

January 01 – March 31, 2007

MAKING A
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INTERIM REPORT 2nd QUARTER 2006/2007

January 01 – March 31, 2007

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The financial statements of the ThyssenKrupp Group are prepared in accordance with International Financial Reporting Standards (IFRS). This interim report was published on May 11, 2007.

THE GROUP IN FIGURES

Group

		2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	1st half ended March 31, 2006	1st half ended March 31, 2007
Order intake	million €	12,776	13,962	24,331	27,263
Sales	million €	11,786	13,114	22,728	25,446
EBITDA	million €	1,278	1,031	2,176	2,538
Income*	million €	773	572	1,198	1,634
Net income	million €	441	244	696	905
Basic earnings per share	€	0.84	0.45	1.33	1.76
Employees (March 31)		187,997	187,919	187,997	187,919

* before taxes

		Sept. 30, 2006	March 31, 2007
Net financial liabilities/(receivables)	million €	(747)	897
Total equity	million €	8,927	9,109

Segments

	Order intake (million €)		Sales (million €)		Income* (million €)		Employees		
	2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	March 31, 2006	Sept. 30, 2006	March 31, 2007
Steel	3,252	3,510	3,062	3,389	424	471	38,441	38,840	39,005
Stainless	2,096	2,185	1,626	2,407	52	291	12,143	12,197	12,218
Technologies	2,838	3,083	2,870	2,804	133	108	55,550	54,757	53,274
Elevator	1,203	1,311	1,054	1,088	94	(390)	35,109	36,247	37,758
Services	3,752	4,592	3,383	4,334	91	140	39,016	40,163	43,411
Corporate	431	39	431	39	(17)	(43)	7,738	5,382	2,253
Consolidation	(796)	(758)	(640)	(947)	(4)	(5)			
Group	12,776	13,962	11,786	13,114	773	572	187,997	187,586	187,919

* before taxes

INTERIM MANAGEMENT REPORT

GROUP REVIEW

ThyssenKrupp – still firmly on growth track

ThyssenKrupp maintained its successful performance in the 2nd quarter 2006/2007. In a continuing favorable operating environment, order intake and sales showed pleasing growth rates. The Group's earnings before taxes reached €572 million, compared with €773 million in the prior-year quarter. The earnings decrease is due solely to the EU fine of around €480 million imposed for alleged anti-competitive behavior in the market for elevators and escalators. Excluding this exceptional charge we reported a pleasing earnings increase of €279 million to €1,052 million.

The highlights for the 2nd quarter 2006/2007 were as follows:

- Order intake increased by 9% from the prior-year quarter to €14.0 billion.
- Sales rose by 11% to €13.1 billion.
- EBITDA was €1,031 million, compared with €1,278 million a year earlier; excluding the nonrecurring charge of the EU fine EBITDA in the reporting quarter would have been €1,511 million.
- Earnings before taxes reached €572 million compared with €773 million in the prior-year quarter; excluding the EU fine, earnings before taxes improved by €279 million to €1,052 million.
- Earnings per share decreased as a result of the EU fine from €0.84 in the prior-year quarter to €0.45.
- Net financial liabilities at March 31, 2007 were €897 million. This represents an increase of €1,644 million compared with September 30, 2006, when we reported net financial receivables of €747 million. On March 31, 2006 net financial liabilities stood at €191 million.

The portfolio optimization was systematically continued in all segments.

Earnings target raised

We expect the Group's positive performance to continue in the further course of fiscal 2006/2007. Based on the very good results in the first two quarters and improved growth prospects we now expect to increase sales to around €50 billion and generate earnings before taxes and major nonrecurring effects of around €3.5 billion.

As a result of the significantly increased earnings strength of the Group as well as anticipated earnings effects from the investment program, the Executive Board has raised its mid-term target up to 2010. The aim is to achieve sustainable earnings before taxes and major nonrecurring effects of €4 billion on sales of around €60 billion. In the longer term, particularly after the completion of our major investment projects in North America, we expect sales in the region of €65 billion and earnings before taxes and major nonrecurring effects of €4.5 to 5.0 billion.

Economic environment

The world economy showed further strong growth at the beginning of 2007, although the pace of expansion slowed slightly in some regions. Despite the recent oil price increases, the situation on the international oil markets has eased in the last months. However, prices of some important industrial raw materials increased significantly.

Economic growth slowed in the USA. The main factors in this were weaker demand in private housing construction and in the auto sector. In addition, business spending was lower. In Japan, increased foreign demand and rising investment resulted in a continuing economic improvement.

The euro zone recorded robust growth at the beginning of 2007 due to positive investment and higher exports. The German economy was exceptionally strong. Exports as well as capital investment continued to grow, while private consumption weakened at the beginning of the year due to the increase in value added tax.

The pace of growth in the developing countries of Asia, Latin America and Central and Eastern Europe remained high on the whole. In China, growth in the 1st quarter 2007 again exceeded the 10% mark. India's industrial sector grew strongly.

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

- In a favorable economic framework, the international steel markets remained very robust. Following record production of 1.24 billion metric tons in the previous year, the world steel industry increased its output in the first three months of 2007 by 10% compared with the corresponding prior-year period. China remained the strongest growth driver with an increase of 22%. Outside China, production increased by 4.4%. North America produced less crude steel in the reporting period than a year earlier. The German steel industry recorded a significant 9.5% increase in production in the 1st quarter. The mills continued to operate close to their capacity limits and order books remain full. Steel processors in Germany and the rest of the EU increased their output compared with the prior year, with continuing good operating levels. Demand for carbon steel flat products in the core market of Western Europe therefore remained high. The main reason was robust steel consumption, with further purchases for inventory also being made. EU steel imports from third countries remained extremely high. However, import pressure could ease slightly in the short term as the price advantage of imports seems to be decreasing; in addition, there has been a strong rise in demand in many third-country markets also outside China. Against this background, and also because of the further increase in raw material costs to the steel industry, it was possible to raise prices slightly on a broad front at the beginning of the 2nd quarter 2007.

- End-user demand for stainless steel flat products remained strong in the 1st quarter 2007. However, order intake at the beginning of the year was significantly lower than the extremely high prior-year level due to increased inventory levels at distributors and service centers since mid-2006. This resulted in a marked decrease in base prices. As price levels in Asia in particular are still considerably lower than in Europe, pressure from third-country imports of stainless cold-rolled into Europe has not yet eased. In Europe, deliveries remained at the high level of the prior-year quarter due to relatively strong orders in hand. The situation on the international commodity markets deteriorated further for the raw materials used in stainless steel production. The nickel price recorded several all-time highs. In North America, demand for stainless cold-rolled weakened slightly. As a result, the base price level, which had been increasing continuously since the end of 2005, also dropped in the middle of the 1st quarter 2007. In Asia, demand for stainless cold-rolled grew further compared with the corresponding prior-year period. Despite the price rise towards the end of the 1st quarter, prices were still at an unsatisfactory level. Due to the absence of the alloy surcharge in Asia/China, local producers are having difficulty in passing on raw material price increases to the market quickly. The positive demand situation for nickel alloys and titanium continued in the reporting quarter.
- The international auto industry showed regional differences. In North America, the auto sector weakened noticeably in the 1st quarter 2007. In the USA, new car sales were down from a year earlier and vehicle production was cut back significantly. The traditional US manufacturers lost further market share to Asian and European producers. The Brazilian auto market reported increasing production figures and above all increasing new car registrations in the 1st quarter 2007. In the enlarged European Union, car sales at the beginning of the year were almost unchanged from a year earlier. Demand in Italy was particularly positive. In Germany, however, new car registrations were lower, also as a result of the increase in value added tax. Despite this, vehicle production increased thanks to a rise in exports.
- The global mechanical engineering industry profited from continuing high investment. Production growth continued in important countries at the beginning of the year. The German mechanical engineering sector reported high domestic and foreign orders in the first months of 2007. The German plant engineering industry also began the year 2007 with high orders in hand.
- International construction activity continues to be driven by the countries of Asia and Central and Eastern Europe. In the USA, by contrast, construction output weakened significantly at the beginning of the year. Housing construction in particular was lower due to increased interest rates. The situation on the German construction market improved further. Order intake and output showed a pleasing increase at the beginning of 2007. The trend in commercial building was particularly positive.

