

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



Interim Report 3rd Quarter 2005_2006
April 01 – June 30, 2006

ThyssenKrupp



Interim Report 3rd quarter 2005/2006
April 01 – June 30, 2006

	02	The Group in figures
	03	ThyssenKrupp – continued growth course
04		Business performance
	04	Economic environment
	06	Business situation
	09	Segments
	18	Outlook
20		IFRS reconciliations and interim financial statements
	20	IFRS reconciliations
	36	Condensed consolidated statement of income
	37	Condensed consolidated balance sheet
	38	Condensed consolidated statement of cash flows
	39	Condensed consolidated statement of recognized income and expense
	40	Condensed consolidated statement of changes in equity
	41	Notes to the interim condensed consolidated statements
55		Additional information
	55	Report by the Supervisory Board Audit Committee
	55	Dates
	56	Contact

The financial statements of the ThyssenKrupp Group are prepared in accordance with International Financial Reporting Standards (IFRS). This interim report was published on August 11, 2006.

THE GROUP IN FIGURES*

GROUP

		3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	9 months ended June 30, 2005	9 months ended June 30, 2006
Order intake	million €	10,574	12,439	32,610	36,770
Sales	million €	11,253	12,138	31,951	34,866
EBITDA	million €	1,013	1,290	2,976	3,466
Income**	million €	577	806	1,555	2,004
Net income	million €	258	468	1,658	1,164
Basic earnings per share	€	0.48	0.87	3.23	2.20
Earnings per share from continuing operations	€	0.66	0.87	1.76	2.20
Employees (June 30)		183,085	186,695	183,085	186,695

		Sept. 30, 2005	June 30, 2006
Net financial liabilities	million €	177	–
Net financial receivables	million €	–	496
Total equity	million €	7,878	8,746

SEGMENTS

	Order intake million €		Sales million €		Income** million €		Employees		
	3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	June 30, 2005	Sept. 30, 2005	June 30, 2006
Steel	2,262	2,806	2,508	2,813	367	382	31,262	31,634	30,228
Stainless	1,497	1,921	1,566	1,650	72	126	12,236	12,201	12,138
Special Materials	0	–	1	–	0	–	–	–	–
Automotive	2,106	2,084	2,057	2,087	43	33	43,302	43,537	41,120
Technologies	1,045	1,323	1,542	1,458	33	90	28,056	28,042	27,440
Elevator	1,031	1,173	942	1,070	79	98	33,699	34,151	35,579
Services	3,154	3,841	3,327	3,821	102	168	33,275	35,067	38,830
Corporate	29	26	29	26	(116)	(87)	1,255	1,300	1,360
Consolidation	(550)	(735)	(719)	(787)	(3)	(4)	–	–	–
Group	10,574	12,439	11,253	12,138	577	806	183,085	185,932	186,695

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

** before taxes

THYSSENKRUPP – CONTINUED GROWTH COURSE

ThyssenKrupp performed successfully again in the 3rd quarter 2005/2006. Demand for our products and services increased in a generally favorable market environment. Sales improved by 8% from the prior-year quarter to €12.1 billion. The Group's pre-tax income from continuing operations increased to €806 million from €577 million in the prior-year period.

The highlights for the 3rd quarter 2005/2006 were as follows:

- Order intake from continuing operations increased to €12.4 billion, up 18% from a year earlier.
- Sales rose by 8% to €12.1 billion.
- EBITDA reached €1,290 million, exceeding the prior-year figure of €1,013 million.
- Income from continuing operations before taxes improved to €806 million from €577 million in the prior-year quarter.
- Earnings per share from continuing operations reached €0.87, compared with €0.66 in the 3rd quarter of the previous year.
- Net financial liabilities were completely eliminated in the 3rd quarter 2005/2006. At June 30, 2006 net financial receivables amounted to €496 million. The Group's financial situation has thus improved by €673 million compared with September 30, 2005 and by €2,321 million compared with June 30, 2005.

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 €46 billion. Based on the very good performance in the first nine months of fiscal 2005/2006, for the full year we now aim to achieve earnings before taxes – excluding major nonrecurring effects – of around €2.5 billion.

ECONOMIC ENVIRONMENT

The world economic upswing continued in the first half of 2006. The situation on the international energy and raw material markets remained tight, leading to further, in some cases significant, price increases. Nevertheless, global growth remained largely robust.

The USA recorded strong growth in the first quarter of 2006. Increasing interest rates, signs of weakness in the real estate market and the notable rise in fuel prices impacted private consumption in the subsequent months and led to a smaller increase in economic output. In most countries of Latin America the economic upturn continued thanks to strong domestic demand.

In the euro zone the positive economic trend was bolstered in particular by increasing growth in domestic demand. In Germany the first half began with a rise in gross domestic product due to stronger private consumption and increasing investment. In the countries of Central and Eastern Europe, stable domestic demand and higher exports strengthened the economic upswing.

In Japan the economic situation improved further on the back of increased domestic demand. Economic growth in the rest of Asia continued unabated. Alongside high exports and investment, private consumption is now also aiding the economic expansion in China.

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

- The international steel markets remained in stable shape. Global crude steel production increased by 8% in the first half of 2006. This was mainly due to China and India, which increased their production significantly, while output in most other regions showed only moderate growth. In the European Union crude steel output was up 4% against the corresponding prior-year period. In particular the countries of Eastern Europe, where major production cutbacks had been carried out in the previous year, recorded higher output. Demand for carbon steel flat products in both Western Europe and the USA remains high. The Western European suppliers have recorded a significant increase in sales volumes in the course of the year so far. Imports from non-EU countries showed even stronger growth, with the result that the share of imports in market supply increased substantially. On account of the cyclical rise in consumption by steel processors and for inventory cycle reasons, the high supply volumes were absorbed by the market. Steel price increases, which were necessary due to the further rise in raw material and energy costs, were implemented across a broad front in the reporting period.
- The market for stainless steel flat products continued to perform encouragingly in the 2nd calendar quarter 2006. With significant growth in order volumes against the very weak prior-year quarter, the European producers were able to push through several base price increases. Supplies to customers were also considerably higher. However, there was stronger pressure on margins in particular on account of the increase – in some cases extreme – in raw material costs. For example, the nickel

price reached a new all-time high in the quarter under review. In North America the demand situation was likewise positive. Here, too, base prices were raised several times. In Asia market supply was at the prior-year level and rising. Stainless steel prices rallied further. However, unlike in Europe and North America, the sharp rise in raw material costs could not be passed onto customers in the same period due to the lack of alloy surcharges. With key customer markets performing well, the strong demand for nickel alloys continued in the 2nd calendar quarter 2006.

- On the international automobile market the main growth impetus came from Asia. In China vehicle production is expected to rise by more than a third in the first half of 2006. By contrast, the automobile market in North America weakened. The market segment for light trucks such as minivans and sport utility vehicles declined due to higher fuel prices. The number of new vehicles purchased in the USA decreased in the first half of 2006, though the Asian and European producers succeeded in expanding their market share. The pace of expansion slowed in Brazil due to a decline in exports. The European vehicle markets recorded slightly higher demand for passenger cars. The German vehicle industry profited in particular from high exports. The German truck sector continued to report encouraging growth.
- The continuing robust growth of the world economy and increasing investment are favoring the mechanical engineering industry. In key producer countries the economic situation of the capital goods industry has improved. The German mechanical engineering sector experienced further unbroken growth. In the first six months of 2006 German machinery manufacturers reported a 15% improvement in order intake. Demand was stronger on the domestic market than abroad. In particular the German engineering construction sector recorded high growth rates. Thanks to the good order backlog, machinery output in Germany increased considerably.
- Growth in the construction sector this year is mainly taking place outside the industrialized countries. In Europe higher growth rates have so far this year only been reported by some Eastern European countries. In Germany the construction industry rallied from a low starting level. Order intake increased appreciably in the first half of 2006. Demand for construction activities in the new federal states also increased again. The output of the German construction sector in the past few months was slightly higher than a year earlier.

