group's pre-tax income from continuing operations increased to €773 million from €448 million in the prior-year period.

The highlights for the 2nd quarter 2005/2006 were as follows:

- Order intake from continuing operations increased to €12.8 billion, up 14% from a year earlier.
- Sales rose by 11% to €11.8 billion.
- EBITDA increased by €315 million to €1,278 million.
- Income from continuing operations before taxes improved to €773 million from €448 million in the prior-year quarter.
- Earnings per share from continuing operations reached €0.84, compared with €0.50 in the 2nd quarter of the prior year.
- Net financial liabilities at March 31, 2006 stood at €191 million, an increase of €14 million compared with September 30, 2005. In comparison with March 31, 2005 net financial liabilities were reduced by €1,784 million.

We expect the generally positive business performance to continue in the further course of the year. For fiscal year 2005/2006 we currently plan sales of over €44 billion. Based on the very good 1st-half performance, for the full year we are already aiming to exceed our new medium-term target for earnings before taxes – excluding major nonrecurring effects – of €2 billion.

ECONOMIC ENVIRONMENT

The world economy was in robust shape in the first months of 2006. International early indicators point to continuing strong growth, although high energy and raw material prices again weighed heavily on economic activity.

All the major economic regions continued their economic expansion at the beginning of the year. After the dip in growth in the 4th quarter 2005 the pace of expansion has accelerated again in the USA, supported by private consumption and high business spending. The economic upswing in the countries of Latin America continued, partly thanks to continuing high raw material prices.

The economic mood in the euro zone has improved considerably. Following a slightly weaker final quarter in 2005, economic growth was stronger in the 1st quarter 2006, according to initial estimates. Lively business spending was one factor in this. The economic picture in Germany was similar. Following stagnation in the final months of 2005, economic growth accelerated in the 1st quarter 2006 due to higher private consumption and continuing investment. In the countries of Central and Eastern Europe, the economic upswing continued at the start of 2006.

In Japan, the economic situation improved further in the 1st quarter 2006, with impetus coming from both domestic and foreign demand. Economic growth in most of the rest of Asia remained strong. China in particular, but India as well, continue to report high growth rates.

In the sectors of importance to ThyssenKrupp the picture was as follows:

- Global crude steel production increased by 5.9% in the reporting quarter. This was mainly due to China and India, which increased their production by 18 and 20%, respectively. Total production in the other regions was unchanged. In the European Union, crude steel output was slightly down from the previous year. After a weak period in summer 2005, demand for carbon steel flat products had already stabilized at the end of last year, and this positive trend continued in the 1st quarter 2006. All the Western European mills report full order books, reaching at least to the middle of the year. The improvement in demand is due to increased consumption by steel processors and inventory building by distributors and processors. Inventory levels at steel customers are still at a low to normal level, although anticipated price increases have probably triggered speculative purchases in some cases at least. Demand was strong above all for hot-dip coated products and in some cases also for hot strip. Not least for this reason there was again a large rise in imports of carbon steel flat products from non-EU countries. The market situation allowed price increases to be effected across a broad front at April 01, 2006.

- The market for stainless steel flat products improved at the beginning of the year. Starting from a very low level, order volumes increased significantly in Western Europe in the first months of 2006. As the market improved, base prices were increased. In North America, demand in the 1st quarter 2006 was slightly lower than a year earlier but up sharply from the prior quarter, allowing price increases. The demand situation in Asia was similar. The supply overhang caused by the sharp capacity expansion in China was counteracted by production cutbacks by most producers in the region, raising the extremely low price level. Demand for nickel-base materials remained strong in the 1st quarter 2006 as a result of growth in the aviation, oil, gas and engineering construction industries.
- The international automobile market shows regional differences. In North America, vehicle production in the first months of 2006 was higher than a year earlier. Increased fuel prices impacted the market for high-consumption vehicles – light trucks such as minivans and sport utility vehicles – while production of more fuel-efficient passenger cars increased. In the USA, new car sales improved slightly at the beginning of the year. The Asian and European manufacturers benefited particularly from this. The Brazilian automobile sector remained on expansion track at the beginning of 2006. China is showing high growth compared with the weaker prior-year period. In the European Union, demand for passenger cars improved in the first months of 2006. The pleasing performance of the German auto industry is mainly due to high foreign demand, although domestic sales were also up.
- The continuing strong growth of the world economy is favoring the capital goods industry. In the USA and China, mechanical engineering output increased further. German machinery manufacturers reported high orders from abroad in the first months of 2006, and domestic demand also improved significantly. The project situation in the German engineering construction sector was likewise positive.
- After a long phase of recession the German construction market has stabilized. Order intake at the start of 2006 was higher than a year earlier. Building activity in Asia and in Central and Eastern Europe was also pleasing on the whole.

BUSINESS SITUATION

THYSSENKRUPP IN FIGURES

		2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	1st half ended March 31, 2005	1st half ended March 31, 2006
Order intake	million €	11,180	12,776	22,036	24,331
Sales	million €	10,610	11,786	20,698	22,728
EBITDA	million €	963	1,278	1,963	2,176
Income*	million €	448	773	978	1,198
Employees (March 31)		186,930	187,997	186,930	187,997

All figures relate to continuing operations. * before taxes

Order intake and sales

Following the good start in the 1st quarter, ThyssenKrupp continued its successful performance in the 2nd quarter 2005/2006. Order intake and sales showed pleasing growth. The movement of the euro against important currencies had a positive impact.

Order intake from continuing operations increased by 14% to €12.8 billion. Sales from continuing operations climbed by 11% to €11.8 billion. The Steel and Stainless segments profited from increased demand on the international steel markets and higher prices. Automotive held its own in a difficult market environment. Technologies achieved a high volume of business. Elevator grew in both the service and new installation businesses. At Services, too, business improved markedly as a result of increasing demand.

SALES* billion €

2004/2005	1st quarter	10.1
	1st half	20.7
	9 months	32.0
	12 months	42.9
2005/2006	1st quarter	10.9
	1st half	22.7

* from continuing operations

Income

INCOME* million €

2004/2005	1st quarter	530
	1st half	978
	9 months	1,555
	12 months	1,677
2005/2006	1st quarter	425
	1st half	1,198

*from continuing operations before taxes

In the 2nd quarter 2005/2006 ThyssenKrupp achieved earnings before taxes of €773 million, an increase of €325 million and the highest quarterly profit since the merger of Thyssen and Krupp in 1999. The quarterly earnings include one-time income of €142 million net of transaction costs related to the receipt of the break fee in connection with the non-implemented purchase of the Canadian steel company Dofasco, and one-time impairment charges of €49 million in the Automotive segment. Excluding these major nonrecurring effects, earnings before taxes reached €680 million. The Steel and Technologies segments in particular recorded outstanding profit increases. Steel generated well over half of total Group earnings.

The Steel segment achieved its profit increase on the back of continuing high demand and rising prices, which more than offset significant cost increases for raw materials and freight. Stainless failed to match its prior-year profits as base prices for stainless steels in the 2nd quarter were well below the level of the corresponding prior-year quarter. The stainless market in China remains characterized by overcapacities; this resulted in losses at the Chinese operation. Automotive recorded an impairment loss at the Kitchener stamping plant in Canada. Excluding this one-time effect, Automotive's earnings were roughly level with the prior year. Technologies increased its profit due to high capacity utilization and good order earnings at Plant Technology and Marine Systems as well as continuing high demand for Mechanical Engineering's products. The absence of charges related to since-sold loss-making businesses also had a positive impact. Despite continuing competitive pressure Elevator achieved a significant profit rise; particularly in North America increased demand for new installations led to significantly higher earnings. The profit increase in the Services segment was due above all to successes in scaffold services in North America.

After taking into account Corporate and tax expense, net income for the period is €441 million. Deducting from this the minority interest in profits of €12 million, earnings per share is €0.84, compared with €2.13 in the comparative prior-year quarter. It should be noted that in the prior-year quarter €1.63 per share came from discontinued operations for which no expense or income was recognized in the reporting quarter.

Net financial liabilities and capital expenditures

NET FINANCIAL LIABILITIES million €

2004/2005	December 31	3,850
	March 31	1,975
	June 30	1,825
	September 30	177
2005/2006	December 31	315
	March 31	191

Net financial liabilities at March 31, 2006 stood at €191 million. They thus changed only slightly even though liquidity was impacted by the dividend payment in January 2006 in the amount of €412 million.

Compared with March 31, 2005 the Group's net financial liabilities were €1,784 million lower.

Capital expenditures in the 2nd quarter 2005/2006 totaled €492 million, 15% less than in the prior-year quarter. €362 million was invested in property, plant and equipment and intangible assets, with the remaining €130 million being used for the acquisition of businesses, shareholdings and other financial assets.

Employees

The number of employees has increased in the current fiscal year. On March 31, 2006 ThyssenKrupp had 187,997 employees worldwide, 2,065 or 1% more than at the end of the last fiscal year. The workforce increased in the Services and Elevator segments as a result of acquisitions, and decreased in the other segments.

In Germany, the headcount decreased by 4% to 84,117, while outside Germany it increased by 5% to 103,880. At the end of March 2006, 45% of the workforce was employed in Germany, 23% in the rest of Europe and 18% in the NAFTA region.

SEGMENTS

Steel: Earnings improved

STEEL IN FIGURES

		2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	1st half ended March 31, 2005	1st half ended March 31, 2006
Order intake	million €	2,372	2,945	4,533	5,586
Sales	million €	2,359	2,711	4,651	5,195
Income*	million €	258	416	510	688
Employees (March 31)		31,390	30,294	31,390	30,294

All figures relate to continuing operations. * before taxes

All areas of the Steel segment profited from the strong demand on the international steel markets. Higher volumes and revenues led to a 24% rise in order intake to €2.9 billion. The volume of orders booked was higher than production capacity. Sales increased by 15% to €2.7 billion, with shipments up by a similar amount.

The Steelmaking business unit combines the metallurgical operations in Duisburg and the logistics activities. At 3.3 million metric tons, crude steel production was down 5% from the comparable prior-year quarter. The reason for this was a fire at the Hüttenwerke Krupp Mannesmann melt shop. However, the lost crude steel output was largely offset by running down slab stocks and outsourcing from third parties. The business unit's sales of pig iron, slabs and energy to external customers were higher than a year earlier as increased raw material costs were passed on.

The Industry business unit is focused on a broad spectrum of customers in the steel processing industries. Lively demand in all product groups boosted shipments significantly. It was not possible to fully meet demand for hot-rolled strip and hot-dip galvanized sheet. Average revenues were slightly higher than in the prior-year quarter. The Heavy Plate and Color units continued to perform very strongly. Business at the European steel service centers and with construction elements revived recently.

The Auto business unit's customers are the global auto manufacturers. Order intake was high. However, the damage to an electrolytic coating line in Duisburg incurred in September 2005 continued to reduce shipments. The price rises agreed at the beginning of the year in long-term contracts resulted in an increase in sales compared with the prior-year quarter. Expansion at Tailored Blanks was mainly attributable to the new production sites outside Germany. The North American steel service activities profited primarily from additional spot business and exchange rate effects.

The companies in the Processing business unit are active on specialized markets with specific customer groups in the packaging, electrical and other industries. In the tinplate business, the higher volumes resulting from investments at the Andernach site had an increasingly positive impact on sales. Sales of medium-wide strip from Hoesch Hohenlimburg were affected by problems in the supply of starting materials from Hüttenwerke Krupp Mannesmann. Supplies to customers were secured by using slab stocks. The grain-oriented electrical steel business performed exceptionally well, with shipments and revenues significantly higher than a year earlier.

In fiscal 2005/2006, the Steel segment increased its 2nd-quarter profits by €158 million to €416 million.

The Steelmaking business unit returned a profit. This was due in particular to higher revenues for byproducts and commodities. The significant price increases for raw materials and freight were passed on to the other business units.

Profits at the Industry business unit fell just short of the high prior-year level. Higher shipments and improved net revenues were outweighed by increased costs for starting material and energy. With shipments slightly higher than a year earlier, the European steel service centers returned a lower profit. In a difficult market environment, the construction elements operations made a small loss despite a slight increase in shipments.

The Auto business unit significantly increased its profits. With net revenues higher and shipments slightly above the year-earlier level, earnings were however strongly impacted by increased starting material and processing costs. The insurance compensation received for the fire damage in September 2005 provided additional income, through this was partially offset by increased expenses. Tailored Blanks improved its profits through higher shipments and the implementation of efficiency-enhancement measures. Earnings of the North American steel service activities increased on the back of higher sales volumes and improved revenues.

The Processing business unit achieved a significant increase in income, to which the electrical steel operations made a major contribution. In a positive market environment, all units achieved higher volumes and prices. Significant increases in starting material costs had a negative impact. The improvement measures implemented resulted in substantial earnings improvements.

Stainless: Significant increase in demand

STAINLESS IN FIGURES

		2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	1st half ended March 31, 2005	1st half ended March 31, 2006
Order intake	million €	1,388	2,096	2,722	3,625
Sales	million €	1,385	1,626	2,689	2,978
Income*	million €	97	52	222	59
Employees (March 31)		12,328	12,143	12,328	12,143

All figures relate to continuing operations. * before taxes

In terms of volume, 2nd-quarter 2005/2006 orders at Stainless were up 62% from the prior-year quarter. Contributing factors were a significant increase in demand for stainless products and lively replenishment activity, particularly in the European trading segment. The ThyssenKrupp Nirosta business unit made a disproportionately large contribution to this. At the end of the 2nd quarter the group's European companies had over four months' worth of orders in hand, more than twice as much as a year earlier. The value of orders received by Stainless rose by only 51% because base prices in the reporting period were significantly lower than in the comparable prior-year quarter. The value of orders received by the nickel-base alloys activities increased by 34%, with volumes virtually unchanged.

Overall, Stainless's shipments in the reporting period were 29% higher than in the comparable prior-year quarter, in particular due to higher deliveries of cold-rolled strip and partially also as a result of destocking.

Stainless achieved sales of €1.6 billion in the 2nd quarter 2005/2006. This 17% year-on-year increase fell well short of the increase in shipments due to lower base prices and lower alloy surcharges compared with the prior year. ThyssenKrupp Mexinox held up well on the North American market despite weak market growth.