ThyssenKrupp in figures

		2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	1st half ended March 31, 2006	1st half ended March 31, 2007
Order intake	million €	12,776	13,962	24,331	27,263
Sales	million €	11,786	13,114	22,728	25,446
EBITDA	million €	1,278	1,031	2,176	2,538
Income*	million €	773	572	1,198	1,634
Employees (March 31)		187,997	187,919	187,997	187,919

* before taxes

Order intake and sales

Following the good start in the 1st quarter, ThyssenKrupp continued its course of sustainable profitable growth in the 2nd quarter 2006/2007. Order intake at €14.0 billion was 9% higher than a year earlier.

The Group's sales improved by 11% to €13.1 billion. In the Steel and Stainless segments the sales increase was due to strong demand on the international markets and higher prices; at Stainless, the alloy surcharge also played a major role, rising due to increases in raw material prices. In the Technologies segment, sales decreased as a result of exchange rates, business disposals and weaker automotive business. Elevator reported higher sales of new installations and maintenance services. At Services, demand improved distinctly as a result of the general economic situation.

An important part in the Group's growth was played by the projects to strengthen the sales and service activities, which have now been combined and expanded in a Sales & Service Initiative as part of the ThyssenKrupp best value enhancement program. These projects in all segments are being carried out internally and are building on the successes of the previous sales initiative and service offensive.

Further acquisitions to round out the portfolio or improve market access were made in the 2nd quarter 2006/2007, particularly in the Technologies, Services and Elevator segments. They included the acquisition of additional capacities for the manufacture of large-diameter bearings by the Technologies segment and the setting up of a joint venture for the distribution of materials in Vietnam by the Services segment.

In addition, the Technologies segment disposed of marginal activities which were no longer part of its core business. These included the manufacture of PCB assemblies and the production of car jacks as well as the sale in April of the defense engineering business of Blohm + Voss Industries.

Since the merger, ThyssenKrupp has divested businesses representing sales of €9.0 billion and acquired businesses with sales of €8.0 billion.

Sales billion €

2005/2006	1st quarter	10.9
	1st half	22.7
	9 months	34.9
	12 months	47.1
2006/2007	1st quarter	12.3
	1st half	25.4

Income

ThyssenKrupp achieved earnings before taxes of €572 million in the 2nd quarter 2006/2007, compared with €773 million in the same quarter a year earlier. Earnings were heavily impacted by an antitrust fine imposed on ThyssenKrupp Elevator by the EU commission as a result of investigations into several European elevator manufacturers. Without this expense, earnings before taxes would have been €1,052 million, similar to the level of the 1st fiscal quarter. The roughly €480 million fine for ThyssenKrupp was recognized fully in the 2nd quarter as expense in the Elevator segment.

The Stainless segment achieved a major profit jump due to significantly higher price levels compared with the prior-year quarter. Services also increased its profits considerably due to the continuing good price and volume situation for materials and the expansion in industrial services. The Steel segment further increased its profits at a high level. Excluding the antitrust fine, Elevator came close to equaling its prior-year profit. Profits at Technologies were lower, with increased earnings at Plant Technology unable to offset higher order costs for some shipbuilding projects.

Net sales increased significantly and more than the cost of sales, with the result that gross margin improved from 17% to 18%. Administrative and selling expenses were virtually unchanged. The decrease in other operating income is due to the fact that the prior-year figure included the break fee from the terminated acquisition of Dofasco. The sharp rise in other operating expense is due to the roughly €480 million fine imposed on ThyssenKrupp by the EU Commission for antitrust violations in the elevator and escalator market.

After deducting tax expense, net income for the period was €244 million. Deducting from this the minority interest in profits of €25 million, earnings per share is €0.45, compared with €0.84 in the same quarter a year earlier.

Income* million €

2005/2006	1st quarter	425
	1st half	1,198
	9 months	2,004
	12 months	2,623
2006/2007	1st quarter	1,062
	1st half	1,634

*before taxes

Net financial liabilities/receivables and capital expenditures

At March 31, 2007 net financial liabilities stood at €897 million. On September 30, 2006 we reported net financial receivables of €747 million. The €1,644 million increase in net financial liabilities mainly reflects the rise in working capital due to business expansion, increased capital expenditures, for example for the new steel mill in Brazil, and the dividend payment.

Compared with March 31, 2006 net financial liabilities increased by €706 million.

Capital expenditure in the 2nd quarter 2006/2007 totaled €551 million, 12% more than in the prior-year quarter. €528 million was invested in property, plant and equipment and intangible assets and €23 million in the acquisition of businesses, shareholdings and other financial assets.

Net financial liabilities/(receivables) million €

2005/2006	December 31	315
	March 31	191
	June 30	(496)
	September 30	(747)
2006/2007	December 31	391
	March 31	897

SEGMENT REVIEW**Steel: Unabated demand for carbon steel flat products****Steel in figures**

		2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	1st half ended March 31, 2006	1st half ended March 31, 2007
Order intake	million €	3,252	3,510	6,206	6,633
Sales	million €	3,062	3,389	5,860	6,507
Income*	million €	424	471	693	870
Employees (March 31)		38,441	39,005	38,441	39,005

* before taxes

The pleasing performance of the Steel segment continued in the 2nd quarter 2006/2007. Compared with the same quarter a year earlier, order intake increased by 8% to €3.5 billion. This was due to significantly improved average prices both in quarterly and long-term contracts, with order quantities slightly lower but still solid. Sales increased by 11% to €3.4 billion, also due to the higher prices. Shipments remained steady with production running close to capacity and low inventories of finished products.

In order to focus our steel processing capabilities for the auto industry and meet rising customer demand for wider services, the auto chassis and body component business of the Technologies segment was transferred to the Steel segment in the 2nd quarter 2006/2007. These activities are now run by the Auto business unit as the Metal Forming operating group. The reference data for the 1st quarter and the prior year have been adjusted accordingly.

The Steelmaking business unit increased its crude steel production by 12% to 3.8 million metric tons in the reporting period. This strong increase mainly reflects the fact that the prior-year figure was unusually low due to a loss of production at our subsidiary Hüttenwerke Krupp Mannesmann. As a result of the higher output and the passing on of raw material and energy cost increases, sales of the business unit were higher than a year earlier. To better utilize our hot-rolled capacities, we additionally purchased slabs from third parties.

The Industry business unit recorded distinctly higher sales in the reporting period. Shipments were lower than the prior-year level, which was marked by a drawdown of finished product inventories. However, this decrease was outweighed by the improved prices. Industrial customers showed continuing strong demand; in some cases the quantities required by end-users and steel service centers were higher than our production capacities. Our European steel service centers also benefited from the pleasing market situation, recording higher volumes and prices than in the corresponding prior-year period. The healthy economic situation also resulted in improved sales of construction elements.

Sales of the Auto business unit increased significantly from a year earlier. This was due both to higher volumes and to price increases secured in contract business with the automobile industry. As a result of limited capacities and low inventories certain difficulties were encountered in supplying our European customers. Sales of tailored blanks were considerably higher than a year earlier, partly due to the ramp-up of our new production sites in China and Sweden. The steel service business in North America recorded major volume losses which were only partly offset by positive price effects. In Metal Forming, lower tooling sales were not fully compensated by improved sales of components.

The Processing business unit expanded its sales. Shipments of tinplate showed a further rise, while price pressure increased in a difficult European market. Medium-wide strip also recorded a strong expansion in sales due to higher volumes and prices. Continuing high worldwide demand for grain-oriented electrical steel made it possible to secure a further significant rise in prices for these products.

Income

The Steel segment increased its profit in the reporting quarter by €47 million to €471 million. The quarterly earnings include a loss of €8 million for the Metal Forming operating group. The comparative figures have been adjusted accordingly.

The Steelmaking business unit reported a loss, having returned positive earnings a year earlier. The main factors were the start-up costs for the steel mill in Brazil and increased electricity costs.

The Industry business unit recorded substantial growth in income. This was possible despite declining overall shipments and higher starting material costs because the business unit improved its product portfolio, raised prices and continuously implemented measures to enhance efficiency. The European steel service centers achieved significantly higher profits in a good market environment.

