SCHULER

Annual Report 2006/07

Exploiting strengths, opportunities and potential

Technological and global market leader in metalforming technology

CONTENTS

SCHULER GROUP AT A GLANCE		2002/03 HGB	2003/04 HGB	2004/05 IFRS	2005/06 IFRS	2006/07* IFRS
Sales	(€ million)	481.1	558.1	561.6	563.4	725.0
– of which outside Germany	(%)	52.3	52.9	70.9	71.4	63.7
New orders	(€ million)	560.5	562.9	547.7	515.7	835.8
Order backlog	(as of 09/30, € million)	566.4	571.2	377.6	330.0	699.6
EBITDA	(€ million)	28.1	27.9	31.2	19.3	74.4
EBIT	(€ million)	8.4	10.4	13.2	-1.1	45.9
Net loss/income	(€ million)	-2.6	3.5	0.4	-9.5	13.9
Personnel incl. apprentices	(as of 09/30)	3,908	3,793	3,697	3,606	5,710
Personnel expenses	(€ million)	207.3	207.5	197.8	211.4	264.3
Balance sheet total	(as of 09/30, € million)	429.3	416.2	562.8	516.1	852.4
Shareholders' equity	(as of 09/30, € million)	75.7	75.6	115.2	97.1	148.3
Equity ratio	(%)	17.6	18.2	20.5	18.8	17.4
Gross cash flow	(€ million)	16.8	22.0	19.1	12.5	43.0
Capital expenditure excl. financial investments	(€ million)	7.6	12.1	9.6	10.1	16.4
Depreciation excl. financial investments	(€ million)	19.7	17.5	17.8	20.3	28.1

** incl. Müller Weingarten Group*

Title: Compact crossbar transfer press (l), blanking and forming press with servo drive (r)

Forming the future

The merger of Schuler and Müller Weingarten has created the world's largest supplier of metalforming technology. As the technological and global market leader in press technology with a share of some 35%, the Group now enjoys global market coverage in sales, manufacturing and service. The Group's new scale will open up further growth potential with our most important customers: car manufacturers and their suppliers, as well as the electrical and household equipment industry and national mints.

Ladies and gentlemen,

In April 2007, Schuler acquired a majority shareholding in Müller Weingarten AG. As of September, Schuler now holds 100% of Müller Weingarten shares. The strengths, structures and global facilities of Schuler and Müller Weingarten are an ideal fit: the combination of Schuler and Müller Weingarten has created the world's leading supplier of press technology for the metal working sector. Taken together, both companies were already technological and global market leaders in presses with a market share of around 35% in over 20 countries and with global reach in sales, production and service. The integration process is running according to plan and the key measures are expected to be completed in the first quarter of 2008. Our decision to take over Müller Weingarten has been warmly approved by the market – this is also illustrated by our share price, which has almost doubled over the past fiscal year.

By merging Schuler and Müller Weingarten we have created the conditions to realize new growth. There are three main factors which will stimulate this growth: firstly, the innovative products which will result from our increased engineering expertise. An important aspect is that the structural changes of our customers and markets are creating an increasing demand for standardized yet technologically sophisticated solutions, which can be tailored to customer and market needs with only minimal additional effort. Secondly, an improved presence on growth markets, especially in Asia and Eastern Europe, promises above-average growth rates for us. And thirdly, the two largest service providers for presses can now offer their customers a global service network and an even larger portfolio of services. The Group's international alignment with »On-Site Service Around The World« is a major competitive advantage.

As the technological and market leader in metalforming technology, Schuler is a company with a wide variety of possibilities. Against the backdrop of our merger with Müller Weingarten and the targeted expansion of those business fields with good prospects for profitable growth, we expect a positive development of business in fiscal year 2007/08.

Board of Management of Schuler AG (from left): Joachim Beyer, Dr. Wolfgang Baur, Jürgen Tonn (CEO), Dr. Markus Ernst

The integration of our companies will bring together the two successful brands, »Schuler« and »Müller Weingarten«, under a single roof. For reasons of efficiency and practicality, this joint company will operate under the name Schuler AG. The brand »Müller Weingarten« will be retained, however, and will continue to play an important role in product marketing. We will remain true to our established brand strategy and will use our portfolio of brands to optimize sales activities with the aid of well-known quality names.

The past fiscal year was particularly challenging for the existing and new employees of our German and foreign subsidiaries and demanded a high degree of commitment, flexibility and hard work. We would like to express our sincere gratitude to all staff for their dedication. We also thank our customers, business partners and shareholders for their continued trust in our company.

Best regards,

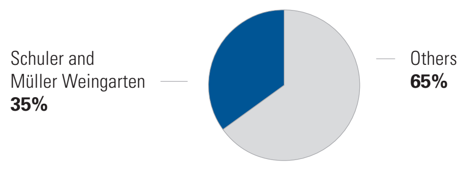
Jürgen Tonn
Chief Executive Officer

A new dimension in metalforming technology

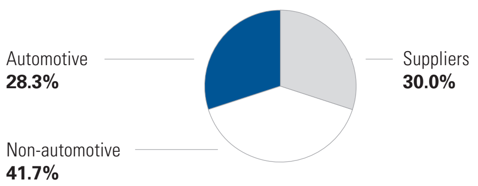
The merger of Schuler and Müller Weingarten has created the world's largest supplier of press technology. As the technological and global market leader, the new group is now represented in over 20 countries. It will generate sales of more than € 900 million and boast global market coverage in sales, manufacturing and service. The Group's new scale will open up further growth opportunities and enable it to exceed € 1 billion in sales within the next three years, while at the same time achieving strong growth in earnings:

– Growth with innovative products resulting from greatly increased engineering expertise
– Growth from increased presence in future markets, especially Asia and Eastern Europe
– Growth from the expansion of our successful service business.

MARKET SHARE



SALES BY CLIENT GROUP 2006/07



The strengths of the joint company

Large presses	Large hydraulic and mechanical presses
Standard presses	Blanking and forming presses, servo technology
Solid forming	Cold, warm and hot stamping
Car body technology	Car body dies and stamped parts, progressive tools and small stamped parts
Automation	Full-liner
Service	Full service presence in all key markets

Taking on the challenges

The market challenges have grown for both companies over the course of their long histories. In recent years, our sector has been shaken by a number of dramatic changes: its geographic center has gradually shifted further east toward Asia; car manufacturers introduced massive restructuring programs; and the trend toward simpler, cheaper machines coupled with global market saturation have all left their mark. More dynamic markets, overcapacities in many segments and competitors from low-labor-cost nations all resulted in additional competitive pressure.

The two highly complementary companies, Schuler and Müller Weingarten, recognized that by grasping the opportunity to merge they could develop their respective strengths and achieve the critical mass required to shape their destiny and thus benefit more than average from the growing global market. An extensive analysis confirmed that the two companies together had the potential to establish a strong and sustainable global market position and to uphold it within the context of current and future changes.

Raising efficiency

The product portfolio, strengths, structures and global locations of Schuler and Müller Weingarten represent an ideal fit. The new company offers a complete portfolio of press technology and is **market or technological leader** in almost all segments.

The intelligent use of our joint research, development and production base for large mechanical and hydraulic presses will enable us to retain and expand on our global market leadership. Our joint **engineering expertise** represents an outstanding platform for us to develop new technologies for the needs of growth markets in Asia. The merger of the world's two largest service providers for presses will enable us to offer customers a **global service network** and an **even bigger service portfolio**.

Lean integration process

√	Takeover of 100% of Müller Weingarten stock by Schuler AG following legally binding conclusion of squeeze-out process in September 2007
√	Definition of new group's basic structure:
	– Specialization with clearly defined division of labor between the manufacturing locations **– Development of centrally controlled and efficient capacity management system** **– Implementation of a lean organizational structure with short reporting and decision paths**
√	Pooling of responsibilities at Schuler and Müller Weingarten in identical Management Board divisions
√	Adoption of a master plan for implementation
√	Restructuring of key group areas, sale of non-core Die Casting division as well as a workshop in Plüderhausen
•	Completion of key integration measures in the first quarter of 2008

The takeover opens up **synergies** in a variety of areas. In total, we expect **increased earnings** of up to € 35 million per year. Processes and results can be optimized in procurement, customer service and administration. By **securing the future competitiveness** of the company we are also securing the long-term security of jobs in Germany.

Scheduled progress

The integration process is running on schedule. A transparent information policy with supporting communication measures and staff events have laid the foundation for the development of a new, common corporate culture.

Creation of a dynamic group

Thanks to the good and efficient interaction between Board of Management, Supervisory Board, management, works council and employees, we have succeeded in implementing the integration of Schuler and Müller Weingarten on schedule and without the creation of avoidable friction or problem areas.

We have thus forged a group which has grown noticeably in its strength and reach on the global market. Our increased presence in growth markets, the expansion of our service business, improved production processes, shorter lead-times and greater engineering expertise will all strengthen our position on the global market.

The best indicator as to whether we are on the right track is the response from our customers: they have remained loyal to us. At the same time, we have attracted the attention of potential new customers – and must now translate this attention into new business.

Forming Systems

- Successful new press generation with servo drive
- Hot Stamping Center of Excellence founded
- Boom in solid forming lines

The Forming Systems business segment comprises the entire range of mechanical and hydraulic presses. We supply car manufacturers mainly with tailored large-scale lines for the efficient and flexible production of car body parts. Schuler has extended its product range for the growing market of automotive suppliers by combining tried and trusted standard components with modular equipment concepts. Further Forming Systems products include high-speed and coining presses, as well as solid forming systems.

Compact crossbar transfer press

Compelling flexibility and performance: eleven orders for new blanking and forming presses with servo drive

Blanking and forming press with servo drive (press force 400 t)

In late 2007, Schuler customer Klein Umformtechnik took delivery of a new servo press. Based in Netphen-Deuz, Germany, the company has established itself as a highly specialized supplier for the automotive and household appliance industries and purchased its first-ever Schuler press. A further new customer is the Gutbrod group, a member of the Austrian Voestalpine group. The company develops and manufactures blanked and formed parts, as well as sub-assemblies and safety components for the car industry. A further press is destined for Austria, where it will be used by the Blum Group – one of the world's leading manufacturers of furniture hardware, especially for kitchens.
The varying application fields of the above mentioned customers and the wide part range to be produced on the presses underline the flexibility and performance of the new blanking and forming presses with servo drive (see also p. 14/15). In addition to higher output rates compared to mechanical presses with flywheel drives, the new press also offers faster changeovers and reduced non-productive time. As some suppliers have to change dies several times a day, this means a direct increase in productivity.

Hot Stamping Center of Excellence founded

Hot stamping of car body parts is becoming an increasingly popular process for car manufacturers around the world. This is due above all to rising passenger safety regulations, which require new solutions from car manufacturers and their suppliers for the construction of lightweight steel bodies. With the foundation early this year of a Hot Stamping Center of Excellence in Waghäusel, Germany, we have pooled the Group's complete process and equipment expertise in hot stamping in order to offer customers both machinery and comprehensive advice for all processes.

At the newly founded Center of Excellence, hot stamping technology is continually developed for mass manufacturing applications in the automotive industry by experts in the field of process technology, press construction, die and automation technology. Current developments in modern steel materials will also be considered in the realization of future-oriented system solutions.

Lead press for Czech Republic

This year, Škoda Auto AG launched production on a double-action hydraulic lead press with a total press force of 2,100 t and a bed area of 4.6 m x 2.5 m. By using a patented ring valve, in combination with our patented mechanical coupling of the slide, dynamic three-stage cylinder selection and new T-track sliding bolsters, and by changing the work organization process, output on the line for the mass manufacturing of panels and structural parts was increased by 10%.

Aluminum wheels manufactured on one of our hydraulic forging lines

Schuler profits from trend toward forged alloy wheel rims

Aluminum forged wheel rims are particularly light and rigid. We were quick to react to the special requirements of alloy rim manufacturing and are now the world's leading supplier of hydraulic forging presses for this segment. The trend toward lightweight design and high-quality, individual equipment has now reached the SUV (sport utility vehicle) and light truck segments. These vehicles need particularly large and hard-wearing wheels. In fiscal 2006/07, we delivered a hydraulic forging line to a Taiwanese manufacturer for the production of up to 24-inch wheel rims. This was the third order in just two years which the manufacturer had awarded to us. At the heart of the line is a hydraulic forging press with a press capacity of 7,000 t. As a systems partner, we not only supplied the press, but also the corresponding part handling equipment with robots, the spraying and lubrication device for the dies and the tool-changing equipment.

This trend is also underlined by an order for two turnkey forging lines from a wheel rim manufacturer in North America. The lines each include a hydraulic forging press with a press force of 7,000 t. Subsequent operations, such as expanding and punching the rims, are carried out on a second press with 500 t of press force. In addition to the presses and the robot linkage system, Schuler is also supplying the ovens, palletizing devices, cooling stages and the cooling tower.

Expertise in near-net-shape production of complex parts wins orders

When it comes to the manufacturing of complex parts, solid forming offers significant benefits with regard to both quality and productivity. The production of near-net-shape quality, in particular, greatly reduces effort and costs as it cuts out many of the subsequent metal-cutting stages. The world-wide rise in demand for non-cutting forming equipment is currently benefiting us. We have been awarded four contracts for multi-station presses with eccentric drives. In late 2006, we installed a press line for shaft parts at Kotani, Japan's largest independent forging company, after having already installed such a line earlier in the year. In early 2007, the company launched operation on a further line of ours at its facility in Gliwice, Poland. We received two further orders for forging lines from the GKN Group, the global market leader in constant velocity jointed (CVJ) sideshafts for the automotive industry.

The warm forging lines with a press force of 2,000 t are used in the company's plants in Brazil and China. The order comprises the five-station forging lines with NC transfer systems as well as the complete die technology and die-changing systems.

Blanking and forming presses with knuckle-joint drive are now available with increased slide stroke

Increased slide stroke, increased possibilities: world premiere for knuckle-joint presses with optional »Quick Lift system«

Knuckle-joint presses are always first choice for high-volume, low-cost production of parts with a high proportion of embossing. The available space in the die mounting area of the press, however, is often a limiting factor for their use. The rule of thumb is: stroke height of the die mounting area divided by three equals maximum part height. With a new, modified knuckle-joint drive, the benefits of the knuckle-joint press can now be combined with the higher slide stroke of eccentric presses. The Quick Lift system provides up to 500 millimeters of additional slide stroke without affecting press performance. The new drive concept expands the spectrum of use for knuckle-joint presses considerably. Whether for the automotive and electrical industries or other sectors: wherever ready-to-assemble parts with greater heights are required, these can be manufactured far more economically in future. We will deliver the first press featuring this new drive in early 2008 to a manufacturer in Germany.

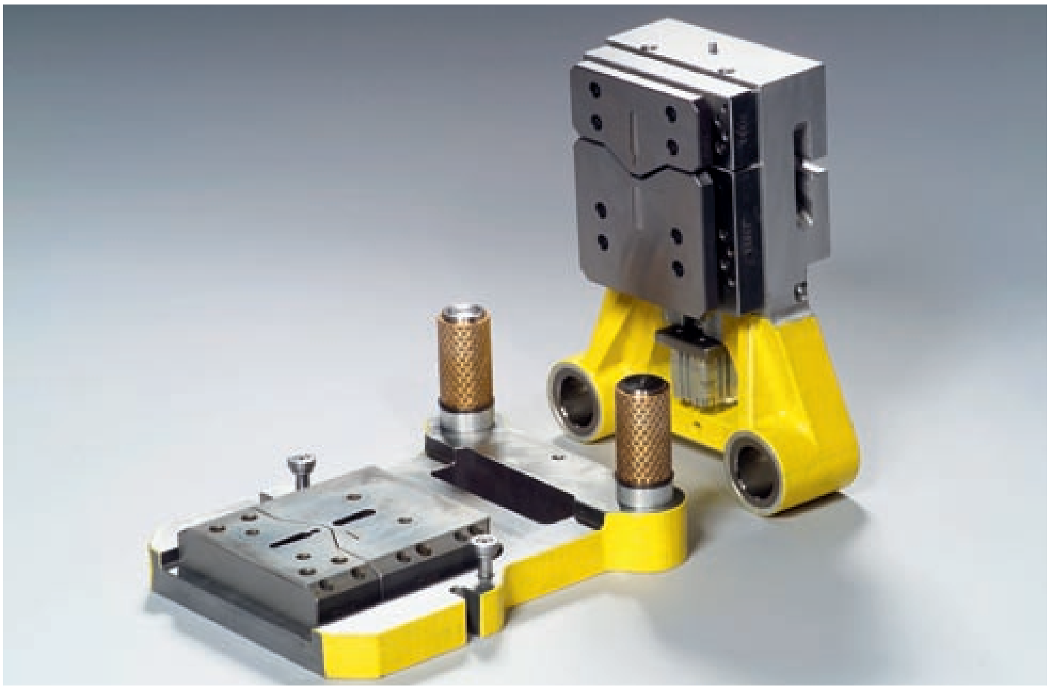
3,000 cans per minute

In February 2007, we presented a newly developed cupping press for the production of food and beverage cans: with a production speed of more than 250 strokes per minute and a press force of 140 t, the press produces more than 3,000 parts per minute. Customers are impressed by the technical sophistication of the press and by the optimal coordination between press and die. Many of the ingenious technical details such as, for example, the pneumatic control or separate hydraulic unit have been very positively received.

Automation and Production Systems

- Economic production of small batches with robot automation
- Controllable dies raise flexibility and output in the manufacture of electric motor laminations
- Just 48 hours from idea to shape for the production of prototypes

Schuler's Automation and Production Systems business segment offers one-stop shopping in the field of automation and press dies: from engineering to construction to tryout. Hydroforming represents a further area of expertise. It entails shaping hollow bodies with the aid of gas or fluid pressure; offering both safety and weight benefits.



Controllable dies raise flexibility and output in the manufacture of electric motor laminations

Economic production of small batches on hydraulic presses with robot automation

A critical success factor for suppliers of formed metal parts is the ability to produce a wide array of parts in a variety of batch sizes. This requirement profile is the classic strength of hydraulic presses. We recently installed a manufacturing system for a Dutch company, which raises the flexibility of this press type even further. The new machine concept combines a hydraulic press with an automation system by means of four hanging robots with linear positioning. This combination enables extremely flexible machine usage. As the press is equipped with three separate draw cushions, it can either be used as a single press for the production of large parts, or as a three-station transfer press. Depending on the part to be produced, the robots take care of feeding, transporting between die stations and unloading. This degree of flexibility cannot be achieved with conventional press automation.

Controllable dies raise flexibility and output in the manufacture of electric motor laminations

With their high output rates, exceptional flexibility and short set-up times, our controllable dies set new standards in the manufacture of electric motor laminations. By automating the die, we have succeeded in combining the production of rotor and stator notches in a single, dynamic operation. As a result, no time is needed for unloading, die change and loading – and the time saved can be used more productively. In contrast to conventional notch blanking dies, controllable dies boast two to three different, pneumatically activated male and female dies. After punching the first notch row, the die automatically adapts to the punch diameter of the second notch row. The pneumatic system deactivates the die for the first row and activates the dies for the second or third row of notches. The notching machine then automatically punches the next row of notches in the subsequent operation.

Just 48 hours from idea to shape: fast and cost-efficient manufacturing of prototypes

When it comes to the manufacturing of complex metal parts, the hydroforming process using active media has firmly established itself on the market. Manufacturers employ this technology above all for the production of chassis, exhaust and structural parts. At the BlechExpo fair in Stuttgart, Germany, in June 2007, Schuler is now presenting a series of approaches with which suppliers can leverage the potential of this innovative technology. The main focus is on hydraulic and hydro-mechanical drawing techniques. These processes promise enormous time savings and drastic cost reductions. The declared aim of Schuler's experts for the production of prototypes is to get from idea to shape in just 48 hours. And in terms of cost, savings of up to 60% are thoroughly realistic for the development and fabrication of dies.

Flexible success with servo presses

The requirements for manufacturers of complex sheet metal parts are clearly defined: top quality and the ability to produce a wide range of parts are high on the list of customer priorities. When it comes to investing in new machinery, therefore, manufacturers are interested above all in output, process reliability and flexibility. Schuler's new blanking and forming presses with servo drive have been designed specifically to meet these requirements. Saxonia-Franke in Göppingen, Germany, was amongst the first companies to invest in the new technology.

Saxonia-Franke raises output by up to 40% with servo press technology

In spring 2007, Saxonia-Franke expanded its machine base with the addition of a new press featuring a significantly higher press force (400 t). The investment has paid off for the company: »Thanks to the servo drive, we can now adapt the movement curves exactly to the die, forming process and automation equipment and thus raise output compared with our conventional mechanical eccentric presses by up to 40%«. The press offers extra benefits especially for flat parts, such as those produced by Saxonia-Franke: due to the freely adjustable stroke height they can be produced with significantly shorter cycle times.

Short ways from tryout to serial production

At Saxonia-Franke, it really is a short step from tryout to serial production. On the one hand, the company uses almost exclusively its own, self-developed and constructed progressive dies – the specialists are therefore always on site. On the other hand, the servo technology provides optimum tryout conditions for new dies. With the aid of a hand-wheel, the slide can be moved up and down in degrees, tenths of degrees or continuously, and thus exactly positioned. The slide movement is reversible at any point. »The hand-wheel gives us completely new possibilities for die tryout and faster serial production preparation.« However, this more convenient operation also offers real economic benefits: »We were surprised how fast we were able to produce top quality goods on the new press – and at high output levels.«

Maximum flexibility for greater investment security

A further benefit of servo press technology is its flexibility. The ability to freely program the movement curves means that the press can be quickly configured for the production of various parts. The machine’s visualization system provides additional support for the operator: it enables him to program the respective curve for a variety of configurations and to store it in the die database. Once stored, the individual curves are quickly available in the case of die changes. This significantly reduces changeover times and downtime. In view of the shorter model cycles of manufacturers and fast changing peak loads, the new technology provides investment security for metalforming companies.

Schuler’s servo presses also hold a few surprises when it comes to energy consumption: the additional acceleration power is recaptured and stored during the generator’s braking sequence and the resulting energy can then be used for the next acceleration cycle. With the aid of this energy management system, power consumption can be significantly reduced and peak needs smoothened.

The new range comprises blanking and forming presses with servo drive offering press forces of 250 t to 630 t. Thanks to their modular design based on standard components, the presses can be quickly delivered and easily maintained. Schuler offers servo technology for stand-alone presses and press lines with press forces of up to 3,200 t. The new press range is rounded out by an extensive package of services – from maintenance and servicing to finance models and the return or retrofitting of used machines.

Saxonia-Franke has been able to raise output by up to 40% compared with its conventional mechanical eccentric presses

The movement curves in the die database can be optimized by the operator using the machine’s visualization system

The hand-wheel function enables sensitive tryout operation for new dies

Blanking and forming press with servo drive automated with coil line and feeder. Maximum press force: 400 t

Successful year for the Schuler share

The world's stock markets got off to a strong start in 2007. Despite a correction in March, record share prices were being reached around the world in May. In the third quarter, however, the US real estate crisis began to fuel market uncertainty: rising interest rates had resulted in a growing number of bad debts in the subprime mortgage sector. This in turn put financial stocks under pressure and resulted in share price corrections, also in Germany.

Schuler share making good progress

From October 1, 2006, to September 30, 2007, the German blue-chip index DAX grew by 30.6% and the engineering index CDAX by 30.3%. The small-cap index SDAX recorded much slower growth of 16.2%. The Schuler share started the fiscal year at € 5.84 on October 2, 2006, and fell to its year-low level of € 5.44 on January 2, 2007. From the moment Schuler AG announced in late March that it was planning to acquire its former competitor Müller Weingarten AG, the share price began to grow steadily. The information in late September 2007 that the squeeze-out process had been successfully completed and that Schuler AG thus held 100% of Müller Weingarten AG shares produced a further strong increase in the share price. The Schuler share reached its year-high price of € 10.98 on September 27 and finished the year at € 10.80 on September 30, 2007. This represents year-on-year growth of 84.9% (all figures based on XETRA electronic trading).