Despite the generally tight situation on the Chinese stainless market, Shanghai Krupp Stainless was able to profit from a brief easing of market conditions and improved both its volumes and sales compared with the prior-year quarter. The ThyssenKrupp VDM business unit performed well and significantly grew its business volume on the back of sustained high demand for nickel-base materials.

The Stainless segment's profits were €45 million lower than a year earlier at €52 million.

The majority of European producers introduced production cutbacks from the middle of last year in an attempt to counter the decline in demand for stainless flat-rolled products which started in mid-2004 and triggered the fall in base prices in 2005. Stockbuilding and a marked recovery in demand led to a significant improvement in order intake and shipments from the beginning of 2006; this made it possible to push through base price rises following an all-time low in the 4th quarter 2005. However, the average base prices in the reporting period were still well below the year-earlier level. The further increases in the cost of energy – in particular electricity and gas – and transportation services also influenced the earnings situation.

After declining in 2005, demand also picked up again in North America at the beginning of 2006. Despite announcing base price increases, the Mexican cold rolling activities fell short of their prior-year earnings due to the still low base price level.

With demand for stainless cold-rolled products remaining strong in Asia, especially in China, the start-up of new Chinese stainless cold rolling capacities in 2005 led to an extreme imbalance of supply and demand and consequently a dramatic fall in prices. Although the market stabilized toward the end of the year and first price increases were pushed through in the 2nd fiscal quarter as raw material prices rose, the Chinese cold rolling activities nonetheless returned a loss.

The nickel-base alloy operations achieved a strong increase in profits driven by good demand from the engineering and aviation industries as well as the oil and gas markets.

Automotive: Market environment remains difficult

AUTOMOTIVE IN FIGURES

		2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	1st half ended March 31, 2005	1st half ended March 31, 2006
Order intake	million €	1,927	2,064	3,846	3,970
Sales	million €	1,964	2,165	3,828	4,137
Income*	million €	67	(10)	91	(10)
Employees (March 31)		44,221	42,610	44,221	42,610

All figures relate to continuing operations. * before taxes

Although growth rates remained low on key automobile markets, the Automotive segment performed positively overall and achieved 2nd quarter 2005/2006 sales of €2.2 billion, a 10% improvement on the prior-year quarter. The current appreciation of the us dollar and the Brazilian real against the euro had a particularly positive impact. On the other hand it should be considered that the prior-year figures included sales from the aluminum castings and truck springs businesses which have since been sold.

Sales at the Body business unit were higher than a year earlier, particularly due to volume- and price-driven growth at the North American foundries. Higher billings for tooling also had a positive impact.

The Chassis business unit recorded a clear increase in year-on-year sales overall. Both the Chassis Structure and Suspension units contributed to this. The improvement was partly due to significant growth in the systems business, made possible by the ramp-up and full start of production at the new plant in Leipzig. In addition, the production ramp-up of new vehicle models in Europe and the USA had a positive impact on the Suspension unit.

The increase in sales at the Powertrain business unit was primarily attributable to the Crankshafts business and was mainly due to exchange rate effects resulting from the strengthening of the Brazilian real against the euro. The disposal of the aluminum castings business had a negative effect on sales.

The Automotive segment recorded a loss of €10 million compared with a profit of €67 million in the comparable prior-year quarter. Earnings in the reporting quarter include an impairment loss of €49 million on assets at the Canadian Kitchener plant of the Chassis business unit. The comparable prior-year quarter included the profits and disposal gain from the aluminum castings business in the Powertrain business unit (totaling €41 million) and nonrecurring expense of €8 million connected with the Rover insolvency.

Apart from the aforementioned impairment expense, all three business units recorded positive operating earnings in the 2nd quarter 2005/2006. The Powertrain business unit once again made the biggest contribution.

Profits at the Body business unit were level with the prior-year quarter. The negative impact of declining workloads at the American and European stamping activities was offset by the American foundries and the absence of the nonrecurring expense from the Rover insolvency.

Disregarding the impairment loss at the Kitchener plant, the Chassis business unit achieved a profit compared with a break-even result a year earlier. This was due to improvements in operating performance in the Chassis Stampings and Suspension areas.

The Powertrain business unit once again returned a significant profit but failed to match the level of the prior-year quarter. In addition to the loss of income from the sold aluminum castings business, earnings were particularly impacted by the exchange rate movements of the Brazilian real and US dollar.

Technologies: Income significantly improved, business volume still high

TECHNOLOGIES IN FIGURES

		2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	1st half ended March 31, 2005	1st half ended March 31, 2006
Order intake	million €	1,732	1,503	3,320	3,151
Sales	million €	1,466	1,456	2,599	3,059
Income*	million €	15	85	62	177
Employees (March 31)		29,015	27,469	29,015	27,469

All figures relate to continuing operations. * before taxes

Technologies continued to perform very strongly in the 2nd quarter 2005/2006. Despite disposals, sales at €1.5 billion almost matched the high prior-year quarter. The main drivers of this pleasing performance were higher sales in the Plant Technology and Mechanical Engineering business units. At €1.5 billion, order intake was down on the high year-earlier level, but several promising projects are set to be awarded in the coming months. The order backlog of €9 billion at March 31, 2006 covers more than one year's sales.

The Plant Technology business unit once again recorded an increase in sales billings from its order backlog in the 2nd quarter 2005/2006. Due to the strong project situation, order intake was significantly higher than a year earlier. Continuing high raw material prices are improving the profitability of exploration and production projects – e.g. oil sands and oil shale mining, coal gasification and liquefaction, the production of fuels from renewable raw materials – for which Plant Technology offers advanced technologies and processes.

At Marine Systems, sales and order intake were both down from the prior-year level. Major projects are expected to be awarded in the coming months.

The strong business situation continued in many areas of the mechanical engineering sector which are important customers of Mechanical Engineering. However, orders were lower than a year earlier as a result of disposals. Sales increased slightly. Excluding the disposals, sales grew significantly. A major contribution to this positive performance came from business with large-diameter bearings and construction equipment components.

In March 2006, Polysius acquired Maerz Ofenbau AG, Zurich, a world-leading manufacturer of lime shaft kilns. A further step toward optimizing the portfolio was taken with the sale of the steam turbine division of B+V Industrietechnik, Hamburg to MAN TURBO, Oberhausen on April 07, 2006.

The Technologies segment returned a profit of €85 million, a €70 million improvement on the year-earlier figure. This was mainly the result of demand-driven high capacity utilization and the elimination of loss-making areas at Mechanical Engineering, higher profits at Plant Technology and improved order earnings at Marine Systems.

The prior-year earnings of the MetalCutting business unit sold in October 2005 are posted under discontinued operations.

Plant Technology achieved a significant increase in profits in the 2nd quarter 2005/2006. Positive factors were higher sales billings for cement plants and materials handling equipment and the absence of expense from the fair-value recognition of currency hedges, which negatively impacted the prior-year quarter.

Marine Systems returned a double-digit million profit which showed a substantial improvement on the prior-year quarter. Key factors in this were improved order earnings and cost reductions due to restructuring measures.

At Mechanical Engineering, sales growth, good workloads and the disposal of loss-making businesses resulted in a clear improvement in profit. All operating groups contributed to this.

Transrapid reported slightly lower losses in the 2nd quarter 2005/2006, mainly due to cost-cutting measures and lower depreciation.

Elevator: Growth trend continues

ELEVATOR IN FIGURES

		2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	1st half ended March 31, 2005	1st half ended March 31, 2006
Order intake	million €	1,071	1,203	2,073	2,464
Sales	million €	863	1,054	1,740	2,062
Income*	million €	71	94	169	179
Employees (March 31)		32,943	35,109	32,943	35,109

All figures relate to continuing operations. * before taxes

Elevator continued its success in the 2nd quarter 2005/2006. In addition to growth in the service business, driven by the systematic expansion of the maintenance portfolio, new installations business also increased. While demand for new installations improved only slightly in Europe, it remained strong in America. However, increasingly fierce price competition is being observed and this cannot be fully offset by efficiency improvements. Overall order intake in the 2nd quarter climbed 12% to €1.2 billion; sales were 22% higher at €1.1 billion. These figures also include positive exchange rate effects, due mainly to the movement of the euro against the us dollar.

The Central/Eastern/Northern Europe business unit increased its order intake and sales. All regions expanded their business volume, mainly thanks to new installations. The activities in the United Kingdom were alone in not being quite able to match the prior-year figures.

The Southern Europe/Africa/Middle East business unit could not repeat the high order intake of a year earlier, which was boosted by the major order for Dubai. However, sales showed a significant year-on-year improvement thanks to the further strengthening of the unit's market presence on the Iberian peninsula. In the other countries of the Mediterranean and the Middle East, business was stable.

The Americas business unit again performed very positively. Both order intake and sales were well in excess of the year before – partly for exchange rate reasons, but mainly due to sustained high demand for new installations. This situation also benefited the Latin American activities. Services sales also increased.

The Asia/Pacific business unit increased its order intake and sales. While order intake in Korea was lower due to weak demand for new installations, the Chinese activities benefited from market growth and recorded slightly higher orders. The increase in sales was more pronounced – thanks partly to positive exchange rate effects but mainly to the continued strength of the new installations business in China. Business volume in other regions also increased.

Although the prior-year order intake of the Escalators/Passenger Boarding Bridges business unit was boosted by the large Dubai order, that performance was almost equaled in the reporting period thanks to numerous mid-size airport and subway projects. Sales of both escalators and passenger boarding bridges increased.

The growth of the Accessibility business unit continues. Increasing market presence in both Europe and America led to an encouraging rise in both order intake and sales.

The Elevator segment returned a profit of €94 million, compared with €71 million in the corresponding prior-year quarter. Volume and efficiency improvements compensated for rising price and cost pressure on key markets and led to an increase in operating earnings. Other positive factors were the exchange rate trend and effects from the valuation of currency hedges. All business units were in profit.

The Central/Eastern/Northern Europe business unit almost matched its prior-year earnings, which were boosted by nonrecurring income from the sale of real estate. Additional earnings contributions were achieved through efficiency enhancements and increased capacity utilization. The restructuring carried out in the United Kingdom in the reporting period resulted in charges; positive effects are expected before the end of the fiscal year.

The Southern Europe/Africa/Middle East business unit exceeded its prior-year earnings on account of income from the valuation of currency hedges. Operating business was impacted above all by increasing margin pressure on the Iberian peninsula.

The Americas business unit achieved significantly higher profits. It benefited from the positive market trend in North America; efficiency-enhancing measures also made an impact. The translation effect from the increased value of the us dollar against the euro also contributed to the increased profit. The Latin American activities – especially Brazil – reported a significant improvement in income.

By contrast, the Asia/Pacific business unit failed to reach the profit level of the previous year. The activities in South Korea continue to suffer from the deterioration in the new installations market. This was not offset by the profits of the newly acquired Taiwanese activities. The activities in India and Southeast Asia reported higher earnings.

The Escalators/Passenger Boarding Bridges business unit increased its profit. A significant factor here was income from currency hedging. At operating level, the business unit held its own in a difficult market environment.

The Accessibility business unit achieved a further increase in profit. Alongside the positive impact of the acquisition of activities in Italy, the other activities in Europe and North America were also again very successful.

Services: Marked improvement in business

SERVICES IN FIGURES

		2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	1st half ended March 31, 2005	1st half ended March 31, 2006
Order intake	million €	3,136	3,752	6,358	6,879
Sales	million €	3,077	3,383	6,275	6,449
Income*	million €	78	91	170	176
Employees (March 31)		33,234	39,016	33,234	39,016

All figures relate to continuing operations. * before taxes

The Services segment achieved sales of €3.4 billion in the 2nd quarter 2005/2006, up 10% from the corresponding prior-year quarter.

International business was substantially strengthened in the reporting period, especially in the services sector. Key areas were the chemicals/petrochemicals, energy, automobile and aviation industries. As a result of acquisitions and business expansion, the number of employees increased by almost 6,000, more than three quarters of these in South and North America.

The Materials Services Europe and Materials Services North America business units benefited from improving demand and rising prices for rolled steel, specialty steel and tubular products and above all nonferrous metals. Growth was much stronger in North America than in Europe.

The booming American market was also the main reason for the leap in sales in the Industrial Services business unit. In Germany, too, encouraging sales growth was recorded and major projects were billed. In addition, the consolidation of the new companies ThyssenKrupp Xervon Energy and RIP in Brazil had a positive effect.

In the Special Products business unit, the technical trading activities were significantly expanded. Increased sales volumes and a high price level had a favorable impact on the metallurgical raw material trading business. Rolled steel business in the Far East showed a decline against the year before.

Services generated a profit of €91 million, €13 million more than in the corresponding prior-year quarter. In addition to the ongoing efficiency enhancement programs and sales initiatives in all business units, key factors were the recovery in demand and prices for part of the industrial and raw material range.

The Materials Services Europe business unit, which in addition to the European activities also comprises the activities being developed in South America and Asia, did not quite match its high prior-year profit. Gross margins were in some cases significantly lower than in 2004/2005.

Materials Services North America reported increased profits, mainly due to the strong nonferrous metals business. Demand and prices for copper were at an extremely high level. Large quantities of titanium and aluminum were supplied to the aviation industry.

The Industrial Services business unit more than doubled its profit. This is mainly attributable to the scaffold services business in North America; the activities for the energy and petrochemicals sectors as well as for the construction industry were significantly expanded.

Benefiting from currency effects and other nonrecurring income, the Special Products business unit again significantly exceeded its very good prior-year profit. This applies not only to the rolled steel and tubular products business but also to the technical trading and raw materials activities.

Corporate includes the Group's head office and internal service providers as well as inactive companies not assignable to the individual segments. Also included here is the non-operating property which is managed and utilized centrally by Corporate. Sales of Corporate were €35 million, compared with €33 million in the prior-year quarter.

Corporate generated a profit of €49 million, a €128 million improvement against the corresponding prior-year figure. The main contribution factors were the receipt of the break fee of €142 million net of transaction costs from the takeover bid for Dofasco, and the improvement in net interest income at ThyssenKrupp AG.

Consolidation mainly includes the results of intercompany profit elimination.

OUTLOOK

The strong expansion of the world economy will continue in 2006. Global growth is again likely to exceed 4%. However, the pace of growth is expected to weaken in the course of the year. In the USA, in particular, a slowing of the real estate boom could adversely affect private consumption. Asia's economic momentum will continue unabated. The Chinese economy is again expected to record high growth in 2006, and Japan is likely to continue its economic recovery. In the euro zone the positive trend will continue. Stronger economic growth is also forecast for Germany. Favorable trends are expected above all for exports and business spending. Toward the end of the year, the increase in value added tax will bring forward consumer spending. The economic risks caused by high raw material and oil prices will continue in 2006.