BUSINESS SITUATION

THYSSENKRUPP IN FIGURES

		3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	9 months ended June 30, 2005	9 months ended June 30, 2006
Order intake	million €	10,574	12,439	32,610	36,770
Sales	million €	11,253	12,138	31,951	34,866
EBITDA	million €	1,013	1,290	2,976	3,466
Income*	million €	577	806	1,555	2,004
Employees (June 30)		183,085	186,695	183,085	186,695

All figures relate to continuing operations. * before taxes

Order intake and sales

Against the background of a generally favorable market environment, ThyssenKrupp remained on growth track in the 3rd quarter 2005/2006. Order intake and sales showed pleasing growth. Order intake from continuing operations reached €12.4 billion, an increase of 18% against the prior-year quarter.

Sales from continuing operations climbed by 8% to €12.1 billion. The high demand and increased prices for our carbon steel and stainless flat products led to higher sales in the Steel and Stainless segments. Automotive was particularly successful in the systems business. Following disposals, sales at Technologies did not quite match the year-earlier level. Elevator benefited from strong new installations business. Thanks to the buoyant market for materials and a targeted business expansion, Services achieved its highest ever quarterly sales.

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
	9 months	34.9

* from continuing operations

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
	9 months	2,004

*from continuing operations before taxes

Income

ThyssenKrupp increased its pre-tax profit by €229 million to €806 million. 3rd-quarter income again reached a new record high, continuing the series of successful quarters in fiscal year 2005/2006. With the Steel segment remaining highly profitable, the Services, Technologies and Stainless segments in particular contributed to the significant growth in earnings. The Elevator segment likewise improved from an already high level, while Automotive generated lower earnings.

The Steel segment further expanded its high earnings through significantly increased shipments and net revenues which more than compensated for the substantial price increases for raw materials, energy and freights. Stainless increased its profits thanks to the recovery in demand since the start of the year and the attendant base price increases. At Automotive charges in connection with restructuring measures in North America were responsible for the decline in earnings. Technologies improved earnings in all business units, in particular Plant Technology. Elevator achieved a further increase in its already high profits despite restructuring expenditure for the manufacturing activities in South Korea; a major contribution to growth came from North America. The Services segment returned significantly higher income in all business units. Key factors were the continued boom in volumes and prices for industrial and raw materials together with successful performances in industrial services in particular in North America.

After taking into consideration Corporate and tax expenses, net income for the period is €468 million. Deducting from this the minority interest in profits of €22 million, earnings per share is €0.87, compared with €0.48 in the comparative prior-year quarter. It should be noted that in the prior-year quarter €0.18 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
	June 30	(496)	

At June 30, 2006 the Group reports net financial receivables of €496 million. This means that in the first nine months of the fiscal year the financial position has improved by €673 million. Compared with June 30, 2005 the improvement amounts to €2,321 million.

Capital expenditures in the 3rd quarter 2005/2006 totaled €428 million, 19% more than in the prior-year quarter. €386 million was invested in property, plant and equipment and intangible assets, with the remaining €42 million being used for the acquisition of businesses, shareholdings and other financial assets.

In May 2006 the Supervisory Boards in the ThyssenKrupp Group approved the construction of a steel mill for slabs in Brazil with a capacity of 5.0 million metric tons. The investment volume will amount to 2.4 billion us dollars. Within the global forward strategy of ThyssenKrupp Steel, the aim of the project is to utilize growth opportunities in Europe and the NAFTA market.

Employees

On June 30, 2006 ThyssenKrupp employed 186,695 people worldwide, 763 or 0.4% more than at the end of the last fiscal year. The increase in the workforce mainly reflects changes in the Group's portfolio. The Services segment recorded a sharp increase as a result of acquisitions, while the number of employees at Steel and in particular Automotive decreased.

In Germany, the headcount decreased by 4% to 83,622, while outside Germany it increased by 4% to 103,073. At the end of June 2006, 45% of the workforce was employed in Germany, 23% in the rest of Europe and 18% in the NAFTA region. The share of employees based outside Germany is particularly high in the Elevator (88%) and Automotive (72%) segments.

Ideas Park in Hanover: Enthusiasm for innovations

Following the outstanding success of the 2004 Ideas Park in Gelsenkirchen, ThyssenKrupp staged a second Ideas Park in Hanover in May 2006. True to the motto "Discover technology. Shape the future", ThyssenKrupp in conjunction with the state of Lower Saxony and more than 50 partners showed how innovations are created. More than 150 exhibits from the areas of "Mobility", "Life and Environment" and "Creativity" provided a fun insight into the world of innovation.

Daily science shows, theatrical presentations and attractions for young and old were included in the program of events. The most prominent guest among well over 200,000 visitors was German Chancellor Angela Merkel. The technology shows are aimed above all at making technical and scientific careers more attractive to young people with a view to countering the lack of engineers in the future and fostering acceptance for technology among the general public.

SEGMENTS

Steel: High demand for carbon steel flat products

STEEL IN FIGURES

		3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	9 months ended June 30, 2005	9 months ended June 30, 2006
Order intake	million €	2,262	2,806	6,795	8,392
Sales	million €	2,508	2,813	7,159	8,008
Income*	million €	367	382	877	1,070
Employees (June 30)		31,262	30,228	31,262	30,228

All figures relate to continuing operations. * before taxes

After an already pleasing performance in the first half of the fiscal year, the continued positive market environment led to a further significant expansion of business in the Steel segment in the reporting quarter. In terms of value, order intake increased against the comparable prior-year period by 24% to €2.8 billion, reflecting both increased volumes and steel prices. Climbing by 12%, sales likewise reached €2.8 billion, mainly as a result of higher shipments. The record average revenue per ton of the prior-year quarter was maintained.

In the Steelmaking business unit, which comprises the metallurgical operations in Duisburg and the logistics activities, crude steel production was on a par with the year before at 3.5 million metric tons. A reduction in slab purchases from Hüttenwerke Krupp Mannesmann caused by a further disturbance at the plant was not completely offset by increased output in our own meltshops. To meet increased customer demand for finished products and secure a full workload for our processing operations, slabs were outsourced. 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.

With customers in the steel processing sectors continuing to enjoy a good workload, the Industry business unit recorded significantly higher shipments, especially for hot strip and hot-dip coated material. It was not possible to fully meet demand, especially for heavy plate. Sales at the European steel service centers were at the same level as the year before; increased volumes, above all in the core primary processing business, compensated for the price reductions necessary in the long-term contract business. The construction elements activity reported higher sales, with the significant expansion of the building construction group more than compensating for the negative development in cold room construction.

The Auto business unit, which supplies the global auto manufacturers, expanded its business with only a slight increase in shipments. This was primarily attributable to the price increases implemented in the long-term contracts at the start of the year. At Tailored Blanks sales increased as a result of higher volumes and prices. The ramp-up of the production sites in China and Sweden had a positive effect. The steel service activities in North America benefited above all from the expansion of business with a major customer.

The Processing business unit achieved an encouraging increase in sales. The significant growth in the tinplate business reflected volumes and revenues. Following the successful ramp-up of the new facilities at the Andernach location, it was possible to increase shipments. At Hoesch Hohenlimburg, inadequate supplies of starting material from Hüttenwerke Krupp Mannesmann led to a decline in sales of medium-wide strip. Business with grain-oriented electrical steel remained very favorable. Thanks to lively demand from China and India, shipments and revenues were considerably higher than in the corresponding prior-year period.

The Steel segment increased its 3rd-quarter profit by €15 million to €382 million. Substantial improvements in net revenues and shipments more than compensated for the significant price increases for raw materials and higher processing costs.

The Steelmaking business unit returned a distinctly improved profit compared with the prior year, mainly as a result of higher revenues for byproducts and commodities. The price increases for raw materials, energy and freight were passed on to the other business units.

The Industry business unit's earnings fell short of the high prior-year level. Higher shipments and net revenues were outweighed by the increased costs for starting materials, energy and zinc. The European steel service centers were unable to offset the price increases for starting material with increased volumes and thus failed to match their high prior-year profit. In a continued difficult market environment, construction elements returned a slightly improved profit.