The Auto business unit reported lower profits. However, the income figure for the comparable prior-year quarter contained an insurance recovery in connection with a fire. Excluding this effect, profits improved significantly in the reporting period, mainly as a result of volume and price increases and the ongoing implementation of performance enhancement programs. Running counter to this were higher costs for the procurement of energy and raw materials. Tailored Blanks considerably increased its profits – thanks partly to the profitable ramp-up of its locations in China and Sweden. With shipments declining, the North American steel service activities reported a loss, having returned a profit the year before. The loss was due to impairment charges on property, plant and equipment. After positive earnings a year earlier, the Metal Forming business recorded a loss due to start-up costs for new products.

The Processing business unit achieved considerably higher profits mainly on the back of increased prices for electrical steel. The medium-wide strip business also benefited from a positive trend in volumes and prices and significantly improved its profits. Income in the tinplate operating group was slightly higher than the previous year despite the impact of higher starting material prices, especially for tin.

Stainless: Considerable growth in earnings**Stainless in figures**

		2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	1st half ended March 31, 2006	1st half ended March 31, 2007
Order intake	million €	2,096	2,185	3,625	4,098
Sales	million €	1,626	2,407	2,978	4,378
Income*	million €	52	291	59	616
Employees (March 31)		12,143	12,218	12,143	12,218

* before taxes

With order volumes significantly lower than in the strong prior-year quarter, the value of orders received by the Stainless segment in the 2nd quarter 2006/2007 increased by 4% to €2.2 billion. The situation in high-performance materials was positive. Demand remained high in the chemical, plant construction, energy, gas and oil sectors. At the same time prices for alloying elements climbed sharply. Both these factors resulted in encouraging growth in the value of orders received for nickel alloys.

At around 650,700 metric tons, total deliveries by the Stainless segment were roughly 7% lower than the year before. In particular shipments of hot-rolled strip decreased. In contrast, deliveries of cold-rolled strip rose slightly from the prior-year period.

Stainless reported 2nd quarter sales of €2.4 billion, up 48% from the prior-year quarter. In addition to higher base prices, this increase was mainly due to the effect of the alloy surcharge, driven chiefly by the further rise in nickel prices.

In the ThyssenKrupp Nirosta business unit, demand fell sharply due to high inventory levels and increased nickel prices. However, as shipments remained at the prior-year level, sales increased significantly. The annealing and pickling line damaged by the fire at the Krefeld cold-rolling mill in June 2006 has now gone back into operation. The cold-rolled line which was also damaged is still being rebuilt; production is due to commence in fall 2007.

ThyssenKrupp Acciai Speciali Terni also registered a downturn in demand for stainless products from service centers, distributors and tube manufacturers. Despite this, the business unit achieved a further increase in shipments. The higher price level and the alloy surcharge led to substantial sales growth. The start-up of the expanded finishing shop had a positive effect; as a result the business unit is now even better placed to meet the requirements of its customers.

ThyssenKrupp Mexinox recorded higher order intake. Here, too, although shipments remained unchanged, sales increased on account of higher transaction prices. The business unit further expanded its strong position in the North American market for high-quality stainless steel products.

Shanghai Krupp Stainless reported a positive performance in order intake, shipments and sales – triggered primarily by increasing business with end customers. The business unit is continuing to support ThyssenKrupp Nirosta with material deliveries following the fire at the Nirosta plant in June 2006 and associated production restrictions.

The nickel alloys business of ThyssenKrupp VDM recorded a significant rise in order value due to the higher nickel price component. The business unit continued its comprehensive business process improvement program. Sales increased as a result of the higher raw materials costs which were passed on in prices.

The ThyssenKrupp Stainless International business unit profited from the strengthening of distribution capabilities through its new service centers in Poland and the United Kingdom. Order intake was up, and shipments and sales likewise increased considerably.

Income

Year on year, the Stainless segment's 2nd quarter profit increased by €239 million to €291 million.

The main factors here were a distinctly higher base price level – though there are signs that this is weakening – in conjunction with stable demand from end consumers. Prices in the prior-year quarter were still weak and only subsequently increased to today's level. Earnings were negatively impacted by a distinct rise in energy costs, mainly for electricity and gas.

Thanks to improved price levels and ongoing performance enhancement programs, the German stainless activities reported significantly higher profits. The measures to maintain supply readiness and minimize losses following the fire at the Krefeld plant, which negatively impacted income in previous periods, have largely been completed. The Italian activities achieved substantial growth in earnings. Here too, higher base prices and the implementation of efficiency programs had a positive impact. The high volume of titanium business and the improved results of the forging operation also made a contribution. In a generally positive market environment in the NAFTA region, the Mexican cold-rolling activities also reported a significant climb in income. Following a loss in the prior-year quarter, the Chinese cold-rolling activities generated a profit despite the continued difficult market environment. This is mainly the result of an improved product mix, increased export activities and hire work as well as the cost advantages achieved through the start-up of the hot-rolled annealing and pickling line. The price increases now realized by Chinese producers will still not be enough to offset the current cost increases for raw materials.

In a generally stable market environment, earnings in the nickel alloys business decreased from the prior-year quarter, due among other things to the temporary decline in demand in the aerospace sector.

Technologies: Order intake remains high**Technologies in figures**

		2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	1st half ended March 31, 2006	1st half ended March 31, 2007
Order intake	million €	2,838	3,083	5,727	6,511
Sales	million €	2,870	2,804	5,770	5,596
Income*	million €	133	108	254	256
Employees (March 31)		55,550	53,274	55,550	53,274

* before taxes

Order intake and sales

Order intake at Technologies remains high. Despite negative exchange-rate effects and company disposals, order intake in the 2nd quarter 2006/2007 reached €3.1 billion, a further improvement on the good level of the prior-year quarter. At €2.8 billion sales did not quite match the year-earlier level. This mainly reflects the weak us dollar exchange rate, company disposals, weaker demand at the North American foundries and lower sales in the automotive systems business. With an order backlog of €13.5 billion at March 31, 2007, orders in hand currently cover more than one year's sales.

ThyssenKrupp Umformtechnik was transferred from the Technologies segment to the Steel segment in the 2nd quarter 2006/2007. The figures for the 1st quarter 2006/2007 and the prior-year period have been adjusted accordingly.

The order situation in the Plant Technology business unit remained encouraging. Orders exceeded the already high levels of the prior-year period – with a slight improvement in sales. High raw material and energy prices and strong worldwide demand for cement created a very good investment climate for the product groups of Plant Technology and a correspondingly strong project situation for the companies.

Marine Systems recorded an improvement in orders from the previous year mainly due to the strong performance of the repair and service business and the integration of Blohm + Voss Industries. Sales, too, were substantially higher.

Overall the positive trend in demand in the Mechanical Components business unit continued in the 2nd quarter 2006/2007, with order intake higher than sales. However, sales did not reach the prior-year level. This reflects the increase in the value of the euro against the us dollar, the loss of sales due to the disposal of the Brazilian foundry, and lower demand at the North American foundries. However, sales of large-diameter antifriction bearings and rings remained strong.

The Automotive Solutions business unit achieved significant order growth, to which virtually all operating groups contributed. However, sales were lower than a year earlier due to lower billings for body shop equipment, tooling and assembly systems in Germany and the USA. By contrast, the unit generated strong business with axle modules.

Transrapid achieved higher sales than a year earlier.

Income

In the 2nd quarter 2006/2007, the Technologies segment returned a profit of €108 million compared with €133 million in the comparable prior-year quarter. A substantial earnings increase at Plant Technology and the first ever profit reported by Transrapid did not quite offset the decrease in income at Marine Systems due to higher order costs. Expenditure for restructuring and partial retirement measures in the 2nd quarter 2006/2007 was also higher than a year earlier, mainly due to the integration of the Automotive segment.

With a two-digit million profit, Plant Technology achieved another significant improvement. The main reasons were increased sales with high-margin orders and improved earnings from orders.

Despite further improvements in the submarine, repair and service businesses, earnings at Marine Systems were well down from the prior year due to higher costs for processing yacht orders.

Mechanical Components once again achieved a pleasing two-digit million profit. Continued strong demand for large-diameter antifriction bearings and rings had a particularly positive effect. However, weaker demand and a sharp rise in starting material prices at the North American foundries impacted negatively on earnings.

Automotive Solutions achieved a two-digit million profit which was higher than the year before. A disposal gain at Bilstein Suspension was set against restructuring expenditures and lower sales and project income in the body shop equipment, tooling and assembly systems activities in the USA.