We expect the following developments on the major markets:

- With the overall economic environment set to remain favorable, we expect the growth of the global steel market to continue. As in the past, this growth will be driven to a large degree by China and the other emerging countries, although other regions are also expected to perform well. For the current year world crude steel production is forecast to increase by 6% to 1,200 million metric tons. In our Western European core market all the signs point to increasing steel consumption in 2006 following stagnation last year. In addition, positive stock cycle effects are expected. This will lead to an increase in steel production. In Germany production is expected to be well in excess of 45 million tons. Steel prices will continue to be determined mainly by high raw material and energy costs.
- The market for stainless steel flat products is set to recover in 2006. World market supply is expected to show 8% growth, albeit from a weak prior-year level. Demand is forecast to pick up in Western Europe, North America and Asia. The market for nickel-base alloys will remain positive.
- World auto production is expected to rise to over 68.5 million vehicles in 2006. The growth by around 2 million cars and trucks will be concentrated on the emerging countries in Asia. In North America and Western Europe, vehicle production will exceed the prior-year level only slightly, if at all. In Germany production is expected to remain stable.

- Growth in the international mechanical engineering sector is likely to slow in 2006. Production in Germany is expected to increase by only 2%. Higher growth rates are forecast for the USA, Japan and in particular China.
- The construction sector is expected to expand above all outside the industrialized countries in 2006. The main growth regions will again be the emerging countries of Asia as well as Central and Eastern Europe. The construction market is expected to weaken in the USA and gain strength in the euro zone and Germany.

We expect the generally positive business performance to continue in the further course of the year. For fiscal year 2005/2006 we currently plan sales of over €44 billion. Based on the very good 1st-half performance, for the full year we are already aiming to exceed our new medium-term target for earnings before taxes – excluding major nonrecurring effects – of €2 billion.

IFRS RECONCILIATIONS

First-time adoption of international financial reporting and accounting standards

The Regulation No. 1606/2002 of the European Parliament and the Council concerning the use of International Accounting Standards (IAS) was adopted on July 19, 2002. This regulation requires companies, publicly traded and domiciled in the European Union (EU), to prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) for fiscal years starting on or after January 01, 2005. Accordingly, ThyssenKrupp AG, as a publicly traded corporation domiciled in Germany, is required to prepare its consolidated financial statements for the fiscal year 2005/2006 under IFRS. ThyssenKrupp AG has decided to adopt the recommendation of the Committee of European Securities Regulators (CESR) to prepare its interim reports in the current fiscal 2005/2006 in accordance with IFRS.

The Group has applied IFRS 1 “First time adoption of International Financial Reporting Standards” to provide a starting point for reporting under International Financial Reporting and Accounting Standards. The date of transition to International Financial Reporting and Accounting Standards was selected as October 01, 2004. An explanation of how the transition to IFRS 1 has affected the reported financial position, financial performance and cash flows of the Group is provided hereafter including reconciliations of equity and profit or loss for comparative periods reported under US GAAP (previous GAAP) to those reported under IFRS.

The opening balance sheet has been prepared using the Standards and Interpretations currently issued and expected to be effective as of September 30, 2006. With the exception of the exemptions granted by IFRS 1, the Group expects to adopt these accounting policies when it prepares its first complete set of IFRS consolidated financial statements as of September 30, 2006. A detailed presentation of the applicable accounting policies is provided on pages 41 and following. Until September 30, 2006, the opening balance sheet as of October 01, 2004, the consolidated financial statements for the fiscal year ended September 30, 2005, and any interim consolidated financial statements issued for the period between October 01, 2004 and September 30, 2006 should be seen as provisional as the IASB may still enact provisions that could be applied retroactively. Accordingly, neither the opening balance sheet as of October 01, 2004, nor the consolidated financial statements for the fiscal year ended September

30, 2005 have yet been certified under IFRS by the Group’s auditor. They form the basis for the first full consolidated financial statements under IFRS for the fiscal year ending September 30, 2006 and will only be certified in conjunction with the audit of these consolidated financial statements. The condensed consolidated interim financial statements have been prepared on the basis of IFRSs in issue that are effective or available for early adoption at the Group’s first IFRS annual reporting date, September 30, 2006. Based on these IFRSs, Management has made assumptions about the accounting policies expected to be adopted (accounting policies) when the first IFRS annual financial statements are prepared for the year ended September 30, 2006.

The Group has taken the following exemptions granted by IFRS 1 when preparing its preliminary opening balance sheet:

- **Business combinations**

The Company opted for the retention of the presentation of company acquisitions from the period before October 01, 2004, in place of an accounting treatment in accordance with the provisions of IFRS 3 “Business Combinations”. The goodwill arising from those acquisitions contained no intangible assets that should have been shown separately under IFRS and has been taken on to the IFRS opening balance sheet without modifications other than those resulting from the required review of the carrying amounts of goodwill for impairment as of the opening balance sheet date and the required accounting for put options in connection with existing minority interest.

- **Employee benefits**

As of October 01, 2004, all unrecognized actuarial gains and losses that arose in the period from the granting of the entitlement up to the date of transition to IFRS have been recognized directly in retained earnings (“fresh start”).

- **Cumulative currency translation gains and losses**

Cumulative currency translation gains and losses resulting from the translation of subsidiary and associated company financial statements up to the date of transition to IFRS have been directly recognized in retained earnings and have not been reported separately in equity. The recognition in retained earnings does not affect the reported equity. Currency translation adjustments arising after the transition are shown separately in equity and are recognized in income when the respective operations are disposed of.

The adoption of International Financial Reporting and Accounting Standards has resulted in the following changes to the Group's significant accounting policies:

Consolidation

Upon acquisition of a subsidiary the interest of minority shareholders under US GAAP is stated at the minority's proportion of the carrying amount of assets and liabilities of the subsidiary at the date of acquisition. Under IFRS, this minority interest is stated at the minority's proportion of fair values of identifiable assets, liabilities and contingent liabilities recognized at the date of acquisition and reported within equity.

Revenue recognition

Under US GAAP, the Group accounted for construction contracts using the percentage-of-completion method of accounting, if the performance of those contracts took place over a period of at least 12 months, beginning from the effective date of the contract to the date on which the contract is substantially completed. In accordance with IFRS, all construction contracts are accounted for using the percentage-of-completion method of accounting regardless the length of the performance period.

Development Costs

Development costs have been expensed as incurred in accordance with US GAAP. IFRS requires the recognition of development costs as an intangible asset, if certain requirements are met.

Components Approach

Where under US GAAP no specific rules exist, IFRS requires a "component approach" when accounting for property, plant and equipment. Where fixed assets are comprised of significant parts those parts are accounted for as separate units and are depreciated accordingly.

Investment property

Investments in land and buildings held to earn rental income or for capital appreciation are recorded as part of property, plant and equipment under US GAAP. Those investment properties are shown as a separate line item under non current assets in accordance with IFRS. Furthermore, the fair values of investment properties are included in the Notes to the consolidated financial statements where investment properties are recorded at amortized cost.

Goodwill

Under US GAAP, the Group tested goodwill for impairment on Reporting Unit level which corresponded to the reporting one level below its segments. If the first step of such an impairment test resulted in a carrying value of the reporting unit including goodwill that exceeded the fair value of that unit, the goodwill was deemed to be impaired. In a second step, the fair value of the goodwill was determined and compared with its carrying value which then served as a basis of calculation for the amount to be recorded as impairment charge. IFRS requires testing of goodwill for impairment on Cash Generating Unit (CGU) level. The group of Cash Generating Units to which goodwill has been allocated represents the lowest level within the Group that is monitored for internal management purposes. The IFRS requirement leads to testing levels below the Reporting Unit level in certain segments of the Group. The one-step impairment test under IFRS compares the carrying amount of a CGU including goodwill to its recoverable amount with any excess recorded as impairment charge against goodwill. In cases where the carrying amount of goodwill is less than the determined amount of the impairment charge, the difference is generally allocated proportionally to the remaining non-current assets of the CGU to reduce their carrying amounts accordingly.

Intangible assets, property, plant and equipment and investment property

If facts and circumstances indicate that intangible assets with finite useful lives, property, plant and equipment or investment property may have suffered an impairment loss, US GAAP requires a comparison of the carrying amount of those assets with the sum of undiscounted cash flows that are expected to be generated with these assets. If the carrying amount exceeds the sum of undiscounted cash flows, these assets are impaired. The necessary impairment charge is the amount by which the carrying amount of assets exceeds their fair values. Under IFRS, the assets are impaired if the carrying amounts of assets exceed the higher of a fair value less cost to sell or the sum of discounted cash flows that are expected to be generated with these assets (the recoverable amount). The excess carrying amount also represents the necessary impairment charge. Where under US GAAP the impairment creates a new cost basis for the asset, IFRS requires the carrying amount of the asset to be increased to a revised estimate of its recoverable amount if all or a portion of an impairment charge subsequently reverses.

Inventories

US GAAP requires inventories to be stated at the lower of cost or market whereas under IFRS inventories are stated at the lower of cost and net realizable value with a net realizable value being the estimated selling price in the ordinary course of business less estimated costs of completion and selling cost. Where under US GAAP the impairment creates a new cost basis for the asset, IFRS requires the carrying amount of the asset to be increased to a revised estimate of its net realizable value if all or a portion of an impairment charge subsequently reverses.

Receivables

Under US GAAP, receivables sold under the "true sale" concept are derecognized from the balance sheet at the time of the sale. In determining whether sold receivables can be derecognized from the

balance sheet, IFRS is based primarily on a risk and rewards approach which in certain cases results in a treatment of the sale that differs from the one under US GAAP.

Accrued pension and similar obligations

The measurement date of accrued pension and similar obligations under US GAAP is allowed to differ from the year end balance sheet date of a company. The Group therefore measured its obligations using the assumptions determined as of June 30 of each fiscal year. Under IFRS the measurement date must correspond to a company's year end. Accordingly, the Group measures its obligations using the assumptions determined as of September 30 of each fiscal year.

As of September 30, 2004/October 01, 2004 and accordingly for fiscal year 2004/2005, the following assumptions were used to determine the pension obligations:

in %

	Sept. 30, 2004/Oct. 01, 2004			
	US GAAP		IFRS	
	Germany	Outside Germany	Germany	Outside Germany
Weighted-average assumptions:				
Discount rate	5.50	6.10	5.00	5.53
Expected return on plan assets	6.00	7.81	6.00	7.57
Rate of compensation increase	3.00	4.12	3.00	3.76

As of September 30, 2004/October 01, 2004 and accordingly for fiscal year 2004/2005, the following assumptions were used to determine the health care obligations:

in %

	Sept. 30, 2004/Oct. 01, 2004	
	US-GAAP US/Canadian plans	IFRS US/Canadian plans
Weighted-average assumptions:		
Discount rate	6.25	5.75
Health care cost trend rate for the following year	10.01	10.01
Ultimate health care cost trend rate (expected in 2009)	5.45	5.46

When recording an additional minimum pension liability as required under US GAAP, the recognition of an intangible asset is obligatory if certain conditions are met. IFRS has no rules regarding the recognition of an additional minimum pension liability or the related intangible asset.

Starting with balance sheet date September 30, 2005 the Group will no longer apply the corridor approach, but use the so-called "third option" in accordance with IAS 19 amendment (December 2004). Under the provisions of this amendment all actuarial gains and losses are recognized immediately and directly in equity.

The interest cost component and expected rate of return component of pension and health care cost have been included in income from operations under US GAAP. The Group elected to present those components of pension and health care costs within IFRS in net financial income/(expense) for its IFRS reporting.

Share-based compensation

Under US GAAP, the Group had valued its share-based compensation programs using the intrinsic value method until July 01, 2005. Subsequent to the adoption of SFAS 123(R) as of July 01, 2005, the Group valued its plans at fair value. Under IFRS, these programs are also recorded at fair value.

Embedded derivative financial instruments

US GAAP requires the recognition of an embedded derivative where parties conclude a contract that is not denominated in the functional currency of one of the parties to the contract. Under IFRS an embedded derivative is not recognized separately if the contract is denominated in a currency that is commonly used in business transactions in the environment in which the transaction takes place.

Discontinued operations

The Group reports the results of a disposal group that qualifies as component of the Group under US GAAP as discontinued operations if its cash flows can be clearly distinguished operationally and for financial reporting from the rest of the Group and the Group does not have significant continuing involvement with the component subsequent to its disposal. In addition to the identification of a component, IFRS requires that the disposed component must also represent a major line of business or all operations within a geographical area. Therefore, certain disposals may qualify as discontinued operations under US GAAP but not under IFRS.

Balance Sheet Classification

In previously published consolidated financial statements the balance sheet classification followed the 4th and 7th directive of the EU with additional disclosures required by US GAAP included in the Notes to the consolidated financial statements. Under IFRS, assets and liabilities are classified as current or non-current in the balance sheet.

To simplify the reconciliations of the consolidated balance sheets, the US GAAP presentation has been adjusted to the IFRS current/non-current classification.

The effect of the changes to the Group's accounting policies on the reported financial position, results of operations and cash flows of the Group is presented in the following.

