

ThyssenKrupp AG

Interim Report 1st half 2007 — 2008

October 01, 2007 – March 31, 2008

02

ThyssenKrupp



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Interim report 1st half 2007—2008
October 01, 2007 – March 31, 2008

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The financial statements of the ThyssenKrupp Group are prepared in accordance with International Financial Reporting Standards (IFRS). This interim report is the half-year financial report in the meaning of §37w German Securities Trading Act (WpHG) and was published on May 14, 2008.

The Group in figures

GROUP

		1st half comparatives				2nd quarter comparatives			
		1st half ended March 31, 2007	1st half ended March 31, 2008	Change	Change in %	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2008	Change	Change in %
Order intake	million €	27,263	27,354	91	0	13,962	14,084	122	1
Sales	million €	25,446	25,469	23	0	13,114	13,199	85	1
EBITDA	million €	2,538	2,280	- 258	- 10	1,031	1,197	166	16
Earnings before taxes (EBT)	million €	1,634	1,388	- 246	- 15	572	742	170	30
Net income	million €	905	937	32	4	244	502	258	106
Basic earnings per share	€	1.76	1.85	0.09	5	0.45	1.00	0.55	122
Employees (March 31)		187,919	195,828	7,909	4	187,919	195,828	7,909	4
						Sept. 30, 2007	March 31, 2008		
Net financial liabilities/(receivables)	million €					(223)	1,988		
Total equity	million €					10,447	9,787		

SEGMENTS

	Order intake (million €)		Sales (million €)		Earnings before taxes (EBT) (million €)		Employees		
	1st half ended March 31, 2007	1st half ended March 31, 2008	1st half ended March 31, 2007	1st half ended March 31, 2008	1st half ended March 31, 2007	1st half ended March 31, 2008	March 31, 2007	Sept. 30, 2007	March 31, 2008
Steel	6,633	7,174	6,507	6,853	870	749	39,005	39,559	40,636
Stainless	4,098	4,151	4,378	3,793	616	(7)	12,218	12,182	12,042
Technologies	6,511	6,320	5,596	5,851	256	365	53,274	54,762	53,637
Elevator	2,610	2,930	2,171	2,348	(293)	209	37,758	39,501	40,873
Services	8,799	8,273	8,306	8,099	332	267	43,411	43,012	46,318
Corporate	233	60	233	60	(136)	(181)	2,253	2,334	2,322
Consolidation	(1,621)	(1,554)	(1,745)	(1,535)	(11)	(14)	—	—	—
Group	27,263	27,354	25,446	25,469	1,634	1,388	187,919	191,350	195,828
	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2008	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2008	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2008			
Steel	3,510	3,986	3,389	3,639	471	396			
Stainless	2,185	2,001	2,407	1,955	291	38			
Technologies	3,083	3,108	2,804	3,029	108	186			
Elevator	1,311	1,464	1,088	1,164	(390)	90			
Services	4,592	4,322	4,334	4,232	140	135			
Corporate	39	26	39	26	(43)	(97)			
Consolidation	(758)	(823)	(947)	(846)	(5)	(6)			
Group	13,962	14,084	13,114	13,199	572	742			

ThyssenKrupp in brief

We have almost 196,000 skilled and committed employees working in the areas of Steel, Capital Goods and Services to provide innovative solutions for sustainable progress for our customers in over 70 countries on all five continents. In our five segments – Steel, Stainless, Technologies, Elevator and Services – we are meeting the global challenges and turning them into opportunities. Our high-tech materials, plants, components and systems offer answers to many questions of the future. The Group headed by ThyssenKrupp AG includes, directly and indirectly, almost 900 subsidiaries and equity interests. Two-thirds of our over 2,400 production sites, offices and service bases are outside Germany.

Group review

ThyssenKrupp – course maintained

Against the background of slowing global economic growth, ThyssenKrupp maintained its course in the 1st half of 2007/2008. As expected, order intake and sales matched the strong prior-year levels, while profits were higher than anticipated. The Group's earnings before taxes reached €1,388 million. They were impacted in particular by pre-operating costs of €128 million for the construction of the new steel mills and restructuring expense of €10 million in the Steel segment as well as gains on disposals of €27 million. The Group's earnings were lower than a year earlier, mainly due to the drastic decline in stainless steel prices.

The highlights for the 1st half of 2007/2008 were as follows:

- Order intake was level with the previous year at €27.4 billion.
- 1st half sales were virtually unchanged against the prior-year period at €25.5 billion.
- EBITDA was €2,280 million, compared with €2,538 million a year earlier.
- 1st half earnings before taxes decreased from €1,634 million in the prior year to €1,388 million.
- Earnings per share rose from €1.76 to €1.85.
- Net financial liabilities at March 31, 2008 were €1,988 million, an increase of €2,211 million compared with September 30, 2007, when we reported net financial receivables of €223 million. On March 31, 2007, net financial liabilities stood at €897 million.

Stable outlook

Some areas of individual business units in the USA – Mechanical Components, Materials Services North America – are currently feeling the first effects of the economic downturn. At the same time, increased raw material prices are having a stronger impact than expected. Despite this we can confirm our expectations for fiscal 2007/2008. We continue to forecast earnings before taxes – before nonrecurring items including pre-operating expense for the steel mills in Brazil and the USA – of over €3 billion. Based on the current situation we expect to achieve sales of €53 billion.

Our earnings expectations take into account the fact that our Steel segment will not be able to pass on the sharp rises in raw material prices – in particular for iron ore and coking coal – in full to customers in the current fiscal year due to our contract structure. Demand for our steel products is very pleasing, as reflected in correspondingly higher prices for shorter-term contracts, and this confirms our expectations of another good steel year.

In the Stainless segment, base prices continue to stabilize. Demand from end customers is good, while service centers are being slightly more cautious. We now expect the segment to deliver a positive earnings contribution in the 2nd half of the reporting year. Due to the weakness of the us dollar there are first signs of imports from the us dollar zone, which could slow the further recovery of prices in the 2nd half of the year.

Technologies is profiting in particular from infrastructure development and urbanization in the world's growth regions. Our high order backlog, stretching several years into the future with increasing earnings quality, gives us a high degree of planning certainty.

Thanks to its high service share, our Elevator segment continues to deliver a very stable earnings contribution.

The Services segment is profiting from rising demand for materials in the growth regions. With material prices continuing to rise sharply, we expect a disproportionately high contribution to earnings from Services in the 2nd half of the current fiscal year.

We expect sales to continue to grow in 2008/2009 provided no unforeseen economic downturns impact our business. Growing sales will also be reflected in earnings.

The mid-term sales target for ThyssenKrupp is €60 billion, while our mid-term goal for sustainable earnings before taxes and nonrecurring items is €4 billion. In the longer term, especially after the startup of the steel mills of Steel and Stainless in North America and the investments of the other segments in other regions, we expect to achieve sales of around €65 billion and earnings before taxes and nonrecurring items of €4.5 to 5.0 billion.

Global growth slower

Global growth has slowed perceptibly in recent months, impacted in particular by turbulence on the international financial markets and the signs of a recession in the USA. Increasing raw material and oil prices also had a negative effect.

The economic picture in the USA has clouded recently. Gross domestic product in the final quarter of 2007 was only slightly higher than in the preceding quarter. Though private consumption continued to improve, investment slowed due to the negative developments in the housing sector. The downturn in the US economy accelerated in the 1st quarter of 2008. The slowdown in the euro zone was less severe. In Germany, the pace of growth slowed toward the end of the year due to declining private consumption. By contrast, business investment and foreign trade continued to improve. The moderate growth continued at the beginning of 2008.

In the developing countries of Asia, Latin America, and Central and Eastern Europe, economic growth showed little sign of slowing. China's economy has been expanding at double-digit rates. Brazil also recorded strong growth. In Russia and particularly in the new EU member states, economic activity remained robust thanks to solid domestic demand.

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

- Despite the slowing of the world economy, the international steel market expanded further. Crude steel output in the first three months of this year was 5.6% higher than in the corresponding prior-year period. Around half of the absolute growth was attributable to China. In the European Union, output was slightly lower than a year earlier. German steel producers continued to operate at full capacity. With workloads at steel processors remaining good, shipments of flat-rolled carbon steel from European suppliers reached an exceptionally high level. Orders also recovered strongly. In view of increasing steel prices, some steel users ordered beyond their actual needs. The demand overhang was reinforced by declining imports from third countries. The soaring level of global spot prices for steel in the 1st quarter 2008 was mainly due to increased costs and strong demand for iron ore. As import pressure eased and the stock situation returned largely to normal, European steel producers were able to pass on some of the costs to the market. Prices were increased significantly for quarterly deals at April 01, 2008.

- Demand on the European market for stainless steel flat products recovered. Following a phase of very weak orders and deliveries in the summer months of 2007, order intake has improved significantly since the 4th calendar quarter 2007. As a result, deliveries by European producers have also risen recently, and in the 1st quarter 2008 once again reached the high prior-year level. Stock-holding distributors in particular made increasing purchases to replenish their heavily depleted stocks. The nickel price, which has stabilized at a relatively high level, also encouraged longer-term ordering. With order intake improving continuously and alloy surcharges stable or slightly lower, European producers were able to raise base prices appreciably at year end and in the 1st quarter 2008. By contrast, demand for stainless steel in the NAFTA region was subdued, and base prices decreased continuously. In China and the other Asian markets, end customers also adopted a wait-and-see approach. As a result, stock levels in the region remain at a high level. Although some Chinese producers attempted to improve market demand and the conditions for price increases by temporarily cutting back production, order intake remained subdued. The market for nickel alloys and titanium was comparatively stable.
- The international auto markets continued to show strong regional differences. The highest growth at the beginning of the year was once again in the emerging markets. By contrast, demand in North America – which was already low – fell further. In the USA, sales of passenger cars and in particular light trucks were down in the 1st quarter 2008; vehicle production also declined significantly. The Brazilian auto industry recorded further high growth rates. In the European Union, new car registrations were slightly lower than a year earlier. While changes in taxation impacted demand in some Western European countries, there was a substantial increase in registrations in the new EU member states. In Germany, the domestic market recovered somewhat following the weak prior-year figures. With exports remaining high, car production was slightly down on the previous year.
- Following a positive performance last year, growth on the global machinery market slowed at the beginning of 2008. In the USA, the economic downturn is impacting demand for capital goods. By contrast, there are no signs of cooling to date in China. The German mechanical engineering sector started the new year with a good order backlog. Orders grew by 16% in 2007 and improved further at the beginning of 2008 thanks to continued strong demand for capital goods.
- Global construction activity continues to be driven by the countries of Asia and Central and Eastern Europe. In the USA, falling demand for housing construction is having a negative impact. In the German construction industry, especially commercial construction, the order situation has improved again in recent months.