Transrapid reported a profit for the first time in the 2nd quarter. Income contributions from license billings, higher interest income and cost reduction measures had a positive impact.

Elevator: Firmly on growth track**Elevator in figures**

		2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	1st half ended March 31, 2006	1st half ended March 31, 2007
Order intake	million €	1,203	1,311	2,464	2,610
Sales	million €	1,054	1,088	2,062	2,171
Income*	million €	94	(390)	179	(293)
Employees (March 31)		35,109	37,758	35,109	37,758

* before taxes

Order intake and sales

Elevator remained on growth track in the 2nd quarter 2006/2007. Despite negative exchange-rate effects the business volume was expanded in both new installations and the service business. While the growth in new installations is mainly attributable to strong business in North America, we expanded our service activities in all regions. Overall, 2nd quarter order intake showed a year-on-year improvement of 9% to €1.3 billion. Sales were up by 3% at €1.1 billion.

The Central/Eastern/Northern Europe business unit significantly exceeded its year-earlier order intake and sales. This positive development was attributable in particular to the activities in France and the United Kingdom. While the French operations profited above all from very encouraging modernization business, the growth in the United Kingdom came from the new installations and service areas.

The Southern Europe/Africa/Middle East business unit likewise recorded higher order intake. A positive factor here was the first-time inclusion of companies in Italy and the Gulf States. In addition, increased orders were booked in Turkey. The business unit's sales were level with the previous year. A slight fall in sales in the new installations business in Spain was offset by the new inclusions.

2nd quarter order intake and sales in the Americas business unit were slightly down from the high prior-year level due to negative exchange-rate effects. However, at operating level both order intake and sales increased. In the USA the sustained upswing in the non-residential areas of the construction sector had a positive effect. In addition, the service business was further expanded. The business situation in Canada and Brazil was also encouraging.

The Asia/Pacific business unit significantly expanded both order intake and sales. Orders and sales in Korea were slightly higher despite the continued difficult market environment. The Chinese activities again profited from persistently strong demand for new installations.

The Escalators/Passenger Boarding Bridges business unit reported slightly improved sales and significantly higher order intake. The escalator activity contributed to the growth despite continued price competition. In a stable market, the passenger boarding bridges business achieved a substantial improvement on its prior-year figures.

The Accessibility business unit continued its unbroken growth. Order intake and sales climbed further in both Europe and North America.

Income

The Elevator segment reported a loss of €390 million in the 2nd quarter 2006/2007. This was due to the roughly €480 million fine imposed by the EU Commission in an antitrust case. Without the fine, Elevator would have achieved a profit of €90 million, compared with €94 million in the prior-year quarter, the drop mainly being attributable to negative exchange-rate effects. To improve comparability, the operating performance of the business units is described in the following without the effect of the EU fine:

Operating income in the Central/Eastern/Northern Europe business unit fell short of the year-earlier level due to sustained price pressure. Only the activities in the United Kingdom generated significantly higher earnings. The companies in Lithuania and Croatia were consolidated for the first time.

The Southern Europe/Africa/Middle East business unit exceeded its prior-year profit. The improvement was mainly due to the increasing share of service business in sales in Spain. In addition, in Portugal the business unit succeeded in focusing new installations business on orders with higher profit margins. New activities in Italy and the Gulf region likewise contributed to the growth in earnings.

The Americas business unit achieved distinct growth in profits. Negative exchange-rate effects were more than offset by an improvement in operating income. A major role in this was played by the North American activities which not only continued to benefit from the good market situation but also achieved higher margins.

The Asia/Pacific business unit likewise reported significantly higher profits. However, the growth was the result of the sale of real estate which was no longer required for operating purposes following the combination of production locations. The Chinese activities also contributed, benefiting from sales growth in the new installations business.

The Escalators/Passenger Boarding Bridges business unit recorded a loss in the reporting period. In the passenger boarding bridges business, delays in the processing of orders negatively impacted income. The escalators business reported break-even operating earnings. The reduction compared with the prior year was caused by the continuing price competition.

Income in the Accessibility business unit fell slightly. While the earnings of the North American activities were level with the previous year, profits in Europe were down due to the discontinuation of platform lift production in the Netherlands.

Services: High sales growth

Services in figures

		2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	1st half ended March 31, 2006	1st half ended March 31, 2007
Order intake	million €	3,752	4,592	6,879	8,799
Sales	million €	3,383	4,334	6,449	8,306
Income*	million €	91	140	176	332
Employees (March 31)		39,016	43,411	39,016	43,411

* before taxes

Order intake and sales

The Services segment achieved its highest ever quarterly sales of €4.3 billion in the 2nd quarter of the reporting year. This was a 28% improvement on the prior-year quarter. The main reason was the improved cyclical situation on the raw and industrial materials markets. The international expansion of the segment's distribution activities and the newly established and acquired companies additionally boosted sales.

The largest business unit, Materials Services International, recorded the strongest growth in sales. The very good market situation with demand and prices at a high level continued in the reporting period. This was true not only of the growth region of Eastern Europe but also of Germany and almost all Western European countries as well as the activities in South America and Asia.

Although still generally high, the pace of growth in North America has slowed considerably. Nevertheless, the Materials Services North America business unit reported a significant improvement in sales against the very strong prior-year quarter.

The Industrial Services business unit also reported further growth. Beyond its traditional activities, business with the energy sector was expanded. The new activities in South America also made a substantial contribution to sales growth. Sales in North America only failed to increase on account of the unfavorable exchange rate situation.

The Special Products business unit achieved a significant increase in sales. Business with rolled steel and tubular products as well as the technical trading activities showed remarkable growth, due mainly to strong demand and very high prices for metallurgical raw materials. Nickel, for example, reached a price of 50,000 us dollars per metric ton.

Income

At €140 million, 2nd quarter 2006/2007 income at Services was up by more than 50% from the comparative prior-year period. The highest earnings were returned by the Materials Services International business unit, which more than doubled its profits as a result of higher prices, stronger demand and a significant expansion in its activities. By contrast, Materials Services North America was unable to repeat its very good prior-year earnings – despite the positive price and volume situation – due to high expense from the fair-value recognition of currency hedges. The Industrial Services business unit achieved an increase in profits with contributions from new orders and acquisitions, particularly in the area of process services for the energy and chemical sectors. Efficiency enhancement programs also played a significant part in the earnings improvement. The Special Products business unit matched its very high year-earlier profits, which were boosted by exchange-rate effects and nonrecurring income. The main contributions came from 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 individual segments. Also included here is the non-operating real estate, which is managed and utilized centrally by Corporate. The retained assets and liabilities and held-for-sale operations of ThyssenKrupp Budd are also assigned to Corporate. The disposal in the meantime of the held-for-sale operations is responsible for the decrease in Corporate's sales.

Corporate reported a loss of €43 million, a deterioration of €26 million compared with the prior-year quarter. A year earlier, income was boosted by the €142 million break fee from the terminated acquisition of Dofasco, but negatively impacted by restructuring charges for the now sold or closed North American automotive activities. In the reporting quarter, exchange rate gains and income in connection with the disposal of real estate were recognized as a result of the discontinuation of the automotive activities in Detroit. Net interest at Corporate also showed an improvement on the prior-year quarter due to adjustments to the internal financing system.

Consolidation mainly includes the results of intercompany profit elimination.

INNOVATIONS

74 projects entered in Innovation Contest

Outstanding quality, high customer value and great market potential: these are qualities demonstrated by the winning projects in the Group's 2007 Innovation Contest, which attracted 74 entries. The contest was launched in 2000 to emphasize our capacity for innovation. Projects by scientists and engineers from outside Germany are steadily taking on increased importance.

First prize for TurboTrack from Elevator

First prize was awarded to a Spanish team from the Elevator segment for the development of the TurboTrack. This accelerating moving walk allows passengers to enter and exit safely at low speed, while the central section moves at a much faster 2.5 meters per second, or nine kilometers per hour.

The TurboTrack comprises a system of mechanical elements, a walkway made up of individual plates, and a high-tech control system. It can handle over 14,500 passengers per hour and cover distances of between 200 and 1,500 meters. As well as saving time for passengers, the system also opens up new design possibilities for public buildings such as airports. For example, two TurboTrack moving walks have already been sold to Toronto International Airport, and many other customers have shown interest.