RECONCILIATION OF THE CONSOLIDATED OPENING BALANCE SHEET AS OF OCTOBER 01, 2004

ASSETS million €

	Note	US GAAP Sept. 30, 2004	IFRS adjustments	IFRS Oct. 01, 2004
Intangible assets, net	A1, B1, C1	3,554	(385)	3,169
Property, plant and equipment, net	D1, E1, F1, G1	10,574	(1,856)	8,718
Investment property	H1, I1	—	1,618	1,618
Investments accounted for using the equity method	J1	341	(9)	332
Financial assets		679	0	679
Deferred tax assets	K1	1,148	(272)	876
Total non-current assets		16,296	(904)	15,392
Inventories	L1, M1	6,274	(368)	5,906
Trade accounts receivable, net	N1, O1	5,764	653	6,417
Other receivables	P1, Q1	1,049	(75)	974
Current income tax assets		189	0	189
Cash and cash equivalents		1,350	0	1,350
Assets held for sale	R1, S1	219	37	256
Total current assets		14,845	247	15,092
Total assets		31,141	(657)	30,484

EQUITY AND LIABILITIES million €

	Note	US GAAP Sept. 30, 2004	IFRS adjustments	IFRS Oct. 01, 2004
Equity attributable to ThyssenKrupp AG's stockholders		8,327	(1,284)	7,043
Minority interest	A2	—	360	360
Total equity		8,327	(924)	7,403
Minority interest	A2	410	(410)	—
Accrued pension and similar obligations	B2, C2, D2	7,189	1,095	8,284
Other provisions	E2, F2	510	5	515
Deferred tax liabilities	G2	977	(757)	220
Financial liabilities	H2	3,618	60	3,678
Other liabilities	I2	0	42	42
Total non-current liabilities		12,294	445	12,739
Other provisions	J2	1,811	(852)	959
Current income tax liabilities		538	0	538
Financial liabilities	K2	614	238	852
Trade accounts payable	L2	3,644	(13)	3,631
Other liabilities	M2, N2, O2, P2	3,312	831	4,143
Liabilities associated with assets held for sale	Q2	191	28	219
Total current liabilities		10,110	232	10,342
Total liabilities		22,814	267	23,081
Total equity and liabilities		31,141	(657)	30,484

Intangible assets, net

A1 Development costs

Development costs that satisfied the criteria for recognition under IFRS resulted in an increase of intangible assets of €77 million.

B1 Goodwill

The IFRS one-step goodwill impairment test applied on Cash Generating Unit level as of October 01, 2004, resulted in an impairment charge against goodwill in the amount of €437 million.

The recognition of a put option in connection with an existing minority interest of the Dongyang group resulted in an increase of goodwill by €32 million.

C1 Intangible pension asset

The US GAAP intangible pension asset of €53 million was derecognized to account for pension obligations in accordance with IAS 19.

Property, plant and equipment, net

D1 Investment property

Based on the IFRS requirement to present investment property separately in the consolidated balance sheet, property, plant and equipment of €1,688 million were reclassified.

E1 Components approach

Under IFRS, property, plant and equipment is required to be separated into significant accounting parts and depreciated over the expected useful lives of the corresponding units. As a result, the Group recognized an increase of property, plant and equipment of €19 million.

F1 Impairment

The IFRS one-step impairment test of property, plant and equipment based on discounted cash flows resulted in an impairment charge against those assets of €247 million as the corresponding carrying values were no longer supported by the respective recoverable amounts.

G1 Leases

Under US GAAP, the classification of a lease as either operating lease or capital (finance) lease is based on formal criteria. IFRS however, does not use such formal quantitative thresholds to determine the type of a lease. Therefore, the application of IAS 17 "Leases" can result in a different classification of lease transactions. Accordingly, a lease transaction accounted for as an operating lease under US

GAAP (whereby the lease payments were expensed as incurred), was accounted for as a finance lease under IFRS (with the related asset and liabilities recognized in the Group's balance sheet). As a result, property, plant and equipment increased by €60 million.

Investment property

H1 Separate balance sheet line item

Based on the IFRS requirement to present investment property separately in the consolidated balance sheet, property, plant and equipment of €1,688 million was reclassified.

I1 Impairment

The IFRS one-step impairment test of investment property based on discounted cash flows resulted in an impairment of €70 million.

Investments accounted for using the equity method

J1 Assets held for sale

Under US GAAP, apart from a disposal group only long-lived assets can be classified as held for sale if certain criteria are met, while under IFRS, all non-current assets can qualify for classification as held for sale. As a result, the Group reclassified an investment accounted for using the equity method in the amount of €9 million in assets held for sale.

Deferred tax assets

K1 IFRS adjustments

Deferred taxes are recognized generally due to different accounting under IFRS/US GAAP and the applicable national income tax calculation methods. As described above, the transition from US GAAP to IFRS accounting resulted in significant changes of various balance sheet items, but the national statutory income tax calculation methods remained unchanged. The transition therefore altered the aforementioned relationship with corresponding impacts on the balance sheet recognition of deferred taxes.

Regulations specifying different rules for the recognition of deferred taxes, under US GAAP and IFRS, as well as goodwill impairment and balance sheet reclassifications (e.g. the reclassification of minority interest to shareholders' equity) did not materially affect deferred taxes.

Compared to US GAAP, there are extended possibilities for balancing deferred taxes at single entity level. Because of this deferred tax assets and liabilities respectively are reduced compared to US GAAP. The netted amount of deferred tax assets and liabilities results in

a deferred tax asset under IFRS, while there was a net deferred tax liability under US GAAP. This is in general due to the increased accrued pensions and similar obligations and due to the decreased property, plant and equipment under IFRS.

The IFRS adjustments resulted in a decrease of deferred tax assets of €272 million.

Inventories

L1 Percentage-of-completion method

Under US GAAP, the balance sheet item „Work in progress“ included construction contracts accounted for under the percentage-of-completion method. Under IFRS, these construction contracts are included in trade accounts receivable. In this context, €370 million were reclassified.

M1 Lower of cost and net realizable value

The measurement of inventories under IFRS at the lower of cost and net realizable value resulted in an increase of inventories of €2 million.

Trade accounts receivable, net

N1 Percentage-of-completion method

Under US GAAP, the balance sheet item „Work in progress“ included construction contracts accounted for under the percentage-of-completion method. Under IFRS, these construction contracts are included in trade accounts receivable. In this context, €370 million were reclassified (ref. L1).

Moreover under IFRS, the percentage-of-completion method is applied to construction contracts which have not been accounted for using the percentage-of-completion method under US GAAP due to their performance duration of less than one year resulting in an increase of trade accounts receivable (“Future receivables from construction contracts”) of €47 million.

O1 Sale of receivables

Under IFRS, a risks and rewards approach and control are applied to determine whether receivables sold can be derecognized. The application of this approach to receivables sold as of October 01, 2004, under existing programs resulted in an increase of the respective balance sheet caption by €238 million.

Other receivables

P1 Embedded derivatives

Under IFRS, several transactions do not qualify for a separate accounting as an embedded derivative because they are denominated in a

currency that is commonly used in such business transactions. As a result, the Group derecognized assets of €3 million.

Q1 Prepaid pension cost

The IFRS pension accounting resulted in a reduction of the prepaid pension cost of €72 million primarily due to different discount rates and different fair values of plan assets as a result of different measurement dates.

Assets held for sale

R1 Additional assets held for sale under IFRS

Under US GAAP, apart from a disposal group only long-lived assets can be classified as held for sale if certain criteria are met, while under IFRS, all non-current assets can qualify for classification as held for sale. As a result, the Group reclassified an investment accounted for using the equity method in the amount of €9 million in assets held for sale (ref. J1).

S1 IFRS adjustments

Under IFRS, assets held for sale increased by €28 million resulting from IFRS adjustments of asset-backed transactions (ref. O1) of €18 million, separate accounting of significant parts (ref. E1) of €1 million and deferred tax assets of (ref. K1) of €8 million. Moreover, the reclassified amount of an investment accounted for using the equity method was increased by €1 million because the basis of presentation of the financial statements of the respective associate has also been changed from US GAAP to IFRS.

Minority interest

A2 Reclassification

Under US GAAP, minority interest is presented as a separate item between equity and liabilities in the consolidated balance sheet. Under IFRS, minority interest is required to be presented as part of equity. This reclassification resulted in an increase of equity of €410 million. Thereof, €50 million refer to IFRS adjustments in the financial statements of the single entities with minority shareholders due to IFRS 1 and the recognition of the put option in connection with the Dongyang group (ref. B1).

Accrued pensions and similar obligations

B2 Pension obligations

A reduced discount rate as of October 01, 2004, compared to the rate used at the early measurement date June 30 under US GAAP, and the allowed recognition of all actuarial gains and losses in equity in the opening balance sheet resulted in an increase of pension obligations by €484 million.

C2 Postretirement obligations other than pensions

A reduced discount rate as of October 01, 2004 compared to the rate used at the early measurement date June 30 under US GAAP and the allowed recognition of all actuarial gains and losses in equity in the opening balance sheet resulted in an increase of health care obligations other than pensions by €540 million.

D2 Voluntary early retirement agreements

Under US GAAP, obligations for voluntary early retirement agreements are only recorded for employees who have actually entered into retirement agreements and are accrued on a pro-rata basis. Under IFRS, obligations for voluntary early retirement benefits are recorded based upon management's best estimate of the number of employees expected to enter into early retirement agreements and are accrued on an actuarial basis. As a result, the provisions increased by €71 million.

Other provisions – non-current –

E2 Employees' anniversary bonuses

Based on the early measurement option of US GAAP, the Group's provisions for anniversary bonuses were calculated using the assumptions as of June 30. Under IFRS, the calculation has to be based on the assumptions as of October 01. Because of the reduced discount rate as of October 01, 2004, the provision for anniversary bonuses increased by €2 million.

F2 Share-based compensation

The IFRS accounting of the Group's cash settled management incentive plans using the fair value method resulted in an increase of the provision of €3 million.

Deferred tax liabilities

G2 IFRS adjustments

Deferred taxes are generally recognized due to different accounting under IFRS/US GAAP and the applicable national income tax calculation methods. As described above, the transition from US GAAP to IFRS accounting resulted in significant changes of various balance sheet items, but the national statutory income tax calculation methods

remained unchanged. The transition therefore altered the aforementioned relationship with corresponding impacts on the balance sheet recognition of deferred taxes.

Regulations specifying different rules for the recognition of deferred taxes, under US GAAP and IFRS, as well as goodwill impairment and balance sheet reclassifications (e.g. the reclassification of minority interest to shareholders' equity) did not materially affect deferred taxes.

Compared to US GAAP, there are extended possibilities for balancing deferred taxes at single entity level. Because of this deferred tax assets and liabilities respectively are reduced compared to US GAAP. The netted amount of deferred tax assets and liabilities results in a deferred tax asset under IFRS, while there was a net deferred tax liability under US GAAP. This is in general due to the increased accrued pensions and similar obligations and due to the decreased property, plant and equipment under IFRS.

The IFRS adjustments resulted in a decrease of deferred tax liabilities of €757 million.

Financial liabilities – non-current –

H2 Leases

As described in G1), certain lease contracts that qualified as an operating lease under US GAAP are treated as a finance lease under IFRS. As a result, financial liabilities increased by €60 million.

I2 Other liabilities – non-current –

The accounting for the put option at the Dongyang group (ref. B1) resulted in a recognition of a liability of €42 million.

Other provisions – current –

J2 Reclassification

In previously published consolidated financial statements the balance sheet classification followed the 4th and 7th directive of the EU with additional disclosures required by US GAAP included in the Notes to the consolidated financial statements. Under this classification, certain liabilities were shown as provisions. Under IFRS, €852 million formerly recorded as other provisions are reclassified into other liabilities as they do not fulfill the definition of a provision under IFRS.

Financial liabilities – current –

K2 Sale of receivables

The determination whether receivables sold can be derecognized based on the IFRS risk and reward approach and control (ref. O1) resulted in a corresponding increase of financial liabilities of €238 million.

Trade accounts payable

L2 Percentage-of-completion method

Under IFRS, the percentage-of-completion method is applied on all construction contracts (ref. N1). As a result, the Group reclassified €13 million from trade accounts payable into other liabilities.

Other liabilities

M2 Reclassification

The adoption of the IFRS definitions regarding the classification of provisions and liabilities (ref. J2) resulted in a reclassification of other provisions of €852 million into other liabilities.

N2 Embedded derivatives

Under IFRS, several foreign currency based transactions do not require separate accounting for an embedded derivative component because these transactions are denominated in a currency that is commonly used in such business transactions. As a result, the Group derecognized liabilities of €10 million.

O2 Percentage-of-completion method

Under IFRS, the percentage-of-completion method is applied on all construction contracts (ref. N1). As a result, the Group's other

liabilities ("Liabilities from orders in progress (PoC)") increased by €43 million due to excess amounts of advances received or progress billings compared to corresponding attributable revenues.

P2 Sale-and-lease-back transactions

Under US GAAP, gains resulting from sale-and-lease-back transactions are deferred over the contract period. Under IFRS, these gains are recognized immediately on the date of sale if the sale-and-lease-back transaction results in an operating lease and the transaction was established at fair value. This resulted in a decrease of deferred income of €63 million.

Liabilities associated with assets held for sale

Q2 IFRS adjustments

Under IFRS, liabilities associated with assets held for sale increased by €28 million resulting from IFRS adjustments of asset-backed transactions (ref. K2) of €18 million, pension obligations (ref. B2) of €4 million and deferred tax liabilities of (ref. G2) of €6 million.

RECONCILIATION OF EQUITY AS OF OCTOBER 01, 2004

million €

	Note	
Stockholders' equity under US GAAP as of Sept. 30, 2004		8,327
Intangible assets, net	A1, B1, C1	(417)
Property, plant and equipment, net	D1, E1, F1, G1	(168)
Investment property	H1, I1	(70)
Deferred tax assets	K1	(272)
Inventories	L1, M1	2
Trade accounts receivable	N1, O1	47
Other receivables	P1, Q1	(75)
Assets held for sale	R1, S1	11
Accrued pensions and similar obligations	B2, C2, D2	(1,095)
Other provisions	E2, F2	(8)
Deferred tax liabilities	G2	757
Financial liabilities	H2	(60)
Other liabilities	N2, O2, P2	33
Liabilities associated with assets held for sale	Q2	(10)
Minority interest	A2	50
Other adjustments		(9)
Equity attributable to ThyssenKrupp AG's stockholders under IFRS as of Oct. 01, 2004		7,043
Minority interest under IFRS as of Oct. 01, 2004		360
Total equity under IFRS as of Oct. 01, 2004		7,403

RECONCILIATION OF THE CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2005**ASSETS** million €

	Note	US GAAP March 31, 2005	IFRS adjustments	IFRS March 31, 2005
Intangible assets, net	A1	4,610	(289)	4,321
Property, plant and equipment, net	B1	9,425	(775)	8,650
Investment property	C1	—	566	566
Investments accounted for using the equity method		311	9	320
Financial assets		673	(4)	669
Deferred tax assets	D1	515	(62)	453
Total non-current assets		15,534	(555)	14,979
Inventories	E1	7,550	(469)	7,081
Trade accounts receivable, net	F1	6,075	660	6,735
Other receivables		1,218	(63)	1,155
Current income tax assets		375	0	375
Cash and cash equivalents		3,013	0	3,013
Assets held for sale		449	45	494
Total current assets		18,680	173	18,853
Total assets		34,214	(382)	33,832

EQUITY AND LIABILITIES million €

	Note	US GAAP March 31, 2005	IFRS adjustments	IFRS March 31, 2005
Equity attributable to ThyssenKrupp AG's stockholders		9,335	(1,236)	8,099
Minority interest		—	358	358
Total equity		9,335	(878)	8,457
Minority interest		461	(461)	—
Accrued pension and similar obligations	A2	7,031	1,013	8,044
Other provisions		505	4	509
Deferred tax liabilities	B2	780	(502)	278
Financial liabilities		4,017	58	4,075
Other liabilities		0	206	206
Total non-current liabilities		12,333	779	13,112
Other provisions	C2	2,133	(973)	1,160
Current income tax liabilities		545	1	546
Financial liabilities	D2	715	149	864
Trade accounts payable		3,546	(12)	3,534
Other liabilities	E2	4,806	972	5,778
Liabilities associated with assets held for sale		340	41	381
Total current liabilities		12,085	178	12,263
Total liabilities		24,879	496	25,375
Total equity and liabilities		34,214	(382)	33,832

A1 Intangible assets, net

Primarily due to the following reasons the decrease of intangible assets as of March 31, 2005 was reduced by €96 million compared to October 01, 2004:

The amount of additional impairment charges against goodwill in the opening balance sheet was reduced by €17 million mainly due to changes in currency exchange rates.