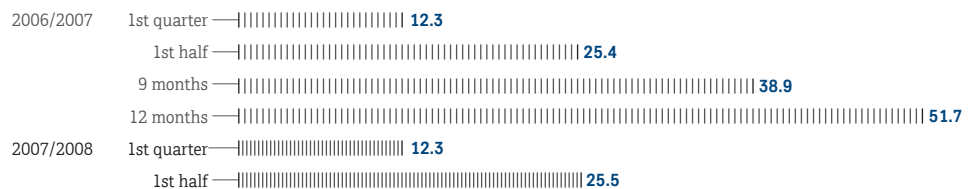
THYSSENKRUPP IN FIGURES

		1st half	1st half	2nd quarter	2nd quarter
		ended	ended	ended	ended
		March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008
Order intake	million €	27,263	27,354	13,962	14,084
Sales	million €	25,446	25,469	13,114	13,199
EBITDA	million €	2,538	2,280	1,031	1,197
Earnings before taxes (EBT)	million €	1,634	1,388	572	742
Employees (March 31)		187,919	195,828	187,919	195,828

Order intake and sales remain stable

Order intake and sales were in line with expectations in the 1st half 2007/2008. Against the background of a global economic slowdown, orders were level with the prior year at €27.4 billion. New orders were lower at the Technologies and Services segments, virtually stable at Stainless and significantly higher at Steel and Elevator.

SALES in billion €



Group sales were also unchanged at €25.5 billion. With volumes stable, Steel achieved higher sales for price reasons. Shipments at Stainless were also unchanged, but lower stainless steel prices resulted in a sharp drop in sales. Despite negative exchange rate influences, Technologies expanded its business thanks to its good order situation. Elevator also achieved higher sales as a result of its successful expansion in Southern Europe. Although Services was impacted above all by weaker materials business in North America, sales were virtually unchanged from a year earlier.

Group earnings ahead of plan

ThyssenKrupp achieved earnings before taxes (EBT) of €742 million in the 2nd quarter 2007/2008, compared with €646 million in the 1st quarter 2007/2008. 1st half earnings reached €1,388 million, compared with €1,634 million a year earlier, when the comparable period included a nonrecurring antitrust fine of around €480 million imposed by the EU Commission on ThyssenKrupp Elevator. Our profits in the 1st half 2007/2008 were ahead of plan.

As expected, earnings were lower than in the 1st half 2006/2007. The Stainless segment in particular suffered a sharp decrease in income due to the dramatic decline in stainless steel prices. The Steel segment delivered the biggest contribution to earnings, but its profits were down due among other things to pre-operating expense for the new steel mill in Brazil and increased raw material costs. By contrast, Technologies improved on its prior-year income. Elevator achieved higher profits, even when the previous year's EU antitrust fine is taken into account. At Services, the fall in earnings compared with the high prior-year figure was mainly due to weaker material prices.

EARNINGS BEFORE TAXES (EBT) in million €

2006/2007	1st quarter	1,062
	1st half	1,634
	9 months	2,853
	12 months	3,330
2007/2008	1st quarter	646
	1st half	1,388

At €25.5 billion, net sales in the reporting period showed virtually no change from the year-earlier figure. At the same time, the cost of sales increased by €424 million, mainly as a consequence of higher material expense due to rising costs for raw materials and energy. Overall, this resulted in a decrease in gross margin from 19% to 17%.

The increase in administrative expenses by €131 million was mainly connected with the construction of the steel mill in Brazil. The decrease in other operating expense by €472 million related in the amount of around €480 million to the EU antitrust fine against ThyssenKrupp Elevator included in the 1st half of the previous year. The decrease in other operating income by €200 million is mainly due to a fire insurance recovery of €119 million recognized in the comparative prior-year period.

Taxes on income decreased by €278 million in conjunction with a reduction in the tax rate from 45% to 32%. The significant decrease in the tax rate was influenced by the tax rate reduction in Germany and the non-tax-deductible EU antitrust fine against ThyssenKrupp Elevator included in the pre-tax earnings of the prior-year period. After deducting tax expense, net income for the period was up €32 million at €937 million. Deducting from this the minority interest in profits of €37 million, earnings per share is €1.85, compared with €1.76 in the comparable prior-year period.

Net financial liabilities/receivables and capital expenditures

At March 31, 2008, the Group had net financial liabilities of €1,988 million, compared with net financial receivables of €223 million at September 30, 2007. The €2,211 million increase in net financial liabilities is mainly due to increased capital expenditures – in particular for the new steel mill in Brazil –, the dividend payment and the acquisition of treasury stock. The financial crisis had little impact on ThyssenKrupp's financing in the reporting period.

NET FINANCIAL LIABILITIES/(RECEIVABLES) in million €

2006/2007	December 31	391
	March 31	897
	June 30	806
	September 30	(223)
2007/2008	December 31	859
	March 31	1,988

Capital expenditure in the 1st half 2007/2008 totaled €1,957 million, 41% more than in the first six months of the previous year. €1,761 million was invested in property, plant and equipment and intangible assets, and €196 million in the acquisition of businesses, shareholdings and other financial assets.

Construction of new mills in Brazil and the USA progressing

The Steel and Stainless segments are working with great determination to implement their transatlantic growth strategies. In Brazil, Steel is building a new slab mill. Progress on major works including port, coke plant, raw materials handling, sinter plant, power plant, media supply and infrastructure is in line with the highly ambitious timetable. The minor delays which have occurred can be made up. The delays which have occurred with the blast furnaces and melt shop cannot be fully made up by additional acceleration measures. For this reason, start of production – which was planned for March 2009 – will be postponed by four to six months. The delays are mainly due to booming global demand for capital goods, which has caused delays from our suppliers, delivery bottlenecks on the tight Brazilian construction materials market, and to unusually heavy and prolonged rainfall in the 2nd quarter 2007/2008, which led to delays in erection and welding work on site.

There will be an increase of €500 to €700 million in the investment budget for this project. This is mainly due to additional expenditure for ancillary works. Further reasons for the budget overrun included substantial price increases both on the Brazilian market for construction and erection services and on the international equipment markets, as well as technical optimization work. The project's good ratio of return will not be significantly reduced by these events.

New employees are being recruited as planned; the training program for the first engineers and technicians with experience of iron and steelmaking is already underway. To date, 138 people have received or are currently receiving training in Duisburg.

The investments to expand processing and coating capacities at our German plants are in full swing. The slab storage area at Walsum port has now been completed. A new walking beam furnace started operation at the Bochum hot strip mill at the end of February. The hot strip mill in Beeckerwerth will be modernized in the further course of the year. Investments to increase the output of two hot-dip coating lines in Duisburg have been completed, and they are being ramped up successfully. The new blast furnace 8 to modernize the hot metal base in Germany has been in operation since December 08, 2007 and has now almost achieved its full capacity of 5,600 metric tons of pig iron per day.

Construction of the new steelmaking and processing plant for Steel and Stainless near Mobile in Alabama/USA is also on schedule. Steel has now concluded several contracts with suppliers. Orders have been placed for the key hot strip mill, cold strip mill and four hot-dip coating lines, for which detail engineering is currently being drawn up. Good progress has been made on preparing the site. Building work has been completed in some areas, and work has started on driving the foundation piles. The concrete sales plan, aimed at acquiring a greater share of the NAFTA market for premium flat-rolled carbon steel, has already been drawn up, and a new sales team is currently being formed with employees from Germany and the USA.

Work on driving the foundation piles for Stainless's production lines and plant shops started in early March. ThyssenKrupp Stainless USA has now awarded most of the contracts for the production equipment, including one hot strip and one cold strip annealing and pickling line, three cold rolling mills, a skin pass mill and several finishing lines as well as the majority of the required cranes. Orders have also been placed for structural steel work for the cold mill shops including finishing lines and shipping areas. The order for the melt shop is in the final stages of negotiation; engineering work is currently being carried out.

Almost 17,000 applications have been received by ThyssenKrupp Steel and ThyssenKrupp Stainless in response to job advertisements. The selection process has started, and initial training measures will commence in June.

Segment review

Steel: Business expanded

STEEL IN FIGURES

		1st half ended March 31, 2007	1st half ended March 31, 2008	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2008
Order intake	million €	6,633	7,174	3,510	3,986
Sales	million €	6,507	6,853	3,389	3,639
Earnings before taxes (EBT)	million €	870	749	471	396
Employees (March 31)		39,005	40,636	39,005	40,636

The Steel segment again expanded its business in the 1st half 2007/2008 compared with the prior-year period. The value of orders received rose by 8% to €7.2 billion. This was also due to an increase in order volumes, in particular in the 2nd fiscal quarter. The price increases implemented on the market also had an impact. Sales were up 5% to €6.9 billion, which was due to higher prices as shipments remained stable. Steel generated a profit of €749 million, compared with €870 million a year earlier. The decline is mainly due to pre-operating expense for the steel mill project in Brazil and higher starting material costs.

Corporate

The Corporate business unit combines the administrative functions of ThyssenKrupp Steel AG and manages the strategic projects in Brazil and the USA. The higher loss in the reporting period compared with the 1st half 2006/2007 was mainly due to the pre-operating costs for the Brazilian steel mill.

Steelmaking

Crude steel output at the Steelmaking business unit, which comprises the metallurgical operations in Duisburg and the logistics activities, was 3% lower than in the comparative prior-year period. Steelmaking operations had to be adapted to allow for the scheduled relining of blast furnace Schwelgern 1. The loss of hot metal production was compensated in part by the successful ramp-up of the new blast furnace 8, which started operation in December 2007. Steelmaking's sales were slightly lower than a year earlier; due to higher prices for supplies to downstream production operations, profits were higher.