Strong rise in trading volumes

The increased demand for Schuler shares meant that daily trading volumes more than doubled. The number of shares traded at all stock exchanges amounted to an average of 13,033 per day during the period under review.

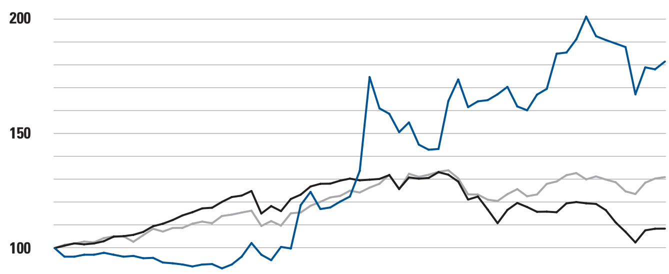
Capital market displaying growing interest

In fiscal 2006/07, the company also held one analyst conference and two roadshows. The takeover of Müller Weingarten AG sparked renewed interest in Schuler AG on the capital market and there was a consequent strong increase in the number of one-on-one meetings held with potential investors.

Shareholders and investors can access all important data on the company in the investor relations section of Schuler's website (www.schulergroup.com). The so-called »Annual Document«, in accordance with § 10 of the German Securities Prospectus Act (WpPG), presents all publications made during a specific fiscal year.

In its fiscal year 2006/07, Schuler AG posted a net income according to commercial law of € 13,449,745.28, which resulted mainly from special income of € 30.6 million from a sale-and-rent-back transaction. The Board of Management and Supervisory Board will recommend to the Annual General Meeting that the company carries forward the unappropriated surplus of Schuler AG as of September 30, 2007, amounting to € 3,959,133.41.

SCHULER STOCK PERFORMANCE



SHARE DATA

Security identity number	WKN 721 063 preferred no-par-value stock WKN 721 060 common no-par-value stock
ISIN	DE 0007210635 preferred no-par-value stock DE 0007210601 common no-par-value stock
Stock exchange code	SCU3
Number/type of shares	10,500,000 common no-par-value stock 7,000,000 preferred no-par-value stock without voting rights
Market segment	General Standard
Index	CDAX
Capital stock	€ 45,500,000
Shareholder structure	Common no-par-value stock: 100% Schuler-Beteiligungen GmbH Preferred no-par-value stock: 100% free float (40% of capital stock)
Stock exchanges	Official trading at the Frankfurt and Stuttgart stock exchanges since March 23, 1999
Designated sponsor	Landesbank Baden-Württemberg
Fiscal year ending	September 30

SCHULER SHARE AT A GLANCE

per preferred share		2004/05	2005/06	2006/07
Earnings	(€)	0.08	-0.49	0.85
Dividend	(€)	0.20	0	0 [1]
Dividend yield, gross [2]	(%)	3.1	0	0
Year-high	(€)	7.99	7.15	10.98
Year-low	(€)	6.20	5.80	5.44
Year-end price	(Sept. 30, €)	6.38	5.93	10.80
Carrying value	(€)	6.50	5.47	8.39

[1] Proposal to the Annual General Meeting *[2] Based on year-end price*

Corporate Governance

The current version of the German Corporate Governance Code (GCGC) dated June 14, 2007, was published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette on July 20, 2007. First introduced in 2002, the Code aims to make the rules applied in Germany for the management and monitoring of companies more transparent, as well as to regulate cooperation between the Supervisory Board and the Board of Management, and to protect shareholder interests. In this way, it is hoped to strengthen trust in the management of German companies.

According to § 161 of the German Stock Corporation Law (AktG), the Supervisory Board and Board of Management of listed companies are obliged to publish a declaration of conformity once a year, in which they declare which of the Code's recommendations are being observed and which have not been applied. Schuler AG's declaration of conformity is published in this annual report as well as on the investor relations pages of our website at *www.schulergroup.com*.

Management and corporate structure

Schuler AG is the management holding company of the Schuler Group and is headquartered in Göppingen, Germany. The Group is divided into two business segments and comprises 35 fully consolidated companies. The business segments operate through legally independent companies, which are responsible for their own business and profitability. The management teams of these subsidiaries are in regular contact with the Board of Management of Schuler AG.

The Board of Management of the Group's largest subsidiary, Müller Weingarten AG, is identical to the Board of Management of Schuler AG. Schuler AG supports the Group's subsidiaries partly by providing funds and foreign exchange management through the Group's treasury division as well as through other group-wide services.

Board of Management

In fiscal year 2006/07, the Board of Management of Schuler AG consisted of three members. At the beginning of the current fiscal year a fourth member of the Board of Management began his activities (see Subsequent Events p. 40). The responsibilities of the various members of the Board of Management are regulated by a document detailing the division of tasks. The Board of Management meets at regular intervals and also carefully coordinates its activities.

In fiscal 2006/07, the remuneration of the Board of Management consisted of both fixed and variable elements.

Supervisory Board

The Supervisory Board of Schuler AG is composed in accordance with the German Codetermination Act and consists of twelve members: six each are voted by the representatives of the shareholders and the company's employees for a period of five years. In the case of tied votes, the Chairman of the Supervisory Board has two votes. The Supervisory Board monitors and advises the Board of Management in its management of business. Major business transactions of the Board of Management require the prior approval of the Supervisory Board. The Board of Management regularly provides the Supervisory Board with detailed and up-to-date information concerning the development of business and current planning.

The Supervisory Board has formed a Personnel Committee, a committee pursuant to § 27 (3) of the German Codetermination Act (MitbestG), an Audit Committee and a Nomination Committee. The Personnel Committee prepares the personnel decisions of the Supervisory Board. The Audit Committee is concerned in particular with questions of year-end accounting and risk management, as well as establishing the necessary independence of external auditors, commissioning them to audit the company's annual financial statements, deciding which areas they should focus on and agreeing their remuneration. Furthermore, the Audit Committee prepares the respective discussions and decisions of the Supervisory Board. The Nomination Committee consists exclusively of shareholder representatives and proposes suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting regarding the election of Supervisory Board members.

The members of the Supervisory Board receive a fixed compensation, determined by the Annual General Meeting of Schuler AG.

Directors' dealings

According to § 15a of the German Securities Trading Act (WpHG), members of the Board of Management and Supervisory Board are obliged to inform the company immediately should they buy or sell any Schuler shares. In the fiscal year 2006/07, Schuler AG did not receive any notification of directors' dealings.

Annual General Meeting

Each common share entitles the owner to one vote. The preferred shares have no voting rights. All shares are represented by a global certificate in bearer form. Only those shareholders who have proven their entitlement and got registered are allowed to participate in the Annual General Meeting.

Such proof is made by a written certificate of shareholding issued in German or English by the depositary institution. This proof must be related to the twenty-first day prior to the shareholders' meeting and must be received by the company or any agent identified in the notice convening the shareholders' meeting no later than on the seventh day prior to the meeting.

Accounting and auditing

The consolidated financial statements are prepared according to IFRS (International Financial Reporting Standards). The annual financial statements of Schuler AG and the consolidated group are audited by independent auditors, elected by the Annual General Meeting.

Controlling and risk management

The Board of Management of Schuler AG has laid down principles and guidelines in the form of a risk management system, in order to detect risks as soon as possible and take the necessary corrective action. Detailed information on this topic is provided in the chapter »Opportunity and risk report« in the Management Report section on page 36 of this annual report.

Communication

Schuler AG provides swift information to its employees, shareholders and the capital market, as well as the special-interest and business press, regarding important events in the company's development.
All dates for financial reports and important events are published in a financial calendar on our website www.schulergroup.com.

Remuneration report: remuneration of the Board of Management

The Personnel Committee of the Supervisory Board is responsible for determining the monitoring of remuneration for the Board of Management. The Personnel Committee regularly reviews the structure and size of the remuneration system for the Board of Management.

The remuneration of the Board of Management generally comprises a fixed and a variable component. The variable remuneration component is based on the consolidated net income of the respective fiscal year. There are also post-employment benefits. The remuneration system does not include stock options or similar rights.

Other benefits primarily consist of the reimbursement of expenses, the provision of a company car, and premiums for group accident and directors' and officers' (D&O) liability insurance. The D&O insurance policy does not provide for an appropriate deductible. Members of the Board of Management must pay taxes on these additional benefits.

No payments were promised or granted in fiscal year 2006/07 to members of the Board of Management by a third party in respect to their activities in the Board of Management.

Remuneration of the Supervisory Board

Article 16 of the company's articles regulates the remuneration paid to members of the Supervisory Board. There is no variable component. Chairmanship and deputy chairmanship of the Supervisory Board and membership and chairmanship of its committees qualify for higher remuneration. In addition, the members of the Supervisory Board are paid meeting attendance fees and their expenses are reimbursed. The D&O insurance policy also covers members of the Supervisory Board (without deductible).

Declaration of Conformity 2007 with the German Corporate Governance Code in accordance with § 161 German Stock Corporation Act (AktG)

The Board of Management and Supervisory Board of Schuler AG declare that the recommendations of the »Government Commission on the German Corporate Governance Code« dated June 14, 2007, and published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette have been complied with. The following exceptions are made:

1. D&O insurance and deductible

If the company takes out a D&O (directors' and officers' liability insurance) policy for the Management Board and Supervisory Board, a suitable deductible shall be agreed (Code section 3.8).

In the case of the current D&O insurance for the Board of Management and Supervisory Board, no deductibles have been agreed. We believe that agreeing a deductible would not be a suitable method of improving the motivation and sense of responsibility for the tasks and functions with which the members of the Board of Management and Supervisory Board of Schuler AG have been entrusted.

2. Structure of Management Board compensation system

At the proposal of the committee dealing with Management Board contracts, the full Supervisory Board shall discuss and regularly review the structure of the Management Board compensation system (Code section 4.2.2). The Chairman of the Supervisory Board shall outline the salient points of the compensation system and any changes thereto to the General Meeting (Code section 4.2.3). The salient points of the compensation system shall be published in plainly understandable form and explained in the Corporate Governance Report (Code section 4.2.5).

The Supervisory Board of Schuler AG has transferred to the Personnel Committee the right to decide and act independently in questions concerning the remuneration of the Board of Management. This system has proved effective. The Personnel Committee discusses and regularly monitors the structure of the remuneration system.

The amount of compensation is based on the duties of the Board of Management member, as well as his performance and the business development of the Schuler Group, with suitable regard to comparative figures. The compensation system consists of fixed and variable components.

3. Age limit for members of the Supervisory Board

An age limit for the members of the Supervisory Board shall be taken into account (Code section 5.4.1).

An age limit for membership of the Supervisory Board is not intended. The expert advice of our experienced Supervisory Board members, irrespective of their age, shall continue to benefit the company's development.

4. Compensation of members of the Supervisory Board

Members of the Supervisory Board shall receive fixed as well as performance-related compensation. The compensation of individual members of the Supervisory Board shall be reported in the Corporate Governance Report, subdivided according to components (Code section 5.4.7).

The members of the Supervisory Board receive a fixed compensation, determined by the Annual General Meeting of Schuler AG. The Chairman receives twice as much as an ordinary member of the Supervisory Board, the Deputy Chairman receives 1.5-times as much as an ordinary member of the Supervisory Board. Members do not receive performance-related compensation.
We believe that by choosing not to pay performance-related compensation, potential conflicts of interest in the decision-making process of the Supervisory Board which may influence the company's success criteria can be excluded.

5. Shareholdings held by the Board of Management and Supervisory Board

The shareholdings, including options and derivatives, held by individual Management Board and Supervisory Board members shall be reported if these directly or indirectly exceed 1% of the shares issued by the company. If the entire holdings of all members of the Management Board and Supervisory Board exceed 1% of the shares issued by the company, these shall be reported separately according to Board of Management and Supervisory Board (Code section 6.6).

In order to protect the interests and the privacy of corporate body members, their individual shareholdings are not disclosed in the case that these exceed 1% of the shares issued by the company. Furthermore, it is not disclosed whether the total shareholding of all members of a body exceeds 1% of the shares issued by the company.

6. Deadlines for the publication of consolidated financial statements and interim reports

The consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year; interim reports shall be publicly accessible within 45 days of the end of the reporting period (Code section 7.1.2).

The consolidated financial statements will continue to be publicly accessible within 120 days of the end of the financial year. Due to the project-based nature of the Schuler Group's business, a suitable time corridor is required especially for the reliable and accurate determination of project-related accruals. Earlier disclosure would cause a disproportionate deterioration in the quality of the financial statements.

With the exception of the above-mentioned items 1 to 6, we shall continue to comply with the recommendations of the »Government Commission on the German Corporate Governance Code«.

Göppingen, November 9, 2007

Schuler AG

For the Board of Management	For the Supervisory Board
Jürgen Tonn	Dr. Robert Schuler-Voith

Report of the Supervisory Board

The Supervisory Board fulfilled its statutory duties in the fiscal year 2006/07, while at the same time advising and monitoring the Board of Management. The Board of Management provided the Supervisory Board with prompt and thorough information on the company's situation and development, as well as on all business transactions requiring approval, the company's risk management system and corporate planning. The Supervisory Board adopted all resolutions after careful examination and on the basis of the proposals presented.

A total of five meetings were held in the fiscal year 2006/07. In addition to its scheduled meetings, the Supervisory Board remained in close contact with the Board of Management in order to gain prompt information about developments, current business activities and significant events. The Personnel Committee met once during the past fiscal year. The Mediation Committee, pursuant to § 27 (3) of the German Codetermination Law, was not convened during the year under review. The Audit Committee met three times to deal with questions of accounting, risk management and the auditing of the annual financial statements.

At the meetings, the Board of Management and Supervisory Board discussed the development of sales and new orders, as well as the financial position and earnings of the Group and its major subsidiaries. Further areas of focus included the risk management system and the strategic alignment of the Group and its business segments. The Supervisory Board was also informed about personnel development and various research and development projects.

At the meeting held on March 27, 2007, the Supervisory Board agreed to the acquisition of a shareholding in Müller Weingarten AG. At the extraordinary meeting on July 5, 2007, and the meeting on September 26, 2007, the Board of Management informed the Supervisory Board about the progress of the integration of Schuler and Müller Weingarten. At the meeting on September 26, the Supervisory Board agreed to the sale of the Die Casting division with facilities in Plüderhausen and approved the new distribution of responsibilities for the Board of Management. As of October 1, 2007, Dr. Markus Ernst was given responsibility for standard presses within the business segment »Forming Systems«. Mr. Joachim Beyer assumed responsibility for large presses/automotive, also of the »Forming Systems« segment. Mr. Jürgen Tonn remains responsible for the business segment »Automation and Production Systems« and Dr. Wolfgang Baur continues to be responsible for the Finance and Human Resources divisions. At the meeting on September 26, 2007, the Supervisory Board also made approving note of corporate planning for the fiscal year 2007/08, as well as planning for the following two years, and was informed about planned corporate strategy.

At its meeting on November 9, 2007, the Supervisory Board and Board of Management published a joint declaration of conformity with the German Corporate Governance Code, pursuant to § 161 AktG, in which Schuler follows the Code's recommendations in almost all aspects. Details concerning Schuler's corporate governance policy are provided on pages 18 – 21 of this annual report, as well as on our website at www.schulergroup.com.

As part of a critical self-evaluation process, the Supervisory Board subjected itself to an examination of its efficiency during the fiscal year 2006/07. The results of the examination were discussed at the Supervisory Board meeting held on January 29, 2008. Several ideas for improvements were adopted and are being implemented.

In line with the German Corporate Governance Code, the Supervisory Board obtained a Declaration of Independence from the auditor and jointly agreed the main areas for auditing. In addition to auditing services, the auditor also provided tax advice and related services for the company.

The annual financial statements prepared by the Board of Management as of September 30, 2007, for Schuler AG and the consolidated group, as well as the management reports for Schuler AG and the consolidated group, were audited by the accountancy firm of HHS Hellinger Hahnemann Schulte-Gross GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, and received unqualified certification. All members of the Supervisory Board were provided in time with the annual financial statements and management reports for Schuler AG and the consolidated group, as well as the auditor's reports. The financial statements and reports were examined in detail – with particular reference to the earnings situation – by the Audit Committee at its meeting on January 28, 2008. It gave a detailed report at the Supervisory Board's meeting on January 29, 2008. At the meetings of the Audit Committee and the Supervisory Board, the chief auditors were on hand to report on the result of the audit and to answer questions. The audit result was accepted without objections by the Supervisory Board.

The Supervisory Board has examined the annual financial statements of Schuler AG and the Schuler Group, the management reports for Schuler AG and the consolidated group, as well as the proposed appropriation of profit, and raises no objections. The annual financial statements of Schuler AG and the Schuler Group were approved by the Supervisory Board; the annual financial statements are thus adopted in accordance with § 172 of the German Stock Corporation Law (AktG). The Supervisory Board also endorses the Board of Management's proposal concerning the use of the unappropriated surplus.

The report concerning relations to affiliated companies, as prepared by the Board of Management pursuant to § 312 AktG, was examined by the Supervisory Board. In accordance with § 313 (3) AktG, the chief auditor awarded the following certificate:

»On the basis of our statutory examination and evaluation, we can confirm that:

1. the details made in the report are accurate,
2. the company was compensated adequately for each transaction mentioned in the report.«

The Supervisory Board examined the affiliated companies report and raised no objections. The Supervisory Board concurs with the opinion of the independent auditor. On the basis of its own examination and that of the independent auditor, the Supervisory Board raises no objections to the Board of Management's declaration at the end of the affiliated companies report.

Explanations pursuant to § 171 (2) sentence 2 AktG regarding information acc. to § 289 (4) HGB and § 315 (4) HGB are thus not required as the prerequisites of § 289 (4) sentence 1 HGB are not fulfilled.

The Supervisory Board would like to thank the members of the Board of Management, as well as all Schuler Group employees and their representatives for their efforts during the past business year 2006/07.

Göppingen, January 29, 2008

Dr. Robert Schuler-Voith
Chairman of the Supervisory Board

Management report

Organizational and legal structure

The Schuler Group is the global market leader in press technology. We receive around 30% of our orders from car manufacturers and a further 30% from their suppliers, who use our equipment for the production of car body parts, for example. Other metalworking sectors, such as the electrical industry, the household equipment industry, national mints and wind energy companies account for the remaining 40% of our order volume. Our global market leadership results to a large extent from our systems expertise, i. e. the ability to supply complete press shops. Our product range therefore comprises all aspects of metalforming technology: mechanical and hydraulic presses and press lines, transfer and tryout presses, automation equipment, die making, high-speed presses and systems for solid forming and hydroforming. In addition to our pure machine and press line business, we also offer a full range of services for our products. Services (including second-hand machine trading) currently account for almost 25% – and rising – of our sales.

Corporate structure

Our new corporate structure came into effect on October 1, 2006. As before, our activities are divided into two business segments. The Forming Systems segment consists exclusively of our press business. Automation technology, which formerly belonged to the Forming Systems segment, is now part of the Automation and Production Systems segment. In addition to automation technology, the Automation and Production Systems segment comprises the areas of hydroforming and die construction. In the former corporate structure these areas belonged to the Advanced Technologies segment.

Jürgen Tonn is responsible for Automation and Production Systems and Joachim Beyer for Forming Systems. As of October 1, 2007, responsibility for the Forming Systems segment will be divided. Further details can be found in the subsequent events section on page 40.

Old corporate structure (fiscal year 2005/06)

SCHULER AG	
Forming Systems Mechanical and hydraulic metalforming systems Automation systems	**Advanced Technologies** Car body technology Hydroforming Laser technology

New corporate structure (as of October 1, 2006, fiscal year 2006/07)

SCHULER AG	
Forming Systems Mechanical and hydraulic metalforming systems	**Automation and Production Systems** Automation systems Car body technology Hydroforming Laser technology

The companies of Müller Weingarten AG were allocated to the corresponding business segments: presses to the Forming Systems segment, automation and die fabrication to the Automation and Production Systems segment.

Legal structure

The consolidated Schuler Group comprises 35 companies (prior year: 23). Schuler AG, headquartered in Göppingen, acts as the holding company. Within the Group, Schuler AG carries out centralized functions, for example in the fields of corporate strategy, finance, controlling, insurance and communication.

Economic environment

Global economic development

The global economy has enjoyed unbroken growth since 2003 and continued to make strong progress in 2007. The pace of growth in the first half-year was even stronger than that of 2006. However, high energy and raw material costs, coupled with a weak US dollar, placed an increasing burden on growth as the year developed. Moreover, the financial market crisis which broke out in summer left its mark on overall economic development.

The developing and emerging nations continue to enjoy dynamic growth; especially China, where output rose by over 11%, despite efforts by the government to prevent overheating.

In comparison, the industrialized nations enjoyed only moderate economic development. The more subdued growth rate of manufacturing output was due to the slowdown in the US economy, where the subprime mortgage crisis was beginning to make itself noticeable. In the course of the year, however, both the Japanese and European economies began to show signs of a slowdown; in total, the annual growth of global GDP (gross domestic product) is expected to be a little under the 5.4% figure of 2006.

GDP DEVELOPMENT

	2006 %	2007 %
World	**5.4**	**5.2**
USA	2.9	1.9
Euro zone	2.8	2.5
Germany	2.9	2.4
Japan	2.2	2.0
China	11.1	11.5

Source: IMF forecast

Automotive sector development

Global production of light vehicles (= cars and small trucks) is expected to reach around 70 million in 2007. This would represent an increase of approximately 3.5% over 2006 and thus a renewed strengthening of the sector's dynamic growth. As in the previous year, this development owes much to the increased output of emerging markets, such as China, India, Russia and Eastern Europe.

Despite the generally positive economic environment for the automotive industry, our markets remained difficult. Many car manufacturers are still under intense pressure to reduce costs and improve profitability. This is mainly the result of excess capacities, increased material and energy costs, as well as the heavy discounting needed to prop up sales. The expansion of Asian producers is exerting additional pressure on mass manufacturers in Western Europe and North America, with whom Schuler enjoys traditionally strong business relations.

Business development

As a consequence, car manufacturers remain reluctant to make capital investments. This was particularly noticeable in demand for major projects in the field of mechanical presses. New production capacities in the automotive industry focused above all on the Asian and East European markets. In the traditional markets of Western Europe and North America, on the other hand, there was a growing trend to restructure and modernize existing facilities. These investments are aimed at reducing costs while raising the flexibility of production in view of the growing variety of car models.

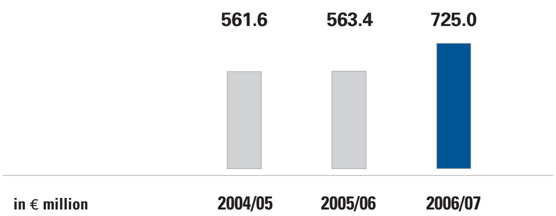
As in the previous year, we registered increased demand from automotive suppliers, whose contribution to the value chain continues to grow. Suppliers are taking on an increasing number of metalforming tasks and are thus demanding in particular highly flexible and cost-efficient equipment. There is also growth in our activities in the service and non-automotive segments. Numerous Schuler and Müller Weingarten lines installed throughout the world provide a strong basis for us to take a more active approach to our service business. Moreover, many customers prefer to invest in plant reconstruction and modernization rather than new equipment. Thanks to the continued development of various production processes, there is also increasing demand for our products from non-automotive customers, for example in the energy and packaging sectors.

Schuler took over its competitor Müller Weingarten with effect from April 1, 2007. Due to the resulting initial consolidation of Müller Weingarten (for the period April 1, 2007, to September 30, 2007), the comparison with the prior year figures has only limited informative value. The figures for the previous fiscal year refer to the Schuler Group before the takeover of Müller Weingarten.