The Auto business unit increased its earnings despite the sharp rise in costs for zinc thanks to a distinct rise in net revenues coupled with a slight increase in shipments. Tailored Blanks improved its profits through higher shipments and the implementation of efficiency enhancement measures. Earnings of the North American steel service activities increased significantly on the back of higher sales volumes.

The Processing business unit achieved a significant increase in income, to which the electrical steel operations made a major contribution. The tinplate operations also returned a distinctly higher profit; increased shipments and prices outweighed the higher costs for starting material and processing. In medium-wide strip profit fell short of the high prior-year level.

Stainless: Rising stainless steel prices

STAINLESS IN FIGURES

		3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	9 months ended June 30, 2005	9 months ended June 30, 2006
Order intake	million €	1,497	1,921	4,219	5,546
Sales	million €	1,566	1,650	4,255	4,628
Income*	million €	72	126	294	185
Employees (June 30)		12,236	12,138	12,236	12,138

All figures relate to continuing operations. * before taxes

At Stainless the business situation improved considerably in the 3rd quarter 2005/2006. Against the prior-year quarter, order intake increased by 28% to €1.9 billion. Contributing factors were a significant increase in demand for stainless products and continued lively replenishment activity in the European trading segment. The business units ThyssenKrupp Acciai Speciali Terni and ThyssenKrupp Nirosta made a large contribution to this performance. The Shanghai Krupp Stainless business unit likewise reported high growth, reflecting a recovery in demand from the Chinese market and improved prices. In the high-performance alloy business, orders received for nickel alloys remained at a high level, while orders for titanium semis tripled on the back of expanding global demand.

Overall, Stainless's shipments in the reporting period were 4% higher than in the comparable prior-year quarter, in particular due to higher deliveries of cold-rolled strip.

Stainless achieved sales of €1.7 billion in the 3rd quarter 2005/2006. This 5% year-on-year improvement mainly reflects the strong recovery of the European market, which brought with it significant base price increases, and a positive market environment in the NAFTA region.

ThyssenKrupp Nirosta and ThyssenKrupp Acciai Speciali Terni profited considerably from the extremely high demand in Europe in the period under review. Despite a fire at the Krefeld cold-rolling mill, ThyssenKrupp Nirosta will be able to meet customer orders for the most part by systematically redistributing volumes within the ThyssenKrupp Stainless group.

ThyssenKrupp Mexinox profited from the positive development on the North American market, which was reflected in both higher base prices and increased supply volumes. Shanghai Krupp Stainless benefited from increased demand for cold-rolled stainless steel flat products on the Chinese market and improved prices. However, prices remained lower than in Europe and North America. Added to this, the lack of an alloy surcharge system meant that the impact of the hefty price increases for raw materials, in particular nickel, could not be cushioned.

The significant growth in sales of nickel alloys reflects not only the high cost of raw materials but also the price level improvements on the back of continued high demand especially in the plant engineering, aerospace, energy, oil and gas sectors.

The Stainless segment's profits were €54 million higher than a year earlier at €126 million.

The German and Italian activities returned slightly improved profits compared with the prior-year quarter. The strong upswing in demand in the European markets since the beginning of 2006 continued in the 3rd quarter of the fiscal year in almost all customer sectors. In this positive market environment the European plants pushed through several base price increases. While this led to an improved price level compared with the prior-year quarter, pressure on margins increased further in the reporting quarter. Alongside energy and logistics, the main contributing factors were the increases – in some cases extreme – in the cost of raw materials, particularly nickel.

Mexinox achieved a marked increase in profits. The North American market showed a positive development in the reporting period, reflected in both higher base prices and increased supply volumes.

Having posted a loss in the comparable prior-year quarter, Shanghai Krupp Stainless returned a small profit. Following the slump in prices in 2005, the recovery which began at the start of 2006 continued in the 3rd quarter.

On the back of the positive situation on the engineering, aviation, oil and gas markets, demand for nickel alloys remained strong. In this favorable market environment the nickel alloys business unit achieved significant growth in profits.

Automotive: Systems business expanded

AUTOMOTIVE IN FIGURES

		3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	9 months ended June 30, 2005	9 months ended June 30, 2006
Order intake	million €	2,106	2,084	5,952	6,054
Sales	million €	2,057	2,087	5,885	6,224
Income*	million €	43	33	134	23
Employees (June 30)		43,302	41,120	43,302	41,120

All figures relate to continuing operations. * before taxes

The Automotive segment achieved sales of €2.1 billion in the 3rd quarter 2005/2006 on the back of a slight recovery of key automotive markets. This was a slight improvement on the prior-year quarter. The appreciation of the Brazilian real and the us dollar against the euro also had a positive impact. It should also be considered that the prior-year figures included sales from the since-sold truck springs activities and the North American aluminum castings business.

Sales at the Body business unit were down from the prior-year level, mainly due to lower volumes at the stamping plants. In the Body Structure business, volumes declined in particular at the North American and French stamping plants. Higher billings for tooling at the German stamping plants as well as volume- and price-driven sales growth at the North American foundries had a positive effect.

The Chassis business unit recorded a clear increase in year-on-year sales overall. The Chassis Structure unit contributed in particular to this growth. This improvement was partly due to significant growth in the systems business thanks to the ramp-up of new plants in North America and Germany. The disposal of the truck springs business and the North American aluminum casting activities had the opposite effect.

The increase in sales at the Powertrain business unit was largely attributable to the Crankshafts business and was mainly due to exchange rate effects resulting from the strengthening of the Brazilian currency against the euro. In the Camshafts business, the start and ramp-up of new passenger car projects and higher volumes for current production operations resulted in higher sales.

The Automotive segment recorded a profit of €33 million, compared with €43 million in the comparable prior-year quarter. A comparison of the periods must take account of major effects from restructurings and disposals: the reporting quarter included restructuring charges in North America of €24 million, while the prior-year period included the €10 million loss on the disposal of the European truck springs business.

Before restructuring measures, the earnings of the Body business unit fell just short of the strong prior-year level. This was mainly due to declining capacity utilization at the French stamping plants and increases in scrap prices at the American foundries.

The Chassis business unit achieved a significant increase in its profits before restructuring measures. Alongside the improvement in operating performance at the British stamping plants, higher earnings in the Steering and Suspension units also played a part in this.

The Powertrain business unit returned a significant profit level with the prior-year quarter.

Technologies: Strong earnings trend continues

TECHNOLOGIES IN FIGURES

		3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	9 months ended June 30, 2005	9 months ended June 30, 2006
Order intake	million €	1,045	1,323	4,365	4,474
Sales	million €	1,542	1,458	4,141	4,517
Income*	million €	33	90	95	267
Employees (June 30)		28,056	27,440	28,056	27,440

All figures relate to continuing operations. * before taxes

The pleasing performance of the Technologies segment continued in the 3rd quarter 2005/2006. Despite disposals, order intake at €1.3 billion showed an improvement against the prior-year quarter. This was largely due to higher orders at Marine Systems. The situation for special plant construction projects remained good, mainly due to high global demand for raw materials. Middle Eastern countries in particular had a higher influx of foreign currency due to rising oil and gas prices and were therefore able to step up their investments in the industrial sector. Demand also increased for oil sands mining projects, for which Plant Technology offers processes and technologies.

At just under €1.5 billion, sales fell slightly short of the high prior-year level. This was mainly due to disposals and the high sales from major orders realized in the 3rd quarter of the prior year. However, the first nine months of fiscal 2005/2006 showed a significant improvement versus the corresponding year-earlier period.

3rd-quarter sales at Plant Technology were lower than the prior-year period, which was boosted by billings from major orders. However, a comparison of the 9-month periods confirms that sales were at the high level of the previous year. Significant growth in sales of cement plants and material handling equipment contributed to this.

At Marine Systems, sales and order intake were both up from the prior-year period. The order situation improved significantly thanks to orders for two container ships and a mega yacht.

3rd-quarter sales at Mechanical Engineering were down from the prior year, mainly due to disposals carried out in the meantime. Excluding disposals, sales were higher. Business with large-diameter bearings and construction equipment components continued to develop positively.