Industry

The Industry business unit recorded an increase in sales in the 1st half, resulting mainly from higher shipments. Overall profits were lower than in the prior-year period, though the picture in the individual profit centers was mixed. Shipments to industrial customers increased as the market remained strong. Revenues were stable on average, but profits were significantly lower than a year earlier due to higher starting material costs which could not be compensated by increased efficiency. Thanks to the very good state of the market, the heavy plate business achieved a significant improvement in sales, with the increase attributable exclusively to prices. Earnings rose significantly from the good prior-year figure. The new Color/Construction competence center formed at the start of the fiscal year expanded its sales – mainly due to higher volumes – but profits were down. The same picture – lower profits and higher sales – was seen at the European steel service centers. The new steel service center in Poland in particular provided additional business. Overall, the Industry business unit once again delivered the biggest contribution to the segment's earnings.

Auto

Sales in the Auto business unit increased in the 1st half 2007/2008 due to increased revenues. Higher prices were agreed in the annual contracts negotiated by ThyssenKrupp Steel AG with automotive OEMs and suppliers effective January 01, 2008. By contrast, shipments were down, in particular for sheet and hot-dip coated sheet. Higher prices and continuous performance enhancement programs were unable to offset the higher raw material and energy costs. Earnings were lower than a year earlier. Tailored Blanks improved its profits, mainly through higher shipments as a result of consolidation. Effective March 01, 2008 the unit acquired a majority interest and industrial control of the operations of the TWB group, with production sites in the USA and Mexico. Our American steel service activities recorded significantly lower volumes, exacerbated by the negative effects of the stronger euro, although us dollar prices remained high. Sales were lower than a year earlier. Following a loss in the prior-year period, a profit was generated. The Metal Forming unit, which has been part of the Steel segment since the beginning of the past fiscal year, increased its sales. Key to this were an increasing presence on non-European markets and in Turkey, as well as operating growth on the European market. However, the unit continued to report a loss.

Processing

All the activities combined in the Processing business unit reported increases in sales and overall profits. In the tinplate business this was mainly due to higher volumes, while the improvement in the medium-wide strip business was price-related. The medium-wide strip business achieved higher earnings. By contrast, profits in the tinplate business were down, largely as a result of the substantial increases in starting material prices which could not be compensated in full by corresponding price adjustments. The electrical steel activities continued to perform very well in a market characterized by a demand overhang. Against the background of rising shipments and prices, sales and profits increased.

Stainless: Declining earnings due to lower prices

STAINLESS IN FIGURES

		1st half	1st half	2nd quarter	2nd quarter
		ended	ended	ended	ended
		March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008
Order intake	million €	4,098	4,151	2,185	2,001
Sales	million €	4,378	3,793	2,407	1,955
Earnings before taxes (EBT)	million €	616	(7)	291	38
Employees (March 31)		12,218	12,042	12,218	12,042

ThyssenKrupp Stainless reported higher demand in the 1st half 2007/2008. Order volumes rose by around 40% compared with the prior-year period to 1.1 million metric tons. However, the prior year was characterized by high imports, high inventory levels at distributors and service centers, and not least a reluctance to buy on the part of distributors and end users due to the high nickel price. In value terms, order intake was up only slightly from the prior year at €4.2 billion. This was particularly due to the lower nickel prices, which caused stainless steel prices to fall significantly. The nickel price also reduced the value of orders for nickel alloys, while titanium recorded a strong volume-related increase.

At around 1.2 million metric tons, overall deliveries by ThyssenKrupp Stainless were roughly the same as in the prior-year period. While deliveries of stainless hot-rolled and nickel alloys declined, and stainless cold-rolled was level with a year earlier, there was a significant increase in deliveries of titanium. Sales of ThyssenKrupp Stainless fell 13% to €3.8 billion due to the lower selling prices.

The Stainless segment reported a drastic drop in earnings in the 1st half 2007/2008, down €623 million to €(7) million. This decline was due mainly to the partial underutilization of capacity, which continued into the 1st fiscal quarter, and to significantly lower base prices. In addition, ThyssenKrupp Acciai Speciali Terni was impacted by higher electricity costs as a result of the EU Commission's negative decision regarding the legality of extended energy compensation payments. Earnings were also impacted by the weaker competitive situation for exports to the US dollar zone due to the strength of the euro. The trend toward rising base prices since December 2007 has had an increasingly positive impact and resulted in an earnings turnaround at the beginning of the 2nd quarter.

ThyssenKrupp Nirosta

In the 1st half 2007/2008 the ThyssenKrupp Nirosta business unit recorded a further recovery in demand from distributors and stable business with end customers. Order volumes rose significantly as a result. The value of orders also increased markedly. However, for price reasons sales at ThyssenKrupp Nirosta were lower than in the prior-year period. As a result of the low price level and the underutilization of capacity at times during the 1st fiscal quarter, earnings were significantly lower.

ThyssenKrupp Acciai Speciali Terni

ThyssenKrupp Acciai Speciali Terni reported higher orders for stainless products in the 1st half of the fiscal year, in particular from service centers and distributors. Sales decreased significantly from the prior-year level, in part due to the loss of production at the Turin plant following the tragic fire last December. Production operations in Turin have now been stopped and relocated to Terni. ThyssenKrupp Acciai Speciali Terni reported a loss in the 1st half 2007/2008. Central to this sharp decline was the weakening of the Italian market. In addition, the company faced higher electricity costs after the EU Commission found an extension of energy compensation payments to be unlawful. Earnings were also impacted by expense in connection with the relocation of production from Turin to Terni and the effects of the accident in Turin in December 2007.

ThyssenKrupp Mexinox

Despite a weakening of the market in the NAFTA region, ThyssenKrupp Mexinox reported a slight increase in order volumes. However, the value of orders and sales fell as a result of the lower prices. Earnings decreased significantly.

Shanghai Krupp Stainless

Shanghai Krupp Stainless recorded significantly higher order volumes in the 1st half 2007/2008, especially from distributors looking to replenish their low inventories. Production of ferritic stainless steels was increased in response to higher demand. Order intake and sales declined for price reasons. Shanghai Krupp Stainless's earnings were substantially lower than a year earlier. In addition to the continuing difficult market environment in China, the decrease in earnings was due to the absence of the contract work performed for ThyssenKrupp Nirosta in the prior-year period.

ThyssenKrupp Stainless International

The weak situation on the international stainless steel markets resulted in a substantial drop in orders and sales at ThyssenKrupp Stainless International. Earnings decreased significantly.

ThyssenKrupp VDM

In the nickel alloy business of ThyssenKrupp VDM, orders and sales were unchanged from the prior-year levels. The construction of a new forging line will widen the company's product range, particularly for the aerospace industry. In a relatively stable market environment and thanks to improved earnings from its US activities, ThyssenKrupp VDM recorded an increase in profit.

Technologies: Earnings improved**TECHNOLOGIES IN FIGURES**

		1st half ended March 31, 2007	1st half ended March 31, 2008	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2008
Order intake	million €	6,511	6,320	3,083	3,108
Sales	million €	5,596	5,851	2,804	3,029
Earnings before taxes (EBT)	million €	256	365	108	186
Employees (March 31)		53,274	53,637	53,274	53,637

The good performance of the Technologies segment continued in the 1st half 2007/2008. At €3.1 billion, 2nd quarter orders were level with the prior year. The figure for the 1st half was slightly lower than the comparative period of a year earlier, which was very positively impacted by the booking of major orders. Thanks to the good project situation in the plant technology sector, further major orders are expected in the quarters ahead. In line with the strong performance in orders, 1st half sales were up 5% from the previous year to €5.9 billion, although the us dollar/euro exchange rate had a negative effect. Orders in hand were €15.6 billion at March 31, 2008, securing more than a year's sales. The profit of €365 million is a record and a clear improvement on the previous year. The main contributory factors were the good order situation at Plant Technology, disposals, and lower costs at the holding company.

As part of the further optimization of the segment portfolio, a best owner was found in the 2nd quarter 2007/2008 for the Ravensburg plant of ThyssenKrupp Drauz Nothelfer, whose strengths lie in body-in-white lines and toolmaking. The plant was acquired by EBZ Systec GmbH, which specializes in body making engineering services, forming technology and information technology. As part of the general reorganization of the yacht business at ThyssenKrupp Marine Systems, a contract was also concluded for the sale of the Nobiskrug shipyard in Rendsburg. The buyer is Eagle River Capital Ltd., a group of companies focused on the manufacture and sale of ship components, engineering and services as well as facility management.

Plant Technology

1st half order intake at Plant Technology failed to match the high prior-year figure, but was once again at a good level. The prior-year period was very positively influenced by major orders, particularly for chemical plants and handling equipment. Cement plant engineering almost matched its strong prior-year performance. Overall, the good order and project situation at Plant Technology continues to be driven by high raw material and energy prices and strong global demand for cement. Due to the sharp increase in orders in hand and new orders, half-year sales showed a significant improvement on the high prior-year figures in all areas. Thanks to this strong performance, profits at Plant Technology increased significantly from the good level of the previous year. In general, the positive situation is being driven by global megatrends in the climate, environment, energy and infrastructure sectors, for which the segment supplies intelligent products and solutions.

Marine Systems

Marine Systems recorded a lower order intake in the 1st half of 2007/2008. While the repair and service business continued to enjoy very high demand, the other businesses failed to match their prior-year performance, mainly due to project postponements. Overall, sales of the business unit were slightly down year-on-year. The repair and service business achieved significantly higher sales, but sales of surface vessels and submarines were lower. Profits at Marine Systems were down from the prior year. Higher earnings in the repair and service unit were unable to fully offset profit declines in surface vessels.

Mechanical Components

The Mechanical Components business unit recorded rising demand for high-tech components for the auto and engineering industries. Despite the disposal of the precision forging operation, falling demand at the North American foundries, and the weak us dollar, order intake increased. Sales also rose slightly. In particular, demand for slewing bearings and rings for the wind energy sector showed continued growth. Mechanical Components achieved a profit which was significantly higher than in the prior-year period, mainly due to the strong performance of slewing bearings and rings as well as the disposal gain.