Capitalized development cost increased by €11 million.

The recognition of a put option in connection with an existing minority interest of the Howaldtswerke-Deutsche Werft (HDW) and a corresponding reconsideration of the purchase price allocation resulted in an increase of goodwill by €100 million.

B1 Property, plant and equipment, net

Primarily due to the following reason the decrease of property, plant and equipment as of March 31, 2005 was reduced by €1,081 million compared to October 01, 2004:

In the opening balance sheet the Group reclassified property from property, plant and equipment into investment property. As a result of the disposal of the Residential Real Estate business during the 2nd quarter ended March 31, 2005 the amount of reclassification was omitted.

C1 Investment property

Due to the disposal of the Residential Real Estate business during the 2nd quarter ended March 31, 2005 the increase of investment property was reduced by €1,052 million compared to October 01, 2004.

D1 Deferred tax assets

Primarily due to the following reason the reduction of deferred tax assets as of March 31, 2005 decreased by €210 million compared to October 01, 2004:

Compared to US GAAP, there are extended possibilities for balancing deferred taxes at single entity level. Because of this and due to changes in currency exchange rates deferred tax assets were reduced compared to US GAAP.

E1 Inventories

Primarily due to the necessary reclassification into trade accounts receivable in connection with the percentage-of-completion method the reduction of inventories as of March 31, 2005 increased by €101 million compared to October 01, 2004.

F1 Trade accounts receivable, net

Primarily due to the following reasons the increase of trade accounts receivable as of March 31, 2005 rose by €7 million compared to October 01, 2004:

The necessary reclassification from inventories into trade accounts receivable in connection with the percentage-of-completion method increased by €101 million. At the same time, the adjustments due to the extended application of the percentage-of-completion method decreased by €19 million.

Adjustments of asset-backed programs to achieve an off balance treatment, reclassification to "assets held for sale" and changes of exchange rates resulted in an increase of derecognized trade accounts receivables of €89 million as of March 31, 2005.

A2 Accrued pension and similar obligations

Primarily due to the following reasons the increase of accrued pension and similar obligations as of March 31, 2005 was reduced by €82 million compared to October 01, 2004:

Regarding accrued pension obligations the necessary amount of adjustments decreased by €28 million due to the application of the fresh-start method in the opening balance sheet as of October 01, 2004 and as a result of changes in currency exchange rates.

Regarding postretirement obligations other than pensions (healthcare obligations) the necessary amount of adjustments decreased by €35 million due to the application of the fresh-start method in the opening balance sheet as of October 01, 2004 and as a result of changes in currency exchange rates.

B2 Deferred tax liabilities

Primarily due to the following reasons the reduction of deferred tax liabilities as of March 31, 2005 decreased by €255 million compared to October 01, 2004:

Compared to US GAAP, there are extended possibilities for balancing deferred taxes at single entity level. Additionally, foreign currency effects also led to a reduction of deferred tax liabilities.

C2 Other provisions – current –

The reduction of current other provisions as of March 31, 2005 rose by €121 million compared to October 01, 2004. This is primarily due to an increased amount of reclassification from provisions into other liabilities.

D2 Financial liabilities – current –

Adjustments of asset-backed programs to achieve an off balance treatment, reclassifications to "liabilities associated with assets held for sale" and changes in currency exchange rates resulted in a decrease of current financial liabilities by €89 million as of March 31, 2005.

E2 Other liabilities – current –

Primarily due to the following reasons the increase of current other liabilities as of March 31, 2005 rose by €141 million compared to October 01, 2004.

This is primarily due to an increased amount of reclassification from provisions into other liabilities.

RECONCILIATION OF EQUITY AS OF MARCH 31, 2005

million €

	Note	
Stockholders' equity under US GAAP as of March 31, 2005		9,335
Intangible assets, net	A1	(383)
Property, plant and equipment, net	B1	(133)
Investment property	C1	(70)
Deferred tax assets	D1	(62)
Trade accounts receivable	F1	28
Other receivables		(65)
Assets held for sale		1
Accrued pensions and similar obligations	A2	(1,013)
Other provisions		(5)
Deferred tax liabilities	B2	502
Financial liabilities	D2	(58)
Other liabilities	E2	(64)
Liabilities associated with assets held for sale		(2)
Minority interest		103
Other adjustments		15
Equity attributable to ThyssenKrupp AG's stockholders under IFRS as of March 31, 2005		8,129
Minority interest under IFRS as of March 31, 2005		358
Total equity under IFRS as of March 31, 2005		8,487

**RECONCILIATION OF THE CONSOLIDATED
STATEMENT OF CASH FLOWS FOR THE 1ST
HALF ENDED MARCH 31, 2005**

The free cash flow, i.e. the difference between the cash flow from operating activities and the cash flow from investing activities, increased by €65 million to €1,480 million. This is due to the recognition of a decrease of liabilities resulting from the disposals of trade accounts receivables which are not derecognized from the balance sheet as cash flows from financing activities. As a consequence, the cash inflow resulting from the disposal of a trade account receivable is only recognized in cash flow from operating activities if and at the time the corresponding customer payments are transferred to the bank.

RECONCILIATION OF THE CONSOLIDATED STATEMENT OF INCOME FOR THE 2ND QUARTER ENDED MARCH 31, 2005

million €

	Note	US GAAP 2nd quarter ended March 31, 2005	IFRS 5 adjustments	Other IFRS adjustments	IFRS 2nd quarter ended March 31, 2005
Net sales	A1, B1	10,265	324	21	10,610
Cost of sales	C1, D1, E1	(8,514)	(319)	33	(8,800)
Gross margin		1,751	5	54	1,810
Selling expenses		(646)	(30)	2	(674)
General and administrative expenses	F1	(581)	(22)	44	(559)
Other operating income		54	4	7	65
Other operating expenses		(84)	(12)	(2)	(98)
Gain/(loss) on the disposal of subsidiaries, net		0	24	3	27
Income from operations		494	(31)	108	571
Income from companies accounted for at equity		10	0	0	10
Other financial income/(expense), net		(41)	(1)	(91)	(133)
Financial income/(expense), net	G1	(31)	(1)	(91)	(123)
Income from continuing operations before income taxes		463	(32)	17	448
Income tax expense	H1	(179)	(4)	(8)	(191)
Minority interest	I1	(11)	0	11	—
Income from continuing operations		273	(36)	20	257
Discontinued operations (net of tax)		772	36	4	812
Net income		1,045	0	24	1,069
Thereof:					
ThyssenKrupp AG's stockholders		1,045	0	15	1,060
Minority interest		—	0	9	9
Net income		1,045	0	24	1,069
Basic earnings per share					
Income from continuing operations (attributable to ThyssenKrupp AG's stockholders)		0.55	(0.07)	0.02	0.50
Net income (attributable to ThyssenKrupp AG's stockholders)		2.10	0.00	0.03	2.13

US GAAP 2nd quarter ended March 31, 2005

The originally published US GAAP 2nd quarter ended March 31, 2005 has been adjusted to include all discontinued operations of the year ended September 30, 2005. Compared to the originally published figures in the adjusted US GAAP 2nd quarter ended March 31, 2005, net sales decreased by €215 million and income from operations increased by €16 million. Income from continuing operations before income taxes increased by €18 million.

IFRS 5 adjustments

Based on the differences in the definition of a discontinued operation under US GAAP and IFRS, the following disposals qualified for reporting as discontinued operations under US GAAP but do not under IFRS:

Segment Steel (structure until Sept. 30, 2005):

- Edelstahl Witten-Krefeld GmbH
- Hoesch Contecna Systembau GmbH

Segment Automotive

- Alu Castings
- European truck spring businesses
- ThyssenKrupp Stahl Company

Segment Technologies

- ThyssenKrupp Stahlbau business
- Turbine components operation group

Segment Services

- Hommel group
- Krupp Druckereibetriebe GmbH

In addition, expenses resulting from disposals of discontinued operations incurred in fiscal year 2003/2004 qualified for reporting as discontinued operations under US GAAP but do not under IFRS.

As a result, only the disposals of the MetalCutting business unit and of the Residential Real Estate business qualify for reporting as discontinued operations under US GAAP and under IFRS as well.

The adjustments to present the disposals as part of continuing operations under IFRS are disclosed in column "IFRS 5 adjustments"

Other IFRS adjustments

These adjustments primarily result from the roll forward of the corresponding adjustments due to the transition from US GAAP to IFRS as of October 01, 2004.

Net sales

A1 Foreign currency embedded derivatives

Under IFRS, for several transactions denominated in foreign currencies separate accounting for embedded derivatives is not required because they are denominated in a currency that is commonly used in such business transactions. As a result, net sales decreased by €30 million due to the elimination of the foreign currency embedded derivative effects.

B1 Construction contracts

The extended application of the percentage-of-completion method resulted in an increase of net sales by €51 million.

Cost of sales

In total, cost of sales was reduced by €33 million due to the following items:

C1 Foreign currency embedded derivatives

Under IFRS, for several transactions denominated in foreign currencies separate accounting for embedded derivatives is not required because they are denominated in a currency that is commonly used in such business transactions. As a result, cost of sales decreased by €27 million due to the elimination of the foreign currency embedded derivative effects.

D1 Personnel expenses

Personnel expenses included in cost of sales decreased by €38 million. This is primarily due to the absence of amortization of actuarial losses stemming from pension and other postretirement benefit plans under IFRS as the result of the application of the fresh

start method in the opening balance sheet. Moreover, cost of sales decreased because of the reclassification of pension interest cost to net financial income/(expense). Cost of sales increased by the reclassification of the expected return on plan assets to net financial income/(expense).

E1 Construction contracts

The extended application of the percentage-of-completion method resulted in an increase of cost of sales by €46 million.

General and administrative expenses

F1 Personnel expenses

Personnel expenses included in general and administrative expenses decreased by €51 million. This is primarily due to the reversal of amortization of pension and pension-related actuarial losses under IFRS as the result of the application of the fresh start method in the opening balance sheet. Moreover, personnel expenses decreased due to the reclassification of pension interest cost to net financial income/(expense). Personnel expenses increased due to the reclassification of the expected return on plan assets to net financial income/(expense).

Financial income/(expense), net

G1 Accrued pension and similar obligations

Net financial income/(expense) increased by €(91) million primarily due to the recognition of pension interest cost of €(106) million offset by the recognition of the expected return on plan assets of €20 million.

Provisions from income taxes

H1 IFRS adjustments

The increase of provisions from income taxes by €8 million relates to deferred taxes resulting from IFRS adjustments.

Minority interest

I1 Reclassification

Under US GAAP, net income is presented after reduction of minority interest. Under IFRS, net income is inclusive of minority interest. This reclassification resulted in an increase of net income of €11 million.

RECONCILIATION OF THE CONSOLIDATED STATEMENT OF INCOME FOR THE 1ST HALF ENDED MARCH 31, 2005

Mio €

	Note	US GAAP 1st half ended March 31, 2005	IFRS 5 adjustments	Other IFRS adjustments	IFRS 1st half ended March 31, 2005
Net sales	A1	19,987	661	50	20,698
Cost of sales	B1	(16,470)	(594)	60	(17,004)
Gross margin		3,517	67	110	3,694
Selling expenses		(1,277)	(55)	2	(1,330)
General and administrative expenses	C1	(1,160)	(57)	106	(1,111)
Other operating income		112	4	13	129
Other operating expenses		(162)	(16)	6	(172)
Gain/(loss) on the disposal of subsidiaries, net		2	32	3	37
Income from operations		1,032	(25)	240	1,247
Income from companies accounted for at equity		16	0	3	19
Other financial income/(expense), net		(112)	(2)	(174)	(288)
Financial income/(expense), net	D1	(96)	(2)	(171)	(269)
Income from continuing operations before income taxes		936	(27)	69	978
Income tax expense	E1	(363)	(8)	(28)	(399)
Minority interest	F1	(32)	0	32	—
Income from continuing operations		541	(35)	73	579
Discontinued operations (net of tax)		779	35	7	821
Net income		1,320	0	80	1,400
Thereof:					
ThyssenKrupp AG's stockholders		1,320	0	49	1,369
Minority interest		—	0	31	31
Net income		1,320	0	80	1,400
Basic earnings per share					
Income from continuing operations (attributable to ThyssenKrupp AG's stockholders)		1.09	(0.07)	0.08	1.10
Net income (attributable to ThyssenKrupp AG's stockholders)		2.65	0.00	0.10	2.75

US GAAP 1st half ended March 31, 2005

The originally published US GAAP 1st half ended March 31, 2005 has been adjusted to include all discontinued operations of the year ended September 30, 2005. Compared to the originally published figures in the adjusted US GAAP 1st half ended March 31, 2005, net sales decreased by €465 million and income from operations increased by €19 million. Income from continuing operations before income taxes increased by €23 million.