As a further step toward optimizing the portfolio and concentrating on core activities, the sale of the Noske-Kaeser group – which offers air-conditioning and ventilation plants, systems and equipment as well as fire-fighting equipment and ABC protection technology – was initiated in the reporting quarter. The sale was consummated on July 06, 2006.

Income at Technologies rose by €57 million to €90 million. This was mainly attributable to the significant profit increase at Plant Technology, but Mechanical Engineering and Marine Systems also achieved substantial earnings improvements. Mechanical Engineering once again made the biggest contribution to earnings. The prior-year 3rd-quarter earnings of the MetalCutting business unit, which was sold in October 2005, are posted under discontinued operations.

The significant rise in profits at Plant Technology is attributable to higher sales of 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 also increased its profit, mainly as a result of higher sales and improved order earnings as well as cost reductions due to restructuring measures.

Good workloads and the disposal of loss-making businesses as well as the absence of expense from the fair-value recognition of currency hedges enabled Mechanical Engineering to improve its profit at a high level.

Transrapid reported a reduced loss, mainly due to the absence of restructuring expense and lower depreciation.

Elevator: Further positive impetus from new installations business

ELEVATOR IN FIGURES

		3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	9 months ended June 30, 2005	9 months ended June 30, 2006
Order intake	million €	1,031	1,173	3,104	3,637
Sales	million €	942	1,070	2,682	3,132
Income*	million €	79	98	248	277
Employees (June 30)		33,699	35,579	33,699	35,579

All figures relate to continuing operations. * before taxes

As in the prior quarters, Elevator remained on a growth track in the 3rd quarter 2005/2006. Order intake rose 14% to €1.2 billion and sales were up 14% to €1.1 billion. This performance was boosted by positive exchange rate effects. Business volume expanded particularly as a result of strong new installations business, primarily in North America. There was also a positive trend in Europe, albeit less pronounced, but price competition remained fierce. The global service business also performed pleasingly.

The Central/Eastern/Northern Europe business unit increased its order intake and sales, with all regions contributing to the improvement. One highlight was the situation in France, where modernization business in particular was expanded. The United Kingdom showed first signs of stabilizing, with orders once again higher than a year earlier.

By contrast, orders at the Southern Europe/Africa/Middle East business unit did not quite match the prior-year level, mainly due to a decline in infrastructure projects on the Iberian peninsula. However, year-on-year sales were up in all regions, in some cases substantially; the first-time inclusion of the newly acquired SIAR in Italy made a contribution to this.

The Americas business unit further expanded its business volume in both North and Latin America. With demand for new installations remaining high, order intake rose significantly, while the systematic expansion of modernization and service activities boosted sales. In both cases, positive exchange rate effects also had a positive impact.

Although orders were up on the prior year, the Asia/Pacific business unit was unable to improve on its sales. This was mainly due to the continuing difficult situation on the South Korean market, where sales in particular were down from the year-earlier quarter. Growth in China was unable to fully offset this drop

in sales. Overall, the business unit expanded its presence in Southeast Asia, partly through its newly acquired Taiwanese activities.

The Escalators/Passenger Boarding Bridges business unit recorded improvements in both orders and sales. The Escalators business in particular profited from the rising demand for new installations. The significant growth in air traffic also enabled the Passenger Boarding Bridges unit to expand its year-on-year business volume.

The Accessibility business unit continued to grow. Its strong local market presence and efficient use of all sales channels led to further increases in orders and sales in all key European and American markets. This effect was reinforced by the reallocation of some European Accessibility activities, which had previously been assigned to the Elevator organization.

The Elevator segment returned a profit of €98 million, compared with €79 million in the comparable prior-year quarter. In an aggressively priced market environment, the segment improved its operating earnings mainly due to efficient use of production volumes and the continued expansion of its service activities. By contrast, expense from the restructuring program currently being carried out in Korea impacted negatively on earnings. Positive factors included effects from the valuation of currency hedges and the exchange rate trend.

The Central/Eastern/Northern Europe business unit exceeded its prior-year profit. In addition to higher production capacity utilization, this was partly due to the positive market trend in France, where the modernization business in particular generated additional earnings. Income was once again higher in the United Kingdom, aided by the first positive effects of the completed restructuring program.

The year-on-year increase in earnings at the Southern Europe/Africa/Middle East business unit was mainly due to income from the valuation of currency hedges. Operating earnings continued to be impacted by increasing price pressure, in particular in Spain and Portugal.

The Americas business unit achieved significantly higher profits. In addition to earnings improvements as a result of efficiency-enhancing measures, particularly in production, income was boosted by additional orders acquired by the field activities. The translation effect from the increased value of the US and Canadian dollar against the euro had a further positive impact.

The Asia/Pacific business unit recorded negative earnings in the reporting quarter due to restructuring expense in South Korea. The restructuring program was the business unit's response to the sharp increase in competitive pressure resulting from the ongoing weakness in particular of the new installations market. The unit's activities in China, India and Southeast Asia increased their profits.

The Escalators/Passenger Boarding Bridges business unit reported profit growth. This included positive effects from the valuation of currency hedges as well as income from the sale of the Spanish die-casting activities. The business unit also achieved a slight improvement in operating earnings.

The profit situation in the Accessibility business unit remained steady. The American activities in particular profited from the expansion of the sales network, while growth in the European market also contributed to the business unit's stable performance.

Services: On course for a record year

SERVICES IN FIGURES

		3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	9 months ended June 30, 2005	9 months ended June 30, 2006
Order intake	million €	3,154	3,841	9,512	10,720
Sales	million €	3,327	3,821	9,602	10,270
Income*	million €	102	168	272	344
Employees (June 30)		33,275	38,830	33,275	38,830

All figures relate to continuing operations. * before taxes

Services achieved its highest-ever quarterly sales of €3.8 billion. This was a 15% improvement on the prior-year quarter, which included all sales from the printing operations and machine tool trading activity, both of which have since been disposed of. Alongside significant improvements on the markets for raw and industrial materials, positive effects in the 3rd quarter 2005/2006 came in particular from the segment's portfolio optimizations, efficiency-enhancement programs and sales initiatives.

All companies and activities established or acquired in the current fiscal year performed well and contributed to the segment's business success. The addition of new companies and expansion of activities in virtually all regions resulted in a 4,000 increase in the workforce to almost 39,000.

The recovery in demand for materials which started in the 2nd quarter 2005/2006 gathered pace in the 3rd quarter. As a consequence, prices rose sharply, in particular for specialty steel and nonferrous metals, but also for rolled-steel products. There were demand overhangs with long delivery periods in almost all areas. Based on their good customer and supplier relationships and their sophisticated warehousing and logistics organizations, the Materials Services Europe and North America business units significantly expanded their business in this market environment and set new sales records. Growth in the NAFTA region was stronger than in Europe.

The booming US market was also the main reason for the strong increase in sales at the Industrial Services business unit. Business in Germany and Scandinavia also showed particularly pleasing expansion. The energy sector is developing into an increasingly important customer.

The Special Products business unit further increased its sales. Although it was not quite possible to match the prior-year period's extremely high sales of rolled steel to the Far East, the raw materials and in particular technical trading activities were significantly expanded with numerous new projects.

The Services segment generated a profit of €168 million, €66 million or 65% higher than the comparable prior-year quarter.

Materials Services Europe, the highest-earning business unit which in addition to the European activities also comprises the activities being developed in South America and Asia, improved its profit by a third year on year, having fallen short of the prior-year levels in the first quarters of the fiscal year.

The Materials Services North America business unit more than quadrupled its profit.

In both regions, growth in the nonferrous metals business combined with exceptionally high prices was instrumental in the significant profit increases.

Earnings at the Industrial Services business unit were up by roughly 50%. The majority of this growth was attributable to the North American service activities, but the performance programs in Germany also had a lasting effect.

The Special Products business unit improved its high year-earlier profit by more than 50%. All activities contributed to this, with significantly higher income generated not only by the rolled steel and tubular products businesses but also 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 €26 million, compared with €29 million in the prior-year quarter.