Automotive Solutions

The business unit's order and sales performance was marked by significant growth in axle modules, steering systems, body-in-white lines, tooling, and assembly systems. Automotive Solutions' profit in the 1st half of 2007/2008 was level with the prior year. Profits in the dampers, springs and axle modules business were slightly down from the prior-year level, which was positively impacted by a disposal gain in the 2nd quarter 2006/2007. By contrast, profits increased in the steering columns and systems business.

Transrapid

Transrapid made a small profit on unchanged sales.

Elevator: Continuing on growth track

ELEVATOR IN FIGURES

		1st half ended March 31, 2007	1st half ended March 31, 2008	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2008
Order intake	million €	2,610	2,930	1,311	1,464
Sales	million €	2,171	2,348	1,088	1,164
Earnings before taxes (EBT)	million €	(293)	209	(390)	90
Employees (March 31)		37,758	40,873	37,758	40,873

Elevator stayed on growth track in the 1st half of the reporting year. Both orders and sales increased significantly despite negative exchange rate effects and price and margin pressure. Order intake rose by 12% to €2.9 billion. Sales increased by 8% to €2.3 billion. Elevator made a profit of €209 million. At operating level, i.e. excluding the EU antitrust fine of around €480 million, earnings were 12% higher year-on-year.

Central/Eastern/Northern Europe

The Central/Eastern/Northern Europe business unit significantly bettered its prior-year order and sales performance. Business in France was positive thanks to a continuing high level of modernization projects. Business in Germany, the Benelux countries and Northern and Eastern Europe also continued to expand. The UK was the only area to record falling sales. The business unit's profit – excluding the EU antitrust fine – was level with the prior-year period. Earnings increases in Germany and France were offset by falling income in the UK.

Southern Europe/Africa/Middle East

The Southern Europe/Africa/Middle East business unit increased its orders and sales significantly in the 1st half of the fiscal year. This positive performance was mainly attributable to the operations in Spain and Italy. In Spain, business with new installations and services continued to expand, while the growth in Italy was mainly driven by the newly acquired companies. The profits of the business unit also increased substantially, with the Spanish operations playing a major role in this.

Americas

Despite very negative exchange rate effects the Americas business unit substantially exceeded its very good prior-year order intake and slightly increased its sales. The positive trend is attributable in particular to the North American operations. Business in Brazil was also very encouraging, exceeding the steady trend in the other countries of Latin America. The business unit's profits showed another year-on-year increase despite the negative exchange rate trend.

Asia/Pacific

The Asia/Pacific business unit recorded a marked rise in orders and a small increase in sales despite likewise negative exchange rate effects. Continuing strong growth in new installations in China played a large part in the strong performance. By contrast, orders and sales in Korea were down from the prior year. In contrast to the prior year, the business unit made a loss in the 1st half 2007/2008, mainly due to the costs of restructuring the Korean operations.

Escalators/Passenger Boarding Bridges

The business unit's orders and sales were lower year-on-year. The escalator business increased its order intake slightly, while sales were flat. The passenger boarding bridges business recorded significantly lower orders and sales due to the postponement of major orders. Overall, the business unit reported negative earnings. The escalator operations generated a profit, while passenger boarding bridges made a loss.

Accessibility

The Accessibility business unit continued its growth. The European operations expanded considerably, easily making up for the decline in the USA caused by the housing crisis. Profits were also slightly higher than a year earlier.

Services: Slight upward trend noticeable

SERVICES IN FIGURES

		1st half	1st half	2nd quarter	2nd quarter
		ended	ended	ended	ended
		March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008
Order intake	million €	8,799	8,273	4,592	4,322
Sales	million €	8,306	8,099	4,334	4,232
Earnings before taxes (EBT)	million €	332	267	140	135
Employees (March 31)		43,411	46,318	43,411	46,318

The Services segment achieved sales of €8.1 billion in the 1st half of 2007/2008, 3% down from the corresponding prior-year period. Profit reached €267 million, below the record level of 2006/2007. The profit drop in the 1st quarter was €60 million, but earnings in the 2nd quarter were only €5 million lower year-on-year.

Materials Services International

The Materials Services International business unit reported generally steady demand in the 1st half, slightly increasing its sales year-on-year thanks to the inclusion of the newly acquired companies Ferostav and Apollo Metals. The pressure on selling prices eased for most product groups from the start of the 2nd quarter. The massive price falls in stainless steel were halted towards the end of the 1st quarter, but prices are lower than a year ago. Sales of plastics were lower than expected despite the mild weather. On the extremely competitive Eastern European market, demand and prices improved in the course of the reporting period. Profits at Materials Services International showed a large fall from the corresponding prior-year period due to significantly lower margins. However the business unit remains the segment's highest earner.

Materials Services North America

The slowdown of the US economy has impacted the North American materials market. While demand from the manufacturing and capital goods sectors – the main customers of the business unit – was still satisfactory in the 1st half 2007/2008, demand from the auto and construction industries fell sharply. Flat and stainless steel products were particularly affected, while demand for nonferrous metals remained strong. The overall situation was accompanied by high margin pressure and intense competition. Added to this came the sharp depreciation of the US dollar against the euro. As a result the business unit recorded a decrease in sales and above all profits.

Industrial Services

Thanks to improved capacity utilization and orders the Industrial Services business unit increased its sales slightly, above all in the German engineering and energy sectors as well as in Brazil and North America. Despite the depreciation of the US dollar, sales in North America were unchanged from the prior year. Earnings of the business unit were slightly down year-on-year due to nonrecurring effects, but at operating level profits showed a further increase.

Special Products

Special Products equaled its very good prior-year sales performance. Losses due to a decline in international rolled steel business were outweighed by high demand and improved prices for metallurgical raw materials, coke and minerals. Sales of technical systems also increased in the 2nd quarter. The business unit comfortably exceeded its record prior-year earnings thanks in particular to the performance of the raw materials business.

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 of ThyssenKrupp Budd were also assigned to Corporate. The disposal in the meantime of this company's operations is responsible for the decrease in Corporate's sales compared with the 1st half of the prior year.

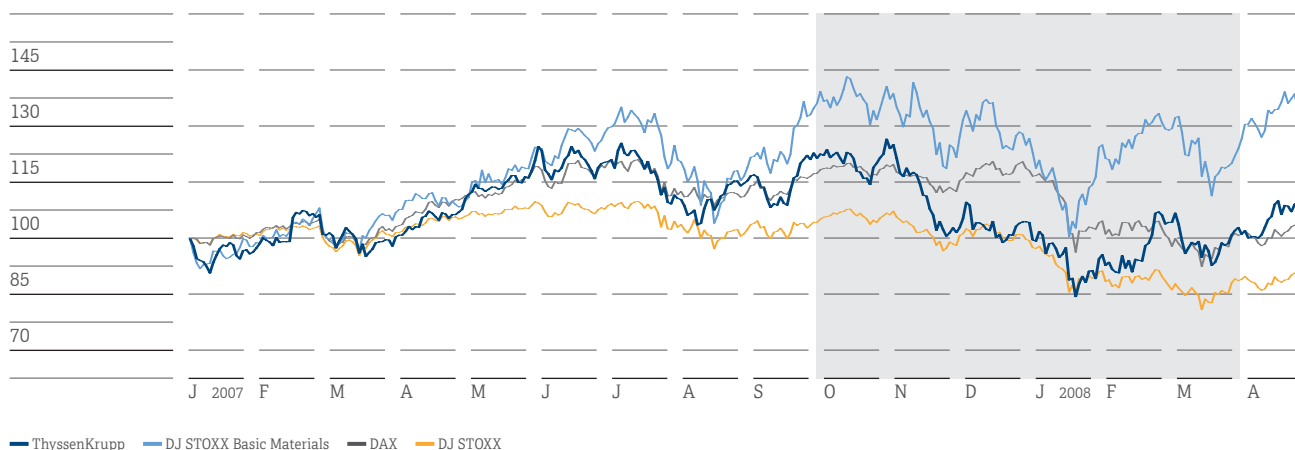
Corporate reported a loss of €181 million in the 1st half 2007/2008, €45 million higher than in the same period in fiscal 2006/2007. Whereas prior-year earnings were boosted by the sale of the operations of ThyssenKrupp Budd, earnings in the reporting period were negatively impacted by the fair value measurement of the cross-currency swap. Running counter to this was an improvement in risk provisions for contaminated land in the Real Estate unit.

Consolidation mainly includes the results of intercompany profit elimination.

ThyssenKrupp stock

The performance of ThyssenKrupp's stock in the 1st half of fiscal 2007/2008 was mainly influenced by the financial crisis in the USA and the looming economic slowdown. Like the comparative indices, ThyssenKrupp's stock lost slightly more than 17%. However, in calendar 2008 the stock has so far clearly outperformed both the DAX and the DJ STOXX.

PERFORMANCE OF THYSSENKRUPP STOCK IN COMPARISON indexed, Jan. 2, 2007 to Apr. 30, 2008, in %



Share buyback

In the period February 01 to March 07, 2008 ThyssenKrupp AG repurchased 14,791,100 shares or around 2.9% of the capital stock at an average price of €35.34. The total price paid was around €523 million. The buyback was based on a resolution by the Annual General Meeting on January 18, 2008 authorizing ThyssenKrupp AG to purchase its own shares in accordance with § 71 subsection 1 No. 8 AktG (Stock Corporation Act) up to a total amount of 10% of the capital stock. The authorization is valid until July 17, 2009.

Following the buyback in February/March 2008, ThyssenKrupp AG holds 40,515,552 treasury shares or around 7.9% of the capital stock. This figure also includes shares bought back in July/August 2006. The Company has no rights in respect of these shares.

The free float, which is generally taken into account in the weighting of ThyssenKrupp's stock in the indices, is 67.03% of the capital stock.

Basic information on the stock market listing

ThyssenKrupp stock has been listed on the following stock exchanges since March 25, 1999:

THYSSENKRUPP STOCK MASTER DATA

		Securities identification number
Stock exchange		
		DE 000 750 0001
		International Stock
		Identification Number (ISIN)
Germany	Frankfurt (Prime Standard), Düsseldorf	
United Kingdom	London Stock Exchange	5636927
Symbols		
Stock exchange	Frankfurt, Düsseldorf	TKA
	London	THK
Reuters	Frankfurt Stock Exchange	TKAG.F
	Xetra trading	TKAG.DE
Bloomberg		TKA GR

Innovations

Innovativeness increased

To further increase the performance potential of our products and production processes, employees in the development centers and departments of all segments implemented numerous innovation and research projects, working together closely with customers and external scientists.