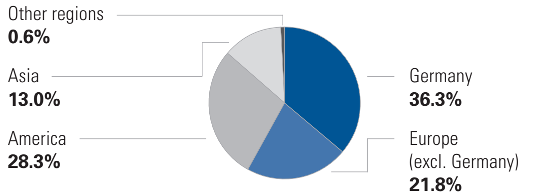
Sales

Consolidated sales of the Schuler Group in the past fiscal year amounted to € 725.0 million (prior year: € 563.4 million). Sales in America reached € 205.4 million (prior year: € 182.2 million) and in Asia € 94.6 million (prior year: € 69.2 million). In Germany, we generated revenue of € 262.9 million (prior year: € 161.2 million) and in the rest of Europe € 158.1 million (prior year: € 149.1 million). The total proportion of consolidated sales generated outside Germany amounted to 63.7% (prior year: 71.4%).

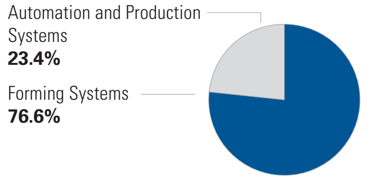
CONSOLIDATED SALES



SALES BY REGION 2006/07



SALES BY BUSINESS SEGMENTS 2006/07



The Forming Systems segment achieved sales of € 589.4 million (prior year: € 473.1 million) with third parties and the Group's other segment in fiscal 2006/07. This corresponds to 76.6% of the Group's total sales. The corresponding sales of the Automation and Production Systems segment amounted to € 179.8 million (prior year: € 144.9 million), representing 23.4% of consolidated sales.

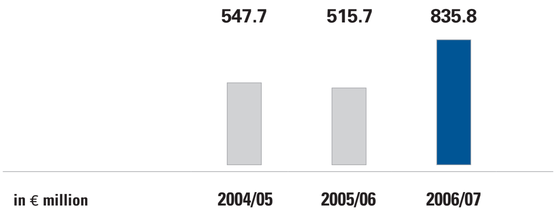
Good order situation

In fiscal 2006/07, consolidated new orders amounted to € 835.8 million (prior year: € 515.7 million). New orders from America reached € 274.6 million, compared with € 174.2 million in the previous year. Orders received from Asian customers totaled € 104.2 million (prior year: € 56.6 million). In Germany, the value of new orders received reached € 307.9 million (prior year: € 160.3 million). Orders from other European nations amounted to € 146.2 million (prior year: € 119.9 million). The proportion of new orders received from outside Germany amounted to 63.2%, following 68.9% last year.

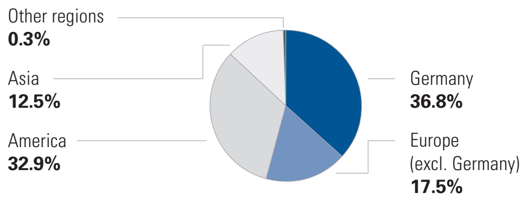
New orders received by the Forming Systems segment during the period under review amounted to € 699.3 million (prior year: € 407.2 million), while the Automation and Production Systems segment received new orders worth € 183.8 million (prior year: € 145.6 million).

As of the balance sheet date (September 30, 2007), the Group's order backlog amounted to € 699.6 million (prior year: € 330.0 million). This amount includes orders of the Müller Weingarten Group acquired during initial consolidation.

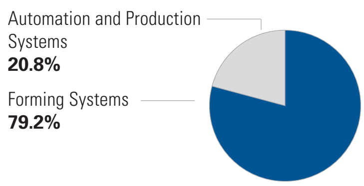
NEW ORDERS



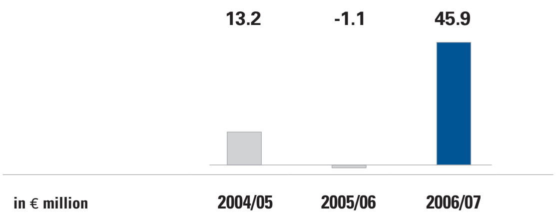
NEW ORDERS BY REGION 2006/07



NEW ORDERS BY BUSINESS SEGMENTS 2006/07



EBIT



Positive earnings position

Important performance indicators for our business are earnings before interest and tax (EBIT) and earnings before tax (EBT). The main profitability ratios are our pre-tax profit margin and the return on capital employed (ROCE). ROCE compares EBIT with average capital employed in a particular period. Our medium-term targets are a pre-tax profit margin of 5.0% and ROCE of 12.0%.

In fiscal year 2006/07, earnings were significantly influenced by positive special items from the sale of commercial real estate holdings in Göppingen amounting to € 31.0 million. As a result, EBIT amounted to € 45.9 million (prior year: € -1.1 million) and consequently consolidated ROCE reached 11.4% (prior year: -0.3%). Earnings before tax (EBT) reached € 27.9 million (prior year: € -14.1 million) and the respective pre-tax profit margin stood at 3.8% (prior year: -2.5%). The Group's net income for the past fiscal year amounts to € 13.9 million (prior year: € -9.5 million).

Financial position

Within the Group, Schuler AG plays the central role with regard to finance and securing liquidity. It is responsible for almost all debt financing and provides funds to the Group's subsidiaries as and when they are required. As part of the Group's central cash pooling activities, the treasury department of Schuler AG takes any superfluous funds from the Group's subsidiaries and provides them with liquidity. This guarantees a beneficial financial balance within the Group and reduces debt financing costs, especially for short-term funds.

An important element of our debt financing are the promissory note loans (»Schuldscheindarlehen«) with a volume of € 50 million and terms of four and five years which were negotiated in June 2005. In the course of the merger of Schuler and Müller Weingarten the current short-term credit lines are currently being renegotiated as a medium-term loan commitment.

All other loans are mainly in EUR and BRL (Brazilian Real). Insofar as variable-interest loans were negotiated, these are mostly hedged against by interest hedging instruments or opposing positions. The average term of the fixed-interest loans is 8.35 years and that of the variable-interest loans 4.5 months.

The Group also has unused bilateral credit and guarantee facilities with various credit institutes amounting to € 344.3 million.

Assets position

Net cash flow from operating activities amounted to € 6.9 million in fiscal year 2006/07 (prior year: € 72.9 million). Due to the inclusion of liabilities of Müller Weingarten, net financial debts (bank liabilities, notes payable, promissory note loans, leasing liabilities and other financial debts less cash and cash equivalents) totaled € 142.5 million, compared with € 102.8 million in the previous year. The proceeds from the sale of real estate in Göppingen amounted to € 46.5 million, while payments of € 38.2 million were made for the purchase of shares in Müller Weingarten. As of the balance sheet date, receivables amounting to € 27.0 million (prior year: € 21.6 million) were sold by means of old-line factoring.

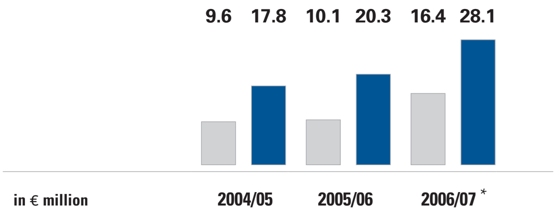
The balance sheet total increased from € 516.1 million to € 852.4 million. Equity rose from € 97.1 million last year to € 148.3 million. The equity ratio amounted to 17.4% (prior year: 18.8%).

Capital expenditures and depreciation

In the period under review, investments in property, plant and equipment and intangible assets amounted to € 16.4 million (prior year: € 10.1 million). The main focus was the expansion of the foundry in Göppingen and of Müller Weingarten's facility in Dalian, China. In addition, the company modernized its machines and equipment at numerous production facilities. Capitalized development costs amounting to € 1.3 million resulted in part from the new generation of servo-drive presses.

Depreciation of property, plant and equipment and intangible assets totaled € 28.1 million (prior year: € 20.3 million).

CAPITAL EXPENDITURES AND DEPRECIATION



* *incl. Müller Weingarten*

Research and development

In the fiscal year 2006/07, a total of € 5.4 million (prior year: € 4.1 million) was invested in ongoing research and development activities (R&D expenses), of which € 1.3 million (prior year: € 1.0 million) fulfilled the IFRS capitalization criteria. After consideration of amortization on capitalized development costs of € 2.0 million (prior year: € 1.0 million), the total expense charged to profit and loss amounted to € 6.1 million (prior year: € 4.1 million). As of the balance sheet date, the carrying value of capitalized development costs amounted to € 3.1 million (prior year: € 1.9 million).

The main proportion of the Group's development work is involved with major customer projects. The respective costs are charged as project costs (= cost of sales) and not included in the above mentioned R&D figures.

R&D activities are conducted locally by the respective companies of the Schuler Group. Locations which are responsible for specific areas of technology (e. g. mechanical and hydraulic presses, press linkage, blank loaders) drive the new developments in their particular field. Close cooperation between these centers of excellence ensures that new solutions are compatible with each other and can be seamlessly integrated into turnkey systems in the case of joint projects.

Our current development activities focus on creating standardized and modular solutions offering maximum customer benefit. An important role is played here by the Schuler press standard – a slim product catalogue based on the modular principle.

- ***High-speed press lines***

High-speed press lines are increasingly becoming an attractive alternative to compact crossbar presses. A decisive factor for the output of a press line is the synchronous permanent operation of the individual presses and the fast part transport from one die to the next. The electronic synchronization of slide movements was first successfully implemented on a press line for Fiat-Tofas in Turkey. With the newly developed Crossbar Feeder II, there is now also a press automation system for stroke speeds of up to 20 per minute.

- ***Virtual production launch***

In order to accelerate the launch of complex lines, a new software tool has been developed by Müller Weingarten which can test control systems under production-like conditions before the line comes on stream. This means that program errors can be identified in advance and the production launch phase can be shortened. The tool has already been successfully used in a first order.

- ***Press line for the production of CNG cylinders***

The increasing scarcity and resulting high price of crude oil is boosting worldwide demand for gas-driven vehicles, which are also regarded as an eco-friendly alternative to diesel/petrol. The gas is stored in cars and trucks in so-called CNG cylinders (Compressed Natural Gas). We have developed and now successfully tested a complete production solution for this market to enable the manufacturing of cylinders from blanks.

The cylinder production process involves two double-action presses with press forces of 1,900 t and 1,200 t and a single-action press with a press force of 800 t in combination with special drawing dies.

The cylinders are formed and ironed from the blank in three stages; between the forming processes, the material is annealed, phosphated and soaped. Two lines are currently on our order books.

- ***Hot stamping***

As in the previous year, hot stamping represents a particular focus of our development activities. The successive adoption of this technology by almost all major car manufacturers and part suppliers led us to found our Center of Excellence in early 2007, where all activities in this field can be carefully coordinated.

In order to enable the cost-efficient entry of interested customers into hot stamping technology, a modular and easily expandable machine concept was developed under the trademark PCH (Pressure Controlled Hardening). This is based exactly on one forming station of the previously built lines with four forming stations and respective cushion technology in the bed and slide.

- ***High-speed blank feeder with robot***

Our automation division has developed a new concept for high-speed blank feeders. The new blank feeders can be universally used with press lines, crossbar presses and our newly developed servo presses. This concept uses hanging robots to destack, which can be optionally fitted with an automatic tooling change. The blank feeders can also be operated with a blank washer and spray lubrication unit.

The blank feeders have an output of up to 20 blanks per minute. There is also no break in production when the blank stack has to be changed. The feeder can handle single parts, two-out parts (next to or behind each other), as well as four-out parts. The aim of the development was to greatly increase output compared with previous concepts while at the same time raising availability. The blank feeder has already been offered for various projects.

- ***Mimemiz – bipolar plates and reformers (micro fuel cell)***

In the field of hydroforming, we are seeking to enter the fuel cell market in order to place lines and especially components for fuel cells on the market. The most interesting parts for us are so-called bipolar plates and reformer blanks, which can be produced using active media-based forming technology. We are therefore partners in a consortium – sponsored by the German Ministry of Education and Research (BMBF) – which aims to develop a micro fuel cell system for cost-effective industrial applications. The micro fuel cell is to be designed as a hybrid system and should eventually be used to charge a battery, which provides the required charge.

A miniature press for the manual production of the necessary blanks is currently being set up. The first parts were produced on the press in November 2007.

- ***Rolling die technology in progressive tool sets***

Müller Weingarten Tools & Dies is regarded as the market and technological leader for forming dies used to produce transmission parts (e. g. fin supports). Several technologies were once again developed in 2007 and filed for patent protection. Technological solutions always result from the part itself. This led to the development of rolling dies with segment forming: due to the rising number of gears in automatic transmissions (currently up to eight) the formed parts required are becoming increasingly complex. In addition to the rigidity required to withstand high engine speeds (beading) and the rising draw depth, transmission components are becoming increasingly difficult to produce using the rolling process or cannot be produced at all with conventional rolling technology. In close cooperation with customers, we have succeeded in developing and patenting a technology which enables precision forming of even complex parts. There is currently no competitor for this technology on the market. We see rising demand for progressive tool sets suitable for parts used in eight-gear transmissions and thus greater market penetration for this technology whose limits have not yet been reached. The technology is already being used in two dies for serial production.

Personnel

As of September 30, 2007, the Schuler Group employed a total of 5,710 people (including apprentices). Around 81% of this total (or 4,604) are employed at the Group's German subsidiaries. The number of staff employed by the Group's foreign subsidiaries amounted to 1,106 as of the balance sheet date. The overwhelming majority of staff outside Germany are employed at our facility in São Paulo, Brazil, the Group's third largest location after Weingarten (1,122) and the headquarters in Göppingen (1,170 employees). Personnel expenses in the fiscal year 2006/07 amounted to € 264.3 million (prior year: € 211.4 million).

STAFF BY BUSINESS SEGMENT

	09/30/2007	09/30/2006
Schuler Group	**5,710**	**3,606**
Forming Systems	4,474	2,601
Automation and Production Systems	1,211	985
Schuler AG	25	20

Schuler extends training activities

Schuler continues to stand by its commitment to providing vocational training for young people. As of September 30, 2007, the Schuler Group employed a total of 345 apprentices (Schuler prior year: 173). This corresponds to a global ratio of apprentices to full-time staff of 6.4%, and of even more than 7% in Germany. At the Group's headquarters in Göppingen, 33 young men and women began their training courses in September 2007 – an increase of 35% over 2006. An apprenticeship at Schuler's various facilities provides young people with a solid basis for their professional lives. It also plays an important role in ensuring that we have a sufficient supply of skilled staff, in both commercial and technical positions.

A new training concept launched by Schuler in August 2006 has brought the company's activities in line with the changed regulations for apprenticeships in Germany. An important quality assurance instrument are our training orders, developed jointly by the respective departments and our personnel department. These checklists determine which skills and knowledge are to be taught in each department. In addition, a training officer is nominated for each division. The new training concept is also more closely related to daily practice: for example, trainees join staff on trips to external assembly sites in order to gain an insight into cooperation with customers. Training is offered in a wide variety of technical and commercial professions, such as Industrial Mechanic, Electronics Engineer, Technical Draughtsman, Lathe Operator, Tool Mechanic, Foundry Mechanic and Industrial Clerk, as well as cooperative degree course models. Schuler also offers staff a variety of career possibilities and development prospects after their formal education period has been completed and encourages in-service training activities.

Graduate recruitment

In order to meet and directly contact those university graduates most suited to our company, we regularly attend so-called job exchanges and university fairs. Internships and dissertation projects are a further method of attracting undergraduates to our company. Internships at our subsidiaries in the USA or Brazil are an excellent way of experiencing international cooperation within the Schuler Group.

Group-wide junior management training

The beginning of the new fiscal year sees the launch of the first joint junior management training program with participants from both Schuler and Müller Weingarten. The program is aimed at staff with excellent qualifications and above-average commitment and whose potential for a specialist position or management responsibility has been identified.

During the training program participants are taught the basics of leadership and self-management as well as important working techniques. They are given detailed feedback on their personal skills and their impact on others. The junior management training program is an important component of the Group's succession planning strategy, which aims to fill management positions with internal candidates and thus secure know-how within the company.

Good response to training program

Our extensive group-wide training program is aimed at expanding the knowledge of staff, also beyond their respective field of specialization.
In the past fiscal year, demand was particularly strong for courses on project management, business topics and legal questions affecting purchasers. Over 600 employees took part in a variety of training events.

Remuneration report

Remuneration of the Board of Management

The Personnel Committee of the Supervisory Board is responsible for determining the monitoring of remuneration for the Board of Management. The Personnel Committee regularly reviews the structure and size of the remuneration system for the Board of Management.

The remuneration of the Board of Management generally comprises a fixed and a variable component. The variable remuneration component is based on the consolidated net income of the respective fiscal year. There are also post-employment benefits. The remuneration system does not include stock options or similar rights.

Other benefits primarily consist of the reimbursement of expenses, the provision of a company car, and premiums for group accident and directors' and officers' (D&O) liability insurance. The D&O insurance policy does not provide for an appropriate deductible. Members of the Board of Management must pay taxes on these additional benefits.

No payments were promised or granted in fiscal year 2006/07 to members of the Board of Management by a third party in respect to their activities in the Board of Management.

Remuneration of the Supervisory Board

Article 16 of the company's articles regulates the remuneration paid to members of the Supervisory Board. There is no variable component. Chairmanship and deputy chairmanship of the Supervisory Board and membership and chairmanship of its committees qualify for higher remuneration. In addition, the members of the Supervisory Board are paid meeting attendance fees and their expenses are reimbursed. The D&O insurance policy also covers members of the Supervisory Board (without deductible).

Opportunity and risk report

Our risk management system is divided into four areas: the identification, classification, monitoring and controlling of risks. We have developed suitable instruments for each area, which cover both our core processes and the respective support processes. The main instrument is risk reporting, which in turn is divided into regular reporting and immediate notification in the case of unexpected risks. Our risk management system is continually optimized and adapted to any new requirements which may result from changes in the market environment. Moreover, the system is checked on a regular basis by the internal auditing.

In order to recognize opportunities at an early stage, our marketing information system (press shop register) stores all customer details and analyzes market and competition data. On the basis of underlying need requirements, we can draw up short and medium-term forecasts. These form the basis for our strategic decisions and the utilization of available opportunities.

Strategic opportunities

Long-term market and technological leadership and market-leading product quality offer the possibility to expand our position even further on our sales markets. By intensifying our market activities in India, China, Mexico and Russia, we see further opportunities to raise our market penetration levels. Thanks to the joint engineering and manufacturing capacities of Schuler and Müller Weingarten now available, we are one of the few companies on the global market capable of reliably completing orders with very high volumes.

Performance opportunities

Our joint engineering expertise enables us to develop new technologies to meet the needs of growing markets. The intelligent use of our common R&D and manufacturing basis coupled with positive internal and external factors, such as synergies in administration and more favorable purchasing conditions, may give rise to opportunities which we will exploit.

Other opportunities

The two largest service providers for presses, Schuler and Müller Weingarten, are now a single company. We can offer customers a global service network and an even larger portfolio of services. Additional opportunities result from the complementary regional focus of the two providers, as we can guarantee the global maintenance, servicing and repair of all Schuler and Müller Weingarten machines supplied to date. We will expand our service orientation as a full-service provider and will also position ourselves increasingly as a supplier in the field of alternative energy sources.

General economic risks

The general economic development may have an effect on the progress of our business. We therefore closely monitor the economies of the world's major economic regions. The economies of the industrialized nations are expected to achieve only moderate growth. A key factor for this development is the slowdown of the US economy, where the crisis on the local real estate market is dampening economic growth. In Europe, the general economic trend is also showing signs of a more subdued development. A lack of growth, especially in Europe and the USA, may have a detrimental impact on our business. We have adapted our strategy to the consistently high price of steel and other raw materials: where possible, increased costs are passed on to the market and we are in the process of optimizing our procurement structures.

Automotive sector risks

In addition to the sales and output figures of car manufacturers, we also carefully analyze the situation and the ordering behavior of our customers. Western car manufacturers in particular continue to suffer from high pressure on costs and earnings. A sustained reluctance of car manufacturers to invest in new equipment, especially large projects, can have an adverse effect on sales and earnings. We have adapted to this development by expanding our growth sectors; these include our business with automotive suppliers and non-automotive customers, as well as services and retrofitting (i. e. the improvement of existing lines). At the same time, we remain well prepared to profit from any improvement in the current level of capital investment and any subsequent upturn in demand for major projects.

The further standardization of our products will lead to the reduction of material and personnel costs. In addition, our R&D activities are now geared to developing new products with measurably higher productivity and lower operating costs. In this way, we will be able to attract the attention of our customers to the overall cost benefits offered by high-quality forming systems over the long term, despite higher initial investment costs.

Risks from operating business

Our business includes supplying large-scale production systems worth tens of millions of euros, although the number of such orders has fallen recently. The processing of such orders includes certain risks, for example, if schedules or other agreements cannot be met. We endeavor to limit such risks from the outset by carefully formulating the respective contracts. In addition, we employ a comprehensive project and order management system which draws on experience gained in past projects. This system controls suppliers and the coordination of the various Schuler Group facilities involved in a project, for example. Risks arising from damage and liability claims are covered as far as possible by insurance policies.

Personnel risks

The knowledge and skills of our employees represent a key factor for the continued development of the Schuler Group. As a result of redundancies and staff fluctuation, the Group risks losing expertise and market advantages. We aim to raise the appeal of Schuler companies as employer and enhance staff commitment with the personnel measures described on pages 34/35.

Risks from fair trading, patent and anti-trust regulations

In order to avoid possible risks from fair trading, patent and anti-trust legislation, the company seeks comprehensive legal advice. There are no current legal proceedings concerning fair trading, anti-trust or patent laws which might have a negative impact on earnings and assets.

Product and environmental risks

Schuler reduces product and environmental risks by means of its quality assurance and environmental protection systems. Almost all Group companies are certified according to the quality management standard DIN EN ISO 9001. This enables us to meet the quality and environmental standards of our markets, as well as our own high standards. Furthermore, individual companies are also certified according to VDA 6.4/VDA 6.1, depending on their function within the Group and on the market. These certificates define the quality standards of the German automotive industry. The environmental management systems of certain Group companies are organized in line with the respective standard DIN EN ISO 14001.

Currency and financial risks

Due to its international alignment, the Schuler Group is exposed to certain interest and foreign currency risks. These include possible value fluctuations of a financial instrument due to changes in the market interest rate or exchange rate. Coverage against such risks is provided by so-called netting, whereby the values or cash flows of original financial instruments offset each other with regard to time or amount. Any remaining risks are reduced by the use of derivative financial instruments, such as forward exchange contracts and options, interest swaps and caps, and combined interest/currency swaps. Such derivatives are used as part of so-called microhedges, i. e. they serve to secure specific existing or planned transactions.

Foreign currency risks may result from an increase in the value of the Euro against the US dollar, which would make products we export outside the Euro zone more expensive. We counter this risk by raising the proportion of value added by our non-European production facilities in Brazil and China. As of September 30, 2007, any remaining currency risks were covered by forward exchange contracts and foreign currency swaps with a nominal value of € 182.4 million. In order to cover interest rate risks, the company held interest swaps and interest options with a nominal value of € 89.6 million, as of the balance sheet date. All derivatives are negotiated with banks offering excellent creditworthiness.

Liquidity risks may arise from a change in the payment or advanced payment behavior of our customers. These risks are covered by our rolling liquidity planning and sufficient corporate credit lines.

Currency and financial risks are continually monitored by the central cash and foreign currency management system of the Group's Treasury department, which carries out the corresponding hedging transactions. The responsibilities of all Group companies with regard to risk management are clearly and comprehensively regulated. These include in particular the definition of the operational framework, a clear functional separation between trading and processing and the internal financial reporting system. We also regularly check the efficiency of the hedging instruments and the reliability of our internal control systems by means of internal and external audits.