IFRS 5 adjustments

Based on the differences in the definition of a discontinued operation under US GAAP and IFRS, the following disposals qualified for reporting as discontinued operations under US GAAP but do not under IFRS:

Segment Steel (structure until Sept. 30, 2005):

- Edelstahl Witten-Krefeld GmbH
- Hoesch Contecna Systembau GmbH

Segment Automotive

- Alu Castings
- European truck spring businesses
- ThyssenKrupp Stahl Company

Segment Technologies

- ThyssenKrupp Stahlbau business
- Turbine components operation group

Segment Services

- Hommel group
- Krupp Druckereibetriebe GmbH

In addition, expenses resulting from disposals of discontinued operations incurred in fiscal year 2003/2004 qualified for reporting as discontinued operations under US GAAP but do not under IFRS.

As a result, only the disposals of the MetalCutting business unit and of the Residential Real Estate business qualify for reporting as discontinued operations under US GAAP and under IFRS as well.

The adjustments to present the disposals as part of continuing operations under IFRS are disclosed in column "IFRS 5 adjustments"

Other IFRS adjustments

These adjustments primarily result from the roll forward of the corresponding adjustments due to the transition from US GAAP to IFRS as of October 01, 2004.

Net sales

A1 Construction contracts

The extended application of the percentage-of-completion method resulted in an increase of net sales by €50 million.

Cost of sales

B1 Personnel expenses

Personnel expenses included in cost of sales decreased by €85 million. This is primarily due to the absence of amortization of actuarial losses stemming from pension and other postretirement benefit plans under IFRS as the result of the application of the fresh start method in the opening balance sheet. Moreover, cost of sales decreased because of the reclassification of pension interest cost to net financial income/(expense). Cost of sales increased by the reclassification of the expected return on plan assets to net financial income/(expense).

General and administrative expenses

C1 Personnel expenses

Personnel expenses included in general and administrative expenses decreased by €114 million. This is primarily due to the reversal of amortization of pension and pension-related actuarial losses under IFRS as the result of the application of the fresh start method in the opening balance sheet. Moreover, general and administrative expenses decreased due to the reclassification of pension interest cost to net financial income/(expense). General and administrative expenses increased due to the reclassification of the expected return on plan assets to net financial income/(expense).

Financial income/(expense), net

D1 Accrued pension and similar obligations

Net financial income/(expense) increased by €(171) million primarily due to the recognition of pension interest cost of €(212) million offset by the recognition of the expected return on plan assets of €40 million.

Provisions from income taxes

E1 IFRS adjustments

The increase of provisions from income taxes by €28 million relates to deferred taxes resulting from IFRS adjustments.

Minority interest

F1 Reclassification

Under US GAAP, net income is presented after reduction of minority interest. Under IFRS, net income is inclusive of minority interest. This reclassification resulted in an increase of net income of €32 million.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

million €, earnings per share in €

	Note	2nd quarter ended March 31, 2005	2nd quarter ended March 31, 2006	1st half ended March 31, 2005	1st half ended March 31, 2006
Net sales	10	10,610	11,786	20,698	22,728
Cost of sales	5	(8,800)	(9,796)	(17,004)	(19,005)
Gross margin		1,810	1,990	3,694	3,723
Selling expenses		(674)	(695)	(1,330)	(1,336)
General and administrative expenses		(559)	(596)	(1,111)	(1,160)
Other operating income	6	65	286	129	437
Other operating expenses		(98)	(109)	(172)	(255)
Gain on the disposal of subsidiaries, net		27	1	37	12
Income from operations		571	877	1,247	1,421
Income from companies accounted for at equity		10	9	19	12
Interest income		45	65	85	126
Interest expense		(177)	(174)	(360)	(361)
Sundry financial income/(expense), net		1	(4)	(13)	0
Financial income/(expense), net		(123)	(104)	(269)	(223)
Income from continuing operations before income taxes		448	773	978	1,198
Income tax expense		(191)	(332)	(399)	(502)
Income from continuing operations		257	441	579	696
Discontinued operations (net of tax)		812	0	821	0
Net income		1,069	441	1,400	696
Thereof:					
ThyssenKrupp AG's stockholders		1,060	429	1,369	679
Minority interest		9	12	31	17
Net income		1,069	441	1,400	696
Basic and diluted earnings per share	11				
Income from continuing operations (attributable to ThyssenKrupp AG's stockholders)		0.50	0.84	1.10	1.33
Net income (attributable to ThyssenKrupp AG's stockholders)		2.13	0.84	2.75	1.33

See accompanying notes to the unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

Assets million €

	Note	Sept. 30, 2005	March 31, 2006
Intangible assets, net		4,589	4,752
Property, plant and equipment, net		8,743	8,705
Investment property		557	538
Investments accounted for using the equity method		337	344
Financial assets		181	161
Deferred tax assets		745	411
Total non-current assets		15,152	14,911
Inventories, net		6,862	6,677
Trade accounts receivable, net		6,668	7,072
Other receivables		1,135	1,589
Current income tax assets		270	59
Cash and cash equivalents		4,625	4,563
Assets held for sale	3	591	194
Total current assets		20,149	20,154
Total assets		35,301	35,065

Equity and Liabilities million €

	Note	Sept. 30, 2005	March 31, 2006
Capital stock		1,317	1,317
Additional paid in capital		4,684	4,684
Retained earnings		2,171	2,331
Cumulative income and expense directly recognized in equity		(315)	(306)
thereof: relating to disposal groups (Sept. 30, 2005: (1); March 31, 2006: (1))			
Treasury stock		(368)	0
Equity attributable to ThyssenKrupp AG's stockholders		7,489	8,026
Minority interest		389	368
Total equity		7,878	8,394
Accrued pension and similar obligations		8,892	8,717
Other provisions		417	642
Deferred tax liabilities		440	431
Financial liabilities		3,085	2,932
Other liabilities		207	51
Total non-current liabilities		13,041	12,773
Other provisions		1,169	1,466
Current income tax liabilities		465	421
Financial liabilities		1,773	1,768
Trade accounts payable		3,976	3,890
Other liabilities		6,369	6,093
Liabilities associated with assets held for sale	3	630	260
Total current liabilities		14,382	13,898
Total liabilities		27,423	26,671
Total equity and liabilities		35,301	35,065

See accompanying notes to the unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

million €

	1st half ended March 31, 2005	1st half ended March 31, 2006
Operating:		
Net income	1,400	696
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Deferred income taxes (net)	271	301
Depreciation, amortization and impairment of non-current assets	728	743
Earnings from companies accounted for under the equity method, net of dividends received	(13)	(10)
(Gain)/loss from disposal of assets	(34)	(14)
(Gain)/loss on disposal of discontinued operations	(875)	0
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
- inventories	(1,170)	212
- trade accounts receivable	(203)	(432)
- accrued pension and similar obligations	(171)	5
- other accrued liabilities	(57)	(34)
- trade accounts payable	(201)	(121)
- other assets/liabilities not related to investing or financing activities	200	(404)
Net cash (used in)/provided by operating activities	(125)	942
Investing:		
Purchase of investments accounted for using the equity method and financial assets	(258)	(225)
Cash acquired from acquisitions	342	37
Capital expenditures for property, plant and equipment and investment property	(631)	(692)
Capital expenditures for intangible assets	(47)	(54)
Proceeds from disposals of investments accounted for using the equity method and financial assets	2,132	80
Cash of disposed businesses	(4)	(25)
Proceeds from disposals of property, plant and equipment and investment property	70	60
Proceeds from disposals of intangible assets	1	8
Net cash provided by/(used in) investing activities	1,605	(811)
Financing:		
Proceeds from issuance of bonds	754	0
Repayment of bonds	(5)	(4)
Proceeds from liabilities to financial institutions	272	400
Repayments of liabilities to financial institutions	(437)	(412)
(Repayments on)/proceeds from notes payable and other loans	(9)	3
Increase/(decrease) in bills of exchange	(18)	6
Decrease of liabilities due to sales of receivables not derecognized from the balance sheet	(65)	(115)
Increase in current securities	(33)	(24)
Proceeds from treasury shares issued	0	268
Payment of ThyssenKrupp AG dividend from the preceding year	(299)	(412)
Profit distributions to entities outside the Group	(21)	(16)
Other financing activities	19	23
Net cash provided by/(used in) financing activities	158	(283)
Effect of exchange rate changes on cash and cash equivalents	(9)	0
Net increase/(decrease) in cash and cash equivalents	1,629	(152)
Cash and cash equivalents at beginning of reporting period	1,395	4,715
Cash and cash equivalents at end of reporting period	3,024	4,563
[thereof cash and cash equivalents within discontinued operations/disposal groups]	[11]	[0]

See note (12) to the unaudited condensed consolidated financial statements.

**Condensed consolidated statement of cash flows/
Condensed consolidated statement of recognized income and expense****CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE**

million €

	1st half ended March 31, 2005	1st half ended March 31, 2006
Foreign currency translation adjustment	0	(4)
Actuarial gains/(losses) from pensions and similar obligations	0	11
Unrealized gains/(losses) on derivative financial instruments	(31)	10
Tax effect	14	(8)
Income and expense directly recognized in equity (net of tax)	(17)	9
Net income	1,400	696
Total recognized income and expense for the period	1,383	705
Thereof:		
ThyssenKrupp AG's stockholders	1,355	688
Minority interest	28	17

See accompanying notes to the unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

million € (except number of shares)

	Number of shares outstanding	Equity attributable to ThyssenKrupp AG's stockholders					Total	Minority interest	Total equity
		Capital stock	Additional paid in capital	Retained earnings	Cumulative income and expense directly recognized in equity	Treasury stock			
Balance as of Oct. 01, 2004	498,338,299	1,317	4,684	1,439	(10)	(387)	7,043	360	7,403
Net income				1,369			1,369	31	1,400
Income and expense directly recognized in equity					(28)		(28)	(3)	(31)
Tax effects on income and expense directly recognized in equity					14		14	0	14
Profit attributable to minority interest							0	(21)	(21)
Dividend payment				(299)			(299)		(299)
Other changes							0	(9)	(9)
Balance as of March 31, 2005	498,338,299	1,317	4,684	2,509	(24)	(387)	8,099	358	8,457
Balance as of Sept. 30, 2005	499,149,151	1,317	4,684	2,171	(315)	(368)	7,489	389	7,878
Net income				679			679	17	696
Income and expense directly recognized in equity					17		17	0	17
Tax effects on income and expense directly recognized in equity					(8)		(8)	0	(8)
Profit attributable to minority interest							0	(16)	(16)
Dividend payment				(412)			(412)		(412)
Treasury stock issued	15,339,893			(100)		368	268	0	268
Other changes				(7)			(7)	(22)	(29)
Balance as of March 31, 2006	514,489,044	1,317	4,684	2,331	(306)	0	8,026	368	8,394

See accompanying notes to the unaudited condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Corporate Information

ThyssenKrupp Aktiengesellschaft ("ThyssenKrupp AG" or "Company") is a publicly traded corporation domiciled in Germany. The interim condensed consolidated financial statements of ThyssenKrupp AG and subsidiaries, collectively the "Group", for the three and the six months ended March 31, 2006, were authorized for issue in accordance with a resolution of the Executive Board on May 08, 2006.

Basis of presentation

The accompanying unaudited Group's interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year end reporting purposes.

In the opinion of Management, the accompanying unaudited condensed consolidated financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for interim periods. Results of the periods ended March 31, 2006, are not necessarily indicative for future results.

The preparation of interim financial statements in conformity with IAS 34 Interim Financial Reporting requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These condensed consolidated interim financial statements have been prepared on the basis of IFRSS in issue that are effective or available for early adoption at the Group's first annual reporting date, September 30, 2006. Based on these IFRSS, Management has made assumptions about the accounting policies expected to be adopted (accounting policies) when the first IFRS annual financial statements are prepared for the year ended September 30, 2006.

The IFRSS that will be effective or available for voluntary early adoption in the annual financial statements for the period ended September 30, 2006, are still subject to change and to the issue of additional interpretation(s) and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period

that are relevant to this interim financial information will be determined only when the first IFRS financial statements are prepared as of September 30, 2006.

The preparation of the condensed consolidated interim financial statements in accordance with IAS 34 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP (= US GAAP). The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet as of October 01, 2004, for the purpose of the transition to IFRSS, as required by IFRS 1. The impact of the transition from previous GAAP to IFRS is explained before.

The accounting policies have been applied consistently throughout the Group for purposes of these condensed consolidated interim financial statements.

1 Summary of significant accounting policies

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are stated at fair value. The consolidated financial statements are presented in Euros since this is the currency in which the majority of the Group's transactions are denominated, with all amounts rounded to the nearest million except when otherwise indicated; this may result in differences compared to the unrounded figures.

Consolidation

The Group's consolidated financial statements include the accounts of ThyssenKrupp AG and all significant entities which are directly or indirectly controlled by ThyssenKrupp AG. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the identifiable assets, liabilities and contingent liabilities recognized.

All significant inter-company transactions and balances between Group entities are eliminated on consolidation.

Material investments in associates are accounted for using the equity method of accounting. An associate is an entity over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policies. Significant influence is presumed when the Group holds 20% or more of the voting rights ("Associated Companies"). Where a Group entity transacts with an associate of the Group, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The Group reports its interests in jointly-controlled entities (Joint Ventures) using the equity method of accounting. Where the Group transacts with its jointly-controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is recognized as an asset and is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired.

Goodwill arising on the acquisition of an associate or a jointly-controlled entity is included within the carrying amount of the associate or the jointly-controlled entity, respectively. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Foreign currency translation

The functional and reporting currency of ThyssenKrupp AG and its relevant European subsidiaries is the Euro (€). Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the period.

Financial statements of the foreign subsidiaries included in the Group consolidated financial statements where the functional currency is other than the Euro are translated using their functional currency which is generally the respective local currency. The translation is performed using the current rate method, in which balance sheet amounts are translated to the reporting currency using the rates of

exchange prevailing on the balance sheet date, while income statement amounts are translated using the periods average exchange rates. Net exchange gains or losses resulting from the translation of foreign financial statements are accumulated and included in equity. Such translation differences are recognized as income or as expenses in the period in which the operation is disposed of.