Technologies successful with environment-friendly chemical process

Second prize went to the Technologies segment and the project "Uhde H₂O₂ process". This is an environment-friendly process developed in collaboration with Degussa which produces the versatile chemical propylene oxide using hydrogen peroxide as an oxidant. Propylene oxide is frequently used as a feedstock for the production of polyurethane foam. The technology is energy- and material-efficient and the only other byproduct is water. This new process offers both economic and ecological benefits.

Steel raises its profile for automotive lightweighting

Third prize was won by a team from the Steel segment for the development of the so-called T3 profiling technology. This concept allows complex hollow sections to be produced quickly and cost-efficiently for the auto industry. A blank is formed and welded to a near-net-shape component in a single process step, including all ancillary design elements and openings.

The high-precision process utilizing completely new equipment technology allows the realization of previously impossible designs and a new dimension of part integration. It also saves on material and thus weight. The low-cost, weight-optimized tubular parts produced can be used for steel lightweighting solutions in auto construction, securing the use of steel in future vehicle generations. The new production process underlines ThyssenKrupp Steel's excellent standing in the area of innovative tubular products.

Stainless develops alternatives to expensive chromium-nickel steels

Persistently high nickel prices are affecting customer behavior worldwide. In the USA in particular, but also increasingly in Europe, customers are demanding alternative materials with lower or no nickel content. To meet this demand, ThyssenKrupp Stainless has developed such materials in recent months; their processing and application properties are currently being tested for specific customers.

In addition, a decision was made at the beginning of 2006 to install a vob converter at ThyssenKrupp Acciai Speciali Terni. This unit is currently being built and will start operation at the end of the 1st quarter 2008. The innovative vob technology will allow Stainless to extend its portfolio of ferritic steels to include grades which can replace traditional chromium-nickel steels in some applications.

EMPLOYEES

Workforce: Increases at Elevator and Services

On March 31, 2007, ThyssenKrupp had 187,919 employees worldwide, a rise of 333 or 0.2% compared with the end of the past fiscal year. The highest overall workforce growth took place at the service-related segments Elevator and Services.

In Germany, the headcount increased by 0.5% to 84,447. This means that 45% of the workforce is employed in Germany.

There was a 0.1% decrease in the number of employees outside Germany to 103,472. The expansion of our foreign activities, especially at Elevator and Services, did not quite offset the workforce reduction in North and South America due to disposals. At the end of March 2007, 24% of our employees worked in the rest of Europe (excluding Germany) and 16% in the NAFTA region.

Fewer accidents due to improved health and safety measures

Health and safety is a key element of our HR policy. As part of our Groupwide “Zero Accidents” initiative, we have reviewed and strengthened the organization of our health and safety activities. A coordinating office was set up at the Group’s head office for occupational safety issues.

The Executive Board of ThyssenKrupp AG and the Group Works Council have jointly issued new guidelines highlighting the health and safety of our employees as an important corporate objective. In conjunction with the Employers’ Liability Insurance Association (Berufsgenossenschaften), numerous seminars and e-learning programs are provided to inform managers about ways of improving health and safety.

Intensified health and safety measures in recent years have already led to a fall in accident rates, with both working and commuting accidents on the decrease. This positive trend continued in the 1st half of 2006/2007: the number of reportable accidents per million working hours fell from 11.4 to 11.0.

FINANCIAL POSITION

Analysis of cash flow statement

The amounts taken into consideration in the cash flow statement correspond to the balance sheet item "Cash and cash equivalents".

There was a cash outflow of €0.1 billion from operating activities compared with an inflow of €0.9 billion in the prior-year quarter. The €1.0 billion decrease in operating cash flows was mainly due to the rise in working capital as a result of business expansion.

Cash outflow from investing activities increased by €0.3 billion in the reporting period to €1.1 billion due to an increase of €0.6 billion to €1.2 billion in capital expenditure on property, plant and equipment, mainly for the construction of the steel mill in Brazil. Expenditure on financial assets was down €0.1 billion from the prior-year quarter. Proceeds from disposals of financial assets and property, plant and equipment increased by €0.1 billion in each case compared with the 2nd quarter 2005/2006.

Free cash flow, i.e. the sum of operating cash flows and cash flows from investing activities, decreased by €1.3 billion in the reporting period to €(1.1) billion. This was mainly due to the rise in working capital and higher capital expenditure on property, plant and equipment.

Analysis of balance sheet structure

The following balance sheet analysis includes assets and liabilities held for sale which are reported separately in the Group's consolidated balance sheets.

Compared with September 30, 2006 the balance sheet total increased slightly to €36,551 million.

The increase in property, plant and equipment is mainly due to progress in the construction of the steel mill in Brazil.

The €1,403 million increase in inventories to €8,813 million, mainly in the Stainless and Services segments, was primarily due to higher raw material prices, especially for nickel, and increased inventory levels caused by sales expansion.

The business expansion resulted in a significant increase in trade accounts receivable and payable in almost all areas. This effect was cushioned by the disposal of the North American body and chassis business. This disposal also led to a reduction in accrued pension and similar obligations.

The current other liabilities at March 31, 2007 include the roughly €480 million antitrust fine imposed by the EU Commission on ThyssenKrupp Elevator.

The increase in inventories and in trade accounts receivable in particular resulted in a cash outflow from operating activities; investment in property, plant and equipment also led to a cash outflow for capital expenditure. The net result of this was a decrease of €1,831 million in cash and cash equivalents to €2,616 million.

Total equity increased by €182 million to €9,109 million, mainly due to the net income in the 1st half 2006/2007 and, running counter to this, the payment of the ThyssenKrupp AG dividend in the amount of €489 million.

RISK REPORT

Good risk management pays dividends

Against the background of a systematic and efficient risk management system, the risks at ThyssenKrupp are contained and manageable. There are no identifiable risks which could in the future pose a threat to the existence of the Company. Business processes are well controlled in the Group. We counter market risks from cyclical price and volume developments in individual regions through our global market presence. Furthermore, our diversified product and customer structures limit the impact of negative developments affecting individual products, customers and sectors. To hedge against financial risks, the Group uses among other things derivative financial instruments. Detailed project controls restrict risks from business processes, especially on major projects. The information contained in the risk report in the 2005/2006 Annual Report is still valid.

We report on pending lawsuits, claims for damages and other risks in Note 8.

SUBSEQUENT EVENTS, OPPORTUNITIES AND OUTLOOK

Subsequent events

There were no events requiring disclosure.

Economy to remain favorable

We anticipate that the world economy will continue to show strong growth this year. At 4.9%, world GDP growth will be slightly higher than expected a few months ago.

In the USA, the economy will slow this year due to the weaker property market and low private investment. By contrast, the economic recovery in the euro zone and Germany will be much stronger than expected. Over the course of the year, the increase in VAT will have a lesser impact on the German economy than was previously feared. Growth is being driven above all by corporate capital spending and rising exports; private consumption is also stronger than initially anticipated. The emerging markets continue to report strong growth momentum, above all China and India. Growth rates should also remain high in most Eastern European countries.

The main risks to global economic growth are from increasing raw material and oil prices as well as a faster-than-expected slowdown in the USA.

We expect the following developments and opportunities for ThyssenKrupp on the major markets:

- Given the robust state of the world economy, the global steel market will expand further this year. According to the latest IISI forecast, the market is expected to grow by around 6%. Demand in China, India and other emerging countries will once again show higher-than-average growth. Following oversupply last year, a roughly 3% decline in demand is forecast for the NAFTA region. Developments in the EU market will be more settled in 2007. With steel consumption continuing to rise, we anticipate only a moderate 1.5% increase in supply due to an expected rundown of stocks in the 2nd half of the year. There continues to be a risk of global oversupply in commodity grades, which could result in persistently high import levels to the EU market.