Corporate incurred expenses of €87 million, an improvement of €29 million against the corresponding prior-year figure. A key contributing factor was lower interest expense for net financial liabilities and pensions. It should also be considered that the prior-year figure included a charge for risk provision.

Consolidation mainly includes the results of intercompany profit elimination.

OUTLOOK

The economic environment remains largely favorable in the 2nd half of 2006. Economic early indicators point to continued solid growth in most regions. As in the previous year, global growth in 2006 is expected to be just over 4%. In the USA, economic growth will be slightly more moderate in the further course of the year. The interest rate increases of recent months are depressing consumer and business spending. Japan's economic recovery is continuing. In the other countries of Asia, in particular China, the pace of growth remains high. In the euro zone, the upward trend will continue for the time being. In Germany, domestic demand is providing increasing impetus. In addition to stronger private consumption, high levels of capacity utilization in industry will also boost expansion investment. High oil and raw material prices continue to be a risk factor for the global upswing.

We expect the following developments on the major markets:

- With the world economy remaining robust, we expect the world steel market to grow further. This year, global crude steel output is forecast to increase by around 7% to just over 1.2 billion metric tons. China will continue to be the main driver of this growth, but there are also positive developments in all other regions, both for supply and demand. In the European Union, steel consumption will grow significantly. A further increase in steel imports from non-EU countries can be expected in the further course of the year. With demand remaining strong and raw material and energy costs higher, on July 1, 2006 ThyssenKrupp Steel AG implemented further price increases for quarterly contracts.

- The upward trend in the market for stainless steel flat products which started at the beginning of the year will continue. Compared with the weak prior year, global market supply is now forecast to grow by 9% in 2006. The positive trend in the market for high-performance alloys will also continue.

- Overall, the global automotive industry remains on an upward track. World vehicle production is expected to rise by more than 2% in 2006 to around 68.5 million cars and trucks. The trend of relocating production operations to Asia and the new EU member states will continue. In North America and Western Europe, production is expected to remain stable. Thanks to continued strong exports, German production will be level with the prior year.
- The situation for the mechanical engineering sector remains favorable on the back of the continued strength of the world economy. The prospects for key manufacturing countries have improved for the current year. Based on the good workload situation, the German Engineering Federation VDMA has raised its production forecast for 2006 from +2 to +5%. Prospects have also improved in the USA and Japan.
- Market growth in the construction sector is concentrated on the developing countries of Asia as well as Central and Eastern Europe. The construction market is expected to weaken in the USA. There are signs that the recession in the German construction industry will end in 2006.

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 €46 billion. Based on the very good performance in the first nine months of fiscal 2005/2006, for the full year we now aim to achieve earnings before taxes – excluding major nonrecurring effects – of around €2.5 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 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 USA/Canada	IFRS USA/Canada
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 (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, 2004 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, 2004 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, 2004. 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

afore-mentioned 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, non-current financial liabilities increased by €60 million.

Other liabilities – non-current –

I2 Put option

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 current 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 (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 JUNE 30, 2005**ASSETS** million €

	Note	US GAAP June 30, 2005	IFRS adjustments	IFRS June 30, 2005
Intangible assets, net	A1	4,774	(178)	4,596
Property, plant and equipment, net	B1	9,462	(716)	8,746
Investment property	C1	—	561	561
Investments accounted for using the equity method		300	9	309
Financial assets		674	0	674
Deferred tax assets	D1	369	13	382
Total non-current assets		15,579	(311)	15,268
Inventories	E1	6,945	(580)	6,365
Trade accounts receivable, net	F1	6,571	709	7,280
Other receivables		1,227	(76)	1,151
Current income tax assets		391	0	391
Cash and cash equivalents		3,182	0	3,182
Assets held for sale		412	26	438
Total current assets		18,728	79	18,807
Total assets		34,307	(232)	34,075

EQUITY AND LIABILITIES million €

	Note	US GAAP June 30, 2005	IFRS adjustments	IFRS June 30, 2005
Equity attributable to ThyssenKrupp AG's stockholders		9,708	(1,196)	8,512
Minority interest		—	393	393
Total equity		9,708	(803)	8,905
Minority interest		491	(491)	—
Accrued pension and similar obligations	A2	7,036	1,057	8,093
Other provisions		532	10	542
Deferred tax liabilities	B2	750	(400)	350
Financial liabilities		3,309	58	3,367
Other liabilities		0	208	208
Total non-current liabilities		11,627	933	12,560
Other provisions	C2	2,260	(1,005)	1,255
Current income tax liabilities		536	1	537
Financial liabilities	D2	1,711	118	1,829
Trade accounts payable		3,700	(13)	3,687
Other liabilities	E2	4,020	1,004	5,024
Liabilities associated with assets held for sale		254	24	278
Total current liabilities		12,481	129	12,610
Total liabilities		24,599	571	25,170
Total equity and liabilities		34,307	(232)	34,075

A1 Intangible assets, net

Primarily due to the following reasons the decrease of intangible assets as of June 30, 2005 was reduced by €207 million compared to October 01, 2004:

The amount of additional impairment charges against goodwill in the opening balance sheet was reduced by €38 million as of June 30, 2006, mainly due to impairment losses to be recognized

under US GAAP but already included in the opening balance sheet.

Capitalized development cost increased by €13 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 June 30, 2005 was reduced by €1,140 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.

Moreover, under US GAAP impairment losses of €42 million has to be recognized; these impairment losses have been already included in the opening balance sheet.

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 €1,057 million compared to October 01, 2004.

D1 Deferred tax assets

The reduction of deferred tax assets as of June 30, 2005 decreased by €285 million compared to October 01, 2004.

This is due to, compared to US GAAP, extended possibilities for balancing deferred taxes at single entity level and changes in currency exchange rates.

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 June 30, 2005 increased by €212 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 June 30, 2005 rose by €56 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 €212 million. At the same time, the adjustments due to the extended application of the percentage-of-completion method decreased by €36 million.

Adjustments of asset-backed programs to achieve an off balance treatment, disposals from the scope of consolidation and changes of exchange rates resulted in an increase of derecognized trade accounts receivables of €120 million as of June 30, 2005.

A2 Accrued pension and similar obligations

Primarily due to the following reasons the increase of accrued pension and similar obligations as of June 30, 2005 was reduced by €38 million compared to October 01, 2004:

Regarding accrued pension obligations the necessary amount of adjustments decreased by €27 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 increased by €3 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

The reduction of deferred tax liabilities as of June 30, 2005 decreased by €357 million compared to October 01, 2004.

This is due to, compared to US GAAP, extended possibilities for balancing deferred taxes at single entity level and foreign currency effects.

C2 Other provisions – current –

The reduction of current other provisions as of June 30, 2005 rose by €153 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, disposals from the scope of consolidation and changes in currency exchange rates resulted in a decrease of current financial liabilities by €120 million as of June 30, 2005.