The new anti-corrosion coating EcoProtect containing 1% magnesium widens our range of sheet products with zinc-magnesium coatings. The new coating, developed by the surface engineering center Dortmunder OberflächenCentrum, provides better protection against corrosion, so a thinner coating is enough to achieve the same effect. The new zinc-magnesium alloy also offers significant advantages in combination with organic coating. Production trials have been successfully carried out. The auto industry in particular is showing interest in these corrosion-protected sheet products. Components made from them could replace batch-galvanized parts in production.

Newly developed high-formability steels for can making ideally meet customer requirements for sophisticated designs and brand-customized shapes. These high-formability steel grades are used specifically for complex deep-drawn products and cans but they also reduce costs in standard deep drawing applications. The edges and bodies of the cans remain wrinkle-free and increase the attractiveness of the products. Preparations are currently being made for market launch and tests are being carried out with selected customers.

Nickel prices remain relatively high, strengthening demand for stainless materials with lower and less volatile prices than the standard chromium-nickel and chromium-nickel-molybdenum steels. The Stainless segment has developed a series of alternative materials for different applications which are meeting with great interest from the market.

The transfer of the idea of tailored strips and tailored blanks from the carbon steel to the stainless steel area is resulting in wide-ranging innovations for our customers. These tailored material combinations reduce costs and improve part properties. A combination of stainless steel and carbon steel is currently being developed which will allow the production of particularly light auto parts.

For the cement and mining industries Technologies has developed a trend-setting grinding and processing system which delivers outstanding operating results and at the same time simplifies the entire grinding process. The now market-ready system is extremely compact, uses much less energy than conventional systems and produces fewer CO₂ emissions. The system is attracting great interest from the market; several orders and numerous inquiries have already been received.

Another development attracting major interest is a solution devised by our engineers to simplify the installation of camshafts in engines. The assembled camshafts produced by the new Presta method feature integral bearings and lobes. Customers receive a completely ready-to-install camshaft module.

Elevators, escalators and moving walks from ThyssenKrupp Elevator are being used in numerous prestigious buildings around the world. 318 new installations will transport athletes and guests in buildings in Beijing and Qingdao during the 2008 Olympic Games in China. In Barcelona (Spain) the former bullring "Las Arenas", currently being transformed into a shopping and leisure center, will feature 25 escalators and 13 elevators from ThyssenKrupp. They will include six customized panoramic elevators installed inside and on the facade of the building. Six TWIN systems with a total of twelve cabs will move people around quickly in a 105 m tall glass office tower in Utrecht (Netherlands). In a new use, TWIN bed elevators will transport patients quickly and sensitively at the Royal London Hospital in the UK.

Employees

New jobs created

On March 31, 2008 ThyssenKrupp had 195,828 employees worldwide, a rise of 4,478 or 2.3% compared with the end of the previous fiscal year. The Services and Elevator segments in particular reported higher employee numbers due to business expansion. A large number of new jobs were created in the Steel segment as a result of the expansion of capacities in Brazil and the USA.

In Germany the headcount decreased by 1.6% to 83,660, mainly due to the disposal of parts of companies. Elsewhere, the number of employees increased by 5.5% to 112,168. At the end of March 2008, 57% of employees were based outside Germany, including 23% in the rest of Europe, 16% in the NAFTA region, 8% in South America and 10% in Asia, particularly in China and India, and the rest of the world.

Excellent ideas

In the first six months of the current fiscal year, ThyssenKrupp employees came up with over 100,000 ideas and suggestions for better products and production processes. The most important suggestion was made by a plant technician in the Steel segment, who proposed making changes to the roller hearth furnaces on the casting-rolling line in Duisburg. His idea will save over €2 million a year through energy savings and increased roller life. He received a major cash reward, the biggest ever paid for an improvement suggestion.

The ThyssenKrupp best Ideas Competition took place from October 01 to December 31, 2007 and the results are now available. Around 5,700 participants/teams submitted a total of 15,604 suggestions for improvements and projects. International participation was high: one in two ideas came from Group companies outside Germany. Participants could win 75 attractive main prizes, including five cars.

Financial position

Analysis of cash flow statement

The amounts taken into account in the cash flow statement correspond to the balance sheet item “Cash and cash equivalents”.

There was a cash inflow from operating activities of €833 million in the reporting period, compared with a cash outflow of €68 million in the corresponding prior-year period. The €901 million improvement in operating cash flows was mainly due to a smaller rise in working capital.

Cash outflow from investing activities increased by €714 million to €1,783 million. This was primarily due to an increase of €441 million to €1,689 million in capital expenditure on property, plant and equipment, mainly for the construction of the steel mill in Brazil, and to a €136 million increase in expenditures for acquisitions of consolidated companies. At the same time, proceeds from disposals of property, plant and equipment and of previously consolidated companies decreased in total by €144 million.

As a result, free cash flow, i.e. the sum of operating cash flows and cash flows from investing activities, improved by €187 million to €(950) million in the reporting quarter.

Cash outflow from financing activities was roughly level with the corresponding prior-year period at €700 million. Compared with the prior year, a higher net incurrence of interest-bearing financial liabilities was set against a €96 million increase in expenditures for the repurchase of stock and for dividend payments.

Analysis of balance sheet structure

Compared with September 30, 2007, the balance sheet total decreased by €218 million to €37,856 million. This includes an exchange rate-related reduction of €677 million.

Non-current assets increased by €780 million to €16,165 million. There was a translation-related decrease of €318 million but this was offset in particular by significant additions to property, plant and equipment, mainly due to progress on the construction of the steel mill in Brazil.

Despite an exchange rate-related decrease of €181 million, inventories increased in total by €98 million to €8,962 million. In the Stainless segment, inventories decreased by €359 million, reflecting volume and price-related reductions as well as exchange rate effects. There were increases in inventories in the Steel, Technologies, and Elevator segments reflecting the business situation. In the Services segment, taking into account exchange rate factors inventories increased in total by €234 million, mainly as a result of delayed customer orders and the consolidation of the Apollo group.

Taking into account a decrease of €199 million due to exchange rates, trade accounts receivable came to €7,561 million, roughly level with September 30, 2007. Sales-related increases were set against increased customer payments in the plant technology and marine systems businesses in the Technologies segment. Trade accounts payable decreased by €166 million. In addition to exchange rate effects the reduction was mainly due to billing deferrals and related to the Steel segment. The €420 million increase in current other non-financial assets to €1,939 million includes €282 million higher advance payments.

Cash and cash equivalents decreased in total by €1,688 million to €1,970 million. The decrease is mainly the result of the negative free cash flow caused by high investing activity (€950 million) and of further expenditures in connection with the share buyback (€523 million) and dividend payments (€660 million).

The decrease in total equity by €660 million to €9,787 million includes an increase in the amount of the net income achieved in the reporting period of €937 million. Dividend payments (€660 million), the share buyback (€523 million) as well as pre-tax expenses recognized directly in equity in connection with currency translation (€337 million) and unrealized losses from derivative financial instruments (€146 million) resulted in corresponding decreases in total equity.

The €209 million decrease in accrued pension and similar obligations is mainly due to exchange rate effects. Current and non-current interest-bearing financial liabilities increased in total by €480 million; the increase was mainly connected with the financing of the negative free cash flow. The €376 million increase in other non-financial liabilities to €7,480 million is mainly due to a €561 million increase in advance payments received and a €179 million reduction in liabilities from production orders.

Risk report

Thanks to our systematic and effective risk management system, risks are contained and manageable. There are no risks threatening the existence of the Company. Business risks are well controlled. Included in this are intensive project controls on our major projects. We counter rising material prices, in particular for ore and coal, by passing on the costs in our product prices and using alternative procurement sources. The global presence of the Group limits market and cyclical risks from regional price and volume developments. In addition, our diversified product and customer structure reduces possible sales risks. To date the financial crisis has had little effect on the financing arrangements of ThyssenKrupp; the financing of our investment program for the current fiscal year also stands on a secure foundation. We manage our financial risks by the use of derivative financial instruments. The information contained in the risk report in the 2006/2007 Annual Report is still valid.

We report on pending lawsuits, claims for damages and other risks in Note 06.

Subsequent events, opportunities and outlook

Subsequent events

Subsequent events between the end of the 1st half reporting period (March 31, 2008) and the date of authorization for issue (May 08, 2008) are presented in Note 12 to the interim financial statements.

World economy slowing

The global economy will slow overall in 2008. At just under 4%, world GDP growth will be weaker than in 2007. The risks of a more severe slowdown have increased as a result of the continuing financial market crisis and further increases in raw material and oil prices.

In the USA, the economic stagnation could come to an end in the course of the 2nd half of 2008, aided by monetary and fiscal measures to support consumer and business spending. The economy in the euro zone and in Germany will continue to expand initially, thanks to a solid trend in the industrial sector, but with slowing momentum. As the year progresses, slower global growth is expected to dampen economic output. In Germany, private consumption is expected to increase in 2008 due to the labor market situation, whereas export growth will likely slow due to currency factors and the world economic situation. In the emerging countries in Asia and Central and Eastern Europe the high pace of growth will slow only slightly.

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

- The world steel market will remain favorable. We continue to forecast an increase in global steel consumption by almost 7%. The growth will continue to be driven to a large degree by China and other emerging countries, but most other regions should also remain positive. For the current fiscal year we expect world crude steel production to increase to 1.43 billion metric tons. In our core European market, which remains relatively robust, all the signs indicate a further rise in steel consumption, albeit below the high growth rates of the previous two years. Steel prices will continue to be determined to a large degree by high raw material and energy costs. In supply year 2008/2009 European producers will have to contend with price increases of 65% for fine ore and almost 87% for pellets. Prices for high-quality Australian coking coal will increase by as much as 200%.
- Worldwide demand for stainless steel flat products remains at a high level; global consumption of stainless flat products is expected to rise by around 8% in 2008 following a slight decline in 2007. In Europe consumption is forecast to increase by over 3% following a decrease last year. Consumption in the NAFTA region will grow by up to 2%. Demand for high-performance materials such as nickel alloys and titanium will slow temporarily due to delayed deliveries of the Airbus A380 and Boeing B787 super jumbos.