- Stainless output in 2007 is expected to be slightly higher than a year earlier. Demand from end users will remain strong in Europe but decline slightly in the USA. In China, growth in capacities will continue to outstrip demand. Even though the price differential between Asia and Europe/USA is growing smaller, imports to these regions will remain at a high level. This import pressure and the already high inventory levels at distributors and service centers will further impact orders at producers. Lower order intake and high alloy surcharges are depressing base prices for stainless steel in Europe and the North America. At the same time, producers are coming under increasing pressure to supply new grades with lower nickel contents or chromium steels as a substitute for the expensive chromium-nickel steels. The market for high-performance nickel-alloy and titanium materials is again expected to perform positively.
- In 2007 we expect auto production to increase slightly to 70.8 million vehicles. Growth will continue to focus on the emerging markets of Asia and Eastern Europe. In Japan and the USA, output could fall slightly. By contrast, vehicle production in Western Europe is expected to remain at roughly the prior-year level. Compared with 2006, German vehicle output is expected to increase slightly as a result of production relocations from Belgium to Germany.
- With capital expenditure remaining high, we expect the global mechanical engineering sector to report solid production growth, albeit at a slightly reduced pace. The German mechanical engineering industry will expand further this year, although again at a slightly slower pace than in 2006. The large-scale plant construction sector is once again expected to perform very positively in 2007.
- International construction activity will continue to be driven by the countries of Asia and Central and Eastern Europe in 2007. Construction output in the USA is expected to weaken slightly. In Germany, the main impetus in 2007 will come from continuing high investment in the commercial building sector. By contrast, housing construction will slow following the abolition of the home owners' allowance and the absence of pre-buying effects ahead of the increase in VAT. A similar trend is expected in public sector building, which is being impacted by restrictive spending policies at federal and state level. The German construction industry is therefore expected to continue its recovery in 2007 on the back of strong commercial building activity, though growth will be slower than in 2006.

New carbon and stainless steel site in the USA

As part of their forward strategy for profitable growth, the Steel and Stainless segments are planning to jointly build a new production and distribution site in the southern USA. This will significantly strengthen our position in North America. The NAFTA region is one of the biggest volume markets for high-grade flat carbon steel. North America is also an important market for stainless steel flat products. After several years of weaker growth, the US market is forecast to expand by 3.2% p.a. in the next few years. Growth in Mexico (9.5%) and Canada (5%) is expected to be considerably higher.

The centerpiece of the new site will be a hot strip mill which will be used to process slabs from the steel mill we are currently building in Brazil. The plant will also include cold rolling and hot-dip coating capacities for high-grade end products of flat carbon steel. In addition, Stainless intends to build a melt shop on the same site for stainless slabs which will also be rolled on the new hot strip mill. A cold rolling mill will also be built to allow further processing into stainless cold-rolled. Part of the hot-rolled will also be supplied to our existing stainless cold rolling mill in Mexico.

Earnings target raised

We expect the Group's positive performance to continue in the further course of fiscal 2006/2007. Based on the very good results in the first two quarters and improved growth prospects we now expect to increase sales to around €50 billion and generate earnings before taxes and major nonrecurring effects of around €3.5 billion.

As a result of the significantly increased earnings strength of the Group as well as anticipated earnings effects from the investment program, the Executive Board has raised its mid-term target up to 2010. The aim is to achieve sustainable earnings before taxes and major nonrecurring effects of €4 billion on sales of around €60 billion. In the longer term, particularly after the completion of our major investment projects in North America, we expect sales in the region of €65 billion and earnings before taxes and major nonrecurring effects of €4.5 to 5.0 billion.

THYSSENKRUPP AG

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(unaudited)

million €, earnings per share in €

	Note	2nd quarter ended March 31, 2006	2nd quarter ended March 31, 2007	1st half ended March 31, 2006	1st half ended March 31, 2007
Net sales	10	11,786	13,114	22,728	25,446
Cost of sales		(9,796)	(10,711)	(19,005)	(20,675)
Gross margin		1,990	2,403	3,723	4,771
Selling expenses		(695)	(696)	(1,336)	(1,391)
General and administrative expenses		(596)	(613)	(1,160)	(1,189)
Other operating income	4	286	144	437	345
Other operating expenses	5	(109)	(589)	(255)	(725)
Gain/(loss) on the disposal of subsidiaries, net		1	(8)	12	(6)
Income from operations		877	641	1,421	1,803
Income from companies accounted for at equity		9	19	12	32
Interest income		65	61	126	133
Interest expense		(174)	(166)	(361)	(337)
Sundry financial income/(expense), net		(4)	17	0	3
Financial income/(expense), net		(104)	(69)	(223)	(169)
Income before income taxes		773	572	1,198	1,634
Income tax expense		(332)	(328)	(502)	(729)
Net income		441	244	696	905
Thereof:					
ThyssenKrupp AG's stockholders		429	219	679	860
Minority interest		12	25	17	45
Net income		441	244	696	905
Basic and diluted earnings per share	11				
Net income (attributable to ThyssenKrupp AG's stockholders)		0.84	0.45	1.33	1.76

See accompanying notes to the unaudited condensed consolidated financial statements.

THYSSENKRUPP AG

CONDENSED CONSOLIDATED BALANCE SHEET

(unaudited)

Assets million €

	Note	Sept. 30, 2006	March 31, 2007
Intangible assets, net		4,703	4,651
Property, plant and equipment, net		8,397	8,754
Investment property		501	416
Investments accounted for using the equity method		445	462
Financial assets		178	135
Deferred tax assets		695	634
Total non-current assets		14,919	15,052
Inventories, net		7,337	8,809
Trade accounts receivable, net		7,105	7,966
Other receivables		1,444	1,797
Current income tax assets		93	122
Cash and cash equivalents		4,446	2,616
Assets held for sale	2	386	189
Total current assets		20,811	21,499
Total assets		35,730	36,551

Equity and Liabilities million €

	Note	Sept. 30, 2006	March 31, 2007
Capital stock		1,317	1,317
Additional paid in capital		4,684	4,684
Retained earnings		3,358	3,718
Cumulative income and expense directly recognized in equity		(149)	(304)
thereof relating to disposal groups (Sept. 30, 2006:(34); March 31, 2007: 0)			
Treasury stock		(697)	(697)
Equity attributable to ThyssenKrupp AG's stockholders		8,513	8,718
Minority interest		414	391
Total equity	7	8,927	9,109
Accrued pension and similar obligations		8,018	7,710
Other provisions		652	672
Deferred tax liabilities		818	948
Financial liabilities		2,946	2,661
Other liabilities		50	106
Total non-current liabilities		12,484	12,097
Other provisions		1,598	1,434
Current income tax liabilities		560	719
Financial liabilities		842	1,024
Trade accounts payable		4,571	4,815
Other liabilities		6,449	7,351
Liabilities associated with assets held for sale	2	299	2
Total current liabilities		14,319	15,345
Total liabilities		26,803	27,442
Total equity and liabilities		35,730	36,551

See accompanying notes to the unaudited condensed consolidated financial statements.

THYSSENKRUPP AG

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(unaudited)

million €

	1st half ended March 31, 2006	1st half ended March 31, 2007
Operating:		
Net income	696	905
Adjustments to reconcile net income to operating cash flows:		
Deferred income taxes (net)	301	137
Depreciation, amortization and impairment of non-current assets	743	710
Reversals of impairment losses of non-current assets	0	(10)
(Earnings)/losses from companies accounted for using the equity method, net of dividends received	(10)	(25)
(Gain)/loss on disposal of non-current assets	(14)	(21)
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
- inventories	212	(1,429)
- trade accounts receivable	(432)	(796)
- accrued pension and similar obligations	5	(280)
- other provisions	(34)	(131)
- trade accounts payable	(121)	183
- other assets/liabilities not related to investing or financing activities	(404)	689
Operating cash flows	942	(68)
Investing:		
Purchase of investments accounted for using the equity method and financial assets	(12)	(45)
Expenditures for acquisitions of consolidated companies	(213)	(41)
Cash acquired from acquisitions	37	2
Capital expenditures for property, plant and equipment and investment property	(692)	(1,248)
Capital expenditures for intangible assets	(54)	(49)
Proceeds from disposals of investments accounted for using the equity method and financial assets	24	36
Proceeds from disposals of previously consolidated companies	56	138
Cash of disposed businesses	(25)	(19)
Proceeds from disposals of property, plant and equipment and investment property	60	136
Proceeds from disposals of intangible assets	8	21
Cash flows from investing activities	(811)	(1,069)
Financing:		
Repayment of bonds	(4)	0
Proceeds from liabilities to financial institutions	400	509
Repayments of liabilities to financial institutions	(412)	(627)
Repayments on notes payable and other loans	3	1
Increase in bills of exchange	6	8
Decrease of liabilities due to sales of receivables not derecognized from the balance sheet	(115)	(15)
Increase in current securities	(24)	(67)
Proceeds from treasury shares sold	268	0
Payment of ThyssenKrupp AG dividend	(412)	(489)
Profit distributions to entities outside the Group	(16)	(17)
Other financing activities	23	12
Cash flows from financing activities	(283)	(685)
Net decrease in cash and cash equivalents	(152)	(1,822)
Effect of exchange rate changes on cash and cash equivalents	0	(9)
Cash and cash equivalents at beginning of reporting period	4,715	4,447
Cash and cash equivalents at end of reporting period	4,563	2,616
[thereof cash and cash equivalents within disposal groups]	[0]	[0]

See note 12 to the unaudited condensed consolidated financial statements.