E2 Other liabilities – current –

The increase of current other liabilities as of June 30, 2005 rose by €173 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 JUNE 30, 2005

million €

	Note	
Stockholders' equity under US GAAP as of June 30, 2005		9,708
Intangible assets, net	A1	(352)
Property, plant and equipment, net	B1	(89)
Investment property	C1	(70)
Deferred tax assets	D1	13
Trade accounts receivable	F1	12
Other receivables		(71)
Assets held for sale		26
Accrued pensions and similar obligations	A2	(1,057)
Other provisions		(10)
Deferred tax liabilities	B2	400
Financial liabilities	D2	(58)
Other liabilities	E2	4
Liabilities associated with assets held for sale		(24)
Minority interest		98
Other adjustments		(18)
Equity attributable to ThyssenKrupp AG's stockholders under IFRS as of June 30, 2005		8,512
Minority interest under IFRS as of June 30, 2005		393
Total equity under IFRS as of June 30, 2005		8,905

**RECONCILIATION OF THE CONSOLIDATED
STATEMENT OF CASH FLOWS FOR THE
9 MONTHS ENDED JUNE 30, 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 €138 million to €1,634 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 3RD QUARTER ENDED JUNE 30, 2005

million €

	Note	US GAAP 3rd quarter ended June 30, 2005	IFRS 5 adjustments	Other IFRS adjustments	IFRS 3rd quarter ended June 30, 2005
Net sales	A1, B1	11,191	102	(40)	11,253
Cost of sales	C1, D1, E1	(9,339)	(62)	127	(9,274)
Gross margin		1,852	40	87	1,979
Selling expenses		(640)	(16)	1	(655)
General and administrative expenses	F1	(602)	(4)	47	(559)
Other operating income		49	1	(1)	49
Other operating expenses		(104)	3	(9)	(110)
Gain/(loss) on the disposal of subsidiaries, net		1	(45)	36	(8)
Income from operations		556	(21)	161	696
Income from companies accounted for at equity		12	0	(1)	11
Other financial income/(expense), net		(37)	(2)	(91)	(130)
Financial income/(expense), net	G1	(25)	(2)	(92)	(119)
Income from continuing operations before income taxes		531	(23)	69	577
Income tax expense	H1	(218)	6	(21)	(253)
Minority interest	I1	(18)	0	18	—
Income from continuing operations		295	(17)	66	344
Discontinued operations (net of tax)		(141)	17	38	(86)
Net income		154	0	104	258
Thereof:					
ThyssenKrupp AG's stockholders		154	0	88	242
Minority interest		—	0	16	16
Net income		154	0	104	258
Basic earnings per share					
Income from continuing operations (attributable to ThyssenKrupp AG's stockholders)		0.59	(0.03)	0.10	0.66
Net income (attributable to ThyssenKrupp AG's stockholders)		0.31	0.00	0.17	0.48

US GAAP 3rd quarter ended June 30, 2005

The originally published US GAAP 3rd quarter ended June 30, 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 3rd quarter ended June 30, 2005, net sales decreased by €96 million and income from continuing operations before income taxes increased by €2 million due to a corresponding decrease of financial expense, net.

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 €21 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 decrease of net sales by €19 million.

Cost of sales

In total, cost of sales was reduced by €127 million, especially 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 €45 million due to the elimination of the foreign currency embedded derivative effects.

D1 Personnel expenses

Personnel expenses included in cost of sales decreased by €33 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 decrease of cost of sales by €20 million.

General and administrative expenses

F1 Personnel expenses

Personnel expenses included in general and administrative expenses decreased by €54 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 €(92) million primarily due to the recognition of pension interest cost of €(127) million offset by the recognition of the expected return on plan assets of €34 million.

Income tax expense

H1 IFRS adjustments

The increase of income tax expenses by €21 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 €18 million.

RECONCILIATION OF THE CONSOLIDATED STATEMENT OF INCOME FOR 9 MONTHS ENDED JUNE 30, 2005

million €

	Note	US GAAP 9 months ended June 30, 2005	IFRS 5 adjustments	Other IFRS adjustments	IFRS 9 months ended June 30, 2005
Net sales	A1, B1,	31,178	763	10	31,951
Cost of sales	C1	(25,809)	(656)	187	(26,278)
Gross margin		5,369	107	197	5,673
Selling expenses		(1,917)	(71)	3	(1,985)
General and administrative expenses	D1	(1,762)	(61)	155	(1,670)
Other operating income		161	5	12	178
Other operating expenses		(266)	(13)	(3)	(282)
Gain/(loss) on the disposal of subsidiaries, net		3	(13)	39	29
Income from operations		1,588	(46)	401	1,943
Income from companies accounted for at equity		28	0	2	30
Other financial income/(expense), net		(149)	(4)	(265)	(418)
Financial income/(expense), net	E1	(121)	(4)	(263)	(388)
Income from continuing operations before income taxes		1,467	(50)	138	1,555
Income tax expense	F1	(581)	(2)	(49)	(632)
Minority interest	G1	(50)	0	50	—
Income from continuing operations		836	(52)	139	923
Discontinued operations (net of tax)		638	52	45	735
Net income		1,474	0	184	1,658
Thereof:					
ThyssenKrupp AG's stockholders		1,474	0	137	1,611
Minority interest		—	0	47	47
Net income		1,474	0	184	1,658
Basic earnings per share					
Income from continuing operations (attributable to ThyssenKrupp AG's stockholders)		1.68	(0.10)	0.18	1.76
Net income (attributable to ThyssenKrupp AG's stockholders)		2.96	0.00	0.27	3.23

US GAAP 9 months ended June 30, 2005

The originally published US GAAP 9 months ended June 30, 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 9 months ended June 30, 2005, net sales decreased by €305 million and income from operations increased by €8 million. Income from continuing operations before income taxes increased by €13 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 €16 million.

Cost of sales

In total, cost of sales was reduced by €187 million, especially due to the following items:

B1 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 €49 million due to the elimination of foreign currency embedded derivatives.

C1 Personnel expenses

Personnel expenses included in cost of sales decreased by €117 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

D1 Personnel expenses

Personnel expenses included in general and administrative expenses decreased by €168 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

E1 Accrued pension and similar obligations

Financial expense, net increased by €(263) million primarily due to the recognition of pension interest cost of €(339) million offset by the recognition of the expected return on plan assets of €74 million.

Income tax expense

F1 IFRS adjustments

The increase of income tax expenses by €49 million relates to deferred taxes resulting from IFRS adjustments.

Minority interest

G1 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 €50 million.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

million €, earnings per share in €

	Note	3rd quarter ended June 30, 2005	3rd quarter ended June 30, 2006	9 months ended June 30, 2005	9 months ended June 30, 2006
Net sales	9	11,253	12,138	31,951	34,866
Cost of sales		(9,274)	(9,995)	(26,278)	(29,000)
Gross margin		1,979	2,143	5,673	5,866
Selling expenses		(655)	(709)	(1,985)	(2,045)
General and administrative expenses		(559)	(586)	(1,670)	(1,746)
Other operating income	5	49	161	178	598
Other operating expenses		(110)	(106)	(282)	(361)
Gain/(loss) on the disposal of subsidiaries, net		(8)	(1)	29	11
Income from operations		696	902	1,943	2,323
Income from companies accounted for at equity		11	10	30	22
Interest income		16	62	101	188
Interest expense		(170)	(167)	(530)	(528)
Sundry financial income/(expense), net		24	(1)	11	(1)
Financial income/(expense), net		(119)	(96)	(388)	(319)
Income from continuing operations before income taxes		577	806	1,555	2,004
Income tax expense		(233)	(338)	(632)	(840)
Income from continuing operations		344	468	923	1,164
Discontinued operations (net of tax)		(86)	0	735	0
Net income		258	468	1,658	1,164
Thereof:					
ThyssenKrupp AG's stockholders		242	446	1,611	1,125
Minority interest		16	22	47	39
Net income		258	468	1,658	1,164
Basic and diluted earnings per share	10				
Income from continuing operations (attributable to ThyssenKrupp AG's stockholders)		0.66	0.87	1.76	2.20
Net income (attributable to ThyssenKrupp AG's stockholders)		0.48	0.87	3.23	2.20

See accompanying notes to the unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

Assets million €

	Note	Sept. 30, 2005	June 30, 2006
Intangible assets, net		4,589	4,708
Property, plant and equipment, net		8,743	8,574
Investment property		557	517
Investments accounted for using the equity method		337	322
Financial assets		181	167
Deferred tax assets		745	329
Total non-current assets		15,152	14,617
Inventories, net		6,862	6,669
Trade accounts receivable, net		6,668	7,317
Other receivables		1,135	1,566
Current income tax assets		270	100
Cash and cash equivalents		4,625	4,489
Assets held for sale	3	591	140
Total current assets		20,149	20,281
Total assets		35,301	34,898