- Vehicle production will continue to expand worldwide in 2008. The growth will come mainly from the emerging countries of Asia and from Central and Eastern Europe. In the USA, the weak demand will continue this year, causing a marked fall in output. Japan and Western Europe should come close to their 2007 production levels. German auto manufacturers will produce around 6 million cars and trucks this year, almost equaling their record output in 2007.
- In the mechanical engineering sector, global production growth will weaken in 2008 in the wake of the overall economic slowdown. A decline is expected in the USA due to lower domestic demand. German engineering companies should enjoy continued growth, aided by high order backlogs, but the growth rates will be smaller than last year. The situation for the mechanical engineering industry in China remains positive.
- In the construction sector, the emerging markets in Asia and Central and Eastern Europe will continue to provide growth impetus in 2008. In the USA, by contrast, a slight decrease in construction output is expected due to weak demand in the private housing sector. A moderate upturn is likely for the German construction industry, driven by commercial construction and public-sector building.

Stable outlook

Earnings and sales: Some areas of individual business units in the USA – Mechanical Components, Materials Services North America – are currently feeling the first effects of the economic downturn. At the same time, increased raw material prices are having a stronger impact than expected. Despite this we can confirm our expectations for fiscal 2007/2008. We continue to forecast earnings before taxes – before nonrecurring items including pre-operating expense for the steel mills in Brazil and the USA – of over €3 billion. Based on the current situation we expect to achieve sales of €53 billion.

Our earnings expectations take into account the fact that our Steel segment will not be able to pass on the sharp rises in raw material prices – in particular for iron ore and coking coal – in full to customers in the current fiscal year due to our contract structure. Demand for our steel products is very pleasing, as reflected in correspondingly higher prices for shorter-term contracts, and this confirms our expectations of another good steel year.

In the Stainless segment, base prices continue to stabilize. Demand from end customers is good, while service centers are being slightly more cautious. We now expect the segment to deliver a positive earnings contribution in the 2nd half of the reporting year. Due to the weakness of the US dollar there are first signs of imports from the US dollar zone, which could slow the further recovery of prices in the 2nd half of the year.

Technologies is profiting in particular from infrastructure development and urbanization in the world's growth regions. Our high order backlog, stretching several years into the future with increasing earnings quality, gives us a high degree of planning certainty.

Thanks to its high service share, our Elevator segment continues to deliver a very stable earnings contribution.

The Services segment is profiting from rising demand for materials in the growth regions. With material prices continuing to rise sharply, we expect a disproportionately high contribution to earnings from Services in the 2nd half of the current fiscal year.

We expect sales to continue to grow in 2008/2009 provided no unforeseen economic downturns impact our business. Growing sales will also be reflected in earnings.

The mid-term sales target for ThyssenKrupp is €60 billion, while our mid-term goal for sustainable earnings before taxes and nonrecurring items is €4 billion. In the longer term, especially after the startup of the steel mills of Steel and Stainless in North America and the investments of the other segments in other regions, we expect to achieve sales of around €65 billion and earnings before taxes and nonrecurring items of €4.5 to 5.0 billion.

Employees: We expect the number of our employees to increase to more than 198,000 by the end of the fiscal year. Given the further internationalization of the Group, the growth will take place primarily in our foreign operations, increasing the non-German proportion of our workforce.

Innovations: We expect to spend more than €800 million on innovations in the reporting year. The focus will be on developing products and production processes in the areas of new materials and capital goods. We are also constantly expanding our range of services. To further increase the innovativeness of the Group we intend to recruit more scientists and engineers.

Procurement: Our supplies of raw materials and other products and services are secure, even though rising prices for raw materials will be reflected in higher materials expense. Substantial price increases will have to be accepted for ore and coking coal as well as for certain alloy metals. We again expect materials expense to amount to more than half of sales in 2007/2008. We have proven, long-term relations with numerous international suppliers allowing us to source goods and services on time and in line with market requirements.

Energy: We expect prices for oil, natural gas and electricity to rise further in the current fiscal year. The cost increases will be held in check by more efficient use of energy, improvements in the sourcing mix and long-term supply agreements.

ThyssenKrupp AG

Condensed consolidated statement of income

million €, earnings per share in €

	Note.	1st half ended March 31, 2007	1st half ended March 31, 2008	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2008
Net sales	09	25,446	25,469	13,114	13,199
Cost of sales		(20,675)	(21,099)	(10,711)	(10,949)
Gross margin		4,771	4,370	2,403	2,250
Selling expenses		(1,391)	(1,396)	(696)	(714)
General and administrative expenses		(1,189)	(1,320)	(613)	(664)
Other operating income		343	143	144	51
Other operating expenses		(725)	(253)	(589)	(124)
Gain/(loss) on the disposal of subsidiaries, net		(6)	43	(8)	43
Income from operations		1,803	1,587	641	842
Income from companies accounted for using the equity method		32	33	19	14
Interest income		133	132	61	63
Interest expense		(337)	(341)	(166)	(170)
Other financial income/(expense), net		3	(23)	17	(7)
Financial income/(expense), net		(169)	(199)	(69)	(100)
Income before income taxes		1,634	1,388	572	742
Income tax expense		(729)	(451)	(328)	(240)
Net income		905	937	244	502
Thereof:					
ThyssenKrupp AG's stockholders		860	900	219	486
Minority interest		45	37	25	16
Net income		905	937	244	502
Basic and diluted earnings per share	10				
Net income (attributable to ThyssenKrupp AG's stockholders)		1.76	1.85	0.45	1.00

See accompanying notes to the condensed consolidated financial statements.

ThyssenKrupp AG

Condensed consolidated balance sheet

ASSETS million €

	Note	Sept. 30, 2007	March 31, 2008
Intangible assets, net		4,581	4,560
Property, plant and equipment, net		9,436	10,298
Investment property		389	386
Investments accounted for using the equity method		461	484
Other financial assets		133	106
Deferred tax assets		385	331
Total non-current assets		15,385	16,165
Inventories, net		8,864	8,962
Trade accounts receivable, net		7,577	7,561
Other financial assets		712	792
Other non-financial assets		1,519	1,939
Current income tax assets		359	467
Cash and cash equivalents		3,658	1,970
Total current assets		22,689	21,691
Total assets		38,074	37,856

EQUITY AND LIABILITIES million €

	Note	Sept. 30, 2007	March 31, 2008
Capital stock		1,317	1,317
Additional paid in capital		4,684	4,684
Retained earnings		4,963	5,227
Cumulative income and expense directly recognized in equity		(241)	(659)
Treasury stock		(697)	(1,220)
Equity attributable to ThyssenKrupp AG's stockholders		10,026	9,349
Minority interest		421	438
Total equity	05	10,447	9,787
Accrued pension and similar obligations		7,139	6,930
Other provisions		696	651
Deferred tax liabilities		946	934
Interest-bearing financial liabilities		2,813	2,612
Other financial liabilities		125	213
Other non-financial liabilities		22	18
Total non-current liabilities		11,741	11,358
Other provisions		1,559	1,346
Current income tax liabilities		592	660
Interest-bearing financial liabilities		825	1,506
Trade accounts payable		4,960	4,794
Other financial liabilities		846	925
Other non-financial liabilities		7,104	7,480
Total current liabilities		15,886	16,711
Total liabilities		27,627	28,069
Total equity and liabilities		38,074	37,856

See accompanying notes to the condensed consolidated financial statements.

ThyssenKrupp AG

Condensed consolidated cash flow statement

million €

	1st half ended March 31, 2007	1st half ended March 31, 2008
Operating:		
Net income	905	937
Adjustments to reconcile net income to operating cash flows:		
Deferred income taxes (net)	137	59
Depreciation, amortization and impairment of non-current assets	710	700
Reversals of impairment losses of non-current assets	(10)	(16)
(Earnings)/losses from companies accounted for using the equity method, net of dividends received	(25)	(31)
(Gain)/loss on disposal of non-current assets	(21)	(36)
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
- inventories	(1,604)	(245)
- trade accounts receivable	(796)	(145)
- accrued pension and similar obligations	(280)	(109)
- other provisions	(131)	(207)
- trade accounts payable	183	(127)
- other assets/liabilities not related to investing or financing activities	864	53
Operating cash flows	(68)	833
Investing:		
Purchase of investments accounted for using the equity method and financial assets	(45)	(19)
Expenditures for acquisitions of consolidated companies	(41)	(177)
Cash acquired from acquisitions	2	54
Capital expenditures for property, plant and equipment and investment property	(1,248)	(1,689)
Capital expenditures for intangible assets	(49)	(72)
Proceeds from disposals of investments accounted for using the equity method and financial assets	36	2
Proceeds from disposals of previously consolidated companies	138	88
Cash of disposed businesses	(19)	(16)
Proceeds from disposals of property, plant and equipment and investment property	136	42
Proceeds from disposals of intangible assets	21	4
Cash flows from investing activities	(1,069)	(1,783)
Financing:		
Proceeds from liabilities to financial institutions	509	699
Repayments of liabilities to financial institutions	(627)	(462)
Proceeds from notes payable and other loans	1	219
Increase in bills of exchange	8	9
Decrease of liabilities due to sales of receivables not derecognized from the balance sheet	(15)	(4)
(Increase)/decrease in current securities	(67)	30
Payments to repurchase shares	0	(523)
Payment of ThyssenKrupp AG dividend	(489)	(635)
Profit attributable to minority interest	(17)	(25)
Other financing activities	12	(8)
Cash flows from financing activities	(685)	(700)
Net decrease in cash and cash equivalents	(1,822)	(1,650)
Effect of exchange rate changes on cash and cash equivalents	(9)	(38)
Cash and cash equivalents at beginning of reporting period	4,447	3,658
Cash and cash equivalents at end of reporting period	2,616	1,970
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows:		
Interest received	67	68
Interest paid	185	181
Dividends received	16	18
Income taxes paid	430	369

See note 11 to the condensed consolidated financial statements.