Non-U.S. companies that manage their sales, purchases, and financing substantially in US dollar use the US dollar as their functional currency. Using the functional currency in these cases involves translating non-monetary items such as non-current assets, including scheduled depreciation, and equity to US dollar using the average exchange rates of the respective year of addition. All other balance sheet line items are translated using the exchange rate as of the balance sheet date and all other income statement line items are translated using the period's average exchange rates. The resulting translation differences are included in the consolidated statement of income as "Other operating income or expenses". Thereafter, the US dollar financial statements are translated into the reporting currency using the current rate method.

Revenue recognition

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue can be measured reliably. Revenue from services is recognized when services are rendered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue is recognized net of applicable provisions for discounts and allowances.

Construction contract revenue and expense are accounted for using the percentage-of-completion method, which recognizes revenue as performance of the contract progresses. The contract progress is determined based on the percentage of costs incurred to date to total estimated cost for each contract after giving effect to the most recent estimates of total cost. Contracts where the Group provides engineering services are also accounted for like construction contracts. Construction contracts under the percentage-of-completion method are measured at construction cost plus profits earned based on the percentage of the contract completed. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the income of a construction contract cannot be estimated reliably, contract revenue that is probable to be recovered is recognized to the extent of contract costs incurred. Contract costs are recognized as expenses in the period in which they are incurred.

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Revenues from contracts with multiple element arrangements, such as those including both goods and services, are recognized as each element is earned based on objective evidence of the relative fair value of each element.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable. Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Research and development costs

Research costs are expensed as incurred.

Development costs, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if the product or process is technically and commercially feasible, there is a market for the output of the intangible asset, the attributable expenditure can be measured reliably, and the Group has sufficient resources to complete development. Other development costs are expensed as incurred. Capitalized development costs are stated at cost less accumulated amortization and are reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year.

Earnings per share

Basic earnings per share amounts are computed by dividing net income attributable to ThyssenKrupp AG's shareholders by the weighted average number of shares outstanding. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period that they were outstanding. There were no dilutive securities in the periods presented.

Intangible assets

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis. Amortization expense of intangible assets is primarily included in the "cost of sales" line item in the consolidated statement of income.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation. Capitalized production costs for self constructed assets include costs of material, direct labor, and allocable material and manufacturing overhead. Borrowing costs directly attributable to the production of assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Administrative costs are capitalized only if such costs are directly related to production. Maintenance and repair costs (day-to-day servicing) are expensed as incurred. The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part and major inspection of such an item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. Where fixtures and equipment comprise of significant parts having different useful lives those parts are accounted for as separate units and depreciated accordingly.

Fixtures and equipment are depreciated using the straight-line method. Upon sale or retirement, the acquisition or production cost and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in the consolidated statement of income.

The following useful lives are used as a basis for calculating depreciation:

Buildings (incl. investment properties)	10 to 50 years
Building and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Factory and office equipment	3 to 10 years

Investment property

Investment property consists of investments in land and buildings that are held to earn rental income or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. Investment property is stated at cost less accumulated depreciation.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the greater of the fair value less cost to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash Generating Unit to which the asset belongs.

Goodwill arising on acquisition is allocated to Cash Generating Units. Those groups of Cash Generating Units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of the Cash Generating Unit is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

In case of impairment losses related to Cash Generating Units the carrying amount of any goodwill allocated to the Cash Generating Unit is reduced first. If the amount of impairment losses exceeds the carrying amount of goodwill, the difference is generally allocated proportionally to the remaining non-current assets of the Cash Generating Unit to reduce their carrying amounts accordingly.

Where an impairment loss subsequently reverses, the carrying amount of the asset (Cash Generating Unit) is increased to the

revised estimate of its recoverable amount. The revised amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (Cash Generating Unit) in prior years. A reversal of an impairment loss is recognized as income immediately. However, impairment losses relating to goodwill may not be reversed.

Leases

Leases are classified as either finance or operating. Lease transactions whereby the Group is the lessee and bears substantially all the risks and rewards incidental to ownership of an asset are accounted for as a finance lease. Accordingly, the Group capitalizes the leased asset at the lower of the fair value or the present value of the minimum lease payments and subsequently depreciates the leased asset over the shorter of the lease term and its useful life. In addition, the Group records a corresponding lease obligation on the balance sheet which is subsequently settled and carried forward using the effective interest method. All other leasing agreements entered into by the Group, as a lessee, are accounted for as operating leases whereby the lease payments are expensed on a straight-line basis.

Lease transactions whereby the Group is the lessor and transfers substantially all of the benefits and risks incident to the ownership of property, are accounted for as a sale and financing of the leased asset. The Group recognizes a receivable at an amount equal to the net investment in the lease and includes interest income in the consolidated income statement. All other lease agreements entered into by the Group, as a lessor, are accounted for as operating leases whereby the leased asset remains on the Group's balance sheet and is depreciated. Scheduled lease payments are recorded as income when earned.

Inventories

Inventories are stated at the lower of acquisition/manufacturing cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling costs. In general inventories are valued using the average cost method. Manufacturing cost includes direct material, labor and allocable material and manufacturing overhead based on normal operating capacity.

Receivables

Receivables are stated at their cost less impairment losses.

Receivables that do not bear interest or bear below market interest rates and have an expected term of more than one year are discounted with the discount subsequently amortized to interest income over the term of the receivable.

The Group sells undivided interests in certain trade accounts and notes receivable both on an ongoing and one-time basis to special purpose entities, which are not required to be consolidated, or to other lending institutions. Financial assets sold under these arrangements are excluded from accounts receivable in the Group's balance sheet at the time of sale if it is assured that the cash flows related to those receivables will be passed through to the acquirer and substantially all risks and rewards have been transferred. If substantially all risks and rewards have neither been transferred nor retained, financial assets are excluded from the books at the time of the sale if it is assured that the cash flows of the receivables will be passed through to the acquirer and the acquirer has gained control over the receivables. If substantially all risks and rewards have been retained financial assets remain in the Group's balance sheet as collateral for borrowings.

Securities

Investments in securities are recognized on a settlement-date basis and are initially measured at cost.

Investments held by the Group are classified as available-for-sale and are measured at subsequent reporting dates at fair value. Unrealized gains and losses are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the net profit or loss for the period.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, checks, and bank deposits with an original maturity of three months or less.

Deferred income taxes

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit as well as for unused tax losses or credits. In principle, deferred tax

liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are also recognized on temporary differences arising from business combinations except to the extent they arise from goodwill.

Deferred taxes are calculated at the enacted or substantially enacted tax rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recognized directly in equity.

Cumulative income and expense directly recognized in equity

The equity line item "Cumulative income and expense directly recognized in equity" includes changes in the equity of the Group that were not recognized in the consolidated statement of income of the period, except those resulting from investments by owners and distributions to owners. Cumulative income and expense directly recognized in equity includes foreign currency translation adjustments, recognized actuarial gains and losses relating to pensions and other postretirement obligations as well as unrealized holding gains and losses on available-for-sale securities and on derivative financial instruments.

Accrued pension and similar obligations

The Group's net obligation for defined benefit and other postretirement benefit plans have been calculated for each plan using the projected unit credit method. All actuarial gains and losses as of October 01, 2004, the date of transition to IFRS, were recognized in equity. Actuarial gains and losses that arise subsequent to October 01, 2004, are recognized directly in equity and presented in the Statement of Recognized Income and Expense.

Where the plan calculation results in a benefit to the Group, the recognized prepaid benefit cost is limited to the net total of unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Service cost for pensions and other postretirement obligations are recognized as an expense in income from operations, while interest cost and the expected return on plan assets recognized as components of net periodic pension cost are included in net financial

income/(expense) in the Group's consolidated statement of income. When benefits of a plan are improved, the portion of the increased benefit relating to past service is recognized as an expense in income from operations on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately.

The Group's obligations for contributions to defined contribution plans are recognized as expense in income from operations as incurred.

The Group maintains multi-employer plans. Where the required information is available these plans are accounted for as defined benefit plans, otherwise as defined contribution plans.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event which will result in a probable outflow of economic benefits that can be reasonably estimated. Where the effect of the time value of money is material, provisions are discounted using a risk adjusted market rate.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Provisions for restructuring costs are recognized when the Group has a detailed formal plan for the restructuring which has been notified to affected parties.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Share-based compensation

The Group has management incentive plans which grant stock appreciation rights/stock rights to executive and senior employees. The fair value of these rights is calculated on the date of grant and recognized as expense on a straight-line basis over the vesting period with a corresponding increase in provisions. The provision is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the provision are recognized as part of income from operations.

The Group set up an Employee Share Purchase Plan for selected executive employees that grants purchase of shares at a discount. Services received are recognized on a straight-line basis based on the estimated discount with regard to the shares during the period from the offer of the Employee Share Purchase Plan until the grant date which is the date when the employees accept the offer.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign currency exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are used exclusively to hedge existing or anticipated underlying transactions. Such derivative financial instruments and derivative financial instruments that are embedded within other contractual arrangements and have to be separated are recognized initially and subsequently at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

If derivatives are used to hedge risks, IAS 39 permits, under certain conditions, the application of special regulations in hedge accounting.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecasted transaction or, regarding currency risks, a firm commitment, the effective part of any gain or loss on the derivative financial instrument is recognized in equity. The reclassification from equity into earnings occurs in the same period as the underlying transaction affects earnings. When measuring the effectiveness between the underlying hedged transaction and the hedging instrument the ineffective part of the hedge and adjustments due to time value changes are recognized immediately in the income statement.

When the hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealized gain or loss recognized in equity is recognized immediately in the income statement.

For derivatives which serve to hedge the fair value of recognized assets and liabilities or firm commitments (so-called fair value hedges), the hedging instrument is shown at fair value, with changes in its fair value appearing in the income statement. Any changes in the fair value of the hedged asset, liability or firm commitment resulting from the hedged risk are also recognized in the income statement. Given a perfect hedge, the changes in measurement recognized in the income statement for the hedge and the hedged transaction will largely balance one another. If the asset or liability is recognized at amortized cost according to the general regulations, the book value has to be adjusted for the accumulated changes in fair value resulting from the hedged risk. However, if the asset is recognized at fair value (e.g. an available-for-sale security), the changes in fair value resulting from the hedged risk have to be recognized, contrary to the general rule, in the income statement.

In order to hedge its exposure to foreign currency, the variability in interest rates and commodity risks, the Group mostly applies the Cash Flow Hedge Accounting Model.

Trade accounts payable and other liabilities

Trade accounts payable and other liabilities are stated at amortized cost.

Disposal Groups and Discontinued Operations

The Group reports as a disposal group non-current assets, that will be disposed of by sale together with other assets and liabilities in a single transaction, which collectively meet the held for sale criteria as specified in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The Group reports the assets and liabilities of a disposal group separately in the balance sheet line

item "assets held for sale" and "liabilities associated with assets held for sale", respectively. Unless a disposal group qualifies for discontinued operations reporting, the revenues and expenses of the disposal group remain within continuing operations until the date of disposal. The Group reports the results of a disposal group that also qualifies as a component of the Group as discontinued operations if it represents a separate major line of business or geographical area of operations. The Group reports the results of discontinued operations in the period in which they occur separately within the consolidated statement of income as "discontinued operations (net of tax)". All prior period consolidated statements of income are adjusted to report the results of the component within discontinued operations.

On initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of the carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in profit or loss, as are gains and losses on subsequent remeasurement.

Financial statement classification

Certain line items in the consolidated statement of income and on the consolidated balance sheet have been combined. These items are disclosed separately in the Notes to the consolidated financial statements. Certain reclassifications have been to the prior period presentation to conform to that of the current period.

In general the Group classifies assets and liabilities as current when they are expected to be realized or settled within twelve months after the balance sheet date. Group companies that have operating cycles longer than twelve months classify assets and liabilities as current if they are expected to be realized within the company's normal operating cycle.

Use of estimates

The preparation of the Group consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Emissions Trading Scheme

On January 01, 2005, the Group began to participate in the European Union Emissions Trading Scheme (ETS). The Group received notification from the national emissions-trading agency that it is entitled to receive allowances to emit 56.0 million tons of CO₂ (one third is allocated to 2005) during the compliance period 2005 – 2007. The majority of the total allowances are allocated to the Steel segment. The rights are capitalized at cost as an intangible asset. If the emissions are expected to exceed the amount covered by the granted allowances, the Group records an obligation for the purchase of additional allowances.

3 Disposal Groups

As part of the portfolio optimization program, in September 2005, in the Automotive segment the disposal of the ThyssenKrupp Stahl Company and in the Services segment the disposal of the Hommel Group have been initiated which are not consummated as of the March 31, 2006. In addition, in the 2nd quarter ended March 31, 2006, in the Automotive segment the disposal of ThyssenKrupp Budd's Plastics Division has been initiated.

ThyssenKrupp Stahl Company is a permanent mold aluminium foundry in the us. Hommel distributes a manufacturer-overlapping range of CNC machine tools, including pre- and after-sales services for new and pre-owned machines. The Plastics Division creates fiberglass-reinforced composites and molded products for automotive manufacturers.

The three activities do not meet the requirements for discontinued operation reporting in accordance with IFRS 5. Therefore, revenues and expenses will continue to be presented as income from continuing operations until the date of the disposal.

The following table shows the assets and liabilities of the three disposal groups as of March 31, 2006:

million €

	March 31, 2006		
	ThyssenKrupp Stahl Company	Plastics Division	Hommel Group
Property, plant and equipment, net	9	59	0
Financial assets	0	0	1
Deferred assets	20	0	2
Inventories	15	13	11
Trade accounts receivable, net	13	28	18
Other receivables	3	1	1
Assets held for sale	60	101	33
Accrued pension and similar obligations	13	0	3
Deferred tax liabilities	1	0	3
Other current provisions	0	0	5
Current financial liabilities	86	84	15
Trade accounts payable	7	10	15
Other liabilities	6	3	9
Liabilities associated with assets held for sale	113	97	50

The above mentioned “income from discontinued operations” as well as the “assets held for sale” and “liabilities associated with assets held for sale” are included in the various tables within the notes to the financial statements.

4 Expense for share-based compensation

Management incentive plans

In the 2nd quarter ended March 31, 2006, the appreciation rights granted in the fifth installment of the long-term management incentive plan were settled with payment of €40.8 million as a result of the performance hurdles being met at the end of the performance period. This resulted in the recognition of compensation expense from the plan in the amount of €10.0 million in the 2nd quarter (2nd quarter ended March 31, 2005: €2.3 million).