Equity and Liabilities million €

	Note	Sept. 30, 2005	June 30, 2006
Capital stock		1,317	1,317
Additional paid in capital		4,684	4,684
Retained earnings		2,171	2,776
Cumulative income and expense directly recognized in equity		(315)	(400)
thereof: relating to disposal groups (Sept. 30, 2005: (1); June 30, 2006: 0)			
Treasury stock		(368)	0
Equity attributable to ThyssenKrupp AG's stockholders		7,489	8,377
Minority interest		389	369
Total equity		7,878	8,746
Accrued pension and similar obligations		8,892	8,614
Other provisions		417	639
Deferred tax liabilities		440	421
Financial liabilities		3,085	2,979
Other liabilities		207	50
Total non-current liabilities		13,041	12,703
Other provisions		1,169	1,484
Current income tax liabilities		465	470
Financial liabilities		1,773	1,064
Trade accounts payable		3,976	4,083
Other liabilities		6,369	6,232
Liabilities associated with assets held for sale	3	630	116
Total current liabilities		14,382	13,449
Total liabilities		27,423	26,152
Total equity and liabilities		35,301	34,898

See accompanying notes to the unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

million €

	9 months ended June 30, 2005	9 months ended June 30, 2006
Operating:		
Net income	1,658	1,164
Adjustments to reconcile net income to cash flows from operating activities:		
Deferred income taxes (net)	378	388
Depreciation, amortization and impairment	1,098	1,122
Earnings from companies accounted for under the equity method, net of dividends received	(24)	(19)
(Gain)/loss on disposal of non-current assets	(88)	(10)
(Gain)/loss on disposal of discontinued operations	(808)	0
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
- inventories	(707)	101
- trade accounts receivable	(805)	(606)
- accrued pension and similar obligations	(160)	(4)
- other accrued liabilities	79	4
- trade accounts payable	24	66
- other assets/liabilities not related to investing or financing activities	(436)	(260)
Cash flows from operating activities	209	1,946
Investing:		
Purchase of investments accounted for using the equity method and financial assets	(296)	(266)
Cash acquired from acquisitions	344	37
Capital expenditures for property, plant and equipment and investment property	(936)	(1,052)
Capital expenditures for intangible assets	(65)	(81)
Proceeds from disposals of investments accounted for using the equity method and financial assets	2,290	102
Cash of disposed businesses	(10)	(25)
Proceeds from disposals of property, plant and equipment and investment property	96	134
Proceeds from disposals of intangible assets	2	7
Cash flows from investing activities	1,425	(1,144)
Financing:		
Proceeds from issuance of bonds	754	0
Repayment of bonds	(5)	(504)
Proceeds from liabilities to financial institutions	880	603
Repayments of liabilities to financial institutions	(1,000)	(858)
Proceeds from notes payable and other loans	80	2
Increase/(decrease) in bills of exchange	(19)	6
Decrease of liabilities due to sales of receivables not derecognized from the balance sheet	(138)	(98)
Increase in current securities	(48)	(22)
Proceeds from treasury shares issued	12	268
Payment of ThyssenKrupp AG dividend from the preceding year	(299)	(412)
Profit distributions to entities outside the Group	(28)	(21)
Other financing activities	25	29
Cash flows from financing activities	214	(1,007)
Effect of exchange rate changes on cash and cash equivalents	38	(20)
Net increase/(decrease) in cash and cash equivalents	1,886	(225)
Cash and cash equivalents at beginning of reporting period	1,395	4,715
Cash and cash equivalents at end of reporting period	3,281	4,490
[thereof cash and cash equivalents within discontinued operations/disposal groups]	[99]	[1]

See note (11) 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 €

	9 months ended June 30, 2005	9 months ended June 30, 2006
Foreign currency translation adjustment	151	(87)
Unrealized gains/(losses) from available-for-sale financial assets	0	4
Actuarial gains/(losses) from pensions and similar obligations	0	14
Unrealized gains/(losses) on derivative financial instruments	20	(31)
Tax effect	(8)	6
Income and expense directly recognized in equity (net of tax)	163	(94)
Net income	1,658	1,164
Total recognized income and expense for the period	1,821	1,070
Thereof:		
ThyssenKrupp AG's stockholders	1,756	1,040
Minority interest	65	30

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				1,611			1,611	47	1,658
Income and expense directly recognized in equity					153		153	18	171
Tax effects on income and expense directly recognized in equity					(8)		(8)	0	(8)
Profit attributable to minority interest							0	(27)	(27)
Dividend payment				(299)			(299)		(299)
Treasury stock issued	790,852			(7)		19	12		12
Other changes							0	(5)	(5)
Balance as of June 30, 2005	499,129,151	1,317	4,684	2,744	135	(368)	8,512	393	8,905
Balance as of Sept. 30, 2005	499,149,151	1,317	4,684	2,171	(315)	(368)	7,489	389	7,878
Net income				1,125			1,125	39	1,164
Income and expense directly recognized in equity					(91)		(91)	(9)	(100)
Tax effects on income and expense directly recognized in equity					6		6	0	6
Profit attributable to minority interest							0	(21)	(21)
Dividend payment				(412)			(412)		(412)
Treasury stock issued	15,339,893			(100)		368	268	0	268
Share-based compensation				1			1	0	1
Other changes				(9)			(9)	(29)	(38)
Balance as of June 30, 2006	514,489,044	1,317	4,684	2,776	(400)	0	8,377	369	8,746

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 nine months ended June 30, 2006, were authorized for issue in accordance with a resolution of the Executive Board on August 07, 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 June 30, 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 IFRS, 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.

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.

Goodwill is stated at cost and tested annually for impairment.

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 to 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. 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 consummated as of June 30, 2006. 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.

In the 2nd quarter ended March 31, 2006, in the Automotive segment the disposal of ThyssenKrupp Budd's Plastics Division has been initiated. The disposal was consummated after June 30, 2006. The Plastics Division creates fiberglass-reinforced composites and molded products for automotive manufacturers. In addition, in June 2006, in the Technologies segment the disposal of the Noske-Kaeser Group has been initiated. Also this disposal was consummated after June 30, 2006. Noske-Kaeser equips merchant and naval vessels of all kinds with air-conditioning, refrigeration and ventilation devices, plants and systems as well as fire-fighting and NBC protection systems. The Noske-Kaeser Group also equips rail and special-purpose vehicles with air conditioning systems and is busy in the market for refrigerated container engineering.

Both 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 two disposal groups as of June 30, 2006:

	June 30, 2006	
	Plastics Division	Noske-Kaeser Group
Intangible assets	0	1
Property, plant and equipment, net	54	5
Inventories	11	26
Trade accounts receivable, net	26	5
Other receivables	1	1
Cash and cash equivalents	0	1
Assets held for sale	92	39
Accrued pension and similar obligations	0	3
Deferred tax liabilities	0	1
Other current provisions	1	5
Current financial liabilities	76	5
Trade accounts payable	6	4
Other liabilities	2	13
Liabilities associated with assets held for sale	85	31

million €

In addition to the assets attributable to the two disposal groups the line item "assets held for sale" includes a financial asset held for sale in the amount of €9 million.

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 3rd quarter ended June 30, 2006, stock rights under the fourth installment of the mid-term incentive plan were granted to additional executive employees. In total, ThyssenKrupp recorded compensation expense of €15.7 million from all installments of this plan in the 3rd quarter (3rd quarter of 2004/2005: €4.1 million).

The Group's Share Purchase Plan which was implemented in February 2006 and entitles to purchase shares at a discount resulted in a compensation expense of €1.0 million.

Employee share purchase program

In the 3rd quarter ended June 30, 2006, the Group offered eligible members of its German and French workforce the right to purchase up to €270 in ThyssenKrupp shares at a 50% discount as part of an employee share purchase program. The program resulted in the Group recording compensation expense of €8.0 million.

5 Other operating income

Other operating income includes €41 million from an insurance settlement in connection with fire damages. The losses resulting from the impairment of damaged property, plant and equipment are recognized in cost of sales.