ThyssenKrupp AG

Condensed consolidated statement of recognized income and expense

million €

	1st half ended March 31, 2007	1st half ended March 31, 2008
Foreign currency translation adjustment	(121)	(337)
Unrealized gains from available-for-sale financial assets	1	3
Unrealized losses on derivative financial instruments	(74)	(146)
Tax effect	28	46
Income and expense directly recognized in equity (net of tax)	(166)	(434)
Net income	905	937
Total recognized income and expense for the period	739	503
Thereof:		
ThyssenKrupp AG's stockholders	696	482
Minority interest	43	21

See accompanying notes to the condensed consolidated financial statements.

ThyssenKrupp AG

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 period from October 01, 2007 to March 31, 2008, were authorized for issue in accordance with a resolution of the Executive Board on May 08, 2008.

Basis of presentation

The accompanying Group’s interim condensed consolidated financial statements have been prepared in accordance with section 37 w of the German Securities Trading Act (WpHG) and 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.

The accompanying Group’s interim condensed consolidated financial statements have been reviewed. In the opinion of Management, the interim 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 period ended March 31, 2008, 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 2006/2007. In the 1st quarter ended December 31, 2007, the Group early adopted IFRS 8 “Operating Segments”; the adoption had no impact on the previous identification of segments.

Recently issued accounting standards

In fiscal year 2007/2008, the IASB has issued the following Standards which must still be endorsed by the EU before they can be adopted:

In January 2008, the IASB issued the amended versions of IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements”. The main change concerns the accounting for acquisitions involving the purchase of less than 100% of the shares of a company. An option is added allowing entities to recognize goodwill from an acquisition by the “full goodwill method”, i.e. including the portion attributable to minority interests. In addition, acquisitions or partial disposals of shares without loss of control must be accounted for as equity transactions. Furthermore, all acquisition-related costs must be expensed as incurred. The amended Standards must be applied to business combinations in fiscal years beginning on or after July 01, 2009, while earlier application of both Standards is permitted in fiscal years beginning on or after June 30, 2007. Currently, Management does not expect the adoption of the amended Standards to have a material impact on the Group’s results.

In January 2008, the IASB also issued an amendment to IFRS 2 “Share-based Payment”. The amendment clarifies that vesting conditions are service conditions and performance conditions only. It also specifies that all plan cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The application of the amended 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 amended Standards to have a material impact on the Group’s consolidated financial statements.

In February 2008 the IASB issued amendments to “IAS 32 Financial Instruments: Presentation und IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation”. The amendments mainly address the classification of particular types of financial instruments as equity or as a liability. Additional disclosures are required about the instruments affected by the amendments. The application of the amendments 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 amended Standards to have a material impact on the Group’s consolidated financial statements.

01 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 during the compliance period 2005 – 2007 and 107.0 million tons of CO₂ during the compliance period 2008 – 2012. 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 available allowances, the Group records an obligation for the purchase of additional allowances.

02 ACQUISITIONS AND DISPOSALS

On January 11, 2008, ThyssenKrupp completed the acquisition of all shares in the British company Apollo Metals Ltd. in the Services

segment. With ten sites in eight countries, the Apollo group supplies high-value products such as aluminum, stainless steel and nonferrous metals as well as high value-added processing services, mainly for aerospace manufacturers and their suppliers. The acquisition will combine the businesses of the Apollo group, operating chiefly in Europe and the Far East, with the mainly US-based operations of ThyssenKrupp Services to create a global business with 30 sites in 13 countries.

The total purchase price including incidental costs was €89 million in cash. The intangible assets are almost exclusively customer contracts. The provisional purchase price allocation resulted in goodwill of €38 million, which includes non-separable assets such as assembled workforce, new contractual customers and synergies arising from the integration of the Apollo businesses.

Based on the preliminary values at the acquisition date, the acquisition of the Apollo group affected the Group's consolidated financial statements as presented below:

million €

	Carrying amounts	Adjustments	Fair values
Goodwill	0	38	38
Other intangible assets	0	7	7
Property, plant and equipment	3	0	3
Other financial assets	5	0	5
Deferred tax assets	0	1	1
Inventories	52	0	52
Trade accounts receivable	33	0	33
Other current financial assets	3	0	3
Other current non-financial assets	3	0	3
Cash and cash equivalents	10	0	10
Total assets acquired	109	46	155
Current income tax liabilities	2	0	2
Interest-bearing current financial liabilities	24	0	24
Trade accounts payable	24	0	24
Other current financial liabilities	2	0	2
Other current non-financial liabilities	13	0	13
Total liabilities assumed	65	0	65
Net assets acquired	44	46	90
Minority interest	1	0	1
Purchase price (incl. incidental cost)			89
thereof: paid in cash and cash equivalents			89

Since the Apollo group belongs to the ThyssenKrupp Group, it has generated sales of €48 million and income before income taxes of €5 million, which are included in the 1st-half consolidated statement of income.

If the acquisition had taken place on October 01, 2007, the Apollo group would have contributed sales of €97 million and income before income taxes of €13 million to the Group's consolidated income.

In the 1st half ended March 31, 2008, the Group also acquired companies that are, on an individual basis, immaterial. Based on the values of the acquisition date, these acquisitions affected, in total, the Group's consolidated financial statements as presented below:

million €

	1st half ended March 31, 2008		
	Carrying amounts as of acquisition date	Adjustments	Fair values as of acquisition date
Goodwill	0	50	50
Other intangible assets	1	12	13
Property, plant and equipment	37	5	42
Investments accounted for using the equity method	0	(26)	(26)
Deferred tax assets	2	0	2
Inventories	45	0	45
Trade accounts receivable	56	0	56
Other current financial assets	2	0	2
Other current non-financial assets	4	0	4
Current income tax assets	3	0	3
Cash and cash equivalents	44	0	44
Total assets acquired	194	41	235
Other non-current provisions	1	0	1
Deferred tax liabilities	3	3	6
Interest-bearing non-current financial liabilities	4	3	7
Other current provisions	8	0	8
Interest-bearing current financial liabilities	39	0	39
Trade accounts payable	41	0	41
Other current financial liabilities	7	0	7
Other current non-financial liabilities	21	1	22
Total liabilities assumed	124	7	131
Net assets acquired	70	34	104
Minority interest	19	1	20
Purchase prices (incl. incidental acquisition cost)			84
thereof: paid in cash and cash equivalents			84

In addition, in the 1st half ended March 31, 2008, the Group sold companies as part of the portfolio optimization that were, on an individual basis, immaterial. Based on the values at the disposal date, these disposals affected, in total, the Group's consolidated financial statements as presented below:

million €

	1st half ended March 31, 2008
Goodwill	2
Property, plant and equipment	60
Investment property	4
Deferred tax assets	2
Inventories	53
Trade accounts receivable	40
Other current financial assets	4
Other current non-financial assets	5
Cash and cash equivalents	16
Total assets disposed of	186
Accrued pension and similar obligations	29
Other non-current provisions	3
Deferred tax liabilities	2
Other current provisions	14
Current income tax liabilities	2
Interest-bearing current financial liabilities	42
Trade accounts payable	26
Other current financial liabilities	6
Other current non-financial liabilities	17
Total liabilities disposed of	141
Net assets disposed of	45
Gain/(loss) resulting from the disposals	43
Selling prices	88
thereof: received in cash and cash equivalents	88

In December 2007, as part of the portfolio optimization program, in the Technologies segment the disposal of the ThyssenKrupp Präzisions schmiede was initiated. ThyssenKrupp Präzisions schmiede develops and produces forged parts for cars and trucks. The transaction did not meet the requirements for discontinued operation reporting in accordance with IFRS 5. Therefore, revenues and expenses continued to be presented as income from continuing operations until the date of the disposal. The disposal was consummated in the 2nd quarter ended March 31, 2008 at a selling price of €85 million paid in cash and the disposal of €8 million of cash and cash equivalents.

At the end of November 2007, ThyssenKrupp's shares of RAG Aktiengesellschaft were transferred to the RAG foundation.

03 EXPENSE FOR SHARE-BASED COMPENSATION

Management incentive plans

In January 2008, ThyssenKrupp granted 32,440 stock rights under the sixth installment of the mid-term incentive plan. In addition in the 2nd quarter ended March 31, 2008, the stock rights granted in the third installment of the mid-term incentive plan were settled with a payment of €54.1 million. In total, ThyssenKrupp recorded

a compensation expense of €5.4 million from the obligations of the mid-term incentive plan in the 2nd quarter ended March 31, 2008 (2nd quarter ended March 31, 2007: €9.3 million) resulting in compensation expense of €3.6 million in the 1st half ended March 31, 2008 (1st half ended March 31, 2007: €33.4 million).

In the 2nd quarter ended March 31, 2008, the Group's Share Purchase Program for the fiscal year 2006/2007 was settled with the purchase of 229,664 shares at a discount. At the same time, in March 2008 it was decided to renew the Program for fiscal year 2007/2008. 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 €1.3 million in the 2nd quarter ended March 31, 2008 (2nd quarter ended March 31, 2007: income of €0.1 million) and of €5.3 million in the 1st half ended March 31, 2008 (1st half ended March 31, 2007: €4.8 million).

04 COST FOR PENSIONS AND SIMILAR OBLIGATIONS

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

million €

	1st half ended March 31, 2007		1st half ended March 31, 2007		2nd quarter ended March 31, 2008		2nd quarter ended March 31, 2008	
	Germany	Outside Germany	Germany	Outside Germany	Germany	Outside Germany	Germany	Outside Germany
Service cost	18	23	17	15	9	11	9	7
Interest cost	133	64	146	64	67	32	73	32
Expected return on plan assets	(4)	(69)	(6)	(70)	(2)	(34)	(3)	(35)
Settlement and curtailment gain	0	(12)	0	0	0	0	0	0
Net periodic pension cost	147	6	157	9	74	9	79	4

A quarterly valuation of pensions and similar obligations as well as of plan assets is generally not performed.