Subsequent events

New Board of Management member: Dr. Markus Ernst responsible for standard presses

The Supervisory Board of Schuler AG has appointed Dr. Markus Ernst to the Board of Management of Schuler AG as of October 1, 2007. He is responsible for the standard presses division within the Forming Systems business segment. The division comprises the areas forging, blanking and forming presses, minting presses, high-speed and knuckle-joint presses. Mr. Joachim Beyer is responsible for the large presses/automotive division within the Forming Systems business segment. There are therefore now four members of the Schuler AG Board of Management. Jürgen Tonn (CEO) and Dr. Wolfgang Baur (CFO) retain their current functions.

Schuler reorganizes group divisions

In connection with the integration of Müller Weingarten into the Schuler Group, the Board of Management has taken further steps to optimize the Group's organizational structure, effective from December 1, 2007. These can be divided into three separate measures:

- Schuler sells the Die Casting Technology division of Müller Weingarten, which no longer belongs to the Group's core business, to Oskar Frech GmbH + Co. KG, Schorndorf, Germany. The business will be transferred in accordance with § 613a of the German Civil Code.
- Schuler will also sell the workshop in Plüderhausen, Germany, to Oskar Frech GmbH + Co. KG, Schorndorf.
- Schuler Hydrap GmbH & Co. KG will be relocated from Plüderhausen to Esslingen, Germany. No redundancies will result from these measures.

Merger of the operating business of Schuler Cartec and Müller Weingarten Werkzeuge

As of January 1, 2008, the operating business of the two Group companies Schuler Cartec GmbH & Co. KG and Müller Weingarten Werkzeuge GmbH is to be merged.

Merger of the operating business of Schuler Spiertz and Müller Weingarten France

As of January 1, 2008, the operating business of the two French Group companies Schuler Spiertz S.A. and Müller Weingarten France SARL is to be merged.

Merger of the operating business of Schuler Presses UK and Müller Weingarten U.K.

As of January 1, 2008, the operating business of the two British Group companies Schuler Presses UK Limited and Müller Weingarten U.K. Ltd. is to be merged.

Merger of the operating business of Schuler Ibérica S.A. and Müller Weingarten Ibérica, S.L.

As of January 1, 2008, the operating business of the two Spanish Group companies Schuler Ibérica S.A. and Müller Weingarten Ibérica, S.L. is to be merged.

Outlook

Global economy

The global economy is still enjoying a phase of extremely rapid expansion but is now beginning to lose some of its momentum: in 2008, the IMF forecasts further solid growth for the world's economies, although at 4.8% it will be slightly below the 5.2% expected for 2007. The IMF forecasts growth of just under 2% for the USA in 2008 – as in 2007. The reasons for the relatively low rate are mainly the crisis in the real estate sector, the related financial market turbulence and the strong rise in oil prices.

A flourishing global economy combined with mostly sound economic policies and increasing integration of internal trade and finance have helped bolster the European economy. Nevertheless, growth is expected to slow in almost all European nations in 2008. This downward trend results from the continuing difficulties being experienced by the financial markets. The IMF expects growth of 2.1% for the Euro zone in 2008, following 2.5% in 2007. German economic growth is expected to slow to 2.0% in 2008 (2007: 2.4%).

Once again, strong growth of around 10% is expected for China in 2008. Compared with 11.5% in 2007, however, this can be seen as a slight cooling down of the economy. The main cause for this mild slowdown is the fact that rising wages and inflationary tendencies are beginning to weaken China's competitiveness.

In general, the fundamental conditions for the global economy are positive: an ongoing boom in global business, greatly improved conditions in emerging nations, and strong company earnings.

GDP DEVELOPMENT

	2007 %	2008 %
World	**5.2**	**4.8**
USA	1.9	1.9
Euro zone	2.5	2.1
Germany	2.4	2.0
Japan	2.0	1.7
China	11.5	10.0

Source: IMF forecast

Automotive sector: global output still rising

Experts* expect a further 19% increase in global car production in the coming five years. India will lead the way with growth of 139%, but strong growth is also expected in China (72%) and Russia (56%). A significant slowdown in output growth is predicted for established car markets, such as North America, Western Europe and Japan. The estimated growth rate in the USA is around 6%, while in Germany output is expected to grow by 9% from 5.6 million today to 6.1 million units in 2012. In Eastern Europe, however, much stronger growth of 26% is forecast.

The automotive industry will also continue to build its own factories in emerging nations, in order to exploit cost advantages and satisfy additional local demand. This is expected to benefit especially India, China, Russia and Slovakia.

We see the following prospects for Schuler's business in the coming years: the merger of Schuler and Müller Weingarten has established the necessary conditions for us to generate new growth. There are several key factors which will stimulate this growth: firstly, the innovative products which will result from our increased engineering expertise. An important aspect is that the structural changes of our customers and markets are creating an increasing demand for standardized yet technologically sophisticated solutions, which can be tailored to customer and market needs with only minimal additional effort. Secondly, an

** Ernst & Young, Herausforderungen für den Automobilstandort Deutschland, September 2007* improved presence on growth markets, especially in Asia and Eastern Europe, promises above-average growth rates for us. Due to our excellent international presence and expertise in reliably completing global projects, we expect to benefit from the creation of new press shop capacities in the emerging nations. We already have our own local companies in India and China. South America is served by our Brazilian subsidiary, Central America by our Müller Weingarten facility in Mexico. The Russian market is served by our newly gained location in Moscow and Eastern Europe by our German companies and local service facilities. We can further exploit the automotive supplier and non-automotive sectors. We will concentrate in particular on the development of cost-efficient standard modules. A new generation of servo-drive small presses was designed specifically for the automotive parts sector. By further developing processes such as impact extrusion, for example, we can also provide manufacturing solutions for non-automotive customers in the packaging industry. The two largest service providers for presses, Schuler and Müller Weingarten, can now offer their customers a common and world-encompassing service network and an even larger portfolio of services. The Group's international alignment with »On-Site Service Around The World« is a major competitive advantage.

Despite the difficult market environment in the automotive sector, the merger with Müller Weingarten opens up a host of new opportunities. For example, in the field of services with the restructuring and modernizing of existing plants and our spare part business. We will intensify our efforts in this area as well as our business with automotive suppliers. In the case of this client group, demand for press shop equipment is likely to grow strongly as they assume an ever greater share of value added in the automotive sector. We will also continue to steadily expand our business in the non-automotive sector. Many of our customers in this sector are benefiting from the current strength of the economy. Due to the improved market standing, cost structures and innovative strength of our joint company and the strengthening of our growth segments, we have enhanced our general situation significantly. We therefore expect a further improvement of earnings in both our business segments, Forming Systems and Automation and Production Systems, in the current fiscal year. Following the completion of the integration process for Müller Weingarten, we also expect earnings to improve further in the following year.

Göppingen, January 11, 2008

The Board of Management

Consolidated financial statements (IFRS)

for the fiscal year 2006/07
of Schuler Aktiengesellschaft, Göppingen

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

from October 1, 2006, to September 30, 2007, of Schuler Aktiengesellschaft, Göppingen

	Notes	2006/07		2005/06	
		T€	T€	T€	T€
1. Sales	(1)	724,957		563,361	
2. Changes in inventories of finished goods and work in progress		8,790		1,102	
3. Other own work capitalized		1,621		2,373	
4. Other operating income	(2)	80,211	815,579	25,705	592,541
5. Cost of materials	(3)	353,027		264,210	
6. Personnel expenses	(4)	264,277		211,440	
7. Depreciation and amortization of intangible and tangible assets	(5)	28,083		20,335	
8. Other operating expenses	(6)	123,584	768,971	97,608	593,593
9. **Operating result**			**46,608**		**-1,052**
10. Interest income		8,058		5,572	
11. Interest expense		25,999		18,638	
12. Other financial result		-731		0	
13. **Financial result**	(7)		**-18,672**		**-13,066**
14. **Earnings before taxes**			**27,936**		**-14,118**
15. Income taxes	(8)		14,085		-4,606
Consolidated net profit/loss			**13,851**		**-9,512**
– of which attributable to shareholders of Schuler AG			13,770		-9,544
– of which attributable to minority interests	(19)		81		32
Earnings per share in € (undiluted and diluted)	(9)				
Earnings per common share			0.75		-0.59
Earnings per preferred share			0.85		-0.49

CONSOLIDATED BALANCE SHEET

as at September 30, 2007, of Schuler Aktiengesellschaft, Göppingen

ASSETS	Notes	09/30/2007 T€	09/30/2006 T€
A. Non-current assets			
1. Intangible assets	(10)	78,600	28,606
2. Property, plant and equipment	(11)	201,049	135,220
3. Interests in affiliates and participations		5,376	2,258
4. Income tax receivables		3,856	0
5. Other receivables and financial assets	(12)	18,065	6,657
6. Deferred tax assets	(8)	20,436	35,412
		327,382	**208,153**
B. Current assets			
1. Inventories	(13)	165,010	88,722
2. Trade receivables	(14)	108,382	61,395
3. Future receivables from long-term construction contracts	(15)	87,755	68,531
4. Income tax receivables		4,217	1,488
5. Other receivables and financial assets	(12)	45,227	28,852
6. Cash and cash equivalents	(16)	103,718	58,936
7. Non-current assets and disposal groups classified as held for sale	(17)	10,712	0
		525,021	**307,924**
		852,403	**516,077**

LIABILITIES

	Notes	09/30/2007	09/30/2006
		T€	T€
A. Equity	(18)		
1. Share capital		45,500	45,500
2. Capital reserves		66,977	36,400
3. Retained earnings		22,030	8,259
4. Accumulated other comprehensive income		12,266	5,487
		146,773	**95,646**
5. Minority interests	(19)	1,496	1,503
		148,269	**97,149**
B. Non-current liabilities			
1. Financial liabilities	(20)	152,629	110,428
2. Other liabilities	(21)	1,197	1,784
3. Pension provisions	(22)	73,725	40,613
4. Other provisions	(23)	38,461	29,409
5. Deferred tax liabilities	(8)	10,048	4,052
		276,060	**186,286**
C. Current liabilities			
1. Financial liabilities	(20)	93,621	51,354
2. Trade payables	(24)	80,181	41,787
3. Income tax liabilities		112	0
4. Other liabilities	(21)	141,994	71,324
5. Income tax provisions		1,749	3,135
6. Other provisions	(23)	110,345	65,042
7. Liabilities directly associated with non-current assets classified as held for sale	(17)	72	0
		428,074	**232,642**
		852,403	**516,077**

STATEMENT OF RECOGNIZED INCOME AND EXPENDITURE WITHIN THE SCHULER GROUP

for the fiscal year 2006/07

	2006/07 T€	2005/06 T€
Cash flow hedges:		
– changes in value recognized directly in equity	13,892	4,487
– recognized in the profit and loss account	-2,121	-10,700
Change in fair value of securities (available-for-sale)	14	0
Deferred taxes not recognized in the income statement	-3,901	1,968
Changes in currency translation differences relating to foreign Group companies	-1,204	-1,834
Income and expenditure recognized directly in equity	**6,680**	**-6,079**
Profit or loss after tax	**13,851**	**-9,512**
Total income and expenditure recognized in the fiscal year	**20,531**	**-15,591**
– of which attributable to shareholders of Schuler AG	20,550	-15,578
– of which attributable to minority interests	-19	-13

An explanation of equity is provided in Notes 18 and 19.

CASH FLOW STATEMENT OF THE SCHULER GROUP

from October 1, 2006, to September 30, 2007

		2006/07	2005/06
		T€	T€
Profit or loss after tax		**13,851**	**-9,512**
+/-	Depreciation, amortization and impairments/ impairment reversals of non-current assets	28,519	20,335
+/-	Increase/decrease in pension provisions (less indemnity claims)	679	1,653
Gross cash flow		**43,049**	**12,476**
-/+	Profit/loss from disposal of non-current assets	-30,813	-179
-/+	Increase/decrease in inventories	-14,532	3,510
-/+	Increase/decrease in receivables and other assets not relating to investing or financing activities	18,245	50,490
-/+	Decrease/increase in provisions (excluding pension provisions)	-14,304	7,546
-/+	Decrease/increase in liabilities not relating to investing or financing activities	5,279	-923
Cash flow from operating activities		**6,924**	**72,920**
	Proceeds from disposals of tangible and intangible assets	47,478	1,151
-	Additions from capitalized development costs	-1,291	-1,030
-	Investments in other tangible and intangible assets	-15,150	-9,039
-	Proceeds for the acquisition of consolidated companies	-22,546	0
-	Investments in financial assets	-75	-879
Cash flow from investing activities		**8,416**	**-9,797**
	Dividend payments Schuler AG	0	-2,450
+	Proceeds from non-current financial liabilities	26,781	16,784
-	Redemption of non-current financial liabilities	-33,365	-18,574
+/-	Proceeds from/redemption of current financial liabilities	36,796	-25,576
-	Repayment of financial leases	-2,457	-2,526
Cash flow from financing activities		**27,755**	**-32,342**
	Change in cash and cash equivalents	43,095	30,781
+/-	Change in cash and cash equivalents due to exchange rate fluctuations	1,687	-591
Net change in cash and cash equivalents		**44,782**	**30,190**
+	Cash and cash equivalents at beginning of period	58,936	28,746
Cash and cash equivalents at end of period		**103,718**	**58,936**

The cash flow statement is explained in Note 25.

General

Schuler Aktiengesellschaft (»Schuler AG«) is the management holding company of the Schuler Group; its registered office is located in Bahnhofstrasse 41, 73033 Göppingen, Germany. Schuler is a leading international supplier of metalforming machines, systems, dies and services. Its most important clients include car manufacturers and their suppliers, as well as the electrical industry, the household equipment industry and national mints.

The consolidated financial statements of Schuler AG as of September 30, 2007, were prepared in accordance with international accounting regulations, the International Financial Reporting Standards (IFRS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) mandatory in the EU as of the balance sheet date. In addition to the reporting obligations of IFRS, the company also observed the supplementary regulations of § 315a (1) German Commercial Code (HGB) and the articles of Schuler AG. The accounting and valuation principles applied correspond in the main with the methods used in the previous year. Moreover, all new and revised standards were observed – insofar as they were relevant for Schuler – which were mandatory for fiscal years beginning on October 1, 2006:

- IAS 19 (revised) »Employee Benefits«
- IAS 21 »The Effects of Changes in Foreign Exchange Rates« – amendment to »Net Investment in a Foreign Operation«
- IAS 39 »Financial Instruments: Recognition and Measurement« – amendment to »Cash Flow Hedge Accounting of Forecast Intragroup Transactions«, »The Fair Value Option«, »Financial Guarantee Contracts«
- IFRS 4 »Insurance Contracts« – amendment to »Financial Guarantee Contracts«
- IFRS 6 »Exploration for and Evaluation of Mineral Resources«
- IFRIC 4 »Determining whether an Arrangement contains a Lease«
- IFRIC 5 »Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds«

- IFRIC 6 »Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment«
- IFRIC 7 »Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies«
- IFRIC 8 »Scope of IFRS 2«
- IFRIC 9 »Reassessment of Embedded Derivatives«

The changes brought about by these new or revised standards had no impact on Schuler's consolidated financial statements as of September 30, 2007.

The IASB has passed a number of new or revised standards and interpretations, already recognized by the European Union, which were not mandatory as of the balance sheet date and have not been applied in advance by Schuler on a voluntary basis:

- IAS 1 »Presentation of Financial Statements« – »Capital Disclosures«
- IFRS 7 »Financial Instruments: Disclosures«
- IFRIC 10 »Interim Financial Reporting and Impairment«
- IFRIC 11 »IFRS 2 – Group and Treasury Share Transactions«

The mandatory application of these standards from fiscal year 2007/08 onward is not expected to have any significant impact on Schuler's consolidated financial statements (with the exception of changed or extended explanatory notes). Schuler intends to always apply new standards in the first year in which they are mandatory.

The consolidated financial statements present a true and fair view of the net assets, financial position and earnings of the Schuler Group. They are prepared on the basis of accrual accounting.

For the purposes of clarity, various items of the balance sheet and income statement have been combined. These items are listed separately and explained in the Notes. The income statement was prepared according to the total cost method. Balance sheet items are presented according to maturity.

The consolidated financial statements were prepared in euro (€). Unless otherwise stated, all amounts are stated in thousands of euros (T€). Minor differences in the disclosure of individual amounts within the consolidated annual financial statements may occur due to the presentation in T€.

The consolidated financial statements and Group management report and the annual financial statements and management report of the parent company are filed with the electronic Federal Gazette.

Acquisitions

On March 27, 2007, Schuler AG signed an agreement with Metzler Beteiligungsgesellschaft mbH, Frankfurt/Main, to acquire 5,416,740 shares (64.49% of voting rights and capital stock) in Müller Weingarten AG (MWAG), headquartered in Weingarten, Germany. Schuler acquired 2,520,000 shares of this package (30%) with immediate effect in rem and the remaining 2,896,740 shares (34.49%) with effect in rem as of April 1, 2007. Initial consolidation of MWAG and its subsidiaries was made with the acquisition of a controlling interest as of this date. In the course of a mandatory offer limited to May 15, 2007, Schuler AG subsequently increased its shareholding in MWAG to 96.50% (= 8,105,724 shares). On the same day, the company filed an application with the District Court of Frankfurt/Main pursuant to § 39a German Securities Acquisition and Takeover Act (WpÜG) to transfer the remaining voting shares against reasonable compensation (»squeeze out«). In a resolution dated August 2, 2007, the District Court of Frankfurt/Main granted the transfer of these shares to Schuler AG for a compensation payment of € 15.74 per no-par-value share. In order to place the payment of a cash compensation to the »squeezed out« shareholders of MWAG on a secure legal basis, Schuler AG applied to the Higher Regional Court of Frankfurt/Main for the subsequent granting of a corresponding certificate of indefeasibility, which was supplied on October 5, 2007.

In accordance with § 35 WpÜG, the acquisition of a controlling interest resulted in an obligation to make an offer to the remaining shareholders of Müller Weingarten for the acquisition of their no-par-value shares in the company. This obligation of Schuler AG to acquire all remaining shares in Müller Weingarten AG in accordance with the conditions of the above mentioned offer thus already existed at the time of initial consolidation. In accordance with IAS 32.23, and in consideration of IAS 32.AM 1, this resulted in a requirement to already consolidate the shares of MWAG and its subsidiaries on the basis of a shareholding of 100% as of April 1, 2007.

With the acquisition of MWAG, Schuler has extended its technological and global market leadership in metalforming technology and now enjoys global market coverage in sales, manufacturing and service.

In connection with the acquisition of the MWAG shares, Schuler-Beteiligungen GmbH relieved Schuler AG from its obligation to pay purchase price liabilities amounting to T€ 30,577 by means of other contributions to equity capital pursuant to § 272 (2) No. 4 HGB.

With regard to the 5,416,740 shares in MWAG purchased by Metzler Beteiligungsgesellschaft mbH, Schuler AG agreed to make an additional purchase price payment of up to T€ 20,000 under certain conditions (debtor warrant). This additional amount to be paid by Schuler AG depending on the achievement of a specified EBITDA amount is not due before 2010. EBITDA is calculated on the basis of the consolidated annual financial statements of Schuler AG, as approved by the Supervisory Board, for the years ending 2010, 2011 and 2012. According to IFRS 3.32, any resulting increase in the purchase price and the corresponding liabilities is to be carried as soon as it appears probable that the contractual conditions will be met. The final calculation or confirmation of the resulting goodwill figure can thus only be made when the consolidated annual financial statements for 2012 are prepared.

The following table shows the composition of acquisition costs and the derivation of preliminary goodwill from the acquisition of MWAG:

	04/01/2007 T€
Acquisition cost of shareholdings as of Sep. 30, 2007	67,324
Acquisition cost of shares still to be carried (acc. to squeeze-out resolution)	4,632
Ancillary acquisition costs	1,494
Preliminary acquisition cost for MWAG	**73,450**
Preliminary difference between acquisition cost and acquired equity before purchase price allocation	**27,869**
Trademarks	-4,341
Customer relationships and drawing rights	-23,743
Technologies	-4,589
Property, plant and equipment	-7,147
Inventories	2,635
Order backlog	7,128
Deferred taxes	9,017
Goodwill	**6,829**

The assets, liabilities and contingent liabilities identified and valued for the purchase price allocation consist mainly of customer relationships and drawing rights, higher fair values of property, plant and equipment and additional intangible assets (umbrella brand Müller Weingarten and technologies). There were also adjustments from the assessment of inventories and order backlog of the acquired group at net realizable value and on a full cost basis. Of the trademarks acquired, an amount of T€ 4,141 was allocated to the Forming Systems segment and T€ 200 to the Automation and Production Systems segment.

The capitalized goodwill of T€ 6,829 resulting from the acquisition represents the expected synergies from the merger of Schuler and Müller Weingarten's business activities, as well as individual assets which cannot be separately capitalized under IFRS (e. g. quality and training level of the work force). In accordance with earnings potential, an amount of T€ 6,513 was allocated to the Forming Systems segment, while an amount of T€ 316 was allocated to the Group's Automation and Production Systems segment.

The net assets, financial position and earnings of the Schuler Group were influenced by the acquisition and subsequent initial consolidation of the Müller Weingarten Group as follows:

OPENING BALANCE SHEET AS AT APRIL 1, 2007

	Carrying value T€	Adjustments T€	Fair values T€
Fixed assets	109,767	39,820	149,587
Other non-current assets	16,049	-7,145	8,904
Inventories	65,942	-1,143	64,799
Trade receivables	29,236	-	29,236
Future receivables from long-term construction contracts	37,274	-	37,274
Cash and cash equivalents	15,695	-	15,695
Other current assets	24,777	-	24,777
Assets	**298,740**	**31,532**	**330,272**
Equity (without minority interests)	45,581	21,040	66,621
Minority interests	11	-	11
Non-current financial liabilities	49,675	-	49,675
Other non-current debt	44,431	1,872	46,303
Current financial liabilities	4,581	-	4,581
Other current debt	154,461	8,620	163,081
Liabilities	**298,740**	**31,532**	**330,272**

	04/01 - 09/30/2007 T€
Sales	180,828
Changes in inventories and other own work capitalized	5,957
Total performance	**186,785**
Cost of materials	98,706
Personnel expenses	60,893
Depreciation and amortization of intangible and tangible assets	8,188
Other operating expenses (less income)	21,640
Operating result (EBIT)	**-2,642**
Financial result	-4,753
Earnings before taxes (EBT)	**-7,395**
Income taxes	-2,527
Consolidated net profit or loss	**-4,868**

As the Müller Weingarten Group did not prepare interim accounts as of September 30, 2006, in the previous year, no extrapolated 12-month comparison figures for the sales and earnings of the Schuler Weingarten Group pursuant to IFRS 3.70 can be provided for the period under review.

Consolidated group

In addition to Schuler AG, the consolidated annual financial statements comprise all major domestic and foreign subsidiaries which Schuler AG directly or indirectly controls (control relationship), with generally more than 50% of the voting stock. These include special purpose entities whose assets are attributable to the Group from an economic point of view. Consolidation begins from the moment at which control is possible and ends when this possibility no longer exists.

Due to the merging of the two subsidiaries Schuler Automation GmbH & Co. KG and Schuler Lasertechnik GmbH & Co. KG, the number of consolidated companies fell by one in the first quarter of fiscal year 2006/07. This legal procedure has no influence on the consolidated financial statements of the period under review.

In the course of the acquisition of Müller Weingarten AG, the number of fully consolidated Group companies increased by 13.

Subsidiaries with limited activities (management or smaller sales companies) are not consolidated as their influence on the assets, liabilities, financial position and earnings of the Group is only minor. In accordance with IAS 27 and 39, they are carried at fair value or amortized cost. The number of such companies increased by eight following the acquisition of Müller Weingarten AG.

The Schuler Group comprises the following number of companies:

	09/30/2007	09/30/2006
Schuler AG and fully consolidated subsidiaries		
Domestic	24	18
Foreign	11	5
Subsidiaries carried at amortized cost		
Domestic	14	11
Foreign	10	5
	59	**39**

Principles of consolidation

The financial statements of domestic and foreign companies included in the consolidation are all prepared using standard accounting and valuation methods. These methods and the consolidation principles applied remain unchanged in respect of the previous year.

According to IFRS 3 all business combinations must be accounted for using the purchase method. Capital consolidation of subsidiaries being consolidated for the first time is performed at the date of acquisition by netting the purchase price with the newly valued prorated net assets of the subsidiary. The assets, liabilities and contingent liabilities of the subsidiaries are measured at their full fair value, irrespective of the size of any minority interests. Intangible assets are disclosed separately from goodwill if they can be separated from the company or result from a contractual or other right. Restructuring provisions may not be formed as part of the purchase price allocation. Any excess of acquisition cost over net assets acquired is recognized as goodwill. Negative goodwill resulting from initial consolidation is booked as income.

According to IFRS 3 in conjunction with IAS 36, the values of capitalized goodwill are to be reviewed annually or on indication of any impairment by means of an impairment test. Should the carrying value of a cash generating unit to which goodwill is assigned exceed the recoverable amount, then the assigned goodwill is initially subjected to non-scheduled amortization by the amount of the difference. Any further devaluation needs are considered by a prorated reduction in the carrying values of the other non-current asset items. During the removal of companies from consolidation, the residual value of capitalized goodwill is considered in the calculation of profit from disposal.

Assets acquired in a business combination and newly recognized at their respective fair values are depreciated in scheduled amounts over their expected useful lives.

Income and expenditure between consolidated companies is eliminated, as are payables and receivables; the same applies to the obligatory notes concerning liabilities and other financial obligations. The consolidated profit and loss account has been adjusted for dividend payments and loss acceptances from consolidated companies. Intercompany profits from sales and services are eliminated from non-current assets and inventories, insofar as they are not minor. Consolidation processes with an effect on the profit and loss account are carried as deferred taxes, whereby deferred tax assets and liabilities from individual consolidation measures are not netted.

Foreign currency translation

Transactions in foreign currencies are translated at the corresponding exchange rates valid at the time of transaction in the individual financial statements of the consolidated companies. Monetary items in foreign currencies are translated at the average of the buying and selling rates effective on the balance sheet date. The resulting exchange rate profits and losses are recognized in the income statement.

Foreign companies belonging to the Schuler Group are generally treated as financially, economically and organizationally independent units. Their annual financial statements are thus translated into euros in accordance with the functional currency concept, pursuant to IAS 21. With the exception of equity, balance sheet items are translated at the average exchange rate on the balance sheet date. Equity, on the other hand, is translated at historical rates. Foreign currency translation differences resulting in the prior-year comparison are disclosed separately under equity without affecting profit or loss until the subsidiary is disposed of.

Income and expense items in the profit and loss account are translated into euros at average annual exchange rates.

The following exchange rates were used for the translation of foreign currencies, whereby the figures for April 1, 2007, refer to the exchange rates used during initial consolidation of the corresponding foreign companies of the Müller Weingarten Group:

Currency	1€ =	Closing rate 09/30/2007	Closing rate 04/01/2007	Closing rate 09/30/2006	Average rate 2006/07	Average rate 2005/06
Great Britain	GBP	0.6983	0.6794	0.6775	0.6807	0.6845
Switzerland	CHF	1.6598	1.6245	1.5883	1.6474	1.5652
Czech Republic	CZK	27.4750	27.9350	28.2750	28.0121	28.5521
USA	USD	1.4187	1.3303	1.2669	1.3384	1.2346
Mexico	MXN	15.5000	14.6600	13.9600	14.8729	13.4208
Brazil	BRL	2.6150	2.7144	2.7512	2.7114	2.7182
PR China	CNY	10.6484	10.2843	10.0178	10.2932	9.8976

Accounting principles and valuation methods

Intangible assets

Intangible assets are carried at their amortized cost of acquisition of conversion. With the exception of goodwill and acquired trademarks, all intangible assets have a measurable useful life and are thus amortized in scheduled amounts. Software for commercial and technical applications is subject to straightline depreciation over five to eight years; the useful life of industrial property rights and licenses is up to ten years and for other intangible assets up to 20 years.

Development expenses are capitalized if a newly developed product or process can be clearly identified, is technically feasible and is intended for the company’s own use or for sale. Moreover, there must be a reasonable degree of certainty that the assignable expenses of the intangible asset can be reliably assessed during its development period and recovered after completion by future cash flows. Development expenses which fulfill these criteria are capitalized at the cost of conversion, whereby the cost of conversion comprises all costs which can be directly allocated to the development process as well as a reasonable proportion of development-related overheads. Financing costs are not capitalized. Capitalized development costs are amortized from the start of production in scheduled amounts over the expected life cycle of the products. Research costs are entered as expenditure in the period in which they are incurred.

Due to their non-definable useful lives, goodwill and acquired trademarks are not amortized in scheduled amounts but reviewed annually or on indication of any impairment by means of an impairment test in accordance with IAS 36.10. This is normally based on the asset's value in use. In order to measure impairment, goodwill and trademarks are generally assigned to a particular segment as the cash generating unit. As of the balance sheet date, goodwill amounted to T€ 25,825 (prior year: T€ 19,312) for the Forming Systems segment and T€ 688 (prior year: T€ 372) for the Automation and Production Systems segment. The future cash flows of these cash generating units are forecast and discounted on the basis of the three year plans approved by the Board of Management and valid at the time of the impairment tests. Cash flows after the planning period are extrapolated without consideration of any growth rate. The forecasts are based on past experience and expectations of future market developments. Discounting is based on cost of capital before tax rates, taking into account the risk class assigned to the respective segment. In the period under review, these rates ranged from 9.3% to 9.75% (prior year: 9.0% to 9.5%). In the case of impairment, i. e. the carrying value of the cash generating unit to which the assets and liabilities are assigned exceeds the calculated value in use, goodwill is subject to non-scheduled amortization.

Property, plant and equipment

Property, plant and equipment are carried at acquisition or conversion cost less scheduled and – where necessary – non-scheduled depreciation. Investment grants are generally deducted from the acquisition or conversion cost of the subsidized asset. The cost of conversion comprises individual direct costs as well as prorated material and production overheads including depreciation and production-related administrative costs. Interest payments for borrowed capital are not capitalized, but carried as a current expense. Property, plant and equipment are depreciated using the straightline method according to the asset's standard useful life. The remaining useful life is reviewed and adjusted where necessary on each balance sheet date.

Scheduled depreciation amounts are based mainly on the following useful lives:

	Useful lives
Buildings	33 to 50 years
Land improvements	10 to 15 years
Machines and technical equipment	10 to 30 years
Other equipment, factory and office equipment	5 to 15 years

In accordance with IAS 36, property, plant and equipment are subject to non-scheduled depreciation if there is any indication that the recoverable amount of the asset in question has fallen below the carrying value. The recoverable amount is the higher of net realizable value and the asset's value in use. The value in use is calculated on the basis of current planning, as approved by the Board of Management and valid at the time of the impairment test. Forecasts are based on past experience and expectations of the market's future development. The interest rates applied to calculate value in use are between 9.3% and 9.75%. Should the reasons for non-scheduled depreciation carried out in previous years no longer apply, a corresponding reversal of impairment loss must be undertaken.

In accordance with IFRS 5, property, plant and equipment which is planned to be sold within one year of the balance sheet date and which is no longer used in the production process is disclosed separately under current assets, providing the sale is already very likely as of the balance sheet date and corresponding sales measures have been initiated. Such assets are valued at the lower of carrying value and the expected net realizable value.

In the case of leased property, plant and equipment, the prerequisites of IAS 17 for financial leases are met when all significant risks and rewards incident to ownership are transferred to the respective Group company. In such cases, the respective property, plant and equipment is capitalized at acquisition or conversion cost, or the lower present value of the minimum lease payments, and depreciated using the straightline method over economic useful life or the shorter lease term. The useful lives applied correspond to those of comparable acquired assets. Payment obligations resulting from future leasing payments are discounted and carried as a liability.

If the prerequisites for financial leases are not met, leasing or rental payments are expensed directly in the profit and loss account (operating lease conditions). In such cases, the leased object is not capitalized in the Schuler Group.

Financial assets

Interests in non-consolidated subsidiaries and other equity investments are generally valued at their respective acquisition cost, as there are no active markets for these companies and their fair value cannot be ascertained with reasonable effort. Lower fair values are used whenever there is any indication of such value. Changes in the carrying values are recognized directly in the profit and loss of the period.

Financial instruments

Financial instruments are contracts that result in a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. A financial instrument is recognized in the balance sheet if the Group becomes a party to the contractual provisions of the instrument. Derecognition of financial assets takes place when the Group's claims in respect of cash flows from the financial instrument expire or when the financial instrument was transferred to another party including the control or all major risks and rewards. Financial liabilities are derecognized when the Group's obligations specified in the contract expire, or are lifted or terminated. In the case of a regular purchase or sale of financial assets, the instruments are recognized on the transaction day, i. e. the day on which the Group becomes a party to the contractual provisions of the instrument. In accordance with IAS 39, financial assets and liabilities must be allocated to one of the following four categories:

- financial assets/liabilities measured at fair value through profit and loss
- held-to-maturity financial investments
- loans and receivables
- available-for-sale financial assets

Financial assets/liabilities measured at fair value through profit and loss pursuant to IAS 39 include derivative financial instruments, all originated financial instruments held for trading and all financial instruments which a company voluntarily allocates to this category. A financial asset is allocated to this category if it was acquired essentially with the intention of a short-term sale, or if the financial asset is so designated by management. The Schuler Group only allocates derivative financial instruments to this category, and only if they do not meet the strict criteria of a hedging arrangement pursuant to IAS 39. The Schuler Group uses derivative financial instruments exclusively to hedge against interest or currency risks. It can occur, however, that a hedging arrangement which makes sound economic sense does not meet the requirements of hedge accounting pursuant to IAS 39. In such cases, the respective hedging instruments are allocated to the »at-fair-value-through-profit-or-loss« category of financial assets/liabilities.

Financial instruments held by the Schuler Group are carried at amortized acquisition cost or fair value.

The amortized acquisition cost of a financial asset or liability is the amount,

- at which the financial asset or liability was initially recognized, including transaction costs,
- less subsequent repayment amounts and non-scheduled amortization for impairment or uncollectibility and,
- where applicable, plus or minus the difference (premium) between the original amount and the amount to be repaid on maturity, which is spread over the expected life of the financial asset or liability using the effective interest method.

In the case of short-term receivables and liabilities, the amortized acquisition cost is generally identical with the nominal or repayment amount.

Fair value is generally the market or stock exchange value, i. e. the price at which the financial instrument can be freely traded between independent business partners in a current transaction. If there is no active market, fair value is calculated using recognized actuarial methods.

Originated financial instruments

Loans, receivables, liabilities and held-to-maturity investments are financial instruments not quoted on any active market with fixed or measurable payments. They are generally carried at amortized acquisition cost using the effective interest method and after deduction of impairment loss, where necessary. They mainly include

- trade receivables and payables,
- other receivables and financial assets and liabilities,
- financial debts.

Available-for-sale financial assets are non-derivative financial assets, which were either allocated to this category or which cannot be allocated to any of the other aforementioned categories. They belong to non-current assets, providing management does not intend to sell them within 12 months of the balance sheet date. In general, there are no fixed or measurable payments and terms. They are measured at fair value, whereby changes to fair value – except for allowances – are recognized directly in equity under consideration of deferred taxes. In the case of asset disposals, the reserve is reversed with an effect on profit or loss.

The amount of originated financial instruments can be seen in the consolidated balance sheet. As no general netting agreements are made with customers, the total amount disclosed under assets is also the maximum credit risk – irrespective of existing collateral. In the case of all underlying performance relations in respect of originated financial instruments, collateral is requested to minimize the credit risk – depending on the type and size of the respective performance. Moreover, credit information/references are requested or historical data used from past business transactions, especially regarding payment behavior. Insofar as there are recognizable credit risks in respect of individual financial assets, such risks are accounted for by impairment losses. Bad debt allowances formed for originated financial instruments amount to T€ 9,539 (prior year: T€ 3,363). The credit risk in connection with derivative financial instruments is minimized by only conducting business with top-rated contractual partners. The general credit risk resulting from derivative financial instruments is therefore regarded as not material. There is no recognizable concentration of credit risk from relations with individual debtors or groups of debtors.

Derivative financial instruments/hedge accounting

In order to hedge balance sheet positions and future cash flows the Schuler Group uses derivative financial instruments, whose efficiency is examined in regular effectiveness tests.

In the case of fair value hedges, the company hedges the risk of changes in the fair value of balance sheet items. In this case, both the hedging and underlying transaction are carried at fair value and both value adjustments are recognized in the profit and loss account.

Cash flow hedges serve to hedge against future cash flows. The hedging instruments are again carried at fair value. Unrealized profits and losses from hedging transactions, as a result of changes in market values, are first recognized (less a proportion for tax) in a special reserve without effect on the profit and loss account. They are not transferred to the income statement with an effect on profit or loss until the hedged item has been realized. That proportion of the market value change of a derivative instrument which is not covered by the basic transaction is recognized directly in profit or loss. If no hedge accounting can be used – contrary to Schuler's standard practice – the market value change is recognized directly in profit or loss.

Construction contracts

Customer-specific construction contracts are measured pursuant to IAS 11 according to the percentage-of-completion method (PoC method), i. e. according to the project's effective state of progress. The percentage of completion of a particular order is measured on the basis of the ratio between costs incurred to date and the anticipated overall cost of construction (cost-to-cost method). If the profit of a construction contract cannot be reliably estimated, revenue is estimated to be only the amount of the incurred contract costs (zero-profit method). Expected contract losses are recognized as a loss in the period of recognition by means of allowances for the disclosed receivable. Should the expected contract loss exceed the capitalized receivable, a provision is also formed. Possible contract losses are calculated on the basis of concurrent estimations and under consideration of all recognizable risks.

As the PoC method is based on estimations of the costs incurred until completion of the contract, it may be necessary to subsequently adjust the underlying calculations. Such corrections of income and expense are recognized in the income statement in the period in which the deviations are determined.

Orders are disclosed under receivables or payables. As soon as accumulated services (incurred contract costs and disclosed profits) exceed payments received on account for a particular contract, the construction order is disclosed under future receivables from customer construction contracts. If there is a negative balance after deducting the customer's payments on account, a liability is disclosed within the payments received on account for construction contracts.

In order to take into consideration the special requirements of the Schuler Group's integrated manufacturing network, whereby partial services are provided by various Group companies for a single customer contract, the partial services performed by individual Group companies are totaled in the consolidated financial statements while netting intercompany receivables and payables.

Inventories

Inventories are measured at the cost of acquisition or conversion, or at the lower net realizable value. The cost of conversion comprises individual direct costs as well as a reasonable proportion of material and production overheads, including production-related depreciation which can be directly attributed to the manufacturing process. Administrative and social costs are capitalized insofar as they can be allocated to production. Interest payments for borrowed capital are not included. Current customer contracts are carried without loss. Risks arising from storage duration, reduced usability or similar occurrences are accounted for by value reductions. If the reasons leading to a value reduction of inventories no longer exist, then the value reduction is reversed. Similar inventory objects are generally valued using the average cost method.

Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities are generally formed for temporary differences between tax-based and IFRS-based valuations of assets and liabilities. Deferred tax assets also recognize tax reduction claims from existing tax loss carryforwards and unused tax credits, providing it is likely that they can be used in the following years.

Allowances are made for deferred tax assets whose realization is not expected within a foreseeable period.

Income taxes relating to items recognized directly in equity are recognized in the relevant equity category and not in the profit and loss account.

Deferred taxes are measured according to the expected size of the tax burden or benefit in future years under consideration of the tax rates valid or expected at the time of realization. In the case of domestic companies and consolidation transactions, a tax rate of 30% was applied at the end of the fiscal year 2006/07 (prior year: 38%). For foreign subsidiaries, deferred taxes are calculated on the basis of the valid local tax rates.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

Pension provisions

Actuarial valuation of pension provisions is based on the projected unit credit method in respect of post-employment benefits in accordance with IAS 19. The valuation is not only based on pension payments as known at the balance sheet date, but also includes future increases in salary and pensions. Actuarial gains and losses are recognized in the income statement over the average remaining service period of employees receiving pensions, providing they exceed a corridor of 10% of the maximum obligation or plan assets. In the case of indemnity claims, these are offset as plan assets with pension obligations if they meet the criteria of IAS 19. The interest portion of the addition to provisions is disclosed in the financial result.

Other provisions

In accordance with IAS 37, provisions are recognized where a present legal or constructive obligation exists in respect of third parties as a result of a past event, where a future outflow of resources is probable and where a reliable estimate of that outflow can be made. The valuation generally includes all cost elements which are capitalized in inventories – especially in the case of impending losses, subsequent costs and warranties.

Provisions not resulting directly in an outflow of resources in the following year are recognized at their settlement value discounted to the balance sheet date. Discounting is based on the relevant market interest rates. Provisions are not offset against claims for reimbursement.

Provisions are reviewed on an annual basis to ascertain whether and to what degree they are still permissible. If the reasons for forming the provision no longer apply, the provision is reversed. Should there be a change in the estimated size of the obligation, the amount of the provision is adjusted accordingly.

Liabilities

With the exception of derivative financial instruments, non-current liabilities are recorded at amortized cost in the balance sheet. Differences between historical cost and the repayment amount are considered using the effective interest method.

Liabilities under finance leases are carried at the present value of the future minimum lease payments, providing the fair value of the capitalized leasing object is not lower.

With the exception of derivative financial instruments, current liabilities are recognized at their repayment or settlement value.

Income and expense recognition

Sale revenue and other operating income are recognized only when the relevant service has been performed and the risk has thus passed to the customer. The exception to this principle are customer-based construction contracts, where revenue is realized according to the percentage-of-completion method. Royalties are measured according to the economic content of the relevant agreements and capitalized pro rata temporis. Income and expenses are capitalized pro rata temporis using the effective interest method; dividend income is recognized at the time it comes into legal existence. State subsidies are generally deducted from the acquisition costs of the subsidized assets. Public sector expense grants are recognized at the time of the incurred expense as other operating income.

Operating expenses affect profit or loss at the moment the service is utilized or incurred.

Estimates and assumptions by management

Preparation of the consolidated financial statements in accordance with IFRS regulations requires management to make certain assumptions about future events that affect the reported amounts of assets and liabilities, and income and expenses, as well as the related disclosure of contingent assets and liabilities of the reporting period. Such estimates relate primarily to the assessment of the recoverability of intangible assets, and especially of goodwill, the standard definition of useful lives of items of property, plant and equipment, the profit development of construction contracts, the collectibility of receivables and deferred taxes, and the recognition and measurement of provisions. The judgments are based on underlying assumptions that reflect the current state of available knowledge at the time the consolidated financial statements were prepared. This concerns, for example, individual factors such as discount rates or future salary developments as well as an overall assessment of expected business development and the sector-specific environment. Developments that differ from these assumptions may result in amounts that differ from the original estimates. For instance, valuations based on discounted cash flows generally fall when interest rates are rising. This effect is magnified over longer time horizons. In addition, deferred taxes carried in the balance sheet depend greatly on the tax rates passed by government and expectations regarding possible future use of tax losses. In the case of such diverging developments, the estimates and, where necessary, the carrying amounts of the assets and liabilities affected are adjusted.

At the date of preparation of these consolidated financial statements, the underlying assumptions and estimates are not exposed to any material risk of change. At present, management does not therefore expect any material adjustment to the carrying amounts of assets and liabilities in the consolidated balance sheet for the following fiscal year.

Consolidated profit and loss account disclosures

(1) Sales

For segment reporting purposes, consolidated sales revenue is presented by the Group's business fields and regions. Revenue from construction contracts calculated according to the PoC method amounts to T€ 310,123 (prior year: T€ 246,398). The Service segment accounted for sales revenue of T€ 179,753 (prior year: T€ 107,483).

(2) Other operating income

	2006/07 T€	2005/06 T€
Income from the disposal of fixed assets	31,267	352
Income from reversal of provisions	27,225	14,295
Refunds of other taxes in Brazil *	5,046	862
Insurance compensations, costs refunded by third parties	3,176	2,320
Income from rent and leases	2,603	2,603
Other operating income	10,894	5,273
	80,211	**25,705**

** Mainly sales-linked PIS (Programa de Integração Social) and COFINS (Contribuição Social para o Financiamento da Seguridade Social)*

Income from the disposal of fixed assets includes profit from the sale of commercial real estate of Schuler AG in Göppingen amounting to T€ 30,971 in the period under review.

(3) Cost of materials

	2006/07 T€	2005/06 T€
Expenses for raw materials, supplies and goods purchased	294,659	221,909
Expenses for services purchased	58,368	42,301
	353,027	**264,210**

(4) Personnel expenses

Personnel expenses include expenses resulting from the termination of working contracts amounting to T€ 779 (prior year: T€ 11,517).

	2006/07 T€	2005/06 T€
Wages and salaries	218,014	173,720
Social security expenses	46,263	37,720
	264,277	**211,440**
– of which for pensions	2,950	2,517

The annual average number of employees developed as follows:

	2006/07	2005/06
Salaried staff	2,372	1,849
Non-salaried staff	2,009	1,624
	4,381	**3,473**
Apprentices	235	154
	4,616	**3,627**

(5) Depreciation and amortization of intangible and tangible assets

	2006/07 T€	2005/06 T€
Intangible assets	5,067	2,527
Tangible assets	23,016	17,808
	28,083	**20,335**

In the fiscal year 2006/07, tangible and intangible assets were subject to non-scheduled depreciation of T€ 3,655 (prior year: T€ 2,453). They mainly concern capitalized development costs of Müller Weingarten AG (servo-press technology) as well as company premises belonging to Schuler Hydroforming GmbH & Co. KG in Wilnsdorf and Schuler AG in Heusenstamm. There were also non-scheduled adjustments to technical equipment of Schuler Hydroforming. In fiscal year 2006/07, reversals of impairment losses totaling T€ 600 were made as partial correction of non-scheduled depreciation made in prior years and added to other operating income. They concern adjustments to real estate assets belonging to the Schuler Cartec group in Weingarten due to improved land usage.

(6) Other operating expenses

	2006/07 T€	2005/06 T€
Travel costs for machine assembly, other travel expenses	17,356	12,791
Advertising, trade fair and exhibition costs, commissions	13,597	9,641
Repairs, servicing, maintenance	13,367	9,298
Packaging, outgoing freight costs, duties	13,075	13,966
Other taxes	7,943	7,200
Other operating expenses	58,246	44,712
	123,584	**97,608**

Exchange rate losses included in other operating expenses amount to T€ 1,151 (prior year: T€ 495).

(7) Financial result

	2006/07 T€	2005/06 T€
Interest income	8,058	5,572
– of which from affiliated companies	58	132
Interest expenses	-25,999	-18,638
– of which to affiliated companies	-208	-32
Interest result	**-17,941**	**-13,066**
Income from investments	304	0
– of which from affiliated companies	303	0
Amortization of financial assets	1,035	0
– of which for affiliated companies	1,035	0
Other financial result	**-731**	**0**
Financial result	**-18,672**	**-13,066**

(8) Income taxes

	2006/07 T€	2005/06 T€
Current tax expense, Germany	-204	1,661
Current tax expense, abroad	298	2,942
Current income tax expense	**94**	**4,603**
– of which relating to other periods	-2,860	-88
– of which reduction of current income tax expense due to tax loss carryforwards not considered in previous years	217	640
Deferred taxes from temporary valuation differences	13,798	-4,544
Deferred tax income from loss carryforwards	193	-4,665
Deferred taxes	**13,991**	**-9,209**
	14,085	**-4,606**

The tax income relating to other periods amounting to T€ 2,860 net includes an amount of T€ 4,609 which corresponds to the present value of the corporate tax credit balance of Schuler AG as of December 31, 2006, resulting from the former tax imputation method (following adjustment to auditing results). In accordance with legislation concerning the tax implications of introducing the European Company (Societas Europea) and the change in further tax regulations (SEStEG), this credit balance (as of September 2007: T€ 5,908 gross) is to be paid out in ten equal yearly amounts from 2008 onward. Schuler AG sold its payment claim to the German Tax Office at the end of the period under review with an effect on liquidity.

A major share of tax liabilities relating to other periods was the amount of T€ 2,391 (prior year: T€ 89) following a tax audit at Schuler.

As of the balance sheet date, there were domestic corporate tax loss carryforwards amounting to T€ 202,920 (prior year: T€ 45,727) and trade tax carryforwards of T€ 243,903 (prior year: T€ 92,182). Tax loss carryforwards of non-German Group companies amount to T€ 15,784 (prior year: T€ 12,545). Including additions to the consolidated group during the fiscal year, the total amount includes loss carryforwards of T€ 280,992 (prior year: T€ 57,227) deemed to be not usable (corporate tax T€ 114,218, trade tax T€ 156,157, foreign income taxes T€ 10,617). Of this amount, T€ 270,376 (prior year: T€ 45,505) can be carried forward indefinitely, while T€ 1,432 (prior year: T€ 2,257) of foreign Group companies can be used within the next two fiscal years and a further T€ 9,184 (prior year: T€ 9,465) can be used to reduce tax within a period of up to 20 years.

No deferred tax claims were capitalized for deductible temporary differences amounting to T€ 1,804 (prior year: T€ 2,010).

In order to calculate the expected tax expense, profit before tax is multiplied by a tax rate of 38% (prior year: 38%). This figure comprises corporation tax (25%), the solidarity surcharge (5.5% of corporation tax) and trade tax (15%), whereby trade tax is deductible for the calculation of corporation tax.

Deferred tax positions as of September 30, 2007, however, were already calculated in the balance sheet using the new tax rate of 30%. In accordance with IAS 12.47, this rate is based on changes introduced by the German Corporation Tax Law 2008, as passed by the lower house of the German parliament (Bundestag) on May 25, 2007, and approved by the upper house (Bundesrat) on July 6, 2007. As of fiscal year 2007/08, the Schuler Group thus has a domestic tax burden of 15% for corporation tax plus the solidarity surcharge (5.5% of corporation tax) and 14% for trade tax. Under the new Corporation Tax Reform, trade tax is no longer deductible for the calculation of corporation tax.

The nominal income tax rates valid at year-end for the Group's foreign subsidiaries were between 21.05% and 34%.

Compared with the previous year, the applicable tax rate changed for Schuler's Chinese subsidiary in Shanghai fell from 33.33% to 25%.

The main causes for deviations between expected and disclosed income tax expense are presented in the following reconciliation calculation:

	2006/07 T€	2005/06 T€
Result before income taxes	27,936	-14,118
Income tax rate	38.0%	38.0%
Expected income taxes	**10,616**	**-5,365**
Tax-free income	-436	-87
Non-deductible expenses	131	197
Current tax expense relating to other periods	-2,860	-88
Addition to allowances for temporary differences and tax loss carryforwards	2,450	4,775
Reversal of allowances for temporary differences and tax loss carryforwards	-1,617	-3,465
Use of loss carryforwards (not capitalized in previous years)	-193	-244
Deviation from foreign tax rates	-255	-245
Effects from tax rate changes	6,397	1
Other	-148	-85
Disclosed income taxes	**14,085**	**-4,606**
Effective tax rate	50.4%	32.6%

In addition to the deferred taxes included in the income statement with an effect on earnings, deferred tax liabilities of T€ 4,344 (prior year: T€ 443) in connection with the market valuation of cash flow hedges and available-for-sale securities were offset directly with the respective reserves as of the balance sheet date without an effect on profit or loss.

The following deferred tax assets and liabilities in the balance sheet refer to recognition and valuation differences between tax balance sheets and the consolidated balance sheet for individual items and to capitalized tax carryforwards:

	Deferred tax assets		Deferred tax liabilities	
	09/30/2007 **T€**	**09/30/2006** **T€**	**09/30/2007** **T€**	**09/30/2006** **T€**
Non-current assets	4,130	5,272	18,961	5,950
Inventories and receivables	1,822	10,494	20,878	15,743
Tax loss carryforwards	70,570	29,724	n. a.	n. a.
Other assets	3,466	3,017	5,043	1,073
Pension provisions	2,549	390	555	778
Other provisions	8,585	4,469	1,879	1,133
Liabilities	16,946	15,366	6,297	1,200
Gross value	**108,068**	**68,732**	**53,613**	**25,877**
Allowances for deferred tax assets	-44,067	-11,495	n. a.	n. a.
Offsetting	-43,565	-21,825	-43,565	-21,825
Balance sheet recognition	**20,436**	**35,412**	**10,048**	**4,052**

In the course of initial consolidation of the Müller Weingarten companies, a deferred tax liability of T€ 3,009 was carried in the opening balance sheets as of April 1, 2007. In the period under review, an amount of T€ -3,901 (prior year: T€ 1,968) was booked directly against equity from changes in deferred taxes without an effect on profit or loss. Currency translation differences without effect on profit or loss in connection with deferred taxes of foreign subsidiaries amounted to T€ -71 (prior year: T€ -91). All other changes were recognized in the income statement.

(9) Earnings per share

Earnings per share are calculated as the ratio of the Group's profit or loss and the weighted average number of common and preferred shares outstanding during the fiscal year. This ratio may be diluted by so-called »potential shares« (mainly stock options and convertible bonds). In the period under review, there were no outstanding »potential shares« with a dilutive effect. The diluted earnings per share figure is therefore identical with that of undiluted earnings per share.

The calculation of earnings per common and preferred share takes consideration of the statutory dividend preference amounting to € 0.10.

	2006/07 T€	2005/06 T€
Group profit or loss	13,851	-9,512
Profit attributable to minority interests	-81	-32
Profit attributable to shareholders of Schuler AG	**13,770**	**-9,544**
Weighted number of shares outstanding:		
Common shares (number)	10,500,000	10,500,000
Preferred shares (number)	7,000,000	7,000,000
Earnings per common share (€)	**0.75**	**-0.59**
Earnings per preferred share (€)	**0.85**	**-0.49**

Balance sheet disclosures

(10) Intangible assets

CHANGES IN INTANGIBLE ASSETS BETWEEN OCTOBER 1, 2006, AND SEPTEMBER 30, 2007

	Concessions, industrial and similar rights, as well as licenses in such rights and assets T€	Capitalized development costs T€	Goodwill T€	Total T€
Cost of acquisition/conversion				
Balance at October 1, 2006	**22,614**	**4,439**	**31,480**	**58,533**
Change in consolidated group	58,527	2,599	6,829	67,955
Foreign exchange differences	5	99	-	104
Additions	698	1,291	-	1,989
Transfers	121	-	-	121
Disposals	38	-	-	38
Reclassification to available-for-sale assets	-2,803	-453	-	-3,256
Balance at September 30, 2007	**79,124**	**7,975**	**38,309**	**125,408**
Amortization and impairment				
Balance at October 1, 2006	**15,632**	**2,499**	**11,796**	**29,927**
Change in consolidated group	11,657	366	-	12,023
Foreign exchange differences	-3	59	-	56
Additions	3,048	2,019	-	5,067
Disposals	36	-	-	36
Reclassification to available-for-sale assets	-187	-42	-	-229
Balance at September 30, 2007	**30,111**	**4,901**	**11,796**	**46,808**
Carrying amount				
Balance at October 1, 2006	**6,982**	**1,940**	**19,684**	**28,606**
Balance at September 30, 2007	**49,013**	**3,074**	**26,513**	**78,600**

Müller Weingarten AG has bilateral credit/guarantee lines with a number of credit institutes and guarantee insurance institutes, which are mostly secured by various assets of the consolidated companies. The explanations regarding the restricted availability of individual assets reflect in the following the respective balance sheet values of the assets concerned and not the actual amount borrowed as of the balance sheet date. The provision of collateral resulted in restricted right of use amounting to T€ 8,778 (prior year: T€ 0) under intangible assets.

The following amounts were recognized in the profit and loss account for research and development activities in the period under review:

	2006/07 T€	2005/06 T€
Research costs and non-capitalized development costs	4,071	3,065
Amortization of capitalized development costs	2,019	982
R&D costs recognized in the income statement	**6,090**	**4,047**

In addition to the amortization of capitalized development costs, the research and development costs recognized in the income statement in the period under review comprise mainly staff and material costs, as well as depreciation and amortization of tangible and intangible assets used for these activities. In total, the research and development costs incurred in fiscal year 2006/07 amounting to T€ 1,291 (prior year: T€ 1,030) fulfilled the conditions for capitalization pursuant to IAS 38.

In fiscal year 2006/07 government grants of T€ 53 (prior year: T€ 0) were received for research and development activities and offset from acquisition costs. They will be reversed in line with the useful life of the respective asset. Other government grants for research and development purposes amounting to T€ 83 (prior year: T€ 0) were carried directly as other operating income.

As a technology group, the main proportion of Schuler's development work is involved with major customer projects. The respective costs do not constitute R&D expenditure in the stricter sense of accounting and are therefore charged as project costs (= cost of sales).

(11) Property, plant and equipment

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN OCTOBER 1, 2006, AND SEPTEMBER 30, 2007

	Land, land rights and buildings, including buildings on third-party land T€	Technical equipment and machinery T€	Other equipment, factory and office equipment T€	Payments on account and assets under construction T€	Total T€
Cost of acquisition/production					
Balance at October 1, 2006	**159,508**	**126,803**	**63,208**	**649**	**350,168**
Change in consolidated group	84,791	102,313	39,832	5,474	232,410
Foreign exchange differences	-1,171	-136	90	-66	-1,283
Additions	416	3,801	3,531	6,704	14,452
Transfers	3,256	1,867	361	-5,605	-121
Disposals	36,606	3,633	5,605	303	46,147
Reclassification to available-for-sale assets	-10,416	-1,518	-937	-	-12,871
Balance at September 30, 2007	**199,778**	**229,497**	**100,480**	**6,853**	**536,608**
Amortization and impairment					
Balance at October 1, 2006	**67,221**	**92,989**	**54,738**	**-**	**214,948**
Change in consolidated group	34,048	70,955	31,000		136,003
Foreign exchange differences	-219	21	90	-	-108
Additions	8,448	10,983	3,585	-	23,016
Disposals	21,448	2,866	5,171	-	29,485
Reversal of impairment losses	-600	-	-	-	-600
Reclassification to available-for-sale assets	-6,243	-1,373	-599	-	-8,215
Balance at September 30, 2007	**81,207**	**170,709**	**83,643**	**-**	**335,559**
Carrying amount					
Balance at October 1, 2006	**92,287**	**33,814**	**8,470**	**649**	**135,220**
– of which leased assets	2,404	7,325	-	-	9,729
Balance at September 30, 2007	**118,571**	**58,788**	**16,837**	**6,853**	**201,049**
– of which leased assets	-	5,435	8	-	5,443

Restricted right of use regarding property, plant and equipment amounts to T€ 122,637 (prior year: T€ 48,034).

Various Schuler Group companies are the lessees of assets under financial leases in the field of real estate, technical equipment and machinery and factory equipment. The agreed purchase options are likely to be exercised. In addition, there are operating leases mainly concerning the use of real estate assets at the Göppingen facility as well as vehicles and IT hardware. At the end of these lease terms there are no purchase or prolongation options at terms better than the expected market conditions or residual value guarantees.

Future lease payments due are shown as of the balance sheet date in the table below:

	Due			09/30/2007
	up to 1 year T€	from 1 to 5 years T€	over 5 years T€	Total T€
Future payments for finance leases	1,634	2,134	0	3,768
Interest component	167	140	0	307
Carrying/present value	**1,467**	**1,994**	**0**	**3,461**
Future minimum payments for operating leases	10,535	29,456	81,036	121,027

	Due			09/30/2006
	up to 1 year T€	from 1 to 5 years T€	over 5 years T€	Total T€
Future payments for finance leases	2,837	4,002	0	6,839
Interest component	313	377	0	690
Carrying/present value	**2,524**	**3,625**	**0**	**6,149**
Future minimum payments for operating leases	2,853	4,966	301	8,120

As of the balance sheet date, future payments amounting to T€ 98,746 (without consideration of index-linked rent adjustments) were due from a sale-and-rent-back transaction concluded in September 2007 concerning commercial real estate assets of Schuler AG in Göppingen. These financial obligations have a total term of 20 years (see Note 29).

In the period under review, payments recognized in the profit and loss account for operating leases amount to T€ 6,954 (prior year: T€ 4,863). There were no expenses for conditional rental payments.

The Group also leases self-produced machines and equipment to its customers under operating lease agreements. As of September 30, 2007, acquisition and conversion costs amount to T€ 27,045 (prior year: T€ 27,565) – converted using average rates on the balance sheet date; depreciation amounts converted at the annual average rate in the period under review totaled T€ 1,830 (accumulated T€ 19,370, prior year: T€ 17,833). After accounting for currency translation differences belonging to annual depreciation (T€ 4, prior year: T€ -84), the carrying value as of September 30, 2007, amounts to T€ 7,679 (prior year: T€ 9,648).

The following payments from the above mentioned non-cancelable operating leases with third parties are expected to be received over the coming years:

	Due			09/30/2007
	up to 1 year	from 1 to 5 years	over 5 years	Total
	T€	T€	T€	T€
Future payments received from operating leases	1,846	5,409	0	7,255

	Due			09/30/2006
	up to 1 year	from 1 to 5 years	over 5 years	Total
	T€	T€	T€	T€
Future payments received from operating leases	1,833	6,909	0	8,742

(12) Non-current and current other receivables and financial assets

	Remaining term		09/30/2007	Remaining term		09/30/2006
	up to 1 year	over 1 year	Total	up to 1 year	over 1 year	Total
	T€	T€	T€	T€	T€	T€
Receivables from other taxes	15,289	6,222	21,511	14,359	3,145	17,504
Positive fair values of derivatives	9,462	5,362	14,824	2,504	295	2,799
Payments on account	10,429	0	10,429	4,026	0	4,026
Asset values	391	1,308	1,699	0	0	0
Marketable securities	619	0	619	0	0	0
Other assets	9,037	5,173	14,210	7,963	3,217	11,180
	45,227	**18,065**	**63,292**	**28,852**	**6,657**	**35,509**

There are no restrictions on title or right of use in respect of the disclosed other receivables and financial assets. Default risks are accounted for by means of valuation allowances, which amount to T€ 816 as of the balance sheet date (prior year: T€ 910).

Marketable securities are interest-bearing securities of domestic issuers and allocated to the »available-for-sale« category.

The carrying values of disclosed other receivables and financial assets mainly correspond to their fair values: foreign exchange receivables are generally translated at the exchange rate valid on the balance sheet date; derivatives are valued by means of option pricing models incorporating market values valid on the balance sheet date; credit risk is accounted for by means of valuation allowances; and non-current, non-interest-bearing receivables are discounted.

(13) Inventories

	09/30/2007 T€	09/30/2006 T€
Raw materials, consumables and supplies	36,018	19,213
Work in progress	120,384	63,771
Finished goods and purchased merchandise	8,608	5,738
	165,010	**88,722**

In the period under review, valuation allowances for raw materials, consumables and supplies amounting to T€ 914 (prior year: T€ 3,413), as well as reversals of valuation allowances amounting to T€ 715 (prior year: T€ 64), were recognized as material expenses in the income statement. The devaluation of unfinished and finished goods booked as a reduction in inventories amounts to T€ 12,835 (prior year: T€ 7,634). Of the total inventories, a volume of T€ 37,577 (prior year: T€ 18,471) is recognized at net realizable value. Restricted right of use from the provision of collateral by Müller Weingarten AG amounts to T€ 59,340 (prior year: T€ 0).

(14) Trade receivables

	09/30/2007 T€	09/30/2006 T€
Trade receivables from		
– third parties	104,322	60,665
– affiliated companies	3,837	656
– companies in which an investment is held	223	74
	108,382	**61,395**

The fair values of trade receivables correspond to the carrying amounts. In the period under review, valuation allowances of T€ 4,673 (prior year: T€ 516) were recognized in the income statement. Restricted right of use from the provision of collateral by Müller Weingarten AG amounts to T€ 30,921 (prior year: T€ 0).

(15) Future receivables from long-term construction contracts

	09/30/2007 T€	09/30/2006 T€
Contract costs incurred, including partial profits	318,628	187,344
Payments received on account for construction contracts not yet invoiced	-268,108	-128,614
Impending loss provisions	-17,972	-9,125
Future receivables from construction contracts, net	**32,548**	**49,605**
– of which contracts with net receivables	87,755	68,531
– of which contracts with net payables	55,207	18,926

Future receivables from construction contracts comprise those claims calculated according to the degree of completion and resulting from customer-specific, long-term contracts for which the customer has not yet been invoiced. Work already invoiced is included in trade receivables.

Capitalized conversion costs incurred, including profit portions, are netted with payments received on account according to the specific contract. Contracts with a remaining positive balance after deduction of payments received on account are disclosed as future receivables from construction contracts, while all others are carried as liabilities under payments received on account.

Due to collateral provided by Müller Weingarten AG, an amount of T€ 17,461 (prior year: T€ 0) of payments received on account and offset from assets is secured by various assets.

(16) Cash and cash equivalents

Cash and cash equivalents amounting to T€ 103,718 (prior year: T€ 58,936) include bank balances (T€ 103,415, prior year: T€ 58,877), checks and cash in hand (T€ 303, prior year: T€ 59). As of the balance sheet date, the average effective interest rate for short-term bank deposits amounted to 4.03% in EUR (prior year: 2.90%), 4.50% in USD (prior year: 3.00%), 11.25% in BRL (prior year: 14.25%), 2.45% in CNY (prior year: 2.03%) and 4.75% in GBP (prior year: n. a.). These deposits have terms of between one and 71 days.

(17) Assets and liabilities of a disposal group

On September 26, 2007, the Supervisory Board of Schuler AG approved the Board of Management's resolution to sell a group of assets and directly related Group liabilities in a joint transaction. The assets comprised commercial real estate belonging to Schuler Hydrap GmbH & Co. KG in Plüderhausen, Germany, as well as asset and debt positions pertaining to the Die Casting Technology division of Müller Weingarten AG (Esslingen facility) and to Theta-Centaurus-Vermögensverwaltungs GmbH in Weingarten, Germany. It is further planned to close the Plüderhausen facility and to relocate the headquarters of Schuler Hydrap GmbH & Co. KG to Esslingen in order to utilize vacant capacities.

The available-for-sale assets and liabilities are shown in the following table:

	09/30/2007 T€
Intangible assets	3,027
Company land and buildings*	4,173
Other tangible assets	483
Inventories	3,029
Available-for-sale non-current assets and disposal groups	**10,712**
Pension provisions	72
Liabilities directly pertaining to available-for-sale assets	**72**

* *thereof from financial leases*	2,179

There was no charge for impairment pursuant to IFRS 5.15. The available-for-sale assets and liabilities are disclosed in the segment report within the Forming Systems segment.

(18) Equity

	Shareholders of Schuler AG							Minority interests	Total
				Accumulated other profit or loss					
	Share capital	Capital reserves	Retained earnings	Currency translation	Unrealized profits/ losses from cashflow hedges	Market value of securities (available-for-sale)	Equity	Equity	Con-solidated equity
	T€	T€	T€	T€	T€	T€	T€	T€	T€
Balance at Sep. 30, 2005	**45,500**	**36,400**	**20,253**	**6,434**	**5,087**	**-**	**113,674**	**1,516**	**115,190**
Dividend payment	-	-	-2,450	-	-	-	-2,450	-	-2,450
Valuation changes recognized directly in equity	-	-	-	-1,789	-4,245	-	-6,034	-45	-6,079
Consolidated net profit/loss 2005/06	-	-	-9,544	-	-	-	-9,544	32	-9,512
Balance at Sep. 30, 2006	**45,500**	**36,400**	**8,259**	**4,645**	**842**	**-**	**95,646**	**1,503**	**97,149**
Other contribution Schuler AG	-	30,577	-	-	-	-	30,577	-	30,577
Change in consolidated group	-	-	-	-	-	-	-	11	11
Valuation changes recognized directly in equity	-	-	-	-1,105	7,874	10	6,779	-100	6,680
Consolidated net profit/loss 2006/07	-	-	13,770	-	-	-	13,770	81	13,851
Balance at Sep. 30, 2007	**45,500**	**66,977**	**22,030**	**3,539**	**8,716**	**10**	**146,773**	**1,496**	**148,269**

Share capital remains unchanged at € 45,500,000.00. It is divided into 10,500,000 no-par-value common shares and 7,000,000 no-par-value preferred shares without voting rights. Each share has thus a notional share of nominal capital amounting to € 2.60. The shares are made out to the bearer. The accrued, preferred share dividend not carried in the balance sheet amounts to T€ 1,400. There are no possible dilutive effects from the conversion of potential shares; earnings per common/ preferred share are therefore only disclosed at undiluted values.

On the basis of a resolution adopted by the Annual General Meeting (AGM) of March 29, 2007, the Board of Management is authorized until December 31, 2011, with the approval of the Supervisory Board, to raise capital stock by up to a total of € 18,200,000.00 either in one or several new issues of new common and/or preferred shares for cash contribution (authorized capital). With the approval of the Supervisory Board, the Board of Management is further authorized to issue preferred shares whose rights concerning the distribution of profits and the company's assets are equal to those preferred shares previously issued. With the approval of the Supervisory Board, the Board of Management is also authorized to determine the further details of capital increases from authorized capital.

During the period under review no stock was issued as a result of this authorization.

Capital reserves regularly contain the share premium from the issue of company shares, while retained earnings consist of the Group's undistributed profits and losses from past years. In the period under review, capital reserves increased by T€ 30,577 due to other contributions of Schuler-Beteiligungen GmbH in connection with the acquisition of shares in Müller Weingarten AG (cf page 53).

Changes in fair values from cash flow hedges, from the market valuation of available-for-sale securities – after accounting for respective deferred taxes – and currency translation differences arising from the calculation of foreign financial statements are disclosed under accumulated other profit or loss.

Profit participation rights

On the basis of a resolution adopted by the AGM of April 7, 2005, the Board of Management is authorized, with the approval of the Supervisory Board, to issue individual or several profit participation rights with a total nominal amount of up to T€ 30,000. The Board of Management is only authorized to issue profit participation rights without conversion or subscription rights to preferred shares of the company. The authorization can be exercised wholly or in partial amounts, once or several times, in order to pursue one or several objectives; it is limited until April 6, 2010. When issuing the profit participation rights, the Board of Management can exclude the subscription rights of shareholders, providing the profit participation rights do not grant a share of liquidation proceeds and providing – subject to participation in balance sheet losses – the amount of interest is not based on the size of the net income, the balance sheet profit, the dividend or any other of the company's key performance indicators and is at the usual market rate. Issue is made for consideration, which must at least correspond to the nominal amount of the profit participation rights. The Board of Management, with the approval of the Supervisory Board, shall determine all other details concerning the issuance amount, maturity and interest as well as the terms of the profit participation rights.

No profit participation rights were issued in the period under review.

Proposed appropriation of profit

The dividend payment made by Schuler AG is based on the balance sheet profit disclosed in its annual financial statements. This, in turn, is derived from transfers to other retained earnings in accordance with § 58 (2a) and § 58 (2) AktG. The Board of Management and the Supervisory Board propose to carry forward the balance sheet profit of Schuler AG as at September 30, 2007, amounting to € 3,959,133.41 to the next reporting period.

(19) Minority interests

The minority interest in equity is attributable to minority shareholders of Shanghai Schuler Presses Co. Ltd., Müller Weingarten Česká Republica s.r.o. and Eclips Vermietungsgesellschaft mbH & Co. Objekt Göppingen Kommanditgesellschaft. Shares in Müller Weingarten AG were consolidated on the basis of a 100% shareholding. The shareholding of 3.5% still not technically booked following the end of the mandatory offer and subsequent squeeze-out process is considered under acquisition costs and other liabilities – valued at the offer price.

(20) Non-current and current liabilities

	Remaining term			09/30/2007	Remaining term			09/30/2006
	up to 1 year	from 1 to 5 years	over 5 years	Total	up to 1 year	from 1 to 5 years	over 5 years	Total
	T€	T€	T€	T€	T€	T€	T€	T€
Liabilities to banks	72,360	53,024	37,804	163,188	47,816	38,572	17,984	104,372
Promissory note loan	0	49,807	0	49,807	0	49,715	0	49,715
Bills of exchange	369	0	0	369	301	0	0	301
Financial lease liabilities	1,467	1,994	0	3,461	2,524	3,625	0	6,149
Loans from Schuler-Beteiligungen GmbH	102	10,000	0	10,102	0	0	0	0
Other financial debts	19,323	0	0	19,323	713	532	0	1,245
	93,621	**114,825**	**37,804**	**246,250**	**51,354**	**92,444**	**17,984**	**161,782**

Of the financial liabilities disclosed, a total of T€ 85,810 (prior year: T€ 48,034) is secured by real estate liens and similar rights. This total includes a proportion of T€ 51,282 (prior year: T€ 28,011) for leasing companies consolidated under IFRS pursuant to IAS 27 in conjunction with SIC 12. In addition, an amount of T€ 18,807 (prior year: T€ 0) is secured by other assets (intangible assets, inventories, receivables) resulting from collateral provided by Müller Weingarten AG.

In June 2005, the company negotiated a promissory note loan with variable interest rate and a total volume of T€ 50,000 in tranches of four (T€ 40,000) and five years (T€ 10,000). Interest is based on the concurrent refinancing rate (Euribor) plus a margin calculated according to the ratio of net financial debt to EBITDA. The loan can only be terminated prematurely by the lenders if certain agreed key performance indicators are not met. According to calculations of Schuler AG, the agreed indicators were met as of the balance sheet date.

In July 2007, Schuler AG negotiated a subordinated loan totaling T€ 10,000 with Schuler-Beteiligungen GmbH. The loan bears a fixed annual interest rate of 6% and is granted until December 31, 2008.

Liabilities to banks include fixed-interest loans with a carrying value of T€ 61,762 (prior year: T€ 34,492) and a fair value of T€ 60,700 (prior year: T€ 34,539). In the case of variable-interest loans, the disclosed carrying values correspond largely to the fair values due to regular interest adjustment dates.

As of the balance sheet date, the weighted average interest rates for fixed-interest liabilities amounted to 5.58% in EUR (prior year: 5.28%), 6.18% in USD (prior year: 6.18%), 4.20% in CHF (prior year: n. a.) and 5.74% in CZK (prior year: n. a.). In the case of variable-interest liabilities, the corresponding figures amounted to 6.33% in EUR (prior year: 5.33%), 6.30% in CNY (prior year: n. a.) and 9.55% in BRL (prior year: 10.96%). The average remaining term of fixed-interest liabilities amounts to 8.35 years as of September 30, 2007 (prior year: 4.74 years), the average term (interest adjustment dates) of variable-interest liabilities is around 4.5 months (prior year: 2.9 months).

Variable-interest liabilities are secured in part by interest swaps and caps or opposing positions. The remaining unsecured variable-interest liabilities amount to T€ 17,854 (prior year: T€ 6,015); these are exposed to an interest-related cash flow risk.

Of the liabilities to banks, a total of T€ 137 (prior year: T€ 2,107) is payable in USD, T€ 74,831 (prior year: T€ 53,062) in BRL, T€ 2,134 (prior year: T€ 0) in CNY, T€ 485 (prior year: T€ 0) in CHF and T€ 328 (T€ 0) in CZK. Loans in EUR make up the remaining amount.

There are bilateral credit and guarantee lines totaling T€ 608,177 (prior year: T€ 442,196) with various banks. Credit/guarantee lines used at present amount to T€ 263,831 (prior year: T€ 162,868).

(21) Non-current and current other liabilities

	Remaining term			09/30/2007	Remaining term			09/30/2006
	up to 1 year	from 1 to 5 years	over 5 years	Total	up to 1 year	from 1 to 5 years	over 5 years	Total
	T€	T€	T€	T€	T€	T€	T€	T€
Payments on account received in respect of construction contracts (net)	37,235	0	0	37,235	9,801	0	0	9,801
Other payments on account received from customers	43,591	0	0	43,591	25,213	0	0	25,213
Liabilities in respect of staff benefits and compensation (incl. social security)	34,230	264	0	34,494	21,719	126	0	21,845
Liabilities from other taxes	10,198	7	0	10,205	5,027	0	0	5,027
Negative fair values of derivatives	880	732	0	1,612	118	1,462	0	1,580
Other liabilities	15,860	194	0	16,054	9,446	172	24	9,642
	141,994	**1,197**	**0**	**143,191**	**71,324**	**1,760**	**24**	**73,108**

Liabilities in respect of staff benefits and compensation mainly comprise wages, salaries, social security, accrued holiday and Christmas money, and special payments not yet due as of the balance sheet date. The respective fair values do not differ significantly from the disclosed carrying amounts.

Due to collateral provided by Müller Weingarten AG, an amount of T€ 28,650 (prior year: T€ 0) of payments received on account and carried as liabilities is secured by various assets.

(22) Pension provisions

Pension provisions are formed for obligations in respect of future entitlements and current payments to entitled active and former employees and their dependants. Pensions vary according to the legal, fiscal and economic circumstances of the respective country and are generally based on the years of service and remuneration of employees. The overwhelming proportion of pension provisions formed by the Schuler Group concern domestic subsidiaries.

Company pension schemes are generally divided into defined contribution plans and defined benefit plans. In the case of defined contribution plans, the company has no other legal or constructive obligation than the payment of contributions to an external provider. The contributions are recognized as expenses in the income statement as of their due date. Total defined contribution plan expenses in the period under review amount to T€ 20,313 (prior year: T€ 12,986). This total includes employer contributions to the German state pension fund of T€ 19,141 (prior year: T€ 11,966).

The Schuler Group has mostly defined benefit plans, in which the company undertakes to make agreed payments to active and former employees. The amount depends on one or several factors, such as age, years of service and income. In addition, certain domestic Group companies have defined contribution plans with a fixed defined benefit base, which is financed by staff remuneration conversions and top-ups from the respective company. The actuarial risk and/or investment risk are mainly borne by the company. A distinction is made in this case between internally financed provision systems and externally financed provision systems.

Schuler's pension obligations are overwhelmingly financed internally by means of provisions, which mainly concern the Group's German subsidiaries. A part of these obligations is covered by plan assets in the form of reinsurance policies, which qualify as plan assets and are thus netted with the corresponding obligations. The present value of pension obligations is calculated using the projected unit credit method, which is prescribed by IAS 19.64 for the valuation of provisions. Future obligations are measured on the basis of the ratable benefit entitlements earned as of the end of the fiscal year, while also considering assumptions as to future trends.

In addition to assumptions on life expectancy, which for the domestic companies were based on the biometric tables of Prof. Dr. Klaus Heubeck (»RICHTTAFELN 2005 G«) as of the fiscal year 2005/06, the following assumptions were used for the calculation of pension obligations of domestic subsidiaries:

	2006/07	2005/06
Discount rate	4.5%	4.2%
Future salary increases	2.5%	2.5%
Automatic adjustment of vested benefit claims for entitled staff with income-independent benefit arrangements	0.0%	0.0%
Adjustment of current benefits acc. to § 16 BetrAVG (every 3 years)	2.0%	2.0%
Expected return on assets	4.0%*	n. a.

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Increases or decreases in either the present value of the defined performance plan obligation or the fair value of the plan asset can result in actuarial profits or losses, whose causes include changes in the calculation parameters, changes in assumptions in respect of the risk development of pension obligations and deviations between actual and expected income from the plan asset. Such actuarial profits or losses are only recognized in the income statement if they exceed a tolerance corridor of 10% of the higher amount of pension obligation or the present value of the plan asset at the beginning of the fiscal year. The amount exceeding this corridor is amortized over the future average remaining service period of the active employees.

Past service cost is recognized immediately in the income statement if the changes in the pension plan do not depend on the employee remaining in the company for a determined period (period until date when rights can no longer expire). In such cases, the past service cost is recognized in the income statement in a straight line up to the point when rights can no longer expire.

The financial status of the defined benefit obligations as of the balance sheet date is as follows:

	09/30/2007 T€	09/30/2006 T€	09/30/2005 T€
Present value of externally financed benefit obligations	38,682	11,786	12,193
Fair value of reinsurance policies*	-23,614	-5,506	-5,743
Funding gap	15,068	6,280	6,450
Present value of internally financed benefit obligations	60,776	41,453	40,979
Present value of defined benefit obligations	**75,844**	**47,733**	**47,429**
Unrecognized actuarial gains/losses	-2,047	-7,120	-8,461
Pension provisions recognized in the balance sheet	**73,797**	**40,613**	**38,968**
** thereof Müller Weingarten Group*	-18,491	n. a.	n. a.

For the fiscal year 2007/08 Schuler expects contributions to plan assets of T€ 1,282. The amount recognized as income or expense in the profit and loss account resulting from defined benefit plans consists of the following items:

	2006/07 T€	2005/06 T€
Current service cost	1,883	1,784
Interest cost: accumulation of vested claims	3,483	2,174
Income from reinsurance policies	-618	-649
Amortization of actuarial gains/losses	425	267
Expense from defined benefit obligations	**5,173**	**3,576**

During the past fiscal year, the balance sheet value of net pension provisions developed as follows:

	2006/07 T€	2005/06 T€
Pension provisions as of October 1	**40,613**	**38,968**
Change in consolidated group	32,454	n. a.
Net expense recognized in the income statement	5,173	3,576
Pension payments	-4,362	-2,808
Payments from/for reinsurance policies	-57	886
Currency translation differences	-24	-9
Pension provisions as of September 30	**73,797**	**40,613**
– thereof carried as pension provisions	73,725	40,613
– thereof carried as debts of a disposal group (IFRS 5)	72	0

(23) Non-current and current other provisions

	Other taxes T€	Contract costs T€	Personnel expenses T€	Other obligations and risks T€	Total T€
Balance at October 1, 2006	**166**	**61,443**	**28,128**	**4,714**	**94,451**
– of which current	166	55,142	5,311	4,423	65,042
Change in the consolidated group	0	39,805	19,202	8,179	67,186
Foreign exchange differences	-3	-103	-57	-10	-173
Utilization	-69	-37,709	-11,668	-2,440	-51,886
Reversals	0	-8,608	-3,832	-1,082	-13,522
Additions	325	33,030	10,631	7,338	51,324
Reclassifications	0	15	0	-15	0
Unwinding of discount	0	143	1,003	659	1,805
Interest rate changes	0	-139	-240	0	-379
Balance at September 30, 2007	**419**	**87,877**	**43,167**	**17,343**	**148,806**
– of which current	419	82,234	14,742	12,950	110,345

Provisions for contract costs comprise provisions for impending losses from pending transactions, subsequent costs from invoiced orders, warranties and settlements, commissions and penalties. Provisions for warranties and settlements are measured on the basis of experience from previous damage claim transactions.

Provisions for employee expenses are recognized mainly for the part-time scheme for employees approaching retirement, ERA (new German unified payment system for workers and employees), service anniversaries, severance pay and similar obligations concerning employees. The semi-retirement program is conducted as a block model. In addition to individual contractual arrangements, the corresponding provision also includes obligations to which staff have a legal claim due to tariff or in-house agreements.

Other obligations and risks concern identifiable risks and uncertain obligations which are carried in the amount of their expected settlement value.

Other provisions classified as current are expected to be used in the course of the following fiscal year. Non-current other provisions are expected to be used within a period of two to five years.

As of the balance sheet date, expected refunds capitalized as assets amounted to T€ 1,358 (prior year: T€ 1,383).

(24) Trade payables

	2006/07 T€	2005/06 T€
Trade payables to		
– third parties	64,766	32,776
– affiliated companies	3,261	1,059
Liabilities from outstanding invoices	12,154	7,952
	80,181	**41,787**

Fair values do not differ materially from the disclosed carrying amounts.

(25) Cash flow statement

The cash flow statement shows the source and application of funds. In accordance with IAS 7, the statement is divided into cash flows from operating, investing and financing activities. Within the »cash flows from operating activities« section, Schuler also discloses gross cash flow as a further key financial indicator for operations.

The cash flow statement includes only cash and cash equivalents disclosed in the balance sheet, i. e. cash in hand, checks and bank balances, providing they are available within three months. There are no restrictions on right of use in respect of cash and cash equivalents.

Cash flows from operating activities are derived indirectly from profit before minority interests. As part of this indirect calculation, recognized changes in balance sheet items connected with operating activities are adjusted to eliminate effects from currency translation and changes in the consolidated group. As a result, they cannot be compared with the corresponding changes compared with previous years on the basis of the published consolidated balance sheet. Payments of interest and income taxes during the fiscal year are as follows:

	2006/07 T€	2005/06 T€
Interest received	7,904	5,545
Interest paid	20,116	16,584
Income taxes paid	3,055	5,105

Investing activities include additions to property, plant and equipment, and financial assets, as well as additions to intangible assets including capitalized development costs. Investments by means of financial leases are non-cash transactions and thus not included in cash flows from investing activities. The Schuler Group did not conclude any new financial leases in the period under review.

The sale of commercial real estate belonging to Schuler AG in Göppingen resulted in cash proceeds of T€ 46,516 in fiscal year 2006/07, after deduction of ancillary costs.

The purchase price for shares in Müller Weingarten AG disclosed in the cash flow statement only includes the cash component paid during the period under review (T€ 38,241). Correspondingly, the compensation paid to minority shareholders in October after completing the squeeze-out process is not included in this amount. Cash and cash equivalents assumed in connection with the purchase of Müller Weingarten AG and its subsidiaries amounting to T€ 15,695 are netted with the purchase price paid, in accordance with IAS 7.42.

Financing activities include dividend payments of Schuler AG as well as proceeds from and redemption of financial liabilities. Disbursements also include the redemption of liabilities from financial leases.

(26) Segment reporting

Segment information by division

Segmentation by division is based on the products and services supplied by the Group's business segments Forming Systems and Automation and Production Systems. This segmentation is also the basis for internal reporting to the Board of Management and Supervisory Board (primary segment reporting format). The secondary reporting format is based on geographical regions. The companies belonging to each segment can be seen from the list of consolidated companies at the end of these Notes.

The products of the Forming Systems segment include mechanical and hydraulic metalforming systems as well as the corresponding services.

The Automation and Production Systems segment comprises automation systems, car body technology and corresponding services as well as hydroforming and laser technology.

Compared with the previous year, Automation is now no longer part of the Forming Systems segment but has become an additional component of the newly created Automation and Production Systems segment (formerly Advanced Technologies). This change in the business segments was introduced on October 1, 2006. The prior-year figures of both segments are disclosed in accordance with the new Group structure.

In addition to the respective figures for the two segments, the primary segment overview also includes amounts in the column »Schuler AG/ Consolidation« which cannot be allocated to the segments. These include non-allocated expenses/income, as well as assets and liabilities, of the Group's headquarters in Göppingen in accordance with IAS 14.16. This column also includes effects from consolidation measures which do not affect the segments themselves but which are required for reconciliation with the Group's disclosures (e. g. debt consolidation between the two segments and elimination of intersegment sales).

In addition to the prior-year disclosure, the intangible and tangible assets added in the course of initial consolidation of the sub-group Müller Weingarten are disclosed separately at net carrying value.

The segment reporting figures are based on the same accounting and valuation principles as applied for the consolidated financial statements. Intercompany transactions are generally transacted at market prices and thus correspond to those with external third parties (arms-length principle).

	Forming Systems		Automation and Production Systems		Schuler AG/ Consolidation		Schuler Group	
	2006/07 T€	2005/06 T€	2006/07 T€	2005/06 T€	2006/07 T€	2005/06 T€	2006/07 T€	2005/06 T€
Sales to third parties	575,693	465,337	149,264	98,024	-	-	724,957	563,361
Intercompany sales [1]	13,734	7,777	30,489	46,894	-44,223	-54,671	0	0
Segment sales	**589,427**	**473,114**	**179,753**	**144,918**	**-44,223**	**-54,671**	**724,957**	**563,361**
EBIT	**20,919**	**12,352**	**1,077**	**-9,179**	**23,881**	**-4,225**	**45,876**	**-1,052**
Depreciation [2]	17,357	11,161	8,282	6,695	2,445	2,479	28,083	20,335
– of which non-scheduled	765	538	2,090	1,115	800	800	3,655	2,453
Appreciation	-	-	600	-	-	-	600	-
Other material non-cash expenses	55,220	53,065	9,394	16,159	558	2,375	65,172	71,599
Segment assets	615,829	328,580	126,054	96,831	-27,083	-7,428	714,800	417,983
Segment debts	381,405	198,268	81,227	54,823	-16,658	-3,132	445,975	249,959
Capital expenditures	11,057	6,127	3,430	2,580	1,954	1,362	16,441	10,069
Additions of tangible and intangible assets from changes in the consolidated group	138,257	-	14,082	-	-	-	152,339	-
Personnel [3]	3,339	2,494	1,022	960	20	19	4,381	3,473

[1] *sales to other business segments*
[2] *without amortization af financial assets*
[3] *annual average (excluding apprentices)*

Segment information by region

Segment details by region divides sales revenue according to customer location. Capital expenditures and segment assets are calculated according to the location of the respective headquarters of the Group subsidiaries.

	Sales to third parties		Segment assets		Capital expenditures	
	2006/07 T€	2005/06 T€	09/30/2007 T€	09/30/2006 T€	2006/07 T€	2005/06 T€
Germany	262,941	161,200	568,032	326,128	10,656	5,719
Europe (excluding Germany)	158,138	149,085	22,705	6,130	341	16
America	205,449	182,205	168,382	139,097	3,576	4,261
Asia	94,636	69,235	14,197	7,203	1,868	73
Other	3,793	1,636	0	0	0	0
Consolidation	-	-	-58,516	-60,575	-	-
Schuler Group	**724,957**	**563,361**	**714,800**	**417,983**	**16,441**	**10,069**

The intangible and tangible assets added during initial consolidation of the Müller Weingarten Group amounting to T€ 152,339 were allocated to the regions Germany (T€ 142,596), Europe excluding Germany (T€ 5,935), America (T€ 1,508) and Asia (T€ 2,300).

Consolidated net profit or loss is reconciled with the performance indicator used in segment reporting (EBIT) as follows:

	2006/07 T€	2005/06 T€
EBIT	**45,876**	**-1,052**
Interest result	-17,941	-13,066
Income taxes	-14,085	4,606
Consolidated net profit/loss	**13,851**	**-9,512**

Segment assets and segment debts disclosed in segment reporting are reconciled with the corresponding figures of the consolidated balance sheet as follows:

	09/30/2007 T€	09/30/2006 T€
Total segment assets of the Group	**714,800**	**417,983**
plus:		
– Financial assets	5,376	2,258
– Cash and cash equivalents	103,718	58,936
– Income tax claims	28,509	36,900
Gross assets acc. to the consolidated balance sheet	**852,403**	**516,077**

	09/30/2007 T€	09/30/2006 T€
Total segment debts of the Group	**445,975**	**249,959**
plus:		
– Financial liabilities	246,250	161,782
– Income tax debts	11,909	7,187
Gross debts acc. to the consolidated balance sheet	**704,134**	**418,928**

(27) Hedging policy and financial derivatives

Currency and interest risks

Due to its international alignment and long-term project business, the Schuler Group is exposed in particular to interest and foreign currency risks. These include possible value fluctuations of a financial instrument (e. g. receivables or payables) due to changes in the market interest rate or exchange rate. In accordance with guidelines adopted by the Board of Management, such risks are continually monitored by the central cash and foreign currency management system of the Group's Treasury department, which carries out the corresponding hedging transactions. The responsibilities of all Group companies with regard to risk management are clearly and comprehensively regulated by binding group-wide guidelines. Financial risk management is subject to strict monitoring, which is guaranteed in particular by a clear functional separation between trading, processing and control. In addition to financial reporting to the Board of Management and Supervisory Board, regular internal and external audits in respect of adherence to guidelines, the efficiency of hedging instruments and the reliability of our internal control systems provide a high degree of transparency and permanent function control.

Coverage against the above mentioned risks is provided initially by means of naturally closed positions, or netting, whereby the values or payment flows of originated financial instruments offset each other with regard to time or amount. Any remaining risks are reduced by the use of derivative financial instruments. Such derivatives are used solely for hedging purposes which are tied to the corresponding existing or planned transactions. Schuler does not enter into pure trading positions with the aim of optimizing income. Hedging by means of financial derivatives comprises booked, pending and anticipated transactions. When interpreting the positive and negative fair values of derivative financial instruments it is therefore important to note that opposing transactions generally cover each over and that there is therefore only a limited market risk arising from price changes on the financial markets. Moreover, fair values do not necessarily correspond to the amounts which the Group will receive under current market conditions. Hedging transactions are only made with prime-rated banks.

In order to hedge against the above mentioned risks, the Group uses forward exchange contracts and options, interest swaps and caps, combined interest/currency swaps and forward rate agreements (FRAs). All derivative financial instruments are recognized as assets or liabilities at those fair values valid on the balance sheet date and irrespective of their purpose. Fair values of derivative financial instruments reflect the respective price at which third parties would accept the rights/obligations of the instruments on the balance sheet date. They indicate what effect closing the positions would have had on earnings as of the balance sheet date – without consideration of opposing value developments from the underlying transactions. Positive fair values stand for potential profits as of the balance sheet date, negative for potential losses. The derivative financial instruments used are valued according to generally recognized discounted cash flow models and methods. Valuation is hereby made according to the present value method or the option pricing model (Black-Scholes). The main calculation parameters are based on the market prices and interest rates valid on the balance sheet date as well as the agreed hedging and exercise prices. The disclosed notional amount of derivative financial instruments represents the gross totals of all purchase and sale amounts or the contract values of the hedged transactions. The size of the notional amount provides an indication of the scope of derivatives used, but not of the risk involved in using such derivatives.

The terms of the derivative financial instruments are based on those of the underlying transactions.

	Notional value	Market value			Notional value	Market value		
		Remaining term		09/30/2007		Remaining term		09/30/2006
		up to 1 year	over 1 year	Total		up to 1 year	over 1 year	Total
	T€	T€	T€	T€	T€	T€	T€	T€
Forward exchange contracts and swaps	182,401	9,441	4,508	13,949	62,640	2,504	78	2,582
		-880	-43	-923		-108	-1	-109
Currency derivatives, net	**182,401**	**8,561**	**4,465**	**13,026**	**62,640**	**2,396**	**77**	**2,473**
Interest swaps	60,529	0	584	584	48,643	0	0	0
		0	-689	-689		0	-1,461	-1,461
Interest options	29,041	21	270	291	29,041	0	217	217
		0	0	0		0	0	0
FRAs	0	0	0	0	20,000	0	0	0
		0	0	0		-10	0	-10
Interest derivatives, net	**89,570**	**21**	**165**	**186**	**97,684**	**-10**	**-1,244**	**-1,254**
	271,971	**8,582**	**4,630**	**13,212**	**160,324**	**2,386**	**-1,167**	**1,219**

The disclosed derivative financial instruments are mainly in the form of cashflow hedges and assigned directly to the underlying transactions. The market value of these derivatives (cashflow hedges) amounts to T€ 13,138 as of the balance sheet date (prior year: T€ 1,242). The market value of those derivatives which were not classified as cashflow hedges due to strict hedge accounting requirements, or are ineffective, amounts to T€ 74 (prior year: T€ -23). In the period under review, market value changes amounting to T€ 237 (prior year: T€ 29) were recognized immediately in the income statement.

In the case of non-German Group subsidiaries outside the Euro zone, tied net assets are generally not secured against exchange rate fluctuations. Moreover, Schuler does not generally hedge against the translation risk from exchange rate fluctuations for revenues and profits of subsidiaries outside the Euro zone.

Credit risk (rating or default risks)

The risk of default involved in investments and the use of derivative financial instruments is limited by concluding such financial transactions only with prime-rated contractual partners.

Risk management in the credit process is based on the corresponding corporate guideline which regulates such aspects as obligatory rating checks for customer inquiries, checks for any grouping of exposures, the use of standard terms of payment and staggered approval requirements from the finance division. Receivables are also permanently monitored and payment behavior analyzed. The risk of default involved in trade receivables is accounted for by taking out credit insurance policies where necessary. Any other default risks identifiable on the balance sheet date are covered by forming appropriate valuation allowances in the balance sheet.

Liquidity risks

Liquidity risks occur mainly as a result of changed customer payment behavior, especially with regard to payments to be received on account. Liquidity is safeguarded by corresponding liquidity planning, the ability to issue securities on the capital market, the use of modern financial instruments and the Group’s provision with sufficient credit lines.

Cash flow and fair value interest rate risk

The Group’s interest rate risk results from medium-term and long-term interest-bearing liabilities. Liabilities with variable interest rates expose the Group to a cash flow interest rate risk, whereas liabilities with fixed interest rates result in a fair value interest rate risk (cf. Note 20).

The cash flow interest rate risk is mainly hedged against centrally by the use of interest rate swaps. Such interest rate swaps have the economic purpose of converting variable-interest loans into fixed-interest loans.

(28) Contingent liabilities

	09/30/2007 T€	09/30/2006 T€
Discounted bills	587	367
	587	**367**

Contingent liabilities are possible or existing obligations based on past events and for which an outflow of funds is unlikely. As there is only a low degree of probability for such an outflow of funds, these obligations are not recognized in the consolidated balance sheet. The disclosed volume of obligations in respect of contingent liabilities corresponds to the scope of liability existing as of the balance sheet date.

(29) Other financial obligations

	Payable			09/30/2007	09/30/2006
	up to 1 year	from 1 to 5 years	over 5 years	Total	Total
	T€	T€	T€	T€	T€
Rent and lease payments (operating leases)	10,535	29,456	81,036	121,027	8,120
Purchase commitments (tangible assets)	7,078	0	0	7,078	865
Other obligations	1,561	518	11	2,090	430
	19,174	**29,974**	**81,047**	**130,195**	**9,415**

In September 2007, Schuler AG sold its premises in Göppingen, comprising production and administration buildings, in a sale-and-rent-back transaction and now rents the buildings with a lease term of 20 years. The initial annual rent is T€ 4,940.

(30) Litigation

Neither Schuler AG nor any of its Group companies is party to any current or foreseeable legal or arbitration proceedings which may have a material effect on the economic position of the Group, or has had such an effect within the last two years. Appropriate provisions have been formed by the respective Group company for any potential costs arising from other legal or arbitration proceedings.

(31) Significant events after the balance sheet date

The present consolidated financial statements and Group management report were approved by the Board of Management on January 14, 2008, for submission to the Supervisory Board.

The Supervisory Board of Schuler AG appointed Dr. Markus Ernst to the Board of Management of Schuler AG as of October 1, 2007. He is responsible for the standard presses division within the Forming Systems business segment.

In a contract signed on November 5, 2007, the die casting technology business of Müller Weingarten AG and commercial real estate of Schuler Hydrap GmbH & Co. KG were sold to Oskar Frech GmbH + Co. KG. The employment contracts of staff formerly employed in Esslingen will be transferred to the buyer as part of a business transfer pursuant to § 613a of the German Civil Code (BGB). The respective assets and liabilities are disclosed and described separately in these consolidated annual financial statements in accordance with IFRS 5.38 ff. (cf. Note 17).

Effective January 1, 2008, Müller Weingarten Werkzeuge GmbH was sold by means of an asset deal orders, raw materials and supplies, receivables and other assets to Schuler Cartec GmbH & Co. KG, which has thus assumed the operating business together with the company's work force (business transfer as defined by § 613a BGB).

(32) Related party disclosures

Related parties as defined by IAS 24 are companies or persons that the reporting entity has the ability to control or over which it can exercise significant influence, or parties that have the ability to control or exercise significant influence over the reporting entity.

In addition to the subsidiaries included in the consolidated financial statements, Schuler AG has direct or indirect relations with non-consolidated subsidiaries and equity investments in the course of its normal business operations. There are also business relationships with other companies which qualify as related parties. All business relations with such companies are transacted on an arm's length basis. Major related, affiliated companies which are controlled by the Schuler Group or over which it can exercise significant influence are included in the list of consolidated companies under Note 36 – arranged according to business segment.

The following table presents the volume of transactions between the Schuler Group and these related companies during the period under review:

– on Group basis –	2006/07				2005/06			
	Supplies and services rendered	Interest income	Supplies and services received	Interest expenses	Supplies and services rendered	Interest income	Supplies and services received	Interest expenses
	T€	T€	T€	T€	T€	T€	T€	T€
Schuler-Beteiligungen GmbH	-	-	-	102	-	-	-	-
RSV Finanzdienstleistungen Geschäftsführungs GmbH	-	-	70	-	-	-	80	-
Other management companies of subsidiaries	118	-	909	32	-	-	79	27
Schuler Presses UK Limited	1,246	11	257	-	1,096	93	162	4
Schuler Ibérica S.A.	284	-	260	-	61	-	198	-
Graebener Press Systems Inc.	1,461	-	30	-	298	-	56	-
Schuler India Private Limited	-	-	112	-	1	-	258	-
Tianjin SMG Presses Co. Ltd.	58	-	85	-	35	39	74	-
Tianjin GMTSC Machine Tool Service Co. Ltd.	420	-	50	-	397	-	133	-
TRAVIS Handelsgesellschaft mbH	475	45	98	13	-	-	-	-
Schmiedetechnik & Service GmbH	12	-	-	35	-	-	-	-
Müller Weingarten Corporation	610	-	600	26	-	-	-	-
Müller Weingarten (Shanghai) Forming Technologies Co. Ltd.	1	-	599	-	-	-	-	-
Müller Weingarten Ibérica S.L.	690	-	215	-	-	-	-	-
Müller Weingarten France SARL	1,062	2	246	-	-	-	-	-

In the previous year a dividend of € 0.10 per common share (= € 1,050,000.00) was distributed to Schuler-Beteiligungen GmbH, Göppingen, as the sole owner of common shares in Schuler AG.

In connection with the acquisition of the MWAG shares, Schuler-Beteiligungen GmbH relieved Schuler AG from its obligation to pay purchase price liabilities amounting to T€ 30,577 by means of other contributions to equity capital pursuant to § 272 (2) No. 4 HGB.

With regard to the 5,416,740 shares in MWAG purchased by Metzler Beteiligungsgesellschaft mbH, Schuler AG agreed to make an additional purchase price payment of up to T€ 20,000 under certain conditions (debtor warrant).

Open balances as of the balance sheet date are shown below.

– on Group basis –	09/30/2007		09/30/2006	
	Receivables from	Payables to	Receivables from	Payables to
	T€	T€	T€	T€
Schuler-Beteiligungen GmbH	-	10,102	-	-
RSV Finanzdienstleistungen Geschäftsführungs GmbH	-	2	-	-
Other management companies of subsidiaries	4	549	-	750
Schuler Presses UK Limited	523	-	656	-
Schuler Ibérica S.A.	67	-	-	93
Graebener Press Systems Inc.	36	-	-	14
Schuler India Private Limited	-	46	-	194
Tianjin SMG Presses Co. Ltd.	-	6	-	8
Tianjin GMTSC Machine Tool Service Co. Ltd.	223	-	74	-
TRAVIS Handelsgesellschaft mbH	1,252	-	-	-
Schmiedetechnik & Service GmbH	-	1,216	-	-
Müller Weingarten Corporation	-	684	-	-
Müller Weingarten (Shanghai) Forming Technologies Co. Ltd.	-	758	-	-
Müller Weingarten Ibérica S.L.	301	-	-	-
Müller Weingarten France SARL	1,654	-	-	-

There were no business relations between members of the Management Board, the Supervisory Board or the managers of Group companies nor members of their families on the one side and Group companies on the other during the period under review. Some members of the Supervisory Board of Schuler AG are also members of supervisory boards of other companies with which Schuler AG or its subsidiaries have relations in the course of normal business operations. All business with such companies is carried out on an arm's length basis.

Disclosed participations

On April 19, 2002, the following statutory disclosures according to § 41 (3) WpHG were made in the Frankfurter Allgemeine Zeitung:

Schuler-Beteiligungen GmbH, Göppingen, holds the voting rights for 10,500,000 common shares (100% of voting rights) of Schuler AG, without being attributable pursuant to § 22 WpHG.

Pursuant to § 22 (1) sentence 1, No. 1 WpHG, the entire voting rights are attributable to Vermögensverwaltung Schuler-Voith GbR, Munich, and Dr. Robert Schuler-Voith, Munich.

(33) Declaration on the German Corporate Governance Code acc. to § 161 AktG

On November 9, 2007, the Board of Management and Supervisory Board issued its sixth declaration of conformity acc. to § 161 AktG (German Stock Corporation Law) and made it permanently available to shareholders via the company's website.

(34) Auditors' fees

The audit fees of the Group's auditors recognized as expenses in the period under review are as follows:

	2006/07 T€	2005/06 T€
Audits of financial statements	1,997	1,062
Tax advisory services	316	347
Other services for parent or subsidiary companies	187	104
	2,500	**1,513**

(35) Executive bodies

BOARD OF MANAGEMENT

Jürgen Tonn	Chief Executive Officer, Automation and Production Systems, Service
Dr. Wolfgang Baur	Finance/Personnel
Joachim Beyer	Forming Systems (large presses/automotive)
Dr. Markus Ernst	Forming Systems (standard presses) (since October 1, 2007)

Remuneration of members of the Board of Management amounted to T€ 1,542 in fiscal year 2006/07 (prior year: T€ 1,775), of which T€ 606 (prior year: T€ 264) were in the form of variable, earnings-related payments. There were no remuneration components of a long-term incentive nature. The current service cost for these persons included in pension obligations amounted to T€ 229 (prior year: T€ 314).

On the basis of a resolution adopted by the Annual General Meeting of March 29, 2007, pursuant to § 314 (2) sentence 2 HGB, individual and named remuneration details for members of the Board of Management pursuant to § 314 (1) No. 6a, sentence 5 to 9 HGB will not be provided for a period of five years.

Total remuneration of former members of the Board of Management or management and their surviving dependants amounted to T€ 929 (prior year: T€ 856) in the year under review. The provisions formed for such current and future pensions amount to T€ 12,180 (prior year: T€ 11,981).

Dr. Robert Schuler-Voith	Chairman of the Supervisory Board Member of the Board of Management, Schuler-Beteiligungen GmbH, Göppingen
Roland Matheis *	Deputy Chairman of the Supervisory Board Lathe Operator Chairman of the Labor Council, Schuler Pressen GmbH & Co. KG, Göppingen
Prof. Dr. h.c. Roland Berger	Chairman of Roland Berger Strategy Consultants GmbH, Munich
Thomas Bohlender *	Power supply electrician Chairman of the Labor Council, Schuler SMG GmbH & Co. KG, Waghäusel
Renate Gmoser *	Chief Representative of the Metal Workers' Union (IG Metall), Göppingen-Geislingen branch
Prof. Dr. Hartmut Hoffmann	Ordinarius and Professor for Metal Forming and Casting at the Technical University of Munich, Head of the Institute for Materials and Processing of the Faculty for Mechanical Engineering at the Technical University of Munich
Heiko Maßfeller *	Chief Representative of the Metal Workers' Union (IG Metall), Bruchsal branch
Dieter Merkle *	General Manager High-speed/Minting, Schuler Pressen GmbH & Co. KG, Göppingen
Frank Wobst	Former Chairman and CEO – Huntington Bancshares Incorporated, Huntington National Bank, Columbus, OH, USA
Ingrid Wolfframm *	Purchaser Chairperson of the Group Labor Council, Schuler AG, Göppingen Labor Council member, Schuler Pressen GmbH & Co. KG, Göppingen
Helmut Zahn	Member of the Board of Management, Schuler-Beteiligungen GmbH, Göppingen
Dr. Dr. h.c. Walther Zügel	Former Chairman of the Board of Management, Landesgirokasse, Stuttgart

* *worker representatives*

SUPERVISORY BOARD COMMITTEES

Permanent Committee acc. to § 27 (3) Codetermination Law

	Dr. Robert Schuler-Voith (Chairman)
	Roland Matheis (Deputy Chairman)
	Renate Gmoser
	Dr. Dr. h.c. Walther Zügel

Personnel Committee

	Dr. Robert Schuler-Voith (Chairman)
	Roland Matheis (Deputy Chairman)
	Renate Gmoser
	Dr. Dr. h.c. Walther Zügel

Audit Committee

	Helmut Zahn (Chairman)
	Thomas Bohlender
	Dieter Merkle
	Dr. Dr. h.c. Walther Zügel

Nomination Committee

	Dr. Robert Schuler-Voith
	Helmut Zahn
	Dr. Dr. h.c. Walther Zügel

Total remuneration of the Supervisory Board in fiscal 2006/07 amounted to T€ 303 (prior year: T€ 352).

ADDITIONAL SEATS ON SUPERVISORY BOARDS HELD BY MEMBERS OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

Seats held by members of the Board of Management

Jürgen Tonn	Hansen Sicherheitstechnik AG, Munich (Chairman) BCN Technical Services Inc., Hastings, MI, USA (Chairman) (since November 1, 2007) Müller Weingarten AG, Weingarten (May 16, 2007 to October 30, 2007) Müller Weingarten de México, S.A. de C.V., San Andres Cholula, Mexico (Chairman) (since December 5, 2007) Prensas Schuler S.A., São Paulo, Brazil (Chairman) Schuler Incorporated, Columbus, OH, USA (Chairman) Schuler Hydroforming Incorporated, Canton, MI, USA (Chairman)
Dr. Wolfgang Baur	BCN Technical Services Inc., Hastings, MI, USA (since November 1, 2007) Competence Call Center AG, Vienna, Austria Müller Weingarten AG, Weingarten (May 16, 2007 to October 30, 2007) Müller Weingarten (Dalian) Forming Technologies Co. Ltd., Dalian, PR China (since November 9, 2007) Müller Weingarten (Shanghai) Forming Technologies Co. Ltd., Shanghai, PR China (since November 7, 2007) Müller Weingarten Ibérica S.L., Sant Cugat del Vallès, Spain (since December 5, 2007) Prensas Schuler S.A., São Paulo, Brazil Schuler Incorporated, Columbus, OH, USA Schuler Spiertz S.A., Strasbourg, France Schuler Ibérica S.A., Barcelona, Spain SW Italia S.r.l., Turin, Italy (since December 27, 2007)
Joachim Beyer	Müller Weingarten AG, Weingarten (May 16, 2007, to June 30, 2007) Müller Weingarten (Dalian) Forming Technologies Co. Ltd., Dalian, PR China (Deputy Chairman) (since November 9, 2007) Müller Weingarten (Shanghai) Forming Technologies Co. Ltd., Shanghai, PR China (Deputy Chairman) (since November 7, 2007) Prensas Schuler S.A., São Paulo, Brazil Schuler Incorporated, Columbus, OH, USA Shanghai Schuler Presses Co. Ltd., Shanghai, PR China (Chairman)

Additional seats held by members of the Supervisory Board

Dr. Robert Schuler-Voith	Leifheit AG, Nassau Prensas Schuler S.A., São Paulo, Brazil Schuler Incorporated, Columbus, OH, USA (until October 17, 2007)
Prof. Dr. h.c. Roland Berger	Alcan Inc., Montreal, Canada (until October 25, 2007) FIAT Group, Turin, Italy Wilhelm von Finck AG, Grasbrunn (Deputy Chairman) WMP EuroCom AG, Berlin (Chairman) Helios Kliniken GmbH, Berlin (since October 9, 2006) Prime Office AG, Munich (Chairman) (since September 17, 2007) Senator Entertainment AG, Berlin (since September 4, 2007)
Dieter Merkle	Schuler India Pvt. Ltd., Mumbai, India
Frank Wobst	National Electric Coil Corp., Columbus, OH, USA Schuler Incorporated, Columbus, OH, USA (until October 17, 2007)
Helmut Zahn	Leifheit AG, Nassau (Chairman since January 24, 2007) Flossbach & von Storch Vermögensmanagement AG, Cologne Müller Weingarten AG, Weingarten (Chairman) (since June 6, 2007)
Dr. Dr. h.c. Walther Zügel	STINAG Stuttgart Invest AG, Stuttgart (Chairman) Stihl AG, Waiblingen (Deputy Chairman) Stuttgarter Hofbräu Verwaltungs AG, Stuttgart Allgaier Werke GmbH, Uhingen (until May 4, 2007) capiton AG, Berlin Berthold Leibinger GmbH, Ditzingen Dr. Ing. h.c. F. Porsche AG, Stuttgart (until January 26, 2007)

(36) Fully consolidated Group companies as of September 30, 2007

	Registered office	Equity interest (%)
Forming Systems		
Müller Weingarten AG	Weingarten, Germany	100.00
Müller Weingarten Technologie GmbH & Co. KG	Weingarten, Germany	100.00
Schuler Systems & Services GmbH & Co. KG [1]	Göppingen, Germany	100.00
Schuler Pressen GmbH & Co. KG [1]	Göppingen, Germany	100.00
Gräbener Pressensysteme GmbH & Co. KG [1]	Netphen, Germany	100.00
Schuler SMG GmbH & Co. KG [1]	Waghäusel, Germany	100.00
Schuler Hydrap GmbH & Co. KG [1]	Plüderhausen, Germany	100.00
Schuler Automation GmbH & Co. KG [1]	Hessdorf, Germany	100.00
Schuler Guß GmbH & Co. KG [1]	Göppingen, Germany	100.00
Vögtle Service GmbH & Co. KG [1]	Eislingen, Germany	100.00
Theta-Centaurus-Vermögensverwaltungs GmbH [2]	Weingarten, Germany	100.00
Eclips Vermietungsgesellschaft mbH & Co. Objekt Göppingen Kommanditgesellschaft	Düsseldorf, Germany	94.00
Rena Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG	Mannheim, Germany	100.00
SUPERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weingarten	Schönefeld, Germany	100.00
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weingarten	Grünewald, Germany	100.00
Schuler Financial Services GmbH & Co. KG	Göppingen, Germany	100.00
Beutler Nova AG	Gettnau, Switzerland	100.00
Schuler Spiertz S.A.	Strasbourg, France	100.00
Müller Weingarten U.K. Ltd.	Walsall, UK	100.00
Schuler Incorporated	Columbus/Ohio, USA	100.00
BCN Technical Services Inc.	Hastings/Michigan, USA	100.00
Müller Weingarten de México, S.A. de C.V.	San Andres Cholula, Mexico	100.00
Prensas Schuler S.A.	São Paulo, Brazil	100.00
Shanghai Schuler Presses Co. Ltd.	Shanghai, PR China	79.38
Müller Weingarten (Dalian) Forming Technologies Co. Ltd.	Dalian, PR China	100.00

[1] *Companies making use of the relief afforded by § 264b HGB*
[2] *Companies making use of the relief afforded by § 264 (3) HGB*

	Registered office	Equity interest (%)
Automation and Production Systems		
Schuler Cartec GmbH & Co. KG [1]	Göppingen, Germany	100.00
Schuler Cartec Engineering GmbH & Co. KG [1]	Weingarten, Germany	100.00
Schuler Modelltechnik GmbH	Weingarten, Germany	100.00
Schuler Cartec Verwaltungs GmbH	Weingarten, Germany	100.00
Müller Weingarten Werkzeuge GmbH [2]	Weingarten, Germany	100.00
Umformcenter Erfurt GmbH	Erfurt, Germany	100.00
Müller Weingarten Česká Republica s.r.o.	Mořkov, Czech Republic	99.50
Schuler Hydroforming GmbH & Co. KG [1]	Wilnsdorf, Germany	100.00
Schuler Hydroforming Incorporated	Canton/Michigan, USA	100.00

[1] *Companies making use of the relief afforded by § 264b HGB*
[2] *Companies making use of the relief afforded by § 264 (3) HGB*

A complete list of all shareholdings of Schuler AG has been attached as an appendix to these notes.

Göppingen, January 11, 2008

Schuler AG

The Board of Management

Jürgen Tonn | Dr. Wolfgang Baur | Joachim Beyer | Dr. Markus Ernst

We have audited the consolidated financial statements – comprising the balance sheet, the profit and loss account, statement of changes in equity, cash flow statement and notes to the consolidated financial statements – and the Group management report for the fiscal year October 1, 2006, to September 30, 2007, as prepared by Schuler Aktiengesellschaft. The preparation and content of the consolidated financial statements and Group management report according to IFRS, as applied in the EU, the supplementary commercial law regulations of § 315a (1) German Commercial Code (HGB), and the supplementary provisions of the company's articles are the responsibility of the company's legal representatives. Our responsibility is to express an opinion on these consolidated financial statements and Group management report based on our audits.

We conducted our audits pursuant to § 317 HGB in accordance with generally accepted auditing standards established by the German Institute of Certified Public Accountants (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance that inaccuracies and violations which significantly affect the presentation of the net assets, financial position and results of operations as conveyed by the financial statements, in compliance with the applicable accounting standards, and by the management report are recognized with reasonable assurance. In planning the audit, we also take into consideration knowledge of the business activity, economic and legal environment as well as expectations of possible errors. An audit of the consolidated financial statements includes examining the efficacy of the internal controlling system as well as evidence, on a test basis, supporting the amounts and disclosures in the consolidated financial statements and consolidated management report. The audit also includes reviewing the scope of companies included in consolidation, the definition of the consolidation group, assessing the accounting, valuation and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and consolidated management report. We believe that our audits provide a reasonable basis for our opinion.

Our audits did not give rise to objections.

In our opinion, the consolidated financial statements comply with IFRS, as applied in the EU, the supplementary commercial law regulations of § 315a (1) German Commercial Code (HGB), and the supplementary provisions of the company's articles and give a true and fair view of the Group's net assets, financial position, results of operations and cash flows for the fiscal year. On the whole, the Group management report corresponds to the consolidated financial statements and provides a suitable understanding of the Group's position and suitably presents the opportunities and risks to future development.

Stuttgart, January 14, 2008

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Auditor	Auditor

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Schuler AG is a member of bwsc Baden-Württemberg Small Caps

and DIRK Deutscher Investor Relations Verband e.V.

CONCEPT & DESIGN

Impacct Communication GmbH, Hamburg

PRINTED BY

W. Zertani, Druckerei und Verlag, Bremen

FINANCIAL CALENDAR

Annual press conference 2006/07	**January 30, 2008, Stuttgart**
Analysts' meeting	**January 31, 2008, Frankfurt/Main**
Interim report of the Board of Management within the 1st half of fiscal 2007/08	**February 15, 2008**
Annual General Meeting	**April 10, 2008, Municipal Hall (Stadthalle) Göppingen**
Six months' report (October 2007 – March 2008)	**May 30, 2008**
Interim report of the Board of Management within the 2nd half of fiscal 2007/08	**August 18, 2008**
Annual press conference 2007/08	**January 29, 2009, Stuttgart**
Analysts' meeting	**January 30, 2009, Frankfurt/Main**
Annual General Meeting	**April 2, 2009, Municipal Hall (Stadthalle) Göppingen**

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