6 Cost for pensions and similar obligations

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

million €

	3rd quarter ended June 30, 2005		3rd quarter ended June 30, 2006		9 months ended June 30, 2005		9 months ended June 30, 2006	
	Germany	Outside Germany	Germany	Outside Germany	Germany	Outside Germany	Germany	Outside Germany
Service cost	17	13	10	15	51	40	30	45
Interest cost	73	31	63	32	220	93	189	94
Expected return on plan assets	(1)	(29)	(2)	(34)	(4)	(87)	(6)	(100)
Past service cost	0	1	1	3	1	2	3	4
Settlement and curtailment loss/(gain)	0	(1)	0	12	7	(3)	0	12
Net periodic pension cost	89	15	72	28	275	45	216	55

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:

million €

	3rd quarter ended June 30, 2005 USA/Canada	3rd quarter ended June 30, 2006 USA/Canada	9 months ended June 30, 2005 USA/Canada	9 months ended June 30, 2006 USA/Canada
Service cost	5	5	15	17
Interest cost	15	17	45	48
Expected return on reimbursement rights	(1)	(2)	(3)	(5)
Past service cost	0	(1)	0	(1)
Curtailment loss	0	8	0	8
Net periodic postretirement benefit cost	19	27	57	67

7 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:

million €

	Maximum potential amount of future payments as of June 30, 2006	Provision as of June 30, 2006
Advance payment bonds	40	0
Performance bonds	99	0
Third party credit guarantee	37	0
Residual value guarantees	45	1
Other guarantees	498	1
Total	719	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. After the consummation, at first 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 governmental authorities have given their approvals.

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.

8 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 June 30, 2006	Fair value June 30, 2006
Derivative financial instruments				
Assets				
Foreign currency derivatives inclusive embedded derivatives	128	128	126	126
Interest rate derivatives	0	0	1	1
Commodity derivatives	21	21	74	74
Liabilities				
Foreign currency derivatives inclusive embedded derivatives	124	124	74	74
Interest rate derivatives	88	88	36	36
Commodity derivatives	8	8	62	62
Total	369	369	373	373

9 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 year. Prior period presentation has been adjusted accordingly.

Segment information for the 3rd quarter ended June 30, 2005 and June 30, 2006 and for the 9 months ended June 30, 2005 and June 30, 2006, is as follows:

million €

	Steel	Stainless	Special Materials	Automotive	Technologies	Elevator	Services	Corporate	Consolidation	Group
3rd quarter ended June 30, 2005										
External sales	2,134	1,418	1	2,052	1,662	941	3,145	26	0	11,379
Internal sales within the Group	374	148	0	5	10	1	182	3	(723)	0
Total sales	2,508	1,566	1	2,057	1,672	942	3,327	29	(723)	11,379
Sales of continuing operations	2,508	1,566	1	2,057	1,542	942	3,327	29	(719)	11,253
Income/(loss) from continuing operations before income taxes	367	72	0	43	33	79	102	(116)	(3)	577
3rd quarter ended June 30, 2006										
External sales	2,450	1,484	–	2,082	1,455	1,069	3,583	15	0	12,138
Internal sales within the Group	363	166	–	5	3	1	238	11	(787)	0
Total sales	2,813	1,650	–	2,087	1,458	1,070	3,821	26	(787)	12,138
Sales of continuing operations	2,813	1,650	–	2,087	1,458	1,070	3,821	26	(787)	12,138
Income/(loss) from continuing operations before income taxes	382	126	–	33	90	98	168	(87)	(4)	806
9 months ended June 30, 2005										
External sales	5,988	3,807	330	5,862	4,489	2,680	9,074	140	0	32,370
Internal sales within the Group	1,171	448	58	23	23	2	528	12	(2,265)	0
Total sales	7,159	4,255	388	5,885	4,512	2,682	9,602	152	(2,265)	32,370
Sales of continuing operations	7,159	4,255	388	5,885	4,141	2,682	9,602	96	(2,257)	31,951
Income/(loss) from continuing operations before income taxes	877	294	(50)	134	95	248	272	(297)	(18)	1,555
9 months ended June 30, 2006										
External sales	6,971	4,187	–	6,211	4,509	3,128	9,788	72	0	34,866
Internal sales within the Group	1,037	441	–	13	8	4	482	25	(2,010)	0
Total sales	8,008	4,628	–	6,224	4,517	3,132	10,270	97	(2,010)	34,866
Sales of continuing operations	8,008	4,628	–	6,224	4,517	3,132	10,270	97	(2,010)	34,866
Income/(loss) from continuing operations before income taxes	1,070	185	–	23	267	277	344	(149)	(13)	2,004

10 Earnings per share

Basic earnings per share is computed as follows:

	3rd quarter ended June 30, 2005		3rd quarter ended June 30, 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)	328	0.66	446	0.87
Income from discontinued operations (net of tax)	0	0.00	0	0.00
Loss on disposal of discontinued operations (net of tax)	(86)	(0.18)	0	0.00
Net income (attributable to ThyssenKrupp AG's stockholders)	242	0.48	446	0.87
Denominator:				
Weighted average shares	498,648,693		514,489,044	

	9 months ended June 30, 2005		9 months ended June 30, 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)	876	1.76	1,125	2.20
Income from discontinued operations (net of tax)	12	0.02	0	0.00
Gain on disposal of discontinued operations (net of tax)	723	1.45	0	0.00
Net income (attributable to ThyssenKrupp AG's stockholders)	1,611	3.23	1,125	2.20
Denominator:				
Weighted average shares	498,455,097		511,591,509	

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.

11 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:

Mio €	9 months ended June 30, 2005	9 months ended June 30, 2006
Interest paid	261	182
Income taxes paid, net	338	363

The following cash flows resulted from discontinued operations:

million €

	9 months ended June 30, 2005	9 months ended June 30, 2006
Cash flows from operating activities	24	—
Cash flows from investing activities	(11)	—
Cash flows from financing activities	(13)	—

Non-cash investing activities

In the 9 months ended June 30, 2006, the acquisition and first-time consolidation of companies created an increase in intangible assets, property, plant and equipment and investment property of €134 million (June 30, 2005: €1,401 million).

The non-cash addition of assets under finance leases in the 9 months ended June 30, 2006 amounts to €4 million (June 30, 2005: €9 million)

Non-cash financing activities

In the 9 months ended June 30, 2006, the acquisition and first-time consolidation of companies resulted in an increase in gross financial payables in the amount of €4 million (June 30, 2005: €102 million).

12 Subsequent events

On the basis of the authorization granted by the Annual Stockholders' Meeting on January 27, 2006, the Executive Board of ThyssenKrupp AG resolved on July 03, 2006, to purchase up to 25,724,452 treasury shares before the authorization expires. This represents 5% of the capital stock. Until the condensed consolidated financial statements were authorized for issuance on August 07, 2006, 18,520,000 treasury shares were repurchased at an average price of €27.05.

On August 03, 2006, the acquisition of Atlas Elektronik GmbH was consummated. ThyssenKrupp acquired at first an 60% interest in Atlas at a purchase price of €88.1 million.

REPORT BY THE SUPERVISORY BOARD AUDIT COMMITTEE

The interim report on the 3rd 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 August 10, 2006 and commented on by the Executive Board and the auditors. The Audit Committee approved the interim report.

Düsseldorf, August 10, 2006

Chairman of the Audit Committee
Dr. Martin Kohlhaussen

DATES

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)
May 15, 2007	Analysts' and investors' meeting
August 10, 2007	Interim report 3rd quarter 2006/2007 (April to June) Conference call with analysts and investors

CONTACT

For more information, please contact:

Communications and Strategy

Telephone +49 211 824-36007

Fax +49 211 824-36041

E-mail press@thyssenkrupp.com

Investor Relations

E-mail ir@thyssenkrupp.com

Institutional investors and analysts

Telephone +49 211 824-36464

Fax +49 211 824-36467

Private investors

Infoline +49 211 824-38347

Fax +49 211 824-38512

Contact

ThyssenKrupp AG

August-Thyssen-Str. 1, 40211 Düsseldorf, Germany

P.O. Box 10 10 10, 40001 Düsseldorf, Germany

Telephone +49 211 824-0

Fax +49 211 824-36000

E-mail info@thyssenkrupp.com

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.

Telephone +49 211 824-38382 and +49 211 824-38371, Fax +49 211 824-38512

E-mail ir@thyssenkrupp.com