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

million €

	1st half ended March 31, 2007	1st half ended March 31, 2008	2nd quarter ended March 31, 2007	2nd quarter ended March 31, 2008
	USA/Canada	USA/Canada	USA/Canada	USA/Canada
Service cost	7	5	3	2
Interest cost	29	29	14	15
Expected return on reimbursement rights	(3)	(2)	(1)	(1)
Settlement and curtailment gain	(39)	0	0	0
Net periodic postretirement benefit cost	(6)	32	16	16

05 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								
	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	Total equity
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)	0	(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
Balance as of Sept. 30, 2007	488,764,592	1,317	4,684	4,963	(241)	(697)	10,026	421	10,447
Net income				900			900	37	937
Income and expense directly recognized in equity					(464)		(464)	(16)	(480)
Tax effects on income and expense directly recognized in equity					46		46	0	46
Profit attributable to minority interest							0	(25)	(25)
Dividend payment				(635)			(635)	0	(635)
Treasury stock purchased	(14,791,100)					(523)	(523)	0	(523)
Share-based compensation				(4)			(4)	0	(4)
Other changes				3			3	21	24
Balance as of March 31, 2008	473,973,492	1,317	4,684	5,227	(659)	(1,220)	9,349	438	9,787

By the resolution of the Annual General Meeting on January 18, 2008, ThyssenKrupp AG is authorized through July 17, 2009, to purchase treasury stock for certain defined purposes up to a total of 10% of the current capital stock issued. On the basis of this authorization, the Executive Board of ThyssenKrupp AG resolved on January 31, 2008, to purchase treasury shares on the stock market up to around 3% of the capital stock issued. In the period from February 01, 2008, up to March 07, 2008, ThyssenKrupp AG purchased a total of 14,791,100 treasury shares, representing around 2.9% of the capital stock, at an average price of €35.34. This represents a total amount of €523 million.

06 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, 2008	Provision as of March 31, 2008
Advance payment bonds	105	0
Performance bonds	69	1
Third party credit guarantee	31	0
Residual value guarantees	45	1
Other guarantees	129	2
Total	379	4

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 or 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 the principal debtor are 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, this 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 November 20, 2007, the EU Commission ruled that a law adopted by the Republic of Italy in 2005 granting ThyssenKrupp Acciai Speciali Terni S.p.A. among other companies certain benefits in the purchase of electricity was inadmissible state aid. The EU Commission requested Italy to recover aid paid under this law from the companies concerned. On January 31, 2008 Italy filed a complaint against the Commission’s decision. On February 06, 2008 ThyssenKrupp Acciai Speciali Terni also filed a complaint against the decision. It is not yet possible to say definitively whether, and if, in what amount recovery claims will be made by the Italian government and claims made hitherto by ThyssenKrupp Acciai Speciali Terni will be settled by Italy. If the outcome of the legal case is unfavorable, a material effect on the consolidated financial statements of ThyssenKrupp cannot be ruled out.

Compared to September 30, 2007, in the Steel and Stainless segments the commitment to enter into investment projects in Brazil and North America increased by €0.9 billion to €3.0 billion. In addition, additional long term lime supply contracts were fixed which will result in purchasing commitments of €0.2 billion. Furthermore, existing purchasing commitments for iron ore and iron ore pellets increased by €3.8 billion to €10.5 billion due to a changed estimate of price conditions.

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. Some 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.

07 DERIVATIVE FINANCIAL INSTRUMENTS

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

million €

	Notional amount Sept. 30, 2007	Carrying amount Sept. 30, 2007	Notional amount March 31, 2008	Carrying amount March 31, 2008
Derivative financial instruments				
Assets				
Foreign currency derivatives including embedded derivatives	3,950	182	3,754	285
Interest rate derivatives*	757	4	798	50
Commodity derivatives	854	68	839	69
Total	5,561	254	5,391	404
Liabilities				
Foreign currency derivatives including embedded derivatives	5,181	241	5,005	445
Interest rate derivatives*	208	6	151	7
Commodity derivatives	827	86	585	73
Total	6,216	333	5,741	525

* Inclusive of cross currency swaps

08 RELATED PARTIES TRANSACTIONS

In the 1st half ended March 31, 2008, a Group subsidiary realized sales of €1.1 million resulting from a €2 million elevator modernization contract which the subsidiary received in 2006/2007 from an entity belonging to the Alfried Krupp von Bohlen and Halbach Foundation.

ESG Legierungen GmbH is classified as a related party due to the fact that a close member of the family of an Executive Board member is a managing director. In the 1st half ended March 31, 2008, the Group realized sales of €0.9 million with ESG Legierungen

GmbH from the sale of zinc. In the same period the Group purchased zinc alloy with a value of €0.1 million from ESG Legierungen GmbH. The transactions were carried out at market conditions and settled as of March 31, 2008.

09 SEGMENT REPORTING

Segment information for the 1st half ended March 31, 2007 and March 31, 2008 as well as for the 2nd quarter ended March 31, 2007 and March 31, 2008 is as follows:

million €

	Steel	Stainless	Technologies	Elevator	Services	Corporate	Consolidation	Group
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
1st half ended March 31, 2008								
External sales	6,117	3,372	5,816	2,346	7,767	51	0	25,469
Internal sales within the Group	736	421	35	2	332	9	(1,535)	0
Total sales	6,853	3,793	5,851	2,348	8,099	60	(1,535)	25,469
Income/(loss) before income taxes	749	(7)	365	209	267	(181)	(14)	1,388
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
2nd quarter ended March 31, 2008								
External sales	3,245	1,723	3,012	1,163	4,034	22	0	13,199
Internal sales within the Group	394	232	17	1	198	4	(846)	0
Total sales	3,639	1,955	3,029	1,164	4,232	26	(846)	13,199
Income/(loss) before income taxes	396	38	186	90	135	(97)	(6)	742

10 EARNINGS PER SHARE

Basic earnings per share is computed as follows:

	1st half ended March 31, 2007		1st half ended March 31, 2008		2nd quarter ended March 31, 2007		2nd quarter ended March 31, 2008	
	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)	860	1.76	900	1.85	219	0.45	486	1.00
Denominator:								
Weighted average shares	488,764,592		485,152,108		488,764,592		481,539,618	

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.

In fiscal year 2007/2008 the weighted average number of outstanding shares was reduced by the repurchase of treasury shares in the period from February 01, 2008, up to March 07, 2008.

There were no dilutive securities in the periods presented.

11 ADDITIONAL INFORMATION TO THE CONSOLIDATED CASH FLOW STATEMENT

Non-cash investing activities

In the 1st half ended March 31, 2008, the acquisition and first-time consolidation of companies created an increase in non-current assets of €135 million (1st half ended March 31, 2007: €8 million).

The non-cash addition of assets under finance leases in the 1st half ended March 31, 2008 amounts to €31 million (1st half ended March 31, 2007: €8 million).

Non-cash financing activities

In the 1st half ended March 31, 2008, the acquisition and first-time consolidation of companies results in an increase in gross financial liabilities of €70 million (1st half ended March 31, 2007: €0 million).

12 SUBSEQUENT EVENTS

On April 03, 2008, ThyssenKrupp Elevator informed the relevant employees representation bodies about its plan to shut down the factories in Gratkorn (Austria) and in Valencia (Spain). Main reason for this closure is the market driven cessation of components and systems which have been produced in these factories so far. Expected expenses will be around €40 million.

On April 16, 2008, ThyssenKrupp Access Manufacturing LLC acquired the business operations of The National Wheel-O-Vator Company (NWOV), both USA, in an asset deal. NWOV has been engaged since 1982 in the production of mainly home elevators and vertical platform lifts. With the acquisition, ThyssenKrupp Elevator intends to strengthen its leading market position in the USA in the above-mentioned product areas. In 2007 NWOV generated sales of around €31 million and employed roughly 180 people.

In the Steel segment, the management of ThyssenKrupp Sofedit began formal consultations with employee representatives on May 06, 2008 about a project to restructure the company. The project involves the closure of two sites (Amilly and Vendôme), the restructuring of the Auxi-le-Château site and the relocation of the head office in Saint-Quentin-en-Yvelines (near Paris) to the largest production site in Le-Theil-sur-Huisne to achieve necessary cost savings and adapt capacities to falling domestic production by French auto manufacturers. Expenses of around €100 million are expected.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Düsseldorf, May 08, 2008

ThyssenKrupp AG
The Executive Board

	Schulz	Middelmann	
Berlien	Eichler	Fechter	
Köhler	Labonte	Mörsdorf	

Review report of the half-year financial report

To ThyssenKrupp AG, Duisburg and Essen

We have reviewed the condensed interim consolidated financial statements - comprising the balance sheet, the income statement, cash flow statement, statement of recognised income and expense and selected notes – and the interim group management report of ThyssenKrupp AG, Duisburg and Essen, for the period from October 1, 2007 to March 31, 2008 which form part of the half year financial report according to section 37w German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements (ISRE) 2410. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have

not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, May 8, 2008

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Gewehr
(German Public Auditor)

Markus Zeimes
(German Public Auditor)

Report by the Supervisory Board Audit Committee

The interim report on the 1st half 2007/2008 (October 2007 to March 2008) 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 13, 2008 and explained by the Executive Board and the auditors. The Audit Committee approved the interim report.

Düsseldorf, May 13, 2008

Chairman of the Audit Committee
Dr. Martin Kohlhausen

Contact / 2008 – 2009 dates

**For more information,
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Forward-looking statements

This report 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.

2008 – 2009 dates

May 16, 2008

Analysts' and investors' conference

August 14, 2008

Interim report
9 months 2007/2008 (October to June)
Conference call with analysts and investors

November 28, 2008

Annual Press Conference
Analysts' and investors' conference

January 23, 2009

Annual General Meeting

February 13, 2009

Interim report
1st quarter 2008/2009 (October to December)
Conference call with analysts and investors

May 13, 2009

Interim report
1st half 2008/2009 (October to March)

Variances for technical reasons

For technical reasons (e.g. conversion of electronic formats) there may be variances between the accounting documents contained in this interim report and those submitted to the electronic Federal Gazette (Bundesanzeiger). In this case, the version submitted to the electronic Federal Gazette shall be binding.

An English translation of this report is also available; in the event of variances, the German version shall take precedence over the English translation.

Both language versions of the interim report can be downloaded from the internet at <http://www.thyssenkrupp.com>. An interactive online version is also available on our website in both languages.

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

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