THYSSENKRUPP AG

CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE (unaudited)

million €

	1st half ended March 31, 2006	1st half ended March 31, 2007
Foreign currency translation adjustment	(4)	(121)
Unrealized gains/(losses) from available-for-sale financial assets	0	1
Unrealized gains/(losses) on derivative financial instruments	10	(74)
Tax effect	(4)	28
Income and expense directly recognized in equity (net of tax)	2	(166)
Net income	696	905
Total recognized income and expense for the period	698	739
Thereof:		
ThyssenKrupp AG's stockholders	681	696
Minority interest	17	43

See accompanying notes to the unaudited condensed consolidated financial statements.

THYSSENKRUPP AG

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

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 six months ended March 31, 2007, were authorized for issue in accordance with a resolution of the Executive Board on May 07, 2007.

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 effective within the European Union. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year end reporting purposes.

In the opinion of Management, the accompanying unaudited condensed consolidated financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for interim periods. Results of the periods ended March 31, 2007, 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.

The accounting principles and practices as applied in the interim condensed consolidated financial statements correspond to those pertaining to the most recent annual consolidated financial statements. A detailed description of the accounting policies is published in the notes to the annual consolidated financial statements of our annual report 2005/2006.

Recently issued accounting standards

In fiscal year 2006/2007, the IASB has issued the following Standards which still must be endorsed by the EU before they can be adopted:

In November 2006, the IASB issued IFRS 8 “Operating Segments” which replaces IAS 14 “Segment Reporting”. Pursuant to IFRS 8, reporting on the financial performance of the segments has to be prepared according to the so called management approach. Accordingly, the identification of the segments and the disclosures for these segments are based on the information which is used internally by Management in evaluating segment performance and deciding how to allocate resources. The application of the Standard is compulsory for fiscal years beginning on or after January 01, 2009, while earlier application is permitted. Currently, Management does not expect the adoption of the Standard to have a material impact on the Group’s consolidated financial statements.

In March 2007, the IASB issued a revised version of IAS 23 “Borrowing Costs”. Accordingly, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of the asset. The current option of immediately recognizing borrowing costs as an expense will be removed. The application of the revised Standard is compulsory for fiscal years beginning on or after January 01, 2009. The revision will have no impact on the Group’s consolidated financial statements because already today borrowing costs directly attributable to a qualifying asset are capitalized as part of production costs.

1 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.

2 DISPOSAL GROUPS AND SINGLE ASSETS HELD FOR SALE

As part of the portfolio optimization program, in December 2006, in the Technologies segment the disposals of the defence technology division of Blohm + Voss Industries GmbH and the ThyssenKrupp Bilstein Wagenheber GmbH have been initiated. The defence technology division develops and manufactures armoured castings for tracked vehicles. The ThyssenKrupp Bilstein Wagenheber GmbH focuses on the acquisition, development, construction and distribution of car jacks and similar products which are utilized serially by the Automotive industry. As of March 31, 2007, the disposal of the ThyssenKrupp Bilstein Wagenheber GmbH was consummated, while the disposal of the defence technology division of Blohm + Voss Industries GmbH was consummated after March 31, 2007.

Both disposals 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 disposal group as of March 31, 2007:

million €	Defence technology division of Blohm + Voss Industries GmbH March 31, 2007
Inventories	4
Assets held for sale	4
Accrued pension and similar obligations	1
Other current provisions	1
Liabilities associated with assets held for sale	2

In addition to the assets attributable to the disposal group the line item “assets held for sale” includes real property of €152 million in total which is held for sale in the context of the concentration of ThyssenKrupp’s administrative office locations in Germany. Furthermore, property, plant and equipment of €10 million and an investment accounted for using the equity method of €23 million which are held for sale are included in the line item.

The above mentioned “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.

3 EXPENSE FOR SHARE-BASED COMPENSATION

In January 2007, ThyssenKrupp granted 44,651 stock rights under the fifth installment of the mid-term incentive plan. In total, ThyssenKrupp recorded compensation expense of €9.3 million for the obligations of this plan in the 2nd quarter (2nd quarter ended March 31, 2006: €13.0 million).

In the 2nd quarter ended March 31, 2007, the Group’s Share Purchase Program which was implemented in February 2006, was settled with the purchase of 125,977 shares at a discount. At the same time, in March 2007 it was decided to renew the Program for fiscal year 2006/2007. Under the Program, again selected executive employees are entitled to purchase up to a fixed amount ThyssenKrupp shares at a discount. In total, the Group’s Share Purchase Program resulted in a compensation expense of €0.8 million in the 2nd quarter ended March 31, 2007 (2nd quarter ended March 31, 2006: €0.7 million).

4 OTHER OPERATING INCOME

Due to the abandonment of certain automotive activities in the USA, amounts resulting from the foreign currency translation previously recorded directly in equity were released through profit and loss in the 2nd quarter ended March 31, 2007. Accordingly, other operating income contains a gain of €28 million.

5 OTHER OPERATING EXPENSES

In the 2nd quarter ended March 31, 2007, other operating expenses include a fine of approximately €480 million from the EU Commission which was imposed for infringement of competition regulations by ThyssenKrupp in the elevator and escalator business.

6 COST FOR PENSIONS AND SIMILAR OBLIGATIONS

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

million €

	2nd quarter ended March 31, 2006		2nd quarter ended March 31, 2007		1st half ended March 31, 2006		1st half ended March 31, 2007	
	Germany	Outside Germany	Germany	Outside Germany	Germany	Outside Germany	Germany	Outside Germany
Service cost	10	15	9	11	20	30	18	23
Interest cost	63	31	67	32	126	62	133	64
Expected return on plan assets	(2)	(33)	(2)	(34)	(4)	(66)	(4)	(69)
Past service cost	1	1	0	0	2	1	0	0
Settlement and curtailment loss/(gain)	0	0	0	0	0	0	0	(12)
Net periodic pension cost	72	14	74	9	144	27	147	6

Due to the disposal of subsidiaries in the us in the 1st quarter ended December 31, 2006, the expected contribution in fiscal year 2006/2007 related to ThyssenKrupp's funded plans increased by €10 million.

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

million €

	2nd quarter ended March 31, 2006 USA/Canada	2nd quarter ended March 31, 2007 USA/Canada	1st half ended March 31, 2006 USA/Canada	1st half ended March 31, 2007 USA/Canada
	Service cost	6	3	12
Interest cost	15	14	31	29
Expected return on reimbursement rights	(1)	(1)	(3)	(3)
Past service cost	0	0	0	0
Settlement and curtailment loss/(gain)	0	0	0	(39)
Net periodic postretirement benefit cost	20	16	40	(6)

7 TOTAL EQUITY

Total equity and the number of shares outstanding changed as follows:

million € (except number of shares)

	Equity attributable to ThyssenKrupp AG's stockholders								Total equity
	Number of shares outstanding	Capital stock	Additional paid in capital	Retained earnings	Cumulative income and expense directly recognized in equity	Treasury stock	Total	Minority interest	
Balance as of Sept. 30, 2005	499,149,151	1,317	4,684	2,171	(315)	(368)	7,489	389	7,878
Net income				679			679	17	696
Income and expense directly recognized in equity					6		6	0	6
Tax effects on income and expense directly recognized in equity					(4)		(4)	0	(4)
Profit attributable to minority interest							0	(16)	(16)
Dividend payment				(412)			(412)	0	(412)
Treasury stock sold	15,339,893			(100)		368	268	0	268
Other changes				(7)	7		0	(22)	(22)
Balance as of March 31, 2006	514,489,044	1,317	4,684	2,331	(306)	0	8,026	368	8,394
Balance as of Sept. 30, 2006	488,764,592	1,317	4,684	3,358	(149)	(697)	8,513	414	8,927
Net income				860			860	45	905
Income and expense directly recognized in equity					(192)		(192)	(2)	(194)
Tax effects on income and expense directly recognized in equity					28		28	0	28
Profit attributable to minority interest							0	(17)	(17)
Dividend payment				(489)			(489)		(489)
Share-based compensation				(1)			(1)	0	(1)
Other changes				(10)	9		(1)	(49)	(50)
Balance as of March 31, 2007	488,764,592	1,317	4,684	3,718	(304)	(697)	8,718	391	9,109

By resolution of the Annual General Meeting on January 19, 2007, ThyssenKrupp AG is authorized through July 18, 2008, to purchase treasury stock for certain defined purposes up to a total of 10% of the capital stock issued. In addition, the Executive Board was authorized by the Annual General Meeting, with the approval of the Supervisory Board, to increase the capital stock on one or more occasions on or before January 18, 2012, by up to €500 million by issuing up to 195,312,500 new no-par bearer shares in exchange for cash and/or contributions in kind ("Authorized Capital").