In January 2006, ThyssenKrupp granted 94,732 stock rights under the fourth installment of the mid-term incentive plan. In total, ThyssenKrupp recorded compensation expense of €13.0 million from this plan in the 2nd quarter (2nd quarter ended March 31, 2005: €2.9 million).

In February 2006, the Group implemented a Share Purchase Plan for selected executive employees. Under the plan the beneficiaries are entitled to purchase up to a fixed amount ThyssenKrupp shares at a discount. In the 2nd quarter ended March 31, 2006, the Group

recorded compensation expense from the plan in the amount of €0.7 million.

5 Cost of sales

Based on expected future cash flows, it was determined that property, plant and equipment of the Canadian plant Kitchener of the Chassis business unit of the Automotive segment had to be impaired. Therefore cost of sales include an asset impairment of €49 million in the 2nd quarter.

6 Other operating income

In the 2nd quarter ended March 31, 2006, other operating income includes €153 million resulting from the break fee which had to be paid by Dofasco in accordance with the terms of the Support Agreement and €61 million resulting from an insurance settlement in connection with a fire at the Duisburg electrolytic coating line 2 in September 2005.

7 Cost for pensions and similar obligations

The net periodic pension cost for the defined benefit plans is as follows:

million €

	2nd quarter ended March 31, 2005		2nd quarter ended March 31, 2006		1st half ended March 31, 2005		1st half ended March 31, 2006	
	Germany	Outside Germany	Germany	Outside Germany	Germany	Outside Germany	Germany	Outside Germany
Service cost	17	13	10	15	34	27	20	30
Interest cost	73	31	63	31	147	62	126	62
Expected return on plan assets	(1)	(29)	(2)	(33)	(3)	(58)	(4)	(66)
Past service cost	0	1	1	1	1	1	2	1
Settlement and curtailment loss/(gain)	0	(1)	0	0	7	(2)	0	0
Net periodic pension cost	89	15	72	14	186	30	144	27

Due to an additional contribution in the 1st quarter ended December 31, 2005, the expected contribution in fiscal year 2005/2006 related to ThyssenKrupp's funded plans increased by €11 million.

The net periodic postretirement benefit cost for health care obligations is as follows:

	2nd quarter ended March 31, 2005 USA/Canada	2nd quarter ended March 31, 2006 USA/Canada	1st half ended March 31, 2005 USA/Canada	1st half ended March 31, 2006 USA/Canada
Service cost	5	6	10	12
Interest cost	15	15	30	31
Expected return on reimbursement rights	(1)	(1)	(2)	(3)
Net periodic postretirement benefit cost	19	20	38	40

8 Contingencies including pending lawsuits and claims for damages

Guarantees

ThyssenKrupp AG and its segment lead companies as well as – in individual cases – its subsidiaries have issued guarantees in favor of customers or lenders. The following table shows obligations under guarantees where the principal debtor is not a consolidated Group company:

	Maximum potential amount of future payments as of March 31, 2006	Provision as of March 31, 2006
Advance payment bonds	27	0
Performance bonds	102	0
Third party credit guarantee	35	0
Residual value guarantees	45	1
Other guarantees	503	1
Total	712	2

The terms of those guarantees depend on the type of guarantee and may range from three months to ten years (e.g. rental payment guarantees).

The basis for possible payments under the guarantees is the non-performance of the primary obligor under a contractual agreement, e.g. late delivery, delivery of non-conforming goods under a contract, non-performance with respect to the warranted quality or default under a loan agreement.

All guarantees issued by ThyssenKrupp AG or the segment lead companies are based on requests from third parties who are subject to recourse provisions in case of default. In some cases we, as the guarantor, have collateralization agreements to fully or partially cover a potential loss from our performance under such guarantee.

Special purpose entities

ThyssenKrupp has leased a facility used in the production of coke. The application of the rules of this Interpretation SIC 12 "Consolidation – Special Purpose Entities" to the company acting as operator of this facility resulted in considering this company to be a special purpose entity under the scope of the Interpretation which has to be consolidated. The consolidation of this company does not have a material effect on the results of operations or the financial position of the Group. In addition, upon review of the owner company, that is also considered to be a special purpose entity under the scope of the Interpretation, it was determined that the Group does not control this company and consequently will not include this entity in the consolidated financial statements. The obligations of the Group existing under the lease and purchasing agreement will continue to be considered future minimum lease payments from operating leases and amount to approximately €63 million in the current fiscal year. The Group's maximum exposure to loss from this facility amounts to approximately €45 million and results from the residual value guarantee for the asset at the end of the lease and purchasing agreement which is mainly covered by third parties.

Commitments and other contingencies

On October 11, 2005, the European Commission announced the initiation of administrative fine proceedings against companies of the elevator and escalator industry. This has also affected some European companies of the ThyssenKrupp Group. Previous to the initiation of the administrative fine proceedings, the European Commission had conducted pre-investigations in the beginning of 2004. As part of these pre-investigations, several revisions were carried out at the four major elevator manufacturers in the European Union and at the corresponding associations. Subject of the administrative fine proceedings is that the respective companies are accused of having violated the European antitrust law in connection with the manufacturing and servicing of elevators and escalators as well as the selling of the respective spare parts in certain memberstates of the European Union. ThyssenKrupp is cooperating with the antitrust authorities. The EU-Commission has not yet declared the amount of any possible administrative fine and therefore ThyssenKrupp is not yet able to estimate the financial consequences of the administrative fine proceedings.

Having signed the agreement on December 30, 2005, ThyssenKrupp is obligated to acquire together with EADS the Atlas Elektronik GmbH which is located in Bremen. ThyssenKrupp will hold an interest in Atlas of 60% which equals a purchase price of €88.1 million. The acquisition will be consummated as soon as the relevant supervisory boards and antitrust authorities have given their go-aheads.

On January 26, 2006, ThyssenKrupp AG has signed an agreement with Mittal Steel Company n.v. in which ThyssenKrupp has undertaken to acquire up to 100% of the shares in Dofasco if Mittal Steel takes over Arcelor. This may result in an obligation up to €4 billion.

Pending lawsuits and claims for damages

The Group is involved in pending and threatened litigation in connection with the sale of certain companies, which may lead to partial repayment of purchase price or to the award of damages. In addition, damage claims may be payable to customers and subcontractors under performance contracts. Certain of these claims have proven unfounded or have expired under the statute of limitations. The Group believes, based upon consultation with relevant legal counsel, that the ultimate outcome of these pending and threatened lawsuits will not result in a material impact on the Group's financial condition or results of operations.

The companies of the HDW group which are included in the Group's consolidated financial statements since January 01, 2005, are exposed to claims in the normal course of business and in pending litigations with a previous owner. Due to the significant uncertainties surrounding the measurement of outstanding risks resulting from the HDW acquisition, the Group is currently unable to estimate the possible loss or range of loss. Regarding the remaining contingencies, including pending litigations, there have been no significant changes since the previous year end.

9 Derivative financial instruments

The carrying values and fair market values of the Group's derivative financial instruments are as follows:

Mio €

	Carrying value Sept. 30, 2005	Fair value Sept. 30, 2005	Carrying value March 31, 2006	Fair value March 31, 2006
Derivative financial instruments				
Assets				
Foreign currency derivatives inclusive embedded derivatives	128	128	124	124
Commodity derivatives	21	21	34	34
Liabilities				
Foreign currency derivatives inclusive embedded derivatives	124	124	76	76
Interest rate derivatives	88	88	80	80
Commodity derivatives	8	8	22	22
Total	369	369	336	336

10 Segment reporting

As a result of the reorganization of the steel activities of the ThyssenKrupp Group as of October 01, 2005, the Steel and the Stainless segments were created from the former Steel segment. To ensure comparability, Edelstahl Witten-Krefeld GmbH (EWK) which has been disposed of in the meanwhile is presented within Special Materials in the previous quarter. Prior period presentation has been adjusted accordingly.

Segment information for the 2nd quarter ended March 31, 2005 and March 31, 2006 and for the 1st half ended March 31, 2005 and March 31, 2006, is as follows:

million €

	Steel	Stainless	Special Materials	Automotive	Technologies	Elevator	Services	Corporate	Consolidation	Group
2nd quarter ended March 31, 2005										
External sales	1,967	1,237	177	1,956	1,573	863	2,918	47	0	10,738
Internal sales within the Group	392	148	32	8	10	0	159	1	(750)	0
Total sales	2,359	1,385	209	1,964	1,583	863	3,077	48	(750)	10,738
Sales of continuing operations	2,359	1,385	209	1,964	1,466	863	3,077	33	(746)	10,610
Income/(loss) from continuing operations before income taxes	258	97	(54)	67	15	71	78	(79)	(5)	448
2nd quarter ended March 31, 2006										
External sales	2,359	1,472	–	2,161	1,454	1,052	3,262	26	0	11,786
Internal sales within the Group	352	154	–	4	2	2	121	9	(644)	0
Total sales	2,711	1,626	–	2,165	1,456	1,054	3,383	35	(644)	11,786
Sales of continuing operations	2,711	1,626	–	2,165	1,456	1,054	3,383	35	(644)	11,786
Income/(loss) from continuing operations before income taxes	416	52	–	(10)	85	94	91	49	(4)	773
1st half ended March 31, 2005										
External sales	3,854	2,389	329	3,810	2,827	1,739	5,929	114	0	20,991
Internal sales within the Group	797	300	58	18	13	1	346	9	(1,542)	0
Total sales	4,651	2,689	387	3,828	2,840	1,740	6,275	123	(1,542)	20,991
Sales of continuing operations	4,651	2,689	387	3,828	2,599	1,740	6,275	67	(1,538)	20,698
Income/(loss) from continuing operations before income taxes	510	222	(50)	91	62	169	170	(181)	(15)	978
1st half ended March 31, 2006										
External sales	4,521	2,703	–	4,129	3,054	2,059	6,205	57	0	22,728
Internal sales within the Group	674	275	–	8	5	3	244	14	(1,223)	0
Total sales	5,195	2,978	–	4,137	3,059	2,062	6,449	71	(1,223)	22,728
Sales of continuing operations	5,195	2,978	–	4,137	3,059	2,062	6,449	71	(1,223)	22,728
Income/(loss) from continuing operations before income taxes	688	59	–	(10)	177	179	176	(62)	(9)	1,198

11 Earnings per share

Basic earnings per share is computed as follows:

	2nd quarter ended March 31, 2005		2nd quarter ended March 31, 2006	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Numerator:				
Income from continuing operations (net of tax)	248	0.50	429	0.84
Income from discontinued operations (net of tax)	0	0.00	0	0.00
Gain on disposal of discontinued operations (net of tax)	812	1.63	0	0.00
Net income (attributable to ThyssenKrupp AG's stockholders)	1,060	2.13	429	0.84
Denominator:				
Weighted average shares	498,358,299		514,489,044	

	1st half ended March 31, 2005		1st half ended March 31, 2006	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Numerator:				
Income from continuing operations (net of tax)	548	1.10	679	1.33
Income from discontinued operations (net of tax)	12	0.03	0	0.00
Gain on disposal of discontinued operations (net of tax)	809	1.62	0	0.00
Net income (attributable to ThyssenKrupp AG's stockholders)	1,369	2.75	679	1.33
Denominator:				
Weighted average shares	498,358,299		510,142,741	

Relevant number of common shares for the determination of earnings per share

Earnings per share have been computed by dividing income attributable to common stockholders of ThyssenKrupp AG (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Shares issued during the period and shares reacquired during the period have been weighted for the portion of the period that they were outstanding.

The weighted average number of outstanding shares was reduced by the reacquisition of shares on May 06, 2003 and increased by the reissuance of those shares in the 2nd quarter ended March 31, 2004, the 3rd quarter ended June 30, 2005 and the 1st quarter ended December 31, 2005.

There were no dilutive securities in the periods presented.

12 Additional information to the consolidated statement of cash flows

Included in the Group's cash flows from operations were the following amounts of interest and income taxes paid or received:

Mio €	1st half ended March 31, 2005	1st half ended March 31, 2006
Interest paid	174	208
Income taxes paid/(received), net	171	(45)

The following cash flows resulted from discontinued operations:

million €

	1st half ended March 31, 2005	1st half ended March 31, 2006
Net cash provided by operating activities	6	—
Net cash used in by investing activities	(11)	—
Net cash provided by financing activities	3	—

Non-cash investing activities

In the 1st half ended March 31, 2006, the acquisition and first-time consolidation of companies created an increase in intangible assets, property, plant and equipment and investment property of €134 (March 31, 2005: €1,364 million).

The non-cash addition of assets under finance leases in the 1st half ended March 31, 2006 amounts to €3 million (March 31, 2005: €3 million).

Non-cash financing activities

In the 1st half ended March 31, 2006, the acquisition and first-time consolidation of companies resulted in an increase in gross financial payables in the amount of €3 million (March 31, 2005: €102 million).

13 Subsequent events

After March 31, 2006, management gave its approval to continue the restructuring in the Automotive segment and in this context in particular to close the Detroit plant of ThyssenKrupp Budd in the USA. In addition, approval was given for the disposal of ThyssenKrupp Stahl Company and the Plastics Division of ThyssenKrupp Budd on the terms negotiated with the potential buyers.

REPORT BY THE SUPERVISORY BOARD AUDIT COMMITTEE

The interim report on the 2nd quarter 2005/2006 and the review report by the Group's financial statement auditors were presented to the Audit Committee of the Supervisory Board in its meeting on May 11, 2006 and commented on by the Executive Board and the auditors. The Audit Committee approved the interim report.

Düsseldorf, May 11, 2006

Chairman of the Audit Committee
Dr. Martin Kohlhaussen

DATES

May 15, 2006	Analysts' and investors' meeting
August 11, 2006	Interim report 3rd quarter 2005/2006 (April to June) Conference call with analysts and investors
December 01, 2006	Annual Press Conference Analysts' and investors' meeting
January 19, 2007	Annual General Meeting
February 13, 2007	Interim report 1st quarter 2006/2007 (October to December) Conference call with analysts and investors
May 11, 2007	Interim report 2nd quarter 2006/2007 (January to March)

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Forward-looking statements

This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond ThyssenKrupp's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. ThyssenKrupp does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

This report is available in German and English; both versions are also available for downloading and as an interactive online version at <http://www.thyssenkrupp.com>.

On request, we would be pleased to send you further copies and additional information on the ThyssenKrupp Group free of charge.

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