ANNUAL REPORT 2010/11
FORMING THE FUTURE – SINCE 1839

TAKING SCHULER TO THE NEXT LEVEL ON TRACK FOR SUSTAINABLE EXCELLENCE

SCHULER AG
ANNUAL REPORT
2010/11

3 Letter to the Shareholders
4 The Board of Management
5 On Track for Sustainable Excellence
12 Strategy

€ 1. THE INVESTMENT

17 Schuler on the Capital Market

§ 2. THE STANDARDS

25 Report of the Supervisory Board
29 Corporate Governance

3. THE GROUP

39 Schuler at a Glance
44 Research and Development
51 Procurement and Sourcing
53 Production, Technology and Logistics
57 Sales and Marketing
60 Personnel

% 4. THE FISCAL YEAR

67 Economic and Sector Environment
70 Business Development
75 Earnings Position
77 Financial Position
81 Assets Position
83 Remuneration Report
85 Risk Report
97 Special Mandatory Disclosures
100 Subsequent Events
101 Forecast Report

5. THE RESULTS

109 Responsibility Statement
110 Consolidated Financial Statements and Notes
214 Auditor's Opinion

216 Financial Calendar

CHART 01 SELECTED KEY FIGURES FOR THE FISCAL YEAR 2010/11

NEW ORDERS
IN € MILLION
1,319.0

EBITDA
IN € MILLION
84.6

SALES
IN € MILLION
958.5

GROUP PROFIT
IN € MILLION
23.9

ORDER BACKLOG
IN € MILLION (September 30, 2011)
1,035.7

LETTER TO THE SHAREHOLDERS

Göppingen
December 23, 2011

Dear shareholders, customers and friends,

Following a successful turnaround, your company set new records in fiscal year 2010/11 and achieved profitable growth. We won more contracts than ever before and reached an all-time-high for new orders of over € 1.3 billion. Consolidated sales grew by 47%. At around € 960 million, sales fell just short of the billion-euro mark. However, profitability remains the key factor for us. In this regard, we almost tripled our previous operating result (EBITDA) to around € 85 million.

A further major achievement in the past year was undoubtedly our successful capital increase and the five-year syndicated loan agreement for which we were able to negotiate significantly improved terms. In terms of funding, these two sources of finance provide a solid basis for the future. November 28, 2011, was also an important date for your Schuler shares. As of this day, our share is now listed in the SDax index.

Schuler stands for technical excellence. Our ServoDirect technology, for example, received the BMW Supplier Innovation Award 2011. We are extending our lead on the market by further systematizing and strengthening our innovation processes. The pooling of expertise in the newly created Board of Management division of our Chief Technology Officer is an important milestone. Our efforts are now focused on ten strategic markets. We have targeted promising growth markets. A third of our consolidated sales are already generated in Asia. In particular, we are swiftly strengthening our position in China. And inside the company, we are tapping further potential for increased efficiency with the strategic growth program "Growing Together".

The past year was particularly challenging for our employees. At our facilities around the world, they were required to meet the schedules for a mass of orders and help shape our current change process. On behalf of the Board of Management, I would like to express my sincere gratitude for their outstanding commitment and dedication.

Dear shareholders, your company is well positioned on its global markets and boasts a highly competitive range of products and services. Efficiency, innovative strength and customer orientation are the growth drivers which give us confidence for the current fiscal year 2011/12. And, as always, we greatly appreciate your continued support.

With best regards

Stefan Klebert
Chief Executive Officer

THE BOARD OF MANAGEMENT

from left to right

DIPL.-VW., MBA MARCUS A. KETTER
Chief Financial Officer, Member of the Board of Management since July 2011

DIPL.-ING. JOACHIM BEYER
Chief Technology Officer, Member of the Board of Management since April 2005

DIPL.-ING., MBA STEFAN KLEBERT
Chief Executive Officer since October 2010

DR. MARKUS ERNST
Chief Market Officer, Member of the Board of Management since October 2007

ON TRACK
FOR
SUSTAINABLE
EXCELLENCE

1

ON TRACK
FOR
SUSTAINABLE
EXCELLENCE

INNOVATIVE
+
FOCUSED
+
GROWING
+
WORTHWHILE

MARKET
LEADER

WE ATTACH GREAT IMPORTANCE TO DEVELOPMENT. IT HAS TO PAY OFF FOR THE CUSTOMER. WE WANT TO BE THE PIONEER AND OBSERVE MARKETS VERY CLOSELY. ESPECIALLY IN GROWTH REGIONS LIKE CHINA AND INDIA. THERE'S NO DOUBT THIS HELPS US ACHIEVE SUCCESS.

ANDREAS DANGELMAYR / DEVELOPMENT / GÖPPINGEN, GERMANY

2

ON TRACK
FOR
SUSTAINABLE
EXCELLENCE

EXPERIENCED
+
COMPETENT
+
PARTNER-LIKE
+
RESPONSIBLE

STRONG
COMPANY

YOU CAN RELY ON US. WE HAVE PLENTY OF EXPERIENCE. WE KNOW THE ROPES AND ARE PASSIONATE ABOUT WHAT WE DO. THAT'S US. A STRONG PARTNER.

KONNI GERLACH / ASSEMBLY / ERFURT, GERMANY

3

WE FORM LONGTERM GROWTH

ON TRACK
FOR
SUSTAINABLE
EXCELLENCE

OUR CUSTOMERS SAY: “SCHULER’S A STRONG PARTNER. A PIONEER ON THE MARKET.” AND THEY’RE RIGHT: WE HAVE CLEAR STRATEGIES. WE TAKE A TARGETED APPROACH TO MARKET DEVELOPMENT, SYSTEMATICALLY APPROACH NEW INNOVATIONS AND IMPROVE PROCESSES. THIS ENABLES US TO ACHIEVE LONG-TERM GROWTH.

FRANK VIOLA / SALES / WEINGARTEN, GERMANY

STRATEGY

GROWTH, INNOVATION AND EFFICIENCY

Schuler is the market and technological leader in metalforming technology. We aim to build on this strong market position in the coming years.

By merging the Group's two largest subsidiaries, Schuler Pressen GmbH & Co. KG and Müller Weingarten AG, Schuler AG has laid the foundation for achieving its future corporate goals. For example, by eliminating duplicate functions which had evolved over the years and making internal processes and structures more efficient. The new company trades under the name Schuler Pressen GmbH.

As part of the ongoing development of our corporate strategy, we launched the strategic program "Growing Together" in early 2011. The program aims to drive the company's continued growth, encourage technological innovations, and optimize the efficiency of business processes. The specific targets set include raising sales to € 1.2 billion by fiscal year 2013/14, and achieving an EBITDA margin of 10%.

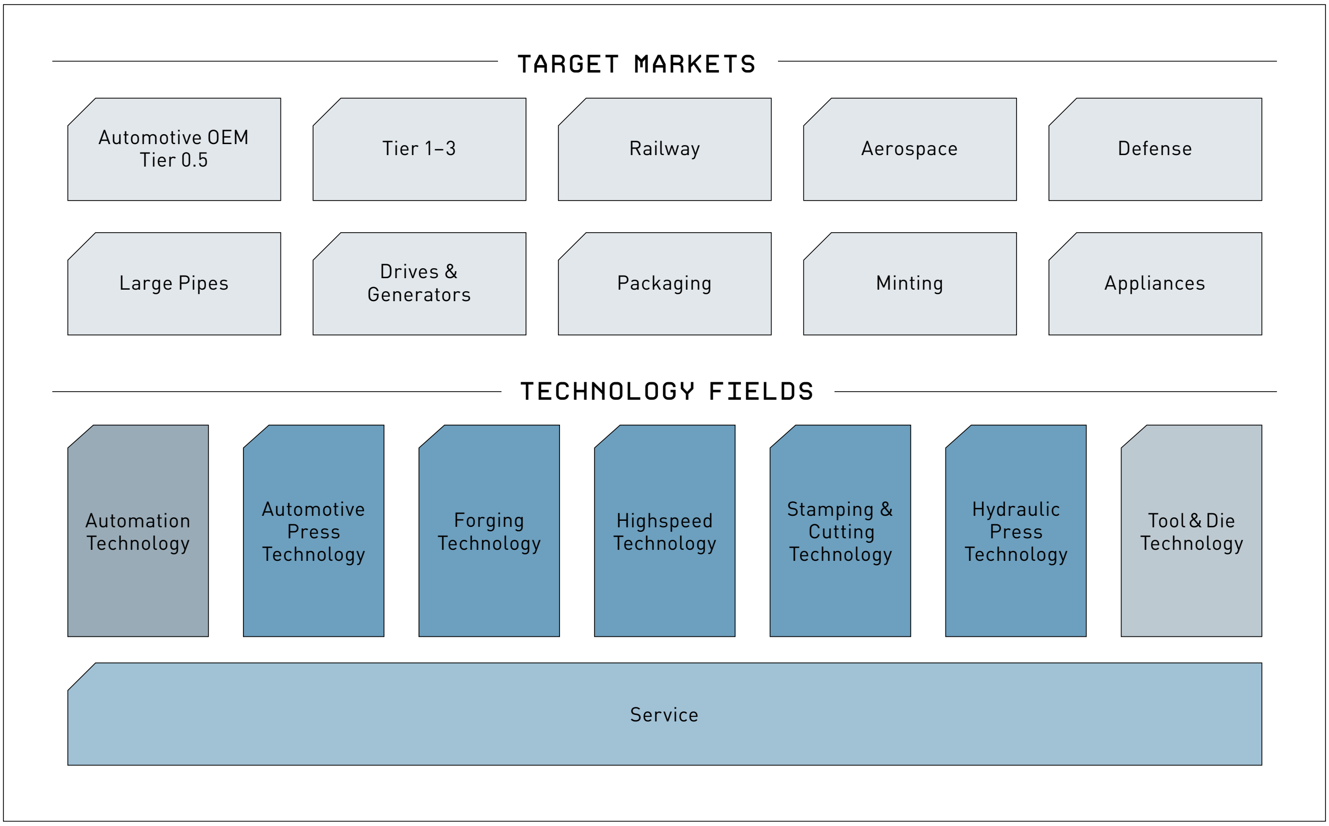
CLEAR FOCUS: TEN STRATEGIC TARGET MARKETS, EIGHT TECHNOLOGY FIELDS

In order to reach its growth targets, Schuler has defined ten strategic target markets on which it focuses: the Automotive industry and its suppliers, Railway, Aerospace, Defense, Large Pipes, Drives and Generators, Packaging, Minting, and Appliances.

The Schuler Group's technological competencies are pooled in eight Technology Fields: Automotive Press Technology, Forging Technology, Highspeed Technology, Stamping & Cutting Technology, Hydraulic Press Technology, Automation Technology and Tool & Die Technology. The range is rounded out by the cross-divisional Technology Field Service.

By focusing clearly on ten core markets and defining the corresponding Technology Fields, Schuler can align itself more closely with market needs and the requirements of its customers, enabling it to fully tap further growth potential. New strategic target markets, such as Aerospace or Large Pipes, offer growth opportunities and round out the Group's spectrum of customers.

CHART 02 SCHULER GROUP'S TARGET MARKETS AND TECHNOLOGY FIELDS



PERMANENT INNOVATION STRENGTHENS MARKET POSITION

Securing the Group's technological lead is vital to its continued expansion. In January 2011, Schuler's technological expertise was cemented by the creation of a new Board of Management position: the Chief Technology Officer (CTO) is responsible for both technological development and innovation management. The CTO's remit includes defining the technology platforms for profitable corporate growth and developing product strategy in the various Technology Fields, as well as innovation management, product development and standardization.

EXPANSION THROUGH INCREASED PRESENCE IN GROWTH MARKETS, ESPECIALLY ASIA AND EASTERN EUROPE

The acquisition and successful integration of Müller Weingarten coupled with strong investment in the Group's production and service facilities over the past years has enabled Schuler to achieve a strong position in major growth markets – especially the so-called BRIC states and other East European markets – and to leverage the growth of these markets for a profitable expansion of its business activities. The fast-growing markets of Asia and Eastern Europe are especially interesting. In particular, the Group continues to drive the expansion of its business in China.

PROFITABILITY ENHANCED BY EFFICIENT STRUCTURES AND STANDARDIZATION OF PRODUCT COMPONENTS

The completed integration of Müller Weingarten and resulting rounding out of existing product groups and services opens up further growth and earnings potential. On the product side, the targeted expansion of Schuler's platform strategy and increased standardization of product components have been the main strategic focus. Reducing the number of variants and thus lowering complexity has resulted in enhanced performance with simultaneous gains in efficiency and quality.

SERVICES DRIVING GROWTH

Schuler offers its customers service support in all divisions, with a wide range of different services provided in over 40 nations. These focus mainly on the servicing, maintaining and modernizing of press lines already installed as well as the provision of spare parts. Schuler also offers customers various measures aimed at enhancing the performance of their production facilities. In addition to optimizing technical equipment, a variety of customer training programs are offered to promote the transfer of know-how.

Providing support for a product over its entire life cycle and optimizing plant with the aim of raising production output are becoming increasingly important. Schuler aims to drive growth by expanding its network of service locations and extending its range of services. Particular importance is attached to the increased penetration of the Group's own products and brands, as well as the provision of services for third-party brands in the field of metalforming technology. The high number of machines already installed for which no services have yet been provided offers considerable scope for further sales and growth.

THE INVESTMENT

/ CONTENT

SCHULER ON THE CAPITAL MARKET 17

SCHULER

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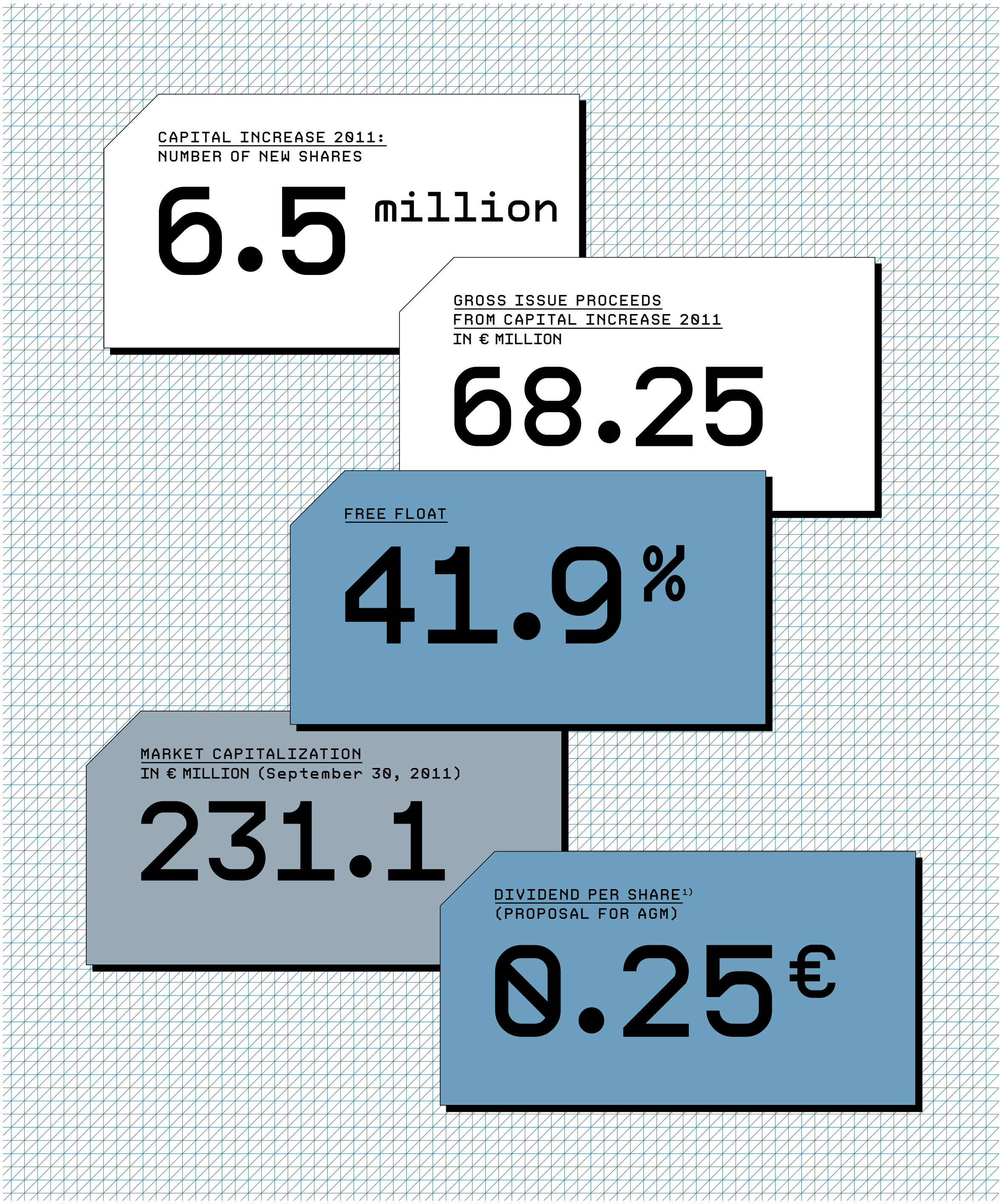
CHART 03 SELECTED DATA ON THE SCHULER SHARE



1) WKN A0V9A2 shares

SCHULER ON THE CAPITAL MARKET

THE STOCK EXCHANGE IN 2010/11

The stock markets recovered strongly over the course of 2010. After an initially volatile performance, the Dax began to make strong gains as of October and ended 2010 at its year-high of over 6,900 index points. This trend was helped by positive corporate earnings, which were often above expectations. This buoyant mood continued into the early weeks of 2011. After reaching a high of over 7,400 points in February, the Dax then began a period of consolidation in March. By the middle of the month, however, the natural catastrophe and reactor disaster in Japan had sparked a crash-like fall in stock prices. The Dax fell below 6,500 points at times. The markets recovered swiftly though and a new high of over 7,600 Dax points was reached in May. In the subsequent period, the German stock market moved sideways with strong fluctuations before suffering a further slide from September onward. At its worst, the Dax even fell below 5,000 index points. The decline was triggered by disappointing figures on the US labor market and the deterioration of the euro debt crisis. The Dax subsequently recovered slightly and closed at 5,500 points on September 30, 2011.

SHARE PRICE, TRADING, AND SHAREHOLDER STRUCTURE OF SCHULER AG

The Schuler share is listed on the regulated market of the Frankfurt/Main and Stuttgart stock exchanges and on the open market of the Berlin, Düsseldorf and Munich stock exchanges. As of October 1, 2011, shares of Schuler AG are listed in the "Prime Standard" segment of Deutsche Börse AG. On November 28, 2011, Schuler was accepted into the SDax index.

Trading of Schuler shares rose strongly over the course of the year, reaching 50.0 million by year-end (prior year 6.0 million shares). The average daily trading volume in Frankfurt increased to 23,159 shares (prior year 5,807). Compared to the previous year, the company's market capitalization rose by around 118% or € 124.8 million to € 231.0 million. Following Schuler's successful capital increase in 2011, the free float portion grew strongly to 41.9% (prior year: 25.9%).

ENCOURAGING PERFORMANCE OF SCHULER SHARE

The Schuler share grew strongly in value during fiscal year 2010/11: with an increase of 69.0%, it easily outperformed the comparative German stock indices Dax (–11.9%), MDax (–5.1%) and SDax (–1.4%). The share started the fiscal year at a price of € 4.67. Positive corporate news and a buoyant market environment resulted in a steady increase to € 12.90 on July 7, 2011. After this date, however, the Schuler share was unable to escape the general market trend and closed at € 7.90 on September 30, 2011.

DIVIDEND PROPOSAL

At the Annual General Meeting on April 18, 2012, the Board of Management and Supervisory Board of Schuler AG will propose a dividend payment of € 5.8 million for the fiscal year 2010/11.

CONSOLIDATION OF STOCK IDENTIFICATION NUMBERS AFTER DIVIDEND PAYMENT

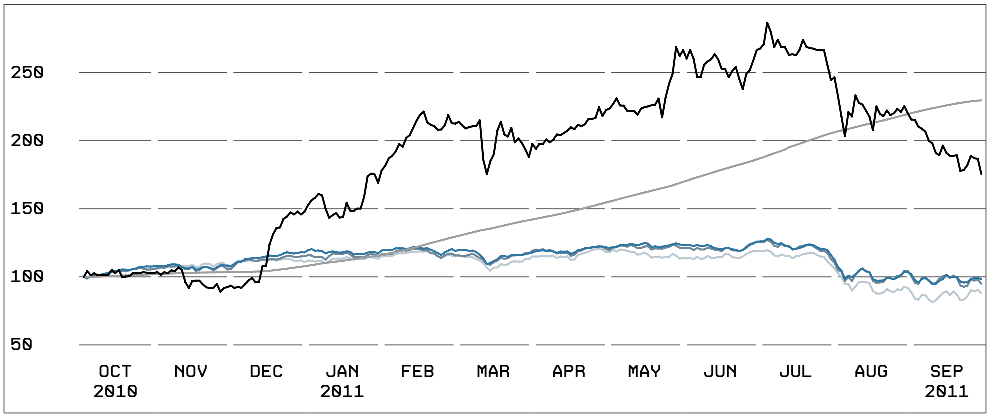
The shares of Schuler AG are currently listed with two different stock identification numbers (ISIN DE0007210601 and ISIN DE000A0V9A22).

The background: as proposed by the Board of Management and Supervisory Board, the Annual General Meeting of Schuler AG on April 10, 2008 had resolved – among other things – to convert the company's listed preferred shares (ISIN DE000A0V9A22) to common stock by removing the dividend preference. A total of six shareholders submitted court actions contesting the conversion resolution.

CHART 04 SCHULER SHARE AT A GLANCE

SCHULER AG – INDEX COMPARISON[1)]

INDEX: 10/01/2010 = 100 PERCENT

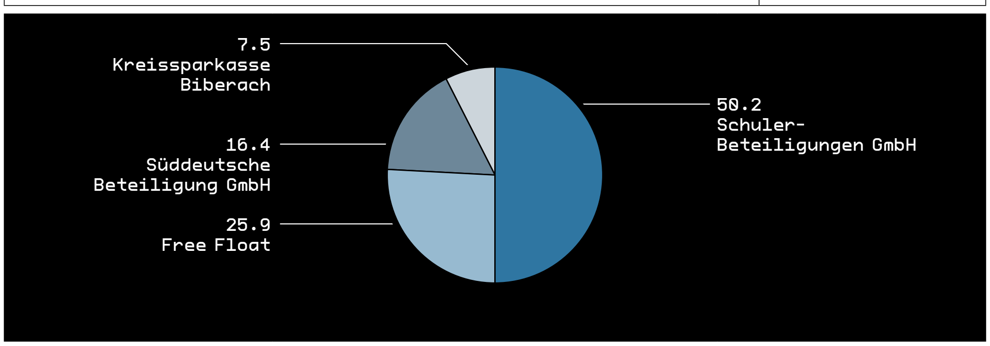


Schuler AG (Price on 10/01/2010: € 7.90) | 100-day average | SDax | MDax | Dax

1) Average weekly prices

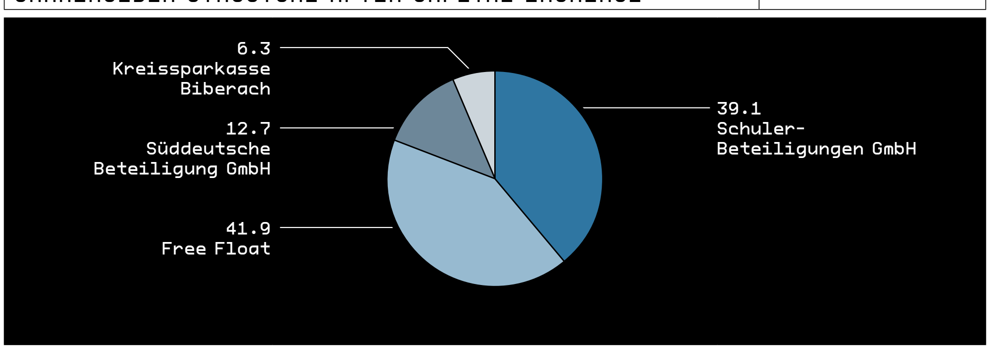
SHAREHOLDER STRUCTURE BEFORE CAPITAL INCREASE

IN PERCENT



SHAREHOLDER STRUCTURE AFTER CAPITAL INCREASE

IN PERCENT



The plaintiffs, the defendant Schuler AG, and Schuler-Beteiligungen GmbH (which had joined the action) ended the dispute in June 2008 with a settlement in court regarding the actions, which was published in the Electronic Federal Gazette of June 20, 2008. The settlement also involved a renouncement by Schuler-Beteiligungen GmbH (which holds 100% of the ISIN DE0007210601 shares) of part of its dividend entitlement, whereby the renounced dividend amount was to be shared proportionately among the holders of the ISIN DE000A0V9A22 shares. In order to represent this difference in dividend rights, the former preferred shares and former common shares were given two different stock identification numbers. As no dividend has been distributed since the settlement in 2008, the two stock identification numbers continue to exist.

The dividend payment proposed by the Board of Management and Supervisory Board of Schuler AG (thus fulfilling the court settlement requirements) means that it is no longer necessary to list the shares with two different stock identification numbers. Following the Annual General Meeting of April 18, 2012, Schuler AG will therefore apply to merge the two stock identification numbers.

TABLE 01 SCHULER SHARE AT A GLANCE

		2010/11		2009/10	2008/09	2007/08	2006/07
		diluted	basic				
Earnings per share	€	0.95	0.96	-0.60	-3.12	0.43	0.79
Book value per share	€	8.19	8.30	5.31	5.43	9.24	8.39
Cash flow[1] per share	€	7.32	7.41	2.54	-1.57	-0.89	0.40
Dividend per share	€	0.25[2]	0.25[2]	0.00	0.00	0.00	0.00
Price/earnings ratio[3]		8.33	8.22	-7.80	-0.96	15.87	13.73
Capital stock[4]	€ million	76.1	76.1	59.20	54.6	54.6	45.50
Number of shares (average weighting)	million	24.7	24.4	21.4	21.0	19.2	17.5
Year-end price	€	7.90	7.90	4.67	2.99	6.88	10.80
Year-high	€	12.90	12.90	5.40	7.00	12.00	10.98
Year-low	€	4.17	4.17	4.67	2.99	6.88	5.44

1) Cash flow from operating activities
2) Dividend proposal for the Annual General Meeting for shares with the number ISIN DE000A0V9A22 (different proposal of 12 cents for shares with the number ISIN DE0007210601)
3) Year-end price on September 30/earnings per share
4) As of September 30

CAPITAL INCREASE SUCCESSFULLY COMPLETED

On June 10, 2011, Schuler AG resolved to increase capital against cash contribution with subscription rights from Authorized Capital. Capital stock was increased by € 16.90 million to € 76.05 million. In return, Schuler issued 6,500,000 new common nopar value shares made out to the bearer.

The new shares are fully entitled to dividends as of October 1, 2010. They were offered for subscription to shareholders on the basis of a 7:2 subscription ratio in the period June 17 to June 30, 2011.

The issue proceeds will be used to reduce the syndicated loan concluded during the economic crisis, to strengthen the equity ratio, and to finance the company's planned growth.

A further objective of the capital increase was to raise the share's free float ratio in order to make it more attractive for investors. To this end, the major shareholders Schuler-Beteiligungen GmbH and Süddeutsche Beteiligung GmbH assigned their subscription rights to a total of 4,329,183 new shares to the sole coordinator and bookrunner of the issue, Bankhaus Joh. Berenberg, Gossler & Co. KG. During a pre-placement on June 14 and 15, 2011, Berenberg offered these new shares to qualified investors in a bookbuilding process.

As the offer was strongly oversubscribed by institutional and private investors, all 6.5 million new common shares made out to the bearer were successfully placed at the offering price of € 10.50. Schuler AG therefore received gross proceeds of € 68.25 million from the issue. On completion of the capital increase, the free float ratio rose from 25.9% to around 42% of capital stock. The new shares were mainly subscribed by institutional investors during the pre-placement phase. Many free float shareholders also made use of their subscription rights.

The new shares were admitted for trading on the Regulated Market of the Frankfurt and Stuttgart stock exchanges on June 16, 2011. The first listing was made on June 17, 2011.

POSITIVE ASSESSMENT FROM ANALYSTS

Schuler is tracked by a variety of banks. Five analysts currently recommend investors to buy the Schuler share, one analyst has advised them to "hold". The latest recommendations are: "buy" (Close Brothers Seydler, November 16, 2011), "buy" (Berenberg Bank, November 9, 2011), "hold" (Hauck & Aufhäuser, September 15, 2011), "buy" (Equinet Bank AG, August 23, 2011), "buy" (LBBW, August 18, 2011), and "buy" (Solventis, June 15, 2011).

EXPANSION OF CAPITAL MARKET COMMUNICATION

In 2011, we stepped up our communication with investors and analysts by providing explanations of the company's business strategy, its key financials, and its plans for future growth. The Board of Management presented the company at a total of 10 roadshows in London, Frankfurt, Zurich, Geneva and Munich, as well as at five capital market conferences. In the course of the year, we held over 100 discussions with institutional investors.

In the Investor Relations section of our corporate website ↦ WWW.SCHULERGROUP.COM, we inform shareholders and potential investors about the company's major developments. All key data and reports can be accessed or downloaded here.

TABLE 02 SHARE DATA

ISIN	DE 000A0V9A22 new common no-par value stock (derived from the preferred no-par value stock DE 0007210635 and DE 000A0SMUN6 as well as from a capital increase conducted in 2010 (875,000 common no-par value stock) and 2011 (6,500,000 common no-par value stock)) DE 0007210601 "old" common no-par value stock (including 875,000 common no-par value shares from the capital increase 2010)
Stock exchange code	SCU/SCUN
Number of shares	29,250,000 (11,375,000 "old" and 17,875,000 new) common no-par value stock
Market segment	Prime Standard (since October 1, 2011)
Index	SDax (since November 28, 2011)
Capital stock	€ 76,050,000
Stock exchanges	Listed on the Regulated Markets of the Frankfurt and Stuttgart stock exchanges since March 23, 1999
Designated Sponsor	Close Brothers Seydler Bank Equinet Bank AG
Fiscal year ending	September 30

THE STANDARDS

/ CONTENT

REPORT OF THE SUPERVISORY BOARD 25 / CORPORATE GOVERNANCE 29

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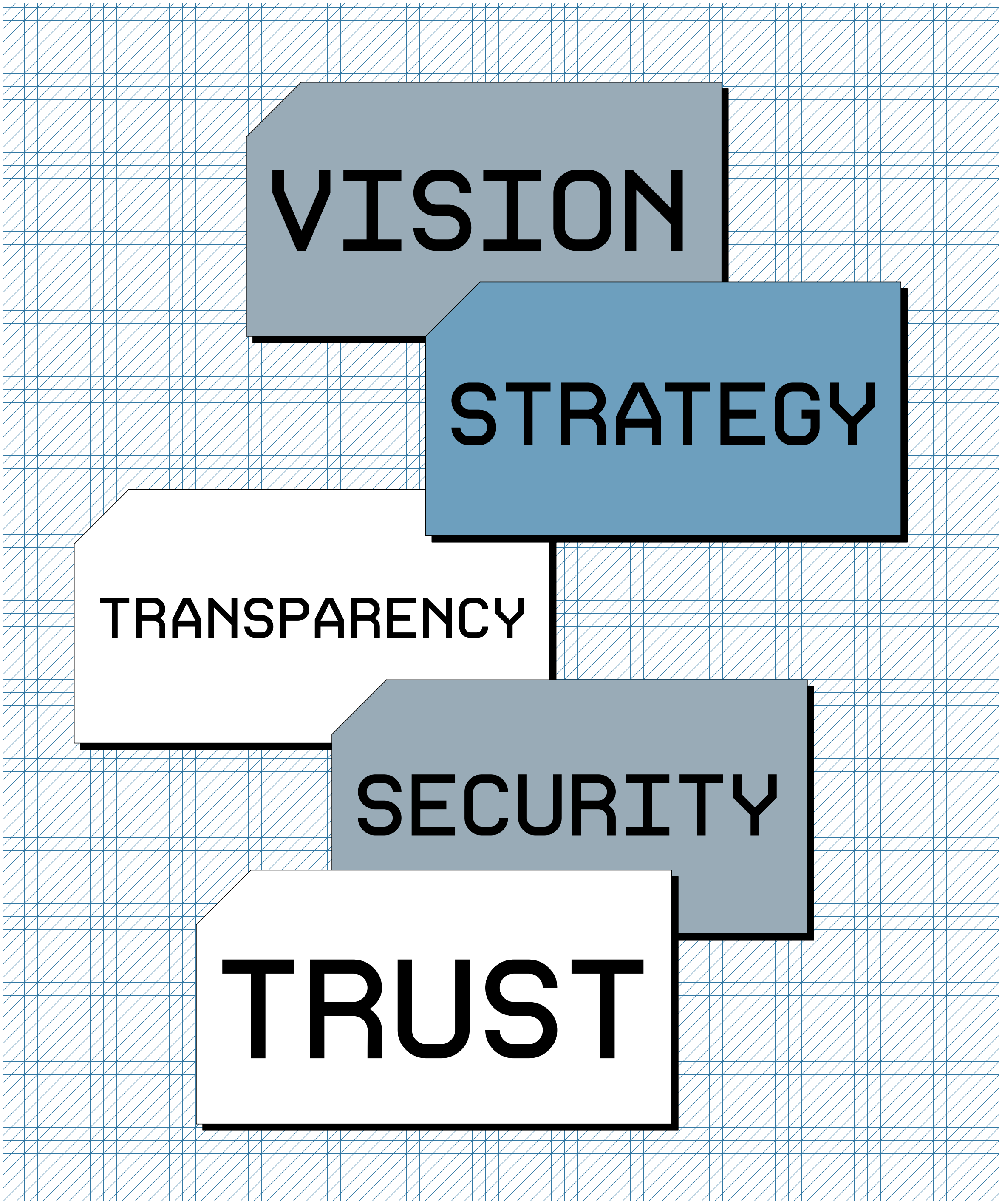
CHART 05 KEY ELEMENTS OF GOOD CORPORATE GOVERNANCE



REPORT OF THE SUPERVISORY BOARD

The Supervisory Board closely monitored the activities of the Schuler Group in the past fiscal year, during which the market developed very encouragingly and Schuler achieved a record volume of new orders.

In the past fiscal year, the Supervisory Board performed with due care the supervisory and advisory duties assigned to it by law, the company's articles and its own rules of procedure. The Board of Management provided the Supervisory Board with prompt and detailed information on the company's current situation and progress, on all business transactions requiring approval, on risk management and on corporate planning. The Supervisory Board was involved directly in all key decisions from an early stage and adopted all resolutions after careful examination and on the basis of the written proposals presented. The Supervisory Board focused in particular on the strict implementation of the strategic program "Growing Together". It was also closely involved with the successfully completed capital increase.

PERSONNEL CHANGES IN THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

There was one personnel change in the Supervisory Board during fiscal year 2010/11: on his appointment as Managing Director of Schuler Pressen GmbH, Göppingen, Dieter Merkle (senior management representative) stepped down from the Supervisory Board on April 20, 2011. He was succeeded by Lothar Gräbener, Sales Director of Schuler SMG GmbH & Co. KG, Waghäusel. The departure of Dieter Merkle also necessitated changes to the Supervisory Board's committees. Ingrid Wolfframm replaced Dieter Merkle in the Audit Committee on May 9 while Elke Böpple replaced Ingrid Wolfframm in the Personnel Committee also on May 9.

There were also changes in the composition of the Board of Management. Marcus A. Ketter was appointed to the company's Board of Management with effect from July 1, 2011, and has been responsible for Finance and HR since October 1, 2011. Marcus A. Ketter succeeded Dr. Wolfgang Baur, who stepped down from the Board of Management at the end of the fiscal year 2010/11 (September 30) and retired from the company on October 1, 2011.

MAIN TOPICS OF THE MEETINGS

A total of five meetings were held in the fiscal year 2010/11. In addition to its scheduled meetings, the Supervisory Board – and in particular its Chairman – remained in close contact with the Board of Management in order to gain prompt information about developments and significant events. The Personnel Committee was convened three times during the reporting period. The Permanent Committee pursuant to § 27 (3) of the German Codetermination Law was not convened. The Audit Committee met four times to deal with questions of accounting, the auditing of the annual financial statements and the internal control system, as well as risk and compliance management.

On October 7, 2010, the main topics included budget planning for 2010/11 and medium-term planning for the period up to 2012/13.

The agenda of the balance sheet meeting held on January 25, 2011, included the annual financial statements and management reports of Schuler AG and the Schuler Group for the fiscal year 2009/10, the Annual General Meeting 2010, and discussions about the Group's future strategy. The distribution of responsibilities among Board of Management members was also adjusted and the results of the efficiency examination of the Supervisory Board discussed.

At the third meeting on April 13, 2011, the Board of Management reported mainly on the current status of the "Growing Together" program.

The Supervisory Board was convened again on May 9, 2011. At the meeting, Marcus A. Ketter was appointed to the Board of Management of Schuler AG for a period of three years. Dr. Wolfgang Baur stepped down from the Board of Management as of September 30, 2011.

In a circular resolution adopted in the period June 6 to 9, 2011, the Supervisory Board unanimously voted in favor of raising the company's capital stock by issuing 6.5 million new common no-par value shares made out to the bearer.

At the fifth meeting on July 7, 2011, discussions once again focused on the "Growing Together" project. The Board of Management also informed the Supervisory Board about the new CTO organization.

INDEPENDENCE AND DECLARATION OF CONFORMITY

The members of the Supervisory Board complied and continue to comply with the independence criteria pursuant to section 5.4.2 of the German Corporate Governance Code (GCGC). No conflicts of interest as defined by section 5.5 GCGC were reported during the reporting period. The Board of Management and Supervisory Board submitted their Declaration of Conformity 2011 pursuant to § 161 of the German Stock Corporation Law (AktG) on October 6, 2011.

AUDIT AND ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements prepared by the Board of Management as of September 30, 2011, 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 KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, and received unqualified certification. All members of the Supervisory Board were provided in due 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 and finance – by the Audit Committee at its meeting on January 17, 2012. It gave a detailed report at the Supervisory Board's meeting on January 24, 2012. At the meetings of the Audit Committee and the full 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 Supervisory Board approved the annual financial statements of Schuler AG and the Schuler Group; the annual financial statements are thus adopted in accordance with § 172 AktG.

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's performances resulting from the legal transactions listed in the report were not inappropriately high."

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 final declaration at the end of the affiliated companies report.

THANK YOU TO ALL EMPLOYEES

The Supervisory Board would like to thank all employees, the members of the Board of Management, and the workers' representatives for their commitment and efforts during the past fiscal year, as well as our shareholders for their continued trust in the company.

The Supervisory Board would like to express its particular gratitude to the company's former Chief Financial Officer, Dr. Wolfgang Baur, who helped steer the company over a period of seven years and displayed tremendous loyalty, dedication and expertise. In particular, he enjoyed outstanding success in securing the operational ability of Schuler AG with regard to its financial standing and balance sheet profile during the economic crisis.

Göppingen, January 24, 2012

The Supervisory Board

Dr. Robert Schuler-Voith
Chairman

CORPORATE GOVERNANCE

The Board of Management and Supervisory Board are committed to responsible and transparent corporate governance. We are convinced that this contributes toward the sustainable growth of our enterprise value. Schuler has been complying with the recommendations of the German Corporate Governance Code (GCGC) for several years, with just a few exceptions. The Board of Management and Supervisory Board submitted their Declaration of Conformity in October 2011. It can be permanently accessed on our corporate website at ↦ WWW.SCHULERGROUP.COM, where the declarations of previous years are also available.

DECLARATION OF CONFORMITY AS OF OCTOBER 6, 2011

"The Board of Management and Supervisory Board of Schuler Aktiengesellschaft (hereinafter referred to as 'Schuler AG' or the 'company') submit the following Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act (AktG) with regard to the recommendations of the 'Government Commission on the German Corporate Governance Code' and will ensure that it is published on the company's website. The Board of Management and Supervisory Board of Schuler AG submitted the last Declaration of Conformity in accordance with § 161 AktG on October 7, 2010. The following declaration refers to the recommendations of the German Corporate Governance Code ('GCGC') in the version dated May 26, 2010, and as published in the electronic Federal Gazette on July 2, 2010.

The Board of Management and Supervisory Board of Schuler AG therefore declare that the recommendations of the Code are complied with and were complied with in the past. The Board of Management and Supervisory Board of Schuler AG also intend to comply with these recommendations in future. Only the following recommendations of the Code were not complied with in the past, nor are they being complied with at present.

1. SECTION 3.8 OF THE CODE – D&O INSURANCE AND DEDUCTIBLE

If the company takes out a D&O (Directors and Officers' Liability Insurance) policy for members of the Supervisory Board, section 3.8 of the Code recommends that a suitable deductible is agreed. Schuler AG believes 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 Supervisory Board of Schuler AG have been entrusted. The existing D&O policies for members of the Supervisory Board of Schuler AG therefore differ from section 3.8 of the Code insofar as no deductibles were agreed. For reasons already stated, Schuler AG will also not agree deductibles for the D&O policies of Supervisory Board members in future and thus differs from the recommendation stated in section 3.8 of the Code.

2. SECTION 4.2.2 OF THE CODE – STRUCTURE OF THE MANAGEMENT BOARD COMPENSATION SYSTEM

Section 4.2.2 of the Code states that, at the proposal of the committee dealing with Board of Management contracts, the full Supervisory Board shall decide the total compensation of the individual Board of Management members and recommends that the compensation system for the Board of Management be adopted and regularly reviewed by the full Supervisory Board. The Supervisory Board has set up a Personnel Committee, in which it has pooled its expert knowledge on personnel issues. This system has proved highly effective in the past. Due to the specialist knowledge of the Personnel Committee, the compensation system of the Board of Management, including all significant contractual elements, was adopted and regularly reviewed in the past not by the full Supervisory Board but by the Personnel Committee. Due to the positive experience made in previous years, important personnel issues such as compensation will continue to be adopted and regularly reviewed by the Personnel Committee – insofar as legally permissible – and not by the full Supervisory Board. Schuler AG thus differs from section 4.2.2 of the Code.

3. SECTION 5.4.1 OF THE CODE – AGE LIMIT FOR MEMBERS OF THE SUPERVISORY BOARD

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. SECTION 5.4.6 OF THE CODE – COMPENSATION OF MEMBERS OF THE SUPERVISORY BOARD

Schuler AG differs from the recommendation of the Code in section 5.4.6, which states that members of the Supervisory Board shall receive performance-related compensation in addition to their fixed compensation. The company continues to 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. Schuler AG is also skeptical as to whether performance-related compensation is a suitable method of motivating supervisory and audit committees to perform their duties even more thoroughly – not least in view of the causes of the financial crisis.

Schuler AG also differs from the recommendation of the Code in section 5.4.6 insofar as Supervisory Board compensation should be individualized and itemized when disclosed in the Corporate Governance Report. Schuler AG believes that the disclosure of total compensation for members of the Supervisory Board according to accounting regulations in the annual report is sufficient to meet the shareholders' interest in such information.

5. SECTION 6.6 OF THE CODE – SHAREHOLDINGS HELD BY MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

Contrary to the recommendations of section 6.6 of the Code, individual shareholdings of corporate body members are not disclosed in the case that these exceed 1% of the shares issued by the company. This is to protect the interests and privacy of such corporate body members. Furthermore, it is not disclosed whether the total shareholding of all members of a body exceeds 1% of the shares issued by the company. By not disclosing this information, Schuler AG also differs from the recommendation stated in section 6.6 of the Code which specifies that the aforementioned details be contained in the Corporate Governance Report.

6. SECTION 7.1.2 OF THE CODE – DEADLINES FOR THE PUBLICATION OF CONSOLIDATED FINANCIAL STATEMENTS AND INTERIM REPORTS

Contrary to the recommendations of section 7.1.2 of the Code, the consolidated financial statements will continue to be publicly accessible within 120 days of the end of the financial year, and the quarterly financial statements within 60 days of the end of the reporting period. 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.

7. SECTION 7.1.3 OF THE CODE – DISCLOSURES ON THE STOCK OPTION PLAN IN THE CORPORATE GOVERNANCE REPORT

The company differs from the recommendation of section 7.1.3 of the Code which specifies that the Corporate Governance Report should contain specific disclosures about the company's stock option plans and similar security-based incentive systems. The Corporate Governance Report of Schuler AG only contains a reference to the Notes to the Annual Financial Statements, where these details are disclosed. The company believes that a repeated disclosure of these details in the Corporate Governance Report is not necessary and would rather detract from the clarity of the annual report, which is already quite extensive at well over 100 pages.

With the exception of the above-mentioned items 1 to 7, we shall continue to comply with the recommendations of the "Government Commission on the German Corporate Governance Code."

FURTHER DISCLOSURES ON THE CORPORATE GOVERNANCE OF SCHULER

MANAGEMENT AND CORPORATE STRUCTURE

Based in Göppingen, Germany, Schuler AG is the management holding company of the Schuler Group. The Group comprises 29 fully consolidated companies and is divided into three business segments, "Forming Systems", "Automation" and "Tools", which operate through legally independent companies responsible for their own business and profitability. The Board of Management of Schuler AG is in regular contact with the management teams of these subsidiaries. Schuler AG's treasury division supports the Group's subsidiaries, partly by providing funds and foreign exchange management as well as through other group-wide services.

BOARD OF MANAGEMENT

In the fiscal year 2010/11, the Board of Management of Schuler AG consisted at times of five members. Marcus A. Ketter was appointed to the Board of Management with effect from July 1, 2011. He has been responsible for Finance and HR since October 1, 2011. Marcus A. Ketter succeeded Dr. Wolfgang Baur, who stepped down from the Board of Management at the end of the fiscal year 2010/11 (September 30) and retired from the company on October 1, 2011. 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 carefully coordinates its activities and meets at regular intervals.

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. The last election was held in 2008. 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, the necessary independence of the external auditors, deciding which areas they should focus on, agreeing their remuneration and commissioning them to audit the company's annual financial statements. 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, which was last determined by the Annual General Meeting of Schuler AG on April 1, 2004. Annual basic remuneration amounts to € 20,500.00 per Supervisory Board member, but may rise according to their respective function and the frequency of meetings.

There was one personnel change in the Supervisory Board during fiscal year 2010/11: with the appointment of Dieter Merkle (representative of the senior management) as Managing Director of Schuler Pressen GmbH, Göppingen, he stepped down from the Supervisory Board on April 21, 2011. He was succeeded by Lothar Gräbener, Sales Director of Schuler SMG GmbH & Co. KG, Waghäusel. The departure of Dieter Merkle also necessitated changes to the Supervisory Board's committees. Ingrid Wolfframm replaced Dieter Merkle in the Audit Committee on May 9 while Elke Böpple replaced Ingrid Wolfframm in the Personnel Committee also on May 9.

/ DIRECTORS' DEALINGS

According to § 15a of the German Securities Trading Act (WpHG), executive bodies are obliged to inform Schuler AG immediately should they buy or sell shares in their own company. All past Directors' Dealings announcements are published online at ↦ WWW.DGAP.DE or ↦ WWW.SCHULERGROUP.COM.

Schuler AG publishes such transactions immediately after they have been communicated to the company. The latest information in this respect is available online at ↦ WWW.SCHULERGROUP.COM.

ANNUAL GENERAL MEETING

Each share entitles the owner to one vote and is represented by a global certificate in bearer form. Only those shareholders who have proven their entitlement and 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) as mandatory in the EU. The Annual General Meeting elects an independent auditor who is responsible for auditing the annual financial statements of Schuler AG and the consolidated group.

INTERNAL CONTROLLING SYSTEM (ICS) AND RISK MANAGEMENT

The Board of Management of Schuler AG has set up an internal controlling and risk management system. The principles and guidelines of this system are designed to help detect risks as soon as possible in order to take the required corrective action. The system is reviewed regularly and adapted to new circumstances whenever necessary. Further details are provided in the "Opportunity and Risk Report" section of the Management Report.

COMMUNICATION

We believe it is important to provide swift information to our employees, shareholders and the capital market, as well as the special-interest and business press, regarding important company events by means of press conferences, financial reports, press releases and other publication formats. We publish all dates for financial reports and important events in a financial calendar on our website ↦ WWW.SCHULERGROUP.COM.

REMUNERATION OF THE BOARD OF MANAGEMENT

The Personnel Committee of the Supervisory Board regularly reviews the structure and size of the remuneration system for the Board of Management. The remuneration of the Board of Management comprises a fixed and a variable component. The variable remuneration component is based on the consolidated net income – or EBITDA – of the respective fiscal year. There are also post-employment benefits. These are all based on the standard, group-wide regulations concerning the granting of pension supplements and consider such aspects as last basic remuneration and the number of service years. Pensions are paid on termination of the service contract and always after completion of the 63rd year of age or in the case of prior service disability. Remuneration of members of the Board of Management amounted to T€ 3,171 in fiscal year 2010/11 (prior year: T€ 1,472), of which T€ 1,563 (prior year: T€ 0) were in the form of variable, earnings-related payments. The current service cost included in pension obligations amounted to T€ 320 (prior year: T€ 323).

The Annual General Meeting 2007 resolved not to disclose individual and named remuneration details for members of the Board of Management for a period of five years.

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 provides for a deductible as defined by § 93 (2) AktG.

Total remuneration of former members of the Board of Management or management and their surviving dependants amounted to T€ 1,735 (prior year: T€ 1,914) in the year under review. The provisions formed by the Group for such current and future pensions amount to T€ 12,878 (prior year: T€ 11,039).

REMUNERATION OF THE SUPERVISORY BOARD

§ 10 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. In the past fiscal year, Supervisory Board remuneration amounted to T€ 307 (prior year: T€ 304).

The D&O insurance policy for members of the Supervisory Board does not include a deductible.

During the period under review, there was no remuneration nor benefit for personally rendered services, such as consulting and brokering.

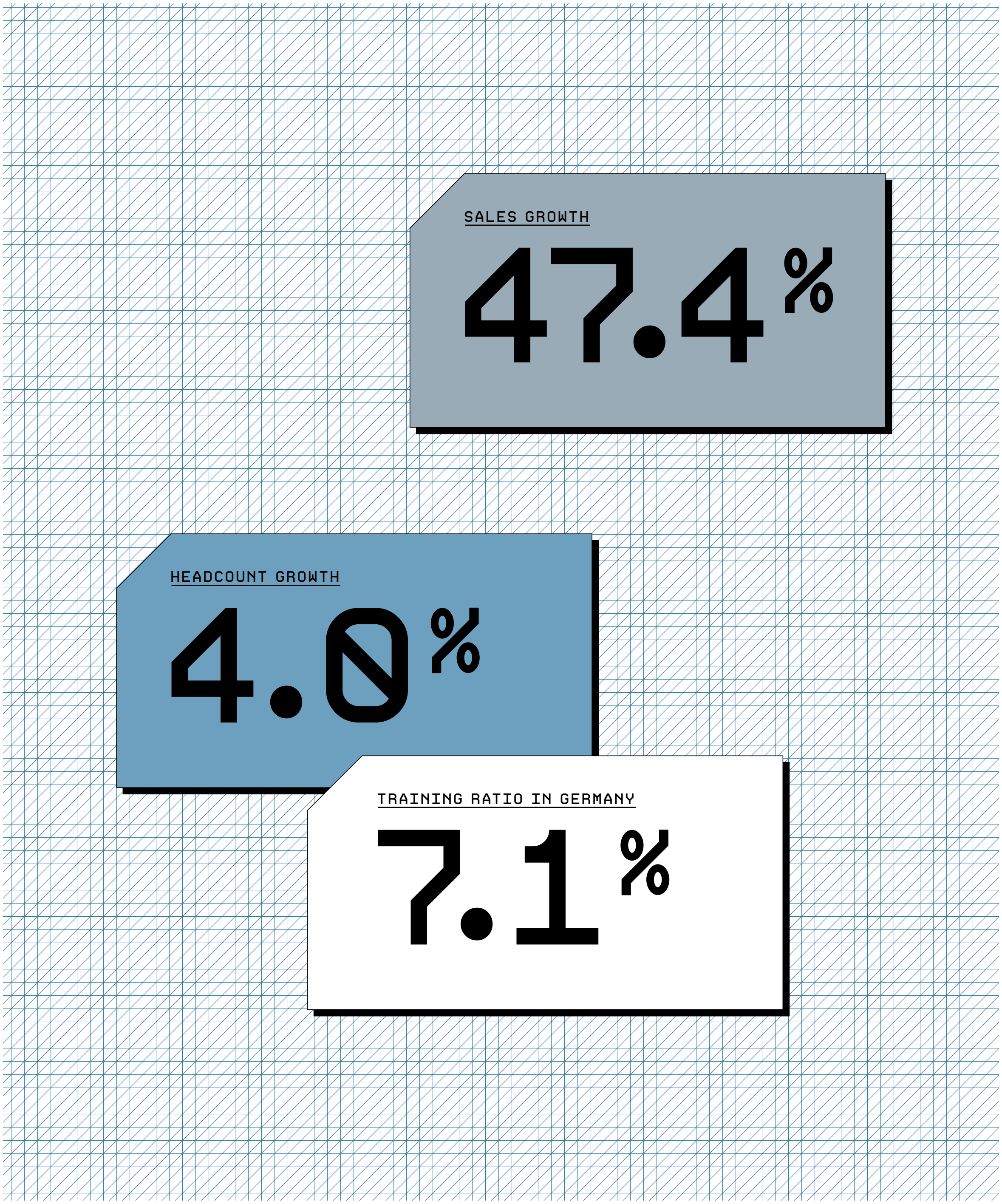
THE GROUP

/ CONTENT

SCHULER AT A GLANCE 39 / RESEARCH AND DEVELOPMENT 44 /
PROCUREMENT AND SOURCING 51 / PRODUCTION, TECHNOLOGY AND LOGISTICS 53 /
SALES AND MARKETING 57 / PERSONNEL 60

i HTTP://WWW.SCHULERGROUP.COM/GB

CHART 06 SELECTED FIGURES ON GROWTH AND EMPLOYMENT IN 2010/11



SCHULER AT A GLANCE

BRIEF PROFILE

As the technological and global market leader in metalforming, Schuler supplies machines, production lines, dies, process know-how and services for the entire metal-working industry.

We support our customers with intelligent solutions for the production of top-quality goods. To this end, we offer them a wide range of innovative products in all areas of metalforming technology. It comprises mechanical and hydraulic press systems, transfer and tryout presses, automation equipment, dies, high-speed presses, and systems for solid forming and hydroforming. The range is rounded out by a wide variety of services.

Our leading market position is rooted mainly in an ability to develop products and services with a clear customer benefit – in close cooperation with the customers themselves. Our strengths also include many years of experience and outstanding performance in the handling of large-scale projects, as well as our strong international alignment. In addition to our process know-how in metalforming technology, we have the systems expertise to plan and deliver complete automated press lines according to customer specifications – for numerous metal and light-weight materials.

Car manufacturers and their suppliers are our most important sales markets. In fiscal year 2010/11, they accounted for around 80% of total revenues. Other metal-working industries, such as forging, the electrical and appliance industries, and national mints account for approximately 20% of sales.

Our most important sales markets include Germany, the rest of Europe, Asia and the Americas. Over 65% of sales are generated outside Germany.

As a corporation with a strong international alignment, the Schuler Group employs around 5,200 people in over 40 countries and boasts a global network of service and sales offices.

THE CORPORATE STRUCTURE

Our business activities are conducted by legally independent subsidiaries, which are grouped into three business segments.

The "Forming Systems", "Automation" and "Tools" segments comprise the entire spectrum of products and services of relevance for metalforming. Other activities which cannot be allocated to these segments are grouped in the "Others" segment, which mainly comprises the Sales & Service companies and special purpose entities.

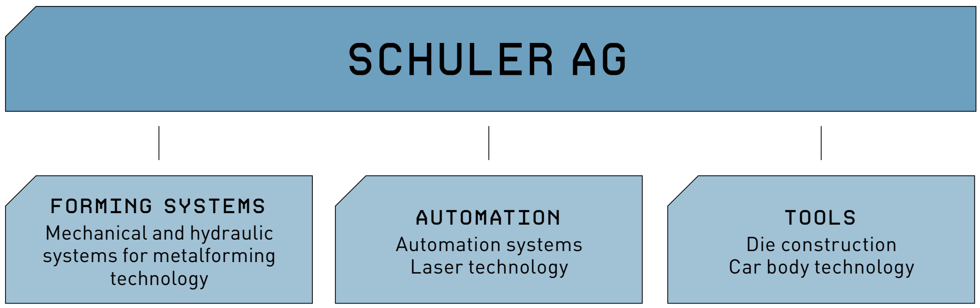
"Forming Systems" comprises all activities in the field of metalforming. This includes large-scale lines, mechanical and hydraulic press systems, forging lines and high-speed presses. Our work for car manufacturers and their suppliers is the main focus of this business segment. With the aid of technology transfer, Schuler is now increasingly targeting new application fields, for example in the packaging industry and the aerospace sector.

"Automation" develops and installs solutions for automating machine tools, including control systems for linked production lines and systems for the manufacturing and transporting of blanks, workpieces and tools. These play a major role in enhancing the performance of manufacturing processes.

The **"Tools"** segment pools complex development tasks in the field of die and process technology and supplies innovative prototypes and dies for complete vehicle sub-assemblies and transmission components for car manufacturers and their suppliers. The segment's core competencies include the development, planning, production and tryout of models, molds and tools for metalforming technology.

We draw on all three business segments to offer customers turnkey solutions from a single source – from planning and consulting, to developing and designing, to setting up and adjusting before the final production launch. In addition to presses, we supply the complete equipment for stamping plants, including the necessary dies and in particular the automation for the entire process chain.

CHART 07 BUSINESS SEGMENTS



SERVICES

All our business segments support their customers with a wide range of services. Schuler's service concept ("On-site service around the world") offers a broad spectrum of services in over 40 nations based on three pillars: technical service, know-how transfer and performance enhancement.

In the field of technical services, we ensure product support over the entire life cycle. This includes servicing and maintenance, the provision of spare parts, machine repairs, and the planning and implementation of machine relocations as well as subsequent production relaunch.

With the aid of know-how transfer, we offer customers production support in order to ensure optimum machine operation and avoid downtime. A wide range of training courses help customer employees to operate Schuler equipment.

We optimize and modernize existing machinery in order to enhance the performance of customer facilities. In addition, we offer customers the possibility to buy used machines and stamping plant equipment which have been overhauled and modernized.

SCHULER LOCATIONS – OUR INTERNATIONAL MANUFACTURING NETWORK

The majority of our production equipment is manufactured in Germany. The Forming Systems segment also boasts an international manufacturing network with facilities in Brazil, China and Switzerland. In addition, there are sales and service centers in the USA, France, the UK, Mexico, India, Russia, Slovakia, Spain and Italy. An overview of all shareholdings and their locations is provided in note (38) of the consolidated financial statements. ↦ SEE PAGE 212F.

LEGAL STRUCTURE

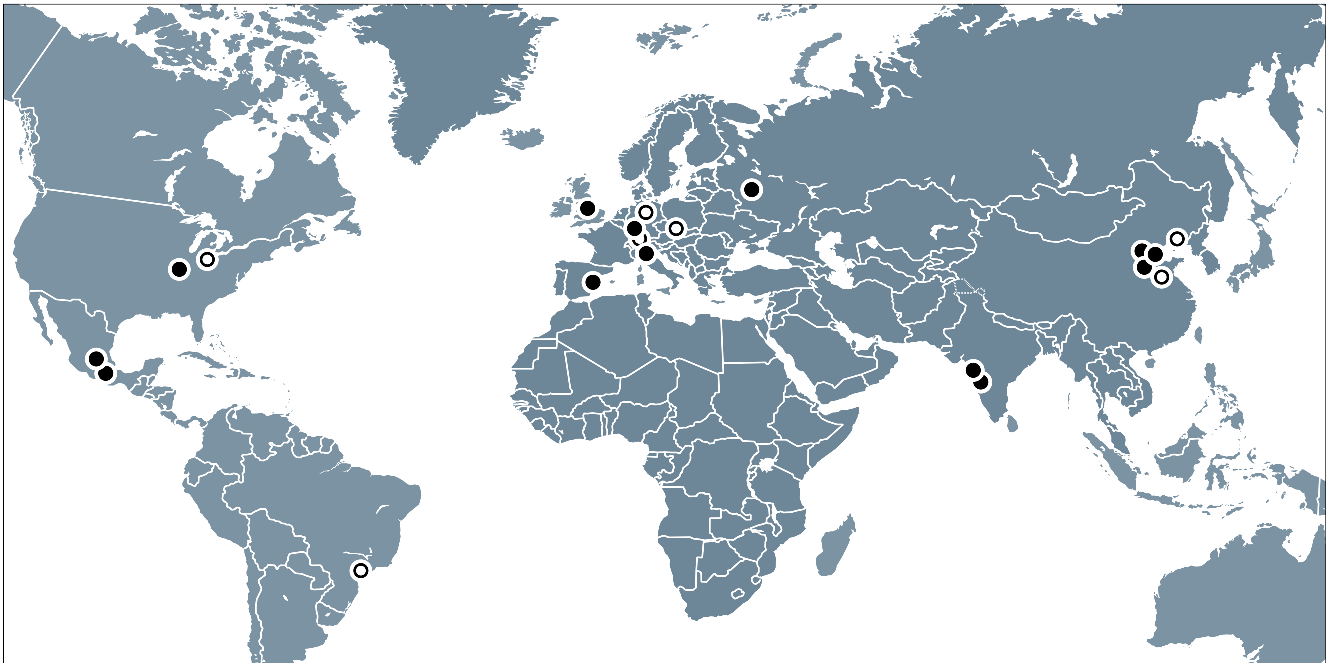
The consolidated Schuler Group comprises 29 companies (prior year: 32). Schuler AG, headquartered in Göppingen, Germany, acts as the holding company. It carries out centralized corporate functions, for example in the fields of strategy, finance, controlling, legal affairs, insurance and communication.

KEY PERFORMANCE INDICATORS

Our aim is to systematically and continually raise the value of the Schuler Group. We want to build on our position as the market and technological leader and ensure permanent, value-enhancing growth in all business segments. We have therefore defined various key performance indicators for the management of our business activities. These performance indicators are also used to determine the variable remuneration components for our managers.

The key indicators used to measure Schuler's financial performance are earnings before interest, taxes, depreciation and amortization (EBITDA), earnings before interest and taxes (EBIT) and return on capital employed (ROCE). The ability to translate sales into earnings is measured by the EBITDA margin, which is defined as the ratio of EBITDA to sales. Our medium-term target for the EBITDA margin is around 10%. ROCE is used to measure the efficiency of our capital employed. This ratio compares EBIT with the average of capital employed at the end of the previous and current reporting periods. We aim to achieve an ROCE of 12% in the medium term. The key indicators of both the business divisions as a whole and the individual companies are monitored.

CHART 08 SCHULER INTERNATIONAL LOCATIONS



● Sales & Service	○ Production & Service
CHINA: Peking, Jinan and Tianjin	BRAZIL: São Paulo
FRANCE: Strasbourg	CHINA: Shanghai and Dalian
UK: Walsall	GERMANY: Erfurt, Esslingen, Gemmingen, Göppingen, Heßdorf, Netphen, Remscheid, Waghäusel, Weingarten
INDIA: Pune and Mumbai	SWITZERLAND: Gettnau
ITALY: Turin	CZECH REPUBLIC: Morkov
MEXICO: Puebla and Saltillo	USA: Canton, MI
RUSSIA: Moskau	
SLOVAKIA: Dubnica and Váhom	
SPAIN: Barcelona	
USA: Hastings, MI	

RESEARCH AND DEVELOPMENT

KEY R&D FIGURES

In the fiscal year 2010/11, a total of € 11.1 million (prior year: € 8.5 million) was invested in ongoing research and development activities (R&D expenses), of which € 1.0 million (prior year: € 4.0 million) fulfilled the IFRS capitalization criteria. After consideration of scheduled amortization on capitalized development costs of € 0.6 million (prior year: € 0.7 million), the total expense charged to the income statement amounted to € 10.7 million (prior year: € 5.2 million). After non-scheduled amortization (€ 5.3 million), the carrying amount of capitalized development costs amounted to € 3.5 million at the end of the reporting period (prior year: € 8.5 million).

The main proportion of the Schuler Group's development work is involved with individual customer projects. The respective costs are charged as project costs and not included in the above mentioned R&D figures. As a consequence, only the smaller part of our actual expenditure is disclosed as "R&D expenses".

THE INNOVATION SYSTEM

Innovation leadership in all Technology Fields is vital for the success of Schuler's operations. The know-how of our employees and our global presence offer ideal conditions. In order to strengthen and pool our expertise in this field, we established a central research and development unit in January 2011. In accordance with its importance, this division was allocated directly to the Board of Management.

With the creation of a central research and development unit (CTO), expertise is now pooled within a single division. Together with the Technology Fields, the CTO division formulates the visions and strategies for all products of the Schuler Group. It continually drives product development and organizes the exchange of technical know-how between the Technology Fields.

CHART 09 CTO DIVISION STRATEGY

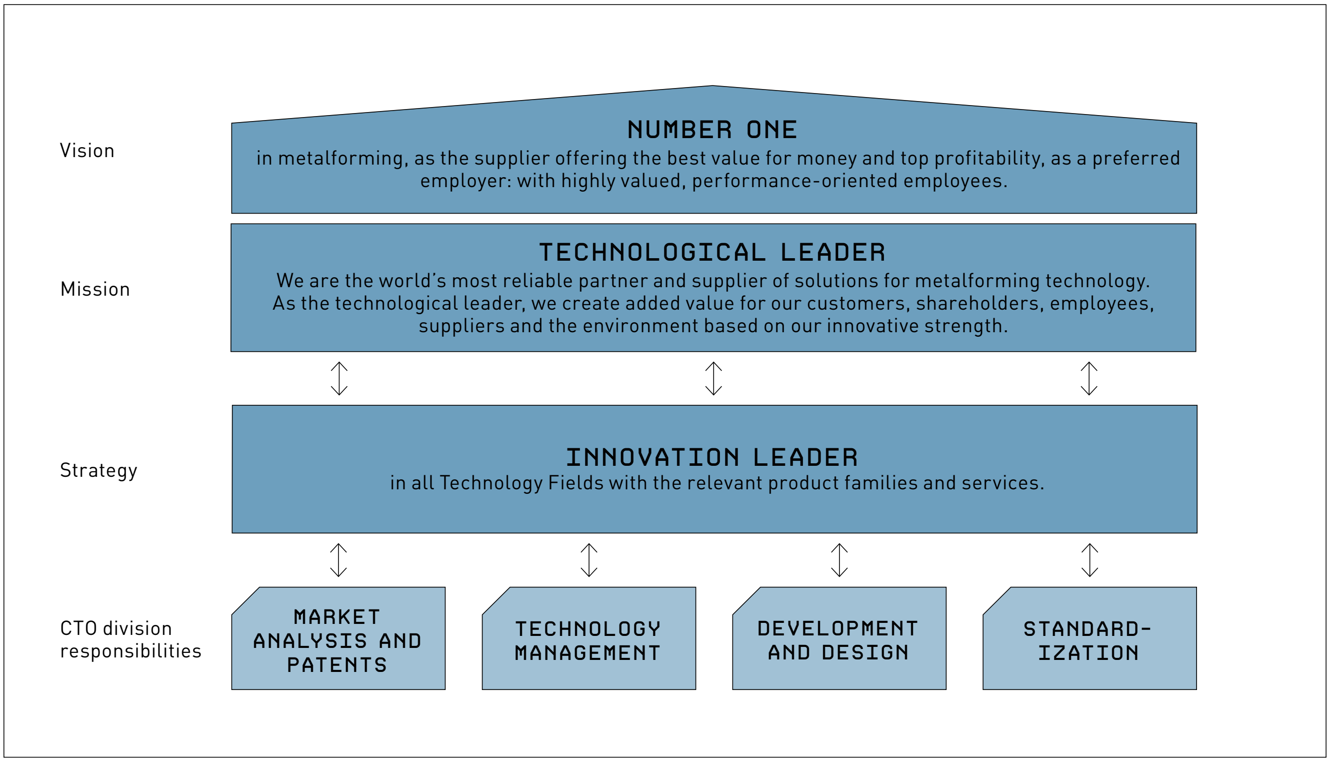
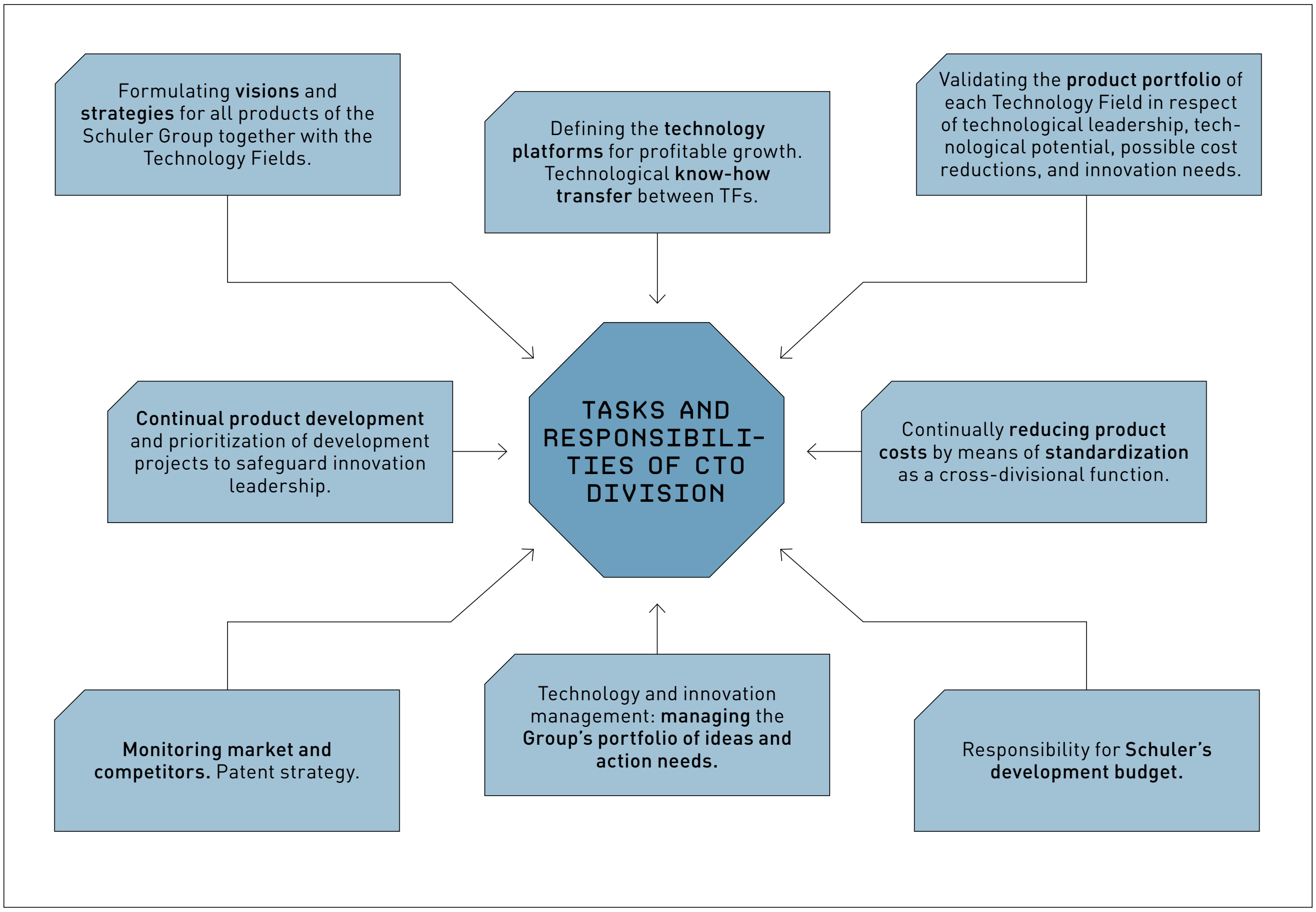
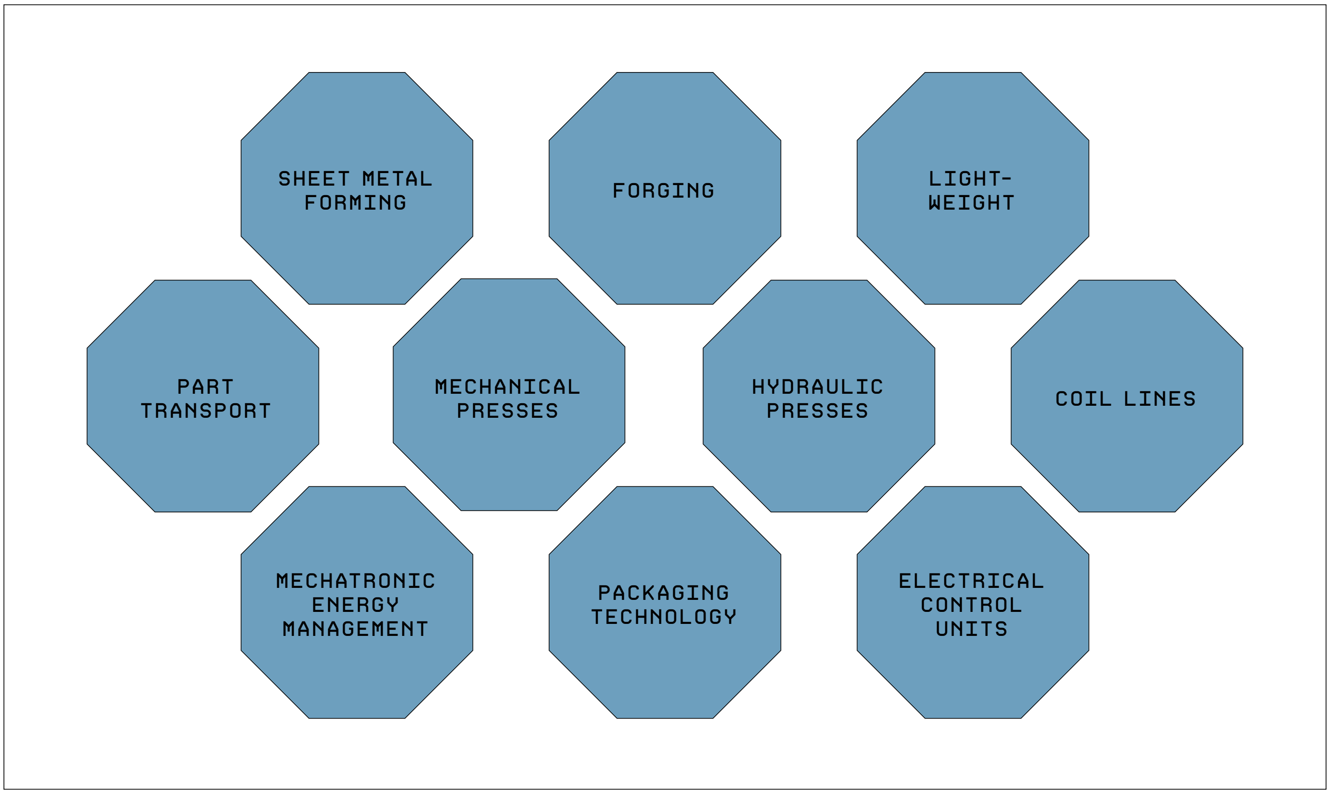


CHART 10 TASKS AND RESPONSIBILITIES OF CTO DIVISION



The technology platforms play a central role in specifying strategy with regard to actual product developments. Schuler's total expertise on specific topics is pooled in these expert groups: their members identify new innovation areas and develop proposals for the continual improvement of Schuler's product portfolio. This enables the groups to anticipate the relevant technological trends and utilize or develop them for Schuler.

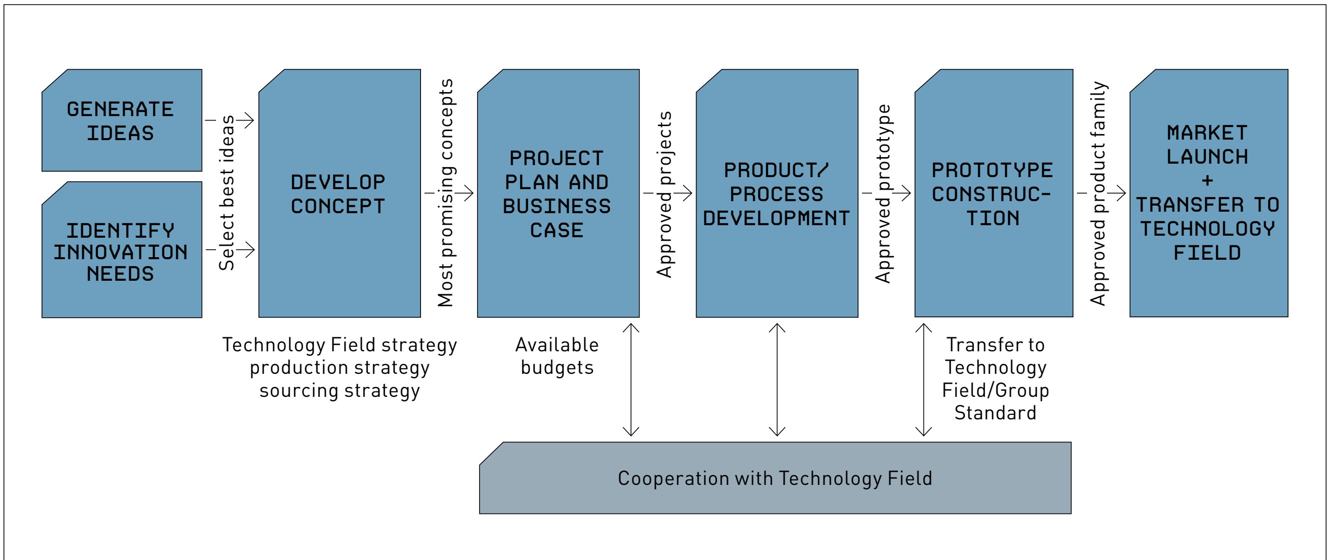
CHART 11 TECHNOLOGY PLATFORMS



THE SCHULER INNOVATION PROCESS

In order to secure and systematize Schuler's product pipeline, we have developed a system of innovation management – the Schuler Innovation Process – which defines the path from the idea to the finished product and its market launch. Our entire innovation management system is dedicated to securing increased output quality and sustainable growth.

GRAFIK 12 SCHULER'S INNOVATION PROCESS



We plan to launch at least ten new product families in 2012. We will also drive the standardization of functional units – these are both processes and modules of the product families. The aim is to offer customers the best value for money by enhancing our production efficiency.

THE SCHULER INNOVATION PIPELINE

The numerous projects which we realize for and with our customers every year are a tangible result of our innovation culture. In fiscal year 2010/11, we transformed numerous innovations into concrete projects and products in our business fields. The most important and successful were:

LARGE HYDRAULIC PRESSES FOR CARBON-FIBER REINFORCED PLASTIC PARTS

Low weight is becoming increasingly important for cars – and is vital for electric vehicles. One way of achieving this is to use carbon-fiber reinforced plastics (CFRPs). In 2010, Schuler delivered nine large hydraulic presses for the industrial volume production of CFRP parts. The machines were the first of their kind to feature the same deflection behavior of slide and bed in the force direction in order to achieve consistent part thicknesses and a twin-shuttle die transport system to optimize set-up times. The improved part qualities and greatly reduced cycle times enabled our customers to achieve significant productivity gains.

ENERGY-SAVING DRAWING CUSHION

Modular bed cushions are used in many of our presses. Reducing the bed cushion's energy consumption was a key approach for us to reduce the overall power consumption of our presses. With our patented Schuler Economic Cushion (SEC), we succeeded in halving the energy consumption of our bed cushion. Schuler Presses already has orders for 114 modules of the new SECs.

TRANSFER AUTOMATION FOR SCREW PRESSES

By applying proven transfer technology used in crank forging presses to screw presses, the customer for whom we designed this servo transfer system enjoys maximum flexibility in part handling. The system not only replaces manual operation, but also represents an economic alternative to robot automation.

MONO-BLOCK SERVO BLANKING PRESS

Increased performance for less money – the project's objective was to raise the output of blanking presses with the aid of a servo main drive while at the same time reducing investment costs. Schuler drives can reach up to 50% higher speeds than conventional mechanical blanking presses and blank even the most challenging materials. In order to ensure optimal delivery times for our customers around the world, presses can be manufactured by Schuler in Brazil, China or Germany. All three locations have now built servo blanking presses and in some cases already launched production on them.

TSC SERVO BLANKING AND FORMING SYSTEM

Our "design to cost" project in the field of Stamping & Cutting Technology is a perfect example of a win-win situation created by close cooperation between customers and Schuler's experts. The project aimed to reduce delivery times and achieve significant cost savings, while guaranteeing maximum output for the customer with the aid of cutting-edge servo technology. The standardized manufacturing process, a modularized self-supporting platform and casing concept, and the powerful single-motor drive with servo technology are the standout features of our "global machine". From both a technical and economic viewpoint, we were able to bring this ambitious project to a highly successful conclusion in fiscal year 2010/11 with two customer orders.

AUTOMATIC FINISHED PART STACKING UNITS

To ensure our customers can fully utilize the high output of Schuler's servo press lines, we developed a flexible finished part stacking unit to round out the line. Using cameras to detect the position of the finished parts, the overhead robots pick them up and stack them in part containers. The line can also be optionally equipped with an automatic quality control system.

LOAD MASTER PILOT CONTROLLER

Schuler Automation has developed a master controller specially for our Load Master range. The Load Master Pilot is a modular unit which meets all the requirements of a modern controller with cutting-edge IT technology. Starting with the basic Pilot module – which covers the fields of order planning, job management, pallet management, multiple spots and simulation – further individual functions can be easily added, such as program organization and flow control.

PROCUREMENT AND SOURCING

SUCCESSFUL EXPANSION OF STRATEGIC SOURCING

During the period under review, we continued to expand our strategic sourcing capabilities. For example, the procurement team now includes a system sourcing function. System sourcing experts act as an interface between Procurement and the Technology Field within material group management. Sustainable cost savings can be achieved by involving sourcing in projects and product development at an early stage. We have also established a highly effective operating procurement team focusing on material availability and optimizing processes. As part of the "Growing Together" project, the Group's sourcing processes have been analyzed and streamlined. For example, we succeeded in optimizing our delivery and payment conditions as well as our business processes. The cost reduction measures defined in the previous year were mostly implemented and further cost-saving potential was identified.

GLOBAL SOURCING TO UTILIZE LOCATION BENEFITS

The orders we receive are destined for customer facilities around the world. By developing and expanding our international procurement offices and enhancing our global supply partnerships, we aim to utilize our regional location benefits with regard to quality, cost and time.

In conjunction with a global division of our scope of supply for various press types, the establishment of a new procurement organization in Brazil has enabled us to optimize our sourcing processes and achieve sustainable cost savings.

As a consequence of China's strong economic expansion, purchases doubled in volume over the previous year. We therefore restructured our procurement organization in China and expanded capacities.

The international procurement offices in China, India, Brazil, Russia and the USA work closely with their colleagues in Germany when sourcing important commodity groups. From our base in Göppingen, Germany, we support our international subsidiaries in strategic questions, such as the conclusion of global master agreements.

DIFFICULT SUPPLY SITUATION SUCCESSFULLY OVERCOME

Numerous suppliers were unprepared for the sudden surge in demand resulting from the economic upturn. As a consequence, delivery times for important components grew longer over the course of the year. By taking extensive measures, however, we were able to secure vital supplies. The creation of a fast-acting working group, the conclusion of master agreements, and the early involvement of suppliers in our planning process led to a significant improvement in delivery times.

STEADY RISE IN COMMODITY PRICES

Raw materials – and in particular steel – account for a major share of our costs. In fiscal year 2010/11, the steel price remained within a predictable range. The prices of important raw materials, such as iron ore, coking coal, and copper rose steadily throughout 2011. Thanks to group-wide requirement planning and strict volume pooling, however, the lower prices of the previous year were secured for the majority of purchases. Whenever possible, Schuler always passes on increased costs to the market. Forecasts of future market cost developments are taken into account during the costing process.

PRODUCTION, TECHNOLOGY AND LOGISTICS

MODULAR PRODUCTION SYSTEM

Schuler uses assembly line production for smaller stand-alone machines and small runs. We continue to manufacture complete press lines tailored to specific customer requirements. We aim to produce the highest quality at optimized cost and on schedule. Based on this objective, we developed the Schuler Production System – consisting of a set of complementary concept elements. The main concept elements are the standardization of products and components, flexible and efficient structures and processes (order fulfillment), our international manufacturing network, sequenced manufacturing using production slots, and the specialization of specific production facilities on components or sub-assemblies requiring in-depth expertise. The various concept elements interact according to the manufacturing requirements and conditions, thereby optimizing the overall result.

OPTIMIZED PROJECT MANAGEMENT WITH ORDER FULFILLMENT

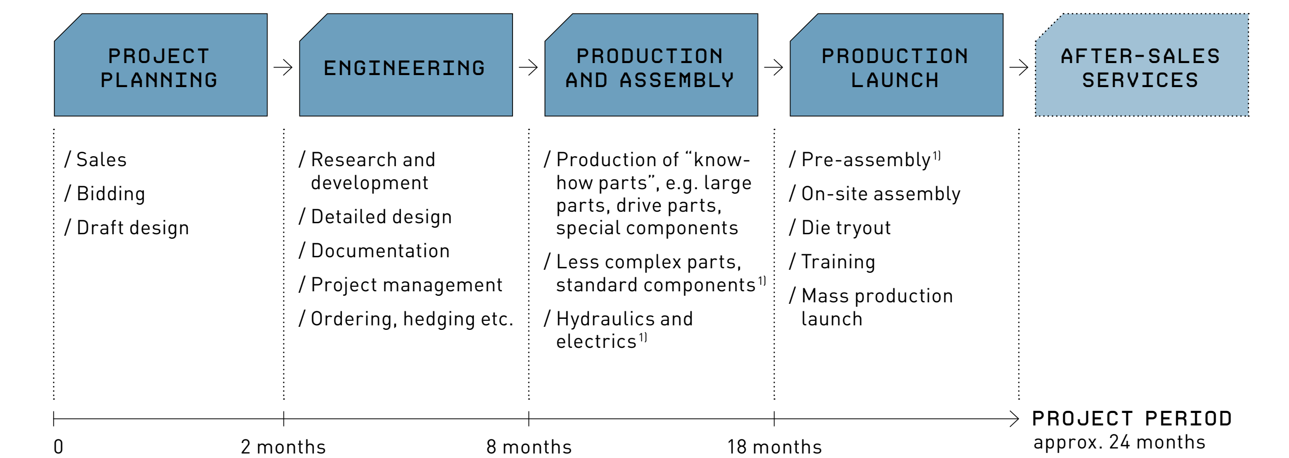
All activities involved in supplying the customer after order receipt have been pooled in our central Order Fulfillment office. Order Fulfillment integrates all activities along the value chain: sourcing, project-related research and development, production and assembly, sales, marketing, communication and customer support. This enables us to shorten lead times and optimize costs, while ensuring greater flexibility.

FAR-SIGHTED PROCESSING OF MAJOR PROJECTS

As a systems supplier, we deliver complete press systems and set them up ready for production. We have extensive experience in planning, implementing and managing such large-scale projects.

The realization phase may extend over several years. In addition to detailed technical consulting and feasibility studies in advance, additional development work is usually required to meet the client's particular specifications. The detailed design of the press line is often extremely complex. Customers frequently provide exact descriptions of the required parts in their specification lists. The standard previously agreed for the line must be then be adapted accordingly.

CHART 13 PROJECT PHASES/LARGE EQUIPMENT



1) outsourced activities

The line is then assembled in-house on the basis of the detailed design at various production facilities, depending on the respective specialization of the site for the required products, components and parts. Logistics partners then deliver the individual components and pre-assembled products to the customer's site, where Schuler employees install the complete line before launching production.

MANUFACTURING NETWORK ENABLES FLEXIBLE PRODUCTION

Large-scale projects involve the cooperation of up to eight manufacturing facilities. The Group's capacity planning unit is responsible for coordinating both the planning and execution phases. Product groups requiring specific know-how are supplied by those facilities specializing in these parts. The wide geographic distribution of our manufacturing facilities means that the production of large components can be optimized according to logistic considerations and cost criteria (e.g. currency effects). By defining components which can be manufactured by at least two Group facilities, we are capable of balancing out capacities whenever necessary. We have also defined location-specific manufacturing and/or assembly processes for which external suppliers can be used.

The order planning and control processes are supported by standard enterprise software, which enables us to allocate capacity with a minimum of administrative effort.

CHART 14 MANUFACTURING NETWORK

Location/Components	Crown	Uprights	Slide	Bed	Moving bolster	Drive	Pressure points	Automation	Assembly
Erfurt, Germany	■	■	■	■	■				■
Göppingen , Germany	■		■			■			■
Weingarten , Germany						■	■		■
Gemmingen , Germany								■	■
Heßdorf , Germany								■	■
Shanghai, China		■	■	■	■				■
Dalian, China									■
São Paulo, Brazil	■	■	■	■	■	■	■		■
Waghäusel, Germany	■	■	■	■	■	■			■

GLOBALIZATION OF DEVELOPMENT AND PRODUCTION

Whereas there is currently still a close link between design and production, it will become less important in future. We are developing workflow processes in such a way that in future each development department can work for each global manufacturing facility. The information required for sourcing and production will be automatically forwarded to the production sites. This reduces the administrative burden and speeds up the highly integrated workflow processes.

We see a significant competitive advantage in this system, which will enable us to leverage our international manufacturing network and optimize order processing.

SALES AND MARKETING

SALES DRIVE SUCCESSFULLY LAUNCHED

As part of the strategic program "Growing Together", we continued to develop our sales organization in the period under review. By focusing on ten strategic market segments and bundling expertise in eight Technology Fields, we have strengthened our sales capabilities and can now tap new growth potential. Our intensive and focused marketing efforts enable us to gain an early insight into future requirements for our products and services. Technically relevant information flows directly into the respective Technology Fields and CTO organization and forms the basis for product and process innovations, as well as further product enhancements.

FOCUS ON THE CUSTOMER

With our clearly structured Key Account Management, we provide support for our major customers around the world and across all product categories. The structure is tailored to the requirements arising from the sale of technologically complex systems and equipment and the expectations of our globally operating customers. In his capacity as central contact partner, the Key Account Manager forms the interface between the customer and Schuler's internal organization. Global Account Management pools the knowledge of the regional Key Account Managers and brings together all relevant customer information. Comprehensive customer-based reporting ensures the flow of information within Schuler's organization and at the same time forms the basis for corporate planning.

ON SITE WORLDWIDE

The global alignment and networking of the majority of our customers calls for an equally global and networked sales organization. Schuler is therefore represented by its own sales offices in all major regions of the world.

Sales offices with skilled employees are an essential prerequisite for successful sales activities. In view of the growing markets of the BRIC states, we have long been pursuing a strategy of staffing the respective local sales offices with our own skilled staff. These offices play a vital role in ensuring Schuler's market growth and success. As a consequence, we expanded our capacities in 2011 and increased the number of skilled employees on site.

GROWTH THROUGH COOPERATION

The "composites alliance" we formed with our partner FRIMO enables us to offer customers tailored turnkey solutions from a single source for the manufacturing of lightweight components. The alliance pools the know-how and experience of Schuler and FRIMO for the processing of composite materials – enabling us to create value for our customers, leverage synergies and tap new markets.

EXPANSION OF MARKETING ACTIVITIES

Schuler's marketing activities comprise a wide range of communication measures – from trade advertisements to product brochures, direct marketing, trade shows, online media, and 3D animations of complex processes. We use these tools according to the specific target group and market. Our aim is to position Schuler as a competent and reliable systems supplier for the most economically efficient production alternative.

In international marketing, we attach great importance to personal contact with our customers. We therefore try to actively engage with them so they can learn about the latest developments in metalforming and our company. In fiscal year 2010/11, Schuler was present at 35 trade fairs around the world, and held 14 of its own Technology Days, in-house fairs, symposia and workshops, as well as actively participating in 30 international conventions.

The main fairs were the Euroblech and BlechExpo in Germany, where we successfully presented our products and services while generating a large number of interesting leads. With twelve exhibitions in Europe, eleven in Asia, eight in the Americas and four in Russia, we successfully maintained our strong international presence.

In order to underline our technological and quality standing in Schuler's communication activities, we completely revamped our website ↦ WWW.SCHULERGROUP.COM and gave it a more user-friendly structure. The new website features an understated design, clear imagery and intuitive navigation based on strategic market segments and Technology Fields. Visitors can quickly and easily find concise and comprehensive information on the company and its products and services. In addition to our four major language sites (German, English, USA and China), we also offer nine compact sites for our international subsidiaries in their respective local languages.

The Marketing department accompanies new Schuler products right from the development stage – creating market launch campaigns together with the Technology Fields and sales organization, and designing communication material over the entire product life cycle. One example was the successful launch of the multiple award-winning ICon V-Drive packaging machine in 2011.

MORE INTENSIVE DIALOGUE AND INFORMATION

Transparent communication is a strategic cornerstone for us. We therefore strengthened our communication efforts significantly, both internally and externally, in the past fiscal year. Ensuring that staff were also regularly informed about Schuler's realignment process was an important aspect for us right from the start. The "Growing Together" program was the starting point for an expansion of our internal communication activities. So far, staff have been informed about the content and progress of the program at 60 individual events, such as dialogue events and management rounds, as well as in special publications.

PERSONNEL

GROWTH IN HEADCOUNT

In fiscal year 2010/11, the number of people employed by the Schuler Group increased by 4.0%. At the end of the reporting period on September 30, 2011, there were 5,168 employees worldwide, compared to 4,969 in the previous year.

In addition to the challenge represented by the current project volume, our manpower planning takes account of the long-term development of our market segments and the future demographic structure of our work force.

TABLE 03 EMPLOYEES INCLUDING APPRENTICES

	09/30/2011	09/30/2010
Schuler Group in total	5,168	4,969
Forming Systems segment	3,649	3,491
Automation segment	516	487
Tools segment	391	403
Others (incl. Schuler AG)	612	588

TABLE 04 EMPLOYEES BY REGION INCLUDING APPRENTICES

	09/30/2011	09/30/2010
Schuler Group in total	5,168	4,969
Germany	4,021	3,940
Europe (excl. Germany)	137	145
Americas	824	744
Asia	186	140

VOCATIONAL TRAINING AS A STRATEGIC ELEMENT OF PERSONNEL DEVELOPMENT

We continually invest in the training of new employees, as this gives us an outstanding opportunity to develop skilled staff for our specific needs and secure their long-term employment in the company. Young people are given an insight into the possibilities of pursuing a career as a skilled employee or in management. If they are interested, junior staff can even pursue an international career via various assignments abroad. Employees are developed individually according to their personal strengths and expertise.

TABLE 05 OVERVIEW OF APPRENTICESHIPS AT THE END OF THE REPORTING PERIOD

	09/30/2011	09/30/2010
Schuler Group in total	300	332
Forming Systems segment	231	257
Automation segment	28	25
Tools segment	26	25
Others (incl. Schuler AG)	15	25

Schuler offers young people a variety of training opportunities. We provide apprenticeships for a total of 15 industrial-technical professions and two commercial professions. We also offer places for nine dual or cooperative degree programs with a technical orientation, and three dual degree programs with a business administration focus. Due to the high quality of training offered at our various German sites, a number of reputable companies have transferred part of their vocational training activities to Schuler's training center.

In economically stable times with a healthy order position, apprentices and trainees can expect to be offered unlimited contracts at the end of their respective courses. Schuler offers attractive jobs for those students who pass their exams with good results and display a strong level of motivation and a will to succeed.

MOTIVATION THROUGH COMPETITION

We are a member and partner of WorldSkills, an initiative designed to promote the vocational skills of young people in national and international competitions. We can already look back on our first success. Two apprentices from Erfurt came first in both the German championships and the European championships, the EuroSkills, and thus qualified for the international championships, the WorldSkills. Our aim is to motivate trainees to achieve their best-possible performance and to generate enthusiasm for their profession.

AWAKING INTEREST AS SOON AS POSSIBLE

In order to attract schoolchildren to our company, we regularly participate in career fairs, provide information at schools and hold open days at our training centers. This is the best opportunity to learn about our apprenticeships, to question our training staff and the current apprentices, and to gain hands-on experience of the professions offered.

We have signed cooperation agreements with schools near our facilities. These include the possibility of work experience, career guidance and the provision of technical equipment for school lessons. Via our cooperation with kindergartens, we try to create a fascination for technology among even the youngest. Our subsidiary in Erfurt, for example, works closely with a business-oriented secondary school. The cooperation package includes, amongst other things, a project week in which students and teachers learn theory and practice at our training center for one week, participation in parent-teacher conferences, factory tours, support for trainees, for example keeping drills fit, painting workrooms, and information events for teachers on the subject of technology. The cooperating kindergarten is also located close to the company. After a factory tour specially designed for small children, technology boxes are distributed to the young visitors. On Thanksgiving Day, the kindergarten invited company staff to a barbecue. Schuler was also involved with the organization of the event and second-year apprentices painted the benches.

We also promote the social responsibility of our employees. Our apprentices, for example, are making a valuable contribution to the protection of our environment. On the initiative of our young staff, Schuler became a sponsor for a rare butterfly. A local countryside area is regularly cleaned in order to preserve the butterfly's natural habitat.

The first such event was held in October 2010, with 21 persons from different apprenticeship years. In July 2011, an information board and bench donated by Schuler were officially unveiled. Twelve people took part in the event. The second cleaning day was held in October 2011 with 24 first-year apprentices. The events are usually held once a year.

FOCUS ON NURTURING JUNIOR STAFF

Schuler's Personnel Development department has long been committed to nurturing the company's junior staff. Training modules are constantly offered aimed at providing our budding specialists and managers with the necessary tools for their future careers. Basic management and leadership principles are conveyed in six different modules. The personality and special strengths of each individual are highlighted and developed throughout the entire program. Key work techniques are also taught, such as communication skills and the ability to handle conflict situations. Change management is also an important topic for our junior staff. They not only learn how to deal with change, but also how they can actively shape change processes.

We are confident that our targeted and forward-looking personnel development strategy plays an important role in strengthening the company's retention of young, highly skilled employees.

ACTIVE PARTICIPATION IN CHANGE PROCESSES

In the past fiscal year, personnel development activities focused on supporting the strategic realignment of our various departments. We placed a particular emphasis on providing support for the Sales and Sourcing divisions. In these two areas, we launched projects aimed at helping staff cope with changes on both the market and within their own organization.

EXCELLENT QUALIFICATION STANDARDS

Our staff are highly skilled. Qualified engineers account for 16% of the total Group work force. The proportion of skilled workers is 51%. Unskilled workers account for just 2% of staff. Commercial and technical staff represent the remaining 31% of our work force.

STRONG IDENTIFICATION WITH THE COMPANY

Despite drastic changes, formidable challenges and difficult economic times, staff still identify very strongly with their company. It is an expression of mutual appreciation and an indication of a healthy corporate culture.

TABLE 06 FLUCTUATION IN THE PAST FISCAL YEAR (EXCLUDING APPRENTICES)

	Fluctuation incl. redundancies	Fluctuation, only voluntary departures
Total in Germany	4.4%	1.5%
Total outside Germany	9.5%	5.5%
Total in Group	5.6%	2.4%

TABLE 07 AVERAGE SERVICE YEARS (EXCLUDING APPRENTICES)

Total in Germany	19.3 years
Total outside Germany	11.1 years
Total in Group	17.4 years

Company loyalty and the commitment of staff during the crisis years were specially honored in fiscal year 2010/11. All employees who helped achieve a temporary reduction in personnel expenses by waiving part of their salary, will receive a bonus in the form of a lump sum. The bonus is an expression of the gratitude we owe to our staff. Their flexibility and loyalty played a significant role in ensuring Schuler survived a difficult economic period. Moreover, we can now also rely on the experts we need to supply our customers with innovative and technologically superior products.

THE FISCAL YEAR

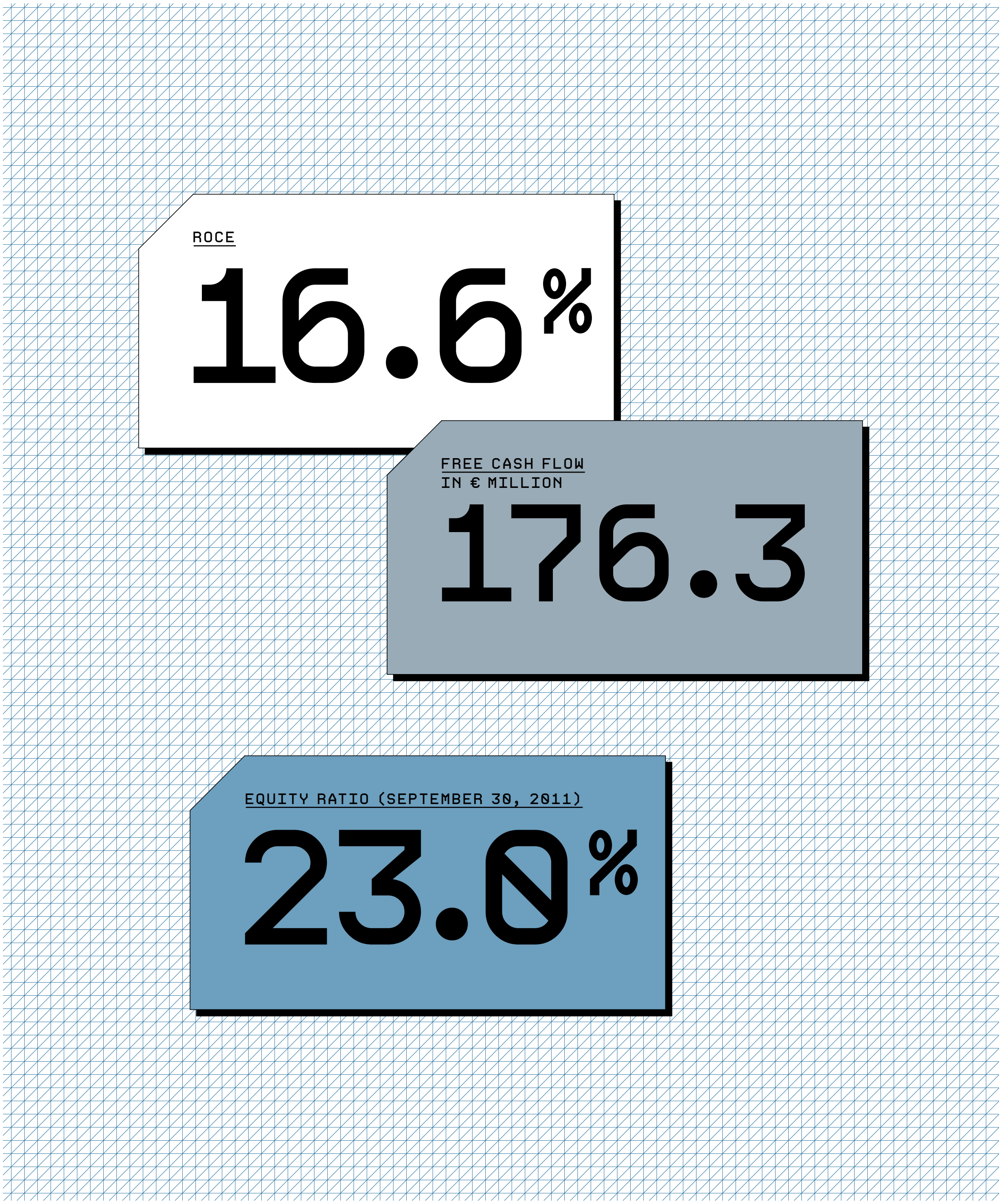
/ CONTENT

ECONOMIC AND SECTOR ENVIRONMENT 67 / BUSINESS DEVELOPMENT 70 / EARNINGS POSITION 75 / FINANCIAL POSITION 77 / ASSETS POSITION 81 / REMUNERATION REPORT 83 / RISK REPORT 85 / SPECIAL MANDATORY DISCLOSURES 97 / SUBSEQUENT EVENTS 100 / FORECAST REPORT 101

SCHULER

i HTTP://WWW.SCHULERGROUP.COM/GB

CHART 15 SELECTED BUSINESS DEVELOPMENT FIGURES IN 2010/11



ECONOMIC AND SECTOR ENVIRONMENT

GLOBAL ECONOMY LOSES MOMENTUM IN 2011

Following the global economic recovery in 2010, with growth in global gross domestic product (GDP) of 5.1%, the upturn lost momentum during the course of 2011. The latest forecast of the International Monetary Fund (IMF) predicts global GDP growth of 4.0%. In addition to cyclical effects, economic growth is being hampered by the effects of the Euro zone debt crisis and the high level of sovereign debt in the USA.

There are considerable regional differences in the pace of growth, however. The development of Asia's emerging markets, and in particular China, remains strong. In contrast, the US economy continued to slow and posted very moderate growth. In Japan, the situation is slowly getting back to normal after the natural catastrophe in March. Growth in the Euro zone continues to falter, although Germany benefited from strong exports and remained the driving force of the Euro zone.

TABLE 08 GDP DEVELOPMENT IN PERCENT

	2011	2010
World	4.0	5.1
Euro zone	1.6	1.8
Germany	2.7	3.6
USA	1.5	3.0
Japan	-0.5	4.0
China	9.5	10.3
India	7.8	10.1
Brazil	3.8	7.5
Russia	4.3	4.0

Source: IMF, September 2011

AUTOMOTIVE SECTOR ENJOYING STRONG GROWTH

The global automotive industry raised sales strongly in 2010, achieving year-on-year growth of 12.0% to 61.7 million units. Global car production in 2010 rose by 25.9% to around 78.0 million vehicles. In Europe, output grew by 12.6% to 17.3 million vehicles. Following a sharp fall in the previous year, Eastern Europe experienced growth of 33.0%.

There was a disproportionately strong increase of 29.5% to over 39.0 million vehicles in Asia, which raised its share of global car output to more than 49.0%. China is the world's largest manufacturer with 18.3 million vehicles (+32.4%), followed by Japan, the USA and Germany. The North American auto industry pulled out of crisis and made strong progress. At 12.1 million units, growth in output reached 38.6%. Japan raised output by 21.3%. In Germany, some 5.9 million vehicles were produced in 2010, corresponding to year-on-year growth of 13.4%.

German car output continued to grow in 2011 and as of October 2011 exceeded the prior-year volume by 6.4% to reach over 4.9 million vehicles.

Sales of German cars were more buoyant in 2011, due in particular to stronger domestic demand. There was strong growth over the low volume of the previous year, which was largely dominated by special effects (end of the so-called scrappage scheme). In the first 10 months of 2011, around 2.7 million new cars were registered – an increase of 9.8% over 2010. Exports grew by 7.4% to approx. 3.8 million vehicles in the same period.

Global car sales continued to grow in 2011, albeit at a slower pace than in the previous year. However, there were significant regional differences. Strong demand in the BRIC states led to high growth rates. In the period January to October 2011, year-on-year growth in car sales reached 9.3% in China and 42.5% in Russia. Over the same period, sales in India grew by 5.5% and in Brazil by 5.1%. There was also strong growth in the USA (+10.0%) with sales of 10.5 million vehicles. In Japan, however, the natural catastrophe led to a sharp decline in sales (–21.6%) compared to the previous year. At around 10.9 million new registrations, the West European car market was slightly down on the previous year (–1.0%) in the period January to October 2011. In Eastern Europe, however, new registrations grew by 30.3% to 2.8 million in the same period.

BUOYANT MACHINE TOOL MARKET

The global machine tool market performed extremely well in fiscal year 2010/11. The German Machine Tool Builders' Association (Verein Deutscher Werkzeugmaschinenfabriken – VDW) calculated that global consumption of machine tools rose by over 21% in US dollars or +28% in euros during 2010. The Asian market and especially China continued to grow in importance. China was the world's largest consumer of machine tools with a share of 36.1%.

The German machine tool market experienced strong growth in the period January to September 2011. New orders reached an all-time high while the order backlog stood at a record 9.5 months. Production volume increased by 36.2% to around € 9.0 billion. Domestic consumption in the first 9 months was 45.2% up on the previous year at almost € 4.6 billion. Strong worldwide demand meant that exports were more than a third higher than in the previous year at € 5.6 billion.

Sales to China, the world's largest market for machine tools, grew by 43.3% to € 1.6 billion. This corresponds to 29.2% of total exports. However, there was also a sharp increase in exports to the USA, the second largest trading partner, of 64.0% to € 485.0 million.

BUSINESS DEVELOPMENT

STRONG INCREASE IN NEW ORDERS

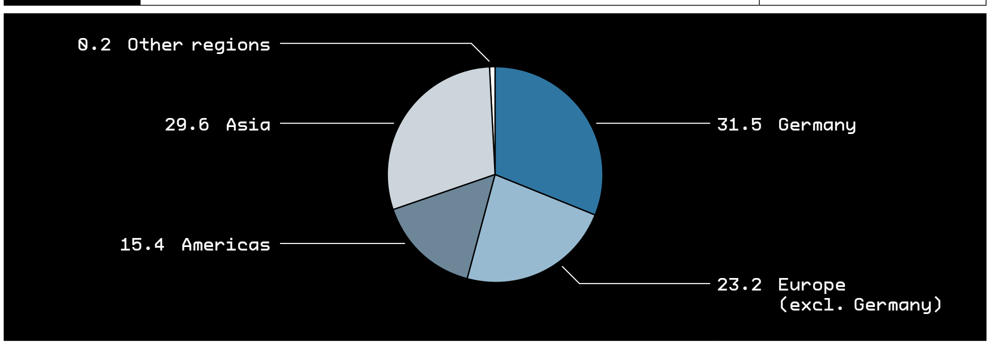
There was a very positive development in orders received by the Schuler Group during fiscal year 2010/11. Consolidated new orders rose to € 1,319.0 million and thus exceeded the prior-year figure of € 818.4 million by 61.2%. There was growth in all our core markets.

New orders from foreign markets increased by 61.6% compared to the previous year, from € 559.4 million to € 903.9 million. Orders received from European customers (excluding Germany) more than quadrupled to € 306.6 million (prior year: € 69.1 million). New orders from Asia grew by 37.7% to € 390.6 million. Orders received from the Americas were up 4.2% on the previous year at around € 203.4 million. In Germany, we received orders worth € 415.1 million, corresponding to growth of 60.3% over 2009/10. The proportion of new orders received from outside Germany was slightly up on the previous year at 68.5%.

TABLE 09 NEW ORDERS IN € MILLIONS

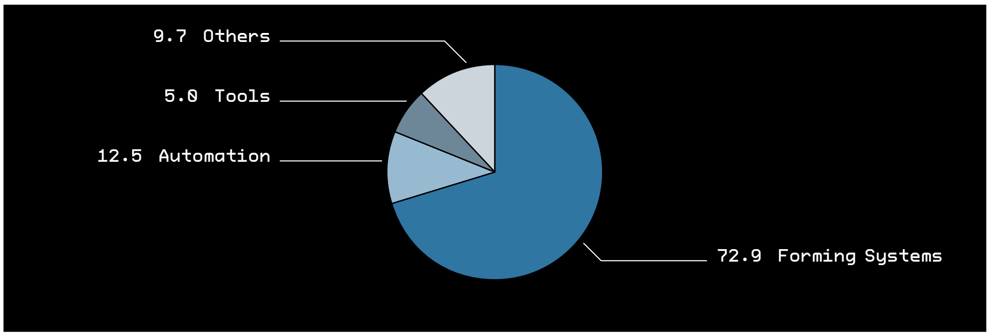
	2010/11	2009/10
Germany	415.1	259.0
Europe (excl. Germany)	306.6	69.1
Americas	203.4	195.2
Asia	390.7	283.7
Other regions	3.2	11.3
New orders	1,319.0	818.4

CHART 16 NEW ORDERS 2010/11 IN PERCENT



The Forming Systems segment received new orders worth € 1,102.1 million in 2010/11, representing year-on-year growth of 61.7% (prior year: € 681.6 million). Orders received by the Automation segment almost doubled to € 188.5 million (prior year: € 96.0 million). New orders in the Tools segment rose by 32.3% to € 75.0 million (prior year: € 56.7 million). The Others segment recorded orders of € 147.0 million, corresponding to growth of 67.6% over the previous year (€ 87.7 million).

CHART 17 NEW ORDERS BY SEGMENT 2010/11 IN PERCENT



POSITIVE DEVELOPMENT OF ORDER BACKLOG

As of September 30, 2011, the order backlog stood at € 1,035.7 million – 53.4% above the prior-year level of € 675.3 million.

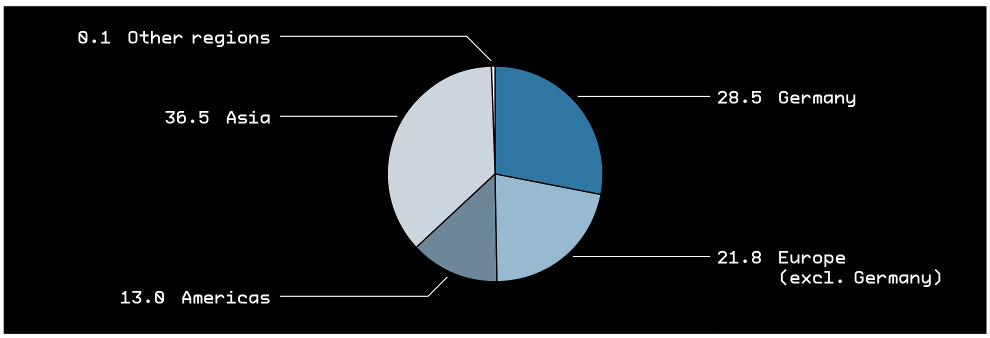
Domestic orders grew by 66.7% to € 295.3 million, while foreign orders were up by 48.7% to € 740.4 million. At € 226.3 million, the order backlog from European customers (excluding Germany) were more than three times higher than in the previous year (€ 72.0 million).

The backlog of Asian orders was up 27.6% to € 378.1 million. Orders from Asian markets represented the largest share of our order backlog (36.5%), followed by Germany (28.5%). In total, foreign orders accounted for 71.5% of our order backlog (prior year: 73.8%).

TABLE 10 ORDER BACKLOG IN € MILLIONS

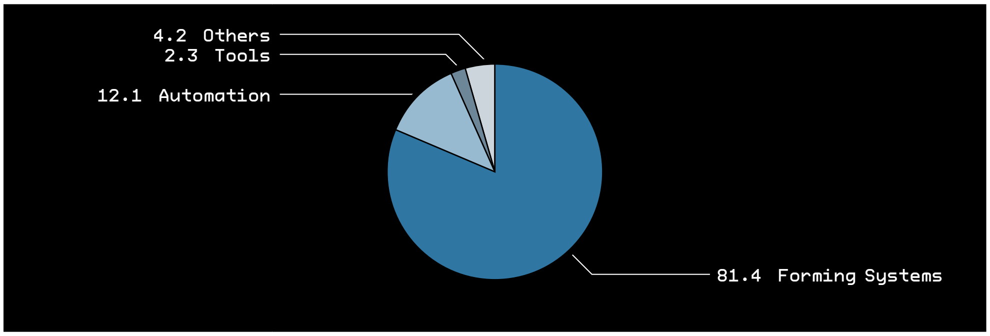
	09/30/2011	09/30/2010
Germany	295.3	177.2
Europe (excl. Germany)	226.3	72.0
Americas	134.8	124.4
Asia	378.1	296.2
Other regions	1.3	5.4
Order backlog	1,035.7	675.3

CHART 10 ORDER BACKLOG BY REGION (09/30/2011) IN PERCENT



As of September 30, 2011, the order backlog of the Forming Systems segment amounted to € 947.8 million – 55.2% above the corresponding prior-year figure (€ 610.8 million). The order backlog of the Automation segment more than doubled to € 140.6 million (prior year: € 69.5 million). Compared to the previous year, the order backlog of the Tools division fell slightly by –1.8% to € 27.3 million (prior year: € 27.8 million). The order backlog of the Others segment rose by 57.7% to € 48.9 million (prior year: € 31.0 million).

CHART 19 ORDER BACKLOG BY SEGMENT (09/30/2011) IN PERCENT



ENCOURAGING GROWTH IN SALES

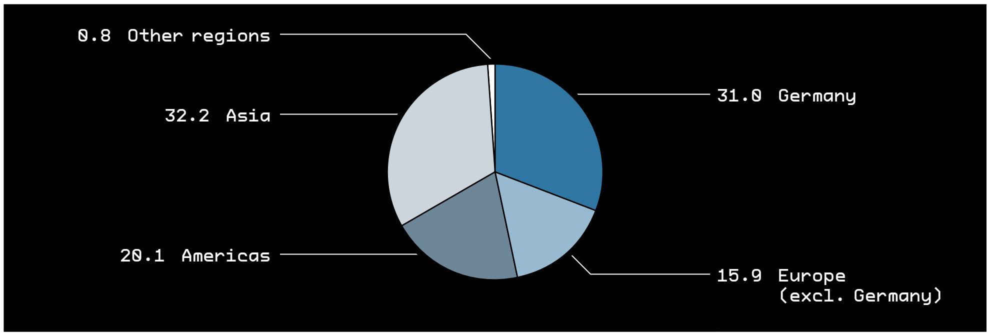
In its fiscal year 2010/11, Schuler increased consolidated sales by 47.4% to € 958.5 million (prior year: € 650.3 million).

In our foreign markets, revenues were up by 55.2% to € 661.6 million (prior year: € 426.2 million). In Asia, sales almost doubled to € 308.8 million and accounted for 32.2% of total sales (prior year: 24.0%). European sales (excluding Germany) grew to € 152.4 million (+43.0%), while sales in the Americas rose by 24.8% to € 193.1 million. In Germany, sales of around € 297.0 million exceeded the prior-year figure (€ 224.0 million) by 32.5%. The total proportion of consolidated sales generated outside Germany amounted to 69.0% and was thus 3.5 percentage points higher than in the previous year.

TABLE 11 SALES IN € MILLIONS

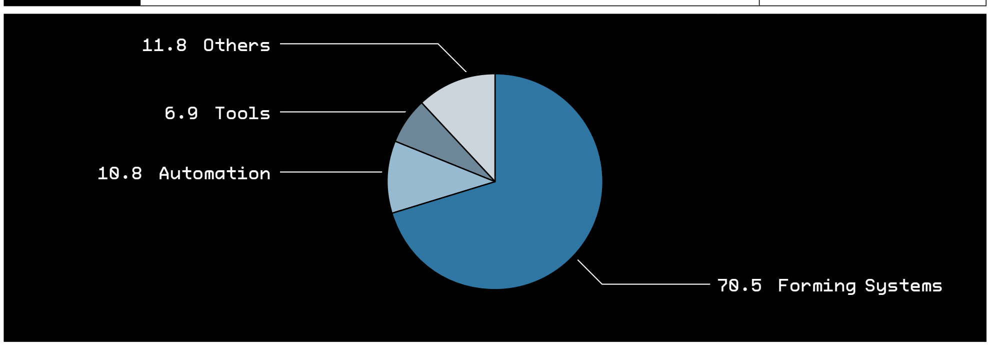
	2010/11	2009/10
Germany	297.0	224.0
Europe (excl. Germany)	152.4	106.6
Americas	193.1	154.7
Asia	308.8	155.8
Other regions	7.3	9.2
Sales	958.5	650.3

CHART 20 SALES BY REGION 2010/11 IN PERCENT



In fiscal year 2010/11 the Forming Systems segment grew by 50.5% and achieved sales with third parties and the Group's other segments of € 766.0 million (prior year: € 509.0 million). With a share of 70.5% of the Group's total sales (including inter-segment sales), Forming Systems represents the largest segment. Sales generated by the Automation segment rose by 78.5% to € 117.3 million (prior year: € 65.7 million). With sales of € 75.5 million, the Tools segment achieved growth of 53.1% (prior year: € 49.3 million). The Others segment received revenues of € 128.3 million – 23.8% more than in the previous year (€ 103.6 million).

CHART 21 SALES BY SEGMENT 2010/11 IN PERCENT



EARNINGS POSITION

GREATLY IMPROVED EARNINGS

The highly encouraging development of our order position since the middle of last year led to a strong increase in production activity and rising order results. The combination of all factors had a very positive impact on earnings of the Schuler Group. Total performance grew by around 46.9% to € 975.1 million (prior year: € 663.9 million). Due to the healthy utilization of production capacities, an increasing amount of work had to be outsourced. The rise in outsourcing expenses was largely responsible for the increase in the proportion of raw materials and consumables used to 47.1% (prior year: 40.0%). In the fiscal year 2010/11, personnel expenses grew by € 55.7 million to € 321.4 million. As a result of the low employment level in the previous year, a supplementary collective bargaining agreement was concluded with the German metalworkers' union (IG Metall) in November 2009 for the fiscal year 2009/10 which led to temporary savings in personnel expenses. The supplementary collective bargaining agreement expired on September 30, 2010. Due to the sharp rise in total performance, the ratio of personnel expenses to total expenses fell to 33.0% (prior year: 39.6%). EBITDA was up strongly to € 84.6 million in the period under review (prior year € 30.0 million). This resulted in an EBITDA margin of 8.8% (prior year: 4.6%). After deduction of depreciation and amortization, the EBIT result for fiscal year 2010/11 amounted to € 54.2 million, compared to € 17.1 million in the previous year.

TABLE 12 CONDENSED INCOME STATEMENT IN € MILLIONS

	2010/11	2009/10
Sales	958.5	650.3
EBITDA	84.6	30.0
Depreciation/write-ups	30.3	12.9
EBIT	54.2	17.1
Interest result	–32.1	–32.5
EBT	22.2	–15.8
Income taxes	–1.7	–4.0
Group profit or loss	23.9	–11.8

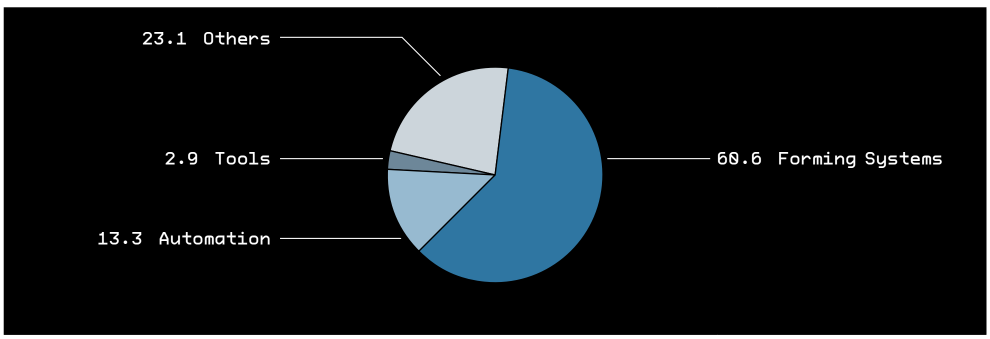
The strong increase in depreciation included in these figures results mainly from non-scheduled value adjustments on development costs capitalized in previous years in connection with wind power technology, which were written down in full (€ 6.0 million) in the period under review following the discontinuation of this business field. Further expenses of € 6.9 million were charged in relation to wind power technology. After accounting for this special item, ROCE increased from 4.1% last year to 16.6%. In addition to the strong rise in EBIT, this ratio benefited above all from a significant decrease in capital employed due to a further strong rise in customer pre-payments.

Pre-tax earnings (EBT) improved from € –15.8 million to € 22.2 million; profit for the year amounted to € 23.9 million (prior year: € –11.8 million).

SOUND PROGRESS IN ALL SEGMENTS

The strong improvement in consolidated earnings is reflected in the operating results of all segments. Despite the above-mentioned burden from the discontinuation of wind power technology, the increase in sales of over 50% generated by the Forming Systems segment helped raise EBIT from € 12.5 million to € 39.3 million. In the Automation segment, EBIT improved to € 8.6 million (prior year: € –0.8 million) thanks to an even stronger percentage growth in sales. Although sales in the Tools segment also grew strongly, EBIT fell from € 5.1 million to € 1.9 million. It should be noted, however, that the prior-year figure included a special item from asset write-ups of € 5.6 million. In addition, the segment result of the reporting period includes non-scheduled depreciation on assets belonging to the Group's Czech subsidiary of € 2.2 million. After adjustment for these special items, there was an increase in EBIT of € 4.6 million. The EBIT result of the Others segment rose from € 8.5 million to € 15.0 million – mainly due to the positive development of Schuler Guß, Schuler Cartec Engineering and the Sales & Service companies.

CHART 22 EBIT BY SEGMENT IN PERCENT



FINANCIAL POSITION

Within the Group, Schuler AG plays the central role with regard to financing and securing liquidity. It is responsible for most debt financing and provides the Group's subsidiaries with funds as and when they are required. As part of the Group's central cash pooling activities, the Treasury department of Schuler AG takes any surplus funds from the Group's subsidiaries and in turn provides them with liquidity where required. This guarantees a united appearance on the capital markets and reduces the need for external finance, thus reducing debt financing costs and especially short-term finance. In addition, credit lines and bilateral finance is agreed with local banks in order to account for legal or other circumstances. In fiscal year 2010/11, the main focus was placed on reducing and optimizing our financial debts. For more details on the principles and aims of our financial management system, please refer to note (29) of the consolidated financial statements ↦ PAGE 188FF.

As a result of the successfully completed capital increase in July 2011, the company's capital stock rose by € 16.90 million to € 76.05 million. A total of 6,500,000 new no-par value common shares made out to the bearer were issued at an offering price of € 10.50. The gross proceeds from the issue amounted to € 68.25 million.

A syndicated loan agreement concluded by Schuler AG and its major subsidiaries is used to meet borrowing needs and secure liquidity. In the past fiscal year, the credit facility tranches were reduced by means of non-scheduled repayments, mainly from proceeds received during the capital increase in July 2011. As of September 30, 2011, the credit facility tranches of the syndicated loan agreement due to expire in September 2012 totaled € 123.8 million (prior year: € 196.5 million) while the guarantee facility tranche remained unchanged at € 250.0 million. The increased credit facility requirement due to a rise in payments on account received from customers was covered in the short term by additional bilateral credit facility lines totaling € 50.0 million with various banks.

Due to Schuler's healthy economic situation and improved equity ratio following the capital increase, a new syndicated loan agreement was concluded in November 2011 with a total volume of € 450.0 million and improved conditions. This replaced the existing syndicated loan agreement and the guarantee provided by the federal state of Baden-Württemberg. The new syndicated loan agreement was concluded mainly with the existing syndicate of banks and credit insurance companies led by Landesbank Baden-Württemberg and Deutsche Bank. The new syndicated loan agreement expires on September 30, 2016. It comprises a guarantee facility tranche of € 300.0 million, which can be increased if required by a further € 50.0 million, and a credit facility tranche of € 150 million which may also be used as a guarantee facility. The greatly improved terms of the new syndicated loan agreement are dependent on the Schuler Group's relationship of net borrowing to EBITDA and are reviewed and adjusted where necessary each quarter. The collateral for the syndicated loan agreement includes shares in subsidiaries, property, plant and equipment, and current assets. The syndicated loan agreement contains a standard change-of-control clause, under which the syndicate of banks can demand repayment of the loan agreement if one shareholder or several shareholders acting in unison (with the exception of the Schuler-Voith family, its heirs, or investment companies controlled by the aforementioned) acquire more than 50% of the shares and voting rights in Schuler AG. Further information on the Schuler Group's financial position is provided in the notes.

In addition, the Schuler Group has bilateral credit lines and loans which are mainly denominated in Euro and 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 3.2 years (prior year: 3.3 years) and that of the variable-interest loans 3.3 months (prior year: 4.5 months). For further details on the possible consequences of changes in interest levels, please refer to note (29) of the consolidated financial statements. ↦ PAGE 188FF.

In total, the Schuler Group has credit and guarantee facilities with various credit institutes and credit insurance partners amounting to € 550.6 million (prior year: € 525.6 million), of which € 92.8 million (prior year: € 209.6 million) were unused at the end of the reporting period. The increased usage resulted mainly from a higher guarantee requirement for payments on account received from customers. At the end of the reporting period, cash and cash equivalents amounted to € 236.7 million (prior year: € 98.8 million).

Furthermore, we use selected off-balance-sheet financial instruments, such as operating leases. As of September 30, 2011, payment obligations from operating leases amounted to € 119.3 million (prior year: € 128.4 million). Further details are provided in note (31) ↦ PAGE 201.

STRONG IMPROVEMENT IN CASH FLOW

The statement of cash flows presents a breakdown of cash proceeds and disbursements from operating, investing and financing activities. After adding cash and cash equivalents at the beginning of the year and non-cash changes in liquid funds from exchange rate fluctuations, this results in the total amount of cash and cash equivalents available at the end of each fiscal year.

TABLE 13 CONCISE STATEMENT OF CASH FLOWS — IN € MILLIONS

	2010/11	2009/10
Profit or loss for the year	23.9	-11.8
+/- Depreciation, amortization and impairments/ impairment reversals of non-current assets	30.3	12.9
Changes		
Net working capital	136.4	64.7
Provisions/other	-9.9	-11.6
Cash flow from operating activities	180.7	54.3
CAPEX (Capital expenditures)	-9.6	-16.7
Other	+5.1	+28.1
Cash flow from investing activities	-4.4	11.4
Capital increase Schuler AG	65.6	7.2
Redemption of financial liabilities	-103.4	-26.0
Other	-0.6	-1.3
Cash flow from financing activities	-38.4	-20.1
Change in cash and cash equivalents	138.0	45.5
+/- Change in cash and cash equivalents due to exchange rate fluctuations	-0.1	1.8
Net change in cash and cash equivalents	137.9	47.3

At € 180.7 million, cash flow from operating activities was € 126.4 million higher than in the previous year. In addition to the growth in earnings, this strong increase was largely due to the significant rise in payments on account received from customers, which more than compensated for the rise in cash tied up in receivables and inventories. Cash flow from investing activities changed from € 11.4 million last year to € –4.4 million. The unusually positive value in fiscal year 2009/10 resulted mainly from proceeds received on the sale of real estate belonging to our Brazilian subsidiary. In the period under review, there was a comparatively low level of proceeds from disposals. Cash flow from financing activities amounted to € –38.4 million (prior year: € –20.1 million). In addition to the increase in debt repayments, this figure also includes the capital increase conducted in the reporting period which led to net proceeds of

€ 65.6 million for Schuler AG. As a consequence of the above cash flow changes, cash and cash equivalents increased by € 137.9 million in 2010/11, compared to € 47.3 million in the previous year.

After deduction of financial liabilities, net liquidity amounted to € 137.8 million, compared to a net financial debt of € 106.3 million at the end of the previous reporting period.

CHART 23 CAPITAL EXPENDITURES AND DEPRECIATION IN € MILLIONS

The Schuler Group once again made moderate investments in its non-current assets in fiscal year 2010/11. Additions to intangible assets and property, plant and equipment amounted to € 9.6 million, compared to € 16.7 million in the previous year. Capitalized development costs reached € 1.0 million. The higher prior-year figure (€ 4.0 million) is due to the development focus on wind power technology at the time; these activities were discontinued in the period under review. Other additions consisted mainly of smaller replacement investments focusing on machines and technical equipment.

Depreciation and amortization of intangible assets and property, plant and equipment of € 30.3 million in the past year not only easily exceeded the corresponding additions from investing activities, but also the corresponding prior-year figure (€ 21.5 million). This development was mainly due to the increase in non-scheduled writedowns, which rose from € 1.0 million to € 8.3 million. These were necessary in order to write down capitalized development costs of previous periods (€ 6.0 million) following the discontinuation of wind power technology activities. In addition, a writedown of € 2.2 million was made to the lower recoverable value of assets belonging to Müller Weingarten Česká Republica s.r.o., Mořkov, the Czech Republic.

ASSETS POSITION

STATEMENT OF FINANCIAL POSITIONS: FURTHER IMPROVEMENT IN FINANCIAL STATUS

TABLE 14 ASSETS — IN € MILLIONS

	09/30/2011	09/30/2010
ASSETS		
Non-current assets	285.0	299.5
Current assets	610.9	427.3
Total	895.9	726.8
LIABILITIES		
Equity	206.4	116.8
Non-current liabilities	170.6	290.9
Current liabilities	519.0	319.0
Total	895.9	726.8

At the end of the reporting period on September 30, 2011, the total statement of financial positions of the Schuler Group amounted to € 895.9 million and thus exceeded the comparable prior-year figure (€ 726.8 million) by 23.2%. On the asset side, non-current assets fell from € 299.5 million to € 285.0 million. This was mainly due to a fall in intangible assets and property, plant and equipment resulting from much higher depreciation in fiscal year 2010/11 compared to capital expenditures. There was an opposing development in deferred tax assets, which increased from € 36.5 million to € 46.0 million. This resulted from the improved earnings prospects of subsidiaries, which in turn led to increased capitalization of tax loss carryforwards and thus an increase in deferred tax assets. Current assets, however, grew strongly from € 427.3 million to € 610.9 million. In addition to the rise in inventories and trade receivables due to the expansion of business activities, this development was mainly due to a significant increase in cash and cash equivalents to € 236.7 million (prior year: € 98.8 million).

On the liabilities side, equity grew strongly by € 89.6 million to € 206.4 million as a result of the capital increase conducted during the reporting period and the strong consolidated profit for the period. Despite the increase in the total statement of financial positions, the equity ratio therefore improved from 16.1% to 23.0%.

Non-current liabilities fell from € 290.9 million to € 170.6 million. This was mainly brought about by a reduction in non-current financial liabilities, which fell from € 169.6 million to € 67.6 million. As a result of the syndicated loan agreement concluded in November 2011, there was a shift in the debt structure from non-current to current liabilities. Moreover, the proceeds from the capital increase and the earmarking of time deposits for the complete repayment of the fixed term loan compensated for an expected rise in current financial liabilities. As of September 30, 2011, short-term financial debt was reduced from € 35.5 million to € 31.3 million. Other current liabilities increased in total by 72.0% to € 487.7 million. This rise mainly reflects the sharp increase from € 73.6 million to € 231.4 million in payments on account received from customers carried as liabilities. Against the backdrop of increased order volumes, trade payables also rose to € 84.8 million (prior year: € 64.6 million).

REMUNERATION REPORT

REMUNERATION OF THE BOARD OF MANAGEMENT

The Personnel Committee of the Supervisory Board regularly reviews the structure and size of the remuneration system for the Board of Management. The remuneration of the Board of Management comprises a fixed and a variable component. The variable remuneration component is based on the consolidated earnings – or EBITDA – of the respective fiscal year. There are also post-employment benefits. These are all based on the standard, group-wide regulations concerning the granting of pension supplements and consider such aspects as last basic remuneration and the number of service years. Pensions are paid on termination of the service contract and always after completion of the 63rd year of age or in the case of prior service disability. Current remuneration of members of the Board of Management in fiscal year 2010/11 amounted to T€ 3,171 (prior year: T€ 1,472), of which T€ 1,563 (prior year: T€ 0) resulted from variable, performance-based components. The current service cost included in pension obligations amounted to T€ 320 (prior year: T€ 323).

The Annual General Meeting 2007 resolved not to disclose individual and named remuneration details for members of the Board of Management for a period of five years.

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 provides for a deductible as defined by § 93 (2) of the AktG.

Total remuneration of former members of the Board of Management or management and their surviving dependants amounted to T€ 1,735 (prior year: T€ 1,914) in the year under review. The provisions formed by the Group for such current and future pensions amount to T€ 12,878 (prior year: T€ 11,039).

REMUNERATION OF THE SUPERVISORY BOARD

§ 10 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. In the past fiscal year, Supervisory Board remuneration amounted to T€ 307 (prior year: T€ 304).

The D&O insurance policy for members of the Supervisory Board does not include a deductible.

During the period under review, there was no remuneration nor benefit for personally rendered services, such as consulting and brokering.

RISK REPORT

RISK MANAGEMENT PROCESS

PRINCIPLES

As an internationally operating company, Schuler is active in a variety of core markets, sectors and regions. This results in numerous opportunities, but also business-specific risks. The objective of our business activities is therefore to exploit the potential opportunities while minimizing risks, thereby systematically and sustainably enhancing the company's value.

Identifying risks and opportunities at an early stage, evaluating them and taking appropriate steps to counter or exploit them is of vital importance for the company's success. Our risk management system is an integral part of corporate management.

The risk management process is standardized and applies throughout the Group. It ensures that risks and opportunities in all major organizational units are analyzed systematically and measured in the same way. The risk transparency this creates enables us to derive and implement suitable measures to control or counter such risks.

FURTHER DEVELOPMENT OF GROUP RISK MANAGEMENT

In the past fiscal year we made further extensive improvements to our risk management process. The corporate guideline on risk and opportunity management not only includes our strategic risk principles, a description of processes and the respective reporting tools, but also formulates binding instructions on early detection, reporting, evaluation, controlling and monitoring risks and opportunities.

Based on the quarterly risk analyses conducted by the Risk Officer and a plausibility study of reports prepared by the Risk Coordinator of the respective operating unit, all incoming reports are subsequently summarized in a Group Risk and Opportunity Report. A further plausibility check is conducted and Central Risk Management consolidates the findings where necessary. The quarterly Group Risk and Opportunity Report is then reported to the Board of Management, which in turn informs the Supervisory Board.

The report contains a description of the status quo regarding the significant opportunities and risks listed in previous reports and now included in current earnings forecasts. This rounds out the Group's continuous monitoring measures.

Due to the differing revenues of the various organizational units, different thresholds have been defined for the risk and opportunity inventory. This ensures that even smaller organizational units are included.

Risks and opportunities are assessed and classified by Risk Officers according to the probability of their occurrence and the extent of their potential damage. Risk control measures are defined for each risk and monitored as part of the measures controlling process.

In the event of risks with a high potential damage level and a high probability of occurrence, Risk Officers are obliged to submit an ad-hoc report to Central Risk Management.

/ MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE GROUP'S FINANCIAL REPORTING PROCESS

With regard to the financial reporting process, the internal control and risk management system aims to guarantee the complete, correct and timely provision and processing of information. This is intended to prevent or detect material misrepresentations in the accounting and external reporting of the annual financial statements and management report of Schuler AG, as well as the Group management report and consolidated annual financial statements. With regard to our risk strategy, general principles and guidelines have been formulated which ensure the effectiveness, economic efficiency and correctness of the accounting system as well as compliance with the relevant legal regulations.

A key feature of the internal control and risk management system within the Schuler Group is its decentralized organization and accounting. All legally independent units of a relevant size have efficient structures to handle critical corporate processes and core processes based on standard Group principles. With due consideration of the available resources and aspects of economic efficiency and effectiveness, we ensure that execution, approval and controlling functions are separated as far as possible. Corporate Accounting supports all domestic and foreign companies with the entire consolidated accounts process. In cooperation with the local accounting/controlling departments and the respective auditors, we ensure that external reporting requirements regarding the type and scope of disclosures are fully met – especially in the case of amendments. Significant accounting and valuation regulations are documented in a group-wide IFRS Consolidated Accounting Guideline. The minimum reporting requirements for the relevant subsidiaries are defined in standardized sets of forms. Together with the group-wide reporting calendar, these serve as an important basis for the preparation of financial statements. Amended reporting obligations are continually analyzed in respect of their relevance and impact on the parent company accounts of Schuler AG and the consolidated financial statements. The separate company accounts of Schuler AG and its subsidiaries are drawn up locally in accordance with the respective local regulations and then reconciled with IFRS standards. For monitoring and controlling purposes, the audited data are compared by Schuler AG with information from corporate planning and ongoing internal reporting to ascertain and analyzed as to whether targeted ratios and figures have been achieved. Monitoring also includes the assessment of opportunities and risks, the investment budget, the development of headcount, the progress of key development projects, and compliance with financial covenants under the terms of the syndicated loan agreement. Standard SAP software is used for the consolidation process, including the documentation, analysis and plausibility checking of reported data. In the case of unusual or complex issues, self-developed spreadsheet calculations are also used.

The management of financial risks is uniformly regulated throughout the Group by a Treasury Manual and is explained in detail in the section "Accounting principles and valuation methods" of the consolidated financial statements as well as in note (29) "Financial risk management and derivative financial instruments". ↦ SEITE 188FF It should be noted that interest and foreign currency risks above a specified threshold must be separately hedged against. In order to meet strict hedging relationship requirements, we use standardized forms to ensure compliance with the necessary documentation requirements. The Group's central treasury division conducts effectiveness measurements and sensitivity analyses. Changes in the underlying transactions as a result of ordinary business are continually monitored by the local companies and, where necessary, additional hedges are conducted by the Group's central treasury division.

The handling of significant and risk-bearing processes in accounting, e.g. in the field of capital expenditures, costing or inventories, is described by the respective guidelines and instructions which are available online via the company's intranet system. They describe areas of responsibility, processes and regulations regarding the application of materiality thresholds and control mechanisms (e.g. observance of the four eyes principle, mechanical IT controls and audit reports, the use of checklists, a dual signature regulation for all binding written correspondence, a staggered approval system for order processes, the obligation to receive comparative offers before awarding contracts to suppliers, an authorization concept which regulates access rights to certain IT systems and system transactions as well as to electronic storage media). The Supervisory Board and its Audit Committee, Internal Audit, and external service providers all conduct process-independent monitoring measures.

The development of individual opportunities and risks which have a material impact on the financial statements is reported and analyzed every quarter as part of the risk management process. This includes an assessment of accruals and contingent liabilities, any impairment of non-current assets and inventories, an evaluation of dubious receivables, capital management or the cost development of current manufacturing orders. Current financial planning and the use of credit lines are stated in the monthly treasury report, while open positions are presented in the foreign exchange report. All deviations are discussed and monitored.

The information gained from financial reporting is used in the annually prepared three-year budget, with due regard for the Board of Management's risk strategy and other key influencing factors.

All employees involved in the accounting process receive targeted ongoing training. In this way, we ensure that they can meet the growing challenges and that the methods and principles of the risk management systems are in line with current developments. In the case of complex subject matters, Schuler uses the expert knowledge of independent external service providers. This includes support with and processing of specific tax matters, credit rating checks, measuring the fair value of derivative financial instruments and stock option plans, the preparation of pension reports, allocating the purchase price for company acquisitions, and subtasks in the field of internal auditing.

All in all, the measures initiated by the Board of Management are aimed at ensuring coordinated, compliant and punctual annual financial statements and auditing processes, as well as reducing the possibility of unfair practices. Despite the continual development of the internal control and risk management system relating to the financial reporting process, it cannot be guaranteed with absolute certainty that material misrepresentations are avoided or discovered in the financial reporting system.

/ OPPORTUNITY MANAGEMENT AS AN INTEGRAL PART OF RISK MANAGEMENT

The simultaneous inclusion of opportunities in the risk and opportunity management process helps to identify possible impacts on planned results and other important key financials at an early stage and thereby achieve a more holistic basis for decisions. Increased transparency with regard to opportunities and risks is an increasingly important factor for the long-term success of a company.

FINANCIAL RISKS

LIQUIDITY RISKS

One of the most important tasks of Schuler AG is to ensure the solvency of the Schuler Group at all times by providing adequate resources when and where they are needed, and ensuring profitability by carefully managing financial risks. Corporate management also places particular emphasis on the generation of cash from the Group's operating activities.

After successfully completing its capital increase in summer 2011, Schuler AG replaced its existing syndicated loan agreement in November 2011 with a new syndicated loan agreement with a total volume of € 450.0 million. The new financial arrangement expires on September 30, 2016. The individual facilities consist of a guarantee facility tranche of € 300 million, with an option for a further € 50 million, and a credit facility tranche of € 150 million, which may also be used as a guarantee facility. This enabled us to achieve three important finance targets: a significant improvement in conditions, greater flexibility in the use of individual tranches, and financial security for almost five years.

Standard financial covenants were agreed for the new syndicated finance. In the case of infringement during the contract term, the lenders have the right to serve notice on the agreement. Premature termination is only possible, however, if two thirds of the lenders vote in favor of calling in the loan. According to our planning, the financial covenants will all be met during the planning period.

In order to optimize its interest result, Schuler AG has arranged a cash pool (EUR, USD) with various banks. These are controlled centrally by the Group Treasury. Moreover, the Group's main subsidiaries have monthly rolling liquidity planning in order to identify potential liquidity bottlenecks at an early stage.

INTEREST AND FOREIGN CURRENCY 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, i.e. the balancing of values or cash flows with regard to time and amount. Any remaining risks are reduced by the use of derivative financial instruments (e.g. forward exchange transactions, swaps and currency options, interest swaps and interest options). Such derivatives are generally used as part of so-called micro-hedges, i.e. they serve to secure specific existing or planned underlying transactions.

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 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.

As of September 30, 2011, currency risks were covered by forward exchange contracts and foreign currency swaps with a nominal value of € 69.9 million (prior year: € 75.5 million). The nominal value of the interest swaps and interest options to cover such interest rate risks amounted to € 7.1 million at the end of the reporting period (prior year: € 25.4 million). There were no interest hedge not recognized as a cash flow hedge as of September 30, 2011, due to the dedesignation or non-fulfillment of the strict requirements of hedge accounting (nominal value in the previous year: € 16.0 million). Derivatives are negotiated exclusively with banks offering good credit ratings.

/ DEFAULT RISKS

In order to limit the risk of default, the creditworthiness of customers is already checked during the offer phase. If such checks reveal increased risks, or if prepayment conditions during the offer phase differ from group guidelines, approval must be sought from the Board of Management.

Default risks are also limited by active management of accounts receivable continual monitoring of creditworthiness and payment behavior, and in certain cases by using letters of credit and bank guarantees.

/ RISKS FROM PENSION PLANS

Schuler has performance-based pension obligations which are only partially covered by plan assets. The balance of these two items equals the financial status of the pension plans. A change in the assumptions and parameters which are important for valuation, such as a reduction in the discount factor, may lead to an increase in obligations. On the other hand, the market value of plan assets depends mainly on capital market circumstances. Unfavorable developments, especially for fixed-interest securities, may reduce the respective market value. These effects would have a negative impact on the financial status of the pension plans and as a consequence may lead to increased net expenses in connection with such pension obligations in subsequent periods.

BUSINESS ENVIRONMENT AND SECTOR RISKS

COMPETITIVE ENVIRONMENT WITH REGARD TO CUSTOMERS AND COMPETITORS

Schuler is the technological leader on the global market. In emerging markets, we often face competition from local low-cost suppliers. In order to remain competitive in future, it is essential that we produce a constant stream of product innovations. It is equally important that we continually improve our cost structures.

In order to limit the risk of product and trademark piracy, we produce most of our know-how components in Germany. We protect many of our technical innovations by applying for patents or other industrial property rights. In some cases, however, we deliberately choose not to apply for protection as such applications generate publicity and increase the danger of plagiarism. Our global service network also plays an important role in strengthening the long-term loyalty of customers.

MARKET TRENDS AND MARKET CYCLES

The business development of the Schuler Group depends to a large extent on the prevailing macroeconomic situation, the economic cycle and the investment climate. Despite our increased activities in the non-automotive sector, the investment behavior of car manufacturers and their suppliers plays a significant role. As is typical for the capital goods industry, there is often a time delay before we notice changes in their propensity to invest.

As part of our management approach based on Technology Fields, we constantly analyze the latest market and sector developments in order to identify possible changes as soon as possible. We also continually question our strategic alignment during strategic workshops.

Due to the positive development of the macroeconomic environment in the past fiscal year, the risk of payment default and insolvencies among our customers has fallen significantly. Nevertheless, we shall maintain the intensified credit checks and instruments for limiting risks which we introduced during the economic crisis.

COUNTRY RISKS

In the emerging markets, cultural and language barriers, insufficient information about suppliers, customer and market mechanisms, and specific legal and political conditions may lead to disadvantages. We try to take such specific characteristics into account by providing special training for staff, by issuing country-specific guidelines, and by using local representatives where necessary.

Political developments and the resulting sanctions may endanger the realization of certain projects. The use of suitable instruments to secure payments was already described (see also section Default Risks, page 90).

OPERATING RISKS

/ ORDER CREATION PROCESS

Our business is generally dominated by contract manufacturing. During the order acquisition phase, we conduct feasibility studies as part of the project planning process and make extensive cost calculations. Systematic plausibility checks are also conducted as part of our internal control systems.

On the sales side, the contractual scope of performance and commercial terms and conditions are discussed in detail with the customer. Binding group-wide standards must be observed during this process. Any deviations from these regulations must be approved in advance by the head of the respective Technology Field or the Board of Management.

/ DEVELOPMENT/DESIGN

Schuler conducts extensive research and development work in order to improve its existing products and develop new products. By establishing a central research and development unit (CTO), expertise has been pooled within a single division. In this way, we intend to extend our technological lead and permanently enhance our innovative strength.

Although we can draw on our core competencies, investments in new products always involve the risk that such products might fail. In order to reduce this risk, serial products in particular are only marketed after the prototype has been put into operation.

We shall continue to drive the standardization and modularization of our products. By lowering the degree of complexity, the risks created by interfaces can be further reduced.

The CAD software we use is state of the art. Internal controls (e.g. four-eyes principle) are conducted as part of the error prevention process.

/ PROCUREMENT

Raw materials, and especially steel, account for a significant proportion of our costs. In fiscal year 2010/11, delivery times increased within the expected scope. Prices are strongly influenced by the global economic development. As a result, only minor fluctuations are expected in 2011/12 in line with global demand. We take account of financial risks, such as insolvencies, currency fluctuations etc., by making strategic decisions on our portfolio of suppliers.

The price of key commodities, such as iron ore, coking coal and copper, rose steadily over the course of 2011. The impact of such rising commodity prices can be limited by means of group-wide requirement planning and strict pooling of volumes. Wherever possible, Schuler passes on cost increases to the market. Projected cost developments are taken into account in the costing process.

As part of our strategic procurement management, we continually develop structures and business processes which ensure the availability of materials and simultaneously optimize purchasing conditions. By developing and expanding our international procurement offices and enhancing our global supply partnerships we aim to utilize our regional location benefits with regard to procurement.

Due to the high level of capacity utilization, the punctuality of deliveries from certain suppliers is decreasing. As a consequence, we have intensified our monitoring of suppliers. In the case of key components, agreements are made with the supplier for individual cases to ensure that orders are processed on schedule. The supply situation is also improved by concluding master agreements and involving suppliers in the planning process from an early stage. When awarding new contracts, the feasibility of delivery dates is critically examined. Despite these measures, however, delivery delays cannot be excluded.

/ PRODUCTION

The Group's order backlog stood at a record level as of September 30, 2011. The scheduled realization of certain large-scale projects even stretches into fiscal year 2013/14. Due to this high degree of capacity utilization, there is currently a very strong focus on the management of production capacities and delivery dates.

In the field of mechanical presses, the management of production capacities and delivery dates is centrally coordinated as part of the global manufacturing network. Capacities are already checked and projects scheduled on submission of the offer. Once the order has been received, it is constantly monitored by the Project Manager.

Schuler is currently benefiting from the fact that the Group was able to save the majority of jobs under threat during the past economic crisis by using various labor market instruments.

Potential bottlenecks were also identified at an early stage and suitable measures introduced. In addition to reserving external capacities, we are carefully building up manpower in those bottleneck areas which belong to our core competencies.

At Group level, there is also monthly reporting on planned schedules and monitoring of steps taken. Despite these precautions, however, the risk of delays in delivery cannot be entirely excluded. The risk of additional costs for the order processing period has increased.

In order to ensure quality, we have installed local quality assurance departments at all production facilities. Sources of error are systematically analyzed and production processes optimized. A central quality management system ensures standard processes, methods and regular audits. Uniform standards are also prescribed for the selection of suppliers. Provisions are formed to take account of the impact of warranty risks on the income statement.

Almost all Group companies are certified according to the quality management standard DIN EN ISO 9001. In addition, individual companies are certified according to VDA 6.4/ ISO/TS 16949 depending on their function within the Group and on the market.

/ PROJECT MANAGEMENT

In order to optimize order processing, we have pooled all activities involved in supplying the customer after order receipt in our central Order Fulfillment office. In this way, all departments along the value chain are integrated into the process. There is continual project controlling and a claim management office, which documents changes to the order received from the customer during the order processing phase.

OTHER RISKS

/ ENVIRONMENT

Schuler reduces potential environmental risks by means of its quality assurance and environmental protection systems. In addition to the above mentioned quality management systems (see also section Production, page 93), the environmental management systems of various Group companies are also certified according to the DIN EN ISO 14001 standard.

/ LEGAL

As an internationally operating group of companies, Schuler must comply with numerous legal, tax, fair trading, and patent regulations. Current and impending legal disputes are continually monitored, analyzed and assessed with regard to their financial and legal implications, and due consideration is given as part of our ongoing risk prevention measures.
There is currently no recognizable risk of legal proceedings concerning fair trading, anti-trust or patent laws.

/ INFORMATION TECHNOLOGY

IT security, availability and performance are a vital prerequisite for successful business operations.

Despite dedicated packages of measures taken, 100% data security cannot be guaranteed in the current IT environment. Existing systems are continuously optimized. In addition, tests are carried out by Internal Audit with corresponding controlling of the measures implemented.

IT capacities are continually adapted to needs. Differentiated back-up and recovery strategies help avoid any loss of data.

PERSONNEL

The future development of the Schuler Group depends to a great extent on the knowledge and commitment of our employees. We take personnel risks seriously and use systematic personnel planning and training in order to utilize staff according to their abilities, as well as to develop and retain them.

As a result of the current labor market situation, there is a general risk of losing personnel – and thus expertise. Due to a lack of skilled labor on the market at present, certain vacancies cannot be filled with sufficiently qualified staff.

In addition to cooperating closely with local and national universities and research institutes, we also use external service providers to source highly skilled personnel.

With the aid of targeted personnel and university marketing activities, we aim to raise the appeal of Schuler's companies as attractive employers for internal and external candidates. Our personnel development system is an important component of our efforts to reliably ensure future personnel capacities.

OPPORTUNITIES

MARKETS

As the leading systems supplier of cold, warm and hot forming equipment, Schuler supplies machines, production lines, dies, process know-how and services for the entire metal-working industry.

Focus on ten strategic target markets
In order to build on our strong market position, we have chosen ten strategic markets on which Schuler will focus in future. This will enable us to align ourselves more closely with customer requirements and tap further growth potential.

Strong presence in growth markets
Schuler is represented around the world by its own manufacturing facilities and service offices. We are well positioned in the fast-growing BRIC states in particular, as well as in other East European markets, in order to exploit the local potential for a profitable expansion of our business activities.

We attach great importance to the further expansion of our business in China, one of our most important sales markets. Having local production facilities is becoming increasingly important for the processing of orders. Our two production sites in Shanghai and Dalian, as well as further service locations, give us the opportunity to maintain a strong presence in this market.

Service as growth driver
Schuler supports its customers around the world by providing a wide range of services. By expanding our network of service locations and increasing the range of services provided, we intend to drive our market penetration and tap additional growth potential.

/ TECHNOLOGIES

Securing the Group's technological lead is vital to its continued expansion. By pooling Schuler's technological expertise in a new Board of Management division headed by the Chief Technology Officer (CTO), we aim to drive our technological development and innovative strength. The remit of this central R&D unit includes defining technology platforms and developing product strategy in the various Technology Fields, as well as innovation management, product development and standardization.

/ ENHANCING PROFITABILITY

The completed integration of Müller Weingarten and resulting rounding out of existing product groups and services opens up further growth and earnings potential. The targeted expansion of our platform strategy and increased standardization of product components help reduce the number of product variants and thus lower complexity. This results in enhanced performance with simultaneous gains in efficiency and quality.

SUMMARY OF RISK EVALUATION

In the overall analysis of our risk position, the main emphasis is placed on performance-related risks. We therefore focus above all on ensuring that our record order backlog is processed punctually and with perfect quality.

There are currently no recognizable risks which may endanger the company's continued existence. The continued development of our risk management process has enabled us to further enhance transparency. In turn, this will allow us to take an even more focused approach to risk management.

SPECIAL MANDATORY DISCLOSURES

DISCLOSURES ACC. TO § 315 (4) GERMAN COMMERCIAL CODE (HGB) AND THEIR EXPLANATIONS ACC. TO § 176 (1) SENTENCE 1 GERMAN STOCK CORPORATION LAW (AKTG)

At the end of the reporting period on September 30, 2011, the capital stock of Schuler AG amounts to € 76,050,000 and is divided into 29,250,000 common no-par value shares with a pro rata share of capital stock of € 2.60 each. As far as the Board of Management is aware, there are no restrictions with regard to voting rights or the transfer of shares. According to the published notifications and the information available to us, there are the following direct and indirect holdings in our company which exceed 10% of the voting rights:

Schuler-Beteiligungen GmbH, Göppingen, Germany	39.1%
Süddeutsche Beteiligung GmbH, Bad Friedrichshall, Germany	12.7%

There are no shares with special rights which confer controlling powers. There is also no employee participation as described in § 315 (4) no. 5 HGB. The appointment and dismissal of members of the Board of Management is regulated in §§ 84 and 85 AktG, as well as in § 31 of the German Codetermination Act (MitbestG) and § 6 of the articles of Schuler AG. Accordingly, members of the Board of Management are appointed by the Supervisory Board for a maximum of five years.

A repeat appointment or extension of the service period, each time for no more than five years, is permissible. According to § 31 MitbestG, the appointment of a Board of Management member requires a majority of at least two thirds of the members of the Supervisory Board. If such a majority is not reached and no appointment is made, the Mediation Committee of the Supervisory Board must present a proposal to the Supervisory Board for the appointment within one month of the vote. The Supervisory Board then appoints the Board of Management members with a majority vote of its members. If once again no appointment can be made, the Chairman of the Supervisory Board has two votes during the subsequent voting procedure.

Pursuant to § 6 (1) of the articles, the Board of Management consists of at least two persons. The appointment of deputy members of the Board of Management, who have the same rights as ordinary members with regard to representing the company externally, is permissible pursuant to § 6 (1) of the articles. The number of members of the Board of Management is determined by the Supervisory Board, according to § 6 (2) of the articles. Pursuant to § 6 (2) of the articles, the Supervisory Board is also responsible for appointing deputy members of the Board of Management, concluding service contracts, appointing a member as chairman of the Board of Management, and possibly appointing further members of the Board of Management as deputy chairmen. The Supervisory Board can revoke the appointment of a member of the Board of Management and the appointment of the chairman of the Board of Management, according to § 6 (2) of the articles. In accordance with § 179 (1) AktG, any change of the company's articles must be adopted by the Annual General Meeting. § 12 (3) of the articles states that a resolution can be adopted by the Annual General Meeting with a simple majority of the capital stock represented, provided that a larger majority is not mandatory by law; the latter is particularly the case for resolutions concerning a change of the company's object, capital reductions and changing the company's legal form. In accordance with § 4 (3) and (4) of the articles, the Supervisory Board is authorized to adapt or amend the articles if the authorized capital is used.

Pursuant to § 4 (3) of the articles, the Board of Management is authorized until March 31, 2016, with the approval of the Supervisory Board, to raise the company's capital stock by up to a total of € 12,675,000.00 for contribution in cash or in kind, either in one or several new issues of new common no-par value shares made out to the bearer (Authorized Capital). With the approval of the Supervisory Board, the Board of Management can exclude the subscription rights of shareholders up to a further pro rata share of capital stock totaling € 6,760,000.00 for the purpose of acquiring companies or investments in companies.

Insofar as the Board of Management does not make use of the above-mentioned authorizations to exclude subscription rights, the subscription rights of shareholders can only be excluded for fractional amounts. The Board of Management is authorized, with the approval of the Supervisory Board, to determine the further details of capital increases from authorized capital. The Supervisory Board is authorized to adapt the articles if the authorized capital is used.

Pursuant to § 4 (5) of the articles, the company's capital stock has been raised conditionally (Conditional Capital) by up to € 1,820,000.00 by issuing up to 700,000 no-par value bearer shares (common stock). Conditional capital is used solely to meet subscription rights from stock options issued as part of the Stock Option Program 2008 on the basis of an authorization of the Annual General Meeting of Schuler AG on April 10, 2008. The conditional capital increase will only be conducted to the extent that the bearers of the issued stock options utilize their right to subscribe to company shares and the company does not grant treasury shares to satisfy the stock options. The new shares participate in profits from the beginning of the fiscal year in which they were created by exercising subscription rights. Shares from conditional capital are issued at the offering amount as determined by the exercise price set in the authorization of the Annual General Meeting of Schuler AG on April 10, 2008 under letter a), (7). The Supervisory Board is authorized to determine the further details of the conditional capital increase and its implementation.

Pursuant to § 4 (6) of the articles, the company's capital stock has also been raised conditionally (Conditional Capital II) by up to € 25,480,000.00 by issuing up to 9,800,000 new no-par value bearer shares (common stock). The conditional capital increase will only be conducted to the extent that the bearers of the conversion or option rights from bonds issued by the company or a group subsidiary in the period ending April 14, 2015, on the basis of an authorization adopted by the Annual General Meeting of Schuler AG on April 15, 2010, utilize their conversion or option rights, or that the bearers of convertible bonds with a conversion obligation issued by the company or a group subsidiary in the period ending April 14, 2015, on the basis of an authorization adopted by the Annual General Meeting of Schuler AG on April 15, 2010, fulfill their duty to convert and the company does not use treasury shares to satisfy such rights. The new shares used for issuance participate in profits from the beginning of the fiscal year in which they were created by exercising conversion or option rights, or fulfilling conversion obligations. The Supervisory Board is authorized to adapt the articles in accordance with the scale of the capital increase from Conditional Capital II.

The syndicated loan agreement includes a standard change-of-control provision, according to which the syndicated banks can demand repayment of the loan if one shareholder or several shareholders acting in unison (with the exception of the Schuler-Voith family, its heirs, or investment companies controlled by the aforementioned) acquire more than 50% of the shares and voting rights in Schuler AG. The company has made no compensation agreements with members of the Board of Management or employees for the case of a takeover bid.

SUBSEQUENT EVENTS

MARCUS A. KETTER APPOINTED CHIEF FINANCIAL OFFICER

Marcus A. Ketter was appointed to the company's Board of Management with effect from July 1, 2011. He has been responsible for Finance and HR since October 1, 2011. Marcus A. Ketter succeeds Dr. Wolfgang Baur, who stepped down from the Board of Management at the end of the fiscal year 2010/11 (September 30) and retired from the company on October 1, 2011.

CONCLUSION OF NEW SYNDICATED LOAN AGREEMENT

A new syndicated loan agreement was concluded in November 2011 with a total volume of € 450.0 million. It replaced the existing syndicated loan agreement and the guarantee provided by the federal state of Baden-Württemberg. The new syndicated loan agreement was concluded mainly with the existing syndicate of banks and credit insurance companies led by Landesbank Baden-Württemberg and Deutsche Bank. The new syndicated loan agreement expires on September 30, 2016. It comprises a guarantee facility tranche of € 300.0 million, which can be increased if required by a further € 50.0 million, and a credit facility tranche of € 150 million which may also be used as a guarantee facility.

SCHULER SHARE LISTED IN PRIME STANDARD AND SDAX

As of October 1, 2011, shares of Schuler AG are listed in the "Prime Standard" segment of Deutsche Börse. On November 28, 2011, Schuler was accepted into the SDax index.

FORECAST REPORT

STRONG REGIONAL DIFFERENCES IN DEVELOPMENT OF GLOBAL ECONOMY

The global economy continued to make good progress in 2011, although it is unlikely to reach the growth rate of the previous year. The IMF forecasts an increase in global GDP of 4.0% (prior year: 5.1%) for the calendar year 2011. The emerging Asian markets and India will contribute strongly toward this growth. In contrast, growth in the industrialized nations is losing momentum and only moderate growth rates are expected.

In its September forecast, the IMF predicts that global growth will remain unchanged at 4.0% in 2012.

TABLE 15 GDP DEVELOPMENT IN PERCENT

	2011	2012
World	4.0	4.0
Euro zone	1.6	1.1
Germany	2.7	1.3
USA	1.5	1.8
Japan	-0.5	2.3
China	9.5	9.0
India	7.8	7.5
Brazil	3.8	3.6
Russia	4.3	4.1

Source: IMF, September 2011

The emerging markets of Asia, and in particular China with expected growth of 9.0%, will continue to drive global economic growth. The development in India (+7.5%) and Russia (+4.1%) also indicates stable economic growth. For the USA, forecasts expect that growth will be slightly stronger in 2012 at 1.8%. The Euro zone is likely to grow by around 1.1%. GDP growth in Germany is expected to reach 1.3%.

However, the Euro zone debt crisis, the high level of sovereign debt in the USA, and a cyclical downturn may negatively impact economic development.

GROWTH IN THE AUTOMOTIVE SECTOR DRIVEN MAINLY BY ASIAN MARKETS

Growth in the global automotive market slowed in 2011. However, output is still expected to exceed the prior-year figure. The current HIS Global Forecast expects global sales in 2011 to grow by 2.6% and output by 3.1%, compared to 2010.

The German car industry is making strong progress and is expected to grow by 7.0%, according to the German Association of the Automotive Industry (VDA). New registrations are expected to grow by around 8.0%, compared to 2010.

Further growth is expected for the global automotive industry in 2012. Forecasts expect production volume to reach 81.4 million units (+6.7%) with global sales of 78.8 million vehicles (+6.4%).

Growth is being driven above all by the Asian markets, where growth in production and sales figures is likely to exceed 10%. In the world's largest car market, China, output is expected to grow by 8.5% to 18.7 million vehicles, while new registrations are likely to increase by 8.0% to 19.2 million. In North America, forecasts indicate a noticeable market recovery, with year-on-year growth in output and demand of 8.7% and 7.1%, respectively. The European automotive industry is likely to experience a year of consolidation in 2012 with a 1.8% decline in output to around 13.7 million vehicles and sales stagnating at the prior-year level.

IHS Global forecasts a slight decline in output of 1.3% for German car manufacturers to below 6 million vehicles. Domestic demand, however, is likely to grow by 2.4%.

TABLE 16 GLOBAL AUTOMOTIVE OUTPUT — IN THOUSAND UNITS

	2011	2012	Change
Asia/Pacific	37,327	41,314	10.7%
of which China	17,212	18,680	8.5%
Europe	13,900	13,653	-1.8%
of which Germany	6,045	5,966	-1.3%
North America	12,884	14,002	8.7%
South America	4,447	4,667	4.9%
Eastern Europe	6,360	6,243	-1.9%
Middle East & Africa	2,242	2,294	2.3%
Total	77,161	82,172	6.5%
Double counting	-861	-755	
Total	76,300	81,417	6.7%

Source: IHS Global Inside, September 2011

TABLE 17 GLOBAL AUTOMOTIVE DEMAND — IN THOUSAND UNITS

	2011	2012	Change
Asia/Pacific	30,315	33,371	10.1%
of which China	17,785	19,207	8.0%
Europe	14,110	14,135	0.2%
of which Germany	3,343	3,423	2.4%
North America	14,959	16,024	7.1%
South America	6,532	6,796	4.0%
Eastern Europe	4,409	4,458	1.1%
Middle East & Africa	3,760	4,025	7.0%
Total	74,087	78,807	6.4%

Source: IHS Global Inside, September 2011

WEAKER GROWTH FOR MACHINE TOOL INDUSTRY

The market for machine tools is expected to remain on track for growth in 2012. The pace of growth, however, is likely to slow. This forecast is based on weaker global economic growth and increased risks (sovereign debt crisis in Europe, US recession, inflation risks in emerging markets). According to the German Machine Tool Builders' Association (VDW), global consumption is expected to grow by almost 16%. Growth in 2012 will benefit from the very healthy order situation of 2011 (global growth in new orders in the first half of 2011 reached 62%) and high order backlogs. In a comparison of the economic triad, Asia promises to once again boast the strongest growth. China and India are regarded as the markets with the strongest growth rates in the medium term.

The development of the German machine tool industry is characterized by uncertainty. Due to the debt crisis in the Euro zone with hardly foreseeable economic consequences, the industry association has based its forecasts in late fall 2011 on various scenarios for the coming year. The normal cyclical trend in demand is contrasted with a scenario which assumes a fundamental disruption of the financial and fiscal order (Euro Zone Financial Contagion).

Following all-time record figures, the machine tool industry expects new orders to decline in 2012 by 9% – and in a negative scenario by up to 20%. For the development of output, forecasts range from 10% growth to stagnation. The expected growth in exports of 15% could be reduced to 5%. Domestic consumption is expected to either rise by 11% or fall by 4%, compared with 2011.

It seems impossible at the moment to make any estimations as to the future development. Nevertheless, it can be expected that the impact on companies within the industry will vary. This is largely due to the varying profiles of the respective companies and their customer structures. A disproportionately high proportion of Asian customers or an orientation toward on the still-expanding automotive industry and its systems suppliers will have a positive effect.

According to the VDW, there is a growing belief that the output of large-scale suppliers of universal machines will reach the 2011 level. Further growth of the industry as a whole seems possible. This is based on the role played by companies with a strong orientation toward the automotive industry with backlogs which in some cases extend beyond 2012.

GROUP

The record order backlog of fiscal year 2010/11 forms the basis for the company's further development in the current fiscal year. In 2011/12, we expect to generate sales of at least € 1.1 billion. Car manufacturers and their suppliers will continue to be our most important market in fiscal year 2011/12. Due to the high level of orders received from this market segment in 2010/11, we expect it to account for around 80% of sales revenues in the current fiscal year. In the medium to long term, however, other customer groups – such as the packaging and aerospace sectors – are expected to grow in importance.

The upturn in earnings is likely to continue in fiscal year 2011/12. We expect EBITDA to exceed the prior-year level with an EBITDA margin of 9.0%. As a result of the syndicated loan agreement with improved conditions signed in November 2011, we expect even stronger growth in pre-tax earnings and our consolidated profit for the year. This should allow the company to propose a dividend payment for fiscal year 2011/12 at the Annual General Meeting.

CAPITAL EXPENDITURES

In fiscal year 2011/12, we plan to invest around € 50.0 million in intangible assets and property, plant and equipment. Capital expenditures will be well above the level of depreciation and amortization. In China, we will invest € 16.0 million in the expansion of our manufacturing plant in Dalian. The aim is to expand assembly capacities and on-site processing of large forged parts. At our facility in Shanghai, we will further strengthen the Procurement, Engineering, Sales and Service divisions. Moreover, we intend to make targeted investments in the further modernization of our plant and machinery and to expand our IT equipment.

FINANCE

With the conclusion of a new syndicated loan agreement in November 2011, we made further improvements to our financial base. The successfully concluded equity capital increase and the new credit and guarantee facilities of € 424.0 million will now provide the company with the financial scope required to implement its planned growth.

SUMMARY

We expect a further increase in sales and earnings in fiscal year 2011/12. Due to the strong order backlog as of September 30, 2011, our forecasting reliability has improved. Against this backdrop, we expect a further increase in sales to at least € 1.1 billion with an EBITDA margin of 9.0%. We intend to propose a dividend payment for fiscal year 2011/12 at the Annual General Meeting. Based on projections of a further positive development in new orders, we expect sales to reach approximately the same level with a further improvement in the EBITDA margin in the following fiscal year 2012/13.

Göppingen, December 23, 2011

The Board of Management

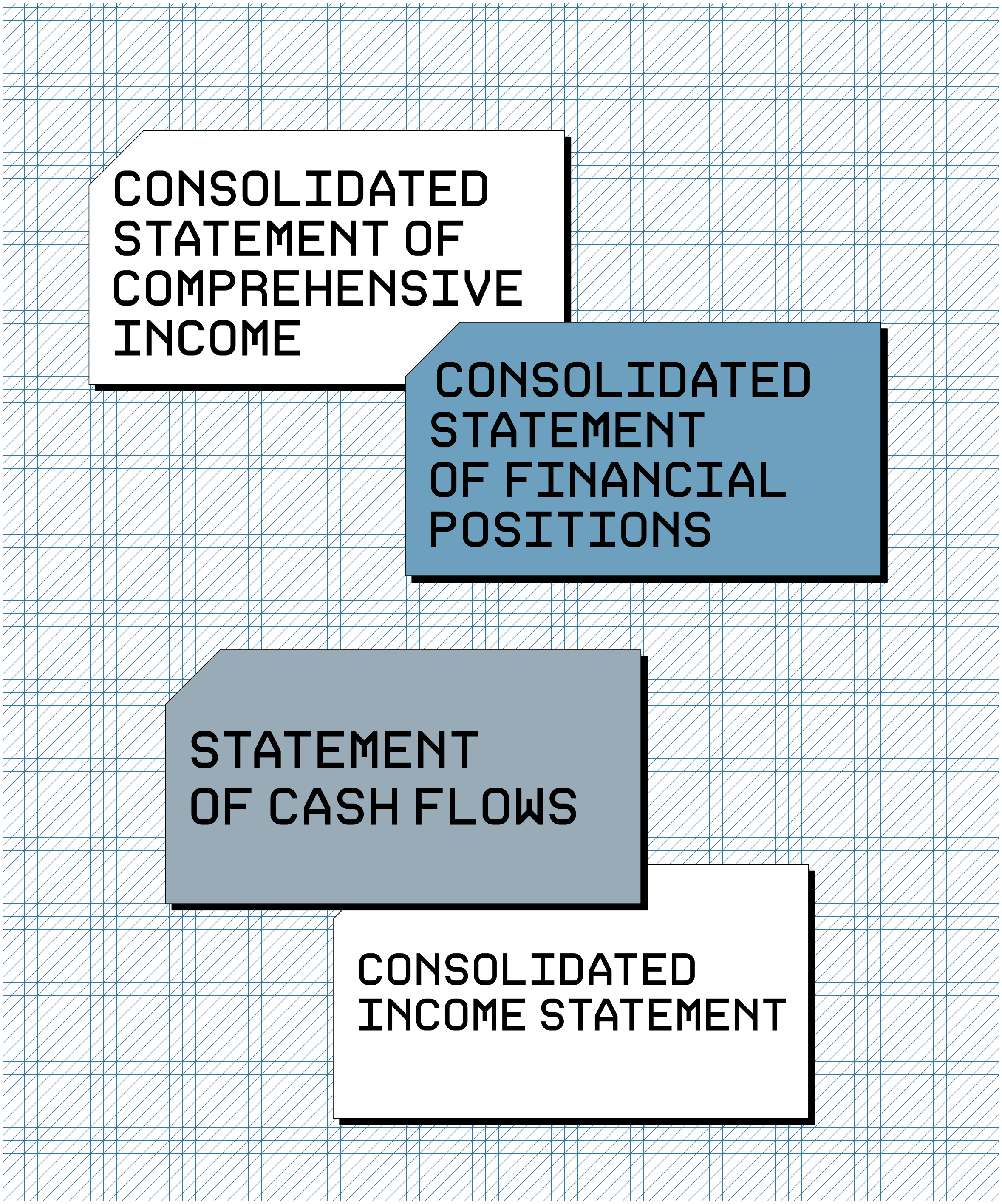
THE RESULTS

/ CONTENT

RESPONSIBILITY STATEMENT 109 / CONSOLIDATED INCOME STATEMENT 110 / CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 111 / CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS 112 / STATEMENT OF CHANGES IN EQUITY 114 / STATEMENT OF CASH FLOWS 116 / NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 117 / AUDITOR'S OPINION 214

i HTTP://WWW.SCHULERGROUP.COM/GB

CHART 24 KEY ELEMENTS OF THE ANNUAL FINANCIAL STATEMENTS



RESPONSIBILITY STATEMENT

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

Göppingen, December 23, 2011

Schuler AG
The Board of Management

Stefan Klebert	Joachim Beyer	Dr. Markus Ernst	Marcus A. Ketter

CONSOLIDATED INCOME STATEMENT OF THE SCHULER GROUP

FOR THE PERIOD OCTOBER 1, 2010, TO SEPTEMBER 30, 2011

IN € THOUSANDS

		Notes	2010/11	2009/10
1.	Sales	(1)	958,549	650,261
2.	Changes in inventories of finished goods and work in progress		15,199	9,213
3.	Work performed by the entity and capitalized		1,364	4,398
4.	Other income	(2)	25,861	26,770
5.	Cost of materials	(3)	459,373	265,732
6.	Personnel expenses	(4)	321,415	262,842
7.	Depreciation and amortization of intangible and tangible assets	(5)	30,338	21,529
8.	Other expenses	(6)	136,366	123,872
9.	Operating result		53,481	16,667
10.	Interest income		6,057	3,033
11.	Interest expense		38,124	35,952
12.	Other financial result		751	405
13.	Financial result	(7)	-31,316	-32,513
14.	Profit or loss before tax		22,165	-15,847
15.	Income taxes	(8)	-1,735	-4,014
16.	Consolidated profit or loss for the year		23,900	-11,833
	of which attributable to shareholders of Schuler AG		23,433	-12,789
	of which attributable to minority interests		467	956
	Earnings per share in €	(9)		
	Basic earnings per share		0.96	-0.60
	Diluted earnings per share		0.95	-0.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE SCHULER GROUP

FOR THE PERIOD OCTOBER 1, 2010, TO SEPTEMBER 30, 2011

IN € THOUSANDS

	2010/11	2009/10
Consolidated profit or loss for the year	23,900	-11,833
Exchange differences on translating foreign operations	1,593	5,092
Cash flow hedges:		
valuation changed recognized in other comprehensive income	-2,816	480
recognized in profit and loss	-164	-480
Profit/loss from available-for-sale financial assets	0	-6
Deferred taxes recognized in other comprehensive income	986	11
Other comprehensive income for the year, net of tax	-401	5,097
Total comprehensive income for the year	23,499	-6,736
of which attributable to shareholders of Schuler AG	22,793	-7,961
of which attributable to minority interests	707	1,225

The allocation of tax effects to individual components of "Other comprehensive income for the year, net of tax" is presented in note (19).

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS OF THE SCHULER GROUP

AS AT SEPTEMBER 30, 2011

IN € THOUSANDS

		Notes	09/30/2011	09/30/2010
ASSETS				
A.	Non-current assets			
1.	Intangible assets	(10)	84,606	92,748
2.	Property, plant and equipment	(11)	141,668	154,525
3.	Interests in affiliates and participations	(12)	1,596	1,716
4.	Income tax receivables		3,252	3,111
5.	Other assets	(13)	7,896	10,877
6.	Deferred tax assets	(8)	45,993	36,489
			285,011	299,466
B.	Current assets			
1.	Inventories	(14)	124,676	109,536
2.	Trade receivables	(15)	91,213	75,571
3.	Future receivables from long-term construction contracts	(16)	113,295	95,746
4.	Income tax receivables		2,914	3,933
5.	Other assets	(13)	42,146	40,832
6.	Cash and cash equivalents	(17)	236,682	98,823
			610,926	424,441
7.	Non-current assets and disposal groups held for sale	(18)	0	2,871
			610,926	427,312
			895,937	726,778

IN € THOUSANDS

		Notes	09/30/2011	09/30/2010
LIABILITIES				
A.	Equity	(19)		
1.	Share capital		76,050	59,150
2.	Capital reserves		125,224	76,056
3.	Retained earnings		-5,505	-28,933
4.	Accumulated other comprehensive income		6,570	7,210
	Equity attributable to shareholders of Schuler AG		202,339	113,483
5.	Minority interests	(20)	4,021	3,320
			206,360	116,803
B.	Non-current liabilities			
1.	Financial liabilities	(21)	67,613	169,629
2.	Other liabilities	(22)	1,127	2,343
3.	Pension provisions	(23)	74,833	72,777
4.	Other provisions	(24)	25,180	43,295
5.	Deferred tax liabilities	(8)	1,870	2,883
			170,624	290,927
C.	Current liabilities			
1.	Financial liabilities	(21)	31,253	35,464
2.	Trade payables	(25)	84,757	64,569
3.	Income tax liabilities		352	146
4.	Other liabilities	(22)	314,263	117,240
5.	Income tax provisions		5,492	1,171
6.	Other provisions	(24)	82,836	100,458
			518,953	319,047
			895,937	726,778

STATEMENT OF CHANGES IN EQUITY OF THE SCHULER GROUP

FOR THE PERIOD OCTOBER 1, 2010, TO SEPTEMBER 30, 2011

IN € THOUSANDS

	Share capital	Capital reserves	Retained earnings
as at October 1, 2009	54,600	92,223	-35,231
Consolidated profit or loss for the year	–	–	-12,789
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	–	-12,789
Capital increase Schuler AG	4,550	2,669	–
Withdrawal from capital reserves Schuler AG	–	-19,087	19,087
Share-based payment	–	252	–
Dividend payment to minority interests	–	–	–
as at September 30, 2010	59,150	76,056	-28,933
Consolidated profit or loss for the year	–	–	23,433
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	–	23,433
Capital increase Schuler AG	16,900	48,745	–
Share-based payment	–	423	–
Other changes	–	–	-5
as at September 30, 2011	76,050	125,224	-5,505

An explanation of equity is provided in notes (19) and (20)

				Shareholders of Schuler AG	Minority interests	Total
	Accumulated other comprehensive income					
	Currency translation differences	Unrealized profits and losses from cash flow hedges	Unrealized profits and losses from available-for-sale financial assets	Equity capital	Equity capital	Consolidated equity capital
	2,808	-430	5	113,974	2,567	116,541
	–	–	–	-12,789	956	-11,833
	4,822	11	-5	4,828	269	5,097
	4,822	11	-5	-7,961	1,225	-6,736
	–	–	–	7,219	–	7,219
	–	–	–	–	–	–
	–	–	–	252	–	252
	–	–	–	–	-473	-473
	7,630	-420	–	113,483	3,320	116,803
	–	–	–	23,433	467	23,900
	1,335	-1,976	–	-641	240	-401
	1,335	-1,976	–	22,793	707	23,499
	–	–	–	65,645	–	65,645
	–	–	–	423	–	423
	–	–	–	-5	-5	-10
	8,965	-2,396	–	202,339	4,021	206,360

STATEMENT OF CASH FLOWS OF THE SCHULER GROUP

FOR THE PERIOD OCTOBER 1, 2010, TO SEPTEMBER 30, 2011

IN € THOUSANDS

		2010/11	2009/10
	Consolidated profit or loss for the year	23,900	-11,833
+/-	Depreciation, amortization and impairments/impairment reversals of non-current assets	30,338	12,910
+/-	Increase/decrease in provisions (less indemnity claims)	2,050	297
Gross cash flow		56,288	1,374
+	Share-based payment	423	252
-/+	Profit/loss from disposal of non-current assets	-1,017	-2,362
-/+	Increase/decrease in inventories	-15,133	-1,450
-/+	Increase/decrease in receivables and other assets not relating to investing or financing activities	-45,647	86,734
-/+	Decrease/increase in provisions (excluding pension provisions)	-11,362	-9,740
-/+	Decrease/increase in liabilities not relating to investing or financing activities	197,186	-20,550
Cash flow from operating activities		180,739	54,258
	Proceeds from disposals of tangible and intangible assets	2,524	28,050
-	Additions from capitalized development costs	-1,013	-3,976
-	Investments in other tangible and intangible assets	-8,537	-12,691
+	Proceeds from the disposal of financial assets	0	25
-	Investments in financial assets	-66	0
-	Subsequent disbursement in connection with company acquisition	-1,054	0
+	Proceeds from events attributable to neither operating nor financial activities	3,719	0
Cash flow from investing activities		-4,428	11,409
	Increase in capital of Schuler AG	65,645	7,219
-	Dividend payment to minority interests	0	-473
+	Proceeds from non-current financial liabilities	23	102,591
-	Redemption of non-current financial liabilities	-101,372	-51,903
-	Redemption of current financial liabilities	-2,033	-76,732
-	Repayment of financial leases	-619	-824
Cash flow from financing activities		-38,357	-20,121
Change in cash and cash equivalents		137,954	45,546
+/-	Change in cash and cash equivalents due to exchange rate fluctuations	-94	1,788
Net change in cash and cash equivalents		137,859	47,334
+	Cash and cash equivalents at beginning of period	98,823	51,489
Cash and cash equivalents at end of period		236,682	98,823
Cash flow from operating activities includes:			
	Interest received	2,461	2,484
	Interest paid	26,388	36,226
	Income taxes paid	1,500	1,914

The cash flow statement is explained in note (27).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF SCHULER AG

AS AT SEPTEMBER 30, 2011

GENERAL

Schuler Aktiengesellschaft ("Schuler AG") is the listed management holding company of the Schuler Group; its registered office is located in Bahnhofstrasse 41, 73033 Göppingen, Germany. It is registered with the District Court of Ulm, Germany, under the number HRB 530210. 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 railway, aerospace, defense, security and packaging technology, drive and generator construction, general sheet metal production, appliances and large pipes industries and national mints.

The consolidated financial statements of Schuler AG as of September 30, 2011, 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 European Union (EU) at the end of the reporting period. 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 revised standards and interpretations mandatory for fiscal years beginning on October 1, 2010, were observed – insofar as they were relevant for Schuler:

- IFRS 2 "Share-based Payment" – Amendment "Group Cash-settled Share-based Payment Transactions"
- IAS 32 "Financial Instruments: Presentation" – Amendment "Classification of Rights Issues"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
- Improvements to IFRS (annual amendment procedure, released by the IASB in April 2009)

The amended standards and interpretations had no effect on the accounting and valuation methods applied in the consolidated financial statements as at September 30, 2011, as there are no relevant areas of application.

The IASB passed the following new or revised standards and interpretations, which have already been endorsed by the European Union but whose application was not yet mandatory at the end of the reporting period and which have also not been prematurely applied by Schuler on a voluntary basis:

/ IAS 24 “Related Party Disclosures” (revised)
/ IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” – Amendments “Prepayments of a Minimum Funding Requirement”
/ Improvements to IFRS (annual amendment procedure, released by the IASB in May 2010)

The mandatory application of these revised standards and interpretations as of fiscal year 2011/12 will have no significant impact on the consolidated annual financial statements.

The IASB also released the following new or revised standards, which have not yet been endorsed by the European Union:

/ IFRS 9 “Financial Instruments”
/ IFRS 10 “Consolidated Financial Statements”
/ IFRS 11 “Joint Arrangements”
/ IFRS 12 “Disclosures of Interests in Other Entities”
/ IFRS 13 “Fair Value Measurement”
/ IAS 27 “Separate Financial Statements”
/ IAS 28 “Investments in Associates and Joint Ventures”
/ IFRS 1 “First-time Adoption of International Financial Reporting Standards” – Amendments “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”
/ IFRS 7 “Financial Instruments: Disclosures” – Amendments “Disclosures – Transfers of Financial Assets”
/ IAS 1 “Presentation of Financial Statements” – Amendments “Presentations of Items of Other Comprehensive Income”
/ IAS 12 “Income Taxes” – Amendments “Deferred Tax: Recovery of Underlying Assets”
/ IAS 19 “Employee Benefits”

With the exception of the amendments to the revised IAS 19, the above-mentioned new or revised standards are not expected to have any significant impact on the presentation of the consolidated annual financial statements should they be adopted by the European Union. The amendments to IAS 19, however, will have a significant impact on Schuler’s accounting of employee benefits. This will result in particular from no longer using the corridor method for actuarial profits or losses, which will lead to a greater volatility of pension provisions and other comprehensive income. On the other hand, actuarial profits or losses outside the corridor are no longer amortized in the income statement.

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 statement of financial position 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. Items in the statement of financial position are presented according to maturity. Assets and liabilities are classed as current if they are due or sold either within twelve months of the end of the reporting period or within a longer business cycle. Consequently, inventories, trade receivables and payables, and receivables from long-term construction contracts are disclosed as current items. However, deferred tax assets and liabilities, and pension provisions are always disclosed as non-current items.

The consolidated financial statements were prepared in euro. Unless otherwise indicated, 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 Group's affiliated companies and investments as defined by § 313 (2) HGB are listed separately in note (38) of the consolidated financial statements. The consolidated financial statements and Group management report and the annual financial statements and management report of Schuler AG are filed with the electronic Federal Gazette and can be downloaded from the corporate website ↦ WWW.SCHULERGROUP.COM.

The present consolidated financial statements and Group management report were released by the Board of Management on December 23, 2011, for submission to the Supervisory Board. Following the Supervisory Board's inspection and approval, they are expected to be published on January 24, 2012.

CONSOLIDATED GROUP

In addition to Schuler AG, the consolidated annual financial statements comprise all major domestic and foreign subsidiaries which are directly or indirectly controlled by Schuler AG (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.

Subsidiaries with limited activities (mainly 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 cost.

In order to further streamline the Group's structure, Schuler Systems & Services GmbH & Co. KG, Göppingen, was merged with Schuler Pressen GmbH & Co. KG, Göppingen, during the period under review. Schuler Pressen GmbH & Co. KG was then subsequently merged with Müller Weingarten AG, Weingarten. Following the merger and change in legal form, the trading name of Müller Weingarten AG was changed to Schuler Pressen GmbH. The company's registered offices are located in Göppingen and it has further facilities in Weingarten and Erfurt, as well as its factory service in Remscheid. Schuler Systems & Services Geschäftsführungs GmbH and Schuler Pressen Geschäftsführungs GmbH, both domiciled in Göppingen, are in the process of liquidation.

Moreover, Schuler Hydroforming Geschäftsführungs GmbH, Waghäusel, was merged with its parent company Schuler SMG GmbH & Co. KG, Waghäusel. Following entry of the merger in the Commercial Registry, the assets and liabilities of Schuler Hydroforming GmbH & Co. KG, Waghäusel, were also transferred by accretion in April to the limited partner Schuler SMG GmbH & Co. KG.

In the same period, Vögtle Service Geschäftsführungs GmbH, Eislingen, was also merged with Vögtle Service GmbH & Co. KG, Eislingen, and subsequently renamed as Vögtle Service GmbH.

The inactive company TRAVIS Handelsgesellschaft mbH, Weingarten, was merged with the equally inactive company Schmiedetechnik und Service GmbH, Weingarten.

The above-mentioned mergers were each made with retroactive effect as of October 1, 2010. The resulting changes to the consolidated group from these legal transactions have no effect on the consolidated financial statements as of September 30, 2011.

In order to expand service activities in Brazil, a new Group subsidiary was formed in February 2011 which trades under the name BCN do Brasil Serviços e Comércio Ltda., São Paulo. In May 2011, Schuler Thailand Co. Ltd., Bangkok, was also newly founded. Due to their minor economic significance, neither company was consolidated during the reporting period.

The Schuler Group now comprises the following number of companies:

	09/30/2011	09/30/2010
Schuler AG and fully consolidated subsidiaries		
Domestic	19	22
Foreign	10	10
Subsidiaries carried at amortized cost	10	13
Domestic	9	7
Foreign	48	52

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 (2004), 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 and ancillary costs 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. At the end of the reporting period, there are no new business combinations which would have to be carried according to IFRS 3 (rev. 2008). The changes prescribed by this revised version of the standard (e.g. non-capitalization of ancillary acquisition costs, fair value measurement of conditional acquisition cost payments, revaluation of previous investments in the case of gradual acquisition) are therefore of no relevance for Schuler at present.

According to IAS 36, the values of capitalized goodwill are not written down in scheduled amounts but are reviewed annually or on indication of any impairment by means of an impairment test. Should the carrying amount of a cash-generating unit to which goodwill is assigned exceed the recoverable amount, i.e. the higher of market value less selling costs or value in use, 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 amounts 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 with limited useful lives and newly recognized at their respective fair values are depreciated in scheduled amounts.

Income and expenditure between consolidated companies is eliminated, as are payables and receivables; the same applies to liabilities and other financial obligations. The consolidated income statement 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 income statement are carried as deferred taxes, whereby deferred tax assets and liabilities from individual consolidation measures are not netted as they do not meet the requirements of IAS 12.74.

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 statement of financial position items, other financial obligations and contingent liabilities in foreign currencies are translated at the average spot foreign currency rates applicable at the end of the reporting period. 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 from the respective local currency into the Group reporting currency (euro) in accordance with the functional currency concept, pursuant to IAS 21. With the exception of equity, statement of financial position items are thus translated at the average spot exchange rate at the end of the reporting period. 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.

Goodwill amounts not carried in the annual financial statements of subsidiaries which were already present as of January 1, 2005, continue to be carried at the end of the reporting period at the historic cost of the acquisition date in line with the transitional regulation IAS 21.59.

Income and expense items in the income statement are translated into euros at average annual exchange rates.

The most important exchange rates used for the translation of foreign currencies are as follows:

		Closing rate		Average rate	
Currency	1 € =	09/30/2011	09/30/2010	2010/11	2009/10
UK	GBP	0.8614	0.8666	0.8706	0.8687
Switzerland	CHF	1.2188	1.3338	1.2526	1.4191
Czech Republic	CZK	24.7159	24.5713	24.5050	25.6539
USA	USD	1.3417	1.3655	1.3983	1.3536
Mexico	MXN	18.5569	17.1084	17.0055	17.3192
Brazil	BRL	2.4908	2.3152	2.3012	2.3977
PR China	CNY	8.5676	9.1345	9.1224	9.2137

ACCOUNTING PRINCIPLES AND VALUATION METHODS

/ INTANGIBLE ASSETS

Intangible assets are capitalized in the amount of their cost of acquisition or conversion. With the exception of goodwill, they have a measurable useful life and are thus amortized in scheduled amounts using the straight-line method. The following amortization periods are used:

	Useful lives
Customer-related intangible assets	5 to 20 years
Technology-based intangible assets[1]	up to 20 years
Contract-based intangible assets	5 to 10 years

1) incl. acquired drawing rights

Intangible assets (excluding goodwill) are impaired if the recoverable amount, i.e. the higher of fair value less costs to sell and its value in use, is less than the carrying amount. If the reasons for the recognition of impairment no longer exist, the asset is written up to a value not exceeding that which would have resulted in former periods without impairment. If it is not possible to determine future cash flows for individual assets independent of other assets, the impairment test is made on the basis of the asset's superior cash-generating unit.

Development expenses are capitalized if a newly developed product or process can be clearly identified, can be realized with regard to technology, economic efficiency and production capacity, 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. As of October 1, 2009, financing costs are capitalized providing the intangible assets meet the criteria prescribed by IAS 23. Should there be no earlier indication of impairment, capitalized costs are checked annually for impairment until a development project is completed. After completion, capitalized development costs are amortized in scheduled amounts over the expected life cycle of the products. Research expenses are entered as expenditure in the period in which they are incurred.

Due to the non-definable useful lives, goodwill is 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. Against the backdrop of the initial adoption of IFRS 8 in connection with the "Improvements to IFRS" (April 2009), as of fiscal year 2009/10 goodwill is assigned to the level of the Group companies (prior years: reporting segment level) as the cash-generating units when measuring impairment. The assignment is based on the recoverable amount of those companies which are expected to benefit from the synergies. The total amount of T€ 46,236 (prior year: T€ 45,182) at the end of the reporting period (September 30, 2011) is divided among the main cash-generating units – according to the value in use of the participating units – as follows: Schuler Pressen GmbH T€ 34,624 (prior year: Müller Weingarten AG T€ 20,252, Schuler Pressen GmbH & Co. KG T€ 13,318) and Schuler SMG GmbH & Co. KG T€ 7,098 (prior year: T€ 7,098). The remaining amount of T€ 4,514 (prior year: T€ 4,514) is attributable to three further companies. The increase in the period under review was due to subsequently incurred real estate transfer tax due to the acquisition of Müller Weingarten AG in 2007.

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. In order to calculate perpetuity, free cash flows after this detailed planning period are always extrapolated on the basis of the last planning year, without consideration of any growth rate. Historic values based on experience and management assessment of the long-term relevant economic conditions for the Group companies are also taken into account. The main assumptions for determining fair value are based on the development of sales and costs, especially in the large-scale machine business, as well as the sector and economic cycles, and the discount rate. The forecasts are based on past experience and expectations of future market developments, which are also validated by external sources. Discounting is based on the weighted average cost of capital (WACC) after tax, taking into account the risk class assigned to the respective cash-generating unit and its relevant market. The cost of equity is based on the interest rate for long-term, risk-free securities (government bonds), calculated using the published figures of the German central bank (Deutsche Bundesbank) by means of the Svensson method, plus a risk premium. For the calculation of the cost of debt, the claim to interest of the debt creditors and the IFRS discount rates for pension provisions are included. The cost of capital after tax is the weighted average of these individual required rates of return. In the period under review, these rates ranged from 5.3% to 10.6% (prior year: 6.4% to 9.7%). In the case of impairment, i.e. the carrying amount of the cash-generating unit to which the assets less liabilities are assigned exceeds the calculated value in use, goodwill is subject to non-scheduled amortization. If the required impairment need of a cash-generating unit exceeds the amount of goodwill allocated to it, the carrying value of its non-current assets is reduced by the remaining amount. Should the reason for amortization no longer apply, it is not permissible to revalue goodwill. For the other non-current assets, however, write-ups are made up to the amount of the carrying value which would have resulted without the non-scheduled value adjustments of previous periods.

The annual goodwill impairment review at the end of the reporting period revealed that value in use was above the carrying values for the relevant Group companies. As in previous years, no impairment need was therefore identified. In the period under review, there were no write-ups from the reversal of impairment losses pursuant to IAS 36.104 (b) (prior year: T€ 8,619).

In a sensitivity analysis, key parameters of the impairment test were altered to a reasonable degree as part of a possible development. Increasing the WACC by 25 base points or reducing relevant cash flow by 5% did not result in any impairment need for goodwill.

/ 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 received are generally deducted from the acquisition or conversion cost of the subsidized asset. Current maintenance and repair costs are recognized immediately in profit and loss when incurred. The cost of conversion comprises individual direct costs as well as prorated material and production overheads including depreciation and production-related administrative costs. Borrowing costs for qualifying assets are capitalized as part of the acquisition or conversion cost for the first time as of October 1, 2009, if the requirements are met. Schuler defines qualifying assets as those assets which require at least twelve months to get ready for its intended use or sale. Property, plant and equipment are depreciated using the straight-line method according to the asset's standard useful life. The assumptions for determining economic benefit, residual value and remaining useful life are reviewed and adjusted where necessary at each end of the reporting period. Items belonging to property, plant and equipment are derecognized at the time of disposal, due to sale or decommissioning, or when no further economic benefit is expected from their usage. The resulting profits and losses (difference between the net sales value and the carrying value) are disclosed in other income or other expenses.

Scheduled depreciation amounts are based 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 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 amount. 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. Should the reasons for non-scheduled depreciation carried out in previous years no longer apply, a reversal of impairment loss for the asset is undertaken in an amount no higher than total non-scheduled impairment recognized so far. If it is not possible to allocate to individual assts the company's own future revenue streams generated independently of other assets, impairment is tested on the basis of the superior cash-generating unit of assets.

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

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 economic ownership are transferred to the respective Group company. In such cases, the respective property, plant and equipment is capitalized at the lower of acquisition or conversion cost and the present value of future minimum lease payments, and depreciated using the straight-line 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 income statement (operating lease conditions). In such cases, the leased object is not capitalized in the Schuler Group.

/ GOVERNMENT GRANTS

Government grants are only recognized if there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period in which the relevant expenses are incurred. Government grants for investments are deducted from the carrying value of the subsidized asset.

/ FINANCIAL ASSETS

Interests in non-consolidated subsidiaries and other participations 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 amounts are recognized in the income statement.

/ 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. Financial assets and financial liabilities are only netted and disclosed if there is a right to offset amounts at the current time and there is the intention to create a settlement by netting. The carrying amounts of those financial assets not assessed at fair value with an effect on the income statement are subjected to an impairment test at each end of the reporting period. Any impairment charges resulting from the difference between the carrying amount and the lower fair value are expensed. Regardless of the probability of their occurrence, losses from expected future events are not considered. The following criteria are used to objectively determine impairment:

- substantial financial difficulties of the issuer or debtor
- high probability of insolvency proceedings against the debtor or necessary recovery measures of the borrower
- significant change in the technological, economic or legal environment and the issuer's market environment

/ signs which enable the measurement of a sustained or significant decline in the financial asset's fair value below amortized cost

/ concessions to the borrower for economic or legal reasons in connection with his financial difficulties

/ contractual infringements

/ the disappearance of an active market for the financial asset

Financial instruments are always recognized on delivery, i.e. on the settlement date. Regular purchases or sales based on contracts which provide for the delivery of an asset within a certain period, which is usually determined by provisions or conventions of the respective market, are booked on the trading day and thus on the day on which the Group entered into the contractual obligations of the financial 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 is transferred to another party, including 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. Initial recognition of financial instruments is at fair value, i.e. the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Financial instruments in foreign currencies are translated using average exchange rates. For all financial instruments which are not subsequently assessed at fair value with an effect on the income statement, transaction costs directly attributable to the acquisition are accrued in the statement of financial position. In accordance with IAS 39, current and non-current financial assets and liabilities are divided into the following categories:

/ Financial assets measured at fair value through profit and loss

/ Loans and receivables originated by the enterprise

/ Held-to-maturity financial investments

/ Available-for-sale financial assets

/ Financial assets measured at amortized cost

/ Financial liabilities measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include derivative financial instruments, all originated financial instruments held for trading (e.g. shares or interestbearing securities), 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. Schuler has so far not made use of the possibility to categorize financial assets on initial recognition as financial assets measured at fair value through profit and loss. The Schuler Group only allocates derivative financial instruments to this category, and only if they do not meet the strict criteria of a hedging relationship 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 relationship 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. 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. Changes in fair value in this category of financial instruments are recognized in profit and loss. Transaction costs incurred when acquiring financial assets measured at fair value through profit or loss are also charged directly to profit and loss.

Loans and receivables are non-derivative financial instruments not quoted on any active market with fixed or measurable payments. They mainly include trade receivables, future receivables from long-term construction contracts, some of the other receivables, cash and cash equivalents. They are carried at amortized acquisition cost. The amortized acquisition cost of a financial asset or financial 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. Individual valuation allowances for dubious receivables are formed to account for the risk of estimated losses from insolvency of contractual partners. They are recognized to reduce the gross receivable if there are specific indications that a debtor cannot meet his financial obligations to a sufficient extent. Valuation adjustments for defaults not yet known are formed on a group basis to cover credit risks from overdue receivables without specific valuation adjustments. Receivables with potential devaluation needs are grouped according to similar default risk characteristics, examined jointly for impairment, and adjusted individually in lump sums where necessary. A decentralized collection management system is responsible for judging the appropriateness of valuation adjustments for dubious receivables, based on the maturity structure of net receivables, specific country risks, the risk structure of financial transactions, experience from receivables already derecognized, customer credit ratings and noticeable changes in payment behavior. The size of a value adjustment is set at the difference between the carrying amount of an asset and the discounted expected future cash flows used to determine present value with the original effective interest rate of the financial asset, which is then recognized in profit and loss. If the amount of the value adjustment is reduced in one of the following reporting periods and the underlying circumstances can be objectively traced to an event which occurred after the value adjustment was recognized, then the previously recognized value adjustment is reversed through profit and loss. The impairment of trade receivables, and part of other assets, is included in allowance accounts. Receivables are derecognized if the contractual rights to payments no longer exist, the respective opportunities and risks are mostly transferred or if they are classified as uncollectible. The degree of risk assessment reliability is an indication of whether a default risk should be covered by an allowance account or via a direct receivable adjustment. Expenses from the value adjustment and derecognition of receivables are disclosed under other expenses, while reversals of valuation allowances and incoming payments for derecognized receivables are disclosed as other income.

Held-to-maturity financial investments are non-derivative financial assets with fixed or measurable payments and a fixed maturity, whereby it is both intended and can be expected with economically sufficient reliability that they will be held until maturity. They are measured using the effective interest method at amortized costs. During the period under review, Schuler did not recognize any such financial instruments.

Available-for-sale financial assets are non-derivative financial assets, which were either allocated to this category or do not fall into one of the other measurement categories presented. They are disclosed under non-current assets, unless management intends to sell them in the following fiscal year. 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 other comprehensive income under consideration of deferred taxes. In the case of asset disposals, the reserve is reversed. If objective indications of an impairment of the financial asset to below its acquisition cost already existed at an earlier time, the impairments are removed from equity and disclosed in the income statement for the period. The same applies to currency-based changes in the fair value of debt instruments. The size of the allowance is calculated as the difference between the carrying value and the present value of the estimated future cash flows, discounted with the current market return of a comparable financial asset. Reversals of impairment losses are only shown in the income statement, if events occur at a later valuation date after the impairment has been expensed, which lead to an objective increase in fair value. Available-for-sale financial assets also include interests in affiliated companies and participations. There is no active market for these financial instruments. Fair value can only be measured on the basis of concrete sales negotiations, and is therefore always measured at acquisition cost. In the case of these equity instruments, a permanent or significant decline of fair value below acquisition cost also leads to a loss in value, which is recognized in the income statement of the respective reporting period. In accordance with IAS 39.66, no reversal of impairment losses is made for these shares. Interest from financial assets designated as available-for-sale are carried through profit and loss as interest income using the effective interest method. Dividends are recognized in the income statement upon accrual of payment rights. Premiums or discounts, transaction costs and interest are recognized in profit and loss over the term.

Financial liabilities generally substantiate claims for repayment to another party in cash or another financial asset. **Financial liabilities valued at amortized cost mostly comprise** financial liabilities, trade payables and part of other debts. After initial recognition using the effective interest method, such financial liabilities are carried at amortized cost. Interest income from the compounding and discounting of trade payables is disclosed in the interest result.

Financial liabilities measured at fair value through profit or loss comprise financial liabilities which are held for trading. Derivative financial instruments which are not, or no longer, included in an effective hedging relationship pursuant to IAS 39 must be classified as held-for-trading. In subsequent valuation, the negative fair values are recognized in the income statement. They are disclosed within other liabilities. The Group does not make use of the possibility to classify financial liabilities as at-fair-value-through-profit-or-loss on initial recognition.

/ ORIGINATED FINANCIAL INSTRUMENTS

The amount of originated financial instruments can be seen in the consolidated statement of financial position and the notes to the annual financial statements. 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. The credit risk in connection with derivative financial instruments is minimized by only conducting business with contractual partners with good credit ratings. 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.

/ DERIVATIVE FINANCIAL INSTRUMENTS/HEDGE ACCOUNTING

In order to hedge statement of financial position items and future cash flows from operations, as well as financial transactions and investments against interest and foreign currency risks, the Schuler Group uses derivative financial instruments (e.g. forward exchange transactions, currency swaps, interest swaps and options) whose efficiency is examined in regular effectiveness tests. The Schuler Group neither holds nor issues derivative financial instruments for speculation purposes. Derivative financial instruments are measured at fair value, both on initial recognition and at every subsequent end of the reporting period. Measurement is based on the exchange rates (average rates), interest rates and credit ratings of the contract partners at the closing date. The fair value of listed derivatives corresponds to the positive or negative market value at the closing date. If there are no market values, however, fair values are calculated using recognized actuarial models (e.g. using the present value method or Black-Scholes option pricing model). Derivatives with positive fair values are disclosed as financial assets and derivatives with negative fair values as financial liabilities. Financial instruments which represent an effective hedging relationship pursuant to IAS 39 (Hedge Accounting) are classified from this moment onward as fair value hedges or as cash flow hedges.

In the case of fair value hedges, the company hedges the risk of changes in the fair value of a firm obligation without effect on the statement of financial position or a statement of financial position item. In this case, both the hedging and underlying transaction are carried at fair value and both value adjustments are recognized in the income statement.

Cash flow hedges serve to hedge against future cash flow fluctuations in connection with a recognized asset, a recognized liability or a highly probable future cash flow. Schuler uses this instrument primarily to hedge against future cash flows from expected payments, which are mainly based on existing orders. The hedging instruments are again carried at fair value. However, unrealized profits and losses from hedging transactions as a result of changes in market values are first recognized (less a proportion for tax) in other comprehensive income. They are only transferred to the income statement if the respective hedged item influences the period result. That portion of the market value change of a derivative instrument which is not covered by the underlying transaction is recognized directly in profit or loss.

In the case of forward exchange transactions, fair values are calculated as the present value of cash flows on the basis of contractually agreed forward rates and reference exchange rates at the end of the reporting period under consideration of forward premiums or discounts. The fair values of interest hedging instruments are calculated on the basis of expected discounted cash flows. The market interest rates used are based on the remaining terms of the financial instruments. Only those cash flow hedges are recognized which meet the strict requirements of IAS 39 with regard to hedge accounting. To this end, the type of financial instrument used, the underlying transaction, the hedged risk and an assessment of the degree of effectiveness of the hedging instruments are all documented. In order to judge the effectiveness of the hedging relationship with regard to compensating for risks from changes in cash flows related to the hedged risk, its effectiveness is examined at the closing date. If the conditions for hedge accounting purposes are no longer met, or Schuler decides not to continue the designation, the hedging relationship is reversed with an effect on the income statement.

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 completion. The development of the project's progress is determined according to the percentage of completion of a particular order, measured on the basis of the ratio between costs incurred to date and the expected total contract costs (cost-to-cost method). Increases or decreases in income from order amendments and additional claims are considered if these are deemed likely and their amount can be reliably determined. 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 expenses are recognized in the income statement in the period in which the deviations are determined.

Construction contracts are disclosed under receivables or payables. As soon as accumulated services (incurred contract costs and prorated profits) exceed payments received on account for a particular contract, the construction contract is disclosed under future receivables from long-term 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.

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. Calculation rates are measured on the basis of normal capacity utilization. Borrowing costs are included in the conversion costs of those inventory assets which require a period of more than twelve months to convert into a saleable condition. In the period under review, borrowing costs of T€ 356 (prior year: T€ 198) were capitalized for qualified inventory assets whose conversion began after October 1, 2009. A weighted average borrowing cost rate of 10.3% (prior year: 8.2%) was used to measure those borrowing costs requiring capitalization. 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

Deferred tax assets and liabilities are formed for temporary differences between tax-based and IFRS-based valuations of assets and liabilities on the basis of the balance-sheet oriented method in accordance with IAS 12. Temporary differences from goodwill or from initial recognition of other assets and liabilities (provided it is not a business combination) which affect neither the tax result nor the IFRS result at the time of the transaction are not considered. Deferred tax assets also always recognize tax reduction claims from existing tax loss carryforwards and unused tax credits, for example in Germany from interest charges which are no longer directly tax deductible, providing it is likely that they can be used in the following years.

Deferred tax assets are only recognized if there is sufficient probability that the resulting tax credits can actually be used in future.

Income taxes relating to items in other comprehensive income are recognized in the relevant equity category and not in the income statement.

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. They are based on the tax regulations of the individual countries valid, or virtually adopted, at the end of the reporting period. In the case of domestic companies and consolidation transactions, a tax rate of 30% was applied once again. For foreign subsidiaries, deferred taxes are calculated on the basis of the valid local tax rates.

In the case of items recognized under accumulated other comprehensive income, the change in the respective deferred tax position is also recognized in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset wherever deferred taxes refer to the same tax subject and the same tax authority and there is a legally enforceable right to set off current tax assets from current tax liabilities. Current tax receivables and liabilities are offset if the tax authority has granted permission to settle on a net basis.

PENSION PROVISIONS

Actuarial valuation of pension provisions is based on the projected unit credit method in respect of post-employment benefits in accordance with IAS19. The valuation is not only based on pension payments as known at the end of the reporting period, 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. Income from plan assets and expenses from the discounting of obligations are disclosed in the interest result. Service cost and amortized actuarial profits and losses from pension obligations are recognized in employee benefit expenses.

The effects from the phased increase in the retirement age brought about by the German Act to Adapt the Standard Retirement Age (RV-Altersgrenzenanpassungsgesetz) announced in 2007 are treated as actuarial gains as the new legislation does not result in any direct changes of the decisive factors and conditions for Schuler's pension plan and there is thus no need for immediate recognition as a negative past service cost.

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 settlement value of provisions is mainly determined using internal as well as external data sources, such as actual warranty costs incurred in the past, technical information about the design of products and process technology, as well as internal statistics and experience reports from damage cases or test setups, individual contract commitments, the expertise of external assessors and actuaries, or management's assessment of individual issues, such as environmental risks or legal disputes with the involvement of external lawyers. Especially in the case of impending losses, subsequent costs and warranties, all cost elements are considered which are capitalized in inventories.

Provisions not resulting directly in an outflow of resources in the following year are discounted, providing the resulting effect is significant. The relevant market interest rates are used in each case. Claims for reimbursement which are sufficiently secure are carried as separate assets.

If the scope of the commitment is reduced following a changed estimation in subsequent periods, the provision is reversed pro rata against those original cost items recognized at the time when the provision was formed.

Provisions are reviewed on an annual basis to ascertain whether and to what degree they are still necessary. If the grounds for forming the provision no longer apply, the provision is reversed with an effect on the income statement.

LIABILITIES

With the exception of derivative financial instruments, non-current liabilities are recorded at amortized cost in the statement of financial position. 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.

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

SHARE-BASED PAYMENT

Stock options were granted to members of Schuler AG's Board of Management in the fiscal years 2008/09 and 2009/10. The fair value of these non-cash compensation components was measured on the grant dates during the year in accordance with IFRS 2.16. It is expensed over the vesting period in the consolidated income statement using the straightline method and weighted according to the exercise probability. After fulfillment of the contractually defined conditions, an increase in nominal capital is recognized from conditional capital when the stock options are exercised, providing the company does not grant treasury stock.

INCOME AND EXPENSE RECOGNITION

Sales revenue resulting from the typical business activities of the Schuler Group and other income is only recognized when the relevant delivery or service has been performed and the risk has thereby passed to the customer (transfer of significant risks and opportunities). The prerequisite for income recognition is that all major contract components – depending on the agreement, not just delivery but also services, such as construction and assembly – must be completed at the end of the reporting period. If a transaction consists of several delivery or service components, it is divided into several accounting units. Total compensation is allocated pro rata to the respective components according to their relative fair values. The customer's compensation for a measurement unit must not depend, however, on the provision of further services. If acceptance agreements were concluded with the customers, revenue is not recognized in the income statement until after acceptance. The exception to this principle are customer-based, long-term construction contracts, where the respective revenue is measured and disclosed according to the percentage-of-completion method. Revenues are recognized after deduction of sales rebates, sales taxes and other taxes charged by the customer. 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.

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 requires management to make certain assumptions and estimates in order to judge and evaluate the effects of uncertain future events. They reflect the current state of available knowledge at the time of financial reporting and may have a material impact on 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, assumptions concerning the technical and economic ability to realize development projects, the economic useful lives of intangible assets and property, plant and equipment, the measurement of fair value for non-current assets, the sales and profit recognition of long-term construction contracts, the suitability of value adjustments for dubious receivables, the amount of expenses for pension benefits and expected income from plan assets, the future use of deferred tax assets depending on expected taxable income, the probability of fulfilling the conditions of the debtor warrant and the recognition and measurement of provisions. Key individual factors include discount rates, cost increases, tax rates, cash flows or biometric assumptions – e.g. life expectancy – cost estimates for customer projects, and above all 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 the case of such diverging developments, the estimates and, where necessary, the carrying amounts of the assets and liabilities affected are adjusted.

Further explanations are provided where necessary in the respective notes.

CONSOLIDATED INCOME STATEMENT DISCLOSURES

(1) SALES

For segment reporting purposes (see note (28)), consolidated sales revenue is presented by the Group's business segments, products/services, and regions. Revenue from long-term construction contracts calculated according to the PoC method amounts to T€ 562,399 (prior year: T€ 358,995).

(2) OTHER INCOME

IN € THOUSANDS

	2010/11	2009/10
Reversal/usage of provisions	12,567	2,824
Income from rent and leases	3,476	3,025
Cost refunds/compensation from third parties (incl. insurance payments)	2,371	3,168
Income from ancillary activities (material and scrap sales etc.)	1,989	1,151
Income from the disposal of fixed assets	1,569	2,798
Income from write-ups	0	8,619
Other income	3,890	5,185
	25,861	26,770

Other operating income includes currency gains of T€ 488 (prior year: T€ 1,355).

(3) COST OF MATERIALS

IN € THOUSANDS	2010/11	2009/10
Expenses for raw materials, supplies and goods purchased	391,556	234,589
Expenses for services purchased	67,816	31,143
	459,373	265,732

(4) PERSONNEL EXPENSES

IN € THOUSANDS	2010/11	2009/10
Wages and salaries	266,824	213,463
Social security expenses	54,591	49,379
	321,415	262,842

The annual average number of employees developed as follows:

NUMBER OF EMPLOYEES	2010/11	2009/10
Direct employees	2,906	2,887
Indirect employees	1,875	1,831
	4,781	4,718
Apprentices	287	322
	5,068	5,040

(5) DEPRECIATION AND AMORTIZATION OF INTANGIBLE AND TANGIBLE ASSETS

IN € THOUSANDS

	2010/11	2009/10
Intangible assets	10,666	5,311
Tangible assets	19,672	16,219
	30,338	21,529

In the fiscal year 2010/11, non-scheduled depreciation of intangible assets amounted to T€ 5,320 (prior year: T€ 0) relating to the termination of business activities in the field of wind power technology. In addition, tangible assets were subject to non-scheduled depreciation of T€ 2,938 (prior year: T€ 1,041). This concerns value adjustments for the Group's Czech subsidiary Müller Weingarten Česká Republica s.r.o. due to the reduced value in use of non-current assets amounting to T€ 2,242 as well as further writedowns in connection with wind power technology (T€ 696).

(6) OTHER EXPENSES

IN € THOUSANDS

	2010/11	2009/10
Rent and leasing	19,298	12,190
Travel costs for machine assembly, other travel expenses	18,830	16,178
Advertising, trade fair and exhibition costs, commissions	18,060	16,266
Repairs, servicing, maintenance	17,788	14,204
Packaging, outgoing freight costs, duties	17,702	17,012
Other expenses	44,687	48,022
	136,366	123,872

Currency losses included in other expenses amount to T€ 1,136 (prior year: T€ 1,283).

(7) FINANCIAL RESULT

IN € THOUSANDS	2010/11	2009/10
Interest income	6,057	3,033
of which from affiliated companies	90	7
Interest expense	38,124	35,952
of which to affiliated companies	34	63
Interest result	-32,067	-32,919
Income from investments	751	405
of which from affiliated companies	750	64
Other financial result	751	405
Financial result	-31,316	-32,513

(8) INCOME TAXES

IN € THOUSANDS	2010/11	2009/10
Current tax expense, Germany	3,725	1,234
Current tax expense, abroad	3,332	2,012
Current income taxes	7,057	3,247
of which relating to other periods	-11	686
Deferred taxes		
Creation and reversal of temporary differences	-8,791	-7,260
Total tax income/expense	-1,735	-4,014

At the end of the reporting period, there were domestic corporate tax loss carryforwards amounting to T€ 247,742 (prior year: T€ 248,820), trade tax carryforwards of T€ 297,783 (prior year: T€ 298,145) and interest carryforwards of T€ 11,626 (prior year: T€ 4,438). Tax loss carryforwards of non-German Group companies amount to the equivalent of T€ 32,110 (prior year: T€ 40,964). The total amount includes loss carryforwards of T€ 250,447 (prior year: T€ 329,157) deemed non-usable (corporate tax T€ 94,726 (prior year: T€ 149,014), trade tax T€ 141,767 (prior year: T€ 173,322), foreign income taxes T€ 2,327 (prior year: T€ 2,383), interest carryforwards T€ 11,626 (prior year: T€ 4,438)). Of this amount, T€ 248,706 (prior year: T€ 327,357) can be carried forward indefinitely, while T€ 963 of foreign Group companies (prior year: T€ 956) can be used to reduce tax within a period of up to five years and T€ 778 (prior year: T€ 843) can be used within the next ten fiscal years.

At the end of the reporting period, there were temporary differences in the individual financial statements in connection with shares in affiliated companies and investments amounting to T€ 113,318 (prior year: T€ 72,420). However, these are only partially liable to tax.

In order to calculate expected income taxes, profit or loss for the year before taxes is multiplied by a tax rate of 30.0% (prior year: 30.0%). This figure comprises corporation tax (15.0%), the solidarity surcharge (5.5% of corporation tax) and trade tax (14.0%).

As in the previous year, the nominal income tax rates valid at year-end for the Group's foreign subsidiaries were between 12.5% and 34.0%.

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

IN € THOUSANDS

	2010/11	2009/10
Profit or loss for the year before taxes	22,165	-15,847
Income tax rate	30.0%	30.0%
Expected income taxes	6,650	-4,754
Tax-free income	-350	-804
Non-deductible expenses, incl. foreign withholding tax	2,014	3,115
Current income taxes relating to other periods	-11	686
Subsequent capitalization of deferred taxes for temporary differences and tax loss carryforwards	-15,482	-14,218
Non-capitalized deferred taxes for temporary differences and tax loss carryforwards	5,628	12,951
Deviation from foreign tax rates	-138	-1,054
Effects from tax rate changes	-9	-45
Loss of tax loss carryforwards as a result of merger	75	0
Other	-111	109
Disclosed income taxes	-1,735	-4,014
Effective tax rate	-7.8%	25.3%

The following deferred tax assets and liabilities in the statement of financial position refer to recognition and valuation differences between tax statements of financial position and the consolidated statement of financial position for individual items and to capitalized tax carryforwards:

IN € THOUSANDS

	Deferred tax assets		Deferred tax liabilities	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Non-current assets	2,707	2,363	13,826	14,450
Inventories and receivables	6,125	2,674	38,293	29,965
Tax loss carryforwards	92,227	91,844	–	–
Other assets	4,612	5,150	536	615
Pension provisions	4,764	4,081	810	889
Other provisions	2,949	2,662	10,692	947
Liabilities	35,765	23,672	1,471	2,550
Gross value	149,149	132,447	65,628	49,416
Valuation allowances	-39,399	-49,425	–	–
Offsetting	-63,758	-46,533	-63,758	-46,533
Recognition in the statement of financial position	45,993	36,489	1,870	2,883

Despite the very positive order position, deferred tax assets are not expected to be fully utilized in the foreseeable future and were therefore partially adjusted. In accordance with IAS 12, unused tax loss carryforwards are only recognized to the extent that there is likely to be a taxable income in future which can be offset against unused tax losses. Account was taken of tax plans based on corporate planning and covering a period of five years as well as the long-term economic conditions relevant to Schuler.

The above value adjustments are based mainly on tax loss carryforwards at the end of the reporting period.

In the period under review, an amount of T€ 986 (prior year: T€ 11) was recognized in other comprehensive income from changes in deferred taxes. At the end of the reporting period, deferred taxes totaling T€ 1,180 (prior year: T€ 194) were recognized in other comprehensive income in connection with the market valuation of cash flow hedges. Moreover, deferred taxes of T€ 1,117 (prior year: T€ 56) were recognized in capital reserves due to the tax deductibility of capital increase costs. Currency translation differences recognized in other comprehensive income in connection with deferred taxes of foreign subsidiaries amounted to T€ –377 (prior year: T€ 1,191). All other changes were recognized in the income statement.

(9) EARNINGS PER SHARE

Earnings per share are calculated as the ratio of consolidated profit for the year attributable to shareholders of Schuler AG and the weighted average number of no-par value shares outstanding during the fiscal year. The capital increase of 6,500,000 no-par value shares conducted in the period under review is recognized pro rata temporis as of the expired subscription deadline for the calculation of the average number of outstanding shares. The ratio may be diluted by so-called "potential shares" (mainly stock options and convertible bonds). Following the granting of the three tranches of the Stock Option Program 2008, potentially diluting shares were created due to outstanding options. The prescribed performance targets for the first two thirds of these tranches were met during the period under review, resulting in the first-time reporting of diluted earnings per share. In accordance with market prospects, the treasury stock method was used to determine the number of additional shares included in the calculation.

The conditional capital adopted by the Annual General Meeting is explained in note (19).

IN € THOUSANDS

	2010/11	2009/10
Consolidated profit or loss for the year	23,900	–11,833
Profit attributable to minority interests	467	956
Profit attributable to shareholders of Schuler AG	23,433	–12,789
Weighted average number of common shares outstanding – basic (number of shares in thousands)	24,388	21,369
Diluting potential common shares from stock option program (number of shares in thousands)	309	0
Weighted average number of common shares outstanding – diluted (number of shares in thousands)	24,697	21,369
Earnings per common share (€) – basic	0.96	–0.60
Earnings per common share (€) – diluted	0.95	–0.60

STATEMENT OF FINANCIAL POSITION DISCLOSURES

(10) INTANGIBLE ASSETS

/ CHANGES IN INTANGIBLE ASSETS BETWEEN OCTOBER 1, 2010, AND SEPTEMBER 30, 2011

IN € THOUSANDS

	Customer-based intangible assets and trademarks	Technology-based intangible assets and trademarks	Capitalized development costs	Contract-based intangible assets	Goodwill	Total
COST OF ACQUISITION/CONVERSION						
Balance at October 1, 2010	25,328	18,248	16,003	35,394	57,665	152,638
Foreign exchange differences	–	1	-225	-215	–	-439
Additions	–	–	1,013	595	1,054	2,663
Transfers	–	–	–	26	–	26
Disposals	–	–	32	686	–	718
Balance at September 30, 2011	25,328	18,248	16,759	35,113	58,720	154,169
AMORTIZATION AND IMPAIRMENT						
Balance at October 1, 2010	5,304	4,297	7,481	30,324	12,484	59,889
Foreign exchange differences	–	–	-188	-146	–	-333
Additions	1,915	998	5,968	1,785	–	10,666
of which non-scheduled	–	–	5,320	–	–	5,320
Disposals	–	–	–	660	–	660
Balance at September 30, 2011	7,219	5,295	13,261	31,303	12,484	69,563
CARRYING AMOUNTS						
Balance at October 1, 2010	20,024	13,951	8,522	5,070	45,182	92,748
Balance at September 30, 2011	18,109	12,953	3,498	3,810	46,236	84,606

/ CHANGES IN INTANGIBLE ASSETS BETWEEN OCTOBER 1, 2009, AND SEPTEMBER 30, 2010

IN € THOUSANDS

	Customer-based intangible assets and trademarks	Technology-based intangible assets and trademarks	Capitalized development costs	Contract-based intangible assets	Goodwill	Total
COST OF ACQUISITION/CONVERSION						
Balance at October 1, 2009	24,863	18,236	11,906	35,631	38,309	128,945
Foreign exchange differences	–	2	384	611	–	998
Additions	465		3,976	607	19,356	24,404
Transfers	–	9	–	372	–	381
Disposals	–	–	263	1,828	–	2,091
Balance at September 30, 2010	25,328	18,248	16,003	35,394	57,665	152,638
AMORTIZATION AND IMPAIRMENT						
Balance at October 1, 2009	3,415	3,608	6,681	29,964	12,484	56,151
Foreign exchange differences	–	–	235	442	–	677
Additions	1,889	965	675	1,782	–	5,311
Transfers	–	7	–	-7	–	–
Disposals	–	–	110	1,779	–	1,889
Write-ups	–	-283	–	-78	–	-361
Balance at September 30, 2010	5,304	4,297	7,481	30,324	12,484	59,889
CARRYING AMOUNTS						
Balance at October 1, 2009	21,448	14,628	5,225	5,667	25,826	72,794
Balance at September 30, 2010	20,024	13,951	8,522	5,070	45,182	92,748

A syndicated loan agreement concluded with a consortium of banks and credit insurers by Schuler AG and its major subsidiaries requires the provision of numerous collaterals. As of September 30, 2011, these include in particular the pledging of shares and accounts, blanket assignments, encumbrances, storage security transfers and the pledging of industrial property rights. The explanations below regarding the restricted availability of individual assets reflect the respective values in the statement of financial position of the assets concerned but not the actual amount borrowed at the end of the reporting period. The provision of collateral resulted in restricted right of use amounting to T€ 33,856 (prior year: T€ 41,400).

In connection with the acquisition of shares in Müller Weingarten AG in 2007, additional real estate transfer taxes of T€ 1,054 were levied in the period under review. Under consideration of the valid accounting regulations at the time of purchase, these subsequent directly assignable costs were recognized as an addition to goodwill.

The following amounts were recognized in the income statement for research and development activities (R&D) in the period under review:

IN € THOUSANDS

	2010/11	2009/10
Research costs and non-capitalized development costs	10,060	4,568
Amortization of capitalized development costs[1]	648	675
R&D costs recognized in the income statement	10,707	5,242

1) excluding non-scheduled amortization (T€ 5,320)

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, development costs incurred in fiscal year 2010/11 amounting to T€ 1,013 (prior year: T€ 3,976) fulfilled the conditions for capitalization pursuant to IAS 38.

In fiscal year 2010/11, government grants of T€ 0 (prior year: T€ 107) were received for research and development activities and T€ 0 for investment in plant and machinery (prior year: T€ 283) and offset from acquisition costs. Other government grants amounting to T€ 591 (prior year: T€ 32) were carried directly in the income statement.

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 recognized as project costs.

(11) PROPERTY, PLANT AND EQUIPMENT

/ CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN OCTOBER 1, 2010, AND SEPTEMBER 30, 2011

IN € THOUSANDS

	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
COST OF ACQUISITION/CONVERSION					
Balance at October 1, 2010	173,578	223,252	90,073	4,426	491,329
Foreign exchange differences	1,076	-1,245	-452	-14	-635
Additions	56	2,323	3,458	2,106	7,943
Transfers	53	832	1,272	-2,182	-26
Disposals	556	24,706	3,554	1,083	29,899
Balance at September 30, 2011	174,206	200,455	90,796	3,254	468,712
AMORTIZATION AND IMPAIRMENT					
Balance at October 1, 2010	81,127	179,234	76,443	–	336,804
Foreign exchange differences	370	-918	-434	–	-983
Additions	6,396	9,094	4,182	–	19,672
of which non-scheduled	1,643	572	723	–	2,938
Disposals	556	24,406	3,487	–	28,449
Balance at September 30, 2011	87,336	163,004	76,704	–	327,044
CARRYING AMOUNTS					
Balance at October 1, 2010	92,451	44,017	13,630	4,426	154,525
– of which leased assets	–	1,341	–	–	1,341
Balance at September 30, 2011	86,870	37,451	14,093	3,254	141,668
– of which leased assets	–	–	–	–	–

/ CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN OCTOBER 1, 2009, AND SEPTEMBER 30, 2010

IN € THOUSANDS

	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
COST OF ACQUISITION/CONVERSION					
Balance at October 1, 2009	187,596	233,573	94,756	1,749	517,674
Foreign exchange differences	2,133	3,866	1,241	119	7,359
Additions	35	3,441	2,429	5,714	11,618
Transfers	–	2,763	-18	-3,126	-381
Disposals	5,000	14,737	8,335	28	28,101
Reclassification as held for sale assets	-11,186	-5,655	–	–	-16,841
Balance at September 30, 2010	173,578	223,252	90,073	4,426	491,329
AMORTIZATION AND IMPAIRMENT					
Balance at October 1, 2009	84,881	193,685	81,455	–	360,021
Foreign exchange differences	697	2,871	1,036	–	4,605
Additions	6,282	6,643	3,294	–	16,219
of which non-scheduled	1,000	41	–	–	1,041
Transfers	–	75	-75	–	–
Disposals	2,407	11,319	8,086	–	21,813
Write-ups	–	-7,077	-1,182	–	-8,259
Reclassification as held for sale assets	-8,326	-5,644	–	–	-13,970
Balance at September 30, 2010	81,127	179,234	76,443	–	336,804
CARRYING AMOUNTS					
Balance at October 1, 2009	102,714	39,888	13,301	1,749	157,652
– of which leased assets	–	3,266	–	–	3,266
Balance at September 30, 2010	92,451	44,017	13,630	4,426	154,525
– of which leased assets	–	1,341	–	–	1,341

Restricted right of use regarding property, plant and equipment amounts to T€ 93,171 (prior year: T€ 103,333).

Various Group companies have obligations from operating leases, mainly concerning the use of third-party real estate assets at the Göppingen and São Paulo facilities, as well as vehicles and IT hardware and software. 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 at the end of the reporting period in the table below:

IN € THOUSANDS

	Due			09/30/2011
	up to 1 year	from 1 to 5 years	over 5 years	Total
Future payments for finance leases	0	0	0	0
Interest component	0	0	0	0
Carrying/present value	0	0	0	0
Future minimum payments for operating leases	12,186	40,355	66,735	119,276

IN € THOUSANDS

	Due			09/30/2010
	up to 1 year	from 1 to 5 years	over 5 years	Total
Future payments for finance leases	629	0	0	629
Interest component	15	0	0	15
Carrying/present value	614	0	0	614
Future minimum payments for operating leases	12,913	40,725	74,726	128,364

In the period under review, payments recognized in the income statement for operating leases amount to T€ 17,702 (prior year: T€ 17,012). This figure comprises minimum leasing payments of T€ 17,133 (prior year: T€ 16,859) and contingent rents of T€ 569 (prior year: T€ 153), which are based on contractually agreed annual adjustments of rent payments to consumer price indices.

The Group leases a minor amount of machines, equipment and other assets to third parties under operating lease agreements. Straight-line depreciation is applied with useful lives of up to 40 years. Acquisition and conversion costs – converted using average rates at the end of the reporting period – amount to T€ 3,103 (prior year: T€ 24,648) as of September 30, 2011; depreciation amounts converted at the annual average rate in the period under review totaled T€ 1,218 (accumulated T€ 2,142, prior year: T€ 1,611 and T€ 22,487). After accounting for currency translation differences belonging to annual depreciation (T€ –2, prior year: T€ 0), the carrying amount as of September 30, 2011, amounts to T€ 959 (prior year: T€ 2,161). Disposals in the period under review amount to T€ 21,599 gross (residual carrying amounts T€ 0, prior year: T€ 0). The following payments are expected to be received from these operating leases with third parties over the coming years:

IN € THOUSANDS

			Due	09/30/2011
	up to 1 year	from 1 to 5 years	over 5 years	Total
Future payments received from operating leases	92	0	0	92

IN € THOUSANDS

			Due	09/30/2010
	up to 1 year	from 1 to 5 years	over 5 years	Total
Future payments received from operating leases	1.836	91	0	1.927

(12) INTERESTS IN AFFILIATES AND PARTICIPATIONS

The disclosed interests in non-consolidated Group companies and participations are classified as available-for-sale and carried at acquisition cost. As at the closing date, there was neither a market nor stock exchange price for these financial instruments, nor could their fair value be established with the aid of comparable transactions. Prior to the preparation of the annual financial statements there was no intention to sell any interests. There has been no derecognition in connection with these financial instruments.

In fiscal year 2010/11, there was no impairment of a permanent or significant nature. As a result, no amortization with an effect on the income statement was recognized (prior year: T€ 0).

Interests in non-consolidated affiliated companies include restricted right of use amounting to T€ 278 (prior year: T€ 494).

(13) NON-CURRENT AND CURRENT OTHER ASSETS

IN € THOUSANDS

	Remaining term		09/30/2011	Remaining term		09/30/2010
	up to 1 year	over 1 year	Total	up to 1 year	over 1 year	Total
Receivables from other taxes	14,015	5,106	19,122	22,250	5,547	27,797
Positive fair values of derivatives	396	16	412	1,637	49	1,686
Payments on account	14,814	0	14,814	4,414	0	4,414
Other non-financial assets	5,127	137	5,264	8,126	3,074	11,200
Other financial assets	7,793	2,638	10,431	4,406	2,207	6,613
	42,146	7,896	50,042	40,832	10,877	51,709

There are no restrictions on title in respect of the disclosed financial and non-financial assets. As at the closing date, Schuler had also not transferred other receivables and financial assets to third parties which qualify as partial or no derecognition of the asset.

Default risks are accounted for by means of valuation allowances, which amount to T€ 2,703 at the end of the reporting period (prior year: T€ 2,834).

Valuation allowances for other financial assets developed as follows:

IN € THOUSANDS

	2010/11	2009/10
Valuation allowances as at Oct. 1	2,834	3,499
Additions	0	132
Utilization	132	328
Reversals	0	469
Valuation allowances as at Sep. 30	2,702	2,834

The following table shows the extent of the credit risks contained within non-current and current other receivables and financial assets:

IN € THOUSANDS

	09/30/2011	09/30/2010
Neither impaired nor past due as at the closing date	9,874	7,500
Not impaired at the closing date and past due in the following time periods:		
less than 3 months	425	504
between 3 and 6 months	15	2
between 6 and 9 months	8	95
between 9 and 12 months	11	0
over 12 months	10	31
	468	633
Valuation allowances to individual other receivables and other financial assets (net)	500	166
Carrying amount (net)	10,842	8,299

Renegotiated contracts which would otherwise be overdue or requiring valuation adjustment are insignificant. With regard to those financial assets included which are neither impaired nor past due, there were no indications as at the closing date that the debtors would not meet their payment obligations.

The carrying amounts of disclosed financial and non-financial assets mainly correspond to their fair values: foreign exchange receivables are generally translated at the exchange rate valid at the end of the reporting period; derivatives are valued by means of actuarial models incorporating market values valid at the end of the reporting period; credit risk is accounted for by means of valuation allowances; and non-current, non-interest-bearing receivables are discounted.

(14) INVENTORIES

IN € THOUSANDS

	09/30/2011	09/30/2010
Raw materials, consumables and supplies	26,573	25,910
Work in progress	89,051	73,419
Finished goods and purchased merchandise	9,053	10,207
	124,676	109,536

In the period under review, valuation allowances for raw materials, consumables and supplies amounting to T€ 1,244 (prior year: T€ 724), as well as reversals of valuation allowances amounting to T€ 1,782 (prior year: T€ 2,092) as a result of increased fair values, 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€ 17,014 (prior year: T€ 16,357). Of the total inventories, a volume of T€ 55,989 (prior year: T€ 30,855) is recognized at net realizable value.

Restricted right of use from the provision of collateral amounts to T€ 98,644 (prior year: T€ 84,256).

(15) TRADE RECEIVABLES

IN € THOUSANDS

	09/30/2011	09/30/2010
Trade receivables from		
third parties	90,206	73,704
affiliated companies	951	1,783
companies in which an investment is held	56	83
	91,213	75,571

Valuation allowances for trade receivables developed as follows:

IN € THOUSANDS

	2010/11	2009/10
Valuation allowances as at Oct. 1	5,153	7,872
Additions	1,844	920
Utilization	259	1,443
Reversals	584	2,244
Exchange rate effects and other changes	45	48
Valuation allowances as at Sep. 30	6,200	5,153

The following table shows the extent of the credit risks contained within trade receivables:

IN € THOUSANDS

	09/30/2011	09/30/2010
Neither impaired nor past due as at the closing date	58,329	43,528
Not impaired at the closing date and past due in the following time periods:		
less than 3 months	23,923	23,923
between 3 and 6 months	7,232	5,641
between 6 and 9 months	884	939
between 9 and 12 months	115	145
over 12 months	139	760
	32,294	31,407
Valuation allowances to individual trade receivables (net)	591	636
Carrying amount (net)	91,213	75,571

An amount of T€ 2,247 (prior year: T€ 1,940) was charged to the income statement in the period under review for impairment and derecognition of trade receivables. As at the closing date there were no trade receivables with renegotiated conditions which would otherwise have been past due or impaired. On the basis of experience and often long-standing customer relationships, Schuler judges those trade receivables which are neither adjusted nor past due to be generally creditworthy and without significant risk of default.

Depending on the market circumstances and liquidity needs, Schuler occasionally sells trade receivables due from end customers to third parties for the purposes of refinancing. Before derecognizing such receivables, Schuler examines to what extent the legally transferred receivables meet the criteria for derecognition according to applicable regulations; if these criteria are not met, the receivables remain in the statement of financial position. As at the closing date, Schuler has not transferred trade receivables which qualify as partial or no derecognition of the asset.

Restricted right of use from the provision of collateral amounts to T€ 64,794 (prior year: T€ 55,390). The parties concerned have no rights to sell or pledge the collateral provided.

(16) FUTURE RECEIVABLES FROM LONG-TERM CONSTRUCTION CONTRACTS

IN € THOUSANDS

	09/30/2011	09/30/2010
Contract costs incurred, including partial profits	584,496	382,641
Payments received on account for construction contracts not yet invoiced	-653,091	-335,776
Impending loss provisions	-1,471	-7,088
Future receivables from long-term construction contracts, net	-70,066	39,777
of which contracts with net receivables	113,295	95,746
of which contracts with net payables	183,360	55,969

Future receivables from long-term construction contracts comprise those claims calculated according to the degree of completion and resulting from customer-specific, long-term contracts, provided that the customer has not yet been invoiced. The contracts all have fixed prices. 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 long-term construction contracts, while all others are carried as liabilities under payments received on account.

Future receivables from long-term construction contracts do not have maturity dates; no impairment due to default risks has been made. They are classified as current as the receivables are realized within the normal course of Schuler's business cycle.

Restricted right of use from the provision of collateral amounts to T€ 89,589 (prior year: T€ 84,432). The parties concerned have no rights to sell or pledge the collateral provided.

(17) CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounting to T€ 236,682 (prior year: T€ 98,823) include bank balances (T€ 236,582, prior year: T€ 98,725), as well as checks and cash in hand (T€ 100, prior year: T€ 98). At the end of the reporting period, the average effective interest rate for short-term bank deposits amounted to 1.27% (prior year: 0.75%) in €, to 0.0% (prior year: 0.0%) in USD, to 12.67% (prior year: 10.81%) in BRL, to 3.12% (prior year: 2.06%) in CNY, to 0.12% (prior year: 0.13%) in CHF, and to 0.04% (prior year: 0.05%) in GBP. These deposits have terms of between one and 116 days and are subject to only minor value fluctuations. At the end of the reporting period, account balances totaling T€ 193,988 (prior year: T€ 74,363) were provided as collateral in connection with the syndicated loan agreement, as well as cash guarantees for additional bilateral sureties, and for obligations from semi-retirement agreements.

(18) NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

On September 30, 2010, Schuler Hydroforming GmbH & Co. KG sold its entire commercial real estate in Wilnsdorf, Germany, two hydroforming presses and other accessories as part of an overall agreement. As the conditions precedent of the purchase agreement were met in fiscal year 2010/11, the disposal was recognized during the reporting period. The resulting profit on realization is included in other income. It is disclosed under segment reporting in the Forming Systems segment.

(19) EQUITY

/ SHARE CAPITAL

Share capital amounts to € 76,050,000.00 (prior year: € 59,150,000.00); it is divided into 29,250,000 (prior year: 22,750,000) no-par-value common shares. Each share thus has a notional share of nominal capital amounting to € 2.60. The shares are made out to the bearer, the capital is paid up in full.

/ AUTHORIZED CAPITAL

On the basis of a resolution adopted by the Annual General Meeting on April 13, 2011, the Board of Management is authorized until March 31, 2016, with the approval of the Supervisory Board, to raise the company's capital stock by up to a total of € 29,575,000.00 for contribution in cash or in kind, either in one or several new issues of new common no-par value shares made out to the bearer (Authorized Capital).

With the approval of the Supervisory Board, the Board of Management can:

aa) exclude the subscription rights of shareholders during capital increases for cash contribution up to a pro rata share of capital stock totaling € 5,915,000.00 (10% limit), in order to issue the new shares at an offering price which is not significantly lower than the stock market price (§§ 203 (1 and 2), § 186 (3) sentence 4 AktG);

bb) exclude the subscription rights of shareholders up to a further pro rata share of capital stock totaling € 17,750,000.00 for the purpose of acquiring companies or interests in companies.

Insofar as the Board of Management does not make use of the above-mentioned authorizations to exclude subscription rights, the subscription rights of shareholders can only be excluded for fractional amounts. The Board of Management is authorized, with the approval of the Supervisory Board, to determine the further details of capital increases from authorized capital. The Supervisory Board is authorized to adapt the articles if authorized capital is used.

On the basis of this authorization and with the consent of the Supervisory Board, the Board of Management resolved on June 10, 2011, to increase the capital stock of Schuler AG by partially using authorized capital. A total of 6,500,000 new common no-par value shares made out to the bearer with a pro rata share of capital stock of € 2.60 each were to be issued against cash contribution, thus raising capital stock by € 16,900,000 to € 76,050,000. The new common no-par value shares have full dividend rights for the fiscal year 2010/11. The subscription price of € 10.50 per no-par value share was set by the Board of Management on the basis of an accelerated bookbuilding process conducted by Joh. Berenberg, Gossler & Co KG in the period June 14 to 15, 2011. The new common no-par value shares were offered for subscription to shareholders of Schuler AG on the basis of a 7:2 subscription ratio in the period June 17 to June 30, 2011. The capital increase was conducted to the full amount of 6,500,000 new common no-par value shares and entered into the Commercial Register of the District Court of Ulm on June 16, 2011.

Following its partial use, the authorization of the Board of Management to raise the company's capital stock (Authorized Capital) – as granted by the Annual General Meeting on April 13, 2011 – still amounts to € 12,675,000.00. At the same time, the authorization of the Board of Management described above under bb) to exclude the subscription rights of shareholders for the purpose of acquiring companies or interests in companies has fallen to € 6,760,000.00.

/ CONDITIONAL CAPITAL

The Annual General Meeting of Schuler AG on April 10, 2008, adopted the creation of conditional capital. The company's capital stock has been raised conditionally (Conditional Capital) by up to € 1,820,000.00 by issuing up to 700,000 no-par value bearer shares (common stock). Conditional capital is used solely to meet subscription rights from stock options issued as part of the Stock Option Program 2008 on the basis of an authorization of the Annual General Meeting of Schuler AG on April 10, 2008. The conditional capital increase will only be conducted to the extent that the bearers of the issued stock options utilize their right to subscribe to company shares and the company does not grant treasury shares to satisfy the stock options. The new shares participate in profits from the beginning of the fiscal year in which they were created by exercising subscription rights. Shares from conditional capital are issued at the offering amount as determined by the exercise price set in the authorization of the Annual General Meeting of Schuler AG on April 10, 2008. The Supervisory Board is authorized to determine the further details of the conditional capital increase and its implementation.

Convertible bonds, bonds with warrants, profit participation rights, income bonds or combinations of such instruments

The Annual General Meeting of Schuler AG on April 15, 2010, resolved to form additional conditional capital. The company's capital stock was raised conditionally (Conditional Capital II) by up to € 25,480,000.00 by issuing up to 9,800,000 new no-par value bearer shares (common stock). Issue can also be made for cash contribution. The conditional capital increase will only be conducted to the extent that the bearers of the conversion or option rights from convertible bonds, bonds with warrants, profit participation rights, income bonds or combinations of such instruments (collectively referred to as the "bonds"), with or without maturity date, with a total nominal value of up to € 98,000,000.00 and issued by the company or a group subsidiary in the period from April 15, 2010, to April 14, 2015, utilize their conversion or option rights, or that the bearers of convertible bonds with a conversion obligation issued by the company or a group subsidiary fulfill their duty to convert and the company does not use treasury shares to satisfy such rights. The new shares used for issuance participate in profits from the beginning of the fiscal year in which they were created by exercising conversion rights. The Supervisory Board is authorized to adapt the articles in accordance with the scale of the capital increase from Conditional Capital II.

The bond issuance conditions can determine that the company does not grant no-par value shares to the bearers of conversion or option rights, or those obliged to convert, but instead pays their value in cash. Insofar as convertible bonds or bonds with warrants are issued for cash contribution, the Board of Management is authorized, subject to the approval of the Supervisory Board, to exclude the subscription rights of shareholders to convertible bonds with a total nominal value of up to € 21,000,000.00, providing the issuance price is not significantly lower than the theoretical market value of the convertible bonds or bonds with warrants as calculated according to recognized actuarial methods. This authorization to exclude subscription rights, however, is only valid in analogous application of § 186 (3) sentence 4 AktG insofar as the no-par value shares issued, or to be issued, to settle conversion or option rights do not exceed 10% of share capital – neither at the time of effectiveness nor at the time this authorization is exercised. Moreover, the Board of Management is authorized, subject to the approval of the Supervisory Board, to exclude the right of shareholders to subscribe for bonds, insofar as these are issued for cash contribution for the purpose of acquiring companies, parts of companies or investments in companies and the value of the non-cash consideration is reasonably proportionate to the value of the bond. In the case of convertible bonds or bonds with warrants, the theoretical market value as calculated according to recognized actuarial methods is decisive.

The Board of Management is authorized to determine the further details of the issuance and details of the bonds, in particular their interest rate, term and denomination.

No bonds and participation rights were issued in the period under review.

Stock Option Program 2008

The Annual General Meeting of Schuler AG of April 10, 2008, authorized the Supervisory Board to issue up to 700,000 share options in the period up to December 31, 2012, each with a subscription right for one common share of Schuler AG, however not before the adopted conditional capital of € 1,820,000.00 had become effective through entry in the Commercial Register and after specifying the following key provisions of the Stock Option Program 2008.

The Stock Option Program 2008 has the following key provisions:

- / Only the members of the Board of Management of Schuler AG have subscription rights as part of the Stock Option Program 2008. The Supervisory Board of Schuler AG alone is responsible for determining and issuing subscription rights. Providing no contractual guarantees have to be upheld with respect of the subscription right beneficiaries, the Supervisory Board is free in its decision about “whether” to grant subscription rights and – within defined upper limits – in its decision as to “the scope” of subscription rights granted.
- / Shareholders do not have subscription rights.
- / From the moment the conditional capital adopted to serve the Stock Option Program 2008 is entered in the Commercial Register until December 31, 2012, no more than two tranches of subscription rights per year from the total volume of the stock option program can be issued to the beneficiaries. No tranche may exceed 40% of the total volume of the Stock Option Program 2008.
- / Each subscription right entitles the beneficiary to acquire a common no-par value share of Schuler AG on payment of the exercise price. The exercise price per subscription right corresponds to an amount of € 2.60, subject to possible adaptations during the term of the stock options should capital measures be conducted in future.
- / The stock options can be exercised no sooner than after a waiting period of two years following the respective grant date (“vesting period”) and within a period of a further two years during defined exercise periods.
- / The issue periods and exercise periods for the stock options are to be set in such a way that the issue and exercise of stock options occur in periods with the greatest possible general information of the market concerning the company’s affairs.
- / Subscription rights can only be exercised if the following performance targets are reached:
  - / The performance target for two thirds of the subscription rights of a tranche has been achieved if it is proven that in the period between granting subscription rights to this tranche and their exercise the Schuler Group has posted a consolidated EBITDA of over € 78.0 million in its annual financial statements adopted by the Supervisory Board for a fiscal year following September 30, 2009.

  / The performance target for the remaining third of the subscription rights of a tranche has been achieved if it is proven that in the period between granting subscription rights to this tranche and their exercise the Schuler Group has posted a consolidated EBITDA of over € 78.0 million in its annual financial statements adopted by the Supervisory Board for two fiscal years following September 30, 2009.

/ Stock options expire if they have not been exercised by the end of the two years during which they can be exercised.

/ The Supervisory Board is entitled to determine further details concerning the granting of stock options and further exercise conditions.

At its meeting of September 23, 2008 the Supervisory Board specified the individual exercise conditions and resolved to offer the Board of Management members of Schuler AG a total of 661,250 share options in three tranches spread over the following two fiscal years, as part of the above-mentioned stock option program. With the offer and acceptance of the third tranche, this program has now been completed. Details regarding the development of outstanding options can be seen from the following table:

	Number of stock options	(Remaining) contractual term	Exercise price/option	Initial Schuler share price[1]	Fair value/ option[1]
	Units	Years	€	€	
As of October 1, 2008	–	–	–	–	–
Tranche 1 (01.30.2009)	264,500	4.0	2.60	3.45	1.62
Tranche 2 (04.03.2009)	264,500	4.0	2.60	2.60	1.01
As of September 30, 2009	529,000	3.4	2.60	3.02	1.32
Tranche 3 (02.05.2010)	132,250	4.0	2.60	4.05	2.29
As of September 30, 2010	661,250	2.6	2.60	3.23	1.51
As of September 30, 2011	661,250	1.6	2.60	3.23	1.51

1) on the grant date

The fair values of stock options on the grant dates were calculated using the Monte-Carlo simulation and the Cox-Ross-Rubinstein binomial tree valuation methods, based on historic share prices of the last four years. Historic quarterly EBITDA results were considered from October 2003 onward; expected planning figures as of the grant dates were used for future EBITDA results.

The setting of a performance target in the form of a minimum EBITDA result represents a so-called non-market vesting condition. According to IFRS 2.19, such a target may not be used directly in the valuation procedure, but should be considered as part of the exercise probability. The expected development is to be reassessed at the end of every reporting period. The same applies to the agreed service condition. The expense from the stock option program is recognized pro rata temporis over the vesting period. Based on the calculations of an external assessor, the prorated personnel expense for share-based compensation transactions in fiscal year 2010/11 amounts to T€ 423 (prior year: T€ 252). As the performance target was reached for the first time in the period under review, two thirds of stock options in the three tranches (= 440,833 options) can be exercised in the next fiscal year once the current consolidated annual financial statements have been adopted by the Supervisory Board.

/ CAPITAL RESERVES

Capital reserves regularly contain the share premiums from the issue of company shares after deduction of capital increase costs and the opposing items from the expensing of stock-based remuneration. It is subject to the availability restrictions of § 150 AktG. Capital reserves increased by T€ 49,168 in fiscal year 2010/11 (prior year: T€ – 16,167). This amount results from the premium received during the capital increase conducted in fiscal year 2010/11 amounting to T€ 51,350 (prior year: T€ 2,800) less the attributable transaction costs amounting to T€ 3,722 (prior year: T€ 187) plus deferred tax of T€ 1,117 (prior year: T€ 56) on these tax-deductible expenses. Capital reserves also increased by T€ 423 (prior year: T€ 252) due to the pro-rated recognition of the Stock Option Program 2008.

/ RETAINED EARNINGS

Retained earnings contain the legal reserve of Schuler AG and the accumulated results of Group companies, providing no dividends were paid. In addition, retained earnings – and to a lesser extent capital reserves – contain the netting of acquired goodwill undertaken according to old HGB accounting procedures, insofar as these could be maintained at the time of the IFRS transition as part of the exempting provisions of IFRS 1.

ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in fair values from cash flow hedges (in the previous year also from the market valuation of available-for-sale securities) – after accounting for respective deferred taxes – and currency translation differences arising from the calculation of the financial statements of foreign subsidiaries not carried in euro are disclosed under “Accumulated other comprehensive income”.

The following table shows changes in the components of accumulated other comprehensive income with separate disclosure of the respective tax effects:

IN € THOUSANDS

	2010/11			2009/10		
	Before-tax amount	Tax expense benefit	Net-of-tax amount	Before-tax amount	Tax expense benefit	Net-of-tax amount
Exchange differences on translating foreign operations	1,593	0	1,593	5,092	0	5,092
Cash flow hedges:						
Valuation changes recognized in other comprehensive income	-2,816	860	-1,955	480	-135	345
recognized in profit and loss	-164	126	-39	-480	144	-336
Profit/loss from available-for-sale financial assets	0	0	0	-6	2	-5
Other comprehensive income for the year	-1,387	986	-401	5,087	11	5,097

/ DISCLOSURES ON CAPITAL MANAGEMENT

The primary aim of capital management is to achieve a satisfactory equity ratio for the Group of at least 25% in the medium term in order to secure the continued existence of the company, to raise shareholder value and to utilize growth opportunities. This also involves the creation of sufficient liquidity reserves to ensure financial solvency at all times. The equity ratio is measured on the basis of equity capital disclosed in the statement of financial position. In the period under review, Schuler AG increased equity capital by a gross amount of T€ 68,250 in order to strengthen the company's equity base, refinance the Group, and finance further growth.

IN € THOUSANDS

	09/30/2011	09/30/2010
Equity capital in T€	206,360	116,803
Total of statement of financial position in T€	895,937	726,778
Equity ratio in %	23.0	16.1

In the existing syndicated loan agreement, Schuler AG committed itself to meeting certain financial covenants. In the period under review, the capital measures included achieving a minimum level of equity capital. According to our calculations, the terms of the agreement were met at all times throughout fiscal year 2010/11.

/ PROPOSED APPROPRIATION OF PROFIT

In accordance with § 58 (2) AktG, the dividend available for distribution of Schuler AG is based on its disclosed (HGB) statement of financial position profit. The Board of Management proposes to distribute a dividend of € 5,833,750.00 from the statement of financial position profit of Schuler AG as of September 30, 2011, amounting to € 9,528,318.68, corresponding to € 0.25 per new common share (WKN A0V9A2) and € 0.12 per old common share (WKN 721060), and to carry forward the remaining amount of € 3,694,568.68.

(20) MINORITY INTERESTS

The minority interest in equity is attributable to the companies Shanghai Schuler Presses Co. Ltd., Beutler Nova AG, and Eclips Vermietungsgesellschaft mbH & Co. Objekt Göppingen Kommanditgesellschaft.

(21) NON-CURRENT AND CURRENT LIABILITIES

IN € THOUSANDS

	Remaining term			09/30/2011
	up to 1 year	from 1 to 5 years	over 5 years	Total
Liabilities to banks	31,240	49,382	18,231	98,853
Bills of exchange	0	0	0	0
Financial lease liabilities	0	0	0	0
Other financial debts	13	0	0	13
	31,253	49,383	18,231	98,866

IN € THOUSANDS

	Remaining term			09/30/2010
	up to 1 year	from 1 to 5 years	over 5 years	Total
Liabilities to banks	34,813	148,335	21,294	204,442
Bills of exchange	36	0	0	36
Financial lease liabilities	614	0	0	614
Other financial debts	2	0	0	2
	35,464	148,335	21,294	205,093

Schuler AG and its major subsidiaries concluded a syndicated loan agreement with a syndicate of banks and credit insurance companies in order to cover their financial requirements. In the past fiscal year, the credit facility tranches were reduced by T€ 72,712, mainly by means of funds from the capital increase conducted in July 2011. As of September 30, 2011, the credit facility tranches of the syndicated loan agreement due to expire in September 2012 thus totaled T€ 123,788 (prior year: T€ 196,500) while the guarantee facility tranche remained unchanged at T€ 250,000. The increased credit facility requirement due to a rise in payments on account received by customers was covered in the short term by additional bilateral credit facility lines totaling T€ 50,000 with some of the syndicate banks.

Due to Schuler's improved economic situation and more favorable capital market conditions, a new syndicated loan agreement was concluded in November 2011 with a total volume of T€ 450,000. This replaced the existing syndicated loan agreement and the additional bilateral credit facility lines. The new syndicated loan agreement was concluded mainly with the existing syndicate of banks and credit insurance companies led by Landesbank

Baden-Württemberg and Deutsche Bank AG. The new syndicated loan agreement expires on September 30, 2016. It comprises a guarantee facility tranche of T€ 300,000, which can be increased if required by a further T€ 50,000, and a credit facility tranche of T€ 150.000, which may also be used as a guarantee facility. The greatly improved terms of the new syndicated loan agreement are dependent on the Schuler Group's relationship of net borrowing to EBITDA and are reviewed and adjusted where necessary each quarter. The collateral for the syndicated loan agreement includes shares in subsidiaries, property, plant and equipment, and current assets. Due to the premature repayment, the one-off costs of the old agreement originally accruing in the next fiscal year were partially recognized already in the past fiscal year as an interest expense in the amount of T€ 2,816. This will result in a correspondingly reduced burden on the financial results of following years.

In order to redeem the existing term loan of T€ 64,803 within the credit facility tranches, an equal amount in cash was deposited with the agent as of September 30, 2011. Liabilities due to banks were therefore netted with cash and cash equivalents by this amount.

Liabilities to banks include fixed-interest loans with a carrying amount of T€ 84,948 (prior year: T€ 157,559) and variable-interest loans of T€ 13,904 (prior year: T€ 46,884). The weighted average interest rates for fixed-interest liabilities amounted to 7.98% in EUR (prior year: 8.17%), 6.05% in BRL (prior year: 4.50%) and 3.20% in CHF (prior year: 3.20%). In the case of variable-interest liabilities, the corresponding figures amounted to 3.09% in EUR (prior year: 2.54%), 9.52% in BRL (prior year: 9.94%) and n.a.% in CZK (prior year: 3.96%). The average remaining term of fixed-interest liabilities amounts to 3.2 years as of September 30, 2011 (prior year: 3.3 years), while the average term (interest adjustment dates) of variable-interest liabilities is around 3.3 months (prior year: 4.5 months).

Variable-interest liabilities are secured in part by interest swaps or opposing positions. As at the end of the reporting period, there were no unsecured variable-interest liabilities (prior year: T€ 0).

Of the liabilities to banks, a total of T€ 40,550 (prior year: T€ 32,033) is payable in BRL, T€ 201 (prior year: T€ 289) in CHF and T€ 0 (prior year: T€ 81) in CZK. Loans in EUR make up the remaining amount.

In addition to the syndicated loan, there are additional bilateral credit and guarantee lines with various banks. Total credit and guarantee lines of the Schuler Group amount to a volume of T€ 550,596 (prior year: T€ 525,609). Credit/guarantee lines used at present amount to T€ 457,785 (prior year: T€ 315,962). The increased use results mainly from a higher credit facility requirement due to a rise in payments on account received by customers.

Of the financial liabilities, an amount of T€ 43,462 (prior year: T€ 157,405) is secured by encumbrances and other non-current and current assets. Credit lines with banks amounting to T€ 293,476 (prior year: T€ 144,713) are secured by various non-current and current assets

(22) NON-CURRENT AND CURRENT OTHER LIABILITIES

IN € THOUSANDS

	Remaining term			09/30/2011
	up to 1 year	from 1 to 5 years	over 5 years	Total
Payments on account received in respect of long-term construction contracts (net)	181,889	0	0	181,889
Other payments on account received from customers	49,501	0	0	49,501
Liabilities in respect of staff benefits and compensation (incl. social security)	42,036	259	0	42,295
Liabilities from other taxes	9,901	0	0	9,901
Negative fair values of derivatives	3,703	425	0	4,128
Other liabilities	27,233	377	65	27,675
	314,263	1,061	65	315,389

IN € THOUSANDS

	Remaining term			09/30/2010
	up to 1 year	from 1 to 5 years	over 5 years	Total
Payments on account received in respect of long-term construction contracts (net)	48,881	0	0	48,881
Other payments on account received from customers	24,722	0	0	24,722
Liabilities in respect of staff benefits and compensation (incl. social security)	28,768	457	0	29,225
Liabilities from other taxes	8,042	0	0	8,042
Negative fair values of derivatives	1,464	1,716	0	3,181
Other liabilities	5,363	170	0	5,533
	117,240	2,343	0	119,584

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 at the end of the reporting period. The respective fair values do not differ significantly from the disclosed carrying amounts. Other liabilities include the open purchase price obligation of T€ 20,000 from the debtor warrant agreed on the purchase of Müller Weingarten AG, Weingarten. It was reclassified from other provisions at the end of the reporting period when the obligation became firm (see note (24)).

(23) 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€ 22,999 (prior year: T€ 19,935). This total includes employer contributions to the German state pension fund of T€ 22,751 (prior year: T€ 19,655).

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"), the following assumptions were used for the calculation of pension expenses of domestic subsidiaries:

IN PERCENT

	2010/11	2009/10
Discount rate	4.1	5.6
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	2.0	2.0
Expected return on assets	4.0	4.0

For the calculation of the present value of pension obligations at the end of the reporting period, the main discount rate amounts to 4.9% (prior year: 4.1%) and the expected long-term trend to 2.5% (prior year: 2.5%).

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 changes in the defined benefit obligation (DBO) and the plan asset in the period under review were as follows:

IN € THOUSANDS	2010/11	2009/10
Defined benefit obligation (DBO) as of Oct. 1	112,333	95,245
Currency translation differences	9	21
Current service cost	1,130	885
Interest cost of pension obligations	4,490	5,197
Contributions of plan participants	1,269	1,217
Actuarial gains/losses	-8,403	16,665
Pension and capital payments made	-6,207	-6,897
Past service cost	162	0
Defined benefit obligation (DBO) as of Sep. 30	104,784	112,333

IN € THOUSANDS	2010/11	2009/10
Present value of plan assets as of Oct. 1	25,963	23,590
Expected income from plan assets	1,048	1,247
Contributions of plan participants	405	450
Actuarial gains/losses	-1,000	2,144
Payments made	-1,084	-1,467
Present value of plan assets as of Sep. 30	25,333	25,963

In order to ascertain the financial status, the defined benefit obligation of the externally financed obligations is compared with the present value of plan assets, and the defined benefit obligation of the internally financed obligations are added. Provisions for pensions are derived using the actuarial gains and losses not yet recognized in the statement of financial position.

IN € THOUSANDS

	09/30/2011	09/30/2010
DBO of externally financed obligations	29,818	31,892
Fair value of plan assets	25,333	25,963
Deficit	4,486	5,929
DBO of internally financed obligations	74,965	80,441
Financial status	79,451	86,370
Unrecognized actuarial gains/losses	-4,618	-13,593
Pension provisions recognized in the statement of financial position	74,833	72,777
thereof carried as pension provisions	74,833	72,777

The amount recognized as income or expense in the income statement resulting from defined benefit plans consists of the following items:

IN € THOUSANDS

	2010/11	2009/10
Current service cost	1,130	885
Amortization of actuarial gains/losses	1,593	7
Interest cost of pension obligations	4,490	5,197
Expected income from plan assets	-1,048	-1,247
Past service cost	162	0
Net pension expense	6,328	4,842

The actual results of the plan assets amount to T€ 48 (prior year: T€ 3,390). The service cost, the amortized actuarial gains/losses, and the past service cost are considered in staff costs, while the remaining components of pension expense are included in the interest result.

The plan assets refer exclusively to domestic Group companies which cover the acquired pension claims of plan participants in part via reinsurance policies. These reinsurance policies invest mainly in securities with fixed interest rates. The rating and equity ratio of the issuers are also considered during selection. The investment strategy is aimed primarily at consistent interest income and capital preservation with a low level of volatility. The expected income from plan assets is calculated on the basis of capital market studies and internal experience.

Employer contributions to plan assets are expected to reach T€ 0 in the following fiscal year 2011/12.

Contributions to current and preceding reporting periods according to IAS 19.120A (p) are presented in the following table:

IN € THOUSANDS

	09/30/2011	09/30/2010	09/30/2009	09/30/2008	09/30/2007
Direct benefit obligations	-104,784	-112,333	-95,245	-85,852	-99,458
Fair value of the plan assets	25,333	25,963	23,590	21,860	23,614
Plan deficit	-79,451	-86,370	-71,654	-63,993	-75,844
Experience adjustments to DBO	1,041	-576	-203	-843	448
Experience adjustments to plan assets	338	-269	-119	-40	70

(24) NON-CURRENT AND CURRENT OTHER PROVISIONS

IN € THOUSANDS

	Other taxes	Contract costs	Personnel expenses	Other obligations and risks	Total
Balance at 10/1/10	886	75,690	35,332	31,845	143,753
of which current	886	72,518	17,168	9,886	100,458
Foreign exchange differences	1	23	58	-53	29
Utilization	443	33,113	10,462	3,059	47,077
Reversals	0	10,888	3,281	2,172	16,340
Additions	120	35,508	6,670	4,044	46,342
Unwinding of discount	0	28	680	1,040	1,749
Interest rate changes	0	-9	-429	0	-438
Reclassification	0	0	0	-20,000 [1)]	-20,000
Balance at 09/30/11	563	67,239	28,569	11,645	108,017
of which current	563	64,723	8,425	9,124	82,836

1) Reclassification of the debtor warrant resulting from the acquisition of Müller Weingarten AG, Weingarten, into other current liabilities (subsequent purchase price increase)

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, service anniversaries, severance pay/personnel measures 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 consideration of their expected settlement value. These include in particular provisions for annual financial statement costs, environmental risks or litigation.

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.

At the end of the reporting period, expected refunds capitalized as assets amounted to T€ 2 (prior year: T€ 478).

(25) TRADE PAYABLES

IN € THOUSANDS

	2010/11	2009/10
Trade payables to		
third parties	68,481	51,573
affiliated companies	1,907	3,051
Liabilities from outstanding invoices	14,369	9,944
	84,757	64,569

Trade payables with a remaining term of over one year amount to T€ 0 (prior year: T€ 0).

(26) REPORTING ON FINANCIAL INSTRUMENTS

/ CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values for each individual class of financial instruments, including assets and liabilities not allocated to the categories of IAS 39. The carrying amount of each class of financial assets also represents the maximum credit risk at the end of the reporting period. In view of varying influential factors, the disclosed fair values can only be seen as an indication for the values which can actually be achieved on the market.

IN € THOUSANDS

	Amortized cost		Fair value		Carrying amount
	Carrying amount	For information only: fair value	Recognized in equity	Recognized in profit/loss	09/30/2011
ASSETS					
Interests in affiliates and participations	1,596	1,596	–	–	1,596
Trade receivables	91,213	91,213	–	–	91,213
Future receivables from long-term construction contracts	113,295	113,295	–	–	113,295
Other financial assets	10,431	10,431	–	–	10,431
Derivatives without hedging relationship	–	–	–	155	155
Derivatives with cash flow hedging relationship	–	–	256	–	256
Cash and cash equivalents	236,682	236,682	–	–	236,682
LIABILITIES					
Liabilities due to banks	98,853	95,210	–	–	98,853
Other financial liabilities	13	13	–	–	13
Trade payables	84,757	84,757	–	–	84,757
Other financial liabilities	63,574	63,574	–	–	63,574
Derivatives without hedging relationship	–	–	–	14	14
Derivatives with cash flow hedging relationship	–	–	4,114	–	4,114

Thereof aggregated according to valuation categories pursuant to IAS 39 (excluding derivatives with cash flow hedging relationship):

IN € THOUSANDS

	Amortized cost		Fair value		Carrying amount
	Carrying amount	For information only: fair value	Recognized in equity	Recognized in profit/loss	09/30/2011
Financial assets measured at fair value through profit or loss	–	–	–	155	155
Loans and receivables	451,621	451,621	–	–	451,621
Available-for-sale financial assets	1,596	1,596	–	–	1,596
Financial liabilities measured at fair value through profit or loss	–	–	–	14	14
Financial liabilities measured at amortized cost	247,197	243,554	–	–	247,197

IN € THOUSANDS

	Amortized cost		Fair value		Carrying amount
	Carrying amount	For information only: fair value	Recognized in equity	Recognized in profit/loss	09/30/2010
ASSETS					
Interests in affiliates and participations	1,716	1,716	–	–	1,716
Trade receivables	75,571	75,571	–	–	75,571
Future receivables from long-term construction contracts	95,746	95,746	–	–	95,746
Other financial assets	6,613	6,613	–	–	6,613
Derivatives without hedging relationship	–	–	–	9	9
Derivatives with cash flow hedging relationship	–	–	1,677	–	1,677
Cash and cash equivalents	98,823	98,823	–	–	98,823
LIABILITIES					
Liabilities due to banks	204,442	202,181	–	–	204,442
Liabilities from bills of exchange	36	36	–	–	36
Liabilities from financial leases	614	280	–	–	614
Other financial liabilities	2	2	–	–	2
Trade payables	64,569	64,569	–	–	64,569
Other financial liabilities	28,278	28,278	–	–	28,278
Derivatives without hedging relationship	–	–	–	1,269	1,269
Derivatives with cash flow hedging relationship	–	–	1,912	–	1,912

Thereof aggregated according to valuation categories pursuant to IAS 39 (excluding derivatives with cash flow hedging relationship and without financial lease liabilities acc. to IAS 17):

IN € THOUSANDS

	Amortized cost		Fair value		Carrying amount
	Carrying amount	For information only: fair value	Recognized in equity	Recognized in profit/loss	09/30/2010
Financial assets measured at fair value through profit or loss	–	–	–	9	9
Loans and receivables	276,752	276,752	–	–	276,752
Available-for-sale assets	1,716	1,716	–	–	1,716
Financial liabilities measured at fair value through profit or loss	–	–	–	1,269	1,269
Financial liabilities measured at amortized cost	297,326	295,066	–	–	297,326

The difference between the individual items of the statement of financial position and the carrying amounts of financial instruments disclosed above corresponds to the Group's non-financial assets and liabilities at the end of the reporting period.
During the period under review, there were no reclassifications of financial instruments into other valuation categories.

Financial instruments measured at fair value are assessed at the end of the reporting period according to the following fair value levels as defined by IFRS:

Level 1: Valuation is based on quoted, unadjusted prices in active markets for identical assets or liabilities.

Level 2: The valuation process is based on inputs which have a significant effect on the recorded fair value, for which either directly or indirectly quoted prices in active markets are available.

Level 3: The valuation process is based on inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments measured at fair value are allocated to the three levels of the fair value hierarchy as follows:

IN € THOUSANDS

	Fair value hierarchy			09/30/2011
	Level 1	Level 2	Level 3	Carrying amount
Financial assets measured at fair value	–	412	–	412
Derivative financial instruments	–	412	–	412
Financial liabilities measured at fair value	–	4,128	–	4,128
Derivative financial instruments	–	4,128	–	4,128

IN € THOUSANDS

	Fair value hierarchy			09/30/2010
	Level 1	Level 2	Level 3	Carrying amount
Financial assets measured at fair value	–	1,686	–	1,686
Derivative financial instruments	–	1,686	–	1,686
Financial liabilities measured at fair value	–	3,181	–	3,181
Derivative financial instruments	–	3,181	–	3,181

No financial instruments measured at fair value were transferred between the hierarchy levels displayed during the period under review.

The fair values of financial instruments were calculated on the basis of market information available at the end of the reporting period using the methods and premises described below.

There are no liquid markets for loans and receivables. Financial instruments measured at amortized cost have mostly short terms, so that it can be assumed that their carrying amounts as at the closing date approximate their respective fair values.

No fair values based on stock exchange or market values could be calculated for equity interests in affiliated companies and participations valued at amortized cost. It is assumed that the fair values correspond to their carrying amounts, providing there are no signs of impairment in individual cases.

Derivative financial instruments comprise derivative currency and interest hedging instruments. The fair values of forward exchange transactions were calculated using current reference exchange rates under consideration of forward premiums or discounts. Foreign exchange and interest options were valued on the basis of exchange rates quotes or by using recognized option pricing models. The fair values of interest swaps were calculated by using discounted, future expected cash flows, whereby the remaining terms of market interest rates for these financial instruments were considered. Wherever possible, these models use the relevant market prices and interest rates observed at the end of the reporting period as acquired from recognized external sources.

Financial liabilities and trade payables are valued at amortized cost. Differences between historic acquisition costs and the repayment amount are considered according to the effective interest method. Standard market interest rates based on the respective terms are used for discounting. Trade payables generally have short terms, so that it can be assumed that their carrying amounts approximate their respective fair values. Liabilities from financial lease agreements are carried at the present value of future minimum leasing payments.

/ NET GAINS OR LOSSES ACCORDING TO VALUATION CATEGORIES (EXCLUDING DERIVATIVES WITH CASH FLOW HEDGING RELATIONSHIP)

The following overview displays the net gains or losses of financial instruments carried in the income statement in accordance with the categories of IAS 39 (excluding derivatives with a cash flow hedging relationship).

IN € THOUSANDS

	2010/11	2009/10
Financial assets at fair value through profit or loss	146	–126
Loans and receivables	4,626	3,450
Available-for-sale financial assets	1	1
Financial liabilities at fair value through profit or loss	413	396
Financial liabilities measured at amortized cost	–18,990	–19,285

The net results from financial instruments result from changes in fair value, impairments and reversals, results from equity instruments valued at cost, derecognitions, exchange rate changes and interest. Results from financial instruments measured at fair value through profit and loss which do not qualify for a hedging relationship include both interest and currency effects. Net losses from financial liabilities measured at amortized cost (T€ 18,990, prior year: T€ – 19,285) mainly result from interest charges for bank liabilities. Total interest income and expenses for financial instruments not carried at fair value through profit or loss amount to T€ 5,980 (prior year: T€ 1,944) and T€ 19,536 (prior year: T€ 19,800). Interest income from impaired assets was not recognized in the period under review, nor in the previous year.

Interest income and expenses from financial instruments are disclosed in the interest result. Qualitative descriptions as to the measurement and disclosure of financial instruments (including derivative financial instruments) are contained in the explanations to accounting principles and valuation methods in the financial instruments section. Valuation changes of derivative financial instruments with a cash flow hedging relationship recognized in other comprehensive income and the respective effects recognized in profit and loss are disclosed in the consolidated statement of comprehensive income of the Schuler Group.

OTHER DISCLOSURES

(27) STATEMENT OF CASH FLOWS

The cash flow statement shows how cash and cash equivalents of the Schuler Group changed during the period under review as a result of incoming and outgoing cash flows. 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 statement of cash flows includes only cash and cash equivalents disclosed in the statement of financial position, i.e. cash in hand, checks and bank balances, providing they are available within three months.

The statement of cash flows from operating activities are derived indirectly from profit before minority interests. As part of this indirect calculation, recognized changes in items of the statement of financial position 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 directly compared with the corresponding changes compared with previous years on the basis of the published consolidated items of the statement of financial position. Due mainly to the positive development of earnings and the significant increase in payments on account received from customers, cash flows from operating activities improved strongly to T€ 180,739 (prior year: T€ 54,258).

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. Cash flows from the disposal of intangible assets and property, plant and equipment amounted to T€ 2,524 (prior year: T€ 28,050). In the previous year, this figure included income from the sale of real estate belonging to the Group's Brazilian subsidiary amounting to T€ 19,198. In total, cash flows from investing activities amounted to T€ – 4,428 compared with T€ 11,409 in the previous year.

Financing activities include cash flows with shareholders of Schuler AG and its subsidiaries as well as proceeds from and redemption of financial liabilities. Disbursements also include the redemption of liabilities from financial leases. Cash flows from financing activities amount to T€ – 38,357 (prior year: T€ – 20,121) – due mainly to the reduction of bank liabilities during this period and the capital increase conducted in July 2011. The disclosed redemption of financial liabilities includes the depositing of T€ 64,803 in cash with the agent as of September 30, 2011 in order to redeem the existing term loan within the credit facility tranches. Liabilities due to banks were therefore netted with cash and cash equivalents by this amount.

In summary, the various cash flows and the changes in value caused by exchange rate fluctuations resulted in an increase in cash and cash equivalents in fiscal year 2010/11 of T€ 137,859 to T€ 236,682.

(28) SEGMENT REPORTING

/ INFORMATION BY OPERATING SEGMENT

In the previous reporting period, Schuler adopted IFRS 8 "Operating Segments" for the first time. This accounting standard requires the definition of operating segments which engage in their own business transactions, for which discrete financial information is available, and whose operating results are reviewed regularly by the chief operating decision makers for the purposes of allocating resources and assessing performance. Financial information is reported on the basis of the internal control concept (management approach). The criteria for the permissible summarizing of business segments as defined in the above-mentioned accounting standard must be observed.

In accordance with the Schuler Group's internal reporting and organizational structure, three reportable segments have been specified below the management holding. Segment reporting also includes the summarized division "Other Segments" and the Corporate Center of Schuler AG, as well as a consolidation item to reconcile segment reporting with the disclosed consolidated amounts. The consolidation measures only include those items which do not affect the segments themselves (e.g. debt consolidation between segments and the elimination of intersegment sales).

Reporting is based on areas of activities as defined by the differing products and services supplied by the operating segments Forming Systems, Automation and Tools: the products of the Forming Systems segment mainly comprise mechanical and hydraulic metalforming systems, while the Automation segment focuses on automation systems and laser technology. All activities in the field of car body technology and the respective services are pooled in the Tools segment.

The "Other Segments" category summarizes all other activities which do not require separate reporting. These include Schuler Guß, Sales & Service companies and special-purpose entities.

Schuler determines segment success on the basis of its operating result, which is defined as earnings before interest and taxes (EBIT).

The Schuler Group's segment reporting figures are based on the same accounting and valuation principles as applied for the statement of financial position. Intercompany transactions are always transacted at standard business prices and thus correspond to those with external third parties (arm's length principle).

IN € THOUSANDS (EXCEPT PERSONNEL)

	Forming Systems		Automation		Tools		Other Segments	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Sales to third parties	743,490	484,781	41,305	31,563	70,596	47,988	103,158	85,929
Intercompany sales	22,471	24,202	76,033	34,144	4,900	1,301	25,120	17,656
Segment sales	765,961	508,983	117,338	65,707	75,496	49,290	128,277	103,585
EBIT	39,284	12,495	8,648	-773	1,894	5,131	15,030	8,514
Depreciation[1)]	18,648	12,536	1,509	1,353	4,265	1,266	5,269	4,933
of which non-scheduled	6,016	0	0	0	2,242	0	0	41
Write-ups of non-current assets	0	0	0	1,098	0	5,625	0	1,896
Capital expenditures[1)]	7,378	12,861	312	706	510	772	1,350	1,012
Personnel as of 09/30 (incl. apprentices)	3,649	3,491	516	487	391	403	566	550

1) without financial assets

IN € THOUSANDS (EXCEPT PERSONNEL)

	Total Segments		Schuler AG (Corporate Center)/ Consolidation		Schuler Group	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Sales to third parties	958,549	650,261	0	0	958,549	650,261
Intercompany sales	128,524	77,304	-128,524	-77,304	0	0
Segment sales	1,087,074	727,566	-128,524	-77,304	958,549	650,261
EBIT	64,856	25,367	-10,624	-8,295	54,232	17,072
Depreciation[1]	29,691	20,088	647	1,441	30,338	21,529
of which non-scheduled	8,259	41	0	1,000	8,259	1,041
Write-ups of non-current assets	0	8,619	0	0	0	8,619
Capital expenditures[1]	9,551	15,351	-1	1,315	9,551	16,667
Personnel as of 09/30 (incl. apprentices)	5,122	4,931	46	38	5,168	4,969

1) without financial assets

Profit or loss for the year before taxes is reconciled with the performance indicator used in segment reporting (EBIT) as follows:

IN € THOUSANDS

	2010/11	2009/10
Total segment results (EBIT)	64,856	25,367
Corporate Center	-10,412	-7,461
Interest result	-32,067	-32,919
Consolidation	-212	-834
Profit or loss for the year before taxes (EBT)	22,165	-15,846

ADDITIONAL DISCLOSURES AT COMPANY LEVEL

Sales by products and services

IN € THOUSANDS

	2010/11	2009/10
Plant and machinery	643,781	406,979
Tools (including stamped parts)	85,680	58,161
Foundry	5,613	5,448
Service (incl. sales of used machines)	213,670	166,718
Other (incl. contract manufacturing)	9,805	12,954
Schuler Group	958,549	650,261

Segment information by region

Segment information by region divides sales according to the location of the customer's headquarters. Non-current assets are allocated to geographical regions according to the location of the Group company's headquarters.

IN € THOUSANDS

	Sales to third parties		Intangible assets and property, plant and equipment	
	2010/11	2009/10	09/30/2011	09/30/2010
Germany	296,975	224,047	179,890	196,976
Europe (excluding Germany)	152,372	106,582	2,578	5,184
America	193,056	154,673	34,767	36,215
Asia	308,831	155,797	9,039	8,897
Other	7,315	9,162	0	0
Schuler Group	958,549	650,261	226,274	247,273

(29) FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

PRINCIPLES OF RISK MANAGEMENT WITH REGARD TO FINANCIAL RISKS

Due to its international alignment and long-term project business, the Schuler Group is exposed in particular to interest, foreign currency, as well as credit and liquidity risks, which may adversely affect the net assets, financial position and earnings of the Group. The main task of financial risk management is to eliminate or limit such risks with its current operative and finance-oriented activities in order to secure the long-term value of the company.

Financial risks are continually monitored by the central cash and foreign currency management system of Schuler AG's corporate treasury department and limited with the aid of suitable hedging relationships based on corresponding guidelines adopted by the Board of Management. The responsibilities of all Group companies with regard to risk management are clearly and comprehensively regulated by binding group-wide guidelines. The hedging of financial transactions and business conducted by Group subsidiaries outside the Euro zone is closely coordinated with the Group's central treasury division. All companies of the Schuler Group are obliged to hedge foreign currency positions at the time of their creation. Providing there are no legal regulations to the contrary, this is done by delivering open foreign exchange positions to the Group's treasury department, which hedges against the relevant underlying transactions with different terms in accordance with the hedging purpose. In certain cases, future planned transactions may also be the object of a hedging relationship. 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, the regular monitoring of adherence to guidelines adapted to current market and product developments, the efficiency of hedging instruments and the reliability of our internal control systems via internal and external audits all provide a high degree of transparency and permanent function control. Additional explanations on risk management are provided in the Group management report.

/ CURRENCY AND INTEREST RISKS

These risks consist of possible fluctuations in the fair value or future cash flows of a financial instrument (e.g. receivables or payables) due to changes in the market interest rate or exchange rate.

Currency risks result from the conversion of financial instruments whose values differ from the functional currency of the respective individual company and which are of a monetary nature. They mainly arise from Schuler's international activities, as a consequence of which the Group's operative business, financial results and cash flows are subject to exchange rate fluctuations. A related transaction risk results mainly from the operative business process, and in particular with regard to the exchange rate relationships between the US Dollar, the Brazilian Real and the Euro. In emerging nations, international orders of subsidiaries are generally concluded in USD or EUR. The economic exchange rate risk (competition risk) resulting from the volatility of the key currencies is primarily reduced by spreading Schuler's production facilities among several nations (natural hedging). Coverage against foreign currency orders is still provided by means of naturally closed positions, or netting, whereby the values or cash 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. Wherever possible, underlying transactions and hedges are summarized as hedging relationships which mostly compensate for subsequent changes in market values in the designated transactions. At the end of the reporting period, forward exchange positions referred mainly to the exchange rate parities EUR/USD, USD/BRL, EUR/GBP and EUR/CNY. Such derivatives are used solely for hedging purposes, which are tied to the corresponding existing underlying business or planned transactions. Schuler does not enter into trading positions with the aim of speculating. Hedging by means of financial derivatives comprises recognized, pending and anticipated transactions. Due to the typically long-term nature of Schuler's large-machine business, the Group generally hedges against currency risks according to individual orders (micro hedges).

Schuler holds various interest-sensitive, medium-term and long-term assets and liabilities in order to meet liquidity requirements. The Group's **interest rate risk** results from funding which is not in line with the respective maturities, as well as from various interest elasticities of certain assets and liabilities. Whereas liabilities with variable interest rates expose the Group to a cash flow interest rate risk, liabilities with fixed interest rates result in a fair value interest rate risk (cf. note (21)). Schuler is exposed to interest rate risks mainly in the EUR and BRL currency regions. In order to minimize both the risks with regard to maturities and fixed interest rates, and its financing costs, the company uses derivate interest instruments in the Euro zone. 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. The treasury assesses interest risk positions by comparing the respective financial assets and liabilities with regard to maturities and in connection with the relevant interest derivatives. Wherever possible with reasonable effort, assets are refinanced in accordance with Group guidelines and in line with their respective maturities. In consideration of its hedging activities, the Schuler Group's management is of the opinion that the Group is not exposed to any significant interest rate risk with regard to its financing at the end of the reporting period.

In order to limit the above-mentioned financial market risks, the Group uses forward exchange contracts and options, interest swaps and interest caps. All derivative financial instruments are recognized as assets or liabilities at those fair values valid at the end of the reporting period 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 at the end of the reporting period. They indicate what effect closing the positions would have had on earnings at the end of the reporting period – without consideration of opposing value developments from the underlying transactions. Positive fair values stand for potential profits at the end of the reporting period, 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 at the end of the reporting period 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. 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.

IN € THOUSANDS

	09/30/2011		09/30/2010	
	Notional value	Market value	Notional value	Market value
Forward exchange contracts and swaps	69,864	412 -3,796	75,454	1,686 -1,564
Currency derivatives, net	69,864	-3,384	75,454	122
Interest swaps	7,059	0 -332	19,947	0 -1,617
Interest options	0	0 0	5,425	0 0
Interest derivatives, net	7,059	-332	25,372	-1,617
	76,923	-3,716	100,826	-1,495

When interpreting the positive and negative fair values of derivative financial instruments, it is important to note that there are generally opposing underlying transactions which thus limit the market risk from price changes on the financial markets. Moreover, the fair values do not necessarily correspond to those amounts which the Group will achieve in future under current market conditions. In order to reduce the risk of default, hedging transactions are concluded exclusively with prime-rated credit institutes which are continually monitored. The default risk arising from the possibility that contractual partners do not meet their obligations from forward exchange contracts amounts to T€ 412 (prior year: T€ 1,686).

Provided the strict requirements of hedge accounting are met, the disclosed derivative financial instruments are assigned directly to the underlying transactions in the form of cash flow hedges. The market value of these derivatives (cash flow hedges) amounts to T€ 3,858 (prior year: T€ –235) at the end of the reporting period. The market value of those derivatives which were not classified as cash flow hedges due to strict hedge accounting requirements, or are ineffective, amounts to T€ 141 (prior year: T€ –1,260). In the period under review, no market value changes were recognized in the income statement (prior year: T€ 0) due to the premature termination of cash flow hedging relationships (de-designation). Valuation changes which represent the effective portions of hedging transactions and are recognized in equity (accumulated other comprehensive income) are disclosed in the consolidated statement of comprehensive income. On realization of the underlying transaction, the accumulated effects in equity are reversed with an effect on profit or loss and recognized in the income statement as sales revenue or cost of materials (foreign currency derivatives) or in other income or other expenses (interest derivatives).

The effectiveness of a hedging relationship for cash flow hedges is determined prospectively using the Critical Terms Match Method according to IAS 39.AG108. An effectiveness test is carried out retrospectively at the end of each reporting period using the dollar-offset method. For this, the changes in the fair values of the hedged item and the hedging instrument attributable to exchange rate changes are calculated and a ratio is created. For all recognized hedging relationships, the ratio of these two cumulative valuation changes is within the range proscribed by IAS 39 of between 80% and 125%.

In the case of non-German Group subsidiaries outside the Euro zone, tied net assets are generally not secured against exchange rate fluctuations as exchange rate-related differences from the translation of annual financial statements of non-German Group subsidiaries into the Group's reporting currency (translation risk) are not cash flow relevant. Moreover, Schuler does not generally hedge against the translation risk from exchange rate fluctuations for revenues and profits of subsidiaries outside the Euro zone. However, there may be significant translation differences which may affect revenues, the segment result (EBIT) and Group profit or loss.

/ CREDIT RISK (RATING OR DEFAULT RISKS)

Credit risks result when one party of a financial instrument does not, or not fully, meet its contractual payment obligations within the due period, or when the value of collateral provided is diminished. In addition to the arise of concentrations of risk, direct default risks can result in economic losses or impairment of receivables and other financial assets from the deterioration of customer credit ratings. In the case of sluggish economic and sector growth, there may be an increase in customer defaulting with a negative impact on the financial position and financial performance of the Group. The risk of default involved in investments and the use of derivative financial instruments is limited by concluding such financial transactions only with high-rated contractual partners, which are continually monitored. Risk management in the credit process is based on the corresponding corporate guideline which regulates such aspects as rating checks for customer inquiries, checks for any grouping of exposures, the requirement of collateral and guarantees, the granting of title retention, consideration of country-specific collateral formats, the use of minimum payment conditions, and staggered approval requirements from the finance division. The risk of default involved in trade receivables from exporting is accounted for in certain cases by letters of credit or taking out credit insurance policies.

The development of payment behavior is continually monitored and receivables analyzed for any contractual defaulting. Any other default risks identifiable at the end of the reporting period are covered by forming appropriate valuation allowances. The explanations regarding past due or impaired financial assets are presented in notes (13) and (15). In general, there are no agreements with customers to reduce credit risk, such as set-off agreements, so that the maximum default risk of those financial assets exposed to credit risks corresponds to the carrying amounts disclosed in note (26). As at the closing date, no derivative financial assets are past due or impaired due to default:

IN € THOUSANDS

	09/30/2011		
	Car manufacturers	Automotive suppliers	Non-automotive
Trade receivables	26,715	36,177	34,521
Future receivables from long-term construction contracts	416,058	68,978	100,724

IN € THOUSANDS

	09/30/2010		
	Car manufacturers	Automotive suppliers	Non-automotive
Trade receivables	32,820	26,389	21,516
Future receivables from long-term construction contracts	239,496	66,925	78,363

As at the closing date, there is no concentration of default risks from business relations with individual debtors.

/ LIQUIDITY RISKS

Liquidity risk refers to the risk that a company cannot, or only insufficiently, meet its financial obligations which must be settled in cash or cash equivalents or with other financial assets. Amongst other things, payment obligations may result from interest and redemption payments for loans taken out or to serve liabilities due to suppliers. Liquidity risks result occur mainly from changed customer payment behavior, especially with regard to payments to be received on account, as well as from more restrictive bank lending or more restrictive cover behavior of credit insurers. Liquidity is safeguarded by a financial plan spanning several years, a rolling monthly liquidity projection, the ability to issue securities on the capital market, the use of modern financial instruments and the Group's provision with sufficient credit lines. As part of short- and medium-term liquidity management, surplus liquidity is netted with the liquidity needs of individual Group companies by means of a central cash pool in order to reduce and optimize the Group's refinancing costs. Liquidity is mainly held in overnight and time deposit accounts. The Group's Treasury department is responsible for the management and administration of the cash pool used for internal financing. By centralizing this finance function, Schuler ensures a uniform approach on the capital markets with the aim of strengthening its negotiating position with banks and other market participants. For special projects, local finance agreements are supported and monitored by the Group's Treasury department. In addition, there is a liquidity reserve in the form of cash credit lines in order to secure continual liquidity and the financial flexibility of the Schuler Group. In order to further secure liquidity, Schuler prematurely replaced its existing syndicated loan agreement with a new syndicated loan agreement with a term of around five years. Further information on this topic can be found under note (21).

The following table shows the remaining maturities of non-discounted cash flows from originated financial liabilities and from derivative financial instruments and their effect on the Group's liquidity situation and compares them with their carrying amounts. Negative values correspond to finance received.

IN € THOUSANDS

	Carrying amount 09/30/11	Cash flows within 1 year	Cash flows in 1 to 5 years	Cash flows after more than 5 years	Total cash flows
ORIGINATED FINANCIAL LIABILITIES					
Liabilities due to banks	98,853	35,393	55,503	19,294	110,190
Other financial liabilities	13	13	0	0	13
Trade payables	84,757	84,757	0	0	84,757
Other financial liabilities	63,574	63,365	209	0	63,574
DERIVATIVE FINANCIAL LIABILITIES					
Currency derivatives without hedging relationship	14	14	0	0	14
Currency derivatives with cash flow hedging relationship	3,782	3,689	93	0	3,782
Interest derivatives with cash flow hedging relationship	332	0	332	0	332

IN € THOUSANDS

	Carrying amount 09/30/2010	Cash flows within 1 year	Cash flows in 1 to 5 years	Cash flows after more than 5 years	Total cash flows
ORIGINATED FINANCIAL LIABILITIES					
Liabilities due to banks	204,442	47,720	166,004	23,509	237,233
Liabilities from bills of exchange	36	36	0	0	36
Liabilities from financial leases	614	614	0	0	614
Other financial liabilities	2	14	0	0	14
Trade payables	64,569	64,569	0	0	64,569
Other liabilities	28,278	28,106	176	0	28,282
DERIVATIVE FINANCIAL LIABILITIES					
Currency derivatives without hedging relationship	249	249	0	0	249
Currency derivatives with cash flow hedging relationship	1,315	1,205	110	0	1,315
Interest derivatives without hedging relationship	1,020	11	1,009	0	1,020
Interest derivatives with cash flow hedging relationship	597	0	597	0	597

The tables above show all financial instruments as at the closing date for which payments were contractually agreed. Financial liabilities which can be paid back at any time are considered at their earliest possible maturity time. Planned figures for new liabilities in future are not considered. In the case of gross disbursements from derivative financial instruments, both derivatives with negative and those with positive fair values are considered providing they constitute a future payment obligation. On the last two balance sheet dates, Schuler had no such derivative financial assets with future payment obligations. Foreign currency amounts are translated at the closing rate at the end of the reporting period. Interest payments from financial instruments with variable interest rates are calculated on the basis of the fixed interest rate prior to the end of the reporting period.

In the case of loan liabilities, there were no contractual breaches concerning redemption, interest payments or redemption terms as at the closing date. There were also no other contract infringements which entitled the lender to demand accelerated repayment and which were not settled before the annual financial statements were approved for publication or the terms of the loans were not renegotiated prior to this time.

/ SENSITIVITY ANALYSES

Simulation calculations are performed using different market scenarios in order to estimate the effects of different market conditions. They enable a suitable and easily comprehensible assessment for each market risk regarding the effects on Group profit or loss and equity of a hypothetical change in the relevant risk variables (e.g. exchange rates, interest rates) as at the closing date. The hypothetical change in risk variables is based on the amount of financial instruments as at the closing date and assumes that this is representative for the year as a whole. The limits selected for the sensitivity analyses reflect what Schuler believes to be the reasonably possible change in the relevant risk variables, which may occur over a period of one year on the assumption of suitable standards.

In the case of **currency risks**, a sensitivity analysis is conducted for those foreign currencies which represent a significant risk for the Group. Schuler has identified this risk in particular for the US Dollar and the Brazilian Real. Currency risks as defined by IFRS 7 are created by financial instruments which are denominated in a different currency than the functional currency and are of a monetary nature. Differences resulting from the translation of annual financial statements of foreign subsidiaries into the Group currency are not considered. Currency sensitivity analyses are based on the following premises:

/ The main originated monetary financial instruments (cash and cash equivalents, receivables, liabilities) are denominated either directly in the functional currency of Group companies or are hedged against exchange rate risks as underlying transactions by using derivative financial instruments (e.g. forward exchange and foreign exchange option transactions) and opposing originated financial instruments. They are thus transferred synthetically into the functional currency. There is generally no effect on Group profit or loss or equity.

/ Interest income and expenses from financial instruments are also either recognized directly in the functional currency or transferred into the functional currency by the use of derivatives. As a consequence, there is also no effect on Group profit or loss or equity.

/ Schuler is exposed to currency risks from derivatives which are tied to a cash flow hedging relationship aimed at hedging against currency fluctuations in cash flows pursuant to IAS 39. Exchange rate fluctuations in the underlying foreign currencies influence the unrealized gains from cash flow hedges recognized in other comprehensive income via the changed fair value of the hedging transactions. This only applies, however, insofar as the fair value changes of the hedging instruments are not compensated for by opposing value developments of the same amount in the underlying transactions. This is regularly the case during the lead time of customer orders in foreign currencies, which are hedged 100% on order completion: until order acceptance, the fair value change of the derivative does not face any opposing change (= order recognition as unfinished product) or only a percentage-of-completion change in the underlying transaction (= order recognition as future receivable from long-term construction contract), so that for an effective hedging relationship the net value from the exchange rate valuation of the underlying and hedging transactions at the end of the reporting period is disclosed in other comprehensive income.

/ In addition, exchange rate changes have an effect on the income statement and on equity, insofar as the opposing translation differences from the underlying transaction and the hedging instrument do not balance each other due to ineffectiveness. This leads to changed market values of the hedging transactions as well as changed fair values of the transactions; the effects on the size of any ineffectiveness influence Group profit or loss and equity. Exchange rate risks as defined by IFRS 7 can also occur with those foreign currency derivatives which are used to hedge planned positions and are not involved in a hedging relationship pursuant to IAS 39.

/ Exchange rate changes of financial instruments which qualify as fair value hedges do not lead to an exchange rate risk, as the value changes caused by currency fluctuations between the underlying and hedging transactions generally balance each other out in the income statement of the period under review.

Based on the exchange rates of the relevant currencies valid at the end of the reporting period, sensitivities were based on a hypothetical change in exchange rate relationships of 10% each:

If at the closing date, the Euro had been revalued (devalued) by 10% against the risk-bearing currencies US Dollar, Brazilian Real and Chinese Yuan (Renminbi), consolidated earnings at the end of the range would have decreased (increased) by € 0.5 million (€ 0.5 million) (prior year: € –0.6 million or € 0.6 million). In addition, the change in fair value of the cash flow hedge reserve in equity would have increased (decreased) by € –1.6 million (€ 1.6 million) (prior year: € 3.7 million or € –3.7 million).

As in the previous year, if at the closing date the US Dollar had been revalued (devalued) by 10% against the Brazilian Real and at the same time the EUR/USD relationship had remained stable, this would not have impacted Group profit or loss. The change in fair values would have led to an adjustment of the cash flow hedging reserve in equity of € –0.1 million (€ 0.1 million) (prior year: € –1.8 million or € 1.8 million).

Interest risks can result above all from financial assets and liabilities bearing or owing interest with terms of over one year. Sensitivity analyses are used to estimate the effect of a change in market interest rates on interest payments, interest income and expenses, and equity capital. In order to assess the risk of interest rate changes, assets and liabilities are compared according to their maturities (natural hedge), together with interest derivatives. Schuler's significant interest positions are denominated in Euro and Brazilian Real. The calculated effects of a hypothetical change in the interest level are based on the following premises:

/ Financial liabilities with fixed interest rates are not exposed to interest risks as defined by IFRS 7, as these financial instruments are always carried at amortized cost and not fair value. In the case of financial instruments with variable interest rates, there is a cash flow risk if their interest payments are not hedged against interest risks as underlying transactions as part of cash flow hedges.

/ Interest rate changes of financial instruments which qualify as fair value hedge do not lead to interest risks, as the interest-related value changes between the underlying and hedging transactions always balance each other out in the income statement of the period under review.

/ Interest risks as defined by IFRS 7 can result from interest derivatives which are involved in an effective cash flow hedging relationship to hedge against interest-related variability in cash flows pursuant to IAS 39. Interest rate adjustments for such hedging transactions are recognized in other comprehensive income via their market value changes and considered in the equity-based sensitivity calculation. The profit or loss based sensitivity calculation includes both the ineffective portion of cash flow hedging and the interest risk from originated financial instruments with variable interest rates, providing its interest payments are not designated as underlying transactions as part of a cash flow hedge against interest risks.

/ Market interest rate changes of interest derivatives which are not involved in a hedging relationship pursuant to IAS 39 also impact the interest result and are considered in the profit or loss based sensitivity calculation.

The analysis of interest sensitivity was based on a parallel shift in the yield curve of +100/-100 base points (bp). Due to the low interest rate level, analysis of interest sensitivity in the Euro zone last year was based on a parallel shift in the interest structure curve of +100/-30 base points. This results in the following effects on Group profit or loss and equity:

If as at September 30, 2011, the market interest level in the Euro currency zone had been 100 base points higher (100 base points lower), Group profit or loss at the end of the range would have increased (decreased) by € 1.3 million (€ – 1.3 million) (prior year: € 0.8 million or € –0.2 million). The change in fair value would have led to an adjustment of the hedge reserve in equity of € 0.1 million (€ – 0.1 million) (prior year: € 0.1 million or € 0.0 million).

If as at September 30, 2011, the market interest level in the Brazilian Real currency zone had been 100 base points higher (lower), Group profit or loss at the end of the range would have changed by € 0.2 million (€ –0.2 million) (prior year: € –0.1 million or € 0.1 million). There would have been no change in fair values and thus no decrease or increase in the hedge reserve in equity.

Other price risks in connection with financial instruments may result from further risk variables – especially stock exchange prices or commodity indices. As at the closing date, Schuler does not hold any significant available-for-sale assets (e.g. securities) which are dependent on such valuation parameters and which might lead to significant other price risks. Derivative financial instruments are not used for the purchase of commodities.

(30) CONTINGENT LIABILITIES AND RECEIVABLES

IN € THOUSANDS

	09/30/2011	09/30/2010
Other contingent liabilities due to suppliers	102	0

Contingent liabilities and receivables comprise possible obligations or assets based on past events whose existence depends on future events which cannot be determined completely by the accounting entity. Moreover, contingent liabilities include existing obligations based on past events and for which either an outflow of funds is unlikely or whose size cannot be determined with sufficient reliability. Due to the aforementioned uncertainties, contingent liabilities and receivables are not regularly recognized in the statement of financial position. The disclosed volume of obligations in respect of contingent liabilities corresponds to the scope of liability existing at the end of the reporting period.

(31) OTHER FINANCIAL OBLIGATIONS

IN € THOUSANDS

	Payable			09/30/2011	09/30/2010
	up to 1 year	from 1 to 5 years	over 5 years	Total	Total
Rent and lease payments (operating leases)	12,186	40,355	66,735	119,276	128,364
Purchase commitments (tangible assets)	1,624	22	0	1,646	1,836
Other obligations	974	1,065	249	2,288	1,313
	14,783	41,442	66,984	123,210	131,513

The majority of the other financial obligations concerns operating lease liabilities resulting from the sale of real estate assets in previous years in Göppingen and São Paulo as part of sale-and-rent-back transactions.

(32) LITIGATION

In fiscal year 2010/11, the Schuler Group was not involved in any current or foreseeable legal or arbitration proceedings whose outcome may have a material effect on the economic position of the Group. Appropriate provisions have been formed by the respective Group company for any potential costs arising from other legal or arbitration proceedings.

(33) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Mr. Marcus A. Ketter was appointed Chief Financial Officer (CFO) of Schuler AG with effect from October 1, 2011. The previous CFO, Dr. Wolfgang Baur, retired as of the same date.

A new syndicated loan agreement was concluded in November 2011 with a total volume of T€ 450,000. This replaced the existing syndicated loan agreement and the guarantee provided by the federal state of Baden-Württemberg. The new syndicated loan agreement was concluded mainly with the existing syndicate of banks and credit insurance companies led by Landesbank Baden-Württemberg and Deutsche Bank. The new syndicated loan agreement expires on September 30, 2016. It comprises a guarantee facility tranche of T€ 300,000, which can be increased if required by a further T€ 50,000, and a credit facility tranche of T€ 150,000 which may also be used as a guarantee facility.

Until September 30, 2011, the shares of Schuler AG were traded on the Regulated Market. As of October 1, 2011, shares of Schuler AG are listed in the "Prime Standard" segment of Deutsche Börse. On November 28, 2011, Schuler was accepted into the SDax index.

(34) 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 participations 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 (38).

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

IN € THOUSANDS

	09/30/2011			
on Group basis	Supplies and services rendered	Interest income	Supplies and services received	Interest expenses
Subsidiaries	5,694	90	1,572	34
OTHER				
RSV Finanzdienstleistungen Geschäftsführungs GmbH	–	–	88	–

IN € THOUSANDS

on Group basis	09/30/2010			
	Supplies and services rendered	Interest income	Supplies and services received	Interest expenses
Subsidiaries	7,990	7	2,780	63
OTHER				
RSV Finanzdienstleistungen Geschäftsführungs GmbH	–	–	84	–

With regard to the 5,416,740 shares in Müller Weingarten AG purchased by Metzler Beteiligungsgesellschaft mbH in fiscal year 2006/07, Schuler AG agreed to make an additional purchase price payment of up to T€ 20,000 under certain conditions (debtor warrant) to Dr. Robert Schuler-Voith. As of September 30, 2011, the company formed a liability for the commitment in this amount (prior year: T€ 19,014).

Open balances at the end of the reporting period are shown below:

IN € THOUSANDS

on Group basis	09/30/2011		09/30/2010	
	Receivables from	Payables to	Receivables from	Payables to
Schuler AG subsidiaries/investments	1,007	1,907	1,866	3,051

In fiscal year 2010/11, adjustments to receivables from subsidiaries of T€ 64 were made (prior year: T€ 334). Receivables from and payables to related parties have a maturity of less than one year.

Beyond regular activities, 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. Further details on executive bodies are provided under note (37).

/ DISCLOSED PARTICIPATIONS

1. In accordance with § 21 (1) WpHG, Schuler-Beteiligungen GmbH, Göppingen, Germany, informed us on June 17, 2011, that its share of voting rights in Schuler Aktiengesellschaft, Göppingen, Germany, fell below the threshold of 50% of voting rights on June 16, 2011, and amounted on this day to 39.08% (corresponding to 11,431,095 voting rights).

2. In accordance with §§ 21 (1), 22 (1) sentence 1 no. 1 WpHG, Vermögensverwaltung Schuler-Voith GbR, Munich, Germany, informed us on June 17, 2011 that its share of voting rights in Schuler Aktiengesellschaft, Göppingen, Germany, fell below the threshold of 50% of voting rights on June 16, 2011, and amounted on this day to 39.08% (corresponding to 11,431,095 voting rights).
   In accordance with § 22 (1) sentence 1 no. 1 WpHG, all 11,431,095 voting rights are attributable to Vermögensverwaltung Schuler-Voith GbR via Schuler-Beteiligungen GmbH, Göppingen, Germany, which directly holds the 11,431,095 shares and voting rights in Schuler Aktiengesellschaft.

3. In accordance with §§ 21 (1), 22 (1) sentence 1 no. 1, Dr. Robert Schuler-Voith, Germany, informed us on June 17, 2011, that his share of voting rights in Schuler Aktiengesellschaft, Göppingen, Germany, fell below the threshold of 50% of voting rights on June 16, 2011, and amounted on this day to 39.08% (corresponding to 11,431,095 voting rights).
   In accordance with § 22 (1) sentence 1 no. 1 WpHG, all 11,431,095 voting rights are attributable to Dr. Schuler-Voith via Vermögensverwaltung Schuler-Voith GbR, Munich, Germany, and Schuler-Beteiligungen GmbH, Göppingen, Germany, which directly holds the 11,431,095 shares and voting rights in Schuler Aktiengesellschaft.

4. In accordance with §§ 21, 22 WpHG, Süddeutsche Beteiligung GmbH, Bad Friedrichshall, Germany, and Süddeutsche Erste Verwaltungs GmbH, Bad Friedrichshall, Germany, informed us of the following on June 17, 2011:
   On June 16, 2011, the share of voting rights of Süddeutsche Beteiligung GmbH in Schuler Aktiengesellschaft, Bahnhofstrasse 41, 73033 Göppingen, fell below the threshold of 15%. On this day, the share of voting rights of Süddeutsche Beteiligung GmbH amounted to 12.721% (3,721,046 voting rights) of total voting rights in Schuler Aktiengesellschaft. In accordance with § 22 (1) sentence 1 no. 1 WpHG, all voting rights (3,721,046 voting rights) are attributable to Süddeutsche Beteiligung GmbH. The voting rights attributable to Süddeutsche Beteiligung GmbH are held by the following companies controlled by Süddeutsche Beteiligung GmbH, whose voting rights in Schuler Aktiengesellschaft amount to 3% or more:
   – Süddeutsche Erste Verwaltungs GmbH.
   On June 16, 2011, the share of voting rights of Süddeutsche Erste Verwaltungs GmbH in Schuler Aktiengesellschaft, Bahnhofstrasse 41, 73033 Göppingen, fell below the threshold of 15%. On this day, the share of voting rights of Süddeutsche Erste Verwaltungs GmbH amounted to 12.721% (3,721,046 voting rights) of total voting rights in Schuler Aktiengesellschaft.

5. In accordance with §§ 21, 22 WpHG, Landkreis Biberach, Biberach, Germany, and Kreissparkasse Biberach, Biberach, Germany, informed us of the following on July 6, 2011:
   On July 4, 2011, the share of voting rights held by Landkreis Biberach in Schuler Aktiengesellschaft, Bahnhofstrasse 41, 73033 Göppingen, Germany, rose above the 5% threshold and on this day amounted to 6.31% (1,845,949 voting rights). In accordance with § 22 (1) sentence 1 no. 1 WpHG, all voting rights (1,845,949 voting rights) are attributable to Landkreis Biberach.
   The voting rights attributable to Landkreis Biberach are held by the following company controlled by Landkreis Biberach, whose voting rights in Schuler Aktiengesellschaft amount to 3% or more:
   – Kreissparkasse Biberach.
   On July 4, 2011, the share of voting rights held by Kreissparkasse Biberach in Schuler Aktiengesellschaft, Bahnhofstrasse 41, 73033 Göppingen, rose above the 5% threshold and on this day amounted to 6.31% (1,845,949 voting rights).

6. In accordance with § 21 (1) WpHG, BayernInvest Kapitalanlagegesellschaft mbH, Munich, Germany, informed us on February 21, 2011, that its share of voting rights held in Schuler AG, Göppingen, Germany, ISIN: DE000A0V9A22, WKN: A0V9A2, fell below the 3% threshold on February 17, 2011, and on this day amounted to 2.98% (677,730 voting rights). In accordance with § 22 (1) sentence 1 no. 1 WpHG, 2.98% of voting rights (677,730 voting rights) are attributable to the company.

7. In accordance with § 21 (1) WpHG, Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen, Germany, informed us on June 22, 2011, that its share of voting rights held in Schuler AG, Göppingen, Germany, fell below the 3% threshold on June 16, 2011, and on this day amounted to 2.39% (700,000 voting rights).

8. In accordance with § 21 (1) WpHG, Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, Germany, informed us of the following:
   On April 10, 2008, the share of voting rights held by Baden-Württembergische Investmentgesellschaft mbH in Schuler Aktiengesellschaft, Bahnhofstrasse 41, 73033 Göppingen, rose above the 3% and 5% thresholds with regard to all its special assets and on this day amounted to 7.34% (1,284,302 voting rights). In accordance with § 22 (1) sentence 1 no. 6 WpHG, 7.34% (1,284,302 voting rights) are attributable to Baden-Württembergische Investmentgesellschaft mbH. The voting rights of the following shareholders, whose share of voting rights in Schuler Aktiengesellschaft amounts to 3% or more, are attributed to Baden-Württembergische Investmentgesellschaft mbH:
   – Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Germany
   – Kreissparkasse Biberach, Biberach, Germany.

(35) DECLARATION ON THE GERMAN CORPORATE GOVERNANCE CODE ACC. TO § 161 AKTG

On October 6, 2011, the Board of Management and Supervisory Board issued its current declaration of conformity acc. to § 161 AktG and made it permanently available to shareholders via the company's website (www.schulergroup.com in the section Investor Relations/Corporate Governance).

(36) AUDITORS' FEES

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

IN € THOUSANDS	2010/11	2009/10
Audits of financial statements	706	849
Other auditing services	250	0
Tax advisory services	180	243
Other services for parent or subsidiary companies	75	169
	1,211	1,261

(37) EXECUTIVE BODIES

/ BOARD OF MANAGEMENT

MITGLIEDER	
Stefan Klebert	Chief Executive Officer (since October 1, 2010)
Dr. Wolfgang Baur	Chief Financial Officer (until September 30, 2011)
Joachim Beyer	Chief Technology Officer
Dr. Markus Ernst	Chief Market Officer
Marcus A. Ketter	Chief Financial Officer (member of the Board of Management since October 1, 2011)

Remuneration of members of the Board of Management amounted to T€ 3,171 in fiscal year 2010/11 (prior year: T€ 1,472), of which T€ 1,563 (prior year: T€ 0) was in the form of variable, earnings-related payments. The current service cost included in pension obligations amounted to T€ 320 (prior year: T€ 323).

On the basis of a resolution adopted by the Annual Shareholders' Meeting of March 29, 2007, pursuant to § 314 (1) No. 6 a) sentence 5 to 8 HGB, individual and named remuneration details for members of the Board of Management pursuant to § 314 (2) sentence 2 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€ 1,735 (prior year: T€ 1,914) in the year under review. The provisions formed by the Group for such current and future pensions amount to € 12,878 (prior year: T€ 11,039).

/ SUPERVISORY BOARD

MITGLIEDER	
Dr. Robert Schuler-Voith	Chairman of the Supervisory Board Member of the Board of Management, Schuler-Beteiligungen GmbH, Göppingen
Thomas Bohlender[1]	Deputy Chairman of the Supervisory Board Power supply electrician, Schuler SMG GmbH & Co. KG, Waghäusel Chairperson of the Labor Council, Schuler SMG GmbH & Co. KG, Waghäusel
Prof. Dr. h.c. Roland Berger	Honorary Chairman of Roland Berger Strategy Consultants GmbH, Munich
Elke Böpple[1]	Software engineer, Schuler Pressen GmbH, Göppingen Chairperson of the Labor Council, Schuler Pressen GmbH Werk Weingarten
Renate Gmoser[1]	Chief Representative of the Metal Workers' Union (IG Metall), Göppingen-Geislingen branch
Lothar Gräbener[1] (since April 21, 2011)	Sales Director, Schuler SMG GmbH & Co. KG, Waghäusel
Prof. Dr. Hartmut Hoffmann	Managing Director of Entwicklungsgesellschaft Umformtechnik und Gießereiwesen mbH, Erding (since October 1, 2011) 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 (until March 31, 2011) Member of the Board of Management of TUM.International GmbH, Munich (until October 6, 2010)
Heiko Maßfeller[1]	Chief Representative of the Metal Workers' Union (IG Metall), Mannheim/Heidelberg branch
Dieter Merkle[1] (until April 20, 2011)	Head of the High-Speed/Minting business field of Schuler Pressen GmbH & Co. KG, Göppingen (until April 20, 2011) Member of the Board of Management, Schuler Pressen GmbH, Göppingen (as of April 21, 2011)
Dr. Hans Michael Schmidt-Dencker	Lawyer, Stuttgart Member of the Management Board of REM AG, Stuttgart (since September 1, 2011)
Ingrid Wolfframm[1]	Purchaser, Schuler Pressen GmbH, Göppingen Chairperson of the Group Labor Council, Schuler AG, Göppingen Labor Council member, Schuler Pressen GmbH, Göppingen
Helmut Zahn	Member of the Board of Management, Schuler-Beteiligungen GmbH, Göppingen
Prof. Dr. Dr. h.c. Walther Zügel	Former Chairman of the Board of Management, Landesgirokasse, Stuttgart

1) Work representives

SUPERVISORY BOARD COMMITTEES

MITGLIEDER
PERMANENT COMMITTEE ACC. TO § 27 (3), CODETERMINATION LAW
Dr. Robert Schuler-Voith (Chairman)
Thomas Bohlender
Renate Gmoser
Prof. Dr. Dr. h.c. Walther Zügel
PERSONNEL COMMITTEE
Dr. Robert Schuler-Voith (Chairman)
Renate Gmoser
Elke Böpple
Prof. Dr. Dr. h.c. Walther Zügel
AUDIT COMMITTEE
Helmut Zahn (Chairman)
Thomas Bohlender
Ingrid Wolfframm
Prof. Dr. Dr. h.c. Walther Zügel
NOMINATION COMMITTEE
Dr. Robert Schuler-Voith (Chairman)
Helmut Zahn
Prof. Dr. Dr. h.c. Walther Zügel

Total remuneration of the Supervisory Board in fiscal year 2010/11 amounted to T€ 307 (prior year: T€ 304).

/ ADDITIONAL SEATS ON SUPERVISORY BOARDS HELD BY MEMBERS OF THE BOARD OF MANAGEMENT AND SU-PERVISORY BOARD

SEATS HELD BY MEMBERS OF THE BOARD OF MANAGEMENT	
Stefan Klebert	BCN Technical Services Inc., Hastings, MI, USA (Chairman) (since November 19, 2010) Lista Holding AG, Erlen, Switzerland Müller Weingarten (Dalian) Forming Technologies Co. Ltd., Dalian, PR China (Chairman) (since December 1, 2011) Prensas Schuler S.A., São Paulo, Brazil (since November 29, 2010) (Chairman since May 17, 2011) Schuler Incorporated, Columbus, OH, USA (Chairman) (since November 19, 2010) Schuler Pressen GmbH, formerly Müller Weingarten AG, Göppingen (Chairman) (since October 19, 2010) Shanghai Schuler Presses Co. Ltd., Shanghai, PR China (Chairman) (since August 1, 2011) WISAG Produktionsservice GmbH, Düsseldorf (until October 31, 2010)
Dr. Wolfgang Baur	BCN Technical Services Inc., Hastings, MI, USA (until September 30, 2011) Competence Call Center AG, Vienna, Austria (Chairman) Müller Weingarten (Dalian) Forming Technologies Co. Ltd., Dalian, PR China Prensas Schuler S.A., São Paulo, Brazil (until May 16, 2011) Schuler France S.A., Strasbourg, France (until September 30, 2011) Schuler Ibérica S.A., Barcelona, Spain (until September 30, 2011) Schuler Incorporated, Columbus, OH, USA (until September 30, 2011) Schuler Pressen GmbH, formerly Müller Weingarten AG, Göppingen (until September 30, 2011) Schuler Sales & Service Co. Ltd., Shanghai, PR China (until Septem-ber 30, 2011) SW Italia S.r.l., Turin, Italy (until September 30, 2011) Uniwheels Holding GmbH, Bad Dürkheim (since January 1, 2011)
Joachim Beyer	Müller Weingarten (Dalian) Forming Technologies Co. Ltd., Dalian, PR China (Deputy Chairman) (until June 1, 2011) Prensas Schuler S.A., São Paulo, Brazil (Chairman) (until May 16, 2011) Schuler Incorporated, Columbus, OH, USA Schuler Sales & Service Co. Ltd., Shanghai, PR China (Deputy Chair-man) (until June 1, 2011) Shanghai Schuler Presses Co. Ltd., Shanghai, PR China (Chairman) (until July 31, 2011)
Dr. Markus Ernst	Beutler Nova AG, Gettnau, Switzerland (Chairman) Schuler Incorporated, Columbus, OH, USA Schuler India Pvt. Ltd., Mumbai, India (Chairman) (since December 9, 2010) Shanghai Schuler Presses Co. Ltd., Shanghai, PR China (since August 1, 2011)
Marcus A. Ketter	BCN Technical Services Inc., Hastings, MI, USA (since October 1, 2011) Müller Weingarten (Dalian) Forming Technologies Co. Ltd., Dalian, PR China (since October 1, 2011) Schuler Incorporated, Columbus, OH, USA (since October 1, 2011) Shanghai Schuler Presses Co. Ltd., Shanghai, PR China (since August 1, 2011)

ADDITIONAL SEATS HELD BY MEMBERS OF THE SUPERVISORY BOARD

Dr. Robert Schuler-Voith	Leifheit AG, Nassau (Deputy Chairman)
Prof. Dr. h.c. Roland Berger	3 W Power Holdings S.A. Luxembourg (Chairman) FIAT S.p.A., Turin, Italy Fresenius SE, Bad Homburg Loyalty Partners Holdings S.A., Luxembourg (until March 1, 2011) Prime Office AG, Munich (Chairman) Telecom Italia S.p.A., Milan, Italy (until April 12, 2011) Wilhelm von Finck AG, Grasbrunn (Deputy Chairman) WMP EuroCom AG, Berlin (Chairman)
Dieter Merkle (until April 20, 2011)	Schuler India Pvt. Ltd., Mumbai, India (Chairman until December 8, 2010)
Dr. Hans Michael Schmidt-Dencker	LOBA GmbH & Co. KG, Ditzingen (Chairman) Schoeller Holdings Ltd., Limassol, Cyprus (since November 15, 2011)
Helmut Zahn	Flossbach & von Storch AG, Cologne (Deputy Chairman) Leifheit AG, Nassau (Chairman) Maschinenbau Oppenweiler Binder GmbH & Co. KG, Oppenweiler Schuler Pressen GmbH, formerly Müller Weingarten AG, Göppingen (Chairman until October 18, 2010, Deputy Chairman since October 19, 2010)
Prof. Dr. Dr. h.c. Walther Zügel	Berthold Leibinger GmbH, Ditzingen capiton AG, Berlin Stihl AG, Waiblingen (Deputy Chairman)

ADDITIONAL DISCLOSURES ACC. TO HGB

(38) LIST OF SHAREHOLDINGS OF SCHULER AG AS OF SEPTEMBER 30, 2011

Company and location	Equity interest in %	Equity in € Thousands	Result in € Thousands
FULLY CONSOLIDATED AFFILIATED COMPANIES			
Schuler Pressen GmbH, Göppingen[1) 2)]	100.00	42,983	3,528
Gräbener Pressensysteme GmbH & Co. KG, Netphen[3)]	100.00	7,796	3,496
Schuler SMG GmbH & Co. KG, Waghäusel[3)]	100.00	6,540	842
Schuler Hydrap GmbH & Co. KG, Esslingen[3)]	100.00	2,827	80
Schuler Automation GmbH & Co. KG, Hessdorf[3)]	100.00	10,727	-3,580
Schuler Cartec GmbH & Co. KG, Göppingen[3)]	100.00	8,142	1,399
Schuler Cartec Engineering GmbH & Co. KG, Weingarten[3)]	100.00	369	19
Schuler Modelltechnik GmbH, Weingarten	100.00	7	-1
Schuler Cartec Verwaltungs GmbH, Weingarten	100.00	6	-9
Müller Weingarten Werkzeuge GmbH, Weingarten	100.00	2,878	-693
Umformcenter Erfurt GmbH, Erfurt	100.00	-1,293	518
Schuler Guß GmbH & Co. KG, Göppingen[3)]	100.00	729	85
Vögtle Service GmbH, Eislingen[1) 2)]	100.00	1,839	0
Eclips Vermietungsgesellschaft mbH & Co. Objekt Göppingen Kommanditgesellschaft, Düsseldorf	94.00	-2,093	38
Rena Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG, Pullach i. Isartal[3) 4)]	100.00	-361	207
SUPERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weingarten, Schönefeld[3)]	100.00	-182	-48
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weingarten, Grünwald[3) 6)]	100.00	-116	26
Schuler Financial Services GmbH & Co. KG, Göppingen[3)]	100.00	1,385	3,622
Beutler Nova AG, Gettnau, Switzerland	99.70	3,375	361
Schuler France S.A., Strasbourg, France	100.00	1,885	316
Schuler Presses UK Limited, Walsall, UK	100.00	2,328	155
Müller Weingarten Česká Republica s.r.o., Mo[illegible]kov, Czech Republic	100.00	638	-626
Schuler Incorporated, Columbus/Ohio, USA	100.00	26,565	2,310
BCN Technical Services Inc., Hastings/Michigan, USA	100.00	5,100	1,200
Müller Weingarten de México, S.A. de C.V., Puebla, Mexico[4)]	100.00	1,248	561
Prensas Schuler S.A., São Paulo, Brazil	100.00	6,748	2,142
Shanghai Schuler Presses Co. Ltd., Shanghai, PR China	79.38	19,544	2,355
Müller Weingarten (Dalian) Forming Technologies Co. Ltd., Dalian, PR China[4)]	100.00	3,418	1,070
NON-CONSOLIDATED AFFILIATED COMPANIES			
Schuler Systems & Services Geschäftsführungs GmbH i. L., Göppingen	100.00	46	0
Schuler Pressen Geschäftsführungs GmbH i. L., Göppingen	100.00	60	-1
Gräbener Pressensysteme-Verwaltungs GmbH, Netphen	100.00	34	4

	Equity interest	Equity	Result
Company and location	in %	in € Thousands	in € Thousands
Schuler SMG Geschäftsführungs GmbH, Göppingen	100.00	49	5
Schuler Hydrap Geschäftsführungs GmbH, Esslingen	100.00	37	6
Schuler Automation Geschäftsführungs GmbH, Hessdorf	100.00	47	4
Schuler Cartec Geschäftsführungs GmbH, Weingarten	100.00	66	9
Schuler Lasertechnik Geschäftsführungs GmbH, Göppingen	100.00	49	1
Schuler Guß Geschäftsführungs GmbH, Göppingen	100.00	67	6
Schmiedetechnik & Service GmbH, Weingarten[6)]	100.00	418	13
Schuler Ibérica S.A.U., Sant Cugat del Vallès, Spain	100.00	203	3
Schuler Italia S.r.l., Turin, Italy	90.00	169	3
Schuler Slovakia Services s.r.o., Dubnica nad Váhom, Slovakian Republic	100.00	54	22
Graebener Press Systems Inc., Warwick/Rhode Island, USA	100.00	785	377
BCN do Brasil Serviços e Comércio Ltda., São Paulo, Brazil	100.00	40	20
Schuler Sales & Service Co. Ltd., Shanghai, PR China[4)]	100.00	2,039	44
Tianjin SMG Presses Co. Ltd., Tianjin, PR China	100.00	-2,257	150
Schuler Thailand Co. Ltd., Bangkok, Thailand	100.00	49	1
Schuler India Private Limited, Mumbai, India[5)]	100.00	518	22
OTHER INVESTMENTS			
Tianjin GMTSC Machine Tool Service Co. Ltd., Tianjin, PR China[4)]	50.00	1,183	164

1) Companies making use of the relief afforded by § 264 (3) HGB
2) Profit transfer agreement with Schuler AG
3) Companies making use of the relief afforded by § 264 b HGB
4) Annual financial statements as at December 31, 2010
5) Annual financial statements as at March 31, 2011
6) Annual financial statements as at September 30, 2010

Göppingen, December 23, 2011

Schuler AG
The Board of Management

Stefan Klebert   Joachim Beyer   Dr. Markus Ernst   Marcus A. Ketter

AUDITOR'S OPINION

We have audited the consolidated financial statements – comprising the statement of financial positions, the income statement, statement of comprehensive income, 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, 2010, to September 30, 2011, 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 Group 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, December 23, 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

von Hohnhorst
Auditor

Philipp
Auditor

FINANCIAL CALENDAR

02/29/2012
INTERIM REPORT FOR THE
1ST QUARTER OF FISCAL YEAR 2011/12

04/18/2012
ANNUAL GENERAL MEETING
GÖPPINGEN, GERMANY

05/25/2012
HALF-YEARLY FINANCIAL REPORT
2011/12

08/21/2012
INTERIM REPORT FOR THE
FIRST NINE MONTHS 2011/12

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SCHULER AG
INVESTOR RELATIONS
BAHNHOFSTRASSE 41
73033 GÖPPINGEN
GERMANY

PHONE: +49 7161 66-859
FAX: +49 7161 66-850
IR@SCHULERGROUP.COM

SCHULER

i HTTP://WWW.SCHULERGROUP.COM

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SCHULER AG
BAHNHOFSTRASSE 41
73033 GÖPPINGEN
GERMANY

WWW.SCHULERGROUP.COM