8 CONTINGENCIES INCLUDING PENDING LAWSUITS AND CLAIMS FOR DAMAGES

Guarantees

ThyssenKrupp AG and its segment lead companies as well as, in individual cases, its subsidiaries have issued guarantees in favor of business partners 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 March 31, 2007	Provision as of March 31, 2007
Advance payment bonds	118	1
Performance bonds	133	0
Third party credit guarantee	46	0
Residual value guarantees	45	1
Other guarantees	207	1
Total	549	3

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 or issued by instruction of ThyssenKrupp AG or the segment lead companies upon request of principal debtor obligated by the underlying contractual relationship and are subject to recourse provisions in case of default. If such a principal debtor is a company owned fully or partially by a foreign third party, then such a third party is generally requested to provide additional collateral in a corresponding amount.

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 €62 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 January 26, 2006, ThyssenKrupp AG signed an agreement with Mittal Steel N.V. in which ThyssenKrupp has undertaken to acquire up to 100% of the shares in Dofasco if Mittal Steel takes over Arcelor. This could result in a purchase price obligation of up to €4 billion. The agreement was not consummated and therefore was terminated effective as of April 30, 2007.

In the 1st quarter ended December 31, 2006, in the Steel segment the commitment to enter into investment projects increased by €1.1 billion. In addition, a long term iron ore and iron ore pellets supply contract and a long term iron gas supply contract were fixed. Beginning in fiscal year 2008/2009, over a period of 15 and 20 years, respectively, these two contracts will result in purchasing commitments of €5.6 billion in total.

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.

Regarding the remaining contingencies, including pending litigations, there have been no significant changes since the previous year end.

9 DERIVATIVE FINANCIAL INSTRUMENTS

The notional amounts and carrying amounts of the Group's derivative financial instruments are as follows:

million €

	Notional amount Sept. 30, 2006	Carrying amount Sept. 30, 2006	Notional amount March 31, 2007	Carrying amount March 31, 2007
Derivative financial instruments				
Assets				
Foreign currency derivatives including embedded derivatives	4,462	118	3,499	81
Interest rate derivatives	29	0	5	0
Commodity derivatives	802	87	1,057	159
Liabilities				
Foreign currency derivatives including embedded derivatives	3,116	72	3,756	105
Interest rate derivatives	980	58	986	32
Commodity derivatives	758	112	1,182	203
Total	10,147	447	10,485	580

10 SEGMENT REPORTING

As of October 01, 2006, the operations of the Automotive segment remaining after the disposals in North America were combined with the Technologies segment so as to pool key capital goods capabilities in the new Technologies segment. The retained assets and liabilities and the held-for-sale operations of ThyssenKrupp Budd were assigned to Corporate as of October 01, 2006; the held-for-sale operations were deconsolidated in the course of the 1st quarter 2006/2007.

Prior periods presentation have been adjusted accordingly. Furthermore, in the 2nd quarter ended March 31, 2007, Umformtechnik was regrouped from the Technologies segment to the Steel segment due to strategic reasons. The 1st quarter ended December 31, 2006 as well as prior period presentation have been adjusted accordingly.

Segment information for the 2nd quarter ended March 31, 2006 and March 31, 2007 as well as for the 1st half ended March 31, 2006 and March 31, 2007 is as follows:

million €

	Steel	Stainless	Technologies	Elevator	Services	Corporate	Consolidation	Group
2nd quarter ended March 31, 2006								
External sales	2,726	1,472	2,851	1,052	3,262	423	0	11,786
Internal sales within the Group	336	154	19	2	121	8	(640)	0
Total sales	3,062	1,626	2,870	1,054	3,383	431	(640)	11,786
Income/(loss) before income taxes	424	52	133	94	91	(17)	(4)	773
2nd quarter ended March 31, 2007								
External sales	2,995	2,114	2,766	1,087	4,120	32	0	13,114
Internal sales within the Group	394	293	38	1	214	7	(947)	0
Total sales	3,389	2,407	2,804	1,088	4,334	39	(947)	13,114
Income/(loss) before income taxes	471	291	108	(390)	140	(43)	(5)	572
1st half ended March 31, 2006								
External sales	5,217	2,703	5,734	2,059	6,205	810	0	22,728
Internal sales within the Group	643	275	36	3	244	13	(1,214)	0
Total sales	5,860	2,978	5,770	2,062	6,449	823	(1,214)	22,728
Income/(loss) before income taxes	693	59	254	179	176	(154)	(9)	1,198
1st half ended March 31, 2007								
External sales	5,752	3,878	5,541	2,169	7,885	221	0	25,446
Internal sales within the Group	755	500	55	2	421	12	(1,745)	0
Total sales	6,507	4,378	5,596	2,171	8,306	233	(1,745)	25,446
Income/(loss) before income taxes	870	616	256	(293)	332	(136)	(11)	1,634

11 EARNINGS PER SHARE

Basic earnings per share is computed as follows:

	2nd quarter ended March 31, 2006		2nd quarter ended March 31, 2007		1st half ended March 31, 2006		1st half ended March 31, 2007	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Numerator:								
Net income (attributable to ThyssenKrupp AG's stockholders)	429	0.84	219	0.45	679	1.33	860	1.76
Denominator:								
Weighted average shares	514,489,044		488,764,592		510,142,741		488,764,592	

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 sale 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. In the 4th quarter ended September 30, 2006, the weighted average number of outstanding shares was reduced again by the reacquisition of shares.

There were no dilutive securities in the periods presented.

12 ADDITIONAL INFORMATION TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	1st half ended March 31, 2006	1st half ended March 31, 2007
Interest received	93	67
Interest paid	208	185
Income taxes (received)/paid, net	(45)	430

Non-cash investing activities

In the 1st half ended March 31, 2007, the acquisition and first-time consolidation of companies created an increase in intangible assets, property, plant and equipment and investment property of €8 million (March 31, 2006: €134 million).

The non-cash addition of assets under finance leases in the 1st half ended March 31, 2007 amounts to €8 million (March 31, 2006: €3 million).

Non-cash financing activities

In the 1st half ended March 31, 2007, the acquisition and first-time consolidation of companies did not result in any increase in gross financial payables (March 31, 2006: €3 million).

13 SUBSEQUENT EVENTS

No reportable events occurred.

FURTHER INFORMATION

REPORT BY THE SUPERVISORY BOARD AUDIT COMMITTEE

The interim report on the 2nd quarter 2006/2007 and the review report by the Group's financial statement auditors were presented to the Audit Committee of the Supervisory Board in its meeting on May 08, 2007 and commented on by the Executive Board and the auditors. The Audit Committee approved the interim report.

Düsseldorf, May 08, 2007

Chairman of the Audit Committee
Dr. Martin Kohlhaussen

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DATES**May 15, 2007**

Analysts' and investors' conference

August 10, 2007

Interim report
3rd quarter 2006/2007 (April to June)
Conference call with analysts and investors

December 04, 2007

Annual Press Conference
Analysts' and investors' conference

January 18, 2008

Annual General Meeting

February 13, 2008

Interim report
1st quarter 2007/2008 (October to December)
Conference call with analysts and investors

May 14, 2008

Interim report
2nd quarter 2007/2008 (January to March)

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.

German and English versions of this report are available for downloading and as an interactive online version at <http://www.thyssenkrupp.com>

